

ELIZABETHTON CITY SCHOOLS BOARD OF EDUCATION

Called Board Meeting

Tuesday, December 10, 2019, @ 12:00 PM

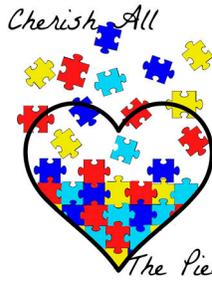
Board members

Rita Booher | Dr. Grover May | Phil Isaacs | Eddie Pless | Danny O'Quinn | Audrey Landstreet (Student Liaison)

The Elizabethton Board of Education will meet on Tuesday, December 10, 2019, at 12:00 PM in the Mack Pierce Board Room, 804 South Watauga Ave , Elizabethton, TN 37643.

- 1. Approve contract with Markland Behavioral Services from December 20, 2019-December 20, 2020 for behavioral services.**
- 2. Approve Contract with STOPit Solutions in accordance with Tennessee Risk Management Trust for an anti-bullying app for children to use in Elizabethton City Schools.**
- 3. Discussion about the creation of a resolution to be delivered to City Council to request a bond issue in the amount of \$1.2 million dollars for improvements at T. A. Dugger Jr. High School.**
- 4. Approve Bid No. 2019-2020-03 from Armstrong Construction Company for completion of the STEM Lab at Elizabethton High School in the amount of \$150,300.00.**
- 5. Approve the purchase of 110 touchpad Chrome Books for Special Education Classrooms for student use in the amount of \$30,690.00. These Chrome Books will be purchased using IDEA and donation funds through the cooperative purchasing program.**
- 6. Approve Independent Auditors' Report of Elizabethton, Tennessee Board of Education Internal School Funds-Regulatory Basis, School Activity Funds Audit Report, for the Fiscal Year Ended June 30, 2019.**
- 7. Approve Board of Education Audit Report, Financial Statements and Supplemental Information for the Fiscal Year Ended June 30, 2019.**

The Elizabethton Board of Education provides for public participation during Board Business meetings under procedures established under ECS Policy 1.404. Board business meetings are no public forums; however, provision is made for public participation. To assure an orderly business meeting, the Board requires that an individual requesting to address Board members make that request giving the topic to the Superintendent or Board Chairman prior to the Board meeting. The Chairman shall determine if the request will be granted, the time allowed for the presentation, and (if there are numerous requests on the same subject), the Chairman may request a representative to speak on each side of the issue.



Markland Behavioral Services

TO: Elizabethton City BOARD OF EDUCATION

CONTRACT FOR Applied Behavior Analyst Services

This agreement made this first day of (month, year); by and between the Elizabethton City Board of Education (hereinafter known as **BOARD OF EDUCATION**) with its principal office at (804 S. Watauga Ave. Elizabethton, TN) and (Markland Behavioral Services) (hereinafter known as **SERVICE PROVIDER**) with its principal office at (230 1st Street Erwin, TN 37650).

WITNESSETH

WHEREAS, T.C.A. §49-10-107, T.C.A. §49-10-305 and T.C.A. §49-10-701 provide that school districts may enter into agreements with suitable public or private agencies having appropriate programs, capacity, and competence where necessary to provide appropriate special education services to students.

WHEREAS, **BOARD OF EDUCATION** in order to provide a proper comprehensive and well implemented Special Education Program, finds it desirable to acquire the services of another agency.

WHEREAS, **SERVICE PROVIDER** is an agency having appropriate programs, capacity and competence to provide Applied Behavior Analyst services for children who are the responsibility of the **BOARD OF EDUCATION**.

NOW, THEREFORE, **BOARD OF EDUCATION** and **SERVICE PROVIDER** for the consideration hereinafter named, agree as follows:

- 1) **SERVICE PROVIDER** agrees to the following:
 - a) Conduct behavioral assessments for children with challenging behavior to determine if behavioral intervention is needed;
 - b) Conduct behavioral assessment for the purpose of:
 - i) Identifying specific gaps in language & social skills development as it relates to verbal behavior;
 - ii) Identifying functional relations between challenging behavior and environment, and selecting most effective, least restrictive interventions for treatment;
 - iii) Identifying focus of intervention, degree of support needed, and treatment objectives;
 - iv) Providing **Board of Education** a copy of the assessment report for review prior to the planned meeting date;
 - v) Attend IEP meetings to review assessment results upon request of Special Education Director.
 - c) Develop behavior intervention plan (BIP) through the IEP team process.
 - d) Provide the following direct and indirect behavioral treatment services:
 - i) conduct treatment as prescribed in BIP,
 - ii) evaluate BIP implementation and treatment effectiveness,
 - iii) evaluate maintenance & generalization of behavior prior to closure of services,
 - iv) meet with planning teams to discuss progress and identify concerns,
 - v) train staff and provide recommendations to parents relevant to BIPs and any other relevant behavior techniques as mutually agreed upon by **BOARD OF EDUCATION** and **SERVICE PROVIDER**
 - e) **SERVICE PROVIDER** will direct use of registered behavioral technicians.

- f) Develop quarterly progress reports for each child receiving behavioral services from **SERVICE PROVIDER**.
- 2) **BOARD OF EDUCATION** agrees to the following:
- All referrals will be made through the Special Education Director;
 - All fees will be billed through student insurance if applicable, prior to school district being billed.
 - Rate of compensation for BCBA (Board-Certified Behavior Analyst) services will be (\$60) an hour, for all direct and indirect services provided by **SERVICE PROVIDER** as described in Section 1, a-e, of this contract.
 - All BCBAs assigned by **SERVICE PROVIDER** to work in this contract shall also possess and maintain current licensure in the state of Tennessee as Licensed Behavior Analysts (LBAs),
 - Rate of compensation for RBT (Registered Behavior Technician) and BCaBA (Board-Certified Associate Behavior Analyst) services will be (\$30) an hour
 - RBTs and BCaBAs will have a minimum of a Bachelor's degree
- 3) The parties agree that the following shall be essential terms and conditions of this contract:
- The terms of this contract shall be from December 20, 2019 to **December 20, 2020**, and
 - This contract may be terminated, prior to the date set above, by written notice from either party to the other, allowing (30) calendar days' notice.
- 4) **SERVICE PROVIDER** hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subject to discrimination in the performance of this agreement or in the employment practices of **SERVICE PROVIDER** on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by federal, Tennessee state constitutional, or statutory law. PCS shall, upon request, provide proof of non-discrimination. **SERVICE PROVIDER** shall take affirmative actions to ensure that applicants are employed and employees are treated during employment without regard to their race, color, natural origin, and
- shall in all solicitations or advertisements for employees, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, or natural origin.
- 5) **SERVICE PROVIDER** shall
- Require all applicants for employment and all current employees to supply a criminal background check and submit to a criminal history records check to be conducted by the Tennessee Bureau of Investigation and the Federal Bureau of Investigation prior to permitting the person to have contact with children or enter school grounds; additionally applicants must be cleared through the Department of Children's Services, Tennessee Sex Offender and Child Abuse Registries.
 - Not allow an employee to come in direct contact with school children or enter the grounds of a school when children are present until the criminal history records check has been conducted; and
 - Not allow an employee to come in direct contact with school children or to children in a child care program or enter the grounds of a school or child care center when children are present if the criminal history records check indicates that the employer or employee has been convicted of an offense specified in Tenn. Code Ann. § 49-5-413 as it may from time to time be amended.
- 6) **SERVICE PROVIDER** shall:
- Certify that the staff of the facility or program will not actively participate in the implementation of restraint and isolation of any student except as permitted by law.
- 7) **SERVICE PROVIDER** herein agrees to hold **BOARD OF EDUCATION** harmless on account of any and all claims by third parties for damages due to personal injuries or property damage, arising from each individual child using the premises, including the use of materials by the child, except when such injuries or damages arise in the acts of negligence of **BOARD OF EDUCATION**. Any obligation of **SERVICE PROVIDER** to indemnify and hold **BOARD OF EDUCATION** harmless is limited to the terms of **SERVICE PROVIDER'S** liability insurance, provided however, that (i) **SERVICE PROVIDER'S** liability insurance policy limitations are approved by Board of Education prior to execution of this agreement; (ii) **SERVICE PROVIDER'S** liability insurance policy is in effect for the entire term of this agreement; and (iii) that such policy requires notice to **BOARD OF EDUCATION** at least thirty (30) days prior to cancellation .

- 8) **SERVICE PROVIDER** warrants that it is familiar with, and agrees to comply with all applicable federal, state, and local laws, statutes, ordinances, and regulations including, but not limited to, those guarding the privacy and confidentiality of student/patient information, in the performance of its duties under the agreement. These laws specifically include, but are not limited to, the Family Education Rights and Privacy Act of 1974 (20 U.S.C. 1232g) ("FERPA"), the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the Alcohol and Drug Abuse Treatment Confidentiality Regulations (42 CFR Part 2) the Tennessee Data Accessibility, Transparency and Accountability Act (Tenn. Code Ann. 5 49-1-703), Tennessee's mandatory child abuse and child sexual abuse reporting laws (Tenn. Code Ann. SS 37-1-403; 37-1-605) and all administrative rules and regulations accompanying these laws. . **SERVICE PROVIDER** acknowledges and agrees that its employees understand the obligations of confidentiality of information about Student and about other students who may be present in the school and/or classroom. **SERVICE PROVIDER** agrees to cooperate with the **BOARD OF EDUCATION** as required by these laws in the performance of its duties under this agreement. **SERVICE PROVIDER** agrees take all physical, administrative and technical safeguards to protect the confidentiality of information maintained physically, electronically or otherwise. **SERVICE PROVIDER** agrees that it will immediately notify **BOARD OF EDUCATION** of any breach of confidentiality or other violation of law and will reasonably cooperate with any remedial efforts taken by **BOARD OF EDUCATION**. At the termination of this agreement, **SERVICE PROVIDER** shall return to the **BOARD OF EDUCATION** all personally identifiable or otherwise confidential information provided by the **BOARD OF EDUCATION** or its agents, and if not returnable, shall identify such information to the **BOARD OF EDUCATION** and provide written assurance to the **BOARD OF EDUCATION** that the information is destroyed.
- 9) This agreement shall in no way be interpreted as creating any agency or employment relationship between the parties hereto or between **SERVICE PROVIDER** and the **BOARD OF EDUCATION**. **SERVICE PROVIDER's** status under this agreement shall be that of an independent contractor, and not that of an agent or employee. **SERVICE PROVIDER** will have the right to control and determine the methods and means of performing the Services detailed herein. **SERVICE PROVIDER**, at its sole expense and in accordance with the provisions in Article I of this agreement, may employ personnel to assist **SERVICE PROVIDER** in performing Services; provided, however, that all such personnel shall be and remain employees of **SERVICE PROVIDER** and not employees or agents of the **BOARD OF EDUCATION**. **SERVICE PROVIDER** warrants and represents that it will maintain Tennessee workers' compensation insurance for all of its employees and that **SERVICE PROVIDER** will be responsible for compensating all employees in accordance with state and federal law. **SERVICE PROVIDER** represents and warrants that, to **SERVICE PROVIDER's** knowledge, it has complied with all Federal, state and local laws regarding business permits and licenses that may be required for it to perform the Services set forth in this agreement.
- 10) The parties agree that the obligations of confidentiality provided herein will survive the expiration or termination of this agreement, regardless of the reason for such termination.
- 11) **SERVICE PROVIDER** agrees that its obligations or duties arising out of or defined in this agreement shall not be transferred or assigned by **SERVICE PROVIDER** without prior written consent of the **BOARD OF EDUCATION**.
- 12) This agreement constitutes the entire agreement between the parties and supersedes all prior written and oral negotiations and understandings. Each and every modification and amendment of this agreement must be in writing and signed by an authorized representative of each party. Each and every waiver of any covenant, representation, warranty or other provision of this agreement must be in writing and signed by both parties. No waiver of the provisions of this agreement shall be deemed, or shall constitute, a waiver of any other provision whether or not similar, nor shall any waiver constitute a continuing waiver.
- 13) If one or more of the provisions contained in this agreement shall for any reason be invalid, illegal or unenforceable for any reason, such invalidity, illegality or unenforceability shall not affect any other provision of this agreement, which shall be construed as if such invalid, illegal, or unenforceable provision had never been contained.

14) This agreement, and all claims relating to or arising out of this agreement, or the breach thereof, whether sounding in contract, tort or otherwise, shall be governed by the law of the State of Tennessee, excluding its choice of law principles. Any claim of whatever character arising under this agreement or under any statute or common law relating in any way, directly or indirectly, to the subject matter of this agreement or to the dealings between the parties during the term of this agreement shall be brought exclusively in a state court of competent jurisdiction in Carter County, Tennessee.

In Witness whereof, the parties have by their duly representatives set their signature.

(Shawnee Markland, MA, BCBA, LBA)
(Markland Behavioral Services)

Date

(Name/Special Education Director)
(Elizabethton City Schools)

Date

Name/Director of Schools
(Elizabethton City Schools)

Date



SIGN UP TODAY

School District Information

STOPit promotional materials will be shipped to this address

District Name Elizabethton City Schools
Address 804 South Watauga Avenue
City Elizabethton
State TN
Zip Code 37643

Account Administrator

Your Account Administrator will set up your STOPit account

Name Richard VanHuss
Title Assistant Director of Schools
Email richard.vanhuss@ecschoools.net
Phone 4235478000

Grade Level Information

Select grades that will use STOPit

K x	6 x	9 x
	1 x	7 x
	2 x	8 x
3 x		11 x
4 x		12 x
5 x		

Additional Information

Tell us about your School District

of Elementary Schools 3

of Middle Schools 1

of High Schools 1

Contract Term

Contract Start Date 12/02/2020

Contract End Date 6/30/2020

**You will be billed for STOPit by TNRMT with your TNRMT renewal for the grades indicated.
 Pricing is set at \$0.69 per student based on student counts from the TN DOE, pro-rated for the term indicated.

STOPIT SUBSCRIBER AGREEMENT – TNRMT PARTICIPANT

This Subscriber Agreement (this “Agreement”) is made effective as of _____, (“Effective Date”), by and among Inspirit Group, LLC, d/b/a STOPit, a Delaware limited liability company, having its principal place of business at 101 Crawfords Corner Road, Suite 4-105R, Holmdel, New Jersey 07733 [Elizabethton City Schools _____], a [school district _____], principal place of business 804 South Watauga Avenue, Elizabethton, TN 37643 (“Subscriber”).

1. **Subscription Service.** Pursuant to the terms of this Agreement, which govern STOPit’s provision and Subscriber’s use of the STOPit services (“Service”): (i) STOPit shall provide online access to, and allow Subscriber and an unlimited number of Subscriber’s employees and contractors to use, STOPit Admin; and (ii) Subscriber will have the right to authorize that number of individuals associated with its organization (“Users”), as specified in the Order Form (defined in Section 3 below), to access, download and use the STOPit application tool (“Application”). STOPit Admin and the Application are referred to as the “STOPit Platform.”

2. **Restrictions and Limitations.** Subscriber shall not, and shall not allow any third party, including any employee, contractor or User, to use the STOPit Platform for any purpose other than its intended purpose, without violating any applicable laws or regulations or the rights of any person, and, with respect to the Application, pursuant to STOPit’s online Application Terms of Use. Subscriber agrees that: (i) the provision, operation and quality of certain services available via the Application (“Application Features”) will be the sole and exclusive responsibility of Subscriber; (ii) STOPit will have no responsibility for the actual provision, operation, quality or response time of any such services provided by Subscriber via any Application Features; (iii) the ability to use certain Application Features will depend on various technical factors, such as the availability and quality of third party network services, which are not within STOPit’s control and for which STOPit shall have no responsibility; (iv) STOPit will not review any of the reports generated by the Application or monitor Subscriber’s use of STOPit Admin; (v) it is the sole responsibility of Subscriber to verify the accuracy and reliability of such reports, and Subscriber shall take timely, commercially reasonable and appropriate actions in response to the reports; (vi) STOPit shall have no responsibility regarding Subscriber’s use or non-use of any communications posted, submitted or transmitted through Users’ use of the Application; (vii) STOPit owns all right, title and interest in and to the STOPit Platform and all related technology and content developed or generated by or for, or acquired by, STOPit.

3. **Fees and Payment.** STOPit and Subscriber acknowledge and agree that the fees payable in consideration for Subscriber’s rights under this Agreement shall be borne and paid for by the Subscriber as part of their renewal billing issued by TNRMT (“PEP”), associated with Great American Insurance Company or its affiliates, to which Subscriber belongs, pursuant to a separate Subscriber Agreement between such PEP and STOPit. Subscriber shall submit an order form for the services provided by STOPit to Subscriber under this Agreement, including the number of Users (“Order Form”). Notwithstanding the foregoing, Subscriber agrees that if at any time during the term of this Agreement, Subscriber ceases, to be a member of TNRMT then the pricing detailed on the Order Form shall no longer apply, and for each User pricing for such User shall, as from the end of the then-current subscription term under this agreement, revert to STOPit’s then-current market rate.

4. **Compliance with Laws, Privacy, Data and Confidentiality.** Each party agrees that, in providing or making any use of the Service, it shall comply with all state, provincial and federal laws, regulations and rules that apply to it, including those regarding the transmission, collection, storage or protection of personal information and data via the Application, including, without limitation, the Children’s Online Privacy Protection Act and the Family Educational Rights and Privacy Act. Upon termination or expiration of this Agreement, STOPit shall have the right to delete any identifiable data or personal information that may be residing on the STOPit Platform using the highest commercial measures to protect against its unauthorized access or use. Prior to STOPit’s deletion of any such data or personal information, STOPit shall provide Subscriber with written notice of such deletion, and upon the written request of Subscriber, STOPit shall, to the extent allowed by law provide a full download of incident related data to Subscriber in a mutually agreed format, In no event shall STOPit delete any such data or personal information (i) that is required to be maintained by law; or (ii) until 60 days have passed since STOPit provided Subscriber with written

notice of such deletion. STOPit shall have the right to maintain all organizational and incident metadata for use in statistical reporting and analysis, and to retain any data as may be required by law. To the extent permitted by law, each party shall use reasonable care to safeguard the confidentiality of the other party's non-public information ("Confidential Information") disclosed to it. STOPit's non-public information includes all information regarding the STOPit Platform and all financial terms.

5. **Notice and Audit.** STOPit shall report, in writing, to Subscriber any suspected or actual use or disclosure of Confidential Information not authorized by this Agreement, including any reasonable belief that an unauthorized individual has accessed Confidential Information. STOPit agrees to cooperate with Subscriber in its compliance with all applicable laws that require the notification of individuals in the event of unauthorized release of personally identifiable information or any other event requiring notification by Subscriber. Upon the provision of reasonable notice by Subscriber, (i) not more than once per year during the term of the Agreement; (ii) following an information security incident; (iii) following any discovery or reasonable suspicion by Subscriber that STOPit is not in compliance with this Agreement; (iv) following a privacy or information security vulnerability experienced by STOPit; or (v) as requested, demanded or required by any regulator or government body or by any privacy or data security laws, Subscriber or its designee, at their sole cost and expense only if such audit is requested pursuant to 5(i), or a regulator may undertake a security assessment, network scan, forensic investigation and/or audit of the systems and information security measures of STOPit.

6. **Use of Names.** STOPit shall not use the name, trademarks, or logos of Subscriber for any marketing, case study, or other purpose, without the prior written consent of Subscriber.

7. **Term and Termination.** This Agreement commences on the Effective Date and, unless terminated as set forth herein, continues for such period as set forth in the Order Form, or, if no period is set forth in the Order Form, for a period of one (1) year. Except as otherwise specifically provided in the Order Form, the parties may renew this Agreement for an additional term of one (1) year ("Renewal Term"), at the rates agreed upon in the Order Form or otherwise between the PEP and STOPit. Either party may give the other party notice of non-renewal at least ninety (90) days prior to the end of the then-current term. To the extent necessary, prior to the commencement of any renewal term STOPit will deactivate the Application with respect to Users that are no longer associated with Subscriber's organization. A party may terminate this Agreement for cause upon 30 days written notice to the other party of a material breach if such breach remains uncured at the expiration of such period.

8. **Warranty Disclaimer.** STOPit represents and warrants that: (i) it is in compliance with its Privacy Policy; (ii) to STOPit's knowledge, the STOPit Platform does not infringe on any patent, copyright, trademark, service mark or other intellectual property right of any individual or third party, and that STOPit has obtained all permissions or licenses necessary for STOPit to perform its obligations under this Agreement; (iii) to STOPit's knowledge, the STOPit Platform and any other STOPit software is free of any viruses or other disabling code; and (iv) STOPit has no knowledge of any litigation alleging third-party intellectual property infringement affecting the STOPit Platform. STOPIT DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT, OR ARISING FROM A COURSE OF DEALING OR USAGE OF TRADE. STOPIT DOES NOT WARRANT THAT USE OF THE STOPIT PLATFORM WILL PREVENT OR END ANY PARTICULAR INCIDENT OF INAPPROPRIATE CONDUCT. IT IS SUBSCRIBER'S SOLE RESPONSIBILITY TO REVIEW ALL SUCH REPORTS, JUDGE THEIR ACCURACY AND TAKE ANY AND ALL APPROPRIATE ACTIONS. STOPIT PROVIDES A TOOL TO ASSIST USERS IN CONTACTING SUBSCRIBER, BUT IT IS SOLELY SUBSCRIBER'S RESPONSIBILITY TO RESPOND TO ANY INAPPROPRIATE CONDUCT.

9. **Indemnification.** To the extent permitted by Tennessee law, each party ("Indemnifying Party") agrees to defend, indemnify and hold harmless the other party and its directors, officers, employees, agents, contractors and third party vendors (collectively, "Indemnified Parties"), from any loss, claim, liability, damage, judgment, award, cost or expense (including attorneys' fees) of any kind (collectively, "Losses") incurred or sustained by them in any action, suit, claim or proceeding of any kind brought by any person or entity (collectively, "Claims") related to or arising from (i) any breach of the Indemnifying Party's obligations under this Agreement; or (ii) any actual or alleged negligent act, error, omission of the Indemnifying Party.

10. The parties concur that this Agreement does not contemplate the presence on school property or proximity to school children of STOPit employees or agents. Should the need for such presence or proximity arise, STOPit agrees that it will comply with the requirements of Tenn. Code Ann. § 49-5-413(d) as it may be from time to time amended.

11. **General Provisions.** Except for obligations to make payments, neither party is responsible for delays or failures to perform its responsibilities under this Agreement due to causes beyond its reasonable control. This Agreement constitutes the entire agreement between the parties and supersedes all prior and contemporaneous agreements, proposals or representations, written or oral, concerning its subject matter. No modification of this Agreement shall be effective unless set forth in a writing signed by the parties. This Agreement shall be governed by the laws of the State of Tennessee. Each party consents to the exclusive jurisdiction of the state and federal courts located in or having jurisdiction for Carter County, Tennessee.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

INSPIRIT GROUP, LLC
d/b/a STOPit

TNRMT PARTICIPANT

By: 

By: _____

Name: Parkhill Mays

Name: Richard VanHuss

Title: President

Title:

INDEPENDENT AUDITORS' REPORT

OF

ELIZABETHTON, TENNESSEE BOARD OF EDUCATION

INTERNAL SCHOOL FUNDS – REGULATORY BASIS

ELIZABETHTON HIGH SCHOOL
T.A. DUGGER JUNIOR HIGH
EAST SIDE ELEMENTARY
HAROLD MCCORMICK ELEMENTARY
WEST SIDE ELEMENTARY

For the Fiscal Year Ended June 30, 2019

INDEPENDENT AUDITORS' REPORT

OF

ELIZABETHTON, TENNESSEE BOARD OF EDUCATION

INTERNAL SCHOOL FUNDS – REGULATORY BASIS

**ELIZABETHTON HIGH SCHOOL
T.A. DUGGER JUNIOR HIGH SCHOOL
EAST SIDE ELEMENTARY SCHOOL
HAROLD MCCORMICK ELEMENTARY SCHOOL
WEST SIDE ELEMENTARY SCHOOL**

For the Fiscal Year Ended June 30, 2019

SECTION I
INTRODUCTORY SECTION

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS – REGULATORY BASIS
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**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS - REGULATORY BASIS
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**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS – REGULATORY BASIS
DIRECTORY OF SCHOOL OFFICIALS**

Central Office

Director of Schools Corey Gardenhour, Ed.D.

Board of Education - as of June 30, 2019

Rita Booher, Chair
Phil Isaacs, Vice Chair
Dr. Grover May
Danny O'Quinn
Eddie Pless

Department of Business and Fiscal Management

Beth Wilson, MBA

Individual School

Principal - as of June 30, 2019

Bookkeeper

Elizabethton High School

Josh Boatman

Keri Howell

T.A. Dugger Junior High School

Chris Berry

Mitzi Phillips

East Side Elementary School

Travis Hurley

Emily Orsburn

Harold McCormick Elementary School

Tom Hopson and Eric Wampler

Stephani Shouse

West Side Elementary School

John Wright

Karen Barnett

SECTION II
FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Chairman and Members of the Board
Elizabethton, Tennessee Board of Education

Report on the Financial Statements

We have audited the accompanying combined balance sheet – regulatory basis of the Elizabethton, Tennessee Board of Education Internal School Funds as of June 30, 2019, and the related combined statement of revenues, expenditures and changes in fund balances – regulatory basis for the year then ended, and the related notes to the financial statements, which collectively comprise Elizabethton, Tennessee Board of Education Internal School Funds’ basic financial statements, as listed in the table of contents. We also have audited the individual school balance sheets – regulatory basis, and the individual school statements of revenues, expenditures and changes in fund balances – regulatory basis presented as supplementary information in the accompanying individual school financial statements as of and for the year ended June 30, 2019, as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*, as described in Note 1. Management is also responsible 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.

Auditors’ Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by Elizabethton, Tennessee Board of Education Internal School Funds on the basis of the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Tennessee.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Elizabethton, Tennessee Board of Education Internal School Funds as of June 30, 2019, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances of Elizabethton, Tennessee Board of Education Internal School Funds as of June 30, 2019, and the related revenues, expenditures and changes in fund balances for the year then ended, in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual* described in Note 1. In addition, in our opinion, the individual school financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances of Elizabethton, Tennessee Board of Education Internal School Funds as of June 30, 2019, and the related revenues, expenditures and changes in fund balances for the year then ended, in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual* described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements – regulatory basis that collectively comprise the Elizabethton, Tennessee Board of Education Internal School Funds’ basic financial statements. In addition, our audit was conducted for the purpose of forming an opinion on the individual school financial statements – regulatory basis, presented as supplementary information. The directory of school officials, schedule of interfund and interaccount transfers by school, schedule of surety bond coverage, schedule of salary supplements and management’s corrective action plan, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements – regulatory basis of the schools.

Elizabethton, Tennessee Board of Education Internal School Funds
Independent Auditors' Report

As described in Note 1 of the financial statements, the supplementary schedules, as listed in the table of contents, are prepared by Elizabethton, Tennessee Board of Education Internal School Funds on the basis of the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The supplementary schedules, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements – regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements – regulatory basis 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 – regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements – regulatory basis as a whole.

The directory of school officials and management's corrective action plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements – regulatory basis and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2019 on our consideration of Elizabethton, Tennessee Board of Education Internal School Funds' 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 Elizabethton, Tennessee Board of Education Internal School Funds' 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 Elizabethton, Tennessee Board of Education Internal School Funds' internal control over financial reporting and compliance.

Blackburn, Childers + Steagall, PLLC

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

November 11, 2019

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS – REGULATORY BASIS
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Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Regulatory Basis - All Schools	B	11

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS
COMBINED BALANCE SHEET - REGULATORY BASIS - ALL SCHOOLS
June 30, 2019**

EXHIBIT A

	Elizabethton High School	T.A. Dugger Junior High School	East Side Elementary School	Harold McCormick Elementary School	West Side Elementary School	Total Schools
ASSETS						
Cash in Bank - Checking	\$ 573,661	84,267	44,656	65,685	42,729	810,998
Cash in Bank - Savings	42,342	30,008	-	-	-	72,350
Cash in Bank - Bank CD	214,968	-	-	-	-	214,968
TOTAL ASSETS	\$ 830,971	114,275	44,656	65,685	42,729	1,098,316
FUND BALANCES						
General Fund						
Unassigned	\$ 75,463	37,130	37,151	50,076	34,814	234,634
Total General Fund	75,463	37,130	37,151	50,076	34,814	234,634
Restricted Fund						
Restricted	284,610	6,179	6,454	13,122	3,338	313,703
Assigned	470,898	70,966	1,051	2,487	4,577	549,979
Total Restricted Fund	755,508	77,145	7,505	15,609	7,915	863,682
TOTAL FUND BALANCES	\$ 830,971	114,275	44,656	65,685	42,729	1,098,316

The notes are an integral part of these financial statements.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - REGULATORY BASIS - ALL SCHOOLS
For the Fiscal Year Ended June 30, 2019**

EXHIBIT B

	Elizabethton High School	T.A.Dugger Junior High School	East Side Elementary School	Harold McCormick Elementary School	West Side Elementary School	Total Schools
FUND BALANCES, JULY 1, 2018	\$ 671,941	120,116	43,102	53,811	42,940	931,910
REVENUES	1,198,216	260,140	97,377	101,220	124,828	1,781,781
EXPENDITURES	1,039,186	265,981	95,823	89,346	125,039	1,615,375
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	159,030	(5,841)	1,554	11,874	(211)	166,406
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	14,397	15,982	664	2,446	1,695	35,184
Operating Transfers Out	(14,397)	(15,982)	(664)	(2,446)	(1,695)	(35,184)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	159,030	(5,841)	1,554	11,874	(211)	166,406
FUND BALANCES, JUNE 30, 2019	\$ 830,971	114,275	44,656	65,685	42,729	1,098,316

The notes are an integral part of these financial statements.

ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS – REGULATORY BASIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

BACKGROUND

Section 49-2-110, *Tennessee Code Annotated*, provides for internal school funds, establishes responsibility for those funds, and requires schools to adopt and follow a uniform accounting manual.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

This report includes only the internal school funds of the City of Elizabethton, Tennessee Board of Education (Board of Education). Internal school funds consist of financial resources accounted for at the individual schools.

Internal School Funds

Internal school funds reported in the accompanying financial statements include donations and grants made to individual schools; fees collected by schools; funds received from the local Board of Education; funds raised through cooperative agreements; rental fees; and student activity funds.

Student Activity Funds

Student activity funds include all money received from any source for school-sponsored student activities or school-sponsored events held at or in connection with a school, and specifically include, but are not limited to funds:

- Derived from a school-sponsored academic, art, athletic, or social event involving students;
- Raised by school-sponsored clubs involving students;
- Raised by school-sponsored fundraisers involving students who are under the supervision of a school employee;
- Received from a commission for the direct sale of items to students pursuant to a cooperative agreement between the school and an outside organization;
- Received for the direct sale of items to students from a school-run bookstore located on school grounds;
- Raised from fees charged to students;
- Obtained from interest from any account that contains student activity funds;
- Obtained from any related school-sponsored activity that involves the use of school personnel, students, and property during the school day.

ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS – REGULATORY BASIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. OTHER COMPREHENSIVE BASIS OF ACCOUNTING

The accounting and financial reporting requirements for internal school funds are set forth in the *Tennessee Internal School Uniform Accounting Policy Manual*, issued by the Tennessee Department of Education. The requirements established in the *Tennessee Internal School Uniform Accounting Policy Manual* differ from generally accepted accounting principles primarily in the presentation of the financial statements and restricted fund revenue and expenditure accounting and reporting. The following is a summary of the basic requirements of this other comprehensive basis of accounting.

The financial statements consist of balance sheets and statements of revenues, expenditures and changes in fund balances.

The combined financial statements present all of the individual schools in a columnar format and are required to be presented before the notes to the financial statements. These statements focus on each of the individual schools rather than the funds within the schools. In keeping with that focus, the columnar headings identify the individual schools rather than the funds.

The individual school financial statements present the detailed fund activity in each school and are included after the notes to the financial statements.

Revenues are classified by source and expenditures are classified by either function or object for the general fund but not the restricted fund. Revenues and expenditures of the restricted fund are recorded based on the specific group or activity which will benefit or expend the funds. The activity in the restricted "accounts" is presented as total revenues and transfers in and total expenditures and transfers out for each account. A corresponding "fund balance" is presented for each account. Although the restricted fund is a single fund, each account within the fund must present its portion of the restricted fund balance. Transfers reported on the financial statements represent authorized movement of funds between restricted accounts as well as between the general fund and restricted fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accompanying financial statements are reported using the current financial resources measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheets and the fund balances report only spendable resources. Internal school funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Management policies define available as collectible within 30 days after the fiscal year end. Expenditures are generally recognized when the related fund liability is incurred, if measurable.

ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS – REGULATORY BASIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. FUND STRUCTURE

The accounts of the individual schools are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of the fund's assets, liabilities, fund equity, revenues and expenditures. The funds are grouped in the accompanying financial statements as follows:

General Fund

The general fund is used to account for all money to be used for the general operation of the school or for the welfare of the student body. Revenues and expenditures in this fund are not restricted to any specific group or activity.

Restricted Fund

The restricted fund is used to account for money that is restricted for the use of a specific segment of the school population or legally restricted for a specific purpose and not intended to benefit the general school population.

E. RISK MANAGEMENT

As noted on page 34, the Board of Education is covered with a Public School System Honesty Blanket - Position Bond with the Tennessee Risk Management Trust.

NOTE 2 - COLLATERALIZATION OF DEPOSITS

Cash in bank represents funds on deposit in various depositories. The Cash in Bank total for the elementary schools is \$153,070 and the bank balance is \$153,545. The Cash in Bank total, which includes checking and savings, for the junior high school is \$114,275 and the bank balance is \$114,453. The Cash in Bank total, which includes checking, savings and certificates of deposit, for the high school is \$830,971 and the bank balance is \$846,418. All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution(s) that participates in the State of Tennessee Bank Collateral Pool administered by the state treasurer. For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. Custodial credit risk is the risk that in the event of a bank failure, the school's deposits may not be returned to it. None of the school's deposits were exposed to custodial credit risk because all balances were entirely insured by the FDIC or through the Bank Collateral Pool with the State of Tennessee.

ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS – REGULATORY BASIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 - CAPITAL ASSETS

Capital assets acquired by the individual schools are recorded as expenditures at the time of purchase. Title and accountability for capital assets purchased pass automatically to the Board of Education.

NOTE 4 - LEASES

Several schools entered into operating leases for copiers. The various schools are obligated to make the monthly payments on these leases. Total lease expense for the 2019 fiscal year was \$52,647. Future minimum lease payments under the non-cancelable operating leases are as follows:

2020	\$	52,221
2021		47,766
2022		22,953
Total	\$	<u>122,940</u>

NOTE 5 - FUND BALANCES

Restricted Fund Balance

Fund balances reported as restricted are the result of externally imposed restrictions placed upon certain resources accounted for in the restricted fund. This includes, but is not limited to, Basic Education Program and grant funds. When both restricted and unrestricted resources are available for use, it is the Board of Education's policy to use restricted resources first, then unrestricted resources as they are needed.

Assigned Fund Balance

Amounts that are constrained by each school's intent to be used for specific purposes are reflected as assigned in the accompanying financial statements. This includes accounts reported in the restricted fund at each school, except for those that account for externally restricted resources as described above. Board of Education allocation amounts not spent by the end of the fiscal year are reflected as assigned in the general fund because the Board of Education's intent is for those resources to be expended for instruction, administration, and/or operations and maintenance.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS – REGULATORY BASIS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019**

NOTE 5 - FUND BALANCES (CONTINUED)

Assigned Fund Balance (Continued)

The Board of Education is authorized to assign amounts for specific purposes with respect to the amounts they allocate to the individual schools. The principal is the official authorized to assign all other amounts to a specific purpose. Authorization is established by the *Tennessee Internal School Uniform Accounting Policy Manual*.

Unassigned Fund Balance

In accordance with generally accepted accounting principles, the general fund is the only fund at each school that reports amounts for unassigned fund balance. This classification represents fund balance that is not restricted and has not been assigned to specific purposes within the general fund. When both assigned and unassigned resources are available for use, it is the Board of Education’s policy to use assigned resources first, then unassigned resources as they are needed.

The fund balance detail for the Board of Education's internal school funds is reflected below. Additional detail is provided on the individual school financial statements.

	Elizabethton High School		T.A. Dugger Junior High School		East Side Elementary School		Harold McCormick Elementary School		West Side Elementary School	
	General Fund	Restricted Fund	General Fund	Restricted Fund	General Fund	Restricted Fund	General Fund	Restricted Fund	General Fund	Restricted Fund
FUND BALANCES										
RESTRICTED for										
Board of Education Allocations	\$ -	5,568	-	200	-	2,097	-	4,784	-	594
Donation Accounts	-	753	-	5,979	-	4,324	-	8,050	-	2,744
Grant Accounts	-	378	-	-	-	-	-	-	-	-
Memorial Accounts	-	-	-	-	-	-	-	251	-	-
Scholarship Accounts	-	277,786	-	-	-	-	-	-	-	-
Other Accounts	-	125	-	-	-	33	-	37	-	-
ASSIGNED to										
Athletic Accounts	-	70,246	-	37,219	-	-	-	-	-	-
Class Accounts	-	5,044	-	-	-	-	-	-	-	-
Club Accounts	-	23,787	-	13,653	-	241	-	-	-	-
Donation Accounts	-	-	-	-	-	486	-	400	-	1,011
Other Accounts	-	371,821	-	20,094	-	324	-	2,087	-	3,566
UNASSIGNED	75,463	-	37,130	-	37,151	-	50,076	-	34,814	-
TOTAL FUND BALANCES	\$ 75,463	755,508	37,130	77,145	37,151	7,505	50,076	15,609	34,814	7,915

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
ELIZABETHTON HIGH SCHOOL
INTERNAL SCHOOL FUND
BALANCE SHEET - REGULATORY BASIS
June 30, 2019**

EXHIBIT A

	ASSETS					LIABILITIES AND FUND BALANCES					
	Cash in Bank - Checking	Cash in Bank - Savings	Cash in Bank - Bank CD	Accounts Receivable	Total Assets	Accounts Payable	Fund Balances			Total Fund Balances	Total Liabilities and Fund Balances
							Restricted	Assigned	Unassigned		
General Fund	\$ 36,992	38,471	0	0	75,463	0	0	0	75,463	75,463	75,463
Restricted Funds											
Board of Education Allocations											
B.E.P. Instructional Supplies	5,568	-	-	-	5,568	-	5,568	-	-	5,568	5,568
Athletic Accounts											
Athletic A.V.T. Jenkins	734	-	-	-	734	-	-	734	-	734	734
Athletic Banners	26,676	-	-	-	26,676	-	-	26,676	-	26,676	26,676
Athletics	36,674	-	-	-	36,674	-	-	36,674	-	36,674	36,674
Bricks	4,105	-	-	-	4,105	-	-	4,105	-	4,105	4,105
Cheerleaders	1,997	-	-	-	1,997	-	-	1,997	-	1,997	1,997
JV Cheerleaders	60	-	-	-	60	-	-	60	-	60	60
Class Account	5,044	-	-	-	5,044	-	-	5,044	-	5,044	5,044
Club Accounts											
Clone Club	313	-	-	-	313	-	-	313	-	313	313
FBLA	1,500	-	-	-	1,500	-	-	1,500	-	1,500	1,500
FCA Club	118	-	-	-	118	-	-	118	-	118	118
FCCLA Club	4,887	-	-	-	4,887	-	-	4,887	-	4,887	4,887
FFA Club	2,943	-	-	-	2,943	-	-	2,943	-	2,943	2,943
French Club	31	-	-	-	31	-	-	31	-	31	31
FTA Club	388	-	-	-	388	-	-	388	-	388	388
H.O.S.A.	3,019	-	-	-	3,019	-	-	3,019	-	3,019	3,019
Key Club	263	-	-	-	263	-	-	263	-	263	263
Mountain Club	1,138	-	-	-	1,138	-	-	1,138	-	1,138	1,138
National Honor Society	1,478	-	-	-	1,478	-	-	1,478	-	1,478	1,478
Spanish Club	395	-	-	-	395	-	-	395	-	395	395
Student Council	7,114	-	-	-	7,114	-	-	7,114	-	7,114	7,114
Young Democrats Club	100	-	-	-	100	-	-	100	-	100	100
Young Republicans Club	100	-	-	-	100	-	-	100	-	100	100

(Continued)

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
ELIZABETHTON HIGH SCHOOL
INTERNAL SCHOOL FUND
BALANCE SHEET - REGULATORY BASIS
June 30, 2019**

EXHIBIT A

	ASSETS					LIABILITIES AND FUND BALANCES					
	Cash in Bank - Checking	Cash in Bank - Savings	Cash in Bank - Bank CD	Accounts Receivable	Total Assets	Accounts Payable	Fund Balances			Total Fund Balances	Total Liabilities and Fund Balances
							Restricted	Assigned	Unassigned		
Restricted Funds (Continued)											
Donation Accounts											
Donations for Seniors	728	-	-	-	728	-	728	-	-	728	728
Buckle Up Program	25	-	-	-	25	-	25	-	-	25	25
Grant Account											
Niswonger Mini Grant	378	-	-	-	378	-	378	-	-	378	378
Other Accounts											
Art Department	177	-	-	-	177	-	-	177	-	177	177
Auto Mechanics	19	-	-	-	19	-	-	19	-	19	19
Band	257	-	-	-	257	-	-	257	-	257	257
Building Improvements	857	-	-	-	857	-	-	857	-	857	857
Cadet Corp	317	-	-	-	317	-	-	317	-	317	317
C.D.C. Greenhouse	397	-	-	-	397	-	-	397	-	397	397
C.D.C. - Special Education	6	-	-	-	6	-	-	6	-	6	6
Computer Hardware	595	-	-	-	595	-	-	595	-	595	595
Cyclone Print Shop Sp. Ed.	918	-	-	-	918	-	-	918	-	918	918
Dramatics	3,567	-	-	-	3,567	-	-	3,567	-	3,567	3,567
EHS Pageant	2,440	-	-	-	2,440	-	-	2,440	-	2,440	2,440
English Department	139	-	-	-	139	-	-	139	-	139	139
Ethics Team	410	-	-	-	410	-	-	410	-	410	410
Flowers - Staff	2,377	-	-	-	2,377	-	-	2,377	-	2,377	2,377
Guidance Testing	3,599	-	-	-	3,599	-	-	3,599	-	3,599	3,599
Instruction and Equipment	663	-	-	-	663	-	-	663	-	663	663
Library Office	803	-	-	-	803	-	-	803	-	803	803
Math Department	562	-	-	-	562	-	-	562	-	562	562

(Continued)

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
ELIZABETHTON HIGH SCHOOL
INTERNAL SCHOOL FUND
BALANCE SHEET - REGULATORY BASIS
June 30, 2019**

EXHIBIT A

	ASSETS					LIABILITIES AND FUND BALANCES					
	Cash in Bank - Checking	Cash in Bank - Savings	Cash in Bank - Bank CD	Accounts Receivable	Total Assets	Accounts Payable	Fund Balances			Total Fund Balances	Total Liabilities and Fund Balances
							Restricted	Assigned	Unassigned		
Restricted Funds (Continued)											
Other Accounts (Continued)											
N.E.T.S.P.A.	96	-	-	-	96	-	-	96	-	96	96
Newspaper	50	-	-	-	50	-	-	50	-	50	50
Physical Education	108	-	-	-	108	-	-	108	-	108	108
Powderpuff Football	208	-	-	-	208	-	-	208	-	208	208
Power Lifting	119	-	-	-	119	-	-	119	-	119	119
Ralph Lingerfelt Award	125	-	-	-	125	-	125	-	-	125	125
Science Department	428	-	-	-	428	-	-	428	-	428	428
Social Studies Department	62	-	-	-	62	-	-	62	-	62	62
STEM	3,428	-	-	-	3,428	-	-	3,428	-	3,428	3,428
Teacher of the Year - Wal-Mart	78	-	-	-	78	-	-	78	-	78	78
Textbook - State	20	-	-	-	20	-	-	20	-	20	20
Top Gun Aviators Club	633	-	-	-	633	-	-	633	-	633	633
Transcripts	18	-	-	-	18	-	-	18	-	18	18
Transportation	641	-	-	-	641	-	-	641	-	641	641
Vocational Department	547	-	-	-	547	-	-	547	-	547	547
XQ	331,337	-	-	-	331,337	-	-	331,337	-	331,337	331,337
XQ Other	481	-	-	-	481	-	-	481	-	481	481
Yearbook	15,464	-	-	-	15,464	-	-	15,464	-	15,464	15,464
Scholarship Accounts											
A. H. Tipton Scholarship	-	2,925	-	-	2,925	-	2,925	-	-	2,925	2,925
Class of 1957	54,621	-	-	-	54,621	-	54,621	-	-	54,621	54,621
Crockett-Montgomery Memorial Fund	-	-	21,037	-	21,037	-	21,037	-	-	21,037	21,037
Katherine Jones Scholarship	1,258	-	89,865	-	91,123	-	91,123	-	-	91,123	91,123
Kenneth Jack Scholarship	1,182	-	92,839	-	94,021	-	94,021	-	-	94,021	94,021
Nancy Hunt Scholarship	-	-	11,227	-	11,227	-	11,227	-	-	11,227	11,227
Sam Greenwell Scholarship	1,665	-	-	-	1,665	-	1,665	-	-	1,665	1,665
Student Council Memorial Fund	-	946	-	-	946	-	946	-	-	946	946
Tanner Perkins Scholarship	22	-	-	-	22	-	22	-	-	22	22
Wanda K. Bass Scholarship	199	-	-	-	199	-	199	-	-	199	199
Total Restricted Funds	536,669	3,871	214,968	0	755,508	0	284,610	470,898	0	755,508	755,508
Total General and Restricted Funds	\$ 573,661	42,342	214,968	0	830,971	0	284,610	470,898	75,463	830,971	830,971

The notes are an integral part of these financial statements.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
ELIZABETHTON HIGH SCHOOL
INTERNAL SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2019**

EXHIBIT B

	Fund Balances		Expenditures	Transfers		Fund Balances
	July 1, 2018	Revenues		In	Out	
General Fund						
Administration	\$ -	-	14,124	-	-	-
Gifts and Donations	-	1,071	-	-	-	-
Fines, Fees and Dues	-	4,001	-	-	-	-
Instruction	-	-	1,949	-	-	-
Interest	-	2,445	-	-	-	-
Resale Items	-	6,483	-	-	-	-
Total General Fund	77,536	14,000	16,073	0	0	75,463
Restricted Funds						
Board of Education Allocations						
Administration Supplies	-	4,220	5,552	1,332	-	-
Attendance Incentives	-	1,000	668	-	332	-
B.E.P. Instructional Supplies	3,166	38,775	48,319	11,946	-	5,568
B.E.P. Other Supplies	-	5,740	3,000	-	2,740	-
Band Instructional Equipment	-	17,500	17,112	-	388	-
Band Repair	-	5,000	4,917	-	83	-
Custodial Supplies	-	14,175	14,175	-	-	-
Furniture and Fixtures	-	-	184	184	-	-
Honors/Graduation	-	10,238	7,109	-	3,129	-
Instructional Equipment	-	-	130	130	-	-
Library	-	12,375	12,375	-	-	-
Maintenance and Repairs	-	1,990	70	-	1,920	-
Student Body	-	6,000	2,820	-	3,180	-
Textbooks	-	60,444	61,249	805	-	-
WTA/RTI	-	3,000	375	-	2,625	-
Athletic Accounts						
Athletic A.V.T. Jenkins	734	-	-	-	-	734
Athletic Banners	21,356	5,620	300	-	-	26,676
Athletics	26,702	285,685	275,713	-	-	36,674
Bricks	3,905	200	-	-	-	4,105
Cheerleaders	2,774	7,405	8,182	-	-	1,997
JV Cheerleaders	285	1,600	1,825	-	-	60
Class Account	4,509	4,700	4,165	-	-	5,044
Club Accounts						
Clone Club	319	367	373	-	-	313
FBLA	2,032	8,183	8,715	-	-	1,500
FCA Club	118	-	-	-	-	118
FCCLA Club	4,611	6,066	5,790	-	-	4,887
FFA Club	3,714	10,047	10,818	-	-	2,943
French Club	269	1,487	1,725	-	-	31
FTA Club	388	-	-	-	-	388
H.O.S.A.	3,256	5,535	5,772	-	-	3,019
Key Club	339	2,633	2,709	-	-	263
Mountain Club	1,011	1,177	1,050	-	-	1,138

(Continued)

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
ELIZABETHTON HIGH SCHOOL
INTERNAL SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2019**

EXHIBIT B

	Fund Balances		Expenditures	Transfers		Fund Balances
	July 1, 2018	Revenues		In	Out	
Restricted Funds (Continued)						
Club Accounts (Continued)						
National Honor Society	1,508	515	545	-	-	1,478
Spanish Club	238	2,137	1,980	-	-	395
Student Council	4,992	5,584	3,462	-	-	7,114
Young Democrats Club	100	-	-	-	-	100
Young Republicans Club	100	-	-	-	-	100
Donation Accounts						
Donations for Seniors	728	-	-	-	-	728
Buckle Up Program	25	-	-	-	-	25
Grant Account						
Niswonger Mini Grant	378	-	-	-	-	378
Other Accounts						
Art Department	170	2,045	2,038	-	-	177
Auto Mechanics	19	-	-	-	-	19
Band	257	-	-	-	-	257
Building Improvements	877	-	20	-	-	857
Cadet Corp	317	-	-	-	-	317
C.D.C. Greenhouse	-	925	528	-	-	397
C.D.C. - Special Education	6	347	347	-	-	6
Chorus	1,428	10,749	12,177	-	-	-
Computer Hardware	595	-	-	-	-	595
Cyclone Print Shop Sp. Ed.	913	2,163	2,158	-	-	918
Dramatics	3,945	6,985	7,363	-	-	3,567
Drivers Ed Program	-	600	600	-	-	-
EHS Credit Recovery	-	400	400	-	-	-
EHS Pageant	2,440	-	-	-	-	2,440
English Department	81	163	105	-	-	139
Ethics Team	410	-	-	-	-	410
Flowers - Staff	3,179	420	1,222	-	-	2,377
Guidance Testing	4,778	3,883	5,062	-	-	3,599
Instruction and Equipment	5,335	-	4,672	-	-	663
Library Office	568	261	26	-	-	803
Math Department	312	250	-	-	-	562
N.E.T.S.P.A.	96	-	-	-	-	96
Newspaper	50	-	-	-	-	50
NYC Trip	-	6,395	6,395	-	-	-
Physical Education	48	605	545	-	-	108
Powderpuff Football	-	860	652	-	-	208
Power Lifting	7	575	463	-	-	119
Ralph Lingerfelt Award	125	525	525	-	-	125
Science Department	32	1,344	948	-	-	428
Social Studies Department	233	-	171	-	-	62
Sports Card Collector's	-	90	90	-	-	-
STEM	3,819	500	891	-	-	3,428
Teacher of the Year - Wal-Mart	78	-	-	-	-	78
Textbook - State	10,770	862	11,612	-	-	20
Top Gun Aviators Club	1,073	419	859	-	-	633
Transcripts	-	18	-	-	-	18
Transportation	641	-	-	-	-	641

(Continued)

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
ELIZABETHTON HIGH SCHOOL
INTERNAL SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2019**

EXHIBIT B

	Fund Balances		Expenditures	Transfers		Fund Balances June 30, 2019
	July 1, 2018	Revenues		In	Out	
Restricted Funds (Continued)						
Other Accounts (Continued)						
Vocational Department	-	547	-	-	-	547
XQ	183,101	571,189	422,953	-	-	331,337
XQ Other	364	4,970	4,853	-	-	481
Yearbook	12,984	21,231	18,751	-	-	15,464
Scholarship Accounts						
A. H. Tipton Scholarship	2,882	43	-	-	-	2,925
Class of 1957	44,721	11,400	1,500	-	-	54,621
Crockett-Montgomery Memorial Fund	20,740	797	500	-	-	21,037
Katherine Jones Scholarship	90,225	898	-	-	-	91,123
Kenneth Jack Scholarship	93,225	796	-	-	-	94,021
Nancy Hunt Scholarship	13,183	36	1,992	-	-	11,227
Sam Greenwell Scholarship	1,665	-	-	-	-	1,665
Student Council Memorial Fund	944	2	-	-	-	946
Tanner Perkins Scholarship	13	1,525	1,516	-	-	22
Wanda K. Bass Scholarship	199	-	-	-	-	199
Total Restricted Funds	594,405	1,184,216	1,023,113	14,397	14,397	755,508
Total General and Restricted Funds	\$ 671,941	1,198,216	1,039,186	14,397	14,397	830,971

The notes are an integral part of these financial statements.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
T.A. DUGGER JUNIOR HIGH SCHOOL
INTERNAL SCHOOL FUND
BALANCE SHEET - REGULATORY BASIS
June 30, 2019**

EXHIBIT A

	ASSETS			LIABILITIES AND FUND BALANCES				Total Liabilities and Fund Balances
	Cash in Bank - Checking	Cash in Bank - Savings	Total Assets	Fund Balances			Total Fund Balances	
				Restricted	Assigned	Unassigned		
General Fund	\$ 7,122	30,008	37,130	0	0	37,130	37,130	37,130
Restricted Funds								
Board of Education Allocations								
Instructional Supplies	200	-	200	200	-	-	200	200
Athletics Account	37,219	-	37,219	-	37,219	-	37,219	37,219
Club Accounts								
Builders Club	10	-	10	-	10	-	10	10
Drama Club	1,102	-	1,102	-	1,102	-	1,102	1,102
Enrichment Club	77	-	77	-	77	-	77	77
Fellowship of Christian Athletes	367	-	367	-	367	-	367	367
Future Business Leaders of America	59	-	59	-	59	-	59	59
Library Club	8,898	-	8,898	-	8,898	-	8,898	8,898
Show Choir	1,717	-	1,717	-	1,717	-	1,717	1,717
Student Council	1,423	-	1,423	-	1,423	-	1,423	1,423
Donation Accounts								
PTAC Donation	1,746	-	1,746	1,746	-	-	1,746	1,746
Science Department Donation	3,306	-	3,306	3,306	-	-	3,306	3,306
Shape the State	478	-	478	478	-	-	478	478
Special Ed Donation	449	-	449	449	-	-	449	449
Other Accounts								
Industrial Arts	491	-	491	-	491	-	491	491
Math Competition	54	-	54	-	54	-	54	54
Prom	4,763	-	4,763	-	4,763	-	4,763	4,763
Washington Trip	14,363	-	14,363	-	14,363	-	14,363	14,363
Washington Trip Sponsor	423	-	423	-	423	-	423	423
Total Restricted Funds	77,145	0	77,145	6,179	70,966	0	77,145	77,145
Total General and Restricted Funds	\$ 84,267	30,008	114,275	6,179	70,966	37,130	114,275	114,275

The notes are an integral part of these financial statements.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
T.A. DUGGER JUNIOR HIGH SCHOOL
INTERNAL SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2019**

EXHIBIT B

	Fund Balances		Expenditures	Transfers		Fund Balances June 30, 2019
	July 1, 2018	Revenues		In	Out	
General Fund						
Instruction	\$ -	-	-	-	2,280	-
Field Trips	-	648	-	-	-	-
Fines, Fees and Dues	-	5,200	-	-	-	-
Gifts, Bequests and Donations	-	916	-	-	-	-
Interest	-	169	-	-	-	-
Resale Items	-	1,323	-	-	-	-
Total General Fund	31,154	8,256	0	0	2,280	37,130
Restricted Funds						
Board of Education Allocations						
Administration Equipment	-	-	431	431	-	-
Administration Supplies	-	3,275	3,057	-	218	-
Attendance Incentives	-	1,000	2,583	1,583	-	-
Communication	-	-	737	737	-	-
Custodial Supplies	-	10,300	7,251	-	3,049	-
Furniture and Fixtures	-	-	1,791	1,791	-	-
Instructional Equipment	-	-	3,491	3,491	-	-
Instructional Supplies	450	27,100	29,389	2,039	-	200
Library Books/Media	-	8,650	8,538	-	112	-
Maintenance and Repairs	-	1,390	-	-	1,390	-
Other Charges	-	4,950	628	-	4,322	-
Other Supplies and Materials	-	3,910	4,430	520	-	-
Textbooks	-	64,000	64,779	779	-	-
Athletics Account	37,847	27,662	28,290	-	-	37,219
Club Accounts						
Builders Club	10	-	-	-	-	10
Drama Club	1,102	-	-	-	-	1,102
Enrichment Club	77	-	-	-	-	77
Fellowship of Christian Athletes	367	-	-	-	-	367
Future Business Leaders of America	42	1,453	1,436	-	-	59
Library Club	8,710	188	-	-	-	8,898
Show Choir	2,037	230	550	-	-	1,717
Student Council	1,423	-	-	-	-	1,423
Donation Accounts						
PTAC Donation	13,944	14,000	26,198	-	-	1,746
Science Department Donation	4,073	-	767	-	-	3,306
Shape the State	478	-	-	-	-	478
Special Ed Donation	449	-	-	-	-	449
Other Accounts						
Dollywood Trip	-	7,125	7,125	-	-	-
Industrial Arts	491	-	-	-	-	491
Math Competition	-	750	696	-	-	54
Prom	4,493	4,171	3,901	-	-	4,763
Washington Trip	12,553	69,506	63,085	-	4,611	14,363
Washington Trip Sponsor	416	-	4,604	4,611	-	423
Yearbook	-	2,224	2,224	-	-	-
Total Restricted Funds	88,962	251,884	265,981	15,982	13,702	77,145
Total General and Restricted Funds	\$ 120,116	260,140	265,981	15,982	15,982	114,275

The notes are an integral part of these financial statements.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
EAST SIDE ELEMENTARY SCHOOL
INTERNAL SCHOOL FUND
BALANCE SHEET - REGULATORY BASIS
June 30, 2019**

EXHIBIT A

	ASSETS			LIABILITIES AND FUND BALANCES					
	Cash in	Accounts Receivable	Total Assets	Accounts Payable	Fund Balances			Total Liabilities and Fund Balances	
	Bank - Checking				Restricted	Assigned	Unassigned		Total Fund Balances
General Fund	\$ 37,151	0	37,151	0	0	0	37,151	37,151	37,151
Restricted Funds									
Board of Education Allocations									
Instructional Materials	964	-	964	-	964	-	-	964	964
Library	1,133	-	1,133	-	1,133	-	-	1,133	1,133
Club Accounts									
K/Create It Kids Club	219	-	219	-	-	219	-	219	219
Show Choir	22	-	22	-	-	22	-	22	22
Donation Accounts									
Accelerated Reader Donations	150	-	150	-	150	-	-	150	150
Douglas H.O.P.E. PreK	43	-	43	-	43	-	-	43	43
PTAC Field Trip	337	-	337	-	337	-	-	337	337
Questar Grant	486	-	486	-	-	486	-	486	486
Restricted Donation	257	-	257	-	257	-	-	257	257
Student Support Fund	945	-	945	-	945	-	-	945	945
Target Field Trip Grant	104	-	104	-	104	-	-	104	104
Walmart	250	-	250	-	250	-	-	250	250
Walmart Grant	10	-	10	-	10	-	-	10	10
WELC Funds	2,228	-	2,228	-	2,228	-	-	2,228	2,228
Other Accounts									
Around the World Youth	110	-	110	-	-	110	-	110	110
Camp Explorer	43	-	43	-	-	43	-	43	43
Dollar General Literacy	33	-	33	-	33	-	-	33	33
Luau	167	-	167	-	-	167	-	167	167
Target Ripley's Aquarium	4	-	4	-	-	4	-	4	4
Total Restricted Funds	7,505	0	7,505	0	6,454	1,051	0	7,505	7,505
Total General and Restricted Funds	\$ 44,656	0	44,656	0	6,454	1,051	37,151	44,656	44,656

The notes are an integral part of these financial statements.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
EAST SIDE ELEMENTARY SCHOOL
INTERNAL SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2019**

EXHIBIT B

	Fund Balances		Expenditures	Transfers		Fund Balances
	July 1, 2018	Revenues		In	Out	
General Fund						
Field Trips	\$ -	6,343	6,459	112	-	-
Fines, Fees and Dues	-	3,060	-	-	-	-
Instruction	-	-	105	-	-	-
Resale	-	677	-	-	-	-
Total General Fund	33,523	10,080	6,564	112	0	37,151
Restricted Funds						
Board of Education Allocations						
Administrative Supplies	-	1,990	1,990	-	-	-
Art - Instructional Materials	-	1,620	1,620	-	-	-
Attendance Incentives	-	1,000	1,000	-	-	-
Custodial Supplies	-	7,575	7,575	-	-	-
Guidance	-	1,000	1,000	-	-	-
Instructional Materials	2,566	15,601	17,755	552	-	964
Library	-	4,935	3,802	-	-	1,133
Maintenance and Repairs	-	795	795	-	-	-
Music	-	1,750	1,750	-	-	-
Other Supplies and Materials	-	2,090	2,090	-	-	-
Physical Education	-	1,000	1,000	-	-	-
Textbooks	-	24,000	23,448	-	552	-
Club Accounts						
K/Create It Kids Club	202	150	133	-	-	219
Show Choir	22	-	-	-	-	22
Donation Accounts						
Accelerated Reader Donations	150	-	-	-	-	150
Douglas H.O.P.E. PreK	43	-	-	-	-	43
PTAC Chromebooks	-	10,293	10,293	-	-	-
PTAC Field Trip	202	300	53	-	112	337
PTAC Tables/Chairs	-	2,832	2,832	-	-	-
Questar Grant	486	-	-	-	-	486
Restricted Donation	257	-	-	-	-	257
Student Support Fund	-	1,050	105	-	-	945
Target Field Trip Grant	71	700	667	-	-	104
Walmart	250	-	-	-	-	250
Walmart Grant	10	-	-	-	-	10
WELC Funds	3,855	3,510	5,137	-	-	2,228
Other Accounts						
Around the World Youth	110	-	-	-	-	110
Camp Explorer	50	4,749	4,756	-	-	43
Dollar General Literacy	1,294	-	1,261	-	-	33
Luau	7	357	197	-	-	167
Target Ripley's Aquarium	4	-	-	-	-	4
Total Restricted Funds	9,579	87,297	89,259	552	664	7,505
Total General and Restricted Funds	\$ 43,102	97,377	95,823	664	664	44,656

The notes are an integral part of these financial statements.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
HAROLD MCCORMICK ELEMENTARY SCHOOL
INTERNAL SCHOOL FUND
BALANCE SHEET - REGULATORY BASIS
June 30, 2019**

EXHIBIT A

	ASSETS			LIABILITIES AND FUND BALANCES					Total Liabilities and Fund Balances
	Cash in Bank - Checking	Accounts Receivable	Total Assets	Accounts Payable	Fund Balances			Total Fund Balances	
					Restricted	Assigned	Unassigned		
General Fund	\$ 50,076	0	50,076	0	0	0	50,076	50,076	50,076
Restricted Funds									
Board of Education Allocations									
Instructional Materials	3,892	-	3,892	-	3,892	-	-	3,892	3,892
Library	302	-	302	-	302	-	-	302	302
Maintenance and Repair	290	-	290	-	290	-	-	290	290
Textbooks	300	-	300	-	300	-	-	300	300
Donation Accounts									
Arts Council Donation	4	-	4	-	4	-	-	4	4
Fifth Grade	7	-	7	-	7	-	-	7	7
First Grade	24	-	24	-	24	-	-	24	24
K Seals Classroom	11	-	11	-	11	-	-	11	11
K-Kids	106	-	106	-	106	-	-	106	106
PTAC/Items Needed Donation	4,158	-	4,158	-	4,158	-	-	4,158	4,158
Questar Grant	400	-	400	-	-	400	-	400	400
Second Grade Deloach	11	-	11	-	11	-	-	11	11
Sensory Room	764	-	764	-	764	-	-	764	764
Student/Teacher Donation	519	-	519	-	519	-	-	519	519
Target Grant	513	-	513	-	513	-	-	513	513
Walmart Grant	412	-	412	-	412	-	-	412	412
Walmart Grant Deloach	207	-	207	-	207	-	-	207	207
Walmart Grant Estep	314	-	314	-	314	-	-	314	314
Walmart Grant Perkins	1,000	-	1,000	-	1,000	-	-	1,000	1,000
Other Accounts									
Camp Explore	426	-	426	-	-	426	-	426	426
Choir	1,195	-	1,195	-	-	1,195	-	1,195	1,195
Christmas	2	-	2	-	-	2	-	2	2
Furniture/Technology Fund	461	-	461	-	-	461	-	461	461
Lockers	1	-	1	-	-	1	-	1	1
School Musical	2	-	2	-	-	2	-	2	2
Spirit Account	37	-	37	-	37	-	-	37	37
Memorial Account									
Estep Memorial	251	-	251	-	251	-	-	251	251
Total Restricted Funds	15,609	0	15,609	0	13,122	2,487	0	15,609	15,609
Total General and Restricted Funds	\$ 65,685	0	65,685	0	13,122	2,487	50,076	65,685	65,685

The notes are an integral part of these financial statements.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
HAROLD MCCORMICK ELEMENTARY SCHOOL
INTERNAL SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2019**

EXHIBIT B

	Fund Balances		Expenditures	Transfers		Fund Balances June 30, 2019
	July 1, 2018	Revenues		In	Out	
General Fund						
Field Trips	\$ -	5,685	5,818	-	-	-
Fines, Fees and Dues	-	320	-	-	-	-
Interest	-	1,270	-	-	-	-
Other	-	1,508	-	-	-	-
Resale Items	-	10,191	6,527	-	-	-
Total General Fund	43,447	18,974	12,345	0	0	50,076
Restricted Funds						
Board of Education Allocations						
Administrative Supplies	-	1,990	849	-	1,141	-
Art	-	2,750	2,732	-	18	-
Attendance Incentives	24	1,000	1,005	-	19	-
Custodial	-	7,700	8,192	500	8	-
Guidance	-	1,000	958	-	42	-
Instructional Materials	1,091	17,800	16,945	1,946	-	3,892
Library	-	6,056	5,754	-	-	302
Maintenance and Repairs	-	910	263	-	357	290
Music	-	2,783	2,504	-	279	-
Other Supplies and Materials	-	2,260	2,065	-	195	-
Physical Education	-	1,000	967	-	33	-
Textbooks	-	24,500	23,846	-	354	300
Donation Accounts						
Arts Council Donation	4	-	-	-	-	4
Fifth Grade	7	-	-	-	-	7
First Grade	24	-	-	-	-	24
K Seals Classroom	11	-	-	-	-	11
K-Kids	46	276	216	-	-	106
PTAC/Items Needed Donation	3,975	293	110	-	-	4,158
Questar Grant	400	-	-	-	-	400
Second Grade Deloach	11	-	-	-	-	11
Sensory Room	501	1,016	753	-	-	764
Student/Teacher Donation	19	500	-	-	-	519
Target Grant	-	700	187	-	-	513
Walmart Grant	1	1,000	589	-	-	412
Walmart Grant Deloach	294	-	87	-	-	207
Walmart Grant Estep	-	1,000	686	-	-	314
Walmart Grant Perkins	1,000	-	-	-	-	1,000
Other Accounts						
Camp Explore	877	5,155	5,606	-	-	426
Choir	1,095	2,482	2,382	-	-	1,195
Christmas	2	-	-	-	-	2
Furniture/Technology Fund	766	-	305	-	-	461
Lockers	1	-	-	-	-	1
School Musical	2	-	-	-	-	2
Spirit Account	37	-	-	-	-	37
Memorial Account						
Estep Memorial	176	75	-	-	-	251
Total Restricted Funds	10,364	82,246	77,001	2,446	2,446	15,609
Total General and Restricted Funds	\$ 53,811	101,220	89,346	2,446	2,446	65,685

The notes are an integral part of these financial statements.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
WEST SIDE ELEMENTARY SCHOOL
INTERNAL SCHOOL FUND
BALANCE SHEET - REGULATORY BASIS
June 30, 2019**

EXHIBIT A

	ASSETS			LIABILITIES AND FUND BALANCES					Total Liabilities and Fund Balances
	Cash in Bank - Checking	Accounts Receivable	Total Assets	Accounts Payable	Fund Balances			Total Fund Balances	
					Restricted	Assigned	Unassigned		
General Fund	\$ 34,814	0	34,814	0	0	0	34,814	34,814	34,814
Restricted Funds									
Board of Education Allocations									
Instructional B.E.P.	258	-	258	-	258	-	-	258	258
Library	336	-	336	-	336	-	-	336	336
Donation Accounts									
C.A.R. Donation	200	-	200	-	200	-	-	200	200
Food City Rewards	1,011	-	1,011	-	-	1,011	-	1,011	1,011
K-Kids	312	-	312	-	312	-	-	312	312
PTAC Donation	2,232	-	2,232	-	2,232	-	-	2,232	2,232
Other Accounts									
Camp Explore	621	-	621	-	-	621	-	621	621
Kindergarten Cookie Shop	40	-	40	-	-	40	-	40	40
Kindergarten Cupcake Shop	16	-	16	-	-	16	-	16	16
May Day Donation	801	-	801	-	-	801	-	801	801
Media Center STEM	2,038	-	2,038	-	-	2,038	-	2,038	2,038
West Side Running Club	50	-	50	-	-	50	-	50	50
Total Restricted Funds	7,915	0	7,915	0	3,338	4,577	0	7,915	7,915
Total General and Restricted Funds	\$ 42,729	0	42,729	0	3,338	4,577	34,814	42,729	42,729

The notes are an integral part of these financial statements.

ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
WEST SIDE ELEMENTARY SCHOOL
INTERNAL SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2019

EXHIBIT B

	Fund Balances			Transfers		Fund Balances June 30, 2019
	July 1, 2018	Revenues	Expenditures	In	Out	
General Fund						
Administration	\$ -	-	69	-	-	-
Field Trips	-	9,148	9,118	2	-	-
Fines, Fees and Dues	-	4,260	-	-	-	-
Instruction	-	-	7,776	-	-	-
Interest	-	861	-	-	-	-
Other	-	45	-	-	-	-
Resale Items	-	5,214	85	-	466	-
Total General Fund	32,798	19,528	17,048	2	466	34,814
Restricted Funds						
Board of Education Allocations						
Administrative Supplies	-	1,990	1,865	-	125	-
Art	-	3,000	3,000	-	-	-
Attendance Incentives	-	1,000	998	-	2	-
Custodial Supplies	-	6,250	6,022	-	228	-
Guidance	-	1,000	996	-	4	-
Instructional B.E.P.	882	16,041	17,240	889	314	258
Library	-	5,512	5,176	-	-	336
Maintenance and Repairs	-	815	334	-	481	-
Music	-	1,278	1,276	-	2	-
Other Supplies and Materials	-	2,120	2,144	24	-	-
Physical Education	-	1,000	999	-	1	-
Textbooks	-	24,000	24,314	314	-	-
Donation Accounts						
Accelerated Reader	150	-	150	-	-	-
C.A.R. Donation	554	-	354	-	-	200
Food City Rewards	819	461	269	-	-	1,011
Hawkins Benevolence	-	100	98	-	2	-
K-Kids	259	878	825	-	-	312
PTAC Donation	2,232	23,449	23,449	-	-	2,232
Teacher Money Donation	385	-	315	-	70	-
Other Accounts						
Camp Explore	624	6,576	6,579	-	-	621
Honors Day 5th Grade	180	517	1,163	466	-	-
Kinder Friends Dounut Shop	-	151	151	-	-	-
Kindergarten Cookie Shop	-	142	102	-	-	40
Kindergarten Cupcake Shop	-	158	142	-	-	16
McTeacher Night	-	1,099	1,099	-	-	-
May Day Donation	265	2,400	1,864	-	-	801
Media Center STEM	3,771	4,519	6,252	-	-	2,038
West Side Running Club	21	844	815	-	-	50
Total Restricted Funds	10,142	105,300	107,991	1,693	1,229	7,915
Total General and Restricted Funds	\$ 42,940	124,828	125,039	1,695	1,695	42,729

The notes are an integral part of these financial statements.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS - REGULATORY BASIS
SCHEDULE OF INTERFUND AND INTERACCOUNT TRANSFERS
BY SCHOOL
For the Fiscal Year Ended June 30, 2019**

ELIZABETHTON HIGH SCHOOL

<u>Transfer To</u>	<u>Transfer From</u>								<u>Total</u>
	<u>Maintenance and Repairs</u>	<u>Attendance Incentives</u>	<u>Band Instructional Equipment</u>	<u>B.E.P. Other Supplies</u>	<u>Honors / Graduation</u>	<u>Student Body</u>	<u>WTA/RTI</u>	<u>Band Repair</u>	
Administration Supplies	\$ 742	332	258	-	-	-	-	-	1,332
B.E.P. Instructional Supplies	189	-	-	2,740	3,129	3,180	2,625	83	11,946
Furniture and Fixtures	184	-	-	-	-	-	-	-	184
Instructional Equipment	-	-	130	-	-	-	-	-	130
Textbooks	805	-	-	-	-	-	-	-	805
Total	\$ 1,920	332	388	2,740	3,129	3,180	2,625	83	14,397

T.A. DUGGER JUNIOR HIGH SCHOOL

<u>Transfer To</u>	<u>Transfer From</u>							<u>Total</u>
	<u>Administration Supplies</u>	<u>Custodial Supplies</u>	<u>Instruction</u>	<u>Library Books / Media</u>	<u>Maintenance and Repairs</u>	<u>Other Charges</u>	<u>Washington Trip</u>	
Administration Equipment	\$ -	431	-	-	-	-	-	431
Attendance Incentives	-	1,583	-	-	-	-	-	1,583
Communication	218	515	-	4	-	-	-	737
Furniture and Fixtures	-	-	-	108	1,390	293	-	1,791
Instructional Equipment	-	-	241	-	-	3,250	-	3,491
Instructional Supplies	-	-	2,039	-	-	-	-	2,039
Other Supplies and Materials	-	520	-	-	-	-	-	520
Textbooks	-	-	-	-	-	779	-	779
Washington Trip Sponsor	-	-	-	-	-	-	4,611	4,611
Total	\$ 218	3,049	2,280	112	1,390	4,322	4,611	15,982

(Continued)

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS - REGULATORY BASIS
SCHEDULE OF INTERFUND AND INTERACCOUNT TRANSFERS BY SCHOOL
For the Fiscal Year Ended June 30, 2019**

EAST SIDE ELEMENTARY SCHOOL

<u>Transfer To</u>	<u>Transfer From</u>		
	PTAC Field Trip	Textbooks	Total
Field Trips	\$ 112	-	112
Instructional Materials	-	552	552
Total	\$ 112	552	664

HAROLD MCCORMICK ELEMENTARY SCHOOL

<u>Transfer To</u>	<u>Transfer From</u>										
	Administrative Supplies	Art	Attendance Initiatives	Custodial	Guidance	Maintenance and Repairs	Music	Other Supplies and Materials	Physical Education	Textbooks	Total
Custodial	\$ 500	-	-	-	-	-	-	-	-	-	500
Instructional Materials	641	18	19	8	42	357	279	195	33	354	1,946
Total	\$ 1,141	18	19	8	42	357	279	195	33	354	2,446

WEST SIDE ELEMETARY SCHOOL

<u>Transfer To</u>	<u>Transfer From</u>											
	Administrative Supplies	Attendance Incentives	Custodial Supplies	Guidance	Hawkins Benevolence	Instructional BEP	Maintenance and Repair	Music	Physical Education	Resale Items	Teacher Money Donation	Total
Field Trips	\$ -	-	-	-	2	-	-	-	-	-	-	2
Instructional B.E.P.	125	2	204	4	-	-	481	2	1	-	70	889
Honors Day 5th Grade	-	-	-	-	-	-	-	-	-	466	-	466
Other Supplies and Materials	-	-	24	-	-	-	-	-	-	-	-	24
Textbooks	-	-	-	-	-	314	-	-	-	-	-	314
Total	\$ 125	2	228	4	2	314	481	2	1	466	70	1,695

See Independent Auditors' Report.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS - REGULATORY BASIS
SCHEDULE OF SURETY BOND COVERAGE
For the Fiscal Year Ended June 30, 2019**

Company	Tennessee Risk Management Trust
Type of Coverage	Public School System Honesty Blanket Position Bond
Amount	\$400,000 each and every loss \$500 deductible - each occurrence
Period Covered	July 1, 2018 - July 1, 2019
Positions Covered	All Employees

See Independent Auditors' Report.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS - REGULATORY BASIS
SCHEDULE OF SALARY SUPPLEMENTS
For the Fiscal Year Ended June 30, 2019**

School	Amount	Source	Board Approved (1)	Proper Withholding
<u>Elizabethton High School</u>				
ANDREWS, LUCAS MCKINLEY	\$ 490	Athletics	Yes	Yes
GARLAND, RENEE BENNETT	70	Athletics	Yes	Yes
BRADLEY, LESLEE J	20	Athletics	Yes	Yes
BYRUM, BRENDA	853	Athletics	Yes	Yes
CROWE, LARRY	280	Athletics	Yes	Yes
DARLING, AMY	240	Athletics	Yes	Yes
DUGGER, CHARLES F	490	Athletics	Yes	Yes
DUGGER, KATHERINE P	30	Athletics	Yes	Yes
DUGGER, TERESA	70	Athletics	Yes	Yes
ELLIS, MEGAN F	60	Athletics	Yes	Yes
ENSOR, ZACHARY R	490	Athletics	Yes	Yes
GOUGE, REGINA	350	Athletics	Yes	Yes
GRINDSTAFF, MICHAEL G	30	Athletics	Yes	Yes
HARRISON, SAMMY	490	Athletics	Yes	Yes
HARRISON, SAMUAL JORDAN	1,208	Athletics	Yes	Yes
HILTON, FREDIA DENISE	490	Athletics	Yes	Yes
HONEYCUTT, LUCAS W	490	Athletics	Yes	Yes
HUMPHREY, JEREMY	55	Athletics	Yes	Yes
HURLEY, ANNA ENGLISH	80	Athletics	Yes	Yes
HYDER, DEBBIE	70	Athletics	Yes	Yes
JENKINS, BRIAN K	155	Athletics	Yes	Yes
JOHNSON, MICHELLE	70	Athletics	Yes	Yes
LIVINGSTON, REGINA	1,288	Athletics	Yes	Yes
MORRELL, EDWARD	60	Athletics	Yes	Yes
PROFFITT, DANIEL P	1,490	Yearbook	Yes	Yes
RAY, CHARLENE	70	Athletics	Yes	Yes
ROBERTS, JANICE CAROL	280	Athletics	Yes	Yes
SLAYER, CHAD	520	Athletics	Yes	Yes
RURBYFILL, KRISTEN	220	Athletics	Yes	Yes
VANCE, KAREN	70	Athletics	Yes	Yes
WAGNER, RACHER	490	Athletics	Yes	Yes
WAGNER, REBECCA	350	Athletics	Yes	Yes
WAGNER, RICHARD	420	Athletics	Yes	Yes
WASEM, TIMOTHY	70	Athletics	Yes	Yes
WETZEL, JENNIFER	70	Athletics	Yes	Yes
WRIGHT, WENDY	380	Athletics	Yes	Yes
FOX, JEFF	100	SGA	Yes	Yes

See Independent Auditors' Report.

ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS - REGULATORY BASIS
SCHEDULE OF SALARY SUPPLEMENTS
For the Fiscal Year Ended June 30, 2019

School	Amount	Source	Board Approved (1)	Proper Withholding
ABDELNOUR, VANESSA ALEJANDRA	2,500	XQ - Year 1	Yes	Yes
ANDREWS, LUCAS MCKINLEY	1,000	XQ - Year 1	Yes	Yes
BANKS, JENNIFER MARIE	2,500	XQ - Year 1	Yes	Yes
BENTLEY, ANDREW E	1,000	XQ - Year 1	Yes	Yes
BOOHER, ABIGAIL GRACE	1,000	XQ - Year 1	Yes	Yes
BRADLEY, LESLEE J	2,000	XQ - Year 1	Yes	Yes
BRUMIT, TERRI D	1,000	XQ - Year 1	Yes	Yes
BURLESON, CYNTHIA R	1,000	XQ - Year 1	Yes	Yes
CAMPBELL, ALEX H	22,200	XQ - Year 1	Yes	Yes
CAMPBELL, DAVID M	4,900	XQ - Year 1	Yes	Yes
CASEY, RUSSELL REID	1,000	XQ - Year 1	Yes	Yes
CLEVINGER, JASON W	1,000	XQ - Year 1	Yes	Yes
CLICK, SENTA LEANNE	1,000	XQ - Year 1	Yes	Yes
DIAZ, JOE M	1,000	XQ - Year 1	Yes	Yes
DONNELLAN, MARGARET LOUISE	23,384	XQ - Year 1	Yes	Yes
DUGGER, CHARLES F	1,000	XQ - Year 1	Yes	Yes
DUGGER, KATHERINE P	1,000	XQ - Year 1	Yes	Yes
ELLIOTT, PERRY L	1,000	XQ - Year 1	Yes	Yes
ELLIS, MEGAN F	1,000	XQ - Year 1	Yes	Yes
EMMERT, CRAIG M	4,500	XQ - Year 1	Yes	Yes
ENSOR, ZACHARY R	1,000	XQ - Year 1	Yes	Yes
FOSTER, MEGAN MONTGOMERY	3,000	XQ - Year 1	Yes	Yes
GARLAND, RENEE BENNETT	1,000	XQ - Year 1	Yes	Yes
GOUGE, DEBORAH B	1,000	XQ - Year 1	Yes	Yes
GRINDSTAFF, BONNIE J	500	XQ - Year 1	Yes	Yes
GRINDSTAFF, MICHAEL G	2,500	XQ - Year 1	Yes	Yes
HAMBRICK, CHRIS L	1,000	XQ - Year 1	Yes	Yes
HARDIN, KENNETH L	1,000	XQ - Year 1	Yes	Yes
HARDIN, SARA S	2,500	XQ - Year 1	Yes	Yes
HARRISON, SAMUAL JORDAN	1,000	XQ - Year 1	Yes	Yes
HARTLEY, MELANIE RENE	1,000	XQ - Year 1	Yes	Yes
HAYES, JESSICA M	4,000	XQ - Year 1	Yes	Yes
HEATHERLY, SARAH BETH	1,000	XQ - Year 1	Yes	Yes
HENSLEY, DUSTIN S	3,000	XQ - Year 1	Yes	Yes
HILTON, FREDIA DENISE	1,000	XQ - Year 1	Yes	Yes
HONEYCUTT, LUCAS W	2,500	XQ - Year 1	Yes	Yes
HOOKS, LORA D	1,000	XQ - Year 1	Yes	Yes
HOOKS, MICHEAL DAVID	1,000	XQ - Year 1	Yes	Yes
HURLEY, ANNA ENGLISH	1,000	XQ - Year 1	Yes	Yes
HYATT, ROBERT M	1,000	XQ - Year 1	Yes	Yes
JENKINS, BRIAN K	1,000	XQ - Year 1	Yes	Yes
JONES, JON D	2,000	XQ - Year 1	Yes	Yes
LINBERG, PAUL T	1,000	XQ - Year 1	Yes	Yes
LITTLE, RANDALL S	1,000	XQ - Year 1	Yes	Yes

See Independent Auditors' Report.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS - REGULATORY BASIS
SCHEDULE OF SALARY SUPPLEMENTS
For the Fiscal Year Ended June 30, 2019**

School	Amount	Source	Board Approved (1)	Proper Withholding
LYKINS, CARRIE ELIZABETH	1,000	XQ - Year 1	Yes	Yes
MALONE, LISA S	1,000	XQ - Year 1	Yes	Yes
MCKEE, VIRGIL DALE	1,000	XQ - Year 1	Yes	Yes
MEIER, LAUREN WHITNEY	1,000	XQ - Year 1	Yes	Yes
MILLS, DAN W	1,000	XQ - Year 1	Yes	Yes
OGG, STAN M	1,000	XQ - Year 1	Yes	Yes
PAYNE, ANDREA CAROLE	2,500	XQ - Year 1	Yes	Yes
PENNELL, TRAVIS	2,500	XQ - Year 1	Yes	Yes
PIERCE, JEFFREY L	1,000	XQ - Year 1	Yes	Yes
PITTMAN, DORSEY BROCK	1,000	XQ - Year 1	Yes	Yes
PRESNELL, JOSEPH RYAN	700	XQ - Year 1	Yes	Yes
PRICE, BETH KELLY	1,000	XQ - Year 1	Yes	Yes
PROFFITT, DANIEL P	1,000	XQ - Year 1	Yes	Yes
ROBERTS, PATRICK C	1,000	XQ - Year 1	Yes	Yes
SALYER, CHAD P	1,000	XQ - Year 1	Yes	Yes
SHURTZ, BRIAN JAY	1,000	XQ - Year 1	Yes	Yes
SMITH, TERRY MICHAEL	40,000	XQ - Year 1	Yes	Yes
TRENT, BRENNAN A	1,000	XQ - Year 1	Yes	Yes
WAGNER, RACHEL N	1,000	XQ - Year 1	Yes	Yes
WASEM, TIMOTHY L	1,000	XQ - Year 1	Yes	Yes
WHITE, RYAN C	1,000	XQ - Year 1	Yes	Yes
WILBER, ANGELA A	3,000	XQ - Year 1	Yes	Yes
WITTEN, SHAWN EDWARD	1,000	XQ - Year 1	Yes	Yes
Total Elizabethton High School	190,142			
BARKER, ANGIE	1,160	Athletics	Yes	Yes
JOHNSON, BARRY	60	Athletics	Yes	Yes
KRISTEN, TURBYFILL	50	Athletics	Yes	Yes
KYKER, LINDSEY	30	Athletics	Yes	Yes
MORRIS, SARAH	500	Yearbook	Yes	Yes
OAKLEY, JOHN	1,180	Athletics	Yes	Yes
PROFFITT, JULIE	250	Athletics	Yes	Yes
ROBERTS, JANICE CAROL	1,760	Athletics	Yes	Yes
SMITH, TONIA	15	Athletics	Yes	Yes
WAITE, KRISTEN	1,400	Yearbook	Yes	Yes
WILSON, MICHAEL	640	Athletics	Yes	Yes
Total T.A. Dugger Junior High School	7,045			
Total School Activity Funds	\$ 197,187			

(1) Although supplements were not individually approved by the Board of Education, all activities were approved.

See Independent Auditors' Report.

SECTION III

COMPLIANCE AND INTERNAL CONTROL SECTION

**INDEPENDENT AUDITORS' 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**

To the Chairman and Members of the Board
Elizabethton, Tennessee Board of Education

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 combined financial statements - regulatory basis of the Elizabethton, Tennessee Board of Education Internal School Funds, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Elizabethton, Tennessee Board of Education Internal School Funds' basic financial statements. We also have audited the individual school financial statements – regulatory basis (referred to in the aggregate with those financial statements above as “the financial statements”) as of and for the year ended June 30, 2019, presented as supplementary information and have issued our report thereon dated November 11, 2019. Our report disclosed that, as described in Note 1 to the financial statements, the financial statements are prepared in conformity with the accounting practices prescribed by the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Elizabethton, Tennessee Board of Education Internal School Funds' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Elizabethton, Tennessee Board of Education Internal School Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Elizabethton, Tennessee Board of Education Internal School Funds' 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Elizabethton, Tennessee Board of Education Internal School Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items: 2019-001 and 2019-002.

Elizabethton, Tennessee Board of Education's Response to Findings

Elizabethton, Tennessee Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Elizabethton, Tennessee Board of Education's response and plans to address the findings are described in the accompanying management's corrective action plan. Elizabethton, Tennessee Board of Education Internal School Funds' responses and management's corrective action plan were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blackburn, Childers & Steagall, P.C.

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

November 11, 2019

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS - REGULATORY BASIS
SCHEDULE OF DISPOSITION OF PRIOR FISCAL YEAR FINDINGS
For the Fiscal Year Ended June 30, 2019**

Prior Fiscal year Finding Number	Finding Title	Status / Current Fiscal Year Finding Number
2018-001	Athletics - Elizabethton High School (original finding # 2018-001)	Corrected
2018-002	Postage Machine - Elizabethton High School (original finding # 2018-002)	Corrected
2018-003	Fundraisers (original funding # 2018-003)	Partially Corrected/2019- 001

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS – REGULATORY BASIS
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2019**

FINDINGS – FINANCIAL STATEMENT AUDIT

2019-001: Significant Deficiency: Fundraisers

Criteria: *Tennessee Internal School Uniform Accounting Policy Manual (the Manual) Section 4, Title 8, Fundraising Activities.*

Condition: Proper procedures for fundraisers were not always followed with respect to the documentation and analysis of fundraiser activities. The sale price for merchandise for one event at Elizabethton High School was not noted on the forms and thus full analysis of the expected versus actual collections could not be calculated. Subsequent to audit field work, the school provided a price list. For the yearbook at Elizabethton High School, originally, there was no separate list of yearbooks given away free. The analysis report did not fully account for all books received, sold and given away. For a candy fundraiser at Elizabethton High School, the reports as originally attached did not clearly indicate which receipts were for which event. In addition, the collections for both Scholastic book fair events at Harold McCormick Elementary School could not be reconciled to cash receipt records. A total difference of \$79 was noted for taxable sales and a difference of \$432 for credit card sales. Picture commissions received were not verified at Harold McCormick Elementary. The yearbook analysis for West Side Elementary School was not fully complete. There appears to be an 11 book difference between the invoice amount and other supporting documentation.

Effect: The effect of these issues causes the schools to not be in compliance with the internal control procedures as prescribed in the *Manual*.

Cause: School officials did not always properly follow fundraiser procedures that were in place.

Recommendation: We recommend the School follow all requirements for fundraisers as described in the *Manual*.

Response: The yearbook sponsor has been informed of the proper procedures and how to correct errors for fundraiser reports. Teachers are being reminded of proper procedures as fundraisers occur on an individual basis.

2019-002: Significant Deficiency – Cash Receipts

Criteria: *The Manual Section 5, Operating Procedures, Title 2, Revenue/Receipts.*

Condition: Proper procedures for cash receipts were not always followed at Harold McCormick Elementary School. During audit procedures, we noted at least four teacher log sheets for various individual collections lacked the date of teacher collection. We therefore could not verify timely remittance to the office.

Effect: The effect of this issue causes the school to not be in compliance with the internal control procedures for cash receipts as prescribed by the *Manual*.

**ELIZABETHTON, TENNESSEE BOARD OF EDUCATION
INTERNAL SCHOOL FUNDS – REGULATORY BASIS
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2019**

FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2019-002: Significant Deficiency: Cash Receipts (Continued)

Cause: School officials did not always properly follow cash receipt controls and procedures that were in place.

Recommendation: We recommend the schools follow all requirements for proper cash receipt process as described in the *Manual*.

Response: The bookkeeper will review logs more closely to prevent missing information. Teachers will be informed and instructed on proper documentation.

SECTION IV

MANAGEMENT'S CORRECTIVE ACTION PLAN SECTION



Experience Excellence

COREY GARDENHOUR, Ed.D.
Director of Schools
(423) 547-8000 Ext. 8223

MYRA NEWMAN, Ed.D.
Deputy Director of Schools
(423) 547-8000 Ext. 8209

JOEY TRENT
Chief Operating Officer
(423) 547-8000 Ext. 8226

RICHARD B. VANHUSS, Ed.S.
Asst. Director of Schools,
Director of Special
Education & RTP
(423) 547-8000 Ext. 8203

JOHN M. HUTCHINS, Ed.S.
Director of Federal Programs,
Transportation, Health &
Athletic Services
(423) 547-8000 Ext. 8214

BETH WILSON, MBA
Director of Business and
Fiscal Management
(423) 547-8000 Ext. 8218

TRAVIS THOMPSON, Ed.S.
Director of Early Learning,
Curriculum & Testing 6-12,
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423-547-8000 Ext. 8227

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Elizabethton, TN 37643
www.ecschools.net
[P] 423.547.8000
[F] 423.547.8929

**ELIZABETHTON CITY SCHOOLS
SCHOOL ACTIVITY FUNDS
SIGNIFICANT DEFICIENCIES
JUNE 30, 2019**

**ELIZABETHTON HIGH SCHOOL and
HAROLD McCORMICK ELEMENTARY
2018-03/2019-01**

**IMPROPER YEARBOOK AND
FUNDRAISER DOCUMENTATION**

Response and Corrective Action Plan Prepared by: Beth Wilson
Director of Finance
Elizabethton City Schools

Person Responsible for
Implementing the Corrective Action: Same
Anticipated Completion of Corrective Action: November 30, 2019
Repeat Deficiency: Yes
Reason why Corrective Action was not taken – PY:
Improvements were made. Staff needs additional training.

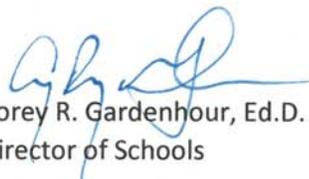
Planned Corrective Action:
The yearbook sponsor has been informed of the proper procedures and how to correct errors for fundraiser reports. Teachers are being reminded of proper procedures as fundraisers occur on an individual basis.

HAROLD McCORMICK ELEMENTARY SCHOOL 2019-02 CASH RECEIPTS

Response and Corrective Action Plan Prepared by: Beth Wilson
Director of Finance
Elizabethton City Schools

Person Responsible for
Implementing the Corrective Action: Same
Anticipated Completion of Corrective Action: November 30, 2019
Repeat Deficiency: No

Planned Corrective Action:
The bookkeeper will review logs more closely to prevent missing information.
Teachers will be informed and instructed on proper documentation.


Corey R. Gardenhour, Ed.D.
Director of Schools

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON,
TENNESSEE)

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended June 30, 2019

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
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ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
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For the Fiscal Year Ended June 30, 2019

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SECTION I

INTRODUCTORY SECTION

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2019

Elected Officials - as of June 30, 2019

Chair	Rita Booher
Vice-Chair	Phil Isaacs
Board Member	Grover May, MD
Board Member	Danny O'Quinn
Board Member	Eddie Pless

Appointed Officials and Directors - as of June 30, 2019

Director of Schools	Dr. Corey R. Gardenhour
Deputy Director of Schools	Dr. Myra Newman
Chief Operating Officer	Joey Trent
Assistant Director of Schools, Director of Special Education & RTI	Richard VanHuss
Director of Federal Programs, Transportation, Health and Athletic Services	John Hutchins
Director of Business and Fiscal Management	Beth Wilson, MBA
Director of Early Learning, Curriculum & Testing 6-12, and Data Services	Travis Thompson

SECTION II
FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Director of Schools
and School Board Members
Elizabethton City Schools
Elizabethton, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Elizabethton City Schools, a component unit of the City of Elizabethton, Tennessee, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Elizabethton City Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Elizabethton City Schools' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Johnson City	801B Sunset Drive, Johnson City, TN 37604	423.282.4511
Kingsport	1361 South Wilcox Drive, Kingsport, TN 37660	423.246.1725
Greeneville	550 Tusculum Boulevard, Greeneville, TN 37745	423.638.8516

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Elizabethton City Schools, a component unit of the City of Elizabethton, Tennessee, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for each fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios based on participation in the public employee pension plan of TCRS – agency plan, schedule of contributions based on participation in the public employee pension plan of TCRS – agency plan, schedule of proportionate share of the net pension liability (asset) – teacher legacy pension plan of TCRS, schedule of contributions – teacher legacy pension plan of TCRS, schedule of proportionate share of the net pension liability (asset) – teacher retirement plan of TCRS, schedule of contributions – teacher retirement plan of TCRS, schedule of changes in Elizabethton City Schools proportionate share of collective OPEB liability and related ratios - teacher group OPEB plan, and schedule of changes in Elizabethton City Schools proportionate share of collective OPEB liability and related ratios - Tennessee Closed Plan on pages 5-10 and pages 75-82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elizabethton City Schools' basic financial statements. The introductory section and the schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019, on our consideration of the Elizabethton City Schools' 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 Elizabethton City Schools' 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 the Elizabethton City Schools' internal control over financial reporting and compliance.

Blackburn, Childers & Steagall, P.C.

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

December 2, 2019

**ELIZABETHTON CITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

This section of the Elizabethton Board of Education's (the Board's) annual financial report presents the discussion and analysis of the Board's financial performance during the fiscal year ending June 30, 2019. Please read it in conjunction with the Board's financial statements, which immediately follow this section.

Financial Highlights

The financial status of the Board increased during the year mainly due to the increase in pension asset. The Board's Net Position increased by 5.2%.

- The total Unrestricted/Unassigned General Purpose fund balance increased by \$124,079; the total School Nutrition fund increased by \$16,599; and the Federal Projects fund remained constant.
- New equipment was purchased for the CTE department from grant funds.
- Camera systems were purchased for school buses.
- One new 66 passenger bus was purchased.
- Four servers were purchased for the system's technology needs.
- The school nutrition department purchased a new cooler.
- The new soccer practice fields project was completed.
- An energy project for all schools was in progress.
- Other capital projects were in the planning phase.

Overview of the Financial Statements

This annual report consists of these parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and supplementary information. The basic financial statements include two kinds of statements that present different views of the school system:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Board's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the school system, reporting the system's operations in more detail than the government-wide statements.

**ELIZABETHTON CITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Government-Wide Statements

The government-wide statements report information about the school system as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Board's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash was received or paid.

The two government-wide statements report the Board's net position and how they have changed. Net position, the difference between the Board's assets, deferred outflows, liabilities and deferred inflows, are one way to measure the Board's financial health or position.

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Board's overall health, additional nonfinancial factors such as changes in enrollment and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the Board's activities are reported as Governmental Activities. The Board has no business-type activities.

Governmental Activities: Includes the Board's basic services, such as regular and special education, transportation, child nutrition, and administration.

Fund Financial Statements

The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds, not the school system as a whole. Funds are accounting devices the school system uses to keep track of specific resources of funding and spending on particular programs.

- Governmental funds: All of the school system's services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in or out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the school system's programs.

**ELIZABETHTON CITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Financial Analysis of the Board as a Whole

Condensed Statement of Net Position

	<u>Governmental Activities</u>		Total % Change <u>2018-2019</u>
	<u>2018</u>	<u>2019</u>	
Current and Other Assets	5,799,040	6,198,871	6.9%
Capital Assets	20,333,536	20,008,761	-1.6%
Net Pension Asset	<u>148,981</u>	<u>1,091,863</u>	632.9%
Total Assets	<u>26,281,557</u>	<u>27,299,495</u>	3.9%
Deferred Outflows of Resources	<u>2,757,840</u>	<u>4,335,128</u>	57.2%
Current Liabilities	999,407	1,132,401	13.3%
Long-Term Liabilities	<u>4,859,462</u>	<u>6,636,703</u>	36.6%
Total Liabilities	<u>5,858,869</u>	<u>7,769,104</u>	32.6%
Deferred Inflows of Resources	<u>5,369,115</u>	<u>5,122,842</u>	-4.6%
Net Investment in Capital Assets	20,333,536	20,008,761	-1.6%
Restricted	563,961	1,533,140	171.9%
Unrestricted	<u>(3,086,084)</u>	<u>(2,799,224)</u>	-9.3%
Total Net Position	<u><u>17,811,413</u></u>	<u><u>18,742,677</u></u>	5.2%

Net Position

The Board's Total Assets increased during the 2018-2019 fiscal year by 3.9%. Liabilities increased by 32.6%. Both increases were due to changes in the presentation of pension. More detailed information regarding pensions can be accessed in the Notes and Supplementary Information sections of the audit report.

The Board's financial position is the product of many factors. The most significant factor in 2018-2019 was the change in pension.

**ELIZABETHTON CITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Changes in Net Position from Operating Results

	<u>Governmental Activities</u>		<u>Total % Change 2018-2019</u>
	<u>2018</u>	<u>2019</u>	
Revenues			
Program Revenues			
Charges for Services	715,676	777,533	8.6%
Operating Grants	5,881,661	5,991,621	1.9%
General Revenues			
Property Taxes	3,191,105	3,144,005	-1.5%
Other Taxes	2,241,136	2,458,593	9.7%
State Revenues	13,462,516	13,777,611	2.3%
Other	49,209	72,232	46.8%
Total Revenues	<u>25,541,303</u>	<u>26,221,595</u>	2.7%
Expenses			
Instruction	13,749,396	13,885,665	1.0%
Support Services	9,210,952	9,580,987	4.0%
Food Service	1,110,785	1,157,231	4.2%
Community Services	233,609	254,028	8.7%
Early Childhood Education	424,374	412,420	-2.8%
Total Expenses	<u>24,729,116</u>	<u>25,290,331</u>	2.3%
Increase (Decrease) in Net Position	812,187	931,264	
Beginning Net Position	17,037,541	17,811,413	
Prior Period Restatement	<u>(38,315)</u>	<u>-</u>	
Ending Net Position	<u><u>17,811,413</u></u>	<u><u>18,742,677</u></u>	

The total cost of all programs and services increased 2.3% to \$25.3 million. The Board's expenses are predominately related to instruction of K-12 students and support services for educators (92.8% of total costs). The operation of food service, community service and early childhood service programs accounted for 7.2% of the expenditures.

Governmental Activities

Revenues for the Board's governmental activities increased by 2.7%, and total expenses increased by 2.3%. The Net Position of the Board increased by \$931,264 or 5.2%.

**ELIZABETHTON CITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Financial Analysis of the Board's Funds

The financial performance of the Board as a whole is reflected in its governmental funds as well. As the Board completed the year, its governmental funds reported combined fund balances of \$1,850,723 which were more than last year's ending fund balances of \$1,640,918. This increase is mainly due to conservative spending in order to set aside funds for technology improvements and energy control projects.

The Board's governmental funds experienced revenues and other sources more than expenditures in 2019 as follows:

General Purpose	\$	193,186
Child Nutrition	\$	16,599
Federal Projects	\$	0

Budgetary Highlights

Over the course of the year, the Board revised the annual operating budget. These budget amendments fall into three categories:

- To adjust federal monies to the grants awarded
- To budget reserves and reappropriate monies to areas of need
- To increase/decrease revenues as received

Although the Board's final budget for the general fund anticipated \$23,475,351 of revenues would be received, the Board actually received \$125,471 less than anticipated. This is mostly due to the delay of spending of the funds generated from the School Safety Grant. The Board budgeted \$23,662,137 of expenditures. The actual expenditures of \$23,183,714 were \$478,423 under budget.

Capital Asset and Debt Administration

At the end of 2019, the Elizabethton City Schools had invested \$20 million in a broad range of capital assets, including school buildings, athletic facilities, computer equipment, and school vehicles (mainly buses). This amount represents a decrease of \$324,775 or 1.6% from last year. (More detailed information about assets can be found in the notes to the financial statements.) Total depreciation expense for the year totaled \$770,534 while building improvements and additions to equipment amounted to \$323,769 (net of decreases).

**ELIZABETHTON CITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Capital Assets (Net of Depreciation)

	<u>Governmental Activities</u>		Total % Change <u>2018-2019</u>
	<u>2018</u>	<u>2019</u>	
Land	303,700	303,700	0.0%
Construction In Progress	395,661	511,676	29.3%
Buildings	18,764,100	18,306,394	-2.4%
Equipment and Vehicles	<u>870,075</u>	<u>886,991</u>	1.9%
Total Assets	<u><u>20,333,536</u></u>	<u><u>20,008,761</u></u>	-1.6%

The Board's fiscal year 2019 capital expenditures consisted of the purchase of a precision measurement instrument for the CTE department, an air cooler for the school nutrition department, camera systems for the school buses, one new school bus, four servers for the technology department and the completion of the new soccer practice fields. Construction in Progress included the expenditures for an energy project for all schools, and improvements at Elizabethton High School and T.A. Dugger Junior High School.

Factors Impacting the Future of the School System and Board

Continued repairs to aging facilities

Ensuring that students and teachers have appropriate and adequate resources available to meet the goals set for academic achievement

Providing all students with appropriate academic intervention

Providing for the safety and security of our students

Securing funding for additional classrooms at T. A. Dugger Junior High School

Continuing to make improvements as an XQ Super High School

Contacting the Board's Financial Management

This financial report is designed to provide the Board's citizens, taxpayers, customers, investors, and creditors with a general overview of the Board's finances and to demonstrate the Board's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Office of Business and Fiscal Management, Elizabethton Board of Education, 804 South Watauga Avenue, Elizabethton, Tennessee 37643.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash	\$ 1,965,026
Restricted Investments - TCRS Stabilization Reserve	44,015
Accounts Receivable	11,499
Due from Other Governments	922,845
Due from Carter County	3,215,766
Inventories	39,720
Capital Assets Not Being Depreciated	
Land	303,700
Construction in Progress	511,676
Capital Assets, Net of Accumulated Depreciation	
Buildings	18,306,394
Equipment	886,991
Net Pension Asset - Teacher Retirement Plan and Legacy Plan	1,091,863
Total Assets	27,299,495
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to OPEB	1,933,035
Deferred Outflows Related to Pensions	2,402,093
Total Deferred Outflows of Resources	4,335,128
LIABILITIES	
Accounts Payable	1,132,401
Long-Term Liabilities	
Due Within One Year	15,314
Due Within More Than One Year:	
Compensated Absences	41,162
OPEB Liability	6,099,282
Net Pension Liability	480,945
Total Liabilities	7,769,104
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenues - Current Property Tax	3,176,157
Deferred Inflows Related to OPEB	290,822
Deferred Inflows Related to Pensions	1,655,863
Total Deferred Inflows of Resources	5,122,842
NET POSITION	
Net Investment in Capital Assets	20,008,761
Restricted for Operations	441,277
Restricted for Net Pension Asset	1,091,863
Unrestricted	(2,799,224)
Total Net Position	\$ 18,742,677

See accompanying notes to the basic financial statements.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	PROGRAM REVENUES		Capital Grants and Contributions	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
		Charges for Services	Operating Grants and Contributions		
Governmental Activities					
Instruction	\$ 13,885,665	542,253	4,487,798	-	(8,855,614)
Support Services	9,580,987	-	145,334	-	(9,435,653)
Food Services	1,157,231	235,280	949,860	-	27,909
Community Services	254,028	-	-	-	(254,028)
Early Childhood Education	412,420	-	408,629	-	(3,791)
Total Governmental Activities	25,290,331	777,533	5,991,621	0	(18,521,177)
General Revenues					
Payments from Carter County					
					3,144,005
					2,325,947
					131,927
					719
					13,777,611
					40,048
					998
					31,186
					<u>19,452,441</u>
					Change in Net Position
					931,264
					Net Position - Beginning
					<u>17,811,413</u>
					Net Position - Ending
					<u>\$ 18,742,677</u>

See accompanying notes to the basic financial statements.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General Purpose School Fund	School Federal Projects Fund	School Nutrition Fund	Total Governmental Funds
ASSETS				
Cash	\$ 1,471,146	57,595	436,285	1,965,026
Restricted Investments - TCRS Stabilization Reserve	44,015	-	-	44,015
Accounts Receivable	4,991	-	6,508	11,499
Due from Other Governments	876,260	46,585	-	922,845
Due from Carter County	3,215,766	-	-	3,215,766
Due from Other Funds	-	-	522	522
Inventories	-	-	39,720	39,720
TOTAL ASSETS	\$ 5,612,178	104,180	483,035	6,199,393
LIABILITIES				
Accounts Payable	\$ 1,043,016	79,180	10,205	1,132,401
Due to Other Funds	522	-	-	522
Total Liabilities	1,043,538	79,180	10,205	1,132,923
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenues - Current Property Tax	3,176,157	-	-	3,176,157
Deferred Revenues - Unavailable	39,610	-	-	39,610
Total Deferred Inflows of Resources	3,215,767	0	0	3,215,767
FUND BALANCES				
NonSpendable				
Inventories	-	-	39,720	39,720
Committed for				
Connie Baker Computer Lab	600	-	-	600
Education	-	25,000	-	25,000
Restricted for				
Career Ladder	8,167	-	-	8,167
Operations of Noninstructional Program	-	-	433,110	433,110
Assigned to				
After School	9,287	-	-	9,287
Back to School Bash	12,564	-	-	12,564
Band Instruments	25,862	-	-	25,862
Betsy Book Bus	3,812	-	-	3,812
Capital Outlay	55,449	-	-	55,449
Choral Program	15,500	-	-	15,500
Community Involvement	9,670	-	-	9,670
Elementary Literacy	2,100	-	-	2,100
Energy Control	235,000	-	-	235,000
Special Education Donation	671	-	-	671
Technology	172,494	-	-	172,494
Unassigned	801,697	-	-	801,697
Total Fund Balances	1,352,873	25,000	472,830	1,850,703
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,612,178	104,180	483,035	6,199,393

See accompanying notes to the basic financial statements.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total Fund Balances - Governmental Funds	\$ 1,850,703
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$34,032,473 and the accumulated depreciation is (\$14,023,712).	20,008,761
Revenue, for amounts not received during the period of availability, is not considered "available" and has been deferred in the funds.	39,610
OPEB benefits represent liabilities of the School that are not due and payable in the current period and, therefore, are not reported in the governmental funds. This amount is the net OPEB liability, net of deferred inflows and deferred outflows.	(4,457,069)
Long-term pension retirement plans are not due and payable in the current period and, therefore, are not reported in the governmental funds. This amount is the net pension asset (liability), net of deferred inflows and deferred outflows.	1,357,148
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	<u>(56,476)</u>
Total Net Position - Governmental Activities	\$ 18,742,677

See accompanying notes to the basic financial statements.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

	General Purpose School Fund	School Federal Projects Fund	School Nutrition Fund	Total Governmental Funds
REVENUES				
Payments from County and City	\$ 8,297,948	-	-	8,297,948
Revenue from State of Tennessee	14,442,048	-	10,482	14,452,530
Revenue from Federal Government	-	1,702,324	939,378	2,641,702
Charges for Services	542,253	-	235,280	777,533
Investment Earnings	34,726	-	5,322	40,048
Other	32,905	-	-	32,905
Total Revenues	23,349,880	1,702,324	1,190,462	26,242,666
EXPENDITURES				
Instruction	13,623,922	1,190,378	-	14,814,300
Support Services	8,365,931	484,926	-	8,850,857
Food Services	-	-	1,173,863	1,173,863
Community Services	251,693	-	-	251,693
Early Childhood Education	408,628	-	-	408,628
Capital Outlay	533,540	-	-	533,540
Total Expenditures	23,183,714	1,675,304	1,173,863	26,032,881
Excess (Deficiency) of Revenues Over (Under) Expenditures	166,166	27,020	16,599	209,785
OTHER FINANCING SOURCES (USES)				
Transfers In	30,020	-	-	30,020
Transfers Out	(3,000)	(27,020)	-	(30,020)
Total Other Financing Sources (Uses)	27,020	(27,020)	0	0
NET CHANGE IN FUND BALANCES	193,186	-	16,599	209,785
FUND BALANCES, JULY 1, 2018	1,159,687	25,000	456,231	1,640,918
FUND BALANCES, JUNE 30, 2019	\$ 1,352,873	25,000	472,830	1,850,703

See accompanying notes to the basic financial statements.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Total Net Change in Fund Balances - Governmental Funds \$ 209,785

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$770,534 exceeds capital outlays subject to the Board's capitalization policy of \$445,759. (324,775)

Because some property taxes and grants will not be collected for several months after the fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount for the current fiscal year. (21,069)

In the Statement of Activities, certain operating expenses such as compensated absences, are measured by the amounts earned during the fiscal year. In the governmental funds however, expenditures for these items are measured by the amount of financial resources used. Compensated absences changed by this amount for the current fiscal year. 2,827

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. This is the net amount of the change in Deferred Outflows of Resources Related to Pensions (\$61,268), change in Deferred Inflows of Resources Related to Pensions \$439,462, and the change in Net Pension Asset (Liability) \$1,042,819. 1,421,013

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. This is the net amount of the change in Deferred Outflows of Resources Related to OPEB \$1,638,556, change in Deferred Inflows of Resources Related to Pensions (\$115,067), and the change in Net OPEB Asset (Liability) (\$1,880,006). (356,517)

Change in Net Position of Governmental Activities \$ 931,264

See accompanying notes to the basic financial statements.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
PAYMENTS FROM COUNTY AND CITY				
Carter County				
Local Sales Tax	\$ 2,140,000	2,363,000	2,378,749	15,749
County Property Tax	3,314,000	3,259,000	3,223,307	(35,693)
Other Local Tax	8,525	22,525	20,892	(1,633)
City of Elizabethton				
Contributions	2,400,000	2,675,000	2,675,000	-
Total Payments from County and City	<u>7,862,525</u>	<u>8,319,525</u>	<u>8,297,948</u>	<u>(21,577)</u>
INTERGOVERNMENTAL REVENUES				
State of Tennessee				
Basic Education Program	13,765,000	13,726,000	13,725,216	(784)
Driver's Education	12,750	14,300	14,293	(7)
Career Ladder Program	55,857	52,457	52,395	(62)
Early Childhood Education	400,701	408,629	408,629	-
Other State Education Funds	225,660	334,080	241,515	(92,565)
Total Intergovernmental Revenues	<u>14,459,968</u>	<u>14,535,466</u>	<u>14,442,048</u>	<u>(93,418)</u>
MISCELLANEOUS REVENUES				
Tuition	492,145	547,145	542,253	(4,892)
Rental of School Property	1,000	1,000	1,000	-
Interest Income	12,000	34,725	34,726	1
Donations	15,200	36,640	31,186	(5,454)
Marriage Licenses	550	550	565	15
Other Local Revenues	300	300	154	(146)
Total Miscellaneous Revenues	<u>521,195</u>	<u>620,360</u>	<u>609,884</u>	<u>(10,476)</u>
TOTAL REVENUES	<u>22,843,688</u>	<u>23,475,351</u>	<u>23,349,880</u>	<u>(125,471)</u>

(Continued)

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES				
Instruction				
Instruction - Regular Instruction				
Teachers	7,175,000	6,966,484	6,972,335	(5,851)
Career Ladder Program	35,000	30,321	25,800	4,521
Homebound Teachers	5,000	5,000	3,300	1,700
Educational Assistants	230,450	230,450	230,557	(107)
Other Salaries and Wages	164,800	182,740	184,623	(1,883)
Certified Substitute Teachers	20,000	9,000	8,343	657
Non-Certified Substitute Teachers	115,000	93,000	92,935	65
Social Security	464,030	444,635	443,532	1,103
State Retirement	778,661	714,471	705,813	8,658
Life Insurance	13,450	13,510	13,464	46
Medical Insurance	1,217,538	1,245,538	1,247,445	(1,907)
Dental Insurance	50,645	49,695	49,126	569
Medicare	110,943	104,293	104,109	184
Other Post-Employment Benefit Payments	69,800	69,800	68,088	1,712
TCRS Stabilization Payments	-	24,000	-	24,000
Other Contracted Services	4,000	5,000	4,541	459
Instructional Supplies	130,500	138,500	138,310	190
Textbooks	170,000	196,500	196,500	-
Other Supplies and Materials	66,620	77,120	74,443	2,677
Equipment and Furniture	-	17,500	17,500	-
Total Instruction - Regular Instruction	10,821,437	10,617,557	10,580,764	36,793
Instruction - Special Education				
Teachers	788,000	769,000	771,275	(2,275)
Career Ladder Program	1,000	1,000	1,000	-
Homebound Teachers	2,000	2,000	1,080	920
Educational Assistants	335,500	335,500	331,926	3,574
Speech Pathologist	155,500	155,600	155,581	19
Certified Substitute Teachers	5,000	1,000	598	402
Non-Certified Substitute Teachers	17,500	17,500	14,888	2,612
Social Security	80,062	75,562	74,822	740
State Retirement	120,105	106,605	107,303	(698)
Life Insurance	2,375	2,375	2,264	111
Medical Insurance	247,275	246,275	243,973	2,302
Dental Insurance	10,755	10,755	10,071	684
Medicare	18,765	18,765	17,740	1,025
Other Post-Employment Benefit Payments	16,800	16,800	16,388	412

(Continued)

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Instruction (Continued)				
Instruction - Special Education (Continued)				
TCRS Stabilization Payments	-	6,500	-	6,500
Contracts with Other Public Agencies	12,425	12,425	8,845	3,580
Contracts with Private Agencies	40,000	52,500	51,022	1,478
Instructional Supplies	12,000	13,000	11,584	1,416
Other Supplies and Materials	2,000	2,000	433	1,567
Special Education Equipment	5,000	500	487	13
Total Instruction - Special Education	<u>1,872,062</u>	<u>1,845,662</u>	<u>1,821,280</u>	<u>24,382</u>
Instruction - Vocational Education				
Teachers	668,500	646,000	644,958	1,042
Career Ladder Program	1,000	1,000	-	1,000
Certified Substitute Teachers	1,000	1,000	338	662
Non-Certified Substitute Teachers	7,500	16,000	15,656	344
Social Security	41,562	38,562	38,019	543
State Retirement	70,166	58,666	58,156	510
Life Insurance	1,260	1,260	1,260	-
Medical Insurance	117,740	119,840	120,350	(510)
Dental Insurance	4,765	4,765	4,601	164
Medicare	9,815	9,815	8,922	893
Other Post-Employment Benefit Payments	6,000	6,000	5,853	147
TCRS Stabilization Payments	-	7,500	-	7,500
Maintenance and Repair - Equipment	2,500	100	69	31
Instructional Supplies	24,000	26,400	25,511	889
Other Supplies and Charges	1,000	1,000	699	301
Total Instruction - Vocational Education	<u>956,808</u>	<u>937,908</u>	<u>924,392</u>	<u>13,516</u>
Instruction - Student Body				
Other Salaries and Wages	226,000	239,000	238,403	597
Social Security	14,000	14,350	14,318	32
State Retirement	14,000	18,150	18,061	89
Life Insurance	45	60	59	1
Medical Insurance	7,350	7,965	7,964	1
Dental Insurance	315	440	435	5
Employer Medicare	3,275	3,375	3,346	29
TCRS Stabilization Payments	-	1,500	-	1,500
Other Supplies and Materials	4,400	4,400	4,400	-
Other Charges	10,500	10,500	10,500	-
Total Instruction - Student Body	<u>279,885</u>	<u>299,740</u>	<u>297,486</u>	<u>2,254</u>
Total Instruction Expenditures	<u>13,930,192</u>	<u>13,700,867</u>	<u>13,623,922</u>	<u>76,945</u>
Support Services				
Student Services - Attendance				
Supervisor/Director	1,500	1,500	1,500	-
Secretary(ies)	40,643	41,193	41,180	13
Social Security	2,600	2,650	2,642	8
State Retirement	3,925	3,975	3,962	13
Life Insurance	45	45	45	-
Medical	6,980	6,980	6,960	20
Dental	315	315	307	8

(Continued)

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Support Services (Continued)				
Student Services - Attendance (Continued)				
Medicare	600	625	618	7
Other Supplies and Materials	2,000	5,100	5,091	9
Other Charges	-	2,125	2,123	2
Travel	3,500	3,500	3,119	381
Other Contracted Services	12,000	15,100	13,610	1,490
Total Student Services - Attendance	74,108	83,108	81,157	1,951
Student Services - Health Services				
Supervisor/Director	58,884	44,951	44,951	-
Medical Personnel	183,240	186,740	186,477	263
Social Security	14,920	14,014	13,818	196
State Retirement	22,040	21,469	21,445	24
Life Insurance	450	450	446	4
Medical Insurance	59,400	58,620	58,588	32
Dental Insurance	2,530	2,530	2,428	102
Medicare	3,440	3,232	3,232	-
Travel	750	450	380	70
Other Contracted Services	500	200	187	13
Other Supplies and Materials	7,961	25,709	25,579	130
Other Charges	750	825	821	4
In-Service/Staff Development	4,000	3,050	3,202	(152)
Total Student Services - Health Services	358,865	362,240	361,554	686
Student Services - Other Student Support				
Guidance Personnel	305,000	303,000	302,812	188
Secretaries	110,525	112,025	111,755	270
Other Salaries and Wages	3,000	3,000	1,000	2,000
Social Security	25,812	26,137	24,956	1,181
State Retirement	42,605	39,105	37,298	1,807
Life Insurance	765	765	765	-
Medical Insurance	91,550	90,675	91,208	(533)
Dental Insurance	4,120	4,120	3,962	158
Medicare	6,040	6,040	5,836	204
Other Post-Employment Benefit Payments	5,700	5,700	5,560	140
TCRS Stabilization Payments	-	3,500	-	3,500
Evaluation and Testing	18,000	18,000	11,978	6,022
Career Ladder Program	1,000	1,000	1,000	-
Contracts with Other Governments	50,000	134,020	60,605	73,415
Other Contracted Services	3,000	3,000	3,000	-
Other Charges	9,000	9,000	6,148	2,852
Total Student Services - Other Student Support	676,117	759,087	667,883	91,204
Total Student Services Support Services	1,109,090	1,204,435	1,110,594	93,841

(Continued)

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Support Services (Continued)				
Instructional Staff Services				
Instructional Staff Services - Regular Instruction				
Supervisor/Director	214,750	222,306	222,200	106
Career Ladder Program	4,000	4,000	4,000	-
Librarians	267,400	267,400	266,073	1,327
Secretary	19,460	25,460	25,319	141
Education Assistants	36,900	36,900	36,900	-
Other Salaries and Wages	78,530	53,530	53,531	(1)
Social Security	38,248	38,418	35,130	3,288
State Retirement	59,718	59,508	58,817	691
Life Insurance	800	800	731	69
Medical Insurance	83,140	81,840	82,531	(691)
Dental Insurance	3,370	3,370	3,044	326
Medicare	8,983	9,023	8,272	751
Other Post-Employment Benefit Payments	5,500	5,500	5,365	135
TCRS Stabilization Payments	-	1,000	-	1,000
Maintenance and Repair - Equipment	10,900	10,900	10,900	-
Travel	1,000	1,500	1,124	376
Library Books/Media	36,700	36,700	36,700	-
Other Contracted Services	40,000	39,500	39,025	475
Other Supplies and Materials	2,750	12,000	9,405	2,595
In-Service/Staff Development	16,975	31,475	23,691	7,784
Other Charges	16,000	16,000	2,684	13,316
Total Instructional Staff Services - Regular Instruction	<u>945,124</u>	<u>957,130</u>	<u>925,442</u>	<u>31,688</u>
Instructional Staff Services - Special Education				
Supervisor/Director	80,400	80,400	80,400	-
Secretaries	30,485	30,985	30,780	205
Social Security	6,800	6,800	6,605	195
State Retirement	11,220	11,220	10,959	261
Life Insurance	110	110	110	-
Medical Insurance	12,950	12,700	12,074	626
Dental Insurance	500	500	491	9
Medicare	1,600	1,600	1,545	55
Other Post-Employment Benefit Payments	800	800	780	20
Contracts with Private Agencies	75,000	205,000	178,060	26,940
Maintenance and Repair - Equipment	1,000	1,000	854	146
Travel	2,000	2,000	1,003	997
Maintenance and Repair Service	5,000	5,000	-	5,000
In-Service/Staff Development	12,000	12,000	11,271	729
Total Instructional Staff Services - Special Education	<u>239,865</u>	<u>370,115</u>	<u>334,932</u>	<u>35,183</u>

(Continued)

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Support Services (Continued)				
Instructional Staff Services (Continued)				
Instructional Staff Services - Vocational Education				
Supervisor/Director	79,870	91,870	91,361	509
Career Ladder Program	1,000	1,000	1,000	-
Secretaries	23,370	23,370	23,369	1
Other Salaries and Wages	-	24,000	6,323	17,677
Social Security	6,462	7,950	6,714	1,236
State Retirement	10,630	12,310	11,977	333
Life Insurance	135	135	135	-
Medical Insurance	18,000	18,000	17,988	12
Dental Insurance	630	630	613	17
Medicare	1,505	1,853	1,571	282
In-Service/Staff Development	3,700	3,850	830	3,020
Total Instructional Staff Services - Vocational Education	145,302	184,968	161,881	23,087
Instructional Staff Services - Technical Services Support				
Supervisor/Director	21,065	21,515	21,483	32
Data Processing Personnel	127,775	129,775	129,322	453
Social Security	9,200	9,500	9,465	35
State Retirement	14,025	14,050	14,030	20
Life Insurance	203	158	158	-
Medical Insurance	27,400	23,700	23,693	7
Dental Insurance	1,025	1,025	997	28
Medicare	2,150	2,200	2,175	25
Maintenance and Repair - Equipment	58,000	58,000	15,075	42,925
Internet Connectivity	2,000	70,000	71,727	(1,727)
Travel	70,000	2,000	2,015	(15)
Other Contracted Services	30,000	30,000	4,500	25,500
Data Processing Supplies	16,000	16,000	9,471	6,529
In-Service/Staff Development	2,000	2,000	2,000	-
Data Processing Equipment	68,500	118,500	116,556	1,944
Total Instructional Staff Services - Technical Services Support	449,343	498,423	422,667	75,756
Total Instructional Staff Services Support Services	1,779,634	2,010,636	1,844,922	165,714
General Administrative Services				
General Administrative Services - Board of Education				
Secretary to Board	1,500	2,425	2,402	23
Other Salary and Wages	35,400	40,400	40,366	34
Social Security	2,290	2,290	2,600	(310)

(Continued)

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Support Services (Continued)				
General Administrative Services (Continued)				
General Administrative Services -				
Board of Education (Continued)				
State Retirement	3,395	3,995	3,952	43
Life Insurance	45	45	45	-
Medical Insurance	7,300	7,300	7,290	10
Dental Insurance	315	315	307	8
Unemployment Compensation	15,000	8,400	8,301	99
Medicare	535	635	608	27
Audit Services	33,700	35,500	35,500	-
Dues and Memberships	12,000	12,000	11,137	863
Legal Services	15,000	15,000	13,273	1,727
Other Contracted Services	6,000	6,000	2,500	3,500
Liability Insurance	46,500	44,345	44,345	-
Trustee Commissions	90,000	95,000	87,503	7,497
Workers' Compensation	180,000	175,300	175,293	7
In-Service/Staff Development	7,750	10,250	9,578	672
Other Charges	5,000	16,000	15,513	487
Total General Admin. Services. - Board of Education	<u>461,730</u>	<u>475,200</u>	<u>460,513</u>	<u>14,687</u>
General Administrative Services -				
Office of the Superintendent				
County Official/Administrative Officer	111,416	117,916	117,915	1
Career Ladder Program	1,000	1,900	1,900	-
Secretaries	43,390	44,290	44,231	59
Clerical Personnel	29,705	26,505	26,848	(343)
Other Salaries and Wages	4,800	4,800	4,800	-
Social Security	11,797	11,853	11,823	30
State Retirement	19,015	19,409	19,450	(41)
Life Insurance	180	180	180	-
Medical Insurance	29,200	22,250	22,210	40
Dental Insurance	1,260	1,260	1,227	33
Medicare	2,760	2,773	2,765	8
Advertising	4,000	4,000	1,303	2,697
Communication	53,000	53,250	54,795	(1,545)
Dues and Memberships	3,500	3,500	2,513	987
Postal Charges	3,000	3,000	1,458	1,542
Printing, Stationery and Forms	1,500	1,500	1,019	481
Travel	425	425	-	425
Other Contracted Services	7,500	9,500	7,164	2,336

(Continued)

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Support Services (Continued)				
General Administrative Services (Continued)				
General Administrative Services -				
Office of the Superintendent (Continued)				
Office Supplies	7,000	3,500	2,894	606
In-Service/Staff Development	3,400	12,400	10,812	1,588
Other Charges	10,000	10,000	5,303	4,697
Total General Admin. Services - Office of the Superintendent	<u>347,848</u>	<u>354,211</u>	<u>340,610</u>	<u>13,601</u>
Total General Administrative Services Support Services	<u>809,578</u>	<u>829,411</u>	<u>801,123</u>	<u>28,288</u>
School Administrative Services - Office of the Principal				
Principals	408,750	410,350	410,295	55
Career Ladder Program	3,500	3,500	3,000	500
Assistant Principals	300,000	319,000	319,000	-
Secretaries	208,895	197,895	197,825	70
Other Salaries and Wages	133,500	135,200	135,130	70
Social Security	65,124	59,174	59,141	33
State Retirement	99,259	101,964	101,783	181
Life Insurance	1,440	1,440	1,440	-
Medical Insurance	177,590	177,590	180,227	(2,637)
Dental Insurance	6,965	6,965	6,722	243
Medicare	15,251	15,251	14,367	884
Other Post-Employment Benefit Payments	10,400	10,400	10,145	255
TCRS Stabilization Payments	-	1,400	-	1,400
Travel	2,000	2,000	1,380	620
Office Supplies	17,225	17,225	17,225	-
In-Service/Staff Development	2,500	2,500	775	1,725
Total School Administrative Services - Office of the Principal	<u>1,452,399</u>	<u>1,461,854</u>	<u>1,458,455</u>	<u>3,399</u>
Business Administrative Services - Fiscal Services				
Supervisor/Director	84,375	84,375	84,375	-
Accountants/Bookkeepers	81,290	77,640	77,608	32
Secretaries	40,650	41,200	41,180	20
Clerical Personnel	17,135	13,885	13,839	46
Social Security	13,800	12,800	12,714	86
State Retirement	20,100	20,100	19,802	298
Life Insurance	225	225	219	6
Medical Insurance	31,740	31,740	30,891	849
Dental Insurance	1,260	1,260	1,194	66
Medicare	3,200	3,200	2,973	227
Data Processing Services	45,050	48,230	48,215	15
Dues and Subscriptions	100	100	-	100
Travel	250	250	76	174
Office Supplies	4,500	4,500	3,538	962
In-Service/Staff Development	2,650	1,150	713	437
Other Charges	550	-	-	-
Total Business Administrative Services - Fiscal Services	<u>346,875</u>	<u>340,655</u>	<u>337,337</u>	<u>3,318</u>

(Continued)

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Support Services (Continued)				
Operation and Maintenance				
Operation and Maintenance - Operation of Plant				
Custodial Personnel	400,500	372,500	360,151	12,349
Social Security	24,500	24,500	21,492	3,008
State Retirement	32,000	32,000	30,372	1,628
Life Insurance	810	810	810	-
Medical Insurance	130,900	134,900	130,267	4,633
Dental Insurance	5,700	5,700	5,521	179
Medicare	5,800	5,800	5,030	770
Other Contracted Services	60,000	50,000	54,121	(4,121)
Custodial Supplies	52,000	59,000	57,535	1,465
Electricity	480,000	480,000	491,342	(11,342)
Natural Gas	85,000	85,000	74,212	10,788
Water and Sewer	47,000	43,000	36,881	6,119
Boiler Insurance	7,000	7,000	6,833	167
Building and Contents Insurance	127,000	124,500	124,494	6
Other Charges	8,000	8,000	4,277	3,723
Total Operation and Maintenance - Operation of Plant	<u>1,466,210</u>	<u>1,432,710</u>	<u>1,403,338</u>	<u>29,372</u>
Operation and Maintenance - Maintenance of Plant				
Supervisor/Director	21,065	21,490	21,483	7
Maintenance Personnel	237,625	225,625	224,738	887
Social Security	16,000	16,000	15,153	847
State Retirement	24,160	24,160	23,146	1,014
Life Insurance	290	300	297	3
Medical Insurance	54,500	53,090	52,992	98
Dental Insurance	2,255	2,280	2,262	18
Medicare	3,750	3,750	3,544	206
Laundry Service	3,000	3,000	2,219	781
Maintenance and Repair - Buildings	409,000	605,000	560,984	44,016
Maintenance and Repair - Equipment	1,000	-	-	-
Maintenance and Repair - Vehicles	3,000	11,000	6,759	4,241
Other Contracted Services	52,500	52,500	52,216	284
Total Operation and Maintenance - Maintenance of Plant	<u>828,145</u>	<u>1,018,195</u>	<u>965,793</u>	<u>52,402</u>
Total Operation and Maintenance Support Services	<u>2,294,355</u>	<u>2,450,905</u>	<u>2,369,131</u>	<u>81,774</u>
Student Transportation				
Supervisor/Director	2,800	2,800	2,800	-
Mechanics	8,000	18,000	17,765	235
Bus Drivers	123,750	135,675	134,690	985
Other Salaries and Wages	18,000	35,000	35,548	(548)
Social Security	9,150	10,685	10,768	(83)
State Retirement	13,950	16,300	16,530	(230)
Life Insurance	450	450	419	31
Medical Insurance	60,500	57,050	59,276	(2,226)
Dental Insurance	1,140	2,990	2,850	140
Medicare	2,120	2,715	2,650	65

(Continued)

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Support Services (Continued)				
Student Transportation (Continued)				
Maintenance and Repair - Vehicles	15,000	28,000	24,461	3,539
Medical and Dental Services	3,000	3,000	2,495	505
Diesel Fuel	40,000	45,000	44,506	494
Gasoline	12,500	12,500	12,573	(73)
Tires and Tubes	7,500	12,500	12,151	349
Vehicle Parts	15,000	18,500	18,093	407
Vehicle Insurance	39,500	38,440	38,438	2
In-Service/Staff Development	1,500	1,500	1,457	43
Other Charges	3,500	7,500	6,899	601
Total Student Transportation	377,360	448,605	444,369	4,236
Total Support Services	8,169,291	8,746,501	8,365,931	380,570
Community Services				
Supervisor/Director	3,950	4,950	4,002	948
Teachers	65,000	116,500	116,494	6
Other Salaries and Wages	59,400	58,465	51,545	6,920
Social Security	7,970	10,840	10,283	557
State Retirement	5,355	6,248	6,146	102
Life Insurance	5	50	45	5
Medical Insurance	300	500	500	-
Dental Insurance	15	15	5	10
Medicare	1,900	2,582	2,432	150
Travel	2,500	200	185	15
Food Supplies	7,500	17,900	17,889	11
Other Supplies and Materials	34,000	31,600	31,015	585
Inservice/Staff Development	-	3,550	3,546	4
Other Charges	7,500	7,500	7,306	194
Other Equipment	-	300	300	-
Total Community Services	195,395	261,200	251,693	9,507
Early Childhood Education				
Supervisor/Director	67,300	67,300	67,410	(110)
Teachers	90,435	90,435	92,444	(2,009)
Secretary(ies)	18,559	18,559	18,788	(229)
Educational Assistants	103,350	92,030	92,030	-
Other Salaires and Wages	17,500	17,500	17,515	(15)
Social Security	15,920	17,720	17,718	2
State Retirement	20,750	21,870	21,867	3
Life Insurance	380	380	387	(7)

(Continued)

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Early Childhood Education (Continued)				
Medical Insurance	43,350	43,350	43,894	(544)
Dental Insurance	1,800	1,800	1,799	1
Employer Medicare	4,215	4,145	4,143	2
Travel	2,500	1,240	1,360	(120)
Instructional Supplies	-	3,850	4,029	(179)
Other Supplies and Materials	8,000	12,000	12,670	(670)
Other Equipment	6,642	16,450	12,574	3,876
Total Early Childhood Education	400,701	408,629	408,628	1
 Capital Outlay	 177,775	 544,940	 533,540	 11,400
 Total Expenditures	 22,873,354	 23,662,137	 23,183,714	 478,423
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (29,666)	 (186,786)	 166,166	 352,952
OTHER FINANCING SOURCES (USES)				
Transfers In	35,666	35,666	30,020	5,646
Transfers Out	(6,000)	(6,000)	(3,000)	(3,000)
Total Other Financing Sources (Uses)	29,666	29,666	27,020	2,646
 NET CHANGE IN FUND BALANCE	 -	 (157,120)	 193,186	 355,598
 FUND BALANCE, JULY 1, 2018	 1,159,687	 1,159,687	 1,159,687	 -
 FUND BALANCE, JUNE 30, 2019	 \$ 1,159,687	 1,002,567	 1,352,873	 350,306

See accompanying notes to the basic financial statements.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHOOL FEDERAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
INTERGOVERNMENTAL REVENUES				
Revenues from Federal Government				
Title I	\$ 827,600	901,337	711,961	(189,376)
Title II	82,230	122,287	67,798	(54,489)
Special Education (IDEA)	552,058	650,672	579,769	(70,903)
Special Education (Preschool)	10,780	13,951	11,438	(2,513)
Vocational Education	40,067	75,810	72,753	(3,057)
Safe and Drug Free School	142,834	145,334	145,334	-
Other Federal Revenues	42,940	135,033	113,271	(21,762)
Total Revenues from Federal Government	1,698,509	2,044,424	1,702,324	(342,100)
TOTAL REVENUES	1,698,509	2,044,424	1,702,324	(342,100)
EXPENDITURES				
Instruction				
Instruction - Regular Instruction				
Teachers	91,571	102,821	102,822	(1)
Educational Assistants	77,277	68,562	74,512	(5,950)
Other Salaries and Wages	261,115	250,283	250,283	-
Social Security	26,657	26,168	25,004	1,164
State Retirement	36,889	36,935	37,879	(944)
Life Insurance	630	630	576	54
Medical Insurance	56,050	54,104	50,472	3,632
Dental Insurance	2,205	2,205	1,994	211
Medicare	6,235	6,120	6,024	96
Equipment	39,100	82,766	26,695	56,071
Instructional Supplies and Materials	55,637	105,464	35,330	70,134
Total Instruction - Regular Instruction	653,366	736,058	611,591	124,467
Instruction - Special Education				
Teachers	43,038	48,038	43,038	5,000
Educational Assistants	419,721	419,721	395,880	23,841
Other Salaries and Wages	5,000	-	-	-
Certified Substitute Teachers	-	5,950	1,723	4,227
Social Security	28,009	28,379	25,126	3,253
State Retirement	21,018	21,018	8,545	12,473
Life Insurance	225	225	225	-
Medical Insurance	29,734	29,734	30,292	(558)
Dental Insurance	1,265	1,265	1,227	38
Medicare	6,712	7,577	6,314	1,263
Special Education Equipment	-	7,400	5,786	1,614
Instructional Supplies and Materials	-	12,395	606	11,789
Total Instruction - Special Education	554,722	581,702	518,762	62,940

(Continued)

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHOOL FEDERAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Instruction (Continued)				
Instruction - Vocational Education				
Other Supplies and Materials	-	825	392	433
Vocational Instruction Equipment	24,899	61,979	59,633	2,346
Total Instruction - Vocational Education	<u>24,899</u>	<u>62,804</u>	<u>60,025</u>	<u>2,779</u>
Total Instruction Expenditures	<u>1,232,987</u>	<u>1,380,564</u>	<u>1,190,378</u>	<u>190,186</u>
Support Services				
Instructional Staff Services - Regular Instruction				
Supervisor	58,715	63,215	63,865	(650)
Secretary	27,893	27,893	27,996	(103)
Other Salaries and Wages	36,000	36,000	36,000	-
Social Security	7,787	8,066	7,589	477
State Retirement	12,799	13,270	12,997	273
Life Insurance	93	93	91	2
Medical Insurance	11,950	11,950	11,532	418
Dental Insurance	440	440	424	16
Employer Medicare	1,821	1,886	1,775	111
Other Supplies and Materials	3,500	17,000	2,392	14,608
In-Service/Staff Development	34,703	107,304	19,527	87,777
Other Equipment	-	18,000	3,207	14,793
Instructional Supplies and Materials	-	1,371	963	408
Total Instructional Staff Services - Regular Instruction	<u>195,701</u>	<u>306,488</u>	<u>188,358</u>	<u>118,130</u>
Student Transportation				
Bus Drivers	-	1,500	1,500	-
Social Security	-	93	93	-
State Retirement	-	140	140	-
Employer Medicare	-	22	22	-
Total Student Transportation	<u>-</u>	<u>1,755</u>	<u>1,755</u>	<u>-</u>
Other Support Services				
Other Student Support	240,155	323,543	292,795	30,748
Vocational Support	-	2,003	2,018	(15)
Total Other Support Services	<u>240,155</u>	<u>325,546</u>	<u>294,813</u>	<u>30,733</u>
Total Support Services	<u>435,856</u>	<u>633,789</u>	<u>484,926</u>	<u>148,863</u>
TOTAL EXPENDITURES	<u>1,668,843</u>	<u>2,014,353</u>	<u>1,675,304</u>	<u>339,049</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>29,666</u>	<u>30,071</u>	<u>27,020</u>	<u>(3,051)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(29,666)</u>	<u>(29,666)</u>	<u>(27,020)</u>	<u>2,646</u>
Total Other Financing Sources (Uses)	<u>(29,666)</u>	<u>(29,666)</u>	<u>(27,020)</u>	<u>2,646</u>
NET CHANGE IN FUND BALANCE	-	405	-	(405)
FUND BALANCE, JULY 1, 2018	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>
FUND BALANCE, JUNE 30, 2019	<u>\$ 25,000</u>	<u>25,405</u>	<u>25,000</u>	<u>(405)</u>

See accompanying notes to the basic financial statements.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHOOL NUTRITION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental Revenues				
USDA Lunch Claims	\$ 578,000	560,000	559,826	(174)
USDA Breakfast Claims	301,000	286,500	286,208	(292)
Snack Reimbursement	21,000	20,650	20,603	(47)
Commodities	93,500	73,000	72,741	(259)
State Matching	9,775	10,485	10,482	(3)
Total Intergovernmental Revenues	<u>1,003,275</u>	<u>950,635</u>	<u>949,860</u>	<u>(775)</u>
Charges for Services				
Meal Payment - Children	107,500	140,175	140,451	276
Meal Payment - Adults	21,500	28,050	29,239	1,189
Income from Breakfast	450	470	466	(4)
A La Carte Sales	46,000	49,825	49,815	(10)
Other Charges for Services	6,750	14,400	15,309	909
Total Charges for Services	<u>182,200</u>	<u>232,920</u>	<u>235,280</u>	<u>2,360</u>
Investment Earnings	<u>1,050</u>	<u>5,800</u>	<u>5,322</u>	<u>(478)</u>
TOTAL REVENUES	<u><u>1,186,525</u></u>	<u><u>1,189,355</u></u>	<u><u>1,190,462</u></u>	<u><u>1,107</u></u>
EXPENDITURES				
Food Services				
Supervisor/Director	41,330	44,855	42,334	2,521
Cafeteria Personnel	322,000	315,175	312,473	2,702
Social Security	22,850	22,850	21,032	1,818
State Retirement	32,480	29,580	27,524	2,056
Life Insurance	765	845	806	39
Medical Insurance	120,000	138,500	138,350	150
Dental Insurance	5,600	5,900	5,836	64
Medicare	5,350	5,350	4,919	431
Maintenance/Repair - Equipment	7,500	9,500	9,486	14
Transportation	2,500	2,500	1,574	926
Travel	150	150	136	14
Food Supplies	465,000	478,800	478,693	107
Office Supplies	1,000	1,000	530	470
USDA Commodities	93,500	73,000	72,741	259
Other Supplies and Materials	35,500	38,500	36,272	2,228
In-Service/Staff Development	1,000	2,000	1,659	341
Other Charges	15,000	10,550	9,214	1,336
Equipment	15,000	10,300	10,284	16
TOTAL EXPENDITURES	<u><u>1,186,525</u></u>	<u><u>1,189,355</u></u>	<u><u>1,173,863</u></u>	<u><u>15,492</u></u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	16,599	16,599
FUND BALANCE, JULY 1, 2018	<u>456,231</u>	<u>456,231</u>	<u>456,231</u>	-
FUND BALANCE, JUNE 30, 2019	<u><u>\$ 456,231</u></u>	<u><u>456,231</u></u>	<u><u>472,830</u></u>	<u><u>16,599</u></u>

See accompanying notes to the basic financial statements.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Elizabethton City Schools (the Schools) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Schools' accounting policies are described below.

Reporting Entity

The General Purpose School Fund, School Federal Projects Fund, and School Nutrition Fund are three funds of the Elizabethton City Schools. The Schools are included as a discretely presented component unit in the financial report of the City of Elizabethton, Tennessee (the City). The Board of Education (Board) receives funding from local, county, state and federal government sources and must comply with the requirements of these funding source entities. The members of the Board are elected by the voters of the City.

Related Organizations

School Activity Funds of the Schools are the internal school funds used for student body activities within each school. Administration of the school activity funds is the responsibility of the Schools, the Director of Schools, and the principals. The internal school funds are restricted for use by the individual schools; therefore, these funds are not included in the reporting entity of the Board of Education.

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 government. Governmental activities are normally supported by intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

ELIZABETHTON CITY SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 are 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 Schools consider revenues to be available if they are collected within sixty days of the end of the current fiscal period. Grant revenue has a period of availability of one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and debt service are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Board of Education.

The Schools report the following governmental funds:

General Purpose School Fund – The General Purpose School Fund is the operations fund and accounts for all revenues and expenditures not encompassed within other funds. All general revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Purpose School Fund.

School Federal Projects Fund – The School Federal Projects Fund accounts for federal grant programs including Title I, Title II, Title X, IDEA, Vocational, and Safe and Drug-Free School programs. This fund accounts for these federal grant programs at the Schools including administration, instruction, student support services, and staff development.

School Nutrition Fund – This fund accounts for the federal school lunch, breakfast and snack programs for all the Schools. This includes USDA claims for meals served, a la carte sales, as well as administration of the school cafeteria system including purchase of food, food preparation, salary, and maintenance needs for this program.

During the course of operations, the Board has activity between funds for various purposes. Any residual balances outstanding at fiscal year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

ELIZABETHTON CITY SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments

The Finance Director is the treasurer for the Schools and in this capacity is responsible for receiving, disbursing, depositing and investing most of the Schools' funds. Certain disclosures regarding deposits and investments are required by GAAP for those amounts included as cash and cash equivalents. The Board of Education does not have any deposits or investments other than cash on deposit with banks.

Receivables

Property taxes receivable from Carter County are recognized as of the date when an enforceable legal claim to the taxable property arises. This is January 1 in Tennessee and is referred to as the "lien date." 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 governmental funds' Balance Sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 60 days of fiscal year-end are considered available and accrued.

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Governmental funds record inventories as expenditures at the time of purchase. All such inventories on hand at fiscal year-end are reported as assets and as nonspendable in the fund balance section of the governmental funds' Balance Sheet.

Capital Assets

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 for vehicles and equipment and \$50,000 for buildings and improvements. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market 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 the life of the asset are not capitalized.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Vehicles and Equipment	3-20

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

Deferred Outflows / Deferred 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 fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure). The Schools have items that qualify for reporting in this category. Accordingly, these items are reported in the government-wide Statement of Net Position and are for pension changes in experience, pension changes in assumptions, pension differences in earnings on pension plan investments, pension changes in proportionate share of contributions, as well as contributions made to the OPEB and pension plans after the measurement date.

In addition to liabilities, the Statement of Net Position and governmental funds' Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Schools have items that qualify for reporting in this category. These items are from the following: current and delinquent property taxes, OPEB changes in assumptions, and pension changes in experience. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Employees are granted vacation leave and sick leave based upon the Schools' policy. These benefit costs are accrued when earned in the government-wide financial statements. A liability is reported in the governmental funds only if the benefit had been earned at June 30 as a result of a retirement, resignation, or termination, and the benefit is expected to be paid immediately after the start of the new fiscal year. Any remaining vacation days in excess of ten will be converted into sick leave days at the rate of one-half sick leave day for one vacation leave day. The policy was amended in 2005 to allow, at termination of employment, the payment of earned vacation days at the rate of pay applicable when the days were granted. A liability is not recorded for sick leave because the Board's policy is silent on payment to employees upon termination.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

Net Position/Fund Balance

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

- 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, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 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.
- Unrestricted Net Position – All other net position that does not meet the definition of restricted or net investment in capital assets.

The Board follows GASB Statement No. 54, “Fund Balance Reporting and Government Fund Type Definitions.” This Statement provides clearly defined fund balance categories to make the nature and extent of the constraints placed upon a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that cannot be spent because it is either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Schools, using its highest level of decision-making authority, which is by resolution. The Board of Education is the highest level of decision-making authority for the Schools that can, by formal resolution, commit fund balance. To be reported as committed, amounts cannot be used for any other purpose unless the Board of Education takes the same highest level action (resolution) to remove, modify, rescind or change the constraint.
- Assigned fund balance – amounts the Schools intend to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

Net Position/Fund Balance (Continued)

- Unassigned fund balance – amounts that are available for any purpose. Deficits are reported only in the General Purpose School Fund.

The Director of Schools shall have the authority to establish the amount of funds that will be assigned for specific purposes at the end of the fiscal year for the Schools. The budget for the School Federal Projects Fund shall be the budget approved for the separate projects within the fund by the Board.

In the General Purpose School Fund and all governmental funds, the Schools will reduce restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The Schools will reduce committed amounts first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which any of those unrestricted fund balance classifications could be used.

Similarly, the Schools applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pensions

Agency Plan

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

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

Pensions (Continued)

Teacher Legacy Pension Plan

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan in the TCRS and additions to/deductions from the plan's 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 Legacy Pension Plan. Investments are reported at fair value.

Teacher Retirement Plan

For purposes of measuring the net pension asset, 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 in the TCRS and additions to/deductions from the plan's 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. Investments are reported at fair value.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Schools' financial operations are subject to the comprehensive appropriated budget. Budget amendments are authorized during the fiscal year. The Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual include original and final amended budget amounts. The budgets were legally adopted on a basis consistent with GAAP.

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Interfund Balances

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

Interfund Transfers

Transfer In Fund	Transfer Out Fund	Amount	Purpose
General Purpose School	School Federal Projects	\$ 27,020	Reimbursement for Indirect Costs

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
School Nutrition	General Purpose School	\$ 522	Reimbursement for Costs Incurred

Deposits and Investments

Cash includes cash on hand and demand deposits.

DEPOSITS - State statutes require all deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits.

INVESTMENTS - State statutes authorize the Schools to invest in treasury bonds, notes or bills of the United States of America; nonconvertible debt securities of the Federal Home Loan Bank, The Federal National Mortgage Association, the Federal Farm Credit Bank and the State Loan Marketing Association; other obligations not listed above which are guaranteed as to principal and interest by the United States of America or any of its agencies; Certificates of Deposit and other evidences of deposit at State and Federal chartered banks and Savings and Loan Associations; obligations of the United States of America or its agencies under a repurchase agreement and money market funds whose portfolios consist of any of the foregoing investments if approved by the State Director of Local Finance and made in accordance with procedures established by the State Funding Board; the State of Tennessee Local Government Investment Pool (LGIP); obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority. At June 30, 2019, there are no investments other than the TCRS stabilization reserve as disclosed in Note 4.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

The Schools do not have a policy for interest rate risk or for other credit risk other than pledging securities for amounts in excess of Federal Deposit Insurance Corporation coverage and placing deposits in banks that are approved members of the State of Tennessee Collateral Pool.

All deposits of the Schools are held by a bank which is an approved member of the Bank Collateral Pool of the Treasury Department of the State of Tennessee. The Collateral Pool is a multiple financial institution collateral pool and State statutes require collateral pledged by each financial institution must equal a certain percentage of the uninsured public deposits it holds. Members of the pool can be assessed if the collateral is inadequate to cover a loss. This is similar to depository insurance. At fiscal year end, the Schools' net carrying amount of deposits was \$1,965,026 and the bank balance was \$2,141,782.

Receivables

Receivables as of fiscal year end for the Schools' individual funds are as follows:

	General Purpose School Fund	School Federal Projects Fund	School Nutrition Fund	Total
Accounts Receivable	\$ 4,991	-	6,508	11,499
Carter County, Tax Allocation	3,215,766	-	-	3,215,766
Due from Other Governments Federal and State	876,260	46,585	-	922,845
Total Receivables	\$ 4,097,017	46,585	6,508	4,150,110

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NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 303,700	-	-	303,700
Construction in Progress	395,661	121,990	(5,975)	511,676
Total Capital Assets, Not Being Depreciated	<u>699,361</u>	<u>121,990</u>	<u>(5,975)</u>	<u>815,376</u>
Capital Assets, Being Depreciated				
Buildings	30,771,423	133,436	5,975	30,910,834
Equipment	2,115,930	190,333	-	2,306,263
Total Capital Assets, Being Depreciated	<u>32,887,353</u>	<u>323,769</u>	<u>5,975</u>	<u>33,217,097</u>
Less Accumulated Depreciation For				
Buildings	(12,007,322)	(597,118)	-	(12,604,440)
Equipment	(1,245,856)	(173,416)	-	(1,419,272)
Total Accumulated Depreciation	<u>(13,253,178)</u>	<u>(770,534)</u>	<u>0</u>	<u>(14,023,712)</u>
Net Capital Assets, Being Depreciated	<u>19,634,175</u>	<u>(446,765)</u>	<u>5,975</u>	<u>19,193,385</u>
Net Capital Assets	<u>\$ 20,333,536</u>	<u>(324,775)</u>	<u>0</u>	<u>20,008,761</u>

Depreciation expense is charged to Support Services in the Statement of Activities.

Certain capital outlay expenditures were below the Schools' capitalization threshold, thus these items were not recorded as additions to capital assets.

Construction Commitments

At June 30, 2019, the Schools had uncompleted construction contracts of approximately \$184,792 for capital projects.

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

Long-Term Liabilities

Changes in the Schools' long-term liabilities relating to compensated absences for the fiscal year ended June 30, 2019 are as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental Activities Compensated Absences	\$ 59,303	12,487	15,314	56,476	15,314
Governmental Activities Long-Term Liabilities	\$ 59,303	12,487	15,314	56,476	15,314

Information for other long-term liabilities such as the Net Pension Liability and the OPEB Liability are detailed within Note 4.

NOTE 4 - OTHER INFORMATION

Risk Management

The Schools purchase commercial insurance for the risks of loss for general liability, and employee, administration, and Board member dishonesty. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

Also, the Schools are a member of the Tennessee Municipal League Risk Management Pool (TML Pool). Coverage for the Schools includes workers' compensation, general liability, and property and casualty. The TML Pool is a non-profit, risk-sharing organization of Tennessee municipalities and local public agencies. Tennessee statute governing the formation of the pooling and risk-sharing arrangement dictates that TML Pool has the ability to assess members. Contributions (premiums) from members are used in part to purchase reinsurance to cover losses that exceed TML Pool's loss fund.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 - OTHER INFORMATION (CONTINUED)

Agency Plan

General Information about the Pension Plan

Plan Description

Employees of the Schools are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, 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 publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided

Tennessee Code Annotated, Title 8, Chapters 34-37, establishes 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 5 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 service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are 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 2nd 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 3 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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 - OTHER INFORMATION (CONTINUED)

Agency Plan (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	126
Inactive employees entitled to but not yet receiving benefits	185
Active employees	<u>111</u>
	<u><u>422</u></u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The Schools makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contributions for the Schools were \$237,832 based on a rate of 9.24 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Schools' state shared taxes if required employer contributions are not remitted. The employer's 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

The Schools' net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Agency Plan (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions

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

Inflation	2.5 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical 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 investment 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Agency Plan (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Schools 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.

ELIZABETHTON CITY SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 - OTHER INFORMATION (CONTINUED)

Agency Plan (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total	Plan	
	Pension	Fiduciary	Net Pension
	Liability	Net	Liability
	(a)	Position	(a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at 6/30/2017	\$ 9,432,364	8,851,482	580,882
Changes for the year:			
Service Cost	245,124	-	245,124
Interest	685,089	-	685,089
Differences Between Expected and Actual Experience	25,550	-	25,550
Contributions - Employer	-	212,965	(212,965)
Contributions - Employees	-	123,962	(123,962)
Net Investment Income	-	729,347	(729,347)
Benefit Payments, Including Refunds of Employee Contributions	(455,957)	(455,957)	-
Administrative Expense	-	(10,574)	10,574
Net Changes	<u>499,806</u>	<u>599,743</u>	<u>(99,937)</u>
Balance at 6/30/2018	<u>\$ 9,932,170</u>	<u>9,451,225</u>	<u>480,945</u>

ELIZABETHTON CITY SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Agency Plan (Continued)

Changes in the Net Pension Liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of Elizabethton City Board of Education calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Elizabethton City Schools'			
Net Pension Liability (Asset)	\$ 1,715,168	480,945	(556,595)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense

For the year ended June 30, 2019, the Schools recognized pension expense of \$88,633.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ELIZABETHTON CITY SCHOOLS
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NOTE 4 - OTHER INFORMATION (CONTINUED)

Agency Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 20,874	23,886
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	34,881
Changes in Assumptions	111,729	-
Contributions Subsequent to the Measurement Date of June 30, 2018	237,832	-
	\$ 370,435	58,767

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2020	\$	118,390
2021		47,378
2022		(73,471)
2023		(18,461)
2024		-
Thereafter		-

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

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NOTE 4 - OTHER INFORMATION (CONTINUED)

Agency Plan (Continued)

Payable to the Pension Plan

At June 30, 2019, the Schools reported a payable of \$43,618 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

Teacher Retirement Pension Plan

General Information about the Pension Plan

Plan Description

The TCRS was created by state statute under Tennessee Code Annotated 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 publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by the Schools with memberships in 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 Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

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NOTE 4 - OTHER INFORMATION (CONTINUED)

Teacher Retirement Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 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 years average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are 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 2nd 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 3 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. 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 contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established 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 by the Schools for the year ended June 30, 2019 to the Teacher Retirement Plan were \$39,357 which is 1.94 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.

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NOTE 4 - OTHER INFORMATION (CONTINUED)

Teacher Retirement Pension Plan (Continued)

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

Pension Liabilities (Assets)

At June 30, 2019, the Schools reported a liability (asset) of (\$88,345) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Schools' proportion of the net pension liability (asset) was based on the Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018 the Schools' proportion was 0.194796 percent. The proportion measured as of June 30, 2017 was 0.203596 percent.

Pension Expense

For the year ended June 30, 2019 the Schools recognized pension expense (negative pension expense) of \$30,661.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the Schools 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
Differences Between Expected and Actual Experience	\$ 5,004	3,519
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	4,990
Changes in Assumptions	4,168	-
Changes in Proportion of Net Pension Liability (Asset)	5,806	-
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	39,357	-
	\$ 54,335	8,509

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NOTE 4 - OTHER INFORMATION (CONTINUED)

Teacher Retirement Pension Plan (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The Schools' employer contributions of \$39,357, 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 ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2020	\$	(156)
2021		(314)
2022		(1,026)
2023		278
2024		943
Thereafter		6,744

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

Actuarial Assumptions

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

Inflation	2.50 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

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

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NOTE 4 - OTHER INFORMATION (CONTINUED)

Teacher Retirement Pension Plan (Continued)

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

Actuarial Assumptions (Continued)

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical 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 investment 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

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NOTE 4 - OTHER INFORMATION (CONTINUED)

Teacher Retirement Pension Plan (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all 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 Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1- percentage-point higher (8.25 percent) than the current rate:

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Elizabethton City Schools' proportionate share of the Net Pension Liability (Asset)	\$ 13,658	(88,345)	(163,498)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2019, the Schools reported a payable of \$30,441 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

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NOTE 4 - OTHER INFORMATION (CONTINUED)

Teacher Legacy Plan

General Information about the Pension Plan

Plan Description

The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated 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 publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by the Schools 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 Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes 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 5 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 years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are 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 2nd 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 3 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.

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NOTE 4 - OTHER INFORMATION (CONTINUED)

Teacher Legacy Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The 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 Schools for the year ended June 30, 2019 to the Teacher Legacy Pension Plan were \$1,028,857 which is 11.28 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets)

At June 30, 2019, the Schools reported a liability (asset) of (\$1,003,518) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Schools' proportion of the net pension liability was based on the Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018 the Schools' proportion was 0.285178 percent. The proportion measured as of June 30, 2017 was 0.291174 percent.

Negative Pension Expense

For the year ended June 30, 2019, the Schools recognized negative pension expense of (\$234,410).

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 4 - OTHER INFORMATION (CONTINUED)

Teacher Legacy Plan (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 202,845	1,353,826
Changes in Assumptions	592,683	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	218,407
Changes in Proportion of Net Pension Liability (Asset)	152,938	16,354
Contributions Subsequent to the Measurement Date of June 30, 2018	1,028,857	-
	\$ 1,977,323	1,588,587

The School's employer contributions of \$1,028,857 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2020	\$ 259,720
2021	(267,626)
2022	(535,349)
2023	(96,866)

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

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 - OTHER INFORMATION (CONTINUED)

Teacher Legacy Plan (Continued)

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

Actuarial Assumptions

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

Inflation	2.50 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

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

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical 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 investment 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 - OTHER INFORMATION (CONTINUED)

Teacher Legacy Plan (Continued)

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

Actuarial Assumptions (Continued)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all 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 Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

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NOTE 4 - OTHER INFORMATION (CONTINUED)

Teacher Legacy Plan (Continued)

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate (Continued)

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Elizabethton City Schools' proportionate share of the Net Pension Liability (Asset)	\$ 7,735,751	(1,003,518)	(8,234,046)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2019, the Schools reported a payable of \$345,760 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

Tennessee Consolidated Retirement System (TCRS) - TCRS Stabilization Trust

Legal Provisions. The Schools is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The Schools 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 Schools.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Schools may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio.

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NOTE 4 - OTHER INFORMATION (CONTINUED)

Tennessee Consolidated Retirement System (TCRS) - TCRS Stabilization Trust (Continued)

Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

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

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

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

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

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

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NOTE 4 - OTHER INFORMATION (CONTINUED)

Tennessee Consolidated Retirement System (TCRS) - TCRS Stabilization Trust (Continued)

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

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

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

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

At June 30, 2019, the Schools had the following investments held by the trust on its behalf:

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 13,644
Developed Market International Equity	N/A	N/A	6,162
Emerging Market International Equity	N/A	N/A	1,761
U.S. Fixed Income	N/A	N/A	8,803
Real Estate	N/A	N/A	8,803
Short-term Securities	N/A	N/A	4,402
Investments at Amortized Cost Using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	440
Total			<u>\$ 44,015</u>

ELIZABETHTON CITY SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Tennessee Consolidated Retirement System (TCRS) - TCRS Stabilization Trust (Continued)

	Fair Value June 30, 2019	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Investment					
Investments at Fair Value:					
U.S. Equity	\$ 13,644	13,644	-	-	-
Developed Market International Equity	6,162	6,162	-	-	-
Emerging Market International Equity	1,761	1,761	-	-	-
U.S. Fixed Income	8,803	-	8,803	-	-
Real Estate	8,803	-	-	8,803	-
Short-term Securities	4,402	-	4,402	-	-
Investments at Amortized Cost Using the NAV:					
Private Equity and Strategic Lending	440	-	-	-	440
Total	\$ 44,015	21,567	13,205	8,803	440

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

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

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

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

ELIZABETHTON CITY SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 - OTHER INFORMATION (CONTINUED)

**Tennessee Consolidated Retirement System (TCRS) - TCRS Stabilization Trust
(Continued)**

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

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

Other Post-Employment Healthcare Plans

Teacher Group Plan

General Information about the OPEB Plan

Plan Description

Employees of the Schools, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

ELIZABETHTON CITY SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Other Post-Employment Healthcare Plans (Continued)

Teacher Group Plan (Continued)

General Information about the OPEB Plan (Continued)

Benefits Provided

The Schools offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), no partnership promise PPO, standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Payment by the Schools of individual health and dental insurance coverage shall be available for any retiring employee at the same cost as for other employees for five years or until the employee reaches age 65 (whichever occurs first). The state, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At July 1, 2018, the following employees of the Schools were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefit payments	32
Inactive employees entitled to but not yet receiving benefit payments	1
Active employees	256
	289
	289

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Schools paid \$322,995 to the TGOP for OPEB benefits as they came due.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Other Post-Employment Healthcare Plan (Continued)

Teacher Group Plan (Continued)

Total OPEB Liability

Actuarial Assumptions

The collective total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	6.75% for 2019, decreasing annually to an ultimate rate of 3.85% for 2050 and later years.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017 valuations were the same as those employed in the June 30, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuity for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Other Post-Employment Healthcare Plan (Continued)

Teacher Group Plan (Continued)

Total OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.62 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

Changes in Collective Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/2017	\$ 5,933,858
Changes for the year:	
Service Cost	300,296
Interest	215,294
Differences Between Expected and Actual Experience	1,113,535
Changes in Assumptions	471,548
Benefit Payments	(373,156)
Net Changes	1,727,517
Balance at 6/30/2018	\$ 7,661,375
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$ 1,562,093
 Employer's proportionate share of the collective total OPEB liability	 \$ 6,099,282
 Employer's proportion of the collective total OPEB liability	 79.61%

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Other Post-Employment Healthcare Plan (Continued)

Teacher Group Plan (Continued)

Changes in Collective Total OPEB Liability (Continued)

The Schools has special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. The Schools' proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployee contributing entities, actuarially determined. The proportion changed 8.51% from the prior measurement date. The Schools' recognized \$79,921 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for School's retirees.

Changes in Assumptions

The discount rate was changed from 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change in assumption decreased the total OPEB liability.

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	1.00% Decrease (2.62%)	Current Discount Rate (3.62%)	1.00% Increase (4.62%)
Proportionate share of collective total OPEB liability	\$ 6,525,876	6,099,282	5,696,481

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

ELIZABETHTON CITY SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Other Post-Employment Healthcare Plan (Continued)

Teacher Group Plan (Continued)

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate (Continued)

		Current Healthcare Cost Trend Rate	1.00% Increase (7.75% decreasing to 4.85%)
	(5.75% decreasing to 2.85%)	(6.75% decreasing to 3.85%)	
	<u>2.85%</u>	<u>3.85%</u>	<u>4.85%</u>
Proportionate share of collective total OPEB liability	\$ 5,462,056	6,099,282	6,846,725

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense

For the fiscal year ended June, 30, 2019, the Schools recognized OPEB expense of \$643,526.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June, 30, 2019, the Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Changes in Assumptions and Other Inputs	\$ 338,599	174,914
Differences Between Expected and Actual Experience	799,583	-
Changes in Proportion	471,858	-
Benefits Paid After the Measurement Date by Employer	322,995	-
	<u>\$ 1,933,035</u>	<u>174,914</u>

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

ELIZABETHTON CITY SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Other Post-Employment Healthcare Plan (Continued)

Teacher Group Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:	
2019	\$ 153,100
2020	153,100
2021	153,100
2022	153,100
2023	153,100
Thereafter	669,626

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

Closed Tennessee Plan

General Information about the OPEB Plan

Plan Description

Employees of the Schools, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The Tennessee Plan does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Other Post-Employment Healthcare Plan (Continued)

Closed Tennessee Plan (Continued)

General Information about the OPEB Plan (Continued)

Benefits Provided (Continued)

Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. Payment by the Schools of individual health and dental insurance coverage shall be available for any retiring employee at the same cost as for other employees for five years or until the employee reaches age 65 (whichever occurs first). The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At July 1, 2018, the following employees of the Schools was covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	49
Inactive employees entitled to but not yet receiving benefit payments	35
Active employees	192
	276
	276

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Schools did not make any payments to the TNP for OPEB benefits as they came due.

ELIZABETHTON CITY SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Other Post-Employment Healthcare Plan (Continued)

Closed Tennessee Plan (Continued)

Total OPEB Liability

Actuarial Assumptions

The collective total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017 valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.62 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

ELIZABETHTON CITY SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Other Post-Employment Healthcare Plan (Continued)

Closed Tennessee Plan (Continued)

Changes in Collective Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/2017	\$ 638,151
Changes for the year:	
Service Cost	12,860
Interest	22,714
Differences Between Expected and Actual Experience	(72,865)
Changes in Assumptions	(4,380)
Benefit Payments	(25,970)
Net Changes	(67,641)
 Balance at 6/30/2018	 \$ 570,510
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$ 570,510
 Employer's proportionate share of the collective total OPEB liability	 \$ 0
 Employer's proportion of the collective total OPEB liability	 0.00%

The Schools have a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. The Schools' proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The Schools' proportion of 0% did not change from the prior measurement date. The Schools recognized \$30,090 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for the Board of Education's retired employees.

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 - OTHER INFORMATION (CONTINUED)

Other Post-Employment Healthcare Plan (Continued)

Changes in Assumptions

The discount rate was changed from 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change in assumption decreased the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense

For the fiscal year ended June, 30, 2019, the Schools recognized OPEB expense of \$20,866.

Total OPEB Liability and deferred inflows/outflows are reported on the Statement of Net Position as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	64,585
Changes in Assumptions and Other Inputs	-	51,323
	\$ 0	115,908

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Schools. The Schools have recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund in the amount of \$112,180.

REQUIRED SUPPLEMENTARY INFORMATION

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS BASED ON
PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS - AGENCY PLAN
Last Fiscal Year Ending June 30

	2014	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service Cost	\$ 203,227	206,173	212,921	214,734	245,124
Interest	603,524	606,661	629,301	661,037	685,089
Differences Between Actual and Expected Experience	(336,885)	(71,927)	6,848	(47,774)	25,550
Change of Assumptions	-	-	-	223,457	-
Benefit Payments, Including Refunds of Employee Contributions	(389,506)	(472,481)	(419,093)	(436,369)	(455,957)
NET CHANGE IN TOTAL PENSION LIABILITY	80,360	268,426	429,977	615,085	499,806
TOTAL PENSION LIABILITY - BEGINNING	8,038,516	8,118,876	8,387,302	8,817,279	9,432,364
TOTAL PENSION LIABILITY - ENDING (a)	<u>\$ 8,118,876</u>	<u>8,387,302</u>	<u>8,817,279</u>	<u>9,432,364</u>	<u>9,932,170</u>
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 186,419	194,363	192,765	195,529	212,965
Contributions - Employee	112,436	116,946	115,985	117,647	123,962
Net Investment Income	1,132,859	240,557	209,788	907,747	729,347
Benefit Payments, Including Refunds of Employee Contributions	(389,506)	(472,481)	(419,093)	(436,369)	(455,957)
Administrative Expense	(4,231)	(5,700)	(7,271)	(9,801)	(10,574)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,037,977	73,685	92,174	774,753	599,743
PLAN FIDUCIARY NET POSITION - BEGINNING	6,872,893	7,910,870	7,984,555	8,076,729	8,851,482
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 7,910,870</u>	<u>7,984,555</u>	<u>8,076,729</u>	<u>8,851,482</u>	<u>9,451,225</u>
NET PENSION LIABILITY - ENDING (a) - (b)	<u>\$ 208,006</u>	<u>402,747</u>	<u>740,550</u>	<u>580,882</u>	<u>480,945</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	97.44%	95.20%	91.60%	93.84%	95.16%
COVERED PAYROLL	\$ 2,248,707	2,338,905	2,319,681	2,354,007	2,479,229
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	9.25%	17.22%	31.92%	24.68%	19.40%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data if needed.

Changes of assumptions: In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

See Independent Auditors' Report

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE
PENSION PLAN OF TCRS - AGENCY PLAN
Last Fiscal Year Ending June 30

	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 186,419	194,363	192,765	195,529	212,965	237,832
Contributions in relation to the actuarially determined contribution	186,419	194,363	192,765	195,529	212,965	237,832
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 2,248,707	2,338,905	2,319,681	2,354,007	2,479,239	2,573,936
Contributions as a percentage of covered payroll	8.29%	8.31%	8.31%	8.31%	8.59%	9.24%

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Notes To Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	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 percent corridor to market value
Inflation	2.50 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost-of-Living Adjustments	2.25 percent

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See Independent Auditors' Report

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - TEACHER LEGACY
PENSION PLAN OF TCRS
Last Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Elizabethton City Schools' proportion of the net pension liability (asset)	0.266606%	0.271131%	0.282767%	0.291175%	0.285178%
Elizabethton City Schools' proportionate share of the net pension liability (asset)	\$ (43,322)	111,065	1,767,139	(95,266)	(1,003,518)
Elizabethton City Schools' covered payroll	\$ 10,464,264	10,149,813	10,207,349	10,358,477	9,989,028
Elizabethton City Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-0.414002%	1.094254%	17.31%	-0.92%	-10.05%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF CONTRIBUTIONS - TEACHER LEGACY
PENSION PLAN OF TCRS
Last Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 929,227	917,543	922,743	930,473	906,730	1,028,857
Contribution in relation to the contractually required contribution	929,227	917,543	922,743	930,473	906,730	1,028,857
Contribution deficiency (excess)	\$ 0	0	0	0	0	0
Covered payroll	\$ 10,464,264	10,149,813	10,207,349	10,358,447	9,989,028	9,117,968
Contributions as a percentage of covered payroll	8.88%	9.04%	9.04%	8.98%	9.08%	11.28%

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See Independent Auditors' Report

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
TEACHER RETIREMENT PLAN OF TCRS
Last Fiscal Year Ended June 30

	2015	2016	2017	2018
Elizabethton City Schools' proportion of the net pension liability (asset)	0.267838%	0.231179%	0.203596%	0.194796%
Elizabethton City Schools' proportionate share of the net pension liability (asset)	\$ (11,002)	(24,066)	(53,715)	(88,345)
Elizabethton City Schools' covered payroll	\$ 568,226	1,017,201	1,270,687	1,699,254
Elizabethton City Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-1.94%	-2.37%	-4.23%	-5.20%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

See Independent Auditors' Report

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF CONTRIBUTIONS - TEACHER RETIREMENT PLAN OF TCRS
Last Fiscal Year Ended June 30

	2015	2016	2017	2018	2019
Contractually required contribution	\$ 14,206	25,463	53,451	27,760	39,357
Contribution in relation to the contractually required contribution	<u>22,729</u>	<u>40,688</u>	<u>53,451</u>	<u>68,091</u>	<u>39,357</u>
Contribution deficiency (excess)	<u>\$ (8,523)</u>	<u>(15,225)</u>	<u>0</u>	<u>(40,331)</u>	<u>0</u>
Covered payroll	\$ 568,226	1,017,201	1,270,687	1,699,254	2,028,792
Contributions as a percentage of covered payroll	4.00%	4.00%	4.21%	4.01%	1.94%

GASB 68 requires a 10 year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See Independent Auditors' Report

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF CHANGES IN ELIZABETHTON CITY SCHOOLS PROPORTIONATE SHARE OF
COLLECTIVE OPEB LIABILITY AND RELATED RATIOS - TEACHER GROUP OPEB PLAN
Last Fiscal Year Ending June 30

	<u>2017</u>	<u>2018</u>
TOTAL OPEB LIABILITY		
Service Cost	\$ 323,771	300,296
Interest	181,096	215,294
Differences Between Actual and Expected Experience	-	1,113,535
Change of Assumptions	(274,640)	471,548
Benefit Payments	<u>(349,040)</u>	<u>(373,156)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(118,813)	1,727,517
TOTAL OPEB LIABILITY - BEGINNING	<u>6,052,671</u>	<u>5,933,858</u>
TOTAL OPEB LIABILITY - ENDING (a)	<u>\$ 5,933,858</u>	<u>7,661,375</u>
NONEMPLOYER CONTRIBUTING ENTITIES PROPORTIONATE SHARE OF THE COLLECTIVE TOTAL OPEB LIABILITY	\$ 1,714,582	1,562,093
EMPLOYER'S PROPORTIONATE SHARE OF THE COLLECTIVE TOTAL OPEB LIABILITY	\$ 4,219,276	6,099,282
COVERED PAYROLL	\$ 9,854,304	10,917,634
EMPLOYER'S PROPORTIONATE SHARE OF COLLECTIVE TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	42.82%	55.87%

Notes to Schedule

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

See Independent Auditors' Report

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF CHANGES IN ELIZABETHTON CITY SCHOOLS PROPORTIONATE SHARE OF
COLLECTIVE OPEB LIABILITY AND RELATED RATIOS - TENNESSEE CLOSED PLAN
Last Fiscal Year Ending June 30

	2017	2018
TOTAL OPEB LIABILITY		
Service Cost	\$ 15,870	12,860
Interest	20,150	22,714
Differences Between Actual and Expected Experience	-	(72,865)
Change of Assumptions	(59,301)	(4,380)
Benefit Payments	(25,500)	(25,970)
NET CHANGE IN TOTAL OPEB LIABILITY	(48,781)	(67,641)
TOTAL OPEB LIABILITY - BEGINNING	686,932	638,151
TOTAL OPEB LIABILITY - ENDING (a)	<u>\$ 638,151</u>	<u>570,510</u>
NONEMPLOYER CONTRIBUTING ENTITIES PROPORTIONATE SHARE OF THE COLLECTIVE TOTAL OPEB LIABILITY	\$ 638,151	570,510
EMPLOYER'S PROPORTIONATE SHARE OF THE COLLECTIVE TOTAL OPEB LIABILITY	\$ 0	0
COVERED PAYROLL	\$ 9,854,304	10,917,634
EMPLOYER'S PROPORTIONATE SHARE OF COLLECTIVE TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	0.00%	0.00%

Notes to Schedule

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

See Independent Auditors' Report

SUPPLEMENTARY INFORMATION

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019

CFDA Number	Pass-Through Grant Number	Program Name	Grantor Agency	Balance July 1, 2018	Cash Receipts	Expenditures	Balance June 30, 2019
<u>School Federal Projects Fund</u>							
Pass-Through State Department of Education							
84.048A	V048A170042	Carl Perkins - Basic (CTE Program Improvements)	U.S. Department of Education	\$ -	40,067	40,067	-
84.048A	V048A180042	Carl Perkins - Consolidated Reserve - Equipment	U.S. Department of Education	-	32,686	32,686	-
		Total Carl Perkins Vocational Education		<u>0</u>	<u>72,753</u>	<u>72,753</u>	<u>0</u>
Special Education Cluster (IDEA)							
84.027	H027A180052	IDEA, Part B	U.S. Department of Education	-	505,472	505,472	-
84.027	H027A170052	IDEA, Part B - Discretionary Supplemental Funds	U.S. Department of Education	(292)	292	-	-
84.027	H027A180052	IDEA, Part B - Discretionary Supplemental Funds	U.S. Department of Education	-	6,666	8,116	(1,450) *
84.027	H027A160052	IDEA, Part B - Discretionary Funds - IAA	U.S. Department of Education	-	66,182	66,182	-
84.173	H713A180095	IDEA, Preschool	U.S. Department of Education	-	11,438	11,438	-
		Total Special Education Cluster (IDEA)		<u>(292)</u>	<u>590,050</u>	<u>591,208</u>	<u>(1,450) *</u>
84.010	S010A170042	Title I, Part A	U.S. Department of Education	(2,627)	2,627	-	-
84.010	S010A180042	Title I, Part A	U.S. Department of Education	-	704,156	711,961	(7,805) *
		Total Title I, Part A		<u>(2,627)</u>	<u>706,783</u>	<u>711,961</u>	<u>(7,805) *</u>
84.367	S367A170040	Title II, Part A	U.S. Department of Education	(911)	911	-	-
84.367	S367A180040	Title II, Part A	U.S. Department of Education	-	64,508	67,798	(3,290) *
		Total Title II, Part A		<u>(911)</u>	<u>65,419</u>	<u>67,798</u>	<u>(3,290) *</u>
84.424	S424A180044	Title IV, Part A	U.S. Department of Education	-	43,159	43,159	-
84.287	S287C180043	Title IV, Part B, 21st Century Community Learning Centers	U.S. Department of Education	-	145,334	145,334	-
Pass-Through Tennessee Department of Human Services							
93.575	G1701TNCCDF	Read to be Ready Summer Grant	Department of Human Services	(9,387)	9,387	-	-
93.575	G1801TNCCDF	Read to be Ready Summer Grant	Department of Human Services	-	-	28,586	(28,586) *
		Total Read to be Ready Summer Grant		<u>(9,387)</u>	<u>9,387</u>	<u>28,586</u>	<u>(28,586) *</u>
84.126	Z18-50719	Vocational Rehabilitation	Department of Human Services	-	36,072	41,525	(5,453) *
		Total Vocational Rehabilitation		<u>0</u>	<u>36,072</u>	<u>41,525</u>	<u>(5,453) *</u>
Total School Federal Projects Fund				<u>(13,217)</u>	<u>1,668,957</u>	<u>1,702,324</u>	<u>(46,584) *</u>

(Continued)

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019

CFDA Number	Pass-Through Grant Number	Program Name	Grantor Agency	Balance July 1, 2018	Cash Receipts	Expenditures	Balance June 30, 2019
<u>School Nutrition Fund</u>							
Pass-Through Tennessee Department of Agriculture							
Child Nutrition Cluster							
10.553	[1]	National School Breakfast Program	U.S. Department of Agriculture	-	286,208	286,208	-
10.555	[1]	National School Lunch Program	U.S. Department of Agriculture	-	559,826	559,826	-
10.555	[1]	National Snack Reimbursement	U.S. Department of Agriculture	-	20,603	20,603	-
10.550	[1]	USDA: Commodity Supplemental Feeding- Commodities Distributed	U.S. Department of Agriculture	-	72,741	72,741	-
		Total Child Nutrition Cluster		<u>0</u>	<u>939,378</u>	<u>939,378</u>	<u>0</u>
Total School Nutrition Fund				<u>0</u>	<u>939,378</u>	<u>939,378</u>	<u>0</u>
TOTAL FEDERAL AWARDS				<u>\$ (13,217)</u>	<u>2,608,335</u>	<u>2,641,702</u>	<u>(46,584)</u>

* Receivable

** Unused Revenue

(Continued)

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2019

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Elizabethton City Schools under programs of the federal government for the fiscal year ended June 30, 2019. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the Elizabethton City Schools, it is not intended to and does not present the financial position or changes in net position of the Elizabethton City Schools.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C: FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of commodities received and used.

NOTE D: INDIRECT COST RATES

Elizabethton City Schools has not elected to use the 10 percent *de Minimis* indirect cost rate as allowed under the Uniform Guidance.

[1] Information not available

See Independent Auditors' Report

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2019

CFDA Number	Program Name	Grantor Agency	Balance July 1, 2018	Cash Receipts	Expenditures	Balance June 30, 2019
<u>General Purpose School Fund</u>						
N/A	Coordinated School Health	Tennessee Department of Education	\$ -	60,557	85,000	(24,443) *
N/A	Portfolio Reviewer Stipends	Tennessee Department of Education	-	1,252	1,252	-
N/A	Early Childhood Grant	Tennessee Department of Education	(5,802)	322,065	408,629	(92,366) *
N/A	Basic Education Program	Tennessee Department of Education	-	13,725,216	13,725,216	-
N/A	Driver's Education	Tennessee Department of Education	(8,130)	22,423	14,293	-
N/A	Career Ladder	Tennessee Department of Education	(1,050)	53,445	52,395	-
N/A	Read to be Ready Coaching Network	Tennessee Department of Education	(965)	8,706	9,815	(2,074) *
N/A	SAFE Schools Grant	Tennessee Department of Education	-	27,880	27,880	-
N/A	Work Based Learning	Tennessee Department of Economic & Community Development	-	-	5,388	(5,388) *
N/A	Other State Funds	Tennessee Department of Education	-	111,906	111,906	-
Total General Purpose School Fund			<u>(15,947)</u>	<u>14,333,450</u>	<u>14,441,774</u>	<u>(124,271) *</u>
<u>School Nutrition Fund</u>						
N/A	State Matching Funds	Tennessee Department of Agriculture	-	10,482	10,482	-
Total School Nutrition Fund			<u>0</u>	<u>10,482</u>	<u>10,482</u>	<u>0</u>
TOTAL STATE GRANTS			<u>\$ (15,947)</u>	<u>14,343,932</u>	<u>14,452,256</u>	<u>(124,271) *</u>

* Receivable ** Unused Revenue

See Independent Auditors' Report.

SECTION III

INTERNAL CONTROL AND COMPLIANCE SECTION

**INDEPENDENT AUDITORS' 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**

To the Director of Schools and
School Board Members
Elizabethton City Schools
Elizabethton, Tennessee

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 and each major fund of the Elizabethton City Schools, a component unit of the City of Elizabethton, Tennessee, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Elizabethton City Schools' basic financial statements, and have issued our report thereon dated December 2, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Elizabethton City Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Elizabethton City Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Elizabethton City Schools' 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Elizabethton City Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-001.

Elizabethton City School's Response to Finding

Elizabethton City Schools' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Elizabethton City Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blackburn, Childers & Steagall, P.C.

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

December 2, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Director of Schools and
School Board Members
Elizabethton City Schools
Elizabethton, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the Elizabethton City Schools', a component unit of the City of Elizabethton, Tennessee, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Elizabethton City Schools' major federal programs for the fiscal year ended June 30, 2019. Elizabethton City Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Elizabethton City Schools' compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Elizabethton City Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Elizabethton City Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Elizabethton City Schools' 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Blackburn, Childers & Steagall, P.C.

BLACKBURN, CHILDERS & STEAGALL, PLC
Johnson City, Tennessee

December 2, 2019

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

1. Our report on the financial statements of the Elizabethton City Schools 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:

Special Education Cluster (IDEA)
 CFDA Number: 84.027 IDEA, Part B and CFDA Number: 84.173 IDEA, Preschool
8. Dollar threshold used to distinguish between Type A and Type B programs? \$750,000
9. Auditee qualified as low-risk auditee? Yes

ELIZABETHTON CITY SCHOOLS
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

2019-001: Significant Deficiency: Sale of Scrap

Criteria: Local board policies 2.403 and 2.801 provide specific guidance regarding sale of surplus property and petty cash funds.

Condition: During the 2018-2019 fiscal year, allegations regarding past practice of sale of scrap items was disclosed to the auditors. As part of current year audit procedures, we obtained records from the school system which reflected local scrap recycler receipts. These receipts were then compared to school system records. It is noted that due to the apparent condition of the receipt records of the local recycler, a complete total is difficult to determine. Based upon local recycler receipts compared to those of the school system, approximately \$700 appears to be unaccounted for. It is our understanding based upon inquiries of school system officials as well as comments at the May 2019 Board Meeting, the recycling funds were used as 'petty cash' for maintenance employee morale including meals and snacks. It is our understanding this practice has ceased.

Effect: The effect of these issues causes the schools to not be in compliance with the local approved board policy.

Cause: It appears school system employees failed to follow adopted policies and procedures.

Recommendation: We recommend all board approved polices be followed.

Management Response: Staff was trained and the practice has ceased. All recycling proceeds are deposited into the General Fund.

SECTION III - PRIOR YEAR AUDIT FINDINGS

None Reported



**ELIZABETHTON CITY SCHOOLS
SCHOOL ACTIVITY FUNDS
SIGNIFICANT DEFICIENCIES
JUNE 30, 2019**

2019-01

SALE OF SCRAP

COREY GARDENHOUR, Ed.D.
Director of Schools
(423) 547-8000 Ext. 8223

Response and Corrective Action Plan Prepared by:

Beth Wilson
Director of Finance
Elizabethton City Schools

MYRA NEWMAN, Ed.D.
Deputy Director of Schools
(423) 547-8000 Ext. 8209

Person Responsible for
Implementing the Corrective Action:
Completion of Corrective Action:
Repeat Deficiency:

Corey Gardenhour
January 31, 2018
No

JOEY TRENT
Chief Operating Officer
(423) 547-8000 Ext. 8226

Corrective Action:

Staff was trained and the practice has ceased. All recycling proceeds are deposited into the General Fund.

RICHARD B. VANHUSS, Ed.S.
Asst. Director of Schools,
Director of Special
Education & RTI²
(423) 547-8000 Ext. 8203

Corey R. Gardenhour, Ed.D.
Director of Schools

JOHN M. HUTCHINS, Ed.S.
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(423) 547-8000 Ext. 8214

BETH WILSON, MBA
Director of Business and
Fiscal Management
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