
ANNUAL FINANCIAL REPORT

JACKSON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



**ANNUAL FINANCIAL REPORT
JACKSON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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State Auditors***

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

JACKSON COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Jackson County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Jackson County as of and for the year ended June 30, 2014.

Results

Our report on the Jackson County financial statements is unmodified.

Our audit resulted in eight findings and recommendations, which we have reviewed with Jackson County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The office had deficiencies in budget operations.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ General ledger payroll liability accounts were not reconciled.

OFFICES OF TRUSTEE, COUNTY CLERK, AND CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ Multiple employees operated from the same cash drawer.

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

- ◆ Some collections were not deposited within three days.
-

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND CLERK AND MASTER

- ◆ Execution docket trial balances did not reconcile with general ledger accounts.
-

OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND SHERIFF

- ◆ Duties were not segregated adequately.
-

JACKSON COUNTY COMMISSION

- ◆ The County Commission's Audit Committee is not a functioning committee.

INTRODUCTORY SECTION

Jackson County Officials

June 30, 2014

Officials

John Cason, County Mayor
Edward Anderson, Road Superintendent
Joe Barlow, Director of Schools
Vernon Ragland, Trustee
Timmy Bowman, Assessor of Property
Amanda Ward Stafford, County Clerk
Jeff Hardy, Circuit and General Sessions Courts Clerk
Sherrie Pippin-Loftis, Clerk and Master
Kim Barham, Register of Deeds
Brad Stafford, Sheriff

Board of County Commissioners

John Cason, County Mayor, Chairman	
Scott Allen	Randy Heady
Buddy Brown	Shane Keith
Joey Denson	Diane Martin
Larry Fox	Willard Mayberry
Jonathan Goad	Billy Myers
Carl Haile	Jeff Smallwood
Barry Hammock	Jerry Smith
Bruce Hawkins	Karl Smith
Richard Head	Brandon Ward

Board of Education

Dewey Mabery, Chairman
Mark Brown
James Robert Childress
Scott Heinrich
Jeff Lynn
Sandra Ragland

Audit Committee

Jay Cassetty
Gary Gill
Joe Halfacre
Ronny West

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

Independent Auditor's Report

Jackson County Mayor and
Board of County Commissioners
Jackson County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jackson County Emergency Communications District, which represent 1.71 percent, two percent, and 2.68 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jackson County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally

accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Tennessee, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Jackson County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plan on pages 67 - 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jackson County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

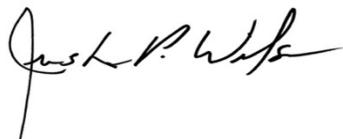
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jackson County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jackson County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 November 18, 2014, on our consideration of Jackson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Jackson County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 18, 2014

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Jackson County, Tennessee
Statement of Net Position
June 30, 2014

	Primary Governmental Activities	Component Units	
		Jackson County School Department	Jackson County Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 9,318	\$ 0	\$ 154,751
Equity in Pooled Cash and Investments	1,954,621	7,114,013	0
Accounts Receivable	229,660	647	474
Allowance for Uncollectibles	(71,323)	0	0
Due from Other Governments	500,314	249,315	5,045
Due from Component Units	7,232,000	0	0
Property Taxes Receivable	3,281,074	1,828,837	0
Allowance for Uncollectible Property Taxes	(132,284)	(73,732)	0
Prepaid Items	0	0	2,939
Capital Assets:			
Assets Not Depreciated:			
Land	364,836	173,608	0
Construction in Progress	240,711	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	6,002,366	10,456,472	0
Other Capital Assets	1,169,010	954,305	197,488
Infrastructure	15,805,282	0	0
Total Assets	<u>\$ 36,585,585</u>	<u>\$ 20,703,465</u>	<u>\$ 360,697</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 13,066	\$ 1,787
Accrued Payroll	0	856	7,229
Payroll Deductions Payable	8,100	0	457
Accrued Interest Payable	12,804	0	0
Due to Primary Government	0	7,232,000	0
Due to State of Tennessee	0	7,405	0
Noncurrent Liabilities:			
Due Within One Year	1,075,348	0	4,841
Due in More Than One Year	10,548,750	460,859	116,189
Total Liabilities	<u>\$ 11,645,002</u>	<u>\$ 7,714,186</u>	<u>\$ 130,503</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,033,149	\$ 1,690,647	\$ 0
Total Deferred Inflows of Resources	<u>\$ 3,033,149</u>	<u>\$ 1,690,647</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 19,294,193	\$ 11,584,385	\$ 76,458
Restricted for:			
General Government	19,141	0	0
Administration of Justice	136,050	0	0
Public Safety	78,063	0	0
Public Health and Welfare	86,975	0	0
Highways	544,860	0	0
Education	0	438,587	0
Debt Service	583,420	0	0
Capital Projects	2,216	0	0
Unrestricted	1,162,516	(724,340)	153,736
Total Net Position	<u>\$ 21,907,434</u>	<u>\$ 11,298,632</u>	<u>\$ 230,194</u>

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

Exhibit B

Jackson County, Tennessee
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues				Primary Government			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Jackson County School Department		Jackson County Emergency Communications District		
						Expenses	Revenue	Revenue	Revenue	
Primary Government:										
Governmental Activities:										
General Government	\$ 1,366,537	\$ 72,513	\$ 62,054	\$ 82,403	\$ (1,149,567)	\$ 0	\$ 0	\$ 0	0	
Finance	308,017	262,262	0	0	(45,755)	0	0	0	0	
Administration of Justice	460,337	187,660	4,500	0	(268,177)	0	0	0	0	
Public Safety	2,343,586	1,086,222	26,740	0	(1,230,624)	0	0	0	0	
Public Health and Welfare	1,410,849	620,919	59,384	168,321	(562,225)	0	0	0	0	
Social, Cultural, and Recreational Services	110,856	3,718	11,252	0	(95,886)	0	0	0	0	
Agriculture and Natural Resources	95,504	0	14,994	0	(80,510)	0	0	0	0	
Highways	1,913,318	108,348	1,447,939	329,999	(27,032)	0	0	0	0	
Interest on Long-term Debt	57,460	0	0	0	(57,460)	0	0	0	0	
Total Primary Government	\$ 8,066,464	\$ 2,341,642	\$ 1,626,863	\$ 580,723	\$ (3,517,236)	\$ 0	\$ 0	\$ 0	0	
Component Units:										
Jackson County School Department	\$ 13,894,152	\$ 264,122	\$ 2,160,806	\$ 0	\$ 0	\$ (11,469,224)	\$ 0	\$ 0	0	
Emergency Communications District	396,356	93,863	154,125	0	0	0	0	0	(148,368)	
Total Component Units	\$ 14,290,508	\$ 357,985	\$ 2,314,931	\$ 0	\$ 0	\$ (11,469,224)	\$ 0	\$ 0	(148,368)	

(Continued)

Exhibit B

Jackson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
				Total Governmental Activities	Jackson County School Department	County Emergency Communications District	
General Revenues:							
Taxes:				\$	\$	\$	\$
Property Taxes Levied for General Purposes				3,034,262	1,732,090		0
Property Taxes Levied for Debt Service				30,265	0		0
Local Option Sales Taxes				142,416	540,551		0
Wheel Tax				268,971	161,382		0
Business Tax				30,931	0		0
Mineral Severance Tax				28,051	0		0
Wholesale Beer Tax				64,007	0		0
Litigation Taxes				24,547	0		0
Other Local Taxes				1,360	1,206		0
Grants and Contributions Not Restricted to Specific Programs				463,042	9,526,850		146,487
Unrestricted Investment Earnings				45,288	1,488		330
Miscellaneous				86,509	33,830		1,782
Total General Revenues				\$ 4,219,649	\$ 11,997,397	\$	148,599
Change in Net Position				\$ 702,413	\$ 528,173	\$	231
Net Position, July 1, 2013				21,274,611	10,770,459		229,963
Prior-period Adjustment				(69,590)	0		0
Net Position, June 30, 2014				\$ 21,907,434	\$ 11,298,632	\$	230,194

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

Exhibit C-1

Jackson County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
\$	0	0	0	0	0	9,318	\$ 9,318
1,284,365	67,857	158,001	336,946	0	107,452	1,954,621	1,954,621
217,207	762	8,800	0	0	2,891	229,660	229,660
(71,323)	0	0	0	0	0	(71,323)	(71,323)
129,207	0	371,107	0	0	0	500,314	500,314
12,209	6,429	0	520,000	0	0	538,638	538,638
2,527,873	520,189	197,243	35,769	0	0	3,281,074	3,281,074
(101,916)	(20,973)	(7,953)	(1,442)	0	0	(132,284)	(132,284)
\$ 3,997,622	\$ 574,264	\$ 727,198	\$ 891,273	\$ 119,661	\$ 6,310,018		

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Allowance for Uncollectibles
 Due from Other Governments
 Due from Other Funds
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes
 Total Assets

LIABILITIES

Payroll Deductions Payable
 Due to Other Funds
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Other Deferred/Unavailable Revenue
 Total Deferred Inflows of Resources

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Restricted:							
Restricted for General Government	\$ 19,141	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	19,141
Restricted for Administration of Justice	136,050	0	0	0	0	0	136,050
Restricted for Public Safety	1,348	0	0	0	76,715	0	78,063
Restricted for Public Health and Welfare	0	69,659	0	0	0	0	69,659
Restricted for Highways/Public Works	0	0	408,594	0	0	0	408,594
Restricted for Debt Service	0	0	0	595,034	0	0	595,034
Restricted for Capital Projects	0	0	0	0	2,216	0	2,216
Committed:							
Committed for Administration of Justice	0	0	0	0	247	0	247
Committed for Other Operations	0	0	0	0	28,274	0	28,274
Committed for Debt Service	0	0	0	261,982	0	0	261,982
Unassigned	741,000	0	0	0	0	0	741,000
Total Fund Balances	\$ 897,539	\$ 69,659	\$ 408,594	\$ 857,016	\$ 107,452	\$ 0	\$ 2,340,260
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,997,622	\$ 574,264	\$ 727,198	\$ 891,273	\$ 119,661	\$ 0	\$ 6,310,018

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

Exhibit C-2

Jackson County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 2,340,260
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 364,836	
Add: construction in progress	240,711	
Add: buildings and improvements net of accumulated depreciation	6,002,366	
Add: infrastructure net of accumulated depreciation	15,805,282	
Add: other capital assets net of accumulated depreciation	<u>1,169,010</u>	23,582,205
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (199,026)	
Less: notes payable	(640,986)	
Less: other loans payable	(10,680,000)	
Add: debt to be contributed by the School Department	7,232,000	
Less: compensated absences payable	(104,086)	
Less: accrued interest on bonds and notes	<u>(12,804)</u>	(4,404,902)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>389,871</u>
Net position of governmental activities (Exhibit A)		<u>\$ 21,907,434</u>

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

Exhibit C-3

Jackson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>							
Local Taxes	\$ 2,975,343	\$ 503,434	\$ 219,373	\$ 31,370	\$ 0	\$ 0	\$ 3,729,520
Licenses and Permits	475	0	0	0	0	0	475
Fines, Forfeitures, and Penalties	43,752	0	0	0	23,821	0	67,573
Charges for Current Services	655,772	0	0	0	0	0	655,772
Other Local Revenues	145,743	12,471	119,816	0	13,775	0	291,805
Fees Received from County Officials	413,295	0	0	0	0	0	413,295
State of Tennessee	1,100,482	3,489	1,889,028	350,000	0	0	3,342,999
Federal Government	241,691	0	284,674	0	0	0	526,365
Other Governments and Citizens Groups	170,874	0	0	505,181	0	0	676,055
Total Revenues	\$ 5,747,427	\$ 519,394	\$ 2,512,891	\$ 886,551	\$ 37,596	\$ 0	\$ 9,703,859
<u>Expenditures</u>							
Current:							
General Government	\$ 561,934	\$ 0	\$ 0	\$ 0	\$ 3,693	\$ 0	\$ 565,627
Finance	307,930	0	0	0	0	0	307,930
Administration of Justice	456,425	0	0	0	0	0	456,425
Public Safety	2,227,074	0	0	0	3,511	0	2,230,585
Public Health and Welfare	880,468	496,373	0	0	1,038	0	1,377,879
Social, Cultural, and Recreational Services	110,764	0	0	0	0	0	110,764
Agriculture and Natural Resources	95,504	0	0	0	0	0	95,504
Other Operations	781,973	9,963	0	687	8,488	0	801,111
Highways	32,682	0	1,952,938	0	0	0	1,985,620
Debt Service:							
Principal on Debt	0	0	194,566	825,508	0	0	1,020,074
Interest on Debt	0	0	6,764	55,186	0	0	61,950
Other Debt Service	0	0	0	77,205	0	0	77,205
Total Expenditures	\$ 5,454,754	\$ 506,336	\$ 2,154,268	\$ 958,586	\$ 16,730	\$ 0	\$ 9,090,674

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 292,673	\$ 13,058	\$ 358,623	\$ (72,035)	\$ 20,866	\$	\$ 613,185
Other Financing Sources (Uses)							
Notes Issued	\$ 0	\$ 0	\$ 300,000	\$ 0	\$ 0	\$	\$ 300,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 300,000	\$ 0	\$ 0	\$	\$ 300,000
Net Change in Fund Balances	\$ 292,673	\$ 13,058	\$ 658,623	\$ (72,035)	\$ 20,866	\$	\$ 913,185
Fund Balance, July 1, 2013	604,866	56,601	(250,029)	929,051	86,586		1,427,075
Fund Balance, June 30, 2014	\$ 897,539	\$ 69,659	\$ 408,594	\$ 857,016	\$ 107,452	\$	\$ 2,340,260

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

Exhibit C-4

Jackson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 913,185
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: assets purchased and capitalized	\$ 524,692	
Less: current-year depreciation expense	<u>(490,550)</u>	34,142
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 389,871	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(890,853)</u>	(500,982)
<p>(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Add: principal payments on notes	\$ 411,723	
Add: principal payments on bonds	9,351	
Add: principal payments on other loans	599,000	
Less: contributions from the School Department for other loans	(434,000)	
Less: note proceeds	<u>(300,000)</u>	286,074
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 4,490	
Change in compensated absences payable	<u>(34,496)</u>	(30,006)
Change in net position of governmental activities (Exhibit B)		<u>\$ 702,413</u>

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

Exhibit C-5

Jackson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,975,343	\$ 2,874,064	\$ 2,909,064	\$ 66,279
Licenses and Permits	475	500	500	(25)
Fines, Forfeitures, and Penalties	43,752	28,200	28,200	15,552
Charges for Current Services	655,772	591,900	597,179	58,593
Other Local Revenues	145,743	160,500	221,951	(76,208)
Fees Received from County Officials	413,295	348,000	347,482	65,813
State of Tennessee	1,100,482	1,612,578	1,634,614	(534,132)
Federal Government	241,691	1,138,000	1,305,856	(1,064,165)
Other Governments and Citizens Groups	170,874	225,000	235,000	(64,126)
Total Revenues	\$ 5,747,427	\$ 6,978,742	\$ 7,279,846	\$ (1,532,419)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 35,332	\$ 38,360	\$ 38,360	\$ 3,028
Board of Equalization	0	1,000	1,000	1,000
Beer Board	164	200	200	36
County Mayor/Executive	148,126	148,878	150,078	1,952
County Attorney	5,503	5,503	5,503	0
Election Commission	122,281	132,203	134,503	12,222
Register of Deeds	93,656	97,533	97,833	4,177
County Buildings	154,590	152,051	159,151	4,561
Preservation of Records	2,282	1,900	2,500	218
<u>Finance</u>				
Property Assessor's Office	95,556	98,889	100,189	4,633
Reappraisal Program	91	0	0	(91)
County Trustee's Office	88,463	96,930	97,230	8,767
County Clerk's Office	123,820	131,783	132,083	8,263
<u>Administration of Justice</u>				
Circuit Court	164,885	173,383	174,283	9,398
General Sessions Court	127,646	127,704	128,004	358
Chancery Court	92,953	93,771	94,071	1,118
Juvenile Court	30,649	34,513	34,813	4,164
Judicial Commissioners	36,740	37,501	37,801	1,061
Other Administration of Justice	3,552	3,875	3,875	323
<u>Public Safety</u>				
Sheriff's Department	908,035	869,317	934,178	26,143
Administration of the Sexual Offender Registry	2,725	2,000	5,000	2,275
Jail	1,235,314	1,286,253	1,301,236	65,922
Fire Prevention and Control	15,000	16,500	16,500	1,500
Other Emergency Management	66,000	78,200	78,200	12,200
Other Public Safety	0	860,000	860,000	860,000
<u>Public Health and Welfare</u>				
Local Health Center	46,469	50,850	66,798	20,329
Ambulance/Emergency Medical Services	813,151	805,511	985,432	172,281
Crippled Children Services	0	900	900	900
Regional Mental Health Center	4,648	5,811	5,811	1,163
Appropriation to State	16,200	16,200	16,200	0

(Continued)

Exhibit C-5

Jackson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund (Cont.)

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	\$ 21,799	\$ 19,087	\$ 21,637	\$ (162)
Senior Citizens Assistance	24,856	21,678	24,778	(78)
Libraries	64,109	61,630	65,568	1,459
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	45,529	45,637	45,637	108
Soil Conservation	49,975	66,400	67,000	17,025
<u>Other Operations</u>				
Industrial Development	4,568	6,040	6,690	2,122
Other Economic and Community Development	21,465	21,500	21,500	35
Airport	89,941	501,900	502,700	412,759
Veterans' Services	7,000	7,000	7,000	0
Other Charges	394,900	370,271	370,271	(24,629)
Contributions to Other Agencies	44,770	48,665	48,665	3,895
Employee Benefits	135,817	149,000	158,100	22,283
Miscellaneous	83,512	94,000	108,500	24,988
<u>Highways</u>				
Litter and Trash Collection	32,682	33,700	33,700	1,018
Total Expenditures	\$ 5,454,754	\$ 6,814,027	\$ 7,143,478	\$ 1,688,724
Excess (Deficiency) of Revenues Over Expenditures				
	\$ 292,673	\$ 164,715	\$ 136,368	\$ 156,305
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (130,000)	\$ (130,000)	\$ 130,000
Total Other Financing Sources	\$ 0	\$ (130,000)	\$ (130,000)	\$ 130,000
Net Change in Fund Balance				
Fund Balance, July 1, 2013	\$ 292,673	\$ 34,715	\$ 6,368	\$ 286,305
	604,866	198,654	198,654	406,212
Fund Balance, June 30, 2014				
	\$ 897,539	\$ 233,369	\$ 205,022	\$ 692,517

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

Exhibit C-6

Jackson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 503,434	\$ 463,262	\$ 483,762	\$ 19,672
Charges for Current Services	0	1,000	1,000	(1,000)
Other Local Revenues	12,471	14,000	14,000	(1,529)
State of Tennessee	3,489	4,000	4,000	(511)
Total Revenues	<u>\$ 519,394</u>	<u>\$ 482,262</u>	<u>\$ 502,762</u>	<u>\$ 16,632</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 288,661	\$ 272,614	\$ 283,414	\$ (5,247)
Convenience Centers	207,712	190,464	193,464	(14,248)
<u>Other Operations</u>				
Other Charges	9,963	0	10,000	37
Total Expenditures	<u>\$ 506,336</u>	<u>\$ 463,078</u>	<u>\$ 486,878</u>	<u>\$ (19,458)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 13,058</u>	<u>\$ 19,184</u>	<u>\$ 15,884</u>	<u>\$ (2,826)</u>
Net Change in Fund Balance	\$ 13,058	\$ 19,184	\$ 15,884	(2,826)
Fund Balance, July 1, 2013	<u>56,601</u>	<u>55,468</u>	<u>55,468</u>	<u>1,133</u>
Fund Balance, June 30, 2014	<u>\$ 69,659</u>	<u>\$ 74,652</u>	<u>\$ 71,352</u>	<u>\$ (1,693)</u>

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

Exhibit C-7

Jackson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 219,373	\$ 207,500	\$ 220,718	\$ (1,345)
Other Local Revenues	119,816	78,000	114,210	5,606
State of Tennessee	1,889,028	1,368,000	1,639,647	249,381
Federal Government	284,674	439,000	439,000	(154,326)
Total Revenues	<u>\$ 2,512,891</u>	<u>\$ 2,092,500</u>	<u>\$ 2,413,575</u>	<u>\$ 99,316</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 137,057	\$ 143,496	\$ 145,496	\$ 8,439
Highway and Bridge Maintenance	1,197,202	1,150,288	1,574,819	377,617
Operation and Maintenance of Equipment	429,069	438,200	498,700	69,631
Other Charges	54,134	63,700	63,700	9,566
Employee Benefits	117,276	127,000	127,000	9,724
Capital Outlay	18,200	12,000	27,000	8,800
<u>Principal on Debt</u>				
Highways and Streets	194,566	95,000	207,500	12,934
<u>Interest on Debt</u>				
Highways and Streets	6,764	7,000	10,544	3,780
Total Expenditures	<u>\$ 2,154,268</u>	<u>\$ 2,036,684</u>	<u>\$ 2,654,759</u>	<u>\$ 500,491</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 358,623</u>	<u>\$ 55,816</u>	<u>\$ (241,184)</u>	<u>\$ 599,807</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 300,000	\$ 0	\$ 300,000	\$ 0
Total Other Financing Sources	<u>\$ 300,000</u>	<u>\$ 0</u>	<u>\$ 300,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 658,623	\$ 55,816	\$ 58,816	\$ 599,807
Fund Balance, July 1, 2013	(250,029)	151,429	151,429	(401,458)
Fund Balance, June 30, 2014	<u>\$ 408,594</u>	<u>\$ 207,245</u>	<u>\$ 210,245</u>	<u>\$ 198,349</u>

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

Exhibit D

Jackson County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 437,056
Due from Other Governments	<u>48,446</u>
Total Assets	<u>\$ 485,502</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 48,446
Due to Litigants, Heirs, and Others	<u>437,056</u>
Total Liabilities	<u>\$ 485,502</u>

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

JACKSON COUNTY, TENNESSEE
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JACKSON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jackson County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Jackson County:

A. Reporting Entity

Jackson County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Jackson County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Jackson County School Department operates the public school system in the county, and the voters of Jackson County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Jackson County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Jackson County, and the Jackson County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Jackson County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Jackson County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Jackson County Emergency
Communications District
P.O. Box 313
305 North Murry
Gainesboro, TN 38562

Related Organization – The Industrial Development Board of Jackson County, Tennessee, is a related organization of Jackson County. The County Commission elects the board members, but the county’s accountability for the organization does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Jackson County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Jackson County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Jackson County issues all debt for the discretely presented Jackson County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2014.

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

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

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

Fund financial statements of Jackson County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Jackson County has no proprietary funds to report.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Jackson County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Jackson County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Solid Waste/Sanitation Fund – This special revenue fund accounts for transactions relating to the disposal of Jackson County’s solid waste. Local taxes are the foundational revenues of this fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, Jackson County reports the following fund types:

Capital Projects Fund – The Community Development/Industrial Park Fund is used to account for revenues and expenditures related to industrial buildings owned by the county.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Jackson County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Jackson County School Department reports the following major governmental fund:

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

Additionally, the Jackson County School Department reports the following fund type:

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

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

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

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Jackson County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Jackson County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a

2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.3 percent of total taxes levied.

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

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

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

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

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life extending beyond the current fiscal year and values as defined in the county’s capital assets policy. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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 assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualified for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the

government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Compensated Absences

It is the county's policy (excluding the Highway Department) to permit employees to accumulate earned but unused vacation benefits, which will be paid to employees upon separation of service. The cost of vacation benefits is recognized when payments are made to employees. All vacation pay should be accrued by the county when incurred and presented in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The county's policy does allow employees to accumulate an unlimited amount of unused sick leave; however, the granting of sick leave has no guaranteed payment attached, and therefore, is not required to be accrued or recorded. The general policy of the Highway Department does not allow for the accumulation of unused vacation and sick days.

The School Department's general policy does not allow employees to accumulate earned but unused vacation leave benefits beyond year-end. The School Department does allow employees to accumulate an unlimited amount of unused sick leave; however, the granting of sick leave has no guaranteed payment attached, and therefore, is not required to be accrued or recorded.

6. Long-term Obligations

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported

as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

7. Net Position and Fund Balance

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

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

As of June 30, 2014, Jackson County had \$7,232,000 in outstanding debt for capital purposes for the discretely presented Jackson County School Department. This debt is a liability of Jackson County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Jackson County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission makes assignments for the general government. The Board of Education makes assignments for the School Department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

8. Prior-period Adjustment

A prior-period adjustment totaling \$69,590 is presented in the Statement of Activities to decrease net position at July 1, 2013, to recognize an accrued amount of compensated absences that was previously not recognized in the financial statements.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Jackson County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Jackson County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted and the Community Development/Industrial Parks Fund (capital projects fund), which adopts project length budgets. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2014, the Jackson County School Department reported the following significant encumbrance:

Fund	Description	Amount
Major Fund:		
General Purpose School	Books	\$ 220,000

B. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation Fund by \$19,458.

Expenditures exceeded appropriations approved by the County Commission in the following funds' major appropriation categories (the legal level of control):

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Reappraisal Program	\$ 91
Adult Activities	162
Senior Citizens Assistance	78
Other Charges	24,629
General Debt Service:	
Principal on Debt - General Government	108,900
Other Debt Service - General Government	19,965

Expenditures that exceed appropriations are a violation of state statutes. The majority of these expenditures in excess of appropriations were funded by amounts not expended in other major appropriation categories.

C. The County Clerk Used Official Funds of the Office for Personal Purposes

In the prior year, the county clerk admitted to taking office funds of approximately \$1,200 from the April 29, 2013, deposit for her personal use, and that she had returned the cash to the deposit prior to April 30, 2013. The clerk also admitted that this was not the first time she had taken county funds for personal use, but she had replaced all funds taken. On August 21, 2013, the county clerk was indicted by the Jackson County Grand Jury on one count of theft of property (\$1,000 - \$10,000) and one count of official misconduct. The clerk resigned from the office on November 4, 2013. On November 7, 2013, the case was dismissed upon the condition that the costs of the case be paid, and the former clerk would not seek employment with the county for ten years.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Jackson County and the Jackson County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled or nonpooled investments as of June 30, 2014.

B. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 364,836	\$ 0	\$ 364,836
Construction in Progress	153,794	86,917	240,711
Total Capital Assets Not Depreciated	<u>\$ 518,630</u>	<u>\$ 86,917</u>	<u>\$ 605,547</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 7,805,503	\$ 15,497	\$ 7,821,000
Infrastructure	18,360,831	275,474	18,636,305
Other Capital Assets	3,152,660	146,804	3,299,464
Total Capital Assets Depreciated	<u>\$ 29,318,994</u>	<u>\$ 437,775</u>	<u>\$ 29,756,769</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,657,895	\$ 160,739	\$ 1,818,634
Infrastructure	2,674,583	156,440	2,831,023
Other Capital Assets	1,957,083	173,371	2,130,454
Total Accumulated Depreciation	<u>\$ 6,289,561</u>	<u>\$ 490,550</u>	<u>\$ 6,780,111</u>
Total Capital Assets Depreciated, Net	<u>\$ 23,029,433</u>	<u>\$ (52,775)</u>	<u>\$ 22,976,658</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 23,548,063</u></u>	<u><u>\$ 34,142</u></u>	<u><u>\$ 23,582,205</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2014.

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

Governmental Activities:

General Government	\$	33,892
Public Safety		165,063
Public Health and Welfare		88,331
Social, Cultural, and Recreational Services		92
Highways/Public Works		<u>203,172</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>490,550</u></u>

Discretely Presented Jackson County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 173,608	\$ 0	\$ 0	\$ 173,608
Total Capital Assets Not Depreciated	<u>\$ 173,608</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 173,608</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,966,457	\$ 0	\$ 0	\$ 14,966,457
Other Capital Assets	1,398,575	307,328	(29,088)	1,676,815
Total Capital Assets Depreciated	<u>\$ 16,365,032</u>	<u>\$ 307,328</u>	<u>\$ (29,088)</u>	<u>\$ 16,643,272</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 4,204,501	\$ 305,484	\$ 0	\$ 4,509,985
Other Capital Assets	651,541	99,184	(28,215)	722,510
Total Accumulated Depreciation	<u>\$ 4,856,042</u>	<u>\$ 404,668</u>	<u>\$ (28,215)</u>	<u>\$ 5,232,495</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,508,990</u>	<u>\$ (97,340)</u>	<u>\$ (873)</u>	<u>\$ 11,410,777</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 11,682,598</u></u>	<u><u>\$ (97,340)</u></u>	<u><u>\$ (873)</u></u>	<u><u>\$ 11,584,385</u></u>

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

Governmental Activities:

Instruction	\$ 305,484
Support Services	<u>99,184</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 404,668</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 12,209
Solid Waste/Sanitation	General	6,429
General Debt Service	"	520,000
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	59,520
Nonmajor governmental	General Purpose School	52

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

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General Debt Service	Component Unit: School Department: General Purpose School	\$ 7,232,000

The Due to Primary Government is the balance of other loans issued by the county for the School Department. The School Department has agreed to contribute the funds annually to retire these other loans. These long-term obligations are reflected in governmental activities on the Statement of Net Position.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amount:

Discretely Presented Jackson County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental funds	\$ 78,844

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

D. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Jackson County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, other loans have been issued to refund general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 40 years for bonds, up to nine years for notes, and up to 28 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2014, will be retired from the General Debt Service and Highway/Public Works funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	4 to 5	%	2-22-49	\$ 330,600	\$ 199,026
Capital Outlay Notes	1.97 to 4		10-15-16	1,544,059	640,986
Other Loans	variable		5-25-31	14,765,000	10,680,000

In prior years, Jackson County entered into two separate loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned Jackson County \$3,500,000 and \$1,200,000, respectively, for jail construction. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2014, the variable interest rate for these loans was .28 percent and other fees totaled approximately .57 percent (letter of credit), .08 percent (remarketing), and a trustee fee of \$85 per month.

In a prior year, Jackson County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$6,300,000 to the School Department for construction of a middle school. This loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2014, the variable interest rate was .27 percent, and other fees totaled approximately .57 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal, and a trustee fee of \$85 per month.

In a prior year, Jackson County entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee. Under this loan agreement, the authority loaned \$3,765,000 to Jackson County for the refunding of two school bonds and for various school construction and renovation projects. This loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2014, the variable interest rate was .27 percent, and other fees totaled approximately .57 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal, and a trustee fee of \$85 per month.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2014, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 394,386	\$ 17,973	\$ 412,359
2016	225,350	6,158	231,508
2017	21,250	529	21,779
Total	\$ 640,986	\$ 24,660	\$ 665,646

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 620,000	\$ 29,182	\$ 73,496	\$ 722,678
2016	652,000	27,490	69,466	748,956
2017	674,000	25,712	65,227	764,939
2018	696,000	23,874	60,847	780,721
2019	729,000	21,977	56,324	807,301
2020-2024	3,223,000	83,083	217,852	3,523,935
2025-2029	3,924,000	35,118	103,787	4,062,905
2030-2031	162,000	686	3,631	166,317
Total	\$ 10,680,000	\$ 247,122	\$ 650,630	\$ 11,577,752

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 9,549	\$ 8,096	\$ 17,645
2016	4,151	7,624	11,775
2017	4,257	7,443	11,700
2018	4,367	7,258	11,625
2019	2,982	7,068	10,050
2020-2024	16,796	33,454	50,250
2025-2029	20,436	29,814	50,250
2030-2034	24,863	25,387	50,250
2035-2039	30,250	20,000	50,250
2040-2044	36,803	13,447	50,250
2045-2049	44,572	5,678	50,250
Total	\$ 199,026	\$ 165,269	\$ 364,295

There is \$857,016 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$990, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as

Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-14</u>
<u>Other Loans Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Construction	\$ 4,517,000
Refunding/School Construction	<u>2,715,000</u>
 Total	 <u>\$ 7,232,000</u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>	<u>Other Loans</u>
Balance, July 1, 2013	\$ 208,377	\$ 752,709	\$ 11,279,000
Additions	0	300,000	0
Reductions	<u>(9,351)</u>	<u>(411,723)</u>	<u>(599,000)</u>
 Balance, June 30, 2014	 <u>\$ 199,026</u>	 <u>\$ 640,986</u>	 <u>\$ 10,680,000</u>
 Balance Due Within One Year	 <u>\$ 9,549</u>	 <u>\$ 394,386</u>	 <u>\$ 620,000</u>

	<u>Restated* Compensated Absences</u>
Balance, July 1, 2013	\$ 69,590
Additions	64,370
Reductions	<u>(29,874)</u>
 Balance, June 30, 2014	 <u>\$ 104,086</u>
 Balance Due Within One Year	 <u>\$ 51,413</u>

* See Note I.D.8. for prior-period adjustment.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 11,624,098
Less: Balance Due Within One Year	<u>(1,075,348)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 10,548,750</u>

Compensated absences will be paid from the employing funds, primarily the General Fund.

Discretely Presented Jackson County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Jackson County School Department for the year ended June 30, 2014, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2013	\$ 446,458
Additions	61,460
Reductions	<u>(47,059)</u>
Balance, June 30, 2014	<u>\$ 460,859</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 460,859
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 460,859</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

E. On-Behalf Payments – Discretely Presented Jackson County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Jackson County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$32,885 and \$10,887, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

F. Short-term Debt

On August 26, 2011, Jackson County issued tax anticipation notes of \$500,000 from the General Debt Service Fund, and on December 29, 2011, Jackson County issued tax anticipation notes of \$150,000 from the General Debt Service Fund in advance of property tax collections and deposited the proceeds in the General Fund. These funds were necessary because funds were not available to meet the current expenditures. These notes should have been retired by June 30, 2012; however, the notes remained unpaid as of June 30, 2014, and therefore have been reflected in the financial statements of this report as Due from Other Funds in the General Debt Service Fund and as Due to Other Funds in the General Fund. Jackson County received approval from the state Division of Local Finance to repay \$130,000 per year for five years beginning with the fiscal year ending 2014.

Short-term debt activity for the year ended June 30, 2014, was as follows:

	Balance 7-1-13	Issued	Paid	Balance 6-30-14
Tax Anticipation Notes	\$ 650,000	\$ 0	\$ (130,000)	\$ 520,000

V. OTHER INFORMATION

A. Risk Management

Primary Government

Jackson County’s risks of loss related to general liability, property, casualty, and the Highway Department’s workers’ compensation is covered by participation in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association. The county pays annual premiums to the pool for the risk coverage noted above. The creation of the pool provides for them

to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Jackson County general government (excluding the Highway Department) is a member of the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county pays annual premiums to the TN-RMT for its workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Jackson County does not provide health insurance for its employees.

Discretely Presented Jackson County School Department

The School Department's risks of loss related to general liability, property, casualty, and workers' compensation is covered by participation in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. Annual premiums are paid to the pool for the risk coverage noted above. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67, replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70, relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

On August 31, 2014, John Cason left the Office of County Mayor and was succeeded by James Bobby Kinnaird; Vernon Ragland left the Office of Trustee and was succeeded by Anthony Flatt; and Brad Stafford left the office of Sheriff and was succeeded by Marty Hinson.

On October 14, 2014, the county issued tax anticipation notes of \$108,106 for temporary operating funds for the Solid Waste/Sanitation Fund.

D. Contingent Liabilities

The county is involved in several pending lawsuits. The attorneys for the county estimate that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

E. Change in Administration

On November 4, 2013, Mary Jo Matthews resigned from the Office of County Clerk. The County Commission appointed Amanda Ward Stafford to the office on November 25, 2013.

F. Joint Venture

The Fifteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fifteenth Judicial District and participating municipalities in the district. The Fifteenth Judicial District includes Smith, Jackson, Trousdale, and Wilson counties. The DTF interlocal agreement was signed by the sheriffs of Smith County, Jackson County, Hartsville/Trousdale County Government, and the police chiefs of the cities of Carthage and Lafayette. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of the participating law enforcement agencies within the judicial district. Jackson County made no contributions to the DTF for the year ended June 30, 2014, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General
Fifteenth Judicial District
203 Greentop Street
Hartsville, TN 37074

G. Jointly Governed Organization

The Gainesboro Port Authority was created by the county in conjunction with the City of Gainesboro. The authority's board comprises two members appointed by the County Commission, two members appointed by the City of Gainesboro, and the remaining member appointed by the other four members. Jackson County does not provide funding for the authority and retains no ongoing financial responsibility for the authority.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

Employees of Jackson County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Jackson County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Jackson County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 12.93 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2014, the county's annual pension cost of \$291,604 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was one year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$291,604	100%	\$0
6-30-13	286,900	100	0
6-30-12	302,175	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 98.62 percent funded. The actuarial accrued liability for benefits was \$7.98 million, and the actuarial value of assets was \$7.87 million,

resulting in an unfunded actuarial accrued liability (UAAL) of \$.11 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3.82 million, and the ratio of the UAAL to the covered payroll was 2.89 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

The Jackson County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2014, 2013, and 2012, were \$534,462, \$535,437, and \$535,260, respectively, equal to the required contributions for each year.

2. Deferred Compensation

The discretely presented Jackson County School Department offers its employees a deferred compensation plan established pursuant to Internal Revenue Code Section (IRC) 457. All costs of administering and funding this program are the responsibility of the plan participants. The Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 457 establishes participation, contribution, and withdrawal provisions for the plans.

I. Other Postemployment Benefits (OPEB)

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers. During the year ended June 30, 2014, the discretely

presented Jackson County School Department contributed \$47,059 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 61,000
Interest on the NOPEBO	17,858
Adjustment to the ARC	(17,398)
Annual OPEB cost	<hr/> \$ 61,460
Amount of contribution	(47,059)
Increase/decrease in NOPEBO	<hr/> \$ 14,401
Net OPEB obligation, 7-1-13	<hr/> 446,458
Net OPEB obligation, 6-30-14	<hr/> <hr/> \$ 460,859

Fiscal Year Ended	Plan	Annual OPEB Cost	of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>		<hr/>		<hr/>
6-30-12	Local Education Group	\$ 144,406	29%	\$ 344,727
6-30-13	"	146,152	30	446,458
6-30-14	"	61,460	77	460,859

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-13
Actuarial accrued liability (AAL)	\$ 595,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 595,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 5,974,140
UAAL as a % of covered payroll	10%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required

supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

J. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

Chapter 111, Private Acts of 1951, as amended, and Section 54-7-113, *TCA*, (Uniform Road Law), govern purchasing procedures for the Road Department. Chapter 111, Private Acts of 1951, directs the road superintendent to make necessary purchases and to file a report with the County Commission for all purchases exceeding \$1,000. Provisions of the Uniform Road Law require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

VI. OTHER NOTES – DISCRETELY PRESENTED JACKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Organization

The Jackson County E-911 Emergency Communications District was established on October 1, 1990, for the purpose of providing an enhanced level of 911 service for Jackson County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Jackson County, and the commissioners appoint the Board of Directors. The district must file a budget with Jackson County each year. Any bond issued by the district is subject to approval by Jackson County.

B. Summary of Significant Accounting Policies

The district presents its financial statements on the accrual basis and the economic resources measurement focus.

Capital assets are depreciated over their useful lives using the straight-line method. All assets purchased under \$5,000 are expensed unless otherwise stated by management. Depreciation begins when the capital assets are placed in service. Depreciation is summarized as follows:

<u>Assets</u>	<u>Estimated Useful Life Years</u>	<u>Depreciation Expense</u>
Other Capital Assets	5-12	\$ 36,716

The budget is compiled and brought before the board for approval. The board approves any amendments.

Major Sources of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges and revenue from the State Emergency Communications Board Operational Funding Program. Nonoperating revenue consists of grants and reimbursements from the State Emergency Communications Board and contributions from primary and other governments.

Budgeting, Budgetary Control, and Budgetary Reporting

An annual budget using the modified accrual basis of accounting is prepared and adopted each year. The budget for the year ended June 30, 2014, was approved by the board before the fiscal year began. Certain changes in expenditure allocations of the budget were addressed and approved by the board. Revenues are considered to be available for unrestricted use unless specifically restricted by the donor or grantor, thus the board may reapply budgeted resources from one use to another without special approval for unrestricted funds.

C. Cash and Investments

Tennessee Code Annotated (TCA), requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund.

The following is a schedule of cash accounts at June 30, 2014:

Checking	\$	154,751
----------	----	---------

At June 30, 2014, the carrying amount of the district's cash deposits was \$154,751. The district's deposit accounts are covered up to \$250,000 by the FDIC. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, *TCA*.

D. Insurance Risk

The district had bonds covering the chairman, vice-chairman, secretary, and treasurer totaling \$50,000 at June 30, 2014. The district also holds a workers' compensation policy and a liability policy covering property theft, damage, and public liability. There have been no claims that exceeded coverage for any of the past three years.

E. Capital Assets

The following is a schedule of capital assets at June 30, 2014:

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Depreciated:			
Other Capital Assets	\$ 870,683	\$ 96,724	\$ 967,407
Total Capital Assets Depreciated	<u>\$ 870,683</u>	<u>\$ 96,724</u>	<u>\$ 967,407</u>
Less Accumulated Depreciation For:			
Other Capital Assets	\$ 730,671	\$ 39,248	\$ 769,919
Total Accumulated Depreciation	<u>\$ 730,671</u>	<u>\$ 39,248</u>	<u>\$ 769,919</u>
Total Capital Assets Depreciated, Net	<u>\$ 140,012</u>	<u>\$ 57,476</u>	<u>\$ 197,488</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 140,012</u></u>	<u><u>\$ 57,476</u></u>	<u><u>\$ 197,488</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2014.

F. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

G. Long-term Liabilities

The district, in need of financial assistance, entered into an agreement with the Tennessee Emergency Communications Board (TECB). The TECB loaned \$145,237 to the district to pay off the lease held at Marlin Financial and Leasing Corporation. The district is to make annual payments of \$4,841 for 30 years, interest free, beginning August 1, 2009, out of reserves. If no reserves are available, no payment is due.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2014, was as follows:

	<u>Notes</u>
Balance, July 1, 2013	\$ 125,872
Reductions	<u>(4,842)</u>
Balance, June 30, 2014	<u>\$ 121,030</u>

H. Compensated Absences

There were no compensated absences payable at June 30, 2014.

I. Calculation of Invested in Capital Assets

Net Book Value	\$ 197,488
Less: Current and Noncurrent Debt	<u>(121,030)</u>
Invested in Net Assets, Net of Related Debt	<u>\$ 76,458</u>

J. Budgetary Information

As stated in Note VI. A., the district must file a budget with Jackson County each year. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the program level as well as the object level.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Jackson County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Jackson County School Department
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-13	\$ 7,872	\$ 7,983	\$ 110	98.62 %	\$ 3,821	2.89 %
6-30-11	6,672	6,756	84	98.75	3,485	2.42
6-30-09	5,141	5,232	92	98.25	3,171	2.89

Exhibit E-2

Jackson County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Jackson County School Department
June 30, 2014

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-10	\$ 0	\$ 1,280	\$ 1,280	0%	\$ 3,629	35 %
"	7-1-11	0	1,460	1,460	0	5,773	26
"	7-1-13	0	595	595	0	5,974	10

JACKSON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NONE

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register of deeds, and sheriff.

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for revenues and expenditures related to industrial buildings owned by the county.

Exhibit F-1

Jackson County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds		Capital Projects Fund			Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total	Community Development/Industrial Park		
<u>ASSETS</u>						
Cash	\$ 0	\$ 9,318	\$ 9,318	\$ 0	\$ 9,318	
Equity in Pooled Cash and Investments	76,715	0	76,715	30,737	107,452	
Accounts Receivable	0	2,891	2,891	0	2,891	
Total Assets	\$ 76,715	\$ 12,209	\$ 88,924	\$ 30,737	\$ 119,661	
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 12,209	\$ 12,209	\$ 0	\$ 12,209	
Total Liabilities	\$ 0	\$ 12,209	\$ 12,209	\$ 0	\$ 12,209	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 76,715	\$ 0	\$ 76,715	\$ 0	\$ 76,715	
Restricted for Capital Projects	0	0	0	2,216	2,216	
Committed:						
Committed for Administration of Justice	0	0	0	247	247	
Committed for Other Operations	0	0	0	28,274	28,274	
Total Fund Balances	\$ 76,715	\$ 0	\$ 76,715	\$ 30,737	\$ 107,452	
Total Liabilities and Fund Balances	\$ 76,715	\$ 12,209	\$ 88,924	\$ 30,737	\$ 119,661	

Exhibit F-2

Jackson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Community Development/ Industrial Park	
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 23,821	\$ 0	\$ 23,821
Other Local Revenues	0	13,775	13,775
Total Revenues	<u>\$ 23,821</u>	<u>\$ 13,775</u>	<u>\$ 37,596</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$ 3,693	\$ 3,693
Public Safety	3,511	0	3,511
Public Health and Welfare	1,038	0	1,038
Other Operations	0	8,488	8,488
Total Expenditures	<u>\$ 4,549</u>	<u>\$ 12,181</u>	<u>\$ 16,730</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 19,272</u>	<u>\$ 1,594</u>	<u>\$ 20,866</u>
Net Change in Fund Balances	\$ 19,272	\$ 1,594	\$ 20,866
Fund Balance, July 1, 2013	57,443	29,143	86,586
Fund Balance, June 30, 2014	<u>\$ 76,715</u>	<u>\$ 30,737</u>	<u>\$ 107,452</u>

Exhibit F-3

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 23,821	\$ 22,000	\$ 24,000	\$ (179)
Total Revenues	\$ 23,821	\$ 22,000	\$ 24,000	\$ (179)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 3,511	\$ 36,923	\$ 38,923	\$ 35,412
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	1,038	3,000	3,000	1,962
Total Expenditures	\$ 4,549	\$ 39,923	\$ 41,923	\$ 37,374
Excess (Deficiency) of Revenues Over Expenditures	\$ 19,272	\$ (17,923)	\$ (17,923)	\$ 37,195
Net Change in Fund Balance	\$ 19,272	\$ (17,923)	\$ (17,923)	\$ 37,195
Fund Balance, July 1, 2013	57,443	55,255	55,255	2,188
Fund Balance, June 30, 2014	\$ 76,715	\$ 37,332	\$ 37,332	\$ 39,383

Major Governmental Funds

General Debt Service Fund

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

Exhibit G

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 31,370	\$ 30,157	\$ 30,157	\$ 1,213
State of Tennessee	350,000	350,000	350,000	0
Other Governments and Citizens Groups	505,181	0	505,181	0
Total Revenues	<u>\$ 886,551</u>	<u>\$ 380,157</u>	<u>\$ 885,338</u>	<u>\$ 1,213</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 687	\$ 8,000	\$ 8,000	\$ 7,313
<u>Principal on Debt</u>				
General Government	391,508	282,608	282,608	(108,900)
Education	434,000	0	434,000	0
<u>Interest on Debt</u>				
General Government	36,245	163,037	163,037	126,792
Education	18,941	0	18,941	0
<u>Other Debt Service</u>				
General Government	24,965	5,000	5,000	(19,965)
Education	52,240	0	52,240	0
Total Expenditures	<u>\$ 958,586</u>	<u>\$ 458,645</u>	<u>\$ 963,826</u>	<u>\$ 5,240</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (72,035)</u>	<u>\$ (78,488)</u>	<u>\$ (78,488)</u>	<u>\$ 6,453</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 130,000	\$ 130,000	\$ (130,000)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ (130,000)</u>
Net Change in Fund Balance	\$ (72,035)	\$ 51,512	\$ 51,512	\$ (123,547)
Fund Balance, July 1, 2013	<u>929,051</u>	<u>1,412,028</u>	<u>1,412,028</u>	<u>(482,977)</u>
Fund Balance, June 30, 2014	<u>\$ 857,016</u>	<u>\$ 1,463,540</u>	<u>\$ 1,463,540</u>	<u>\$ (606,524)</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

Exhibit H-1

Jackson County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 437,056	\$ 437,056
Due from Other Governments	48,446	0	48,446
Total Assets	<u>\$ 48,446</u>	<u>\$ 437,056</u>	<u>\$ 485,502</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 48,446	\$ 0	\$ 48,446
Due to Litigants, Heirs, and Others	0	437,056	437,056
Total Liabilities	<u>\$ 48,446</u>	<u>\$ 437,056</u>	<u>\$ 485,502</u>

Exhibit H-2

Jackson County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 277,170	\$ 277,170	\$ 0
Due from Other Governments	42,671	48,446	42,671	48,446
Total Assets	\$ 42,671	\$ 325,616	\$ 319,841	\$ 48,446
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 42,671	\$ 325,616	\$ 319,841	\$ 48,446
Total Liabilities	\$ 42,671	\$ 325,616	\$ 319,841	\$ 48,446
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 337,697	\$ 3,729,643	\$ 3,630,284	\$ 437,056
Total Assets	\$ 337,697	\$ 3,729,643	\$ 3,630,284	\$ 437,056
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 337,697	\$ 3,729,643	\$ 3,630,284	\$ 437,056
Total Liabilities	\$ 337,697	\$ 3,729,643	\$ 3,630,284	\$ 437,056
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 337,697	\$ 3,729,643	\$ 3,630,284	\$ 437,056
Equity in Pooled Cash and Investments	0	277,170	277,170	0
Due from Other Governments	42,671	48,446	42,671	48,446
Total Assets	\$ 380,368	\$ 4,055,259	\$ 3,950,125	\$ 485,502
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 42,671	\$ 325,616	\$ 319,841	\$ 48,446
Due to Litigants, Heirs, and Others	337,697	3,729,643	3,630,284	437,056
Total Liabilities	\$ 380,368	\$ 4,055,259	\$ 3,950,125	\$ 485,502

Jackson County School Department

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

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

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

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

Exhibit I-1

Jackson County, Tennessee
Statement of Activities
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 7,879,765	\$ 65,355	\$ 939,836	\$ (6,874,574)
Support Services	4,664,887	30,574	392,361	(4,241,952)
Operation of Non-instructional Services	1,330,559	168,193	828,609	(333,757)
Interest on Long-term Debt	18,941	0	0	(18,941)
Total Governmental Activities	\$ 13,894,152	\$ 264,122	\$ 2,160,806	\$ (11,469,224)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,732,090
Local Option Sales Taxes				540,551
Wheel Tax				161,382
Other Local Taxes				1,206
Grants and Contributions Not Restricted to Specific Programs				9,526,850
Unrestricted Investment Earnings				1,488
Miscellaneous				33,830
Total General Revenues				\$ 11,997,397
Change in Net Position				\$ 528,173
Net Position, July 1, 2013				10,770,459
Net Position, June 30, 2014				\$ 11,298,632

Exhibit I-2

Jackson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Jackson County School Department
June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 6,623,009	\$ 491,004	\$ 7,114,013
Accounts Receivable	647	0	647
Due from Other Governments	146,685	102,630	249,315
Due from Other Funds	59,520	52	59,572
Property Taxes Receivable	1,828,837	0	1,828,837
Allowance for Uncollectible Property Taxes	(73,732)	0	(73,732)
Total Assets	<u>\$ 8,584,966</u>	<u>\$ 593,686</u>	<u>\$ 9,178,652</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 13,066	\$ 0	\$ 13,066
Accrued Payroll	856	0	856
Due to Other Funds	52	59,520	59,572
Due to State of Tennessee	7,405	0	7,405
Total Liabilities	<u>\$ 21,379</u>	<u>\$ 59,520</u>	<u>\$ 80,899</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,690,647	\$ 0	\$ 1,690,647
Deferred Delinquent Property Taxes	60,879	0	60,879
Other Deferred/Unavailable Revenue	46,679	0	46,679
Total Deferred Inflows of Resources	<u>\$ 1,798,205</u>	<u>\$ 0</u>	<u>\$ 1,798,205</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 29,421	\$ 409,166	\$ 438,587
Committed:			
Committed for Education	4,935,314	125,000	5,060,314
Assigned:			
Assigned for Education	227,609	0	227,609
Unassigned	1,573,038	0	1,573,038
Total Fund Balances	<u>\$ 6,765,382</u>	<u>\$ 534,166</u>	<u>\$ 7,299,548</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,584,966</u>	<u>\$ 593,686</u>	<u>\$ 9,178,652</u>

Exhibit I-3

Jackson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Jackson County School Department
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 7,299,548	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 173,608		
Add: buildings and improvements net of accumulated depreciation	10,456,472		
Add: other capital assets net of accumulated depreciation	<u>954,305</u>	11,584,385	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for other loans	\$ (7,232,000)		
Less: other postemployment benefits liability	<u>(460,859)</u>	(7,692,859)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>107,558</u>
Net position of governmental activities (Exhibit A)			<u>\$ 11,298,632</u>

Exhibit I-4

Jackson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Governmen- tal Funds
<u>Revenues</u>			
Local Taxes	\$ 2,478,341	\$ 0	\$ 2,478,341
Licenses and Permits	598	0	598
Charges for Current Services	62,519	168,193	230,712
Other Local Revenues	68,068	1,488	69,556
State of Tennessee	9,501,690	0	9,501,690
Federal Government	135,000	2,040,427	2,175,427
Total Revenues	\$ 12,246,216	\$ 2,210,108	\$ 14,456,324
<u>Expenditures</u>			
Current:			
Instruction	\$ 6,284,662	\$ 993,066	\$ 7,277,728
Support Services	4,364,472	278,000	4,642,472
Operation of Non-instructional Services	429,688	900,871	1,330,559
Capital Outlay	460,348	0	460,348
Debt Service:			
Principal on Debt	434,000	0	434,000
Interest on Debt	18,941	0	18,941
Other Debt Service	52,240	0	52,240
Total Expenditures	\$ 12,044,351	\$ 2,171,937	\$ 14,216,288
Excess (Deficiency) of Revenues Over Expenditures	\$ 201,865	\$ 38,171	\$ 240,036
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 78,844	\$ 0	\$ 78,844
Transfers Out	0	(78,844)	(78,844)
Total Other Financing Sources (Uses)	\$ 78,844	\$ (78,844)	\$ 0
Net Change in Fund Balances	\$ 280,709	\$ (40,673)	\$ 240,036
Fund Balance, July 1, 2013	6,484,673	574,839	7,059,512
Fund Balance, June 30, 2014	\$ 6,765,382	\$ 534,166	\$ 7,299,548

Exhibit I-5

Jackson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 240,036
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 307,328	
Less: current-year depreciation expense	<u>(404,668)</u>	(97,340)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Less: book value of capital assets disposed		(873)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 107,558	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(140,807)</u>	(33,249)
<p>(4) The contribution of long-term debt (e.g., bonds, notes, other loans, leases) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Add: principal contributions on other loans to primary government		434,000
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liability		<u>(14,401)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 528,173</u>

Exhibit I-6

Jackson County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Jackson County School Department
June 30, 2014

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 114,317	\$ 376,687	\$ 491,004
Due from Other Governments	97,297	5,333	102,630
Due from Other Funds	52	0	52
Total Assets	<u>\$ 211,666</u>	<u>\$ 382,020</u>	<u>\$ 593,686</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 59,520	\$ 0	\$ 59,520
Total Liabilities	<u>\$ 59,520</u>	<u>\$ 0</u>	<u>\$ 59,520</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 27,146	\$ 382,020	\$ 409,166
Committed:			
Committed for Education	125,000	0	125,000
Total Fund Balances	<u>\$ 152,146</u>	<u>\$ 382,020</u>	<u>\$ 534,166</u>
Total Liabilities and Fund Balances	<u>\$ 211,666</u>	<u>\$ 382,020</u>	<u>\$ 593,686</u>

Exhibit I-7

Jackson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 168,193	\$ 168,193
Other Local Revenues	0	1,488	1,488
Federal Government	1,252,844	787,583	2,040,427
Total Revenues	<u>\$ 1,252,844</u>	<u>\$ 957,264</u>	<u>\$ 2,210,108</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 993,066	\$ 0	\$ 993,066
Support Services	278,000	0	278,000
Operation of Non-instructional Services	0	900,871	900,871
Total Expenditures	<u>\$ 1,271,066</u>	<u>\$ 900,871</u>	<u>\$ 2,171,937</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (18,222)</u>	<u>\$ 56,393</u>	<u>\$ 38,171</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (18,844)	\$ (60,000)	\$ (78,844)
Total Other Financing Sources (Uses)	<u>\$ (18,844)</u>	<u>\$ (60,000)</u>	<u>\$ (78,844)</u>
Net Change in Fund Balances	\$ (37,066)	\$ (3,607)	\$ (40,673)
Fund Balance, July 1, 2013	189,212	385,627	574,839
Fund Balance, June 30, 2014	<u>\$ 152,146</u>	<u>\$ 382,020</u>	<u>\$ 534,166</u>

Exhibit I-8

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Jackson County School Department
General Purpose School Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,478,341	\$ 0	\$ 0	\$ 2,478,341	\$ 2,435,625	\$ 2,435,625	\$ 42,716
Licenses and Permits	598	0	0	598	600	600	(2)
Charges for Current Services	62,519	0	0	62,519	77,070	77,070	(14,551)
Other Local Revenues	68,068	0	0	68,068	46,500	46,500	21,568
State of Tennessee	9,501,690	0	0	9,501,690	9,447,797	9,491,569	10,121
Federal Government	135,000	0	0	135,000	135,000	135,000	0
Total Revenues	\$ 12,246,216	\$ 0	\$ 0	\$ 12,246,216	\$ 12,142,592	\$ 12,186,364	\$ 59,852
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 5,082,416	\$ (855)	\$ 220,000	\$ 5,301,561	\$ 5,866,963	\$ 5,867,614	\$ 566,053
Alternative Instruction Program	130,907	0	0	130,907	140,402	140,402	9,495
Special Education Program	634,066	0	0	634,066	807,747	807,747	173,681
Vocational Education Program	437,273	0	0	437,273	470,317	470,317	33,044
<u>Support Services</u>							
Attendance	104,469	0	0	104,469	135,252	135,252	30,783
Health Services	189,125	(1,000)	0	188,125	200,495	200,495	12,370
Other Student Support	222,042	0	0	222,042	292,673	251,873	29,831
Regular Instruction Program	332,300	0	1,075	333,375	463,563	462,912	129,537
Special Education Program	144,731	0	0	144,731	161,884	161,884	17,153
Vocational Education Program	14,610	0	0	14,610	15,997	15,997	1,387
Other Programs	43,772	0	0	43,772	0	43,772	0
Board of Education	354,128	(4,000)	4,000	354,128	379,119	379,119	24,991
Director of Schools	109,702	0	0	109,702	126,520	126,520	16,818
Office of the Principal	594,466	0	0	594,466	679,321	679,321	84,855
Fiscal Services	211,924	(2,810)	1,934	211,048	238,212	238,212	27,164
Operation of Plant	829,672	(17,151)	0	812,521	970,662	970,662	158,141
Maintenance of Plant	178,658	(1,500)	0	177,158	242,654	242,654	65,496
Transportation	1,034,873	0	100	1,034,973	1,063,482	1,063,482	28,509

(Continued)

Exhibit I-8

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Jackson County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive Negative
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-instructional Services</u>							
Food Service	\$ 73,034	\$ 0	\$ 0	\$ 73,034	\$ 76,808	\$ 76,808	\$ 3,774
Community Services	48,293	0	0	48,293	53,852	53,852	5,559
Early Childhood Education	308,361	0	0	308,361	315,186	315,186	6,825
<u>Capital Outlay</u>							
Regular Capital Outlay	460,348	(189,118)	500	271,730	500,000	500,000	228,270
<u>Principal on Debt</u>							
Education	434,000	0	0	434,000	434,000	434,000	0
<u>Interest on Debt</u>							
Education	18,941	0	0	18,941	133,000	133,000	114,059
<u>Other Debt Service</u>							
Education	52,240	0	0	52,240	87,000	87,000	34,760
Total Expenditures	\$ 12,044,351	\$ (216,434)	\$ 227,609	\$ 12,055,526	\$ 13,855,109	\$ 13,858,081	\$ 1,802,555
Excess (Deficiency) of Revenues Over Expenditures	\$ 201,865	\$ 216,434	\$ (227,609)	\$ 190,690	\$ (1,712,517)	\$ (1,671,717)	\$ 1,862,407
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 78,844	\$ 0	\$ 0	\$ 78,844	\$ 135,000	\$ 85,000	\$ (6,156)
Transfers Out	0	0	0	0	(12,546)	(3,346)	3,346
Total Other Financing Sources	\$ 78,844	\$ 0	\$ 0	\$ 78,844	\$ 122,454	\$ 81,654	\$ (2,810)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 280,709	\$ 216,434	\$ (227,609)	\$ 269,534	\$ (1,590,063)	\$ (1,590,063)	\$ 1,859,597
Fund Balance, July 1, 2013	6,484,673	(216,434)	0	6,268,239	6,264,693	6,264,693	3,546
Fund Balance, June 30, 2014	\$ 6,765,382	\$ 0	\$ (227,609)	\$ 6,537,773	\$ 4,674,630	\$ 4,674,630	\$ 1,863,143

Exhibit I-9

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Jackson County School Department
School Federal Projects Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,252,844 \$	0 \$	1,252,844 \$	1,604,839 \$	2,108,884 \$	(856,040)
Total Revenues	\$ 1,252,844 \$	0 \$	1,252,844 \$	1,604,839 \$	2,108,884 \$	(856,040)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 614,236 \$	7,572 \$	621,808 \$	771,977 \$	989,380 \$	367,572
Special Education Program	318,612	0	318,612	330,689	440,244	121,632
Vocational Education Program	60,218	0	60,218	121,023	68,264	8,046
<u>Support Services</u>						
Other Student Support	8,352	0	8,352	11,751	10,601	2,249
Regular Instruction Program	234,424	0	234,424	269,931	416,440	182,016
Special Education Program	16,379	0	16,379	15,030	42,271	25,892
Vocational Education Program	8,016	0	8,016	9,718	15,057	7,041
Office of the Principal	0	0	0	191	0	0
Transportation	10,829	0	10,829	6,980	13,107	2,278
Total Expenditures	\$ 1,271,066 \$	7,572 \$	1,278,638 \$	1,537,290 \$	1,995,364 \$	716,726
Excess (Deficiency) of Revenues Over Expenditures	\$ (18,222) \$	(7,572) \$	(25,794) \$	67,549 \$	113,520 \$	(139,314)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (18,844) \$	0 \$	(18,844) \$	(67,549) \$	(113,520) \$	94,676
Total Other Financing Sources	\$ (18,844) \$	0 \$	(18,844) \$	(67,549) \$	(113,520) \$	94,676
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (37,066) \$	(7,572) \$	(44,638) \$	0 \$	0 \$	(44,638)
Fund Balance, July 1, 2013	189,212	0	189,212	0	0	189,212
Fund Balance, June 30, 2014	\$ 152,146 \$	(7,572) \$	144,574 \$	0 \$	0 \$	144,574

Exhibit I-10

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Jackson County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 168,193	\$ 230,000	\$ 230,000	\$ (61,807)
Other Local Revenues	1,488	3,000	3,000	(1,512)
Federal Government	787,583	900,000	900,000	(112,417)
Total Revenues	<u>\$ 957,264</u>	<u>\$ 1,133,000</u>	<u>\$ 1,133,000</u>	<u>\$ (175,736)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 900,871	\$ 1,143,389	\$ 1,143,389	\$ 242,518
Total Expenditures	<u>\$ 900,871</u>	<u>\$ 1,143,389</u>	<u>\$ 1,143,389</u>	<u>\$ 242,518</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 56,393</u>	<u>\$ (10,389)</u>	<u>\$ (10,389)</u>	<u>\$ 66,782</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (60,000)	\$ (65,000)	\$ (65,000)	\$ 5,000
Total Other Financing Sources	<u>\$ (60,000)</u>	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>	<u>\$ 5,000</u>
Net Change in Fund Balance	\$ (3,607)	\$ (75,389)	\$ (75,389)	\$ 71,782
Fund Balance, July 1, 2013	<u>385,627</u>	<u>364,345</u>	<u>364,345</u>	<u>21,282</u>
Fund Balance, June 30, 2014	<u>\$ 382,020</u>	<u>\$ 288,956</u>	<u>\$ 288,956</u>	<u>\$ 93,064</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Jackson County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Jail Construction	\$ 300,000	3.39 %	3-1-07	3-1-16	\$ 100,000	\$ 0	\$ 33,333	\$ 66,667
Garbage Truck	208,891	3.75	10-22-09	10-22-14	88,181	0	43,289	44,892
Sheriff's Department Vehicles	195,218	3.69	6-2-11	6-2-15	101,146	0	49,655	51,491
Ambulances	170,000	3.69	8-19-11	8-19-15	129,781	0	41,703	88,078
Courthouse Stone Repairs	85,000	3	10-6-11	10-6-14	57,928	0	27,927	30,001
Blackburn Fork Road Slide Repair	85,000	2.49	10-15-12	10-15-16	85,000	0	21,250	63,750
Total Payable through General Debt Service Fund					\$ 562,036	\$ 0	\$ 217,157	\$ 344,879
<u>Payable through Highway/Public Works Fund</u>								
Street and Road Improvements	150,000	4	7-13-09	7-13-14	\$ 63,544	\$ 0	\$ 31,154	\$ 32,390
Street and Road Improvements	100,000	3.38	6-17-10	6-17-14	26,240	0	26,240	0
Backhoe	49,950	3.19	11-5-10	11-5-14	24,974	0	12,487	12,487
Grader Rebuild	100,000	2.49	12-30-11	12-29-15	75,915	0	24,685	51,230
County Road Repairs	100,000	1.99	9-9-13	1-10-14	0	100,000	100,000	0
County Road Repairs	200,000	1.97	3-6-14	3-6-16	0	200,000	0	200,000
Total Payable through Highway/Public Works Fund					\$ 190,673	\$ 300,000	\$ 194,566	\$ 296,107
Total Notes Payable					\$ 752,709	\$ 300,000	\$ 411,723	\$ 640,986
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Jail Construction	3,500,000	Variable	8-9-04	5-25-29	\$ 2,596,000	\$ 0	\$ 129,000	\$ 2,467,000
Jail Construction	1,200,000	Variable	10-23-06	5-25-31	1,017,000	0	36,000	981,000
Total Payable through General Debt Service Fund					\$ 3,613,000	\$ 0	\$ 165,000	\$ 3,448,000
<u>Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund</u>								
School Construction	6,300,000	Variable	3-5-01	5-25-29	\$ 4,716,000	\$ 0	\$ 199,000	\$ 4,517,000
Refunding/School Construction	3,765,000	Variable	12-15-09	5-25-29	2,950,000	0	235,000	2,715,000
Total Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund					\$ 7,666,000	\$ 0	\$ 434,000	\$ 7,232,000
Total Other Loans Payable					\$ 11,279,000	\$ 0	\$ 599,000	\$ 10,680,000

(Continued)

Exhibit J-1

Jackson County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	
							6-30-14	Outstanding 6-30-14
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Industrial Park (F.H.A.)	\$ 110,000	5 %	8-29-1975	1-1-15	\$ 11,900	0 \$	5,900	\$ 6,000
Public Works (F.H.A.)	26,000	5	4-28-1978	1-1-18	6,500	0	1,000	5,500
Health Department (USDA)	194,600	4	2-22-11	2-22-49	189,977	0	2,451	187,526
Total Bonds Payable					\$ 208,377	\$ 0	\$ 9,351	\$ 199,026

Exhibit J-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2015	\$ 394,386	\$ 17,973	\$ 412,359
2016	225,350	6,158	231,508
2017	21,250	529	21,779
Total	\$ 640,986	\$ 24,660	\$ 665,646

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2015	\$ 620,000	\$ 29,182	\$ 73,496	\$ 722,678
2016	652,000	27,490	69,466	748,956
2017	674,000	25,712	65,227	764,939
2018	696,000	23,874	60,847	780,721
2019	729,000	21,977	56,324	807,301
2020	589,000	19,989	51,586	660,575
2021	617,000	18,377	47,757	683,134
2022	644,000	16,691	43,747	704,438
2023	671,000	14,931	39,562	725,493
2024	702,000	13,095	35,200	750,295
2025	731,000	11,177	30,637	772,814
2026	761,000	9,179	25,886	796,065
2027	788,000	7,101	20,940	816,041
2028	817,000	4,946	15,817	837,763
2029	827,000	2,715	10,507	840,222
2030	79,000	454	2,072	81,526
2031	83,000	232	1,559	84,791
Total	\$ 10,680,000	\$ 247,122	\$ 650,630	\$ 11,577,752

(Continued)

Exhibit J-2

Jackson County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		Total
	Principal	Interest	
2015	\$ 9,549	\$ 8,096	\$ 17,645
2016	4,151	7,624	11,775
2017	4,257	7,443	11,700
2018	4,367	7,258	11,625
2019	2,982	7,068	10,050
2020	3,101	6,949	10,050
2021	3,225	6,825	10,050
2022	3,354	6,696	10,050
2023	3,488	6,562	10,050
2024	3,628	6,422	10,050
2025	3,773	6,277	10,050
2026	3,924	6,126	10,050
2027	4,081	5,969	10,050
2028	4,244	5,806	10,050
2029	4,414	5,636	10,050
2030	4,590	5,460	10,050
2031	4,774	5,276	10,050
2032	4,965	5,085	10,050
2033	5,164	4,886	10,050
2034	5,370	4,680	10,050
2035	5,585	4,465	10,050
2036	5,808	4,242	10,050
2037	6,041	4,009	10,050
2038	6,282	3,768	10,050
2039	6,534	3,516	10,050
2040	6,795	3,255	10,050
2041	7,067	2,983	10,050
2042	7,349	2,701	10,050
2043	7,643	2,407	10,050
2044	7,949	2,101	10,050
2045	8,267	1,783	10,050
2046	8,598	1,452	10,050
2047	8,942	1,108	10,050
2048	9,299	751	10,050
2049	9,466	584	10,050
Total	\$ 199,026	\$ 165,269	\$ 364,295

Exhibit J-3

Jackson County, Tennessee
Schedule of Transfers
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects Central Cafeteria	General Purpose School "	Indirect costs Supervisor's salary	\$ 18,844 <u>60,000</u>
Total Transfers Discretely Presented Jackson County School Department			<u>\$ 78,844</u>

Exhibit J-4

Jackson County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Jackson County School Department
For the Year Ended June 30, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 64,832	\$ 25,000	Western Surety Company
Road Superintendent	Section 8-24-102, TCA, and Jackson County Commission	66,528 (1)	100,000	"
Director of Schools	State Board of Education and Jackson County Board of Education	77,823 (2)	(5)	
Trustee	Section 8-24-102, TCA	56,132	525,400	"
Assessor of Property	Section 8-24-102, TCA	56,132	50,000	"
County Clerk:				
Mary Joe Matthews (7-1-13 through 11-4-13)	Section 8-24-102, TCA	19,337	25,000	"
Vacant (11-5-13 through 11-24-13)				
Amanda Ward Stafford (11-25-13 through 6-30-14)	Section 8-24-102, TCA	33,367	25,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	56,132	25,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	56,132 (3)	25,000	"
Register of Deeds	Section 8-24-102, TCA	56,132	15,000	"
Sheriff	Section 8-24-102, TCA	61,745 (4)	25,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes an additional appropriation of \$4,783.
- (2) Includes a chief executive officer's supplement of \$1,000.
- (3) Does not include special commissioner fees of \$3,577.
- (4) Does not include a law enforcement training supplement of \$600.
- (5) The director of schools is covered by the \$150,000 employee blanket bond.

Exhibit J-5

Jackson County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2014

	Special Revenue Funds							Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works			General Debt	Service	
				Highway	Public	Works			
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 2,210,367	\$ 454,613	\$ 0	\$ 172,439	\$ 0	\$ 0	\$ 27,942		
Trustee's Collections - Prior Year	122,593	25,214	0	9,564	0	0	1,735		
Circuit/Clerk and Master Collections - Prior Years	30,228	7,889	0	3,356	0	0	611		
Interest and Penalty	38,836	7,988	0	3,030	0	0	551		
Pickup Taxes	410	84	0	32	0	0	4		
Payments in-Lieu-of Taxes - Other	23,543	4,842	0	1,837	0	0	334		
<u>County Local Option Taxes</u>									
Local Option Sales Tax	145,916	0	0	0	0	0	0		
Wheel Tax	268,971	0	0	0	0	0	0		
Litigation Tax - General	18,113	0	0	0	0	0	0		
Litigation Tax - Jail, Workhouse, or Courthouse	6,434	0	0	0	0	0	0		
Business Tax	30,931	0	0	0	0	0	0		
Mineral Severance Tax	0	0	0	28,051	0	0	0		
<u>Statutory Local Taxes</u>									
Bank Excise Tax	13,634	2,804	0	1,064	0	0	193		
Wholesale Beer Tax	64,007	0	0	0	0	0	0		
Beer Privilege Tax	190	0	0	0	0	0	0		
Interstate Telecommunications Tax	1,170	0	0	0	0	0	0		
Total Local Taxes	\$ 2,975,343	\$ 503,434	\$ 0	\$ 219,373	\$ 0	\$ 0	\$ 31,370		
<u>Licenses and Permits</u>									
Permits									
Beer Permits	\$ 475	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
Total Licenses and Permits	\$ 475	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt	Service	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 1,406	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	2,628	0	0	0	0	0	0
DUI Treatment Fines	95	0	0	0	0	0	0
Data Entry Fee - Circuit Court	4,226	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	11,167	0	0	0	0	0	0
Officers Costs	17,070	0	0	0	0	0	0
Game and Fish Fines	243	0	0	0	0	0	0
Drug Control Fines	0	0	15,109	0	0	0	0
DUI Treatment Fines	2,660	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	33	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	954	0	0	0	0	0	0
Data Entry Fee - Chancery Court	799	0	0	0	0	0	0
<u>Other Courts - In-county</u>							
Officers Costs	201	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	2,270	0	8,712	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 43,752	\$ 0	\$ 23,821	\$ 0	\$ 0	\$ 0	0
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 586,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Copy Fees	\$ 2,059	\$ 0	\$ 0	\$ 0	\$ 0	0
Library Fees	3,137	0	0	0	0	0
Archives and Records Management Fee - County Clerk	531	0	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0	0
Telephone Commissions	33,210	0	0	0	0	0
Data Processing Fee - Register	4,219	0	0	0	0	0
<u>Education Charges</u>						
Tuition - Other	26,566	0	0	0	0	0
Total Charges for Current Services	\$ 655,772	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 45,288	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	10,042	0	0	0	0	0
Sale of Materials and Supplies	2,832	0	0	2,646	0	0
Commissary Sales	17,291	0	0	0	0	0
Sale of Gasoline	3,204	0	0	108,348	0	0
Cobra Insurance Payments	1,373	0	0	0	0	0
Miscellaneous Refunds	62,348	528	0	7,112	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	5	0	0	1,710	0	0
Contributions and Gifts	1,870	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	1,490	11,943	0	0	0	0
Total Other Local Revenues	\$ 145,743	\$ 12,471	\$ 0	\$ 119,816	\$ 0	0

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 102,730	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	18,398	0	0	0	0	0
General Sessions Court Clerk	53,424	0	0	0	0	0
Clerk and Master	32,681	0	0	0	0	0
Register	41,943	0	0	0	0	0
Sheriff	4,587	0	0	0	0	0
Trustee	159,532	0	0	0	0	0
Total Fees Received from County Officials	\$ 413,295	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	0
Aging Programs	9,752	0	0	0	0	0
Solid Waste Grants	0	3,489	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	7,200	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	13,180	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	181,734	0	0
State Aid Program	0	0	0	189,442	0	0
Litter Program	26,917	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	9,432	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	\$ 29,624	\$ 0	\$ 0	\$ 0	\$ 0	0
State Revenue Sharing - T.V.A.	368,556	0	0	0	0	0
Contracted Prisoner Boarding	498,817	0	0	0	0	350,000
Gasoline and Motor Fuel Tax	0	0	0	1,420,541	0	0
Petroleum Special Tax	0	0	0	8,398	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	83,736	0	0	88,913	0	0
Other State Revenues	15,798	0	0	0	0	0
Total State of Tennessee	\$ 1,100,482	\$ 3,489	\$ 0	\$ 1,889,028	\$ 350,000	
<u>Federal Government</u>						
<u>Federal Through State</u>						
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 284,674	\$ 0	0
Other Federal through State	56,597	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	16,773	0	0	0	0	0
Other Direct Federal Revenue	168,321	0	0	0	0	0
Total Federal Government	\$ 241,691	\$ 0	\$ 0	\$ 284,674	\$ 0	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 145,880	\$ 0	\$ 0	\$ 0	\$ 0	0
Contributions	24,994	0	0	0	0	505,181
Total Other Governments and Citizens Groups	\$ 170,874	\$ 0	\$ 0	\$ 0	\$ 0	505,181
Total	\$ 5,747,427	\$ 519,394	\$ 23,821	\$ 2,512,891	\$ 886,551	

(Continued)

Exhibit J-5

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

	Capital Projects Fund	Community Development/ Industrial Park	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 0	2,865,361
Trustee's Collections - Prior Year	0	0	159,106
Circuit/Clerk and Master Collections - Prior Years	0	0	42,084
Interest and Penalty	0	0	50,405
Pickup Taxes	0	0	530
Payments in-Lieu-of Taxes - Other	0	0	30,556
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	0	145,916
Wheel Tax	0	0	268,971
Litigation Tax - General	0	0	18,113
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	6,434
Business Tax	0	0	30,931
Mineral Severance Tax	0	0	28,051
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	17,695
Wholesale Beer Tax	0	0	64,007
Beer Privilege Tax	0	0	190
Interstate Telecommunications Tax	0	0	1,170
<u>Total Local Taxes</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>3,729,520</u>
<u>Licenses and Permits</u>			
<u>Permits</u>			
Beer Permits	\$ 0	\$ 0	475
<u>Total Licenses and Permits</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>475</u>

(Continued)

Exhibit J-5

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

	Capital Projects Fund	Community Development/ Industrial Park	Total
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	0 \$		1,406
Officers Costs	0		2,628
DUI Treatment Fines	0		95
Data Entry Fee - Circuit Court	0		4,226
<u>General Sessions Court</u>			
Fines	0		11,167
Officers Costs	0		17,070
Game and Fish Fines	0		243
Drug Control Fines	0		15,109
DUI Treatment Fines	0		2,660
<u>Juvenile Court</u>			
Fines	0		33
<u>Chancery Court</u>			
Officers Costs	0		954
Data Entry Fee - Chancery Court	0		799
<u>Other Courts - In-county</u>			
Officers Costs	0		201
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0		10,982
Total Fines, Forfeitures, and Penalties	<u>0 \$</u>		<u>67,573</u>
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Patient Charges	\$	0 \$	586,000

(Continued)

Exhibit J-5

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

	Capital Projects Fund	Community Development/ Industrial Park	Total
<u>Charges for Current Services (Cont.)</u>			
<u>Fees</u>			
Copy Fees	\$ 0	\$ 2,059	
Library Fees	0	3,137	
Archives and Records Management Fee - County Clerk	0	531	
Greenbelt Late Application Fee	0	50	
Telephone Commissions	0	33,210	
Data Processing Fee - Register	0	4,219	
<u>Education Charges</u>			
Tuition - Other	0	26,566	
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 655,772</u>	
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 45,288	
Lease/Rentals	13,775	23,817	
Sale of Materials and Supplies	0	5,478	
Commissary Sales	0	17,291	
Sale of Gasoline	0	111,552	
Cobra Insurance Payments	0	1,373	
Miscellaneous Refunds	0	69,988	
<u>Nonrecurring Items</u>			
Sale of Equipment	0	1,715	
Contributions and Gifts	0	1,870	
<u>Other Local Revenues</u>			
Other Local Revenues	0	13,433	
Total Other Local Revenues	<u>\$ 13,775</u>	<u>\$ 291,805</u>	

(Continued)

Exhibit J-5

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

	Capital Projects Fund	Community Development/ Industrial Park	Total
<u>Fees Received from County Officials</u>			
<u>Fees in-Lieu-of Salary</u>			
County Clerk	0	\$	102,730
Circuit Court Clerk	0		18,398
General Sessions Court Clerk	0		53,424
Clerk and Master	0		32,681
Register	0		41,943
Sheriff	0		4,587
Trustee	0		159,532
Total Fees Received from County Officials	\$	0	\$ 413,295
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	0	\$	4,500
Aging Programs	0		9,752
Solid Waste Grants	0		3,489
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0		7,200
<u>Health and Welfare Grants</u>			
Health Department Programs	0		13,180
<u>Public Works Grants</u>			
Bridge Program	0		181,734
State Aid Program	0		189,442
Litter Program	0		26,917
<u>Other State Revenues</u>			
Income Tax	0		9,432
Beer Tax	0		17,806

(Continued)

Exhibit J-5

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

	Capital Projects Fund	Community Development/ Industrial Park	Total
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
Alcoholic Beverage Tax	0	0	29,624
State Revenue Sharing - T.V.A.	0	0	368,556
Contracted Prisoner Boarding	0	0	848,817
Gasoline and Motor Fuel Tax	0	0	1,420,541
Petroleum Special Tax	0	0	8,398
Registrar's Salary Supplement	0	0	15,164
Other State Grants	0	0	172,649
Other State Revenues	0	0	15,798
Total State of Tennessee	<u>0</u>	<u>0</u>	<u>3,342,999</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Disaster Relief	0	0	284,674
Other Federal through State	0	0	56,597
<u>Direct Federal Revenue</u>			
Police Service (Lake Area)	0	0	16,773
Other Direct Federal Revenue	0	0	168,321
Total Federal Government	<u>0</u>	<u>0</u>	<u>526,365</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Prisoner Board	0	0	145,880
Contributions	0	0	530,175
Total Other Governments and Citizens Groups	<u>0</u>	<u>0</u>	<u>676,055</u>
Total	<u>13,775</u>	<u>0</u>	<u>9,703,859</u>

Jackson County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2014

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,595,410	\$ 0	\$ 0	\$ 0	1,595,410
Trustee's Collections - Prior Year	92,263	0	0	0	92,263
Circuit/Clerk and Master Collections - Prior Years	28,575	0	0	0	28,575
Interest and Penalty	28,095	0	0	0	28,095
Pickup Taxes	296	0	0	0	296
Payments in-Lieu-of Taxes - Other	16,969	0	0	0	16,969
<u>County Local Option Taxes</u>					
Local Option Sales Tax	544,182	0	0	0	544,182
Wheel Tax	161,382	0	0	0	161,382
Other County Local Option Taxes	120	0	0	0	120
<u>Statutory Local Taxes</u>					
Bank Excise Tax	9,863	0	0	0	9,863
Interstate Telecommunications Tax	1,186	0	0	0	1,186
Total Local Taxes	\$ 2,478,341	\$ 0	\$ 0	\$ 0	2,478,341
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	598	0	0	0	598
Total Licenses and Permits	\$ 598	\$ 0	\$ 0	\$ 0	598
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 110,296	\$ 0	110,296
Lunch Payments - Adults	0	0	22,533	0	22,533

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
A la carte Sales	0 \$	0 \$	35,364 \$		35,364
Contract for Instructional Services with Other LEAs	30,574	0	0		30,574
Receipts from Individual Schools	31,945	0	0		31,945
Total Charges for Current Services	62,519 \$	0 \$	168,193 \$		230,712
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0 \$	0 \$	1,488 \$		1,488
E-Rate Funding	33,410	0	0		33,410
Miscellaneous Refunds	31,593	0	0		31,593
<u>Nonrecurring Items</u>					
Sale of Equipment	2,827	0	0		2,827
Damages Recovered from Individuals	160	0	0		160
Contributions and Gifts	78	0	0		78
Total Other Local Revenues	68,068 \$	0 \$	1,488 \$		69,556
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	43,772 \$	0 \$	0 \$		43,772
<u>State Education Funds</u>					
Basic Education Program	8,753,000	0	0		8,753,000
Early Childhood Education	315,186	0	0		315,186
School Food Service	9,439	0	0		9,439
Energy Efficient School Initiative	7,600	0	0		7,600

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Other State Education Funds	\$ 267,054	\$ 0	\$ 0	\$ 0	267,054
Career Ladder Program	67,647	0	0	0	67,647
Career Ladder - Extended Contract	7,570	0	0	0	7,570
<u>Other State Revenues</u>					
Other State Grants	30,422	0	0	0	30,422
Total State of Tennessee	\$ 9,501,690	\$ 0	\$ 0	\$ 0	9,501,690
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 467,590	\$ 0	467,590
USDA - Commodities	0	0	65,075	0	65,075
Breakfast	0	0	246,248	0	246,248
USDA - Other	0	0	8,670	0	8,670
Vocational Education - Basic Grants to States	0	65,334	0	0	65,334
Title I Grants to Local Education Agencies	0	404,353	0	0	404,353
Special Education - Grants to States	0	335,965	0	0	335,965
Special Education Preschool Grants	0	13,572	0	0	13,572
Rural Education	0	24,757	0	0	24,757
Eisenhower Professional Development State Grants	0	66,533	0	0	66,533
Job Training Partnership Act	0	11,000	0	0	11,000
Race-to-the-Top - ARRA	0	80,480	0	0	80,480
Other Federal through State	135,000	0	0	0	135,000
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	0	250,850	0	0	250,850
Total Federal Government	\$ 135,000	\$ 1,252,844	\$ 787,583	\$ 0	2,175,427
Total	\$ 12,246,216	\$ 1,252,844	\$ 957,264	\$ 0	14,456,324

Exhibit J-7

Jackson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	19,175	
Social Security		1,482	
Audit Services		10,000	
Dues and Memberships		2,530	
Travel		161	
Other Contracted Services		1,984	
Total County Commission			\$ 35,332

Beer Board

Legal Notices, Recording, and Court Costs	\$	164	
Total Beer Board			164

County Mayor/Executive

County Official/Administrative Officer	\$	64,832	
Accountants/Bookkeepers		35,434	
Clerical Personnel		22,740	
Social Security		9,410	
Communication		3,077	
Dues and Memberships		1,200	
Maintenance and Repair Services - Office Equipment		884	
Travel		601	
Office Supplies		3,030	
Data Processing Equipment		6,918	
Total County Mayor/Executive			148,126

County Attorney

County Official/Administrative Officer	\$	5,112	
Social Security		391	
Total County Attorney			5,503

Election Commission

County Official/Administrative Officer	\$	52,517	
Election Commission		8,841	
Social Security		4,847	
Communication		2,371	
Legal Notices, Recording, and Court Costs		197	
Printing, Stationery, and Forms		1,974	
Travel		866	
Other Contracted Services		3,221	
Office Supplies		1,297	
Data Processing Equipment		5,015	
Voting Machines		41,135	
Total Election Commission			122,281

Register of Deeds

County Official/Administrative Officer	\$	56,132	
Clerical Personnel		22,742	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Social Security	\$	6,034	
Communication		1,829	
Data Processing Services		3,460	
Dues and Memberships		517	
Maintenance and Repair Services - Office Equipment		337	
Travel		549	
Office Supplies		1,656	
Data Processing Equipment		100	
Office Equipment		300	
Total Register of Deeds			\$ 93,656

County Buildings

Custodial Personnel	\$	8,214	
Other Salaries and Wages		29,903	
Social Security		2,419	
Communication		706	
Maintenance and Repair Services - Buildings		29,276	
Pest Control		2,350	
Custodial Supplies		5,405	
Electricity		45,312	
Natural Gas		8,177	
Water and Sewer		7,191	
Other Supplies and Materials		908	
Building Improvements		14,729	
Total County Buildings			154,590

Preservation of Records

Communication	\$	432	
Custodial Supplies		103	
Office Supplies		1,747	
Total Preservation of Records			2,282

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	56,132	
Clerical Personnel		22,742	
Social Security		6,034	
Audit Services		6,110	
Communication		1,325	
Data Processing Services		300	
Dues and Memberships		30	
Travel		1,912	
Office Supplies		971	
Total Property Assessor's Office			95,556

Reappraisal Program

Communication	\$	91	
Total Reappraisal Program			91

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

County Official/Administrative Officer	\$	56,132	
Deputy(ies)		22,742	
Social Security		6,034	
Communication		1,191	
Dues and Memberships		347	
Travel		665	
Office Supplies		1,352	
Total County Trustee's Office	\$		88,463

County Clerk's Office

County Official/Administrative Officer	\$	52,704	
Deputy(ies)		43,626	
Social Security		7,369	
Communication		1,760	
Dues and Memberships		337	
Maintenance and Repair Services - Office Equipment		350	
Printing, Stationery, and Forms		2,541	
Office Supplies		2,333	
Data Processing Equipment		12,800	
Total County Clerk's Office			123,820

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	56,132	
Deputy(ies)		74,519	
Jury and Witness Expense		5,683	
Social Security		9,995	
Communication		2,601	
Printing, Stationery, and Forms		64	
Office Supplies		3,648	
Data Processing Equipment		12,243	
Total Circuit Court			164,885

General Sessions Court

Judge(s)	\$	93,216	
Secretary(ies)		22,742	
Social Security		8,871	
Communication		668	
Travel		899	
Office Supplies		1,250	
Total General Sessions Court			127,646

Chancery Court

County Official/Administrative Officer	\$	56,132	
Deputy(ies)		22,742	
Jury and Witness Expense		337	
Social Security		6,034	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Communication	\$	1,349	
Data Processing Services		3,387	
Dues and Memberships		337	
Printing, Stationery, and Forms		202	
Travel		828	
Office Supplies		1,605	
Total Chancery Court	\$		92,953

Juvenile Court

Youth Service Officer(s)	\$	23,774	
Social Security		1,819	
Communication		1,671	
Other Contracted Services		3,300	
Office Supplies		85	
Total Juvenile Court			30,649

Judicial Commissioners

County Official/Administrative Officer	\$	33,716	
In-service Training		150	
Social Security		2,579	
Office Supplies		295	
Total Judicial Commissioners			36,740

Other Administration of Justice

County Official/Administrative Officer	\$	2,200	
Clerical Personnel		1,100	
Social Security		252	
Total Other Administration of Justice			3,552

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	61,745	
Deputy(ies)		398,724	
Salary Supplements		7,200	
Secretary(ies)		26,550	
School Resource Officer		74,274	
In-service Training		4,955	
Social Security		43,490	
Communication		18,308	
Contracts with Government Agencies		5,395	
Dues and Memberships		2,000	
Maintenance and Repair Services - Equipment		29,788	
Maintenance and Repair Services - Vehicles		29,733	
Printing, Stationery, and Forms		1,869	
Towing Services		4,995	
Travel		840	
Equipment Parts - Light		480	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Gasoline	\$	88,193	
Law Enforcement Supplies		16,721	
Office Supplies		8,663	
Tires and Tubes		9,629	
Uniforms		3,813	
Data Processing Equipment		14,709	
Motor Vehicles		55,067	
Other Equipment		894	
Total Sheriff's Department	\$		908,035

Administration of the Sexual Offender Registry

Constitutional Officers' Operating Expenses	\$	2,725	
Total Administration of the Sexual Offender Registry			2,725

Jail

Supervisor/Director	\$	30,193	
Guards		614,292	
Cafeteria Personnel		63,867	
In-service Training		4,218	
Social Security		54,239	
Communication		16,095	
Maintenance Agreements		7,359	
Maintenance and Repair Services - Buildings		17,267	
Maintenance and Repair Services - Equipment		16,574	
Medical and Dental Services		149,706	
Pest Control		850	
Custodial Supplies		18,253	
Electricity		46,737	
Food Preparation Supplies		8,278	
Food Supplies		127,093	
Natural Gas		14,823	
Prisoners Clothing		6,587	
Uniforms		5,869	
Water and Sewer		25,564	
Other Supplies and Materials		7,450	
Total Jail			1,235,314

Fire Prevention and Control

Contracts with Government Agencies	\$	1,500	
Contributions		13,500	
Total Fire Prevention and Control			15,000

Other Emergency Management

Contributions	\$	66,000	
Total Other Emergency Management			66,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	5,432	
Other Salaries and Wages		4,358	
In-service Training		200	
Social Security		320	
Communication		4,183	
Maintenance and Repair Services - Buildings		6,491	
Maintenance and Repair Services - Equipment		60	
Travel		1,616	
Custodial Supplies		638	
Drugs and Medical Supplies		1,601	
Electricity		9,396	
Natural Gas		27	
Office Supplies		2,748	
Water and Sewer		983	
Other Supplies and Materials		6,983	
Other Charges		1,433	
Total Local Health Center			\$ 46,469

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,002	
Medical Personnel		399,210	
Clerical Personnel		16,662	
In-service Training		5,862	
Social Security		35,107	
Communication		5,722	
Laundry Service		3,462	
Licenses		2,000	
Maintenance and Repair Services - Equipment		8,865	
Maintenance and Repair Services - Vehicles		9,465	
Custodial Supplies		1,743	
Diesel Fuel		25,318	
Drugs and Medical Supplies		31,259	
Electricity		9,633	
Natural Gas		2,461	
Office Supplies		5,770	
Uniforms		3,065	
Water and Sewer		769	
Data Processing Equipment		20,602	
Other Equipment		177,174	
Total Ambulance/Emergency Medical Services			813,151

Regional Mental Health Center

Communication	\$	1,162	
Contributions		3,486	
Total Regional Mental Health Center			4,648

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

Contributions	\$ 16,200	
Total Appropriation to State		\$ 16,200

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$ 11,285	
Social Security	863	
Communication	1,075	
Other Contracted Services	45	
Office Supplies	133	
Utilities	8,398	
Total Adult Activities		21,799

Senior Citizens Assistance

Supervisor/Director	\$ 11,285	
Other Salaries and Wages	4,007	
Social Security	1,170	
Communication	1,266	
Maintenance and Repair Services - Buildings	208	
Office Supplies	78	
Utilities	6,842	
Total Senior Citizens Assistance		24,856

Libraries

Assistant(s)	\$ 13,644	
Supervisor/Director	22,740	
Data Processing Personnel	1,128	
Custodial Personnel	1,200	
Social Security	2,823	
Communication	1,999	
Dues and Memberships	350	
Maintenance Agreements	594	
Travel	600	
Library Books/Media	11,628	
Office Supplies	798	
Other Supplies and Materials	489	
Data Processing Equipment	6,116	
Total Libraries		64,109

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$ 22,338	
Secretary(ies)	4,841	
Social Security	1,073	
Extension Service Medicare	99	
State Retirement	2,910	
Communication	2,093	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Contracts with Private Agencies	\$	10,120	
Travel		800	
Data Processing Equipment		1,255	
Total Agricultural Extension Service			\$ 45,529

Soil Conservation

Salary Supplements	\$	45,146	
Social Security		3,454	
Matching Share		1,375	
Total Soil Conservation			49,975

Other Operations

Industrial Development

Advertising	\$	3,094	
Travel		200	
Other Supplies and Materials		103	
Other Charges		631	
Data Processing Equipment		540	
Total Industrial Development			4,568

Other Economic and Community Development

Travel	\$	4,340	
Other Contracted Services		7,465	
Office Supplies		5,500	
Other Supplies and Materials		4,160	
Total Other Economic and Community Development			21,465

Airport

Communication	\$	707	
Maintenance and Repair Services - Buildings		87,217	
Electricity		2,017	
Total Airport			89,941

Veterans' Services

Supervisor/Director	\$	7,000	
Total Veterans' Services			7,000

Other Charges

Liability Insurance	\$	209,332	
Premiums on Corporate Surety Bonds		5,527	
Trustee's Commission		66,689	
Workers' Compensation Insurance		113,352	
Total Other Charges			394,900

Contributions to Other Agencies

Contributions	\$	44,770	
Total Contributions to Other Agencies			44,770

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

State Retirement	\$	115,699	
Unemployment Compensation		20,118	
Total Employee Benefits			\$ 135,817

Miscellaneous

Legal Services	\$	1,995	
Legal Notices, Recording, and Court Costs		1,243	
Postal Charges		17,622	
Other Contracted Services		13,000	
Other Charges		49,652	
Total Miscellaneous			83,512

Highways

Litter and Trash Collection

Guards	\$	15,337	
Clerical Personnel		3,600	
Social Security		1,173	
Maintenance and Repair Services - Vehicles		2,298	
Gasoline		3,999	
Instructional Supplies and Materials		5,000	
Other Supplies and Materials		1,275	
Total Litter and Trash Collection			32,682

Total General Fund \$ 5,454,754

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$	33,374	
Social Security		2,553	
Maintenance and Repair Services - Equipment		3,669	
Maintenance and Repair Services - Vehicles		19,195	
Contracts for Landfill Facilities		143,389	
Diesel Fuel		38,452	
Gasoline		5,905	
Tires and Tubes		19,840	
Other Supplies and Materials		5,500	
Motor Vehicles		3,400	
Solid Waste Equipment		13,384	
Total Waste Pickup			\$ 288,661

Convenience Centers

Guards	\$	164,173	
Social Security		12,554	
State Retirement		3,517	
Communication		3,200	
Electricity		10,392	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Water and Sewer	\$	2,299	
Building Improvements		9,664	
Solid Waste Equipment		1,913	
Total Convenience Centers			\$ 207,712

Other Operations

Other Charges

Trustee's Commission	\$	9,963	
Total Other Charges			9,963

Total Solid Waste/Sanitation Fund \$ 506,336

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	3,000	
Animal Food and Supplies		267	
Trustee's Commission		244	
Total Drug Enforcement			\$ 3,511

Public Health and Welfare

Alcohol and Drug Programs

Instructional Supplies and Materials	\$	1,038	
Total Alcohol and Drug Programs			1,038

Total Drug Control Fund 4,549

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	66,528	
Accountants/Bookkeepers		45,768	
State Retirement		7,996	
Dues and Memberships		2,242	
Maintenance and Repair Services - Office Equipment		6,195	
Postal Charges		386	
Printing, Stationery, and Forms		827	
Office Supplies		1,485	
Other Charges		3,879	
Office Equipment		1,751	
Total Administration			\$ 137,057

Highway and Bridge Maintenance

Foremen	\$	48,288	
Equipment Operators		142,005	
Truck Drivers		49,737	
Laborers		198,446	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

State Retirement	\$	21,761	
Other Contracted Services		12,104	
Asphalt - Cold Mix		23,526	
Asphalt - Hot Mix		261,129	
Asphalt - Liquid		162,813	
Concrete		834	
Crushed Stone		237,822	
General Construction Materials		667	
Other Road Materials		6,410	
Pipe		20,339	
Road Signs		4,793	
Small Tools		50	
Structural Steel		1,710	
Wood Products		2,570	
Other Supplies and Materials		2,198	
Total Highway and Bridge Maintenance			\$ 1,197,202

Operation and Maintenance of Equipment

Mechanic(s)	\$	70,716	
Nightwatchmen		37,848	
State Retirement		3,447	
Diesel Fuel		144,493	
Equipment and Machinery Parts		43,702	
Garage Supplies		207	
Gasoline		85,219	
Lubricants		4,058	
Small Tools		289	
Tires and Tubes		28,767	
Uniforms		8,132	
Other Supplies and Materials		2,191	
Total Operation and Maintenance of Equipment			429,069

Other Charges

Communication	\$	3,856	
Electricity		3,080	
Natural Gas		5,114	
Water and Sewer		236	
Building and Contents Insurance		2,054	
Liability Insurance		6,214	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		18,153	
Vehicle and Equipment Insurance		15,077	
Total Other Charges			54,134

Employee Benefits

Social Security	\$	50,439	
Unemployment Compensation		7,639	
Workers' Compensation Insurance		59,198	
Total Employee Benefits			117,276

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Highway Equipment	\$ 18,200	
Total Capital Outlay		\$ 18,200

Principal on Debt

Highways and Streets

Principal on Notes	\$ 194,566	
Total Highways and Streets		194,566

Interest on Debt

Highways and Streets

Interest on Notes	\$ 6,764	
Total Highways and Streets		<u>6,764</u>

Total Highway/Public Works Fund \$ 2,154,268

General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 687	
Total Other Charges		\$ 687

Principal on Debt

General Government

Principal on Bonds	\$ 9,351	
Principal on Notes	217,157	
Principal on Other Loans	<u>165,000</u>	
Total General Government		391,508

Education

Principal on Other Loans	\$ 434,000	
Total Education		434,000

Interest on Debt

General Government

Interest on Bonds	\$ 8,346	
Interest on Notes	17,961	
Interest on Other Loans	<u>9,938</u>	
Total General Government		36,245

Education

Interest on Other Loans	\$ 18,941	
Total Education		18,941

Other Debt Service

General Government

Other Debt Service	\$ 24,965	
Total General Government		24,965

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service (Cont.)</u>			
<u>Education</u>			
Other Debt Service	\$	52,240	
Total Education			\$ 52,240
Total General Debt Service Fund			\$ 958,586
 <u>Community Development/Industrial Park Fund</u>			
<u>General Government</u>			
<u>County Buildings</u>			
Utilities	\$	3,693	
Total County Buildings			\$ 3,693
 <u>Other Operations</u>			
<u>Industrial Development</u>			
Maintenance and Repair Services - Buildings	\$	8,350	
Total Industrial Development			8,350
 <u>Other Charges</u>			
Trustee's Commission	\$	138	
Total Other Charges			138
Total Community Development/Industrial Park Fund			12,181
Total Governmental Funds - Primary Government			<u>\$ 9,090,674</u>

Exhibit J-8

Jackson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	3,406,780	
Career Ladder Program		34,000	
Career Ladder Extended Contracts		6,925	
Homebound Teachers		3,322	
Educational Assistants		91,071	
Other Salaries and Wages		94,577	
Certified Substitute Teachers		15,085	
Non-certified Substitute Teachers		61,094	
Social Security		211,883	
State Retirement		316,564	
Medical Insurance		289,103	
Unemployment Compensation		5,576	
Employer Medicare		50,047	
Other Fringe Benefits		7,800	
Other Contracted Services		11,521	
Instructional Supplies and Materials		51,808	
Textbooks		4,233	
Other Supplies and Materials		13,186	
Regular Instruction Equipment		407,841	
Total Regular Instruction Program			\$ 5,082,416

Alternative Instruction Program

Teachers	\$	88,507	
Career Ladder Program		2,000	
Educational Assistants		12,691	
Social Security		5,816	
State Retirement		8,941	
Medical Insurance		11,100	
Unemployment Compensation		162	
Employer Medicare		1,360	
Other Fringe Benefits		200	
Instructional Supplies and Materials		130	
Total Alternative Instruction Program			130,907

Special Education Program

Teachers	\$	440,938
Career Ladder Program		2,000
Homebound Teachers		1,328
Educational Assistants		40,032
Speech Pathologist		10,000
Certified Substitute Teachers		798
Non-certified Substitute Teachers		7,027
Social Security		28,446
State Retirement		43,109
Medical Insurance		48,648
Unemployment Compensation		780

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	6,648	
Other Fringe Benefits		1,000	
Contracts with Private Agencies		3,312	
Total Special Education Program			\$ 634,066

Vocational Education Program

Teachers	\$	247,086	
Career Ladder Program		1,990	
Certified Substitute Teachers		199	
Non-certified Substitute Teachers		9,345	
Social Security		15,139	
State Retirement		22,118	
Medical Insurance		19,064	
Unemployment Compensation		357	
Employer Medicare		3,540	
Other Fringe Benefits		600	
Contracts with Other School Systems		102,317	
Maintenance and Repair Services - Equipment		400	
Instructional Supplies and Materials		5,660	
Other Supplies and Materials		3,545	
In Service/Staff Development		3,000	
Vocational Instruction Equipment		2,913	
Total Vocational Education Program			437,273

Support Services

Attendance

Supervisor/Director	\$	50,358	
Career Ladder Program		1,000	
Clerical Personnel		28,992	
Social Security		4,770	
State Retirement		6,595	
Medical Insurance		4,162	
Unemployment Compensation		158	
Employer Medicare		1,121	
Other Fringe Benefits		100	
Travel		1,899	
Other Contracted Services		4,281	
Other Supplies and Materials		31	
Attendance Equipment		1,002	
Total Attendance			104,469

Health Services

Medical Personnel	\$	87,326	
Other Salaries and Wages		40,992	
Social Security		6,815	
State Retirement		8,376	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Medical Insurance	\$	17,613	
Unemployment Compensation		253	
Employer Medicare		1,594	
Other Fringe Benefits		200	
Communication		600	
Dues and Memberships		177	
Postal Charges		800	
Printing, Stationery, and Forms		2,500	
Travel		981	
Drugs and Medical Supplies		947	
Other Supplies and Materials		17,351	
Other Charges		2,600	
Total Health Services			\$ 189,125

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		166,021	
Social Security		10,169	
State Retirement		15,010	
Medical Insurance		8,362	
Unemployment Compensation		192	
Employer Medicare		2,378	
Other Fringe Benefits		300	
Contracts with Government Agencies		10,000	
Evaluation and Testing		6,610	
Total Other Student Support			222,042

Regular Instruction Program

Supervisor/Director	\$	45,450	
Career Ladder Program		4,000	
Librarians		146,541	
Instructional Computer Personnel		29,500	
Clerical Personnel		2,400	
Other Salaries and Wages		31,060	
Certified Substitute Teachers		598	
Non-certified Substitute Teachers		2,882	
Social Security		15,025	
State Retirement		21,348	
Medical Insurance		16,795	
Unemployment Compensation		411	
Employer Medicare		3,624	
Other Fringe Benefits		400	
Communication		250	
Postal Charges		500	
Printing, Stationery, and Forms		500	
Travel		4,686	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Library Books/Media	\$	4,871	
Other Supplies and Materials		415	
In Service/Staff Development		958	
Other Equipment		86	
Total Regular Instruction Program			\$ 332,300

Special Education Program

Supervisor/Director	\$	62,850	
Career Ladder Program		3,000	
Psychological Personnel		46,122	
Social Security		6,255	
State Retirement		9,943	
Medical Insurance		13,020	
Unemployment Compensation		108	
Employer Medicare		1,463	
Other Fringe Benefits		200	
Travel		1,370	
In Service/Staff Development		400	
Total Special Education Program			144,731

Vocational Education Program

Supervisor/Director	\$	11,753	
Social Security		729	
State Retirement		1,044	
Employer Medicare		171	
Travel		701	
Other Supplies and Materials		212	
Total Vocational Education Program			14,610

Other Programs

On-behalf Payments to OPEB	\$	43,772	
Total Other Programs			43,772

Board of Education

Other Salaries and Wages	\$	7,500	
Social Security		465	
Life Insurance		8,665	
Medical Insurance		8,566	
Employer Medicare		109	
Audit Services		4,000	
Dues and Memberships		7,149	
Travel		1,020	
Other Contracted Services		2,060	
Other Supplies and Materials		4,533	
Liability Insurance		112,120	
Premiums on Corporate Surety Bonds		175	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Trustee's Commission	\$	60,903	
Workers' Compensation Insurance		136,863	
Total Board of Education			\$ 354,128

Director of Schools

County Official/Administrative Officer	\$	76,823	
Career Ladder Extended Contracts		1,000	
Social Security		4,690	
State Retirement		6,911	
Medical Insurance		4,162	
Unemployment Compensation		54	
Employer Medicare		1,097	
Other Fringe Benefits		100	
Communication		7,545	
Postal Charges		184	
Travel		4,936	
Other Contracted Services		1,725	
Office Supplies		420	
In Service/Staff Development		55	
Total Director of Schools			109,702

Office of the Principal

Principals	\$	211,262	
Career Ladder Program		5,000	
Assistant Principals		98,646	
Secretary(ies)		77,608	
Clerical Personnel		61,885	
Social Security		26,628	
State Retirement		37,315	
Medical Insurance		18,275	
Unemployment Compensation		765	
Employer Medicare		6,328	
Other Fringe Benefits		600	
Communication		41,797	
Dues and Memberships		2,900	
Travel		1,807	
Other Contracted Services		968	
Office Supplies		2,282	
In Service/Staff Development		400	
Total Office of the Principal			594,466

Fiscal Services

Supervisor/Director	\$	35,663	
Accountants/Bookkeepers		60,058	
Secretary(ies)		26,454	
Clerical Personnel		26,631	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Other Salaries and Wages	\$	10,963	
Social Security		9,672	
State Retirement		11,376	
Medical Insurance		4,162	
Unemployment Compensation		297	
Employer Medicare		2,262	
Travel		2,959	
Other Contracted Services		11,045	
Data Processing Supplies		1,616	
Office Supplies		106	
Administration Equipment		8,660	
Total Fiscal Services			\$ 211,924

Operation of Plant

Custodial Personnel	\$	239,280	
Social Security		14,628	
State Retirement		14,958	
Unemployment Compensation		872	
Employer Medicare		3,421	
Rentals		21,837	
Other Contracted Services		1,200	
Custodial Supplies		57,129	
Electricity		400,177	
Natural Gas		48,468	
Water and Sewer		26,418	
Plant Operation Equipment		1,284	
Total Operation of Plant			829,672

Maintenance of Plant

Supervisor/Director	\$	26,630	
Other Salaries and Wages		49,187	
Social Security		4,645	
State Retirement		5,398	
Unemployment Compensation		162	
Employer Medicare		1,086	
Maintenance and Repair Services - Buildings		8,014	
Maintenance and Repair Services - Equipment		2,126	
Travel		1,120	
Other Contracted Services		41,923	
Other Supplies and Materials		38,367	
Total Maintenance of Plant			178,658

Transportation

Mechanic(s)	\$	45,414	
Bus Drivers		240,273	
Other Salaries and Wages		489	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Social Security	\$	17,537	
State Retirement		10,729	
Unemployment Compensation		977	
Employer Medicare		4,101	
Contracts with Vehicle Owners		164,855	
Maintenance and Repair Services - Vehicles		9,402	
Travel		132	
Other Contracted Services		17,442	
Gasoline		138,475	
Lubricants		1,859	
Tires and Tubes		15,102	
Vehicle Parts		23,787	
Other Supplies and Materials		6,079	
Vehicle and Equipment Insurance		24,282	
Transportation Equipment		313,938	
Total Transportation			\$ 1,034,873

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	56,082	
Career Ladder Program		1,000	
Social Security		3,119	
State Retirement		5,069	
Medical Insurance		6,881	
Unemployment Compensation		54	
Employer Medicare		729	
Other Fringe Benefits		100	
Total Food Service			73,034

Community Services

Supervisor/Director	\$	36,566	
Social Security		1,990	
State Retirement		3,247	
Medical Insurance		5,524	
Employer Medicare		465	
Other Fringe Benefits		100	
Communication		85	
Travel		316	
Total Community Services			48,293

Early Childhood Education

Supervisor/Director	\$	43,500	
Teachers		114,090	
Educational Assistants		55,837	
Certified Substitute Teachers		199	
Non-certified Substitute Teachers		937	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education (Cont.)

Social Security	\$	12,698	
State Retirement		17,921	
Medical Insurance		10,235	
Unemployment Compensation		387	
Employer Medicare		2,974	
Other Fringe Benefits		200	
Communication		1,598	
Postal Charges		600	
Travel		10,244	
Other Supplies and Materials		36,941	
Total Early Childhood Education			\$ 308,361

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	5,985	
Building Improvements		244,571	
Other Equipment		209,792	
Total Regular Capital Outlay			460,348

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	434,000	
Total Education			434,000

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	18,941	
Total Education			18,941

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	52,240	
Total Education			52,240

Total General Purpose School Fund \$ 12,044,351

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	330,053	
Educational Assistants		89,244	
Other Salaries and Wages		12,000	
Certified Substitute Teachers		3,912	
Non-certified Substitute Teachers		11,379	
Social Security		25,139	
State Retirement		35,627	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	40,226	
Unemployment Compensation		864	
Employer Medicare		5,963	
Other Fringe Benefits		600	
Other Contracted Services		3,000	
Instructional Supplies and Materials		11,168	
Other Charges		628	
Regular Instruction Equipment		44,433	
Total Regular Instruction Program			\$ 614,236

Special Education Program

Teachers	\$	40,590	
Educational Assistants		146,542	
Speech Pathologist		48,000	
Other Salaries and Wages		6,135	
Social Security		14,180	
State Retirement		18,062	
Medical Insurance		7,569	
Unemployment Compensation		725	
Employer Medicare		3,328	
Other Fringe Benefits		200	
Contracts with Private Agencies		30,417	
Instructional Supplies and Materials		100	
Other Supplies and Materials		1,024	
Special Education Equipment		1,740	
Total Special Education Program			318,612

Vocational Education Program

Teachers	\$	9,459	
Other Salaries and Wages		5,234	
Social Security		834	
State Retirement		1,240	
Medical Insurance		291	
Unemployment Compensation		58	
Employer Medicare		195	
Other Contracted Services		1,330	
Instructional Supplies and Materials		4,896	
Other Supplies and Materials		5,000	
Other Charges		1,973	
Vocational Instruction Equipment		29,708	
Total Vocational Education Program			60,218

Support Services

Other Student Support

Bus Drivers	\$	250	
Other Salaries and Wages		750	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Social Security	\$	62	
State Retirement		67	
Unemployment Compensation		5	
Employer Medicare		15	
Travel		6,952	
Other Charges		251	
Total Other Student Support	\$		8,352

Regular Instruction Program

Supervisor/Director	\$	98,598	
Social Security		5,960	
State Retirement		8,756	
Medical Insurance		4,670	
Unemployment Compensation		54	
Employer Medicare		1,394	
Other Fringe Benefits		100	
Travel		35,547	
Other Contracted Services		42,191	
Library Books/Media		22,693	
Other Supplies and Materials		1,671	
In Service/Staff Development		9,120	
Other Charges		3,670	
Total Regular Instruction Program			234,424

Special Education Program

Postal Charges	\$	138	
Travel		3,055	
Other Contracted Services		11,180	
Other Supplies and Materials		949	
In Service/Staff Development		1,057	
Total Special Education Program			16,379

Vocational Education Program

Postal Charges	\$	485	
Printing, Stationery, and Forms		2,200	
Travel		3,302	
In Service/Staff Development		2,029	
Total Vocational Education Program			8,016

Transportation

Other Salaries and Wages	\$	9,414	
Social Security		584	
State Retirement		670	
Unemployment Compensation		25	
Employer Medicare		136	
Total Transportation			10,829

Total School Federal Projects Fund \$ 1,271,066

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Cafeteria Personnel	\$	303,233	
Social Security		18,548	
State Retirement		20,662	
Unemployment Compensation		1,194	
Employer Medicare		4,338	
Communication		1,544	
Maintenance Agreements		6,870	
Maintenance and Repair Services - Equipment		10,156	
Travel		3,644	
Other Contracted Services		6,146	
Food Supplies		386,842	
USDA - Commodities		65,075	
Other Supplies and Materials		40,151	
In Service/Staff Development		1,519	
Food Service Equipment		30,949	
Total Food Service			\$ 900,871

Total Central Cafeteria Fund \$ 900,871

Total Governmental Funds - Jackson County School Department \$ 14,216,288

Exhibit J-9

Jackson County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 277,170
Total Cash Receipts	<u>\$ 277,170</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 274,398
Trustee's Commission	2,772
Total Cash Disbursements	<u>\$ 277,170</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2013	<u>0</u>
 Cash Balance, June 30, 2014	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

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

Independent Auditor's Report

Jackson County Mayor and
Board of County Commissioners
Jackson County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Jackson County's basic financial statements, and have issued our report thereon dated November 18, 2014. Our report includes a reference to other auditors who audited the financial statements of the discretely presented Jackson County Emergency Communications District as described in our report on Jackson County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jackson County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jackson County's internal control. Accordingly, we do not express an opinion on the effectiveness of Jackson County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material*

weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2014-002, 2014-003, 2014-004, and 2014-007.

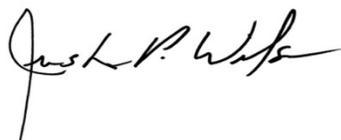
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001, 2014-005, 2014-006, and 2014-008.

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 18, 2014

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

Jackson County Mayor and
Board of County Commissioners
Jackson County, Tennessee

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Jackson County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Jackson County's major federal programs for the year ended June 30, 2014. Jackson County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jackson County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Jackson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jackson County's compliance.

Opinion on Each Major Federal Program

In our opinion, Jackson County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Jackson County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jackson County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Jackson County's internal control over compliance.

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

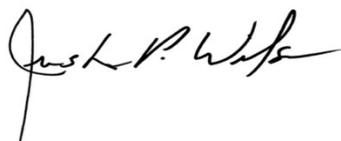
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Jackson County's basic financial statements. We issued our report thereon dated November 18, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 18, 2014

JPW/sb

Jackson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2014

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 246,248
National School Lunch Program	10.555	N/A	476,260 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	65,075 (3)
Total U.S. Department of Agriculture			\$ 787,583
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Donations/Loans of Obsolete DOD Property	12.700	N/A	\$ 13,673
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 46,896
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	\$ 10,999
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(2)	\$ 2,097
Alcohol Open Container Requirements	20.607	(2)	9,540
Total U.S. Department of Transportation			\$ 11,637
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(2)	\$ 1,500
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 424,878
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	338,372
Special Education - Preschool Grants	84.173	N/A	15,484
Career and Technical Education - Basic Grants to States	84.048	N/A	27,004 (4)
Twenty-first Century Community Learning Centers	84.287	(2)	135,000
Rural Education	84.358	N/A	24,808
Improving Teacher Quality State Grants	84.367	N/A	66,552
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	73,108
Passed-through Putnam County, Tennessee Board of Education:			
Career and Technical Education - Basic Grants to States	84.048	N/A	38,330 (4)
Passed-through National Institute for Excellence in Teaching:			
Teacher Incentive Fund	84.374	N/A	150,798
Total U.S. Department of Education			\$ 1,294,334

(Continued)

Jackson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(5)	\$ 32,127
U.S. Department of Health and Human Services:			
Direct Program:			
Substance Abuse and Mental Health Service - Projects of Regional and National Significance	93.243	N/A	\$ 100,000
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	(2)	\$ 168,321
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	284,674
Hazard Mitigation Grant	97.039	(2)	11,333
Total U.S. Department of Homeland Security			\$ 464,328
Total Expenditures of Federal Awards			\$ 2,763,077

State Grants

		Contract Number	
Coordinated School Health - State Department of Education	N/A	(2)	\$ 100,000
Family Resource Center - State Department of Education	N/A	(2)	29,612
Safe Schools - State Department of Education	N/A	(2)	10,600
ConnecTenn - State Department of Education	N/A	(2)	4,532
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	315,186
Student Ticket Subsidy Grant - Tennessee Arts Commission	N/A	(2)	810
Aging Program - Upper Cumberland Development District	N/A	(2)	9,752
Law Enforcement Training - State Department of Safety	N/A	(2)	7,200
Local Health Services Grant - State Department of Health	N/A	(2)	13,180
Litter Program - State Department of Transportation	N/A	(2)	26,917
State Supplement Juvenile Court Improvement Funds - State Department of Children's Services	N/A	(2)	4,500
Help America Vote Act - Tennessee Secretary of State	N/A	(6)	1,691
Disaster Relief Grant Program - State Department of Military	N/A	(2)	88,913
Hazard Mitigation Grant Program - State Department of Military	N/A	(2)	1,739
State Transportation Equity Fund Grant - State Department of Transportation	N/A	(2)	80,306
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	3,489
Total State Grants			\$ 698,427

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

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

(2) Information not available.

(3) Total for CFDA No. 10.555 is \$541,335.

(4) Total for CFDA No. 84.048 is \$65,334.

(5) 30510-00113-44: \$1,463; 30510-00213-38: \$30,664.

(6) 30510-00113-44: \$77; 30510-00213-38: \$1,614.

Jackson County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Jackson County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-003(A,B)	143	The office had deficiencies in budget operations
2013-004	145	The office had deficiencies in purchasing procedures
2013-006	146	General ledger payroll liability accounts were not reconciled

OFFICES OF TRUSTEE, COUNTY CLERK, AND CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-010	149	Multiple employees operated from the same cash drawer

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-011	149	Execution docket trial balances did not reconcile with general ledger accounts

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-014	151	Some collections were not deposited within three days

OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-016	152	Duties were not segregated adequately

JACKSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Jackson County is unmodified.
2. The audit of the financial statements of Jackson County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Jackson County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Jackson County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 2014-001 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
(Noncompliance Under *Government Auditing Standards*)

Our audit revealed the following deficiencies in budget operations:

- A. Solid Waste/Sanitation Fund expenditures exceeded total appropriations approved by the County Commission by \$19,458.
- B. Expenditures exceeded appropriations approved by the County Commission in four of 44 major appropriation categories (the legal level of control) of the General Fund and in two of seven major appropriation categories of the General Debt Service Fund. These amounts are reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Reappraisal Program	\$ 91
Adult Activities	162
Senior Citizen's Assistance	78
Other Charges	24,629
General Debt Service:	
Principal on Debt - General Government	108,900
Other Debt Service - General Government	19,965

Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." These deficiencies exist because management failed to hold spending within limits authorized by the County Commission, and management failed to correct the finding noted in the prior-year audit report. These deficiencies resulted in unauthorized expenditures.

RECOMMENDATION

County officials should ensure that expenditures are held within appropriations approved by the County Commission.

FINDING 2014-002

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 34 purchases. Our sample revealed the following deficiencies:

- A. In five instances, purchase orders were issued after the purchases were made. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.
- B. In ten purchases, purchase orders did not include adequate descriptions and prices of the items to be purchased. This detailed information is necessary to identify the items to be purchased and to quantify purchasing commitments.
- C. In seven instances, invoices were paid without documentation that goods had been received and/or services rendered. This practice weakens controls over the purchasing process and increases the risk of paying for something that was never received.
- D. In four purchases, the office paid invoices without canceling or marking the invoices as paid. This weakness could result in the office paying invoices more than once.

These deficiencies exist because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made and should include a dollar limit and a description of the purchase. Also, the office should maintain documentation that goods have been received or services have been rendered before invoices are paid, and all invoices should be canceled when paid.

FINDING 2014-003

**GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS
WERE NOT RECONCILED**

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

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments monthly. The failure to regularly reconcile payroll liability accounts allows errors to remain undiscovered and uncorrected. These errors were not corrected in the financial statements of this report; however, we do not consider the uncorrected amounts to be material to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly.

**OFFICES OF TRUSTEE, COUNTY CLERK, AND CIRCUIT AND GENERAL
SESSIONS COURTS CLERK**

FINDING 2014-004

**MULTIPLE EMPLOYEES OPERATED FROM THE SAME
CASH DRAWER**

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

Multiple employees operated from the same cash drawer in the Offices of Trustee, County Clerk, and Circuit and General Sessions Courts Clerk. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the officials resulting in a loss of control over assets and the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

OFFICES OF COUNTY CLERK AND CLERK AND MASTER

FINDING 2014-005

SOME COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited to the bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected 21 days in the County Clerk's Office to reconcile receipts with deposits. The county clerk did not deposit receipts to the bank account within three days of collection in 12 of 21 days tested. We judgmentally selected 41 receipts in the Clerk and Master's Office to trace to deposits. The clerk and master did not deposit receipts to the bank account within three days of collection in 14 of the 41 receipts tested. This deficiency exists because of a lack of management oversight by the county clerk and because the clerk and master failed to correct the finding noted in the prior-year audit report. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

All funds should be deposited within three days of collection as required by state statute.

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND CLERK AND MASTER

FINDING 2014-006

EXECUTION DOCKET TRIAL BALANCES DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS

(Noncompliance Under *Government Auditing Standards*)

At June 30, 2014, the circuit and general sessions courts clerk and the clerk and master prepared trial balances of execution docket cause balances for Circuit, General Sessions, and Chancery courts as required by Section 18-2-104, *Tennessee Code Annotated (TCA)*. However, these trial balances did not reconcile with the general ledger accounts by \$2,485, \$116, and \$6,290, respectively. Therefore, we were unable to determine if the clerks had complied with provisions of the Unclaimed Property Act, Section 66-29-101, *TCA*. This statute provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists because the clerks failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Execution docket trial balances should be reconciled with general ledger accounts. Any funds held by the courts for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND SHERIFF

FINDING 2014-007

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the officials and employees in the Offices of County Mayor, Road Superintendent, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

JACKSON COUNTY COMMISSION

FINDING 2014-008

THE COUNTY COMMISSION'S AUDIT COMMITTEE IS NOT A FUNCTIONING COMMITTEE

(Noncompliance Under *Government Auditing Standards*)

Jackson County participates in the ThreeStar Program through the Tennessee Department of Economic and Community Development to assist the county's community development efforts in competing for jobs and attracting industry. One of the requirements of the ThreeStar Program is that the county must create and maintain an Audit Committee. The Jackson County Commission created an Audit Committee on June 24, 2013, as provided by Section 9-3-405, *Tennessee Code Annotated*; however, there are no minutes to document that this Audit Committee has ever met or conducted any business. Without a functioning Audit Committee, the County Commission does not have independent and objective reviews

of the financial reporting process, internal controls, the audit function, and monitoring management's plans to address various risks.

RECOMMENDATION

The County Commission's Audit Committee should be a functioning committee, maintain minutes of its meetings, and annually present a written committee report detailing how it discharged its duties and any committee recommendations to the full County Commission.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

BEST PRACTICE

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

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

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

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

**JACKSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014**

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.