

# **ANNUAL FINANCIAL REPORT**

## **JEFFERSON COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2016**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**JEFFERSON COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

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

***MARK TREECE, CPA, CGFM***  
***Audit Manager***

***KRISTINE GALITZA, CPA***  
***VERNA DAVIS***  
***PHILIP TOBY, CGFM***  
***ISABELLA DANIELS***  
***GREG BRUSH, CISA***  
***State Auditors***

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

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## ***Summary of Audit Findings***

Annual Financial Report  
Jefferson County, Tennessee  
For the Year Ended June 30, 2016

### ***Scope***

We have audited the basic financial statements of Jefferson County as of and for the year ended June 30, 2016.

### ***Results***

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

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

### ***Findings***

The following are summaries of the audit findings:

#### **OFFICES OF FINANCE DIRECTOR AND DIRECTOR OF SCHOOLS**

- ◆ Jefferson County did not contract for audit procedures at the individual schools for the USDA Child Nutrition Cluster prior to the end of the fiscal year.

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

- ◆ Accrued vacation leave balances exceeded the maximum balance provided by the Highway Department's personnel policy.

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#### **JEFFERSON COUNTY**

- ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net position.
- ◆ Jefferson County has a material recurring audit finding.

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## INTRODUCTORY SECTION

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## Jefferson County Officials

### June 30, 2016

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#### **Officials**

Alan Palmieri, County Mayor  
Charles Tipton, Road Superintendent  
Dr. Charles Edmonds, Director of Schools  
Ginger Franklin, Trustee  
Susan Gass, Assessor of Property  
Frank Herndon, County Clerk  
Penny Murphy, Circuit and General Sessions Courts Clerk  
Nancy Humbard, Clerk and Master  
Ed Stiner, Register of Deeds  
Bud McCoig, Sheriff  
Langdon Potts, Finance Director

#### **Board of County Commissioners**

Jimmy Carmichael, Chairman	John McGraw
Randy Bales	Rita Musick
Randy Baxley	John Neal Scarlett
Robert Beeler	David Seal
Robert Blevins	Tim Seals
Terry Dockery	Barbara Jean Sheets
Steve Douglas	Sammy Solomon
Ralph Eslinger	Donnie Tabor
David Gaut	Robert Tucker
Katy Fox Huffaker	Russell Turner
Todd Kesterson	

#### **Board of Education**

Bill Jarnigan, Chairman	Anne Marie Potts
Randall Bradley	Jonathan Rogers
Judy Cavanah	Jim Vines
Ralph Lowery	

#### **Highway Commission**

John Turner, Chairman	Conard Langston
Condon Batson	Joe Simpson
David Cate	Joel Smith
Wayne Elmore	



## Jefferson County Officials (Cont.)

### **Financial Management Committee**

John McGraw, Chairman  
Katy Fox Huffaker  
David Seal  
Robert Tucker

Alan Palmieri, County Mayor  
Dr. Charles Edmonds, Director of Schools  
Charles Tipton, Road Superintendent

### **Audit Committee**

Garry Jett, Chairman  
Jimmy Carmichael  
Joe Mack High

John McGraw  
John Neal Scarlett

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## FINANCIAL SECTION

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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

Jefferson County Mayor and  
Board of County Commissioners  
Jefferson 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of and for the year ended June 30, 2016, 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 Jefferson County Nursing Home. 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 Jefferson County Nursing Home, is based solely on the report of the other auditors. We were unable to determine Jefferson County Nursing Home's respective percentage of the assets, net position, and revenues of the aggregate discretely presented component units because the Jefferson

County Emergency Communications District, a component unit requiring discrete presentation, was not included in the county's financial statements. 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Other Special Revenue, 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.C., Jefferson County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15-30 and the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit plans, on pages 136-143 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 and other auditors 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 Jefferson 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 Jefferson 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 Jefferson 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. 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 Jefferson County School Department (a

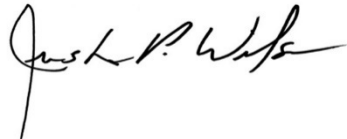
discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 February 8, 2017, on our consideration of Jefferson 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 Jefferson County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson", with a stylized, cursive script.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 8, 2017

JPW/sb



# JEFFERSON COUNTY

P.O. Box 710 Dandridge, Tennessee 37725 Telephone: (865) 397-3800

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## **JEFFERSON COUNTY, TENNESSEE MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2016**

As management for Jefferson County, Tennessee, we offer readers of the financial statements of Jefferson County, Tennessee, this narrative overview and analysis of the financial activities of Jefferson County Government for the fiscal year ended June 30, 2016. In addition, this discussion and analysis includes an overview of the Discretely Presented Component Unit Jefferson County School Department. A separate set of financial statements is not issued for the Jefferson County School Department. The intent of this discussion and analysis is to look at Jefferson County's and the discretely presented Jefferson County School Department's financial performance as a whole. We encourage readers to consider the information presented here in conjunction with the basic financial statements and notes to the financial statements to enhance their understanding of Jefferson County's financial performance, as well as, the discretely presented Jefferson County School Department's financial performance.

The Jefferson County Nursing Home is also a discretely presented component unit of the county. Although the nursing home's financial statements are included in this report, readers should also review the separately issued financial statements and management's discussion and analysis for this discretely presented component unit.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of Jefferson County Primary Government exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by approximately \$51.2 million (net position). It should be noted that the financial statements of Jefferson County included debt totaling approximately \$64.7 million attributed to the Jefferson County Board of Education. The discretely presented Jefferson County School Department's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by approximately \$66.9 million at June 30, 2016.
- The primary government's total net position increased by approximately \$7.6 million. The discretely presented Jefferson County School Department's net position increased by approximately \$2.6 million. The increase in the primary government's total net position was primarily due to the retirement of debt. The increase of the discretely presented Jefferson County School Department's total net position was attributed to an investment in capital projects and the change in deferred inflows and outflows related to pensions.

- As of the close of the fiscal year, Jefferson County's Governmental funds reported approximately \$23.5 million in total combined fund balances; this is an approximate increase of \$3.3 million from the previous period. Of this amount, approximately \$6.6 million represents funds that are available for spending (assigned and unassigned). The discretely presented Jefferson County School Department's governmental funds reported approximately \$8.7 million in total combined fund balances; this is virtually unchanged from the previous period.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$6.4 million or 32.6 percent of the General Fund's annual budgetary expenditures (excluding other uses). The unassigned fund balance of the discretely presented Jefferson County School Department's General Purpose School Fund was approximately \$3.7 million or 7.3 percent of the fund's annual budgetary expenditures (excluding other uses).
- The total debt (bonds and other loans) of Jefferson County, Tennessee, decreased by approximately \$4.3 million or 5 percent during the current fiscal year due to the retirement of outstanding obligations.

## **OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Jefferson County's and the discretely presented Jefferson County School Department's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements were created to give readers a broad overview, in a manner similar to a private-sector business, of the county's and school's finances. The government-wide financial statements consist of two statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of Jefferson County's and its discretely presented component units' assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the county and its discretely presented component units is improving or deteriorating.

The Statement of Activities presents information showing how Jefferson County's and its discretely presented component units' net position changed during the current fiscal year. All changes in net position are reported on the accrual basis of accounting as soon as the underlying events giving rise to changes occur. Therefore, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods.



These government-wide financial statements of Jefferson County Primary Government and the discretely presented Jefferson County School Department distinguish between major functions that are principally supported by taxes and intra-governmental revenues from functions that are intended to recover all, or a significant portion of, their costs from user fees and/or charges – business type activities. The governmental activities of Jefferson County include: general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; highways; education; and interest on long-term debt. The business-type activity of Jefferson County consists of the operation of the landfill. The discretely presented Jefferson County School Department has no business-type activities.

The government-wide financial statements include not only Jefferson County Government itself (known as the primary government), but also a legally separate school system for which the Jefferson County Government is financially accountable.

The government-wide financial statements can be found in Exhibits A and B.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Jefferson County and the discretely presented Jefferson County School Department use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Jefferson County and the discretely presented Jefferson County School Department can be divided into three broad categories: governmental, proprietary and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' balance sheets and the governmental funds' statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Jefferson County maintains eleven governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, General Debt Service, Other Special Revenue and Highway funds; all of which are considered major funds. Financial data from the remaining governmental funds are combined into a single, aggregated amount with detail provided in the combining and individual fund financial statements and schedules.

The discretely presented Jefferson County School Department maintains seven individual governmental funds. The General Purpose School Fund is considered a major fund.

Jefferson County adopts an annual budget for its General Fund, all special revenue funds (except the Constitutional Officers – Fees Fund), the General Debt Service Fund, and the General Capital Projects Fund. The discretely presented Jefferson County School Department, with the approval of the county, adopts an annual budget for its General Purpose School Fund and all special revenue funds. Budgetary comparisons have been provided for these funds to demonstrate budgetary compliance.

Governmental fund financial statements can be found in the table of contents.

**Proprietary Funds.** Jefferson County maintains two types of proprietary funds, an internal service fund, and an enterprise fund. Enterprise funds are used to report functions presented as business-type activities in the government-wide financial statements. The county has an enterprise fund to account for the county's landfill operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among Jefferson County's various functions. Jefferson County uses an internal service fund to account for the county's self-insured employee dental and vision insurance program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found in Exhibits D-1 through D-3.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Jefferson County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds (economic resources measurement) except agency funds, which have no measurement focus. The basic fiduciary fund financial statements can be found in Exhibit E-1.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located in the table of contents.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning Jefferson County's and the discretely presented Jefferson County School Department's obligation to provide pension and OPEB benefits to its employees. A table of contents has been provided to locate this information.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. Jefferson County's assets and deferred outflows exceeded its resources liabilities and deferred inflows of resources at June 30, 2016, by \$51,193,124. The Constitution for the State of Tennessee allows only the local legislative body to issue debt. Therefore, whenever the Jefferson County Board of Education requires the issuance of debt to fund major capital projects or equipment purchases, the related debt must be issued by the Jefferson County Government. At the end of the current fiscal year, Jefferson County had outstanding debt related to the Jefferson County Board of Education of \$64,662,800. The related assets for this debt are reported on the Statement of Net Position under component units in the column "Jefferson County School Department." The discretely presented Jefferson County School Department's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2016, by \$66,863,954.

# **Jefferson County's and the Discretely Presented Jefferson County School Department's Net Position**

		Jefferson County Primary Government Governmental Activities	
		2015	2016
Current and Other Assets	\$	47,746,385	\$ 51,727,328
Capital Assets		101,587,390	100,365,939
Total Assets	\$	149,333,775	\$ 152,093,267
Total Deferred Outflows of Resources	\$	1,860,288	\$ 1,890,518
Long-term Liabilities Outstanding	\$	81,912,742	\$ 77,549,713
Other Liabilities		5,526,948	5,831,643
Total Liabilities	\$	87,439,690	\$ 83,381,356
Total Deferred Inflows of Resources	\$	17,896,863	\$ 17,584,367
Net Position:			
Net Investment in Capital Assets	\$	91,799,767	\$ 91,334,639
Restricted		4,973,157	5,133,708
Unrestricted		(50,915,414)	(43,450,285)
Total Net Position	\$	45,857,510	\$ 53,018,062

		Jefferson County School Department Governmental Activities	
		2015	2016
Current and Other Assets	\$	23,730,212	\$ 22,498,207
Capital Assets		70,985,731	71,426,933
Total Assets	\$	94,715,943	\$ 93,925,140
Other Deferred Outflows	\$	3,570,379	\$ 3,642,628
Long-term Liabilities Outstanding	\$	10,288,316	\$ 11,850,546
Other Liabilities		3,421,837	2,625,092
Total Liabilities	\$	13,710,153	\$ 14,475,638
Total Deferred Inflows of Resources	\$	20,330,884	\$ 16,228,176
Net Position:			
Net Investment in Capital Assets	\$	70,985,731	\$ 71,426,933
Restricted		4,557,934	2,863,775
Unrestricted		(11,298,380)	(7,426,754)
Total Net Position	\$	64,245,285	\$ 66,863,954

**Jefferson County's and the Discretely Presented Jefferson County School Department's Net Position (Cont.)**

	Jefferson County Primary Government Business Type Activities	
	2015	2016
Current and Other Assets	\$ 658,927	\$ 930,981
Capital Assets	1,791,177	1,938,398
Total Assets	\$ 2,450,104	\$ 2,869,379
Total Deferred Outflows of Resources	\$ 66,178	\$ 72,359
Long-term Liabilities Outstanding	\$ 4,576,833	\$ 4,590,981
Other Liabilities	151,648	141,824
Total Liabilities	\$ 4,728,481	\$ 4,732,805
Total Deferred Inflows of Resources	\$ 79,110	\$ 33,871
Net Position:		
Net Investment in Capital Assets	\$ 1,703,050	\$ 1,938,398
Restricted	32,297	32,559
Unrestricted	(4,026,656)	(3,795,895)
Total Net Position	\$ (2,291,309)	\$ (1,824,938)

By far, the largest portion of Jefferson County's Governmental Activities and the discretely presented Jefferson County School Department's net position is \$91,334,639 and \$71,426,933, respectively, reflecting their investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. Jefferson County Governmental Activities and the discretely presented Jefferson County School Department use these capital assets to provide services to its citizenry; therefore, these assets are not available to meet any obligations. Although Jefferson County's Governmental Activities investment in capital assets is reported net of related debt, resources needed to repay this debt must come from outside resources because the capital assets themselves cannot be liquidated to pay these liabilities.

An additional portion of Jefferson County's Governmental Activities and the discretely presented Jefferson County School Department's net position is \$5,133,708 and \$2,863,755 respectively, which are subject to external restrictions on how they may be used.

Jefferson County's Governmental Activities unrestricted net position is a negative \$43,450,285. This negative balance represents all unrestricted non-capital related assets net of Jefferson County's Government Activities debt of \$16,050,000.

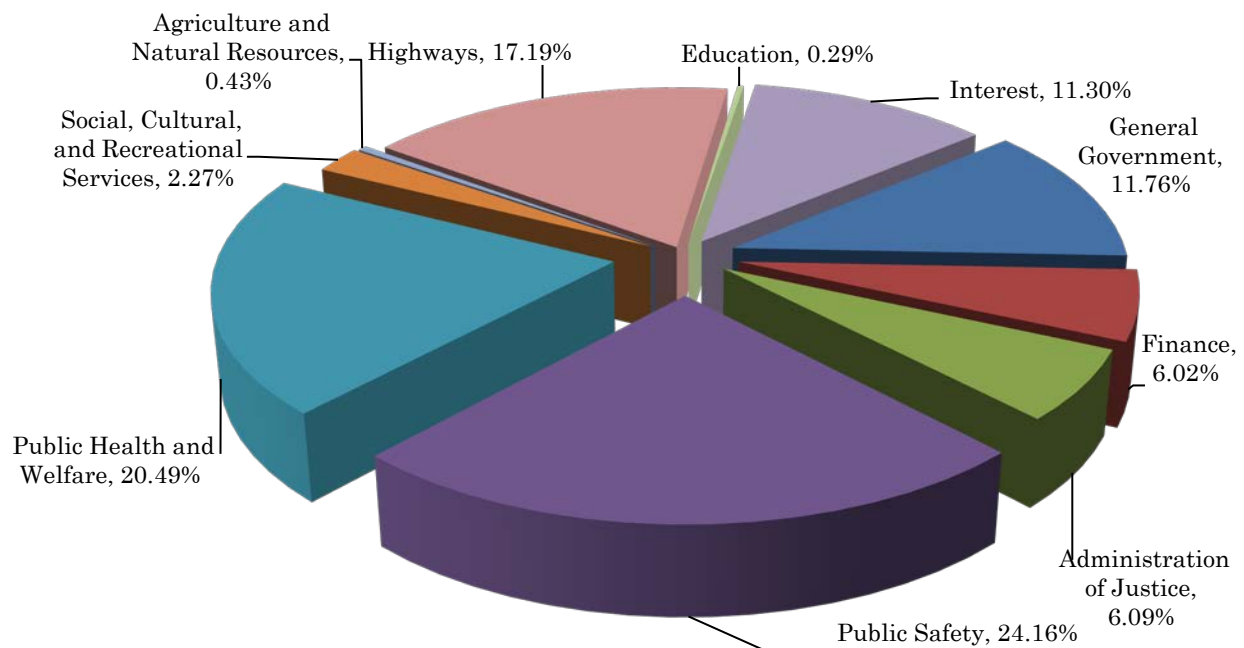
## Jefferson County's and the Discretely Presented Jefferson County School Department's Net Position

	Jefferson County Primary Government Governmental Activities	
	2015	2016
Revenues:		
Program Revenues:		
Charges for Services	\$ 9,628,273	\$ 10,583,273
Operating Grants and Contributions	2,385,075	2,345,426
Capital Grants and Contributions	1,355,090	935,746
General Revenues:		
Property Taxes	17,049,137	17,306,580
Sales Taxes	1,221,857	2,283,269
Other Taxes	2,458,200	3,740,550
Grants and Contributions Not Restricted to Specific Programs	995,294	1,001,480
Unrestricted Investment Income	207,474	211,666
Miscellaneous	227,476	82,935
Gain on Disposal of Capital Assets	9,226	48,576
Total Revenues	\$ 35,537,102	\$ 38,539,501
Expenses:		
General Government	\$ 2,851,264	\$ 3,685,222
Finance	2,848,669	1,885,363
Administration of Justice	1,938,359	1,909,744
Public Safety	7,023,356	7,570,667
Public Health and Welfare	6,499,078	6,420,535
Social, Cultural, and Recreational Services	705,886	710,132
Agriculture and Natural Resources	135,556	136,157
Highways	5,495,146	5,386,295
Education	8,315,808	90,000
Support Services	450	0
Interest on Long-term Debt	3,271,454	3,540,731
Total Expenses	\$ 39,085,026	\$ 31,334,846
Transfers	(54,501)	(44,103)
Increase (Decrease) in Net Position	\$ (3,602,425)	\$ 7,160,552
Net Position, July 1	50,004,731	45,857,510
Restatement - Pension Liability	(544,796)	0
Net Position, June 30	\$ 45,857,510	\$ 53,018,062

## Jefferson County's and the Discretely Presented Jefferson County School Department's Changes in Net Position (Cont.)

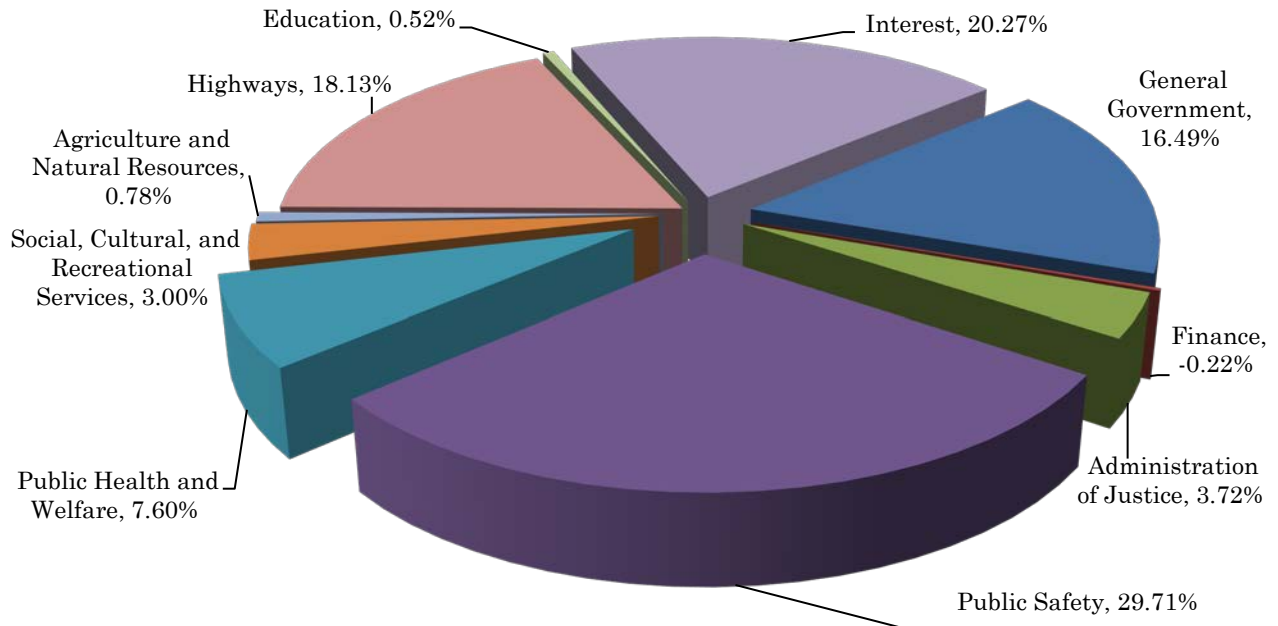
### Governmental Activities Program Expenses

Public Safety expenses of \$7,570,667, Public Health of \$6,420,535, and Highways expenses of \$5,386,295 are the largest expenses of Jefferson County, which when combined total \$19,377,497 and are 62 percent of total expenses. For additional details, see illustrations below. Note that amounts are rounded to two decimal places in the following chart.



## Net Expenses by Governmental Activities

The following illustration shows the “net (expenses)” from Exhibit B as a percentage of the total. Unlike the preceding illustration, this one not only shows the percentage of total costs, it shows the impact the program had on the local citizens’ tax base, as a percentage. Net expense is all program expenses less all program revenues. Note all amounts are recorded to two decimal places in the following chart.



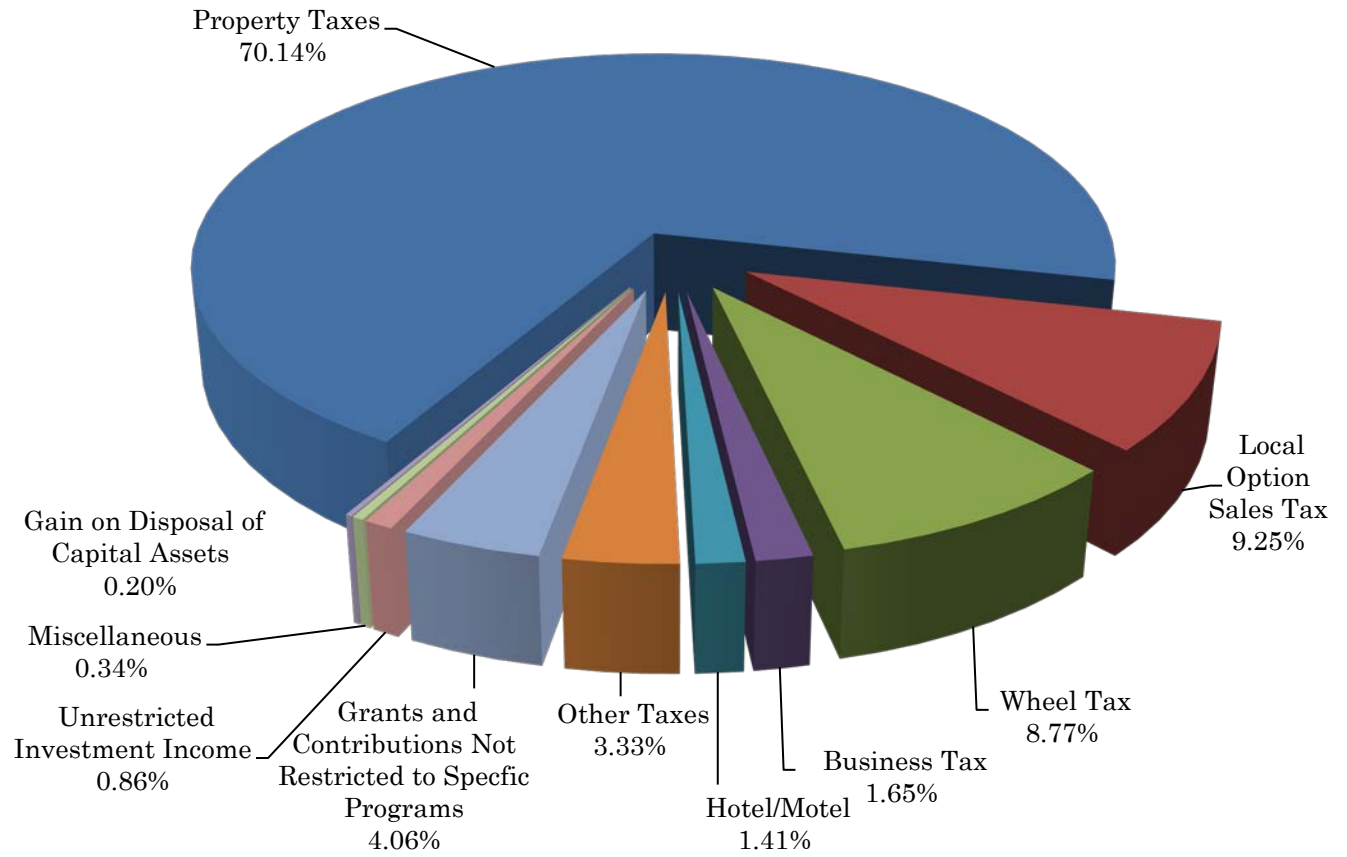
**Revenues** on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

**Program revenues** are three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

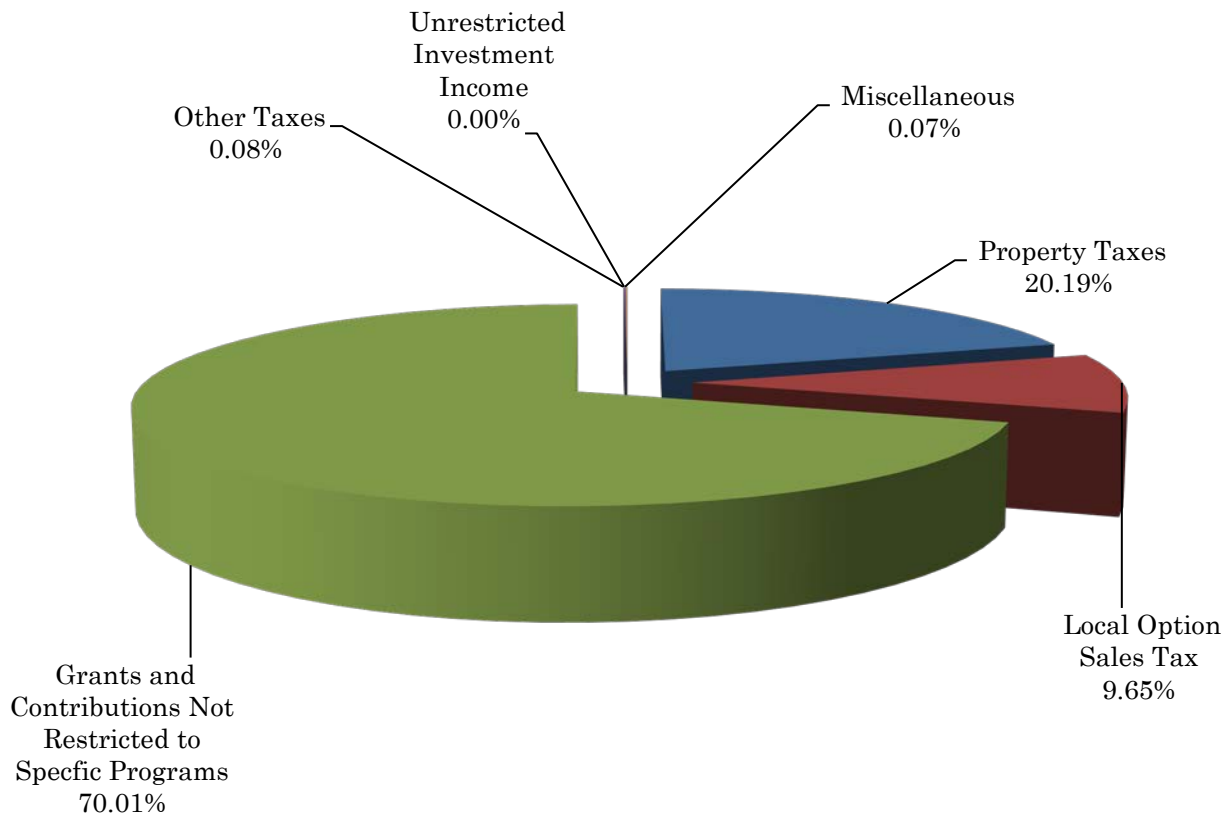
**General revenues** are all revenues that do not qualify as program revenues and by far are the largest revenue source. The largest single revenue sources within this major category are property taxes for the county and grants and contributions not restricted to specific programs for the discretely presented Jefferson County School Department. Note all amounts are rounded to two decimal places in the following charts.



# Primary Government Revenues by Source – Governmental Activities



## Jefferson County School Department Revenues by Source – Governmental Activities



### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, Jefferson County and the discretely presented Jefferson County School Department use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of Jefferson County's and the discretely presented Jefferson County School Department's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Jefferson County's and the discretely presented Jefferson County School Department's financing requirements.

In 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, restricted, committed, assigned, or unassigned.

- **Nonspendable Fund Balance** – The nonspendable fund balance reflected in Jefferson County's and the discretely presented Jefferson County School Department's governmental funds totaling \$117,637 and \$0 respectively, 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** – The restricted fund balance reflected in Jefferson County’s and the discretely presented Jefferson County School Department’s governmental funds totaling \$4,094,042 and \$2,367,747, respectively, 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** – The committed fund balance reflected in Jefferson County’s and the discretely presented Jefferson County School Department’s governmental funds totaling \$12,726,776 and \$1,889,339, respectively, 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.
- **Assigned Fund Balance** – The assigned fund balance reflected in Jefferson County’s and the discretely presented Jefferson County School Department’s governmental funds totaling \$216,885 and \$692,710, respectively, includes amounts that are constrained by the intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission or the finance director is authorized to make assignments.
- **Unassigned Fund Balance** – The unassigned fund balance reflected in Jefferson County’s and the discretely presented Jefferson County School Department’s governmental funds totaling \$6,380,892 and \$3,738,420, respectively, 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. This is the residual classification for the General and General Purpose School funds.

As of the end of the current fiscal year, Jefferson County’s governmental funds reported fund balances totaling \$23,536,232 an increase of \$3,288,058. The discretely presented Jefferson County School Department’s governmental funds reported fund balances totaling \$8,688,216, an increase of \$38,742.

The General Fund is the chief operating fund of Jefferson County. At the end of the current fiscal year, unassigned fund balance was \$6,380,892, while total fund balance reached \$8,215,602. Total fund balance for the General Fund increased \$2,115,312. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 32.6 percent of total General Fund expenditures, while total fund balance represents 41.9 percent of that same amount.

The Highway Fund balance totaled \$2,107,082 at June 30, 2016, an increase of \$51,271 for the year.

The General Debt Service Fund had a total fund balance of \$7,120,532 at June 30, 2016, an increase of \$371,407 for the year.

The General Purpose School Fund is the chief operating fund of the discretely presented Jefferson County School Department. At the end of the current fiscal year, unassigned fund balance was \$3,738,420, while total fund balance increased to \$4,880,992. Total fund balance for the General Purpose School Fund increased \$672,863. As a measure of the General Purpose School Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 7.3 percent of total General Purpose School Fund expenditures, while total fund balance represents 9.5 percent of that same amount.

## **BUDGETARY HIGHLIGHTS**

### **General Fund Budgetary Highlights**

During the fiscal year, appropriations from the original budget were increased. These differences are summarized in the following table:

	Original	Amended	Increase (Decrease)
Appropriations:			
General Government	\$ 2,694,393	\$ 2,811,032	\$ 116,639
Finance	2,230,730	2,133,563	(97,167)
Administration of Justice	1,572,561	1,611,589	39,028
Public Safety	7,287,718	7,658,495	370,777
Public Health and Welfare	4,585,502	4,937,175	351,673
Social, Cultural, and Recreational Services	656,982	697,733	40,751
Agriculture and Natural Resources	148,171	148,706	535
Other Operations	980,514	1,116,765	136,251
Total Appropriations	<u>\$ 20,156,571</u>	<u>\$ 21,115,058</u>	<u>\$ 958,487</u>

The increase is primarily attributed to a raise for county employees plus vehicle repair of EMS and Sheriff Department's damaged vehicles.

At the close of the fiscal year, actual expenditures were \$1,524,112 less than budgetary estimates. This is attributed to the conservative management of elected officials and department heads.

### **Discretely Presented Jefferson County School Department – General Purpose Fund Budgetary Highlights**

The differences in the original and the final budget's appropriations increased by \$756,329 compared to the original budget of \$51,805,765. At the close of the fiscal year, actual expenditures were \$1,148,005 less than budgetary estimates.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

Jefferson County's investment in capital assets for its governmental activities, net of accumulated depreciation, as of June 30, 2016, totaled \$100,365,939. This investment in capital assets includes land, buildings and improvements, other capital assets (includes vehicles and equipment), and infrastructure (includes roads, highways, and bridges).

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-16
Land	\$ 1,647,216	\$ 0	\$ 1,647,216
Construction in Progress	343,879	0	343,879
Buildings and Improvements	22,468,789	(5,935,330)	16,533,459
Other Capital Assets	10,231,614	(7,367,083)	2,864,531
Infrastructure	<u>117,027,927</u>	<u>(38,051,073)</u>	<u>78,976,854</u>
Total	<u>\$ 151,719,425</u>	<u>\$ (51,353,486)</u>	<u>\$ 100,365,939</u>

The discretely presented Jefferson County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2016, totaled \$71,426,933. This investment in capital assets includes land, buildings and improvements, and other capital assets (includes vehicles and equipment).

Asset	Historical Value	Accumulated Depreciation	Net Value 6-30-16
Land	\$ 1,492,550	\$ 0	\$ 1,492,550
Construction in Progress	29,057,359	0	29,057,359
Buildings and Improvements	64,225,913	(26,856,241)	37,369,672
Other Capital Assets	<u>9,016,804</u>	<u>(5,509,452)</u>	<u>3,507,352</u>
Total	<u>\$ 103,792,626</u>	<u>\$ (32,365,693)</u>	<u>\$ 71,426,933</u>

Additional details about Jefferson County's and the discretely presented Jefferson County School Department's capital assets can be found in the notes to the financial statements Note IV.B. A table of contents has been provided with the specific page number.

### **Long-term Debt**

At the end of the current fiscal year, Jefferson County had long-term debt obligations outstanding of \$80,712,800. Jefferson County reduced its outstanding debt by \$4,332,827 during the year. All of this debt is backed by the full faith and credit of the county. Jefferson County maintains a rating of "Aa3" from Moody's and "A+" from Standard and Poor's for general obligation debt. The county did not have any capital outlay notes outstanding at June 30, 2016. Additional information on Jefferson County Government's long-term debt can be found in Exhibit K-1, Exhibit K-2, and Note IV.F of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

On July 22, 2016, Jefferson County adopted a budget for the fiscal year ending June 30, 2017.

The distribution of the 2017 property tax rate is shown below:

<u>Fund</u>	<u>Tax Rate</u>
General	\$ 0.80
Solid Waste/Sanitation	0.15
Highway	0.20
General Capital Projects	0.11
General Purpose School	0.87
General Debt Service	<u>0.22</u>
Total	<u>\$ 2.35</u>

The unemployment rate for the county as of June 30, 2016, was 5.5 percent, which is greatly improved compared to 9.6 percent three years ago. This can be attributed to the economic activity that Jefferson County is beginning to see in the form of expansions by current manufacturing companies and several retail developments. The state's average unemployment rate as of June 30, 2016, was 4.1 percent and the national average was 4.9 percent.

## **REQUEST FOR INFORMATION**

This report is designed to provide a general overview of the county's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Jefferson County Government, PO Box 1749, Dandridge, Tennessee 37725.

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Jefferson County, Tennessee  
Statement of Net Position  
June 30, 2016

	Primary Government			Component Units	
	Governmental	Business-type		Jefferson	Jefferson
	Activities	Activities	Total	County	County
				School	Nursing
				Department	Home
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 233,980	\$ 25	\$ 234,005	\$ 31,818	\$ 1,382,511
Equity in Pooled Cash and Investments	22,618,959	739,391	23,358,350	9,440,701	0
Inventories	0	0	0	0	31,564
Accounts Receivable	3,765,534	85,654	3,851,188	386,717	1,215,121
Allowance for Uncollectibles	(1,589,452)	(2,500)	(1,591,952)	0	(13,393)
Due from Other Governments	1,388,912	0	1,388,912	1,947,256	0
Due from Primary Government	0	0	0	85,529	0
Due from Component Units	6,950,252	0	6,950,252	0	0
Internal Balances	(75,852)	75,852	0	0	0
Property Taxes Receivable	17,957,306	0	17,957,306	10,575,226	0
Allowance for Uncollectible Property Taxes	(776,834)	0	(776,834)	(465,068)	0
Prepaid Expenses	117,637	0	117,637	0	18,359
Unamortized Discount on Debt	312,621	0	312,621	0	0
Restricted Assets:					
Other Restricted Assets	0	0	0	0	14,777
Net Pension Asset - Agent Plan	824,265	32,559	856,824	475,830	279,930
Net Pension Asset - Teacher Retirement Plan	0	0	0	20,198	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,647,216	510,430	2,157,646	1,492,550	7,181
Construction in Progress	343,879	212,938	556,817	29,057,359	0
Assets Net of Accumulated Depreciation:					
Landfill Facilities and Development	0	72,861	72,861	0	0
Buildings and Improvements	16,533,459	77,831	16,611,290	37,369,672	6,691,570
Machinery and Equipment	0	1,064,338	1,064,338	897,301	693,720
Other Capital Assets	2,864,531	0	2,864,531	2,610,051	4,700
Infrastructure	78,976,854	0	78,976,854	0	0
Total Assets	\$ 152,093,267	\$ 2,869,379	\$ 154,962,646	\$ 93,925,140	\$ 10,326,040
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred Charge on Refunding	\$ 168,816	\$ 0	\$ 168,816	\$ 0	\$ 0
Pension Changes in Experience	39,540	1,563	41,103	238,627	15,328
Pension Other Deferrals	0	0	0	165,806	0
Pension Contributions After Measurement Date	1,682,162	70,796	1,752,958	3,238,195	560,551
Total Deferred Outflows of Resources	\$ 1,890,518	\$ 72,359	\$ 1,962,877	\$ 3,642,628	\$ 575,879
<u>LIABILITIES</u>					
Accounts Payable	\$ 344,049	\$ 7,371	\$ 351,420	\$ 339,397	\$ 333,336
Accrued Payroll	42,016	8,448	50,464	194	185,604
Accrued Interest Payable	203,866	0	203,866	0	14,361

(Continued)



Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Jefferson County School Department	Jefferson County Nursing Home
<u>LIABILITIES (CONT.)</u>					
Payroll Deductions Payable	\$ 178,757	\$ 0	\$ 178,757	\$ 1,989,137	\$ 30,509
Contracts Payable	0	0	0	31,738	0
Retainage Payable	0	0	0	495	0
Accrued Leave - Current	0	0	0	0	303,715
Claims and Judgments Payable	59,732	0	59,732	0	0
Due to Primary Government	0	0	0	40,252	6,910,000
Due to Component Units	85,529	0	85,529	0	0
Due to the State of Tennessee	26,126	8,658	34,784	0	0
Estimated Third-party Payor Settlements	0	0	0	0	29,066
Other Current Liabilities	52,769	0	52,769	0	75,922
Noncurrent Liabilities:					
Due Within One Year	4,838,799	117,347	4,956,146	223,879	0
Due in More Than One Year	77,549,713	4,590,981	82,140,694	11,850,546	0
Total Liabilities	\$ 83,381,356	\$ 4,732,805	\$ 88,114,161	\$ 14,475,638	\$ 7,882,513
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 16,682,751	\$ 0	\$ 16,682,751	\$ 9,806,753	\$ 0
Deferred Credit on Refunding	44,161	0	44,161	0	0
Pension Changes in Experience	494,392	19,529	513,921	4,477,388	0
Pension Changes in Investment Earnings	363,063	14,342	377,405	1,944,035	186,545
Total Deferred Inflows of Resources	\$ 17,584,367	\$ 33,871	\$ 17,618,238	\$ 16,228,176	\$ 186,545
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 91,334,639	\$ 1,938,398	\$ 93,273,037	\$ 71,426,933	\$ 482,471
Restricted for:					
General Government	116,791	0	116,791	0	0
Finance	174,872	0	174,872	0	0
Administration of Justice	399,132	0	399,132	0	0
Public Safety	220,071	0	220,071	0	0
Public Health and Welfare	567,840	0	567,840	0	0
Social, Cultural, and Recreational Services	56,790	0	56,790	0	0
Highway/Public Works	2,221,565	0	2,221,565	0	0
Debt Service	62,957	0	62,957	0	0
Education	0	0	0	1,979,135	0
Capital Projects	489,425	0	489,425	884,640	0
Other Purposes	824,265	32,559	856,824	0	684,041
Unrestricted	(43,450,285)	(3,795,895)	(47,246,180)	(7,426,754)	1,666,349
Total Net Position	\$ 53,018,062	\$ (1,824,938)	\$ 51,193,124	\$ 66,863,954	\$ 2,832,861

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

Exhibit B

Jefferson County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Units	
	Expenses	Program Revenues			Primary Government			Jefferson	Jefferson
		Charges for	Operating	Capital	Governmental	Business-type	Total	County	County
		Services	Grants and Contributions	Grants and Contributions	Activities	Activities		School Department	Nursing Home
Primary Government:									
Governmental Activities:									
General Government	\$ 3,685,222	\$ 628,501	\$ 55,950	\$ 120,000	\$ (2,880,771)	\$ 0	\$ (2,880,771)	\$ 0	\$ 0
Finance	1,885,363	1,920,883	0	0	35,520	0	35,520	0	0
Administration of Justice	1,909,744	1,245,678	13,815	0	(650,251)	0	(650,251)	0	0
Public Safety	7,570,667	2,216,521	156,865	7,200	(5,190,081)	0	(5,190,081)	0	0
Public Health and Welfare	6,420,535	4,522,078	132,451	438,548	(1,327,458)	0	(1,327,458)	0	0
Social, Cultural, and Recreational Services	710,132	14,357	0	0	(523,526)	0	(523,526)	0	0
Agriculture and Natural Resources	136,157	0	0	0	(136,157)	0	(136,157)	0	0
Highways	5,386,295	35,255	1,817,908	366,186	(3,166,946)	0	(3,166,946)	0	0
Education	90,000	0	0	0	(90,000)	0	(90,000)	0	0
Interest on Long-term Debt	3,540,731	0	0	0	(3,540,731)	0	(3,540,731)	0	0
Total Governmental Activities	\$ 31,334,846	\$ 10,583,273	\$ 2,345,426	\$ 935,746	\$ (17,470,401)	\$ 0	\$ (17,470,401)	\$ 0	\$ 0
Business-type Activities:									
Solid Waste Disposal	\$ 1,352,655	\$ 1,774,923	\$ 0	\$ 0	\$ 0	\$ 422,268	\$ 422,268	\$ 0	\$ 0
Total Business-type Activities	\$ 1,352,655	\$ 1,774,923	\$ 0	\$ 0	\$ 0	\$ 422,268	\$ 422,268	\$ 0	\$ 0
Total Primary Government	\$ 32,687,501	\$ 12,358,196	\$ 2,345,426	\$ 935,746	\$ (17,470,401)	\$ 422,268	\$ (17,048,133)	\$ 0	\$ 0
Component Units:									
Jefferson County School Department	\$ 58,019,847	\$ 1,227,388	\$ 7,084,412	\$ 92,925	\$ 0	\$ 0	\$ 0	\$ (49,615,122)	\$ 0
Jefferson County Nursing Home	12,208,746	12,561,933	0	0	0	0	0	0	353,187
Total Component Units	\$ 70,228,593	\$ 13,789,321	\$ 7,084,412	\$ 92,925	\$ 0	\$ 0	\$ 0	\$ (49,615,122)	\$ 353,187

(Continued)

Exhibit B

Jefferson County, Tennessee  
Statement of Activities (Cont.)

					Net (Expense) Revenue and Changes in Net Position			
								Component Units
					Primary Government			Jefferson County School Department
					Governmental Activities	Business-type Activities	Total	Jefferson County Nursing Home
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 14,709,126	\$ 0	\$ 14,709,126	\$ 10,547,492
Property Taxes Levied for Debt Service					2,597,454	0	2,597,454	0
Local Option Sales Taxes					2,283,269	0	2,283,269	5,040,213
Hotel/Motel Tax					349,051	0	349,051	0
Wheel Tax					2,163,369	0	2,163,369	0
Litigation Tax - General					123,191	0	123,191	0
Litigation Tax - Special Purpose					15,663	0	15,663	0
Litigation Tax - Jail, Workhouse, or Courthouse					210,299	0	210,299	0
Business Tax					407,313	0	407,313	0
Mixed Drink Tax					0	0	0	33,706
Adequate Facilities Tax					313,295	0	313,295	0
Wholesale Beer Tax					158,369	0	158,369	0
Interstate Telecommunications Tax					0	0	0	7,345
Grants and Contributions Not Restricted to Specific Programs					1,001,480	0	1,001,480	36,567,548
Unrestricted Investment Income					211,666	0	211,666	2,053
Miscellaneous					0	0	0	35,434
Insurance Recovery					82,935	0	82,935	0
Gain on Sale of Capital Assets					48,576	0	48,576	0
Total General Revenues					\$ 24,675,056	\$ 0	\$ 24,675,056	\$ 52,233,791
Transfers					\$ (44,103)	\$ 44,103	\$ 0	\$ 0
Change in Net Position					\$ 7,160,552	\$ 466,371	\$ 7,626,923	\$ 2,618,669
Net Position, July 1, 2015					45,857,510	(2,291,309)	43,566,201	64,245,285
Net Position, June 30, 2016					\$ 53,018,062	\$ (1,824,938)	\$ 51,193,124	\$ 66,863,954

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

Exhibit C-1

Jefferson County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2016

	Major Funds				Nonmajor Funds	
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 65,621	\$ 0	\$ 0	\$ 0	\$ 168,359	\$ 233,980
Equity in Pooled Cash and Investments	7,664,848	4,631,093	2,002,048	6,838,664	1,400,663	22,537,316
Accounts Receivable	3,698,794	62,500	110	3,513	617	3,765,534
Allowance for Uncollectibles	(1,589,452)	0	0	0	0	(1,589,452)
Due from Other Governments	793,120	0	321,562	235,480	38,750	1,388,912
Due from Other Funds	1,767	0	0	0	0	1,767
Due from Component Units	0	0	0	37,500	0	37,500
Property Taxes Receivable	9,755,615	0	2,428,301	2,671,131	3,102,259	17,957,306
Allowance for Uncollectible Property Taxes	(441,325)	0	(105,694)	(116,263)	(113,552)	(776,834)
Prepaid Items	0	0	0	117,637	0	117,637
Total Assets	\$ 19,948,988	\$ 4,693,593	\$ 4,646,327	\$ 9,787,662	\$ 4,597,096	\$ 43,673,666
<u>LIABILITIES</u>						
Accounts Payable	\$ 254,220	\$ 0	\$ 36,406	\$ 651	\$ 46,389	\$ 337,666
Accrued Payroll	2,280	0	31,995	0	7,741	42,016
Payroll Deductions Payable	178,757	0	0	0	0	178,757
Claims and Judgments Payable	59,732	0	0	0	0	59,732
Due to Other Funds	0	0	0	0	77,619	77,619
Due to Component Units	0	0	0	0	85,529	85,529
Due to State of Tennessee	25,133	0	0	0	993	26,126
Other Current Liabilities	52,769	0	0	0	0	52,769
Total Liabilities	\$ 572,891	\$ 0	\$ 68,401	\$ 651	\$ 218,271	\$ 860,214

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 9,017,703	\$ 0	\$ 2,254,426	\$ 2,479,869	\$ 2,930,753	\$ 16,682,751
Deferred Delinquent Property Taxes	248,966	0	57,234	62,957	48,649	417,806
Other Deferred/Unavailable Revenue	1,893,826	0	159,184	123,653	0	2,176,663
Total Deferred Inflows of Resources	<u>\$ 11,160,495</u>	<u>\$ 0</u>	<u>\$ 2,470,844</u>	<u>\$ 2,666,479</u>	<u>\$ 2,979,402</u>	<u>\$ 19,277,220</u>
<u>FUND BALANCES</u>						
Nonspendable:						
Prepaid Items	\$ 0	\$ 0	\$ 0	\$ 117,637	\$ 0	\$ 117,637
Restricted:						
Restricted for General Government	40,654	0	0	0	76,137	116,791
Restricted for Finance	7,663	0	0	0	167,209	174,872
Restricted for Administration of Justice	390,733	0	0	0	8,399	399,132
Restricted for Public Safety	101,176	0	0	0	118,895	220,071
Restricted for Public Health and Welfare	19,548	0	0	0	516,054	535,602
Restricted for Social, Cultural, and Recreational Services	56,790	0	0	0	0	56,790
Restricted for Highways/Public Works	0	0	2,107,082	0	0	2,107,082
Restricted for Capital Projects	0	0	0	0	483,702	483,702
Committed:						
Committed for Public Health and Welfare	0	0	0	0	29,027	29,027
Committed for Other Operations	0	4,693,593	0	0	0	4,693,593
Committed for Debt Service	0	0	0	7,002,895	0	7,002,895
Committed for Capital Projects	1,000,000	0	0	0	0	1,000,000
Committed for Other Purposes	1,261	0	0	0	0	1,261
Assigned:						
Assigned for Public Safety	39,235	0	0	0	0	39,235

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES (CONT.)</u>						
Assigned (Cont.):						
Assigned for Public Health and Welfare	\$ 142,650	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142,650
Assigned for Support Services	35,000	0	0	0	0	35,000
Unassigned	6,380,892	0	0	0	0	6,380,892
Total Fund Balances	<u>\$ 8,215,602</u>	<u>\$ 4,693,593</u>	<u>\$ 2,107,082</u>	<u>\$ 7,120,532</u>	<u>\$ 1,399,423</u>	<u>\$ 23,536,232</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,948,988</u>	<u>\$ 4,693,593</u>	<u>\$ 4,646,327</u>	<u>\$ 9,787,662</u>	<u>\$ 4,597,096</u>	<u>\$ 43,673,666</u>

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

Exhibit C-2

Jefferson County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2016

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)		\$ 23,536,232
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,647,216	
Add: construction in progress	343,879	
Add: buildings and improvements net of accumulated depreciation	16,533,459	
Add: other capital assets net of accumulated depreciation	2,864,531	
Add: infrastructure net of accumulated depreciation	<u>78,976,854</u>	100,365,939
(2) An internal service fund is used by management to charge the cost of employee dental and vision programs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		78,012
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$ (21,352,800)	
Less: bonds payable	(59,360,000)	
Add: bonds to be paid by Nursing Home for the primary government	6,910,000	
Less: deferred credit on refunding	(44,161)	
Add: deferred charge on refunding	168,816	
Less: unamortized premium on debt	(426,653)	
Add: unamortized discount on debt	312,621	
Less: accrued interest on bonds and other loans	(203,866)	
Less: compensated absences payable	(480,005)	
Less: other postemployment benefits liability	<u>(769,054)</u>	(75,245,102)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 1,721,702	
Less: deferred inflows of resources related to pensions	<u>(857,455)</u>	864,247
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		824,265
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,594,469</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 53,018,062</u></u>

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

Exhibit C-3

Jefferson County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2016

	Major Funds				Nonmajor Funds	
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 12,387,774	\$ 0	\$ 2,375,494	\$ 6,392,389	\$ 2,110,112	\$ 23,265,769
Licenses and Permits	404,041	0	0	0	0	404,041
Fines, Forfeitures, and Penalties	378,138	0	0	0	36,975	415,113
Charges for Current Services	3,630,559	0	35,145	0	780,987	4,446,691
Other Local Revenues	626,143	752,000	120	685,874	2,915	2,067,052
Fees Received From County Officials	1,845,487	0	0	0	0	1,845,487
State of Tennessee	2,187,219	0	1,927,918	0	0	4,115,137
Federal Government	649,486	0	65,114	444,564	41,139	1,200,303
Other Governments and Citizens Groups	155,030	0	0	0	0	155,030
Total Revenues	<u>\$ 22,263,877</u>	<u>\$ 752,000</u>	<u>\$ 4,403,791</u>	<u>\$ 7,522,827</u>	<u>\$ 2,972,128</u>	<u>\$ 37,914,623</u>
<u>Expenditures</u>						
Current:						
General Government	\$ 2,404,489	\$ 0	\$ 0	\$ 0	\$ 731,335	\$ 3,135,824
Finance	1,996,440	6,895	0	0	767	2,004,102
Administration of Justice	1,527,168	0	0	0	0	1,527,168
Public Safety	7,263,304	0	0	0	122,907	7,386,211
Public Health and Welfare	4,504,209	0	0	0	1,703,208	6,207,417
Social, Cultural, and Recreational Services	669,826	0	0	0	0	669,826
Agriculture and Natural Resources	130,649	0	0	0	0	130,649
Other Operations	1,098,419	0	0	0	0	1,098,419
Highways	0	0	4,416,644	0	0	4,416,644
Debt Service:						
Principal on Debt	0	0	0	4,332,827	0	4,332,827
Interest on Debt	0	0	0	3,261,837	0	3,261,837
Other Debt Service	0	0	0	197,596	0	197,596

(Continued)



Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 575,470	\$ 575,470
Total Expenditures	\$ 19,594,504	\$ 6,895	\$ 4,416,644	\$ 7,792,260	\$ 3,133,687	\$ 34,943,990
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 2,669,373	 \$ 745,105	 \$ (12,853)	 \$ (269,433)	 \$ (161,559)	 \$ 2,970,633
 <u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 0	\$ 0	\$ 0	\$ 4,215,000	\$ 0	\$ 4,215,000
Premiums on Debt Sold	0	0	0	33,378	0	33,378
Insurance Recovery	266,606	0	1,544	0	0	268,150
Transfers In	0	0	62,580	547,462	518,855	1,128,897
Transfers Out	(820,667)	0	0	0	(352,333)	(1,173,000)
Payments to Refunded Debt Escrow Agent	0	0	0	(4,155,000)	0	(4,155,000)
Total Other Financing Sources (Uses)	\$ (554,061)	\$ 0	\$ 64,124	\$ 640,840	\$ 166,522	\$ 317,425
 Net Change in Fund Balances	 \$ 2,115,312	 \$ 745,105	 \$ 51,271	 \$ 371,407	 \$ 4,963	 \$ 3,288,058
Fund Balance, July 1, 2015	6,100,290	3,948,488	2,055,811	6,749,125	1,394,460	20,248,174
 Fund Balance, June 30, 2016	 \$ 8,215,602	 \$ 4,693,593	 \$ 2,107,082	 \$ 7,120,532	 \$ 1,399,423	 \$ 23,536,232

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

Exhibit C-4

Jefferson 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, 2016

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)		\$	3,288,058
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	928,436	
Less: current-year depreciation expense		(2,380,748)	(1,452,312)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase (decrease) net position.			
Add: assets donated and capitalized	\$	367,500	
Less: book value of assets disposed		(136,639)	230,861
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2016	\$	2,594,469	
Less: deferred delinquent property taxes and other deferred June 30, 2015		(2,303,602)	290,867
(4) The issuance of long-term debt (e.g., bonds, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:			
Less: refunding debt issued	\$	(4,215,000)	
Add: principal amount of debt refunded		4,155,000	
Less: change in unamortized discount on debt issues		(86,458)	
Add: change in unamortized premium on debt issues		33,847	
Add: principal payments on bonds		1,170,000	
Add: principal payments on other loans		3,162,827	
Less: change in deferred amounts on refunding debt		(70,141)	
Less: contributions from Nursing Home for bond		(165,000)	3,985,075
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	8,076	
Change in compensated absences payable		(12,919)	
Change in other postemployment benefits liability		(109,737)	
Change in net pension liability/asset		176,624	
Change in deferred outflows related to pensions		56,210	
Change in deferred inflows related to pensions		728,899	847,153

(Continued)

Exhibit C-4

Jefferson County, Tennessee

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities (Cont.)

(6) An internal service fund is used by management to charge the cost of employee dental and vision benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.	<u>\$ (29,150)</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 7,160,552</u></u>

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

Exhibit C-5

Jefferson County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 12,387,774	\$ 0	\$ 0	\$ 12,387,774	\$ 10,978,100	\$ 11,558,873	\$ 828,901
Licenses and Permits	404,041	0	0	404,041	291,500	291,500	112,541
Fines, Forfeitures, and Penalties	378,138	0	0	378,138	342,400	350,400	27,738
Charges for Current Services	3,630,559	0	0	3,630,559	3,245,390	3,245,704	384,855
Other Local Revenues	626,143	0	0	626,143	561,404	574,875	51,268
Fees Received From County Officials	1,845,487	0	0	1,845,487	1,653,063	1,653,063	192,424
State of Tennessee	2,187,219	0	0	2,187,219	1,703,707	1,719,687	467,532
Federal Government	649,486	0	0	649,486	561,513	584,843	64,643
Other Governments and Citizens Groups	155,030	0	0	155,030	174,000	174,500	(19,470)
Total Revenues	\$ 22,263,877	\$ 0	\$ 0	\$ 22,263,877	\$ 19,511,077	\$ 20,153,445	\$ 2,110,432
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 267,149	\$ 0	\$ 0	\$ 267,149	\$ 263,622	\$ 330,471	\$ 63,322
Board of Equalization	650	0	0	650	2,000	2,000	1,350
County Mayor/Executive	230,861	(15)	0	230,846	261,440	264,426	33,580
Election Commission	286,999	(950)	0	286,049	314,151	318,984	32,935
Register of Deeds	287,890	(455)	0	287,435	294,476	299,748	12,313
Codes Compliance	93,352	0	0	93,352	92,430	95,187	1,835
County Buildings	915,723	0	0	915,723	983,624	1,010,920	95,197
Other Facilities	314,668	0	0	314,668	470,350	474,996	160,328
Other General Administration	0	0	0	0	2,500	2,500	2,500
Preservation of Records	7,197	(774)	0	6,423	9,800	11,800	5,377
<u>Finance</u>							
Accounting and Budgeting	658,433	0	0	658,433	663,583	680,987	22,554
Property Assessor's Office	492,897	0	0	492,897	490,378	500,839	7,942
County Trustee's Office	60,341	0	0	60,341	64,998	64,997	4,656
County Clerk's Office	123,563	0	0	123,563	120,122	127,699	4,136
Data Processing	131,047	(23)	0	131,024	146,901	164,346	33,322
Other Finance	530,159	0	0	530,159	744,748	594,695	64,536

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 675,212	\$ 0	\$ 0	\$ 675,212	\$ 736,505	\$ 748,877	\$ 73,665
General Sessions Court	287,293	0	0	287,293	291,650	293,369	6,076
Drug Court	34,950	0	0	34,950	29,000	29,000	(5,950)
Chancery Court	224,353	0	0	224,353	223,615	229,018	4,665
Juvenile Court	262,670	(82)	0	262,588	257,791	269,325	6,737
Other Administration of Justice	486	0	0	486	1,500	1,500	1,014
Victim Assistance Programs	42,204	0	0	42,204	32,500	40,500	(1,704)
<u>Public Safety</u>							
Sheriff's Department	3,636,480	(18,557)	39,235	3,657,158	3,687,257	3,824,278	167,120
Wheel Tax Officer	14,333	0	0	14,333	15,442	16,135	1,802
Administration of the Sexual Offender Registry	9,882	0	0	9,882	20,000	20,000	10,118
Jail	2,621,683	(20,679)	0	2,601,004	2,582,890	2,777,609	176,605
Workhouse	362,953	0	0	362,953	380,421	389,520	26,567
Inspection and Regulation	93,894	0	0	93,894	99,315	102,874	8,980
Public Safety Grants Program	15,000	0	0	15,000	19,000	19,000	4,000
Other Public Safety	509,079	0	0	509,079	483,393	509,079	0
<u>Public Health and Welfare</u>							
Local Health Center	189,200	0	0	189,200	217,155	240,977	51,777
Rabies and Animal Control	114,558	(479)	0	114,079	123,819	128,009	13,930
Ambulance/Emergency Medical Services	4,036,489	(156)	0	4,036,333	4,060,772	4,379,239	342,906
Sanitation Education/Information	57,918	(453)	0	57,465	73,272	74,550	17,085
Other Public Health and Welfare	106,044	0	0	106,044	110,484	114,400	8,356
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	217,073	0	0	217,073	214,514	219,311	2,238
Libraries	452,753	(170)	0	452,583	442,468	478,422	25,839
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	100,882	0	0	100,882	108,357	108,892	8,010
Soil Conservation	29,767	0	0	29,767	39,814	39,814	10,047

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Veterans' Services	\$ 37,168	\$ 0	\$ 0	\$ 37,168	\$ 55,514	\$ 55,514	\$ 18,346
Contributions to Other Agencies	1,061,251	0	0	1,061,251	925,000	1,061,251	0
Total Expenditures	<u>\$ 19,594,504</u>	<u>\$ (42,793)</u>	<u>\$ 39,235</u>	<u>\$ 19,590,946</u>	<u>\$ 20,156,571</u>	<u>\$ 21,115,058</u>	<u>\$ 1,524,112</u>
Excess (Deficiency) of Revenues							
Over Expenditures	<u>\$ 2,669,373</u>	<u>\$ 42,793</u>	<u>\$ (39,235)</u>	<u>\$ 2,672,931</u>	<u>\$ (645,494)</u>	<u>\$ (961,613)</u>	<u>\$ 3,634,544</u>
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 266,606	\$ 0	\$ 0	\$ 266,606	\$ 0	\$ 266,606	\$ 0
Transfers In	0	0	0	0	1,121,295	0	0
Transfers Out	(820,667)	0	0	(820,667)	(727,801)	(821,006)	339
Total Other Financing Sources	<u>\$ (554,061)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (554,061)</u>	<u>\$ 393,494</u>	<u>\$ (554,400)</u>	<u>\$ 339</u>
Net Change in Fund Balance							
Fund Balance, July 1, 2015	<u>\$ 2,115,312</u>	<u>\$ 42,793</u>	<u>\$ (39,235)</u>	<u>\$ 2,118,870</u>	<u>\$ (252,000)</u>	<u>\$ (1,516,013)</u>	<u>\$ 3,634,883</u>
	<u>6,100,290</u>	<u>(42,793)</u>	<u>0</u>	<u>6,057,497</u>	<u>4,806,297</u>	<u>4,806,297</u>	<u>1,251,200</u>
Fund Balance, June 30, 2016							
	<u><u>\$ 8,215,602</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (39,235)</u></u>	<u><u>\$ 8,176,367</u></u>	<u><u>\$ 4,554,297</u></u>	<u><u>\$ 3,290,284</u></u>	<u><u>\$ 4,886,083</u></u>

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

Exhibit C-6

Jefferson County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Other Special Revenue Fund  
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 752,000	\$ 754,000	\$ 754,000	\$ (2,000)
Total Revenues	\$ 752,000	\$ 754,000	\$ 754,000	\$ (2,000)
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 6,895	\$ 7,600	\$ 7,600	\$ 705
Total Expenditures	\$ 6,895	\$ 7,600	\$ 7,600	\$ 705
Excess (Deficiency) of Revenues Over Expenditures	\$ 745,105	\$ 746,400	\$ 746,400	\$ (1,295)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (1,367,864)	\$ 0	\$ 0
Total Other Financing Sources	\$ 0	\$ (1,367,864)	\$ 0	\$ 0
Net Change in Fund Balance	\$ 745,105	\$ (621,464)	\$ 746,400	\$ (1,295)
Fund Balance, July 1, 2015	3,948,488	3,942,104	3,942,104	6,384
Fund Balance, June 30, 2016	\$ 4,693,593	\$ 3,320,640	\$ 4,688,504	\$ 5,089

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

Exhibit C-7

Jefferson County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,375,494	\$ 0	\$ 0	\$ 2,375,494	\$ 2,304,600	\$ 2,304,600	\$ 70,894
Charges for Current Services	35,145	0	0	35,145	55,000	55,000	(19,855)
Other Local Revenues	120	0	0	120	0	0	120
State of Tennessee	1,927,918	0	0	1,927,918	1,982,308	1,982,308	(54,390)
Federal Government	65,114	0	0	65,114	0	61,858	3,256
Total Revenues	\$ 4,403,791	\$ 0	\$ 0	\$ 4,403,791	\$ 4,341,908	\$ 4,403,766	\$ 25
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 268,965	\$ 0	\$ 0	\$ 268,965	\$ 280,837	\$ 283,584	\$ 14,619
Highway and Bridge Maintenance	2,364,576	0	7,406	2,371,982	2,315,137	2,407,237	35,255
Operation and Maintenance of Equipment	899,415	(383)	0	899,032	921,331	1,063,797	164,765
Quarry Operations	617,236	0	40,000	657,236	774,489	744,817	87,581
Asphalt Plant Operations	27,817	(2,600)	0	25,217	32,600	32,600	7,383
Other Charges	103,766	0	0	103,766	102,319	106,494	2,728
Employee Benefits	120,783	0	0	120,783	87,329	120,784	1
Capital Outlay	14,086	0	0	14,086	91,662	304,611	290,525
Total Expenditures	\$ 4,416,644	\$ (2,983)	\$ 47,406	\$ 4,461,067	\$ 4,605,704	\$ 5,063,924	\$ 602,857
Excess (Deficiency) of Revenues Over Expenditures	\$ (12,853)	\$ 2,983	\$ (47,406)	\$ (57,276)	\$ (263,796)	\$ (660,158)	\$ 602,882
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 1,544	\$ 0	\$ 0	\$ 1,544	\$ 0	\$ 0	\$ 1,544
Transfers In	62,580	0	0	62,580	0	62,580	0
Total Other Financing Sources	\$ 64,124	\$ 0	\$ 0	\$ 64,124	\$ 0	\$ 62,580	\$ 1,544
Net Change in Fund Balance	\$ 51,271	\$ 2,983	\$ (47,406)	\$ 6,848	\$ (263,796)	\$ (597,578)	\$ 604,426
Fund Balance, July 1, 2015	2,055,811	(2,983)	0	2,052,828	1,560,409	1,560,409	492,419
Fund Balance, June 30, 2016	\$ 2,107,082	\$ 0	\$ (47,406)	\$ 2,059,676	\$ 1,296,613	\$ 962,831	\$ 1,096,845

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



Exhibit D-1

Jefferson County, Tennessee  
Statement of Net Position  
Proprietary Funds  
June 30, 2016

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 25	\$ 0
Equity in Pooled Cash and Investments	739,391	81,643
Accounts Receivable	85,654	0
Allowance for Uncollectibles	(2,500)	0
Due from Other Funds	75,852	0
Due from Component Units	0	2,752
Total Current Assets	<u>\$ 898,422</u>	<u>\$ 84,395</u>
Noncurrent Assets:		
Net Pension Asset - Agent Plan	\$ 32,559	\$ 0
Capital Assets:		
Assets Not Depreciated:		
Land	510,430	0
Construction in Progress	212,938	0
Assets Net of Accumulated Depreciation:		
Landfill Facilities and Development	72,861	0
Buildings and Improvements	77,831	0
Machinery and Equipment	1,064,338	0
Total Noncurrent Assets	<u>\$ 1,970,957</u>	<u>\$ 0</u>
Total Assets	<u>\$ 2,869,379</u>	<u>\$ 84,395</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows of Resources:		
Pension Changes in Experience	\$ 1,563	\$ 0
Pension Contributions After Measurement Date	70,796	0
Total Deferred Outflows of Resources	<u>\$ 72,359</u>	<u>\$ 0</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 7,371	\$ 0
Claims Payable	0	6,383
Accrued Payroll	8,448	0
Due to the State of Tennessee	8,658	0
Current Portion of Long-term Liabilities	117,347	0
Total Current Liabilities	<u>\$ 141,824</u>	<u>\$ 6,383</u>

(Continued)

Exhibit D-1

Jefferson County, Tennessee  
Statement of Net Position  
Proprietary Funds (Cont.)

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>LIABILITIES (CONT.)</u>		
Noncurrent Liabilities:		
Due in More Than One Year	\$ 4,590,981	\$ 0
Total Noncurrent Liabilities	\$ 4,590,981	\$ 0
Total Liabilities	\$ 4,732,805	\$ 6,383
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows of Resources:		
Pension Changes in Experience	\$ 19,529	\$ 0
Pension Changes in Investment Earnings	14,342	0
Total Deferred Inflows of Resources	\$ 33,871	\$ 0
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 1,938,398	\$ 0
Net Position - Restricted for Other Purposes	32,559	0
Net Position - Unrestricted	(3,795,895)	78,012
Total Net Position	\$ (1,824,938)	\$ 78,012

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

Exhibit D-2

Jefferson County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2016

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>Operating Revenues</u>		
Tipping Fees	\$ 1,488,796	\$ 0
Lease/Rentals	12	0
Sale of Recycled Materials	222,861	0
Miscellaneous Refunds	44,616	0
State of Tennessee	18,638	0
Self-Insurance Premiums/Contributions	0	129,926
Total Operating Revenues	\$ 1,774,923	\$ 129,926
<u>Operating Expenses</u>		
<u>Cost of Sales and Services</u>		
Supervisor/Director	\$ 28,357	\$ 0
Accountants/Bookkeepers	36,260	0
Longevity Pay	8,550	0
Overtime	24,294	0
Laborers	361,672	0
Board and Committee Members Fees	4,320	0
Social Security	29,719	0
Pensions	19,114	0
Life Insurance	982	0
Medical Insurance	118,032	0
Dental Insurance	1,175	0
Unemployment Compensation	2,836	0
Employer Medicare	6,959	0
Data Processing Services	4,730	0
Engineering Services	117,137	0
Evaluation and Testing	51,274	0
Janitorial Services	822	0
Maintenance Agreements	693	0
Maintenance and Repair Services - Equipment	58,539	0
Postal Charges	58	0
Rentals	3,492	0
Travel	1,576	0
Other Contracted Services	27,927	0
Crushed Stone	31,643	0
Diesel Fuel	67,012	0
Fertilizer, Lime, and Seed	3,000	0
Gasoline	17,870	0
Lubricants	14,353	0

(Continued)

Exhibit D-2

Jefferson County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds (Cont.)

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>Operating Expenses (Cont.)</u>		
<u>Cost of Sales and Services (Cont.)</u>		
Office Supplies	\$ 3,115	\$ 0
Small Tools	4,850	0
Tires and Tubes	32	0
Utilities	8,657	0
Other Supplies and Materials	5,509	0
Building and Contents Insurance	1,660	0
Liability Insurance	2,110	0
Trustee's Commission	14,936	0
Vehicle and Equipment Insurance	3,376	0
Workers' Compensation Insurance	27,539	0
Depreciation	134,528	0
Surcharge	33,113	0
Landfill Closure/Postclosure Care Costs	14,336	0
Other Charges	13,037	0
Solid Waste Equipment	42,740	0
Handling Charges and Administrative Costs	0	16,126
Other Self-Insured Claims	0	142,950
Total Operating Expenses	\$ 1,351,934	\$ 159,076
Operating Income (Loss)	\$ 422,989	\$ (29,150)
<u>Nonoperating Revenues (Expenses)</u>		
Interest on Internal Loan	\$ (721)	\$ 0
Total Nonoperating Revenues (Expenses)	\$ (721)	\$ 0
Income (Loss) Before Contributions and Transfers	\$ 422,268	\$ (29,150)
Transfers In	44,103	0
Change in Net Position	\$ 466,371	\$ (29,150)
Net Position, July 1, 2015	(2,291,309)	107,162
Net Position, June 30, 2016	\$ (1,824,938)	\$ 78,012

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

Exhibit D-3

Jefferson County, Tennessee  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2016

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>Cash Flows from Operating Activities</u>		
Receipts from Customers and Users	\$ 1,518,931	\$ 0
Receipts from Recycled Materials	222,861	0
Receipts from Other Operating Grants	18,638	0
Receipts for Self-Insurance Premiums	0	133,853
Payments to Employees and Board Members	(469,407)	0
Payments for Fringe Benefits	(230,499)	0
Payments to Suppliers	(262,164)	0
Payments to Others	(302,512)	0
Payments for Claims	0	(145,257)
Payments for Administrative Costs	0	(16,126)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 495,848</u>	<u>\$ (27,530)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition and Construction of Capital Assets	\$ (281,749)	\$ 0
Transfer from Primary Government for Capital Asset Purchase	27,333	0
Principal Paid on Internal Loan	(88,127)	0
Interest Paid on Internal Loan	(903)	0
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (343,446)</u>	<u>\$ 0</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers from Other Funds	\$ 16,770	\$ 0
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 16,770</u>	<u>\$ 0</u>
Increase (Decrease) in Cash	\$ 169,172	\$ (27,530)
Cash, July 1, 2015	<u>570,244</u>	<u>109,173</u>
Cash, June 30, 2016	<u><u>\$ 739,416</u></u>	<u><u>\$ 81,643</u></u>

(Continued)

Exhibit D-3

Jefferson County, Tennessee  
Statement of Cash Flows  
Proprietary Funds (Cont.)

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ 422,989	\$ (29,150)
Adjustments to Reconcile Net Operating Income (Loss)		
to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	134,528	0
Changes in Deferred Outflows for Pensions	(6,181)	0
Changes in Deferred Inflows for Pensions	(45,239)	0
Landfill Closure/Postclosure Care Cost	14,336	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Net Pension Asset/Liability	(262)	0
(Increase) Decrease in Accounts Receivable	(14,229)	3,927
Increase (Decrease) in Allowance for Uncollectibles	1,500	0
(Increase) Decrease in Due from Other Funds	(1,764)	0
Increase (Decrease) in Operating Accounts Payable	(4,151)	0
Increase (Decrease) in Claims Payable	0	(2,307)
Increase (Decrease) in Accrued Payroll	(7,699)	0
Increase (Decrease) in Due to State of Tennessee	275	0
Increase (Decrease) in Compensated Absences	1,745	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ 495,848</u>	<u>\$ (27,530)</u>
<u>Reconciliation of Cash With Statement of Net Position</u>		
Cash Per Net Position	\$ 25	\$ 0
Equity in Pooled Cash and Investments Per Net Position	<u>739,391</u>	<u>81,643</u>
Cash, June 30, 2016	<u>\$ 739,416</u>	<u>\$ 81,643</u>

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

Exhibit E-1

Jefferson County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,915,411
Equity in Pooled Cash and Investments	12,745
Accounts Receivable	41,156
Due from Other Governments	888,216
Property Taxes Receivable	1,253,260
Allowance for Uncollectible Property Taxes	<u>(45,814)</u>
Total Assets	<u>\$ 4,064,974</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,108,407
Due to Litigants, Heirs, and Others	<u>1,956,567</u>
Total Liabilities	<u>\$ 4,064,974</u>

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

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**JEFFERSON COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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**JEFFERSON COUNTY, TENNESSEE**  
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**JEFFERSON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Jefferson 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 Jefferson County:

**A. Reporting Entity**

Jefferson County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Jefferson County (the primary government) and its component units. The financial statements of the Jefferson County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore the effect of their omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Jefferson County School Department operates the public school system in the county, and the voters of Jefferson 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 Jefferson County Nursing Home provides nursing care to the citizens of Jefferson County, and the Jefferson County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the entity must obtain the County Commission's approval.

The Jefferson County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Jefferson County, and the Jefferson County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the

issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Jefferson County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Jefferson 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 Jefferson County Nursing Home and the Jefferson County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Jefferson County Nursing Home  
914 Industrial Park Road  
Dandridge, TN 37725

Jefferson County Emergency  
Communications District  
P.O. Box 705  
Jefferson City, TN 37760

**Related Organization** – The Jefferson County Industrial Development Board is a related organization of Jefferson County. The county mayor nominates, and the Jefferson County Commission confirms the board members, but the county's accountability for the organization does not extend beyond making these 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Jefferson 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.

Jefferson County issues all debt for the discretely presented Jefferson County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2016.

Separate financial statements are provided for governmental funds, proprietary funds (internal service and enterprise), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund 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 proprietary funds and 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 Jefferson 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/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Jefferson County reports two proprietary funds, an enterprise fund and an internal service fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major enterprise fund 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 internal service fund and fiduciary funds in total are reported in single columns by fund type.

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. Jefferson 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.

Proprietary and 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Jefferson 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.

**Other Special Revenue Fund** – This special revenue fund accounts for the county’s share of revenues generated under the joint venture hospital lease.

**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.

Jefferson County reports the following major proprietary fund:

**Solid Waste Disposal Fund** – This fund accounts for the county's solid waste landfill operations.

Additionally, Jefferson County reports the following fund types:

**Capital Projects Funds** – These funds are used to account for financial resources to be used in the acquisition or construction of capital assets.

**Internal Service Fund** – The Employee Insurance - Dental and Vision Fund is used to account for the county's self-insured dental and vision programs. Premiums charged to the various county funds and employee payroll deductions are placed in this fund for the payment of claims of county employees.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Jefferson County, the cities property taxes collected by the county trustee and forwarded to the Town of Dandridge and the City of Baneberry. 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 Jefferson 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 Jefferson County School Department reports the following fund types:

**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.

**Capital Projects Funds** – These funds are used to account for the transactions related to general and specific capital projects and to account for the receipt of debt issued by Jefferson County and contributed to the School Department for building construction and renovations.

**Internal Service Fund** – The Employee Insurance - Dental and Vision Fund is used to account for the School Department's self-insured dental and vision programs. Premiums charged to the various School Department funds and employee payroll deductions are placed in this fund for the payment of claims of School Department employees.

**Other Employee Benefit Trust Fund** – The Flexible Benefits Fund is used to account for operations of the flexible benefits program for School Department employees. This fund had become inactive and was closed during the fiscal year.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has two proprietary funds, an enterprise fund and an internal service fund. Operating revenues and expenses generally result from providing services in connection with the funds' principal ongoing operations. The principal operating revenue of the enterprise fund is tipping fees. Operating expenses of the enterprise fund include various expenses associated with the operation of the county's landfill. The principal operating revenues of the county's and the School Department's internal service funds are charges for services. Operating expenses for the internal service funds include administrative expenses and employee benefits.

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

**1. Deposits and Investments**

For purposes of the Statement of Cash Flows, cash includes cash on hand and cash on deposit with the county trustee.

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 Jefferson County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Jefferson County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a Stable Net Asset Value. 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.

## **2. Receivables and Payables**

Activity between funds for unremitted current collections at the end of the fiscal year is referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All ambulance, property taxes, and solid waste receivables are shown with an allowance for uncollectibles. The ambulance and solid waste receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.28 percent of total taxes levied.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not



available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

Most payables are disaggregated on the face of the financial statements. The Claims and Judgments payable account totaling \$59,732 is discussed in Note V.B. Risk Financing Activities.

Retainage payable in the School Department's funds represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

### **3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

### **4. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and the business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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. Interest incurred during the construction phase of capital assets of the enterprise fund is included as part of the capitalized value of the assets 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>
Landfill Facilities and Development	5 - 40
Buildings and Improvements	15 - 40
Machinery and Equipment	3 - 15
Other Capital Assets	5 - 25
Infrastructure	99

## **5. Deferred Outflows/Inflows of Resources**

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

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/or the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, deferred credit on refunding, pension changes in experience, pension changes in investment earnings, and various receivables for revenues, which do not meet the availability criteria in governmental funds.

**6. Compensated Absences**

It is the county's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Jefferson County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements for the county. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

It is the School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for vacation and sick pay is reported in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The School Department offers teachers a financial incentive for accumulated sick leave. This incentive is available to all teachers who leave the School Department in good standing with at least ten consecutive years of service. The incentive amount is \$25 for each accumulated day of sick leave. During the 2015-16 year, eight employees received this incentive. The financial statements of this report reflect expenditures of \$29,887 in the General Purpose School Fund for the accumulated sick leave incentive payments.

**7. Long-term Obligations**

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the 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, termination benefits, other postemployment benefits, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

#### **8. Net Position and Fund Balance**

In the government-wide financial statements and the proprietary fund in the fund 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.

Restricted for Other Purposes on the Statement of Net Position for the primary government and the proprietary fund include \$824,265 and \$32,559, respectively, resulting from the recognition of net pension assets. Restricted for Education on the Statement of Net Position for the discretely presented School Department includes \$496,028 resulting from the recognition of net pension assets.

As of June 30, 2016, Jefferson County had \$71,572,800 in outstanding debt for capital purposes for the discretely presented Jefferson County School Department and the discretely presented Jefferson County

Nursing Home. This debt is a liability of Jefferson County, but the capital assets acquired are reported in the financial statements of the component units. Therefore, Jefferson 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 the 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 or the Finance Director makes assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the primary government's General Fund consists of amounts assigned for encumbrances (\$39,235), ambulance purchase (\$142,650), and support services (\$35,000). Assigned fund balance in the School

Department's General Purpose School Fund consists of amounts assigned for encumbrances (\$320,925), maintenance projects (\$15,000), capital projects (\$115,308), and textbooks (\$241,477).

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.

#### **9. Minimum Fund Balance Policy**

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of certain governmental funds, the following minimum fund balance policy exists:

General Fund – 15 percent of the subsequent year's appropriations in unassigned fund balance.

General Debt Service Fund – 50 percent of the subsequent year's debt service requirement.

#### **E. Pension Plans**

##### **Primary Government**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Jefferson County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Jefferson County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

##### **Discretely Presented Jefferson County School Department**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by

the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

#### **Primary Government**

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

#### **Discretely Presented Jefferson County School Department**

Exhibit J-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 Jefferson County School Department**

Exhibit J-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 for the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted and the capital project funds (except for the General Capital

Projects Fund), which adopt 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/Executive, Election Commission, 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 differences between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2016, Jefferson County and the Jefferson County School Department reported the following significant encumbrances:

<u>Funds</u>	<u>Description</u>	<u>Amount</u>
Primary Government:		
Nonmajor Fund:		
General Capital Projects	Capital outlay	\$ 273,884
School Department:		
Major Fund:		
General Purpose School	Capital outlay	305,880

**B. Net Position Deficit**

The county's Solid Waste Disposal Fund had a deficit of \$1,824,938 in total net position and a deficit of \$3,795,895 in unrestricted net position at June 30, 2016. Further details related to liabilities recorded in this fund are disclosed in Note V.F. Landfill Closure/Postclosure Care Costs.



**C. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations in certain major appropriation categories (the legal level of control) of the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General:	
Drug Court	\$ 5,950
Victim Assistance Programs	1,704
General Debt Service:	
Other Debt Service - General Government	697

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded from available fund balances and greater than anticipated revenues.

**D. Payment Bond Not Required**

A payment bond was not required from a contractor on a contract exceeding \$100,000 as required by law. Failure to obtain the bond increased the county's risk of loss associated with the project.

**E. Cash Shortage**

On July 10, 2015, a Fraud Reporting Form was filed with the Comptroller of the Treasury alleging a cash shortage in the Planning and Zoning Office. An internal review of the receipts and deposits of the office by the county's finance director, with assistance from the Comptroller's Office, determined that \$21,752 in adequate facilities tax and building permit collections had not been remitted to the county trustee. Details of this cash shortage were presented in the Schedule of Findings and Questioned Costs in the Single Audit section of the annual financial report for the year ended June 30, 2015. The district attorney general was notified of the cash shortage, and the Tennessee Bureau of Investigations conducted an investigation. On January 11, 2016, the Jefferson County Grand Jury returned indictments charging a former employee of the Planning and Zoning Office with one count of theft over \$10,000, one count of theft over \$1,000, and four counts of official misconduct. The former employee was arrested on January 25, 2016, and is scheduled for trial on May 4, 2017. The cash shortage was liquidated by the county's insurance carrier during the year.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

Jefferson County and the Jefferson 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.

**Investment Balances.** As of June 30, 2016, Jefferson County had the following investment carried at amortized cost within the fair value hierarchy established by generally accepted accounting principles. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Jefferson County and the discretely presented Jefferson County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturities (days)	Amortized Cost
State Treasurer's Investment Pool	4 to 117	\$ 747,346

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Jefferson County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Jefferson County has no investment policy that would further limit its investment choices. As of June 30, 2016, Jefferson County's investment in the State Treasurer's Investment Pool was unrated.

## **B. Capital Assets**

Capital assets activity for the year ended June 30, 2016, was as follows:

## **Primary Government**

### **Governmental Activities:**

	Balance				Balance
	7-1-15		Increases	Decreases	6-30-16
Capital Assets Not Depreciated:					
Land	\$ 1,527,216	\$	120,000	\$ 0	\$ 1,647,216
Construction in Progress	77,342		308,495	(41,958)	343,879
Total Capital Assets					
Not Depreciated	\$ 1,604,558	\$	428,495	\$ (41,958)	\$ 1,991,095
Capital Assets Depreciated:					
Buildings and Improvements	\$ 22,313,100	\$	155,689	\$ 0	\$ 22,468,789
Other Capital Assets	9,972,000		506,210	(246,596)	10,231,614
Infrastructure	116,780,427		247,500	0	117,027,927
Total Capital Assets					
Depreciated	\$ 149,065,527	\$	909,399	\$ (246,596)	\$ 149,728,330
Less Accumulated					
Depreciation For:					
Buildings and Improvements	\$ 5,364,123	\$	571,207	\$ 0	\$ 5,935,330
Other Capital Assets	6,848,883		628,157	(109,957)	7,367,083
Infrastructure	36,869,689		1,181,384	0	38,051,073
Total Accumulated					
Depreciation	\$ 49,082,695	\$	2,380,748	\$ (109,957)	\$ 51,353,486
Total Capital Assets					
Depreciated, Net	\$ 99,982,832	\$	(1,471,349)	\$ (136,639)	\$ 98,374,844
Governmental Activities					
Capital Assets, Net	\$ 101,587,390	\$	(1,042,854)	\$ (178,597)	\$ 100,365,939

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

### **Governmental Activities:**

General Government	\$ 45,952
Finance	5,710
Administration of Justice	448,453
Public Safety	224,594
Public Health and Welfare	361,094
Social, Cultural, and Recreational Services	6,450
Highways/Public Works	1,288,495
Total Depreciation Expense -	
Governmental Activities	\$ 2,380,748

**Business-type Activities:**

	Balance 7-1-15	Increases	Balance 6-30-16
Capital Assets Not Depreciated:			
Land	\$ 461,930	\$ 48,500	\$ 510,430
Construction in Progress	114,252	98,686	212,938
Total Capital Assets Not Depreciated	\$ 576,182	\$ 147,186	\$ 723,368
Capital Assets Depreciated:			
Landfill Facilities and Development	\$ 458,228	\$ 0	\$ 458,228
Buildings and Improvements	339,833	27,333	367,166
Machinery and Equipment	3,475,745	107,230	3,582,975
Total Capital Assets Depreciated	\$ 4,273,806	\$ 134,563	\$ 4,408,369
Less Accumulated Depreciation For:			
Landfill Facilities and Development	\$ 380,403	\$ 4,964	\$ 385,367
Buildings and Improvements	285,562	3,773	289,335
Machinery and Equipment	2,392,846	125,791	2,518,637
Total Accumulated Depreciation	\$ 3,058,811	\$ 134,528	\$ 3,193,339
Total Capital Assets Depreciated, Net	\$ 1,214,995	\$ 35	\$ 1,215,030
Business-type Activities Capital Assets, Net	\$ 1,791,177	\$ 147,221	\$ 1,938,398

The business-type activities had no decreases in capital assets during the year. Depreciation expense totaling \$134,528 was charged to the Solid Waste Disposal Fund.

## Discretely Presented Jefferson County School Department

### Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 1,492,550	\$ 0	\$ 0	\$ 1,492,550
Construction in Progress	26,929,881	2,127,478	0	29,057,359
Total Capital Assets Not Depreciated	<u>\$ 28,422,431</u>	<u>\$ 2,127,478</u>	<u>\$ 0</u>	<u>\$ 30,549,909</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 64,262,959	\$ 0	\$ (37,046)	\$ 64,225,913
Machinery and Equipment	2,760,742	68,874	0	2,829,616
Other Capital Assets	6,037,454	343,768	(194,034)	6,187,188
Total Capital Assets Depreciated	<u>\$ 73,061,155</u>	<u>\$ 412,642</u>	<u>\$ (231,080)</u>	<u>\$ 73,242,717</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 25,413,987	\$ 1,460,314	\$ (18,060)	\$ 26,856,241
Machinery and Equipment	1,736,355	195,960	0	1,932,315
Other Capital Assets	3,347,513	387,270	(157,646)	3,577,137
Total Accumulated Depreciation	<u>\$ 30,497,855</u>	<u>\$ 2,043,544</u>	<u>\$ (175,706)</u>	<u>\$ 32,365,693</u>
Total Capital Assets Depreciated, Net	<u>\$ 42,563,300</u>	<u>\$ (1,630,902)</u>	<u>\$ (55,374)</u>	<u>\$ 40,877,024</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 70,985,731</u></u>	<u><u>\$ 496,576</u></u>	<u><u>\$ (55,374)</u></u>	<u><u>\$ 71,426,933</u></u>

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

### Governmental Activities:

Instruction	\$ 1,370,171
Support Services	558,431
Operation of Non-instructional Services	<u>114,942</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,043,544</u></u>

**C. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2016, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,767
Solid Waste Disposal	Nonmajor governmental	75,852

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

**Due to/from Primary Government and Component Unit:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component Unit:	
General Debt Service	School Department:	
Internal Service	General Purpose School	\$ 37,500
	Internal Service	2,752
Component Unit:		
School Department:	Primary Government:	
Nonmajor governmental	Nonmajor governmental	85,529

The amount reflected as Due to Primary Government's, General Debt Service Fund from the discretely presented School Department represents an internal capital outlay note with a term of three years for the purchase of a triple-wide trailer. Of that amount, \$21,000 is not expected to be received within one year.

The government-wide Statement of Net Position also reports \$6,910,000 as due from the discretely presented Jefferson County Nursing Home to the governmental activities of the primary government. This amount represents general obligation debt issued by the county, which is being retired by the nursing home. See Note VI.F. for further information about this debt.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In	
	General Debt Service Fund	Solid Waste Disposal Fund
General Fund	\$ 477,462	\$ 16,770
Nonmajor governmental funds	70,000	27,333
Total	<u>\$ 547,462</u>	<u>\$ 44,103</u>

**Primary Government**

Transfers Out	Transfers In	
	Highway/ Public Works Fund	Nonmajor Governmental Funds
General Fund	\$ 62,580	\$ 263,855
Nonmajor governmental funds	0	255,000
Total	<u>\$ 62,580</u>	<u>\$ 518,855</u>

**Discretely Presented Jefferson County School Department:**

Transfer Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
Nonmajor governmental funds	\$ 69,723	\$ 0
General Purpose School Fund	0	1,002,601
Total	<u>\$ 69,723</u>	<u>\$ 1,002,601</u>

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



**D. Long-term Obligations**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

Jefferson 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, general obligation bonds have been issued to refund other general obligation bonds, other loans, and notes. 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 and other loans outstanding were issued for original terms of up to 30 years for bonds and up to 18 years for other loans. The county had no outstanding capital outlay notes at June 30, 2016. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2016, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	2.54 to 2.9 %	6-1-36	\$ 26,685,000	\$ 25,710,000
General Obligation Refunding Bonds	1.45 to 3.41	6-1-37	18,950,000	17,650,000
General Obligation - Recovery Zone Economic Development Bonds	3.69	6-1-40	16,000,000	16,000,000
Other Loans - Refunding	Variable	6-1-26	13,305,000	8,495,000
Other Loans - Refunding	4 to 5	6-1-19	13,740,000	3,755,000
Other Loans - Qualified School Construction Bonds	0 (1)	8-1-27	10,595,000	7,399,629
Other Loans - Energy Efficient Schools Initiative	2.5	3-1-24	2,506,325	1,703,171

(1) Interest rate of approximately 4.85 percent is offset by a federal interest subsidy resulting in a net interest rate of zero percent.

In prior years, Jefferson County entered into loan agreements with the Sevier County Public Building Authority and the Blount County Public Building

Authority. The following table summarizes those loan agreements outstanding as of June 30, 2016:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-16	Interest Type	Interest Rates as of 6-30-16	Other Fees on Variable Rate Debt
<u>Sevier County Public</u>					
<u>Building Authority</u>					
Local Government Public					
Improvement Bond -					
Refunding (V-G-1)	\$ 13,740,000	\$ 3,755,000	Fixed	4 to 5 %	N/A
Total		<u>\$ 3,755,000</u>			
<u>Blount County Public</u>					
<u>Building Authority</u>					
Local Government Public					
Improvement Bond -					
Refunding (E-3-D)	13,305,000	\$ 8,495,000	Variable	0.9	.25%
Total		<u>\$ 8,495,000</u>			
Total		<u>\$ 12,250,000</u>			

The variable rate Blount County Public Building Authority loan is repayable at an interest rate that is a tax-exempt variable rate determined monthly by the remarketing agent. In addition, the county pays various other fees (trustee, debt remarketing, administrative, etc.) in connection with the variable rate loan. The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2016, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 1,240,000	\$ 2,256,881	\$ 3,496,881
2018	1,155,000	2,220,423	3,375,423
2019	2,600,000	2,189,573	4,789,573
2020	3,090,000	2,108,873	5,198,873
2021	3,175,000	2,012,398	5,187,398
2022-2026	10,870,000	8,872,466	19,742,466
2027-2031	9,425,000	7,761,823	17,186,823
2032-2036	11,375,000	6,402,588	17,777,588
2037-2040	16,430,000	2,805,920	19,235,920
Total	<u>\$ 59,360,000</u>	<u>\$ 36,630,945</u>	<u>\$ 95,990,945</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	\$ 3,262,795	\$ 804,185	\$ 29,798	\$ 4,096,778
2018	3,392,895	719,380	27,966	4,140,241
2019	2,043,127	624,162	26,008	2,693,297
2020	1,733,491	594,245	23,925	2,351,661
2021	1,788,988	580,968	21,779	2,391,735
2022-2026	8,342,991	2,699,739	72,311	11,115,041
2027-2028	788,513	564,231	10,598	1,363,342
Total	\$ 21,352,800	\$ 6,586,910	\$ 212,385	\$ 28,152,095

There is \$7,120,532 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and other loans totaled \$1,570 based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

##### Governmental Activities:

	Bonds	Other Loans
Balance, July 1, 2015	\$ 60,470,000	\$ 24,515,627
Additions	4,215,000	0
Reductions	(5,325,000)	(3,162,827)
Balance, June 30, 2016	\$ 59,360,000	\$ 21,352,800
Balance Due Within One Year	\$ 1,240,000	\$ 3,262,795

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2015	\$ 659,317	\$ 467,086
Additions	127,900	479,853
Reductions	(18,163)	(466,934)
Balance, June 30, 2016	\$ 769,054	\$ 480,005
Balance Due Within One Year	\$ 0	\$ 336,004

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 81,961,859
Less: Balance Due Within One Year	(4,838,799)
Less: Unamortized Premium on Debt	<u>426,653</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 77,549,713</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General, Solid Waste/Sanitation, and Highway/Public Works funds.

Current Refunding

On May 13, 2016, Jefferson County refunded the outstanding balance of the Series 2007 Nursing Home General Obligation Bond (\$4,155,000). The county issued \$4,215,000 of General Obligation Refunding Bonds to provide resources to refund this bond. As a result of the current refunding of the bond, total debt service payments over the next 21 years will be decreased by \$1,225,305, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding debt) of \$952,732 was obtained.

Defeasance of Prior Debt

In a prior year, Jefferson County defeased a portion of a general obligation issue (Nursing Home Bond) by placing a portion of the proceeds for a new bond into an irrevocable trust to provide for all future debt service payments on the old bonds. The outstanding bonds totaling \$2,540,000 were called and retired in the current year.

**Solid Waste Disposal Fund (enterprise fund)**

Changes in Long-term Obligations

Long-term obligations activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2016, was as follows:

Business-type Activities:

	Compensated Absences	Closure/ Postclosure Care Costs
Balance, July 1, 2015	\$ 11,542	\$ 4,680,705
Additions	18,110	34,097
Reductions	(16,365)	(19,761)
Balance, June 30, 2016	<u>\$ 13,287</u>	<u>\$ 4,695,041</u>
Balance Due Within One Year	<u>\$ 3,149</u>	<u>\$ 114,198</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 4,708,328
Less: Balance Due Within One Year	<u>(117,347)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,590,981</u>

**Discretely Presented Jefferson County School Department**

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Jefferson County School Department for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Compensated Absences	Termination Benefits
Balance, July 1, 2015	\$ 654,123	\$ 82,533
Additions	166,965	107,650
Reductions	(124,060)	(95,091)
Balance, June 30, 2016	<u>\$ 697,028</u>	<u>\$ 95,092</u>
Balance Due Within One Year	<u>\$ 168,879</u>	<u>\$ 55,000</u>

	Net Pension Liability (Asset) Teacher Legacy Plan	Other Postemployment Benefits
Balance, July 1, 2015	\$ (105,047)	\$ 9,773,855
Additions	3,034,252	2,061,528
Reductions	(2,660,309)	(821,974)
Balance, June 30, 2016	<u>\$ 268,896</u>	<u>\$ 11,013,409</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 12,074,425
Less: Balance Due Within One Year	<u>(223,879)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 11,850,546</u>

Compensated absences, other postemployment benefits, and net pension liability will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds. Termination benefits will be paid by the General Purpose School Fund.

**E. Pledges of Future Revenues**

In August 2008, the citizens of Jefferson County voted to increase the local option sales tax from 2.25 to 2.75 percent. The county pledged all additional sales tax collections generated from the half-cent increase in the unincorporated areas of the county and half of the additional sales tax collections in the cities within the county to be used for the reduction and retirement of school indebtedness. Jefferson County had outstanding debt for school purposes of \$64,662,800 at June 30, 2016. That debt carries the general obligation pledge of the government in addition to the specific pledge of the one-half cent sales tax revenue.

**F. On-Behalf Payments – Discretely Presented Jefferson County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Jefferson 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, 2016, were

\$214,119 and \$56,425, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**G. Internal Financing**

In-lieu-of issuing debt with financial institutions, Jefferson County chose to internally finance various projects with idle county funds. During a previous year, the county loaned \$201,700 of idle funds under Bond Anticipation Note Series 2011A from the General Debt Service Fund to the Solid Waste Disposal Fund to purchase equipment. There is no balance due on the Bond Anticipation Note Series 2011A notes as of June 30, 2016.

Internally Reported Interfund Notes Receivable/Payable

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
<u>Due to General Debt Service</u>				
<u>Fund from Solid Waste</u>				
<u>Disposal Fund</u>				
Bond Anticipation				
Note - Series 2011A				
(Solid Waste)	\$ 201,700	1.25 %	10-4-11	10-4-17
			Paid and/or	
		Issued	Matured	
	Outstanding	During	During	Outstanding
	7-1-15	Period	Period	6-30-16
<u>Due to General Debt Service</u>				
<u>Fund from Solid Waste</u>				
<u>Disposal Fund</u>				
Bond Anticipation				
Note - Series 2011A				
(Solid Waste)	\$ 88,127	\$ 0	\$ (88,127)	\$ 0
Total	\$ 88,127	\$ 0	\$ (88,127)	\$ 0

In a prior year, internally reported capital outlay notes of \$698,587 were also borrowed from the General Debt Service Fund to provide funds for construction costs of the discretely presented School Department. For external reporting, this transaction was recognized as a contribution to the School Department's Other Capital Projects – RZEDB Fund in the prior year. Repayment of the notes is being provided by annual transfers of tax credit bond rebate revenues from the General Fund. This internally reported notes receivable of the General Debt Service Fund that is to be retired from the

General Debt Service Fund from tax credit bond rebate revenues is summarized below:

	Outstanding 7-1-15	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-16
School Department Improvements	\$ 119,003	\$ 0	\$ (119,003)	\$ 0
Total	\$ 119,003	\$ 0	\$ (119,003)	\$ 0

## V. OTHER INFORMATION

### A. Risk Management

Jefferson County and the discretely presented Jefferson County School Department are exposed to risks related to general liability, property, casualty, and workers' compensation. The county and the School Department decided it was more economically feasible to join public entity risk pools as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county and the School Department joined 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 and the School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Jefferson County joined the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF 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. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The discretely presented Jefferson County 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, *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.

Jefferson County and the discretely presented School Department have chosen to establish Employee Insurance - Dental and Vision funds for risks associated with the employees' dental and vision plans. The Employee Insurance - Dental and Vision funds are accounted for as internal service funds where assets are set aside for claim settlements. The maximum liability is \$1,200 per employee per year for dental coverage only and \$1,500 per employee per year for dental and vision coverage. All full-time employees of Jefferson County and the School Department are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on estimates of the amounts needed to pay claims. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Insurance - Dental and Vision funds established claims liabilities based on estimates of claims that have been incurred but not reported. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Employee Insurance - Dental and Vision Funds

	Beginning of Fiscal Year Liability	Current-Year Claims and Estimates	Payments	Balance at Fiscal Year-end
<u>Primary Government</u>				
2014-2015	\$ 4,472	\$ 143,084	\$ 138,866	\$ 8,690
2015-2016	8,690	142,950	145,257	6,383
<u>Discretely Presented School Department</u>				
2014-2015	49,424	349,899	375,577	23,746
2015-2016	23,746	424,480	419,666	28,560

**B. Risk Financing Activities**

Jefferson County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for workers' compensation insurance for one or more policy years in 1996-97, 1997-98, and 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded specific amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance Insurance Company has

left the LOGIC members exposed to significant claim liabilities for their policy years. The LOGIC board of directors has assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. As of June 30, 2016, Jefferson County has an outstanding assessment of \$59,732, which was due June 30, 2012. Jefferson County has recorded a liability for this amount in the General Fund. However, Jefferson County disputes the claim and has not yet paid the assessment.

**C. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

**D. Subsequent Events**

On August 26, 2016, the General Debt Service Fund issued a three-year interfund loan to the Solid Waste/Disposal Fund in the amount of \$100,000 for the purchase of equipment.

An interfund loan was approved in June 2016 from the county's General Fund to the county's General Capital Projects Fund in the amount of \$1,000,000. The funds have not been loaned yet, but are to be used for the renovations at White Pine School after funds provided by the School Department have been expended.

In January 2017, the County Commission and School Board agreed to spend up to \$2,800,000 on the renovations at White Pine School. Funding is first to be provided by the General Purpose School Fund (\$1,800,000) and then by the county's General Capital Projects Fund (\$1,000,000).

At the January 26, 2017, school board meeting, a motion was approved to allocate an additional \$200,000 from the 2016-2017 appropriation for capital outlay in the General Purpose School Fund for the addition of a band room at White Pine School.

**E. Contingent Liabilities**

Jefferson County and the discretely presented Jefferson County School Department are involved in several pending lawsuits. Management, based on estimates from their attorneys, believes that the potential claims against the county and the School Department not covered by insurance, resulting from such litigation, would not materially affect the financial statements of the primary government or the School Department.

**F. Landfill Closure/Postclosure Care Costs**

Jefferson County has active permits on file with the State Department of Environment and Conservation for two sanitary landfills and a demolition landfill. The county has provided financial assurances for estimated closure and postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require Jefferson County to place a final cover on its sanitary landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Disposal Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,695,041 reported as landfill closure and postclosure care liability at June 30, 2016, represents the cumulative amount reported to date based on the use of 48 percent of the estimated capacity of the operating Patterson Landfill site (\$3,539,356) and postclosure care costs for the Highway 92 landfill site, which closed in 1993 (\$1,155,685). The amounts reported as closure/postclosure liability at June 30, 2016, are based on what it would cost to perform all closure and postclosure care costs in 2016. The county will recognize the remaining

estimated costs of closure and postclosure as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The county expects to close the Patterson Landfill site in the year 2032.

**G. Joint Ventures**

**Primary Government**

The county, along with Jefferson City, has participated in the operation of Jefferson Memorial Hospital, a health facility. Effective April 1, 1997, the county and city entered into an agreement to lease the hospital, including all assets and all outstanding liabilities, to a nonprofit corporation, Jefferson Memorial Hospital, Inc. (JMH, Inc.), of which obligations are guaranteed by St. Mary's Health Systems, Inc. Effective October 1, 2011, this lease was assigned by St. Mary's Health Systems, Inc., to Jefferson County HMA, LLC, of which, obligations are guaranteed by Knoxville HMA Holdings, LLC. The county and the city created a seven-member oversight board comprising the hospital's chief of staff, three appointees from the county, and three from the city. The board is responsible for administration of the lease and the hospital in the event of lease termination. The county reflects its share of any net revenues from the lease in the Other Special Revenue Fund. Currently, the county receives \$62,500 per month from the lease.

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District: Sevier, Jefferson, Grainger, and Cocke counties and various cities within these counties. 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, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Jefferson County made no contributions to the DTF for the year ended June 30, 2016, 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  
Fourth Judicial District  
125 Court Avenue, Suite 301  
Sevierville, TN 37862

### **Discretely Presented School Department**

The discretely presented School Department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was established through a contractual agreement between the Boards of Education of Jefferson County and various other counties and cities in the upper East Tennessee area. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*, and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to provide this service. NETCO is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee.

Complete financial statements for NETCO can be obtained from its administrative office at the following address:

Administrative Office:

Northeast Tennessee Cooperative  
100 East Maple Street  
P.O. Box 1517  
Johnson City, TN 37605

### **H. Jointly Governed Organizations**

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a Board of Directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice-chairman, secretary, and treasurer of the Board of Directors, along with the center manager, as an ex officio member, is in charge of the daily operations of the center. The county does not have any ongoing financial interest or responsibility beyond its initial investment.

In October 2012, amended and restated formation documents were filed with the Secretary of State's Office for the Jefferson Health Care Foundation (formerly the Jefferson Memorial Foundation, Inc.). Previously, St. Mary's Health System, which leased hospital operations from the county and Jefferson City, was the sole member of the foundation and provided oversight of certain funds held to benefit community health programs in the city and

county. The hospital is jointly owned by the county and Jefferson City as discussed in Note V.G. With the change in the formation documents, the county and city became the sole members of the foundation. A board, with three members appointed by the county and three members appointed by the city, now oversees the foundation funds.

## **I. Retirement Commitments**

### **1. Tennessee Consolidated Retirement System (TCRS)**

#### **Primary Government**

##### **General Information About the Pension Plan**

*Plan Description.* Employees of Jefferson County, non-certified employees of the discretely presented Jefferson County School Department, and employees of the discretely presented Jefferson County Nursing Home are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 51.86 percent, the non-certified employees of the discretely presented School Department comprised 28.8 percent, and the discretely presented Jefferson County Nursing Home comprised 19.34 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten

percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

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

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	411
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	437
Active Employees	740
Total	<u><u>1,588</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Jefferson County employees are non-contributory. Jefferson County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarial Determined Contribution (ADC) for Jefferson County was \$3,246,821 based on a rate of 15.63 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Jefferson County's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### **Net Pension Liability (Asset)**

Jefferson County's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:



Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	6.46	%	33	%
Developed Market				
International Equity	6.26		17	
Emerging Market				
International Equity	6.40		5	
Private Equity and				
Strategic Lending	4.61		8	
U.S. Fixed Income	0.98		29	
Real Estate	4.73		7	
Short-term Securities	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Jefferson County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2014	\$ 64,386,968	\$ 66,057,987	\$ (1,671,019)
Changes for the Year:			
Service Cost	\$ 1,614,607	\$ 0	\$ 1,614,607
Interest	4,844,096	0	4,844,096
Differences Between Expected and Actual Experience	(1,189,172)	0	(1,189,172)
Contributions-Employer	0	3,246,821	(3,246,821)
Contributions-Employees	0	0	0
Net Investment Income	0	2,041,119	(2,041,119)
Benefit Payments, Including Refunds of Employee Contributions	(2,827,268)	(2,827,268)	0
Administrative Expense	0	(37,241)	37,241
Other Changes	0	0	0
Net Changes	\$ 2,442,263	\$ 2,423,431	\$ 18,832
Balance, June 30, 2015	\$ 66,829,231	\$ 68,481,418	\$ (1,652,187)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	51.86%	\$ 34,657,639	\$ 35,514,463	\$ (856,824)
Nursing Home	19.34%	12,924,773	13,244,306	(319,533)
School Department	28.80%	19,246,819	19,722,648	(475,830)
Total		\$ 66,829,231	\$ 68,481,418	\$ (1,652,187)

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of Jefferson County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was

calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Jefferson County	6.5%	7.5%	8.5%

Net Pension Liability	\$ 7,214,826	\$ (1,652,187)	\$ (9,025,023)
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### **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Expense.* For the year ended June 30, 2016, Jefferson County recognized pension expense of \$911,127.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, Jefferson County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 79,256	\$ 990,977
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,342,054	3,069,791
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	3,293,718	N/A
Total	<u>\$ 5,715,028</u>	<u>\$ 4,060,768</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 3,008,649	\$ 2,105,914
Nursing Home	1,028,832	785,353
School Department	<u>1,677,547</u>	<u>1,169,501</u>
Total	<u>\$ 5,715,028</u>	<u>\$ 4,060,768</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (616,131)
2018	(616,131)
2019	(616,131)
2020	407,132
2021	(198,195)
Thereafter	0

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

**Discretely Presented Jefferson County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Jefferson County, non-certified employees of the discretely presented Jefferson County School Department, and the discretely presented Jefferson County Nursing Home are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 51.86 percent, the non-certified employees of the discretely presented School

Department comprise 28.8 percent, and the discretely presented nursing home comprise 19.34 percent of the plan based on contribution data.

### **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Jefferson County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

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

than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher Retirement Plan were \$66,836, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liabilities (Assets).* At June 30, 2016, the Jefferson County School Department reported an asset of \$20,198 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Jefferson County School Department's proportion of the net pension asset was based on the Jefferson County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Jefferson County School Department's proportion was .502068 percent.

*Pension Expense.* For the year ended June 30, 2016, the Jefferson County School Department recognized pension expense of \$26,470.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, the Jefferson County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 6,574
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,633	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	66,836	N/A
Total	<u>\$ 68,469</u>	<u>\$ 6,574</u>

The Jefferson County School Department's employer contributions of \$66,836, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) of net pension liability (asset) in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (140)
2018	(140)
2019	(140)
2020	(140)
2021	(548)
Thereafter	(3,835)

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

*Actuarial Assumptions.* The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:



Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Jefferson County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Jefferson County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 3,582	\$ (20,198)	\$ (37,638)

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

### **Teacher Legacy Pension Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Jefferson County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

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

eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Jefferson County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$2,191,150, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liability (Assets).* At June 30, 2016, the Jefferson County School Department reported a liability of \$268,896 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Jefferson County School Department's proportion of the net pension liability (asset) was based on the Jefferson County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Jefferson County School Department's proportion was .656431 percent. The proportion measured at June 30, 2014, was .646459 percent

*Negative Pension Expense.* For the year ended June 30, 2016, the Jefferson County School Department recognized negative pension expense of \$193,855.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, the Jefferson County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 215,801	\$ 4,185,413
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,855,428	6,591,508
Changes in Proportion of Net Pension Liability (Asset)	165,806	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>2,191,150</u>	<u>N/A</u>
Total	<u>\$ 7,428,185</u>	<u>\$ 10,776,921</u>

The Jefferson County School Department's employer contributions of \$2,191,150 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) in net pension liability (asset) in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (1,744,073)
2018	(1,744,073)
2019	(1,744,073)
2020	453,096
2021	(760,761)
Thereafter	0

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

*Actuarial Assumptions.* The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income	4.61		8	
Real Estate	0.98		29	
Short-term Securities	4.73		7	
	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Jefferson County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Jefferson County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability    \$ 18,332,454    \$ 268,896    \$ (14,685,599)

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

## 2. **Deferred Compensation**

Jefferson County offers its employees an option deferred compensation plan established pursuant to IRC Section 457. The discretely presented Jefferson County School Department offers its employees an optional deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding these programs are the responsibility of plan participants. The Section 457 and Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 457 and 403(b) establish participation, contribution, and withdrawal provisions for the plans.

Teachers hired after July 1, 2014, by the discretely presented Jefferson County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Jefferson County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Jefferson County School Department contributed \$82,790 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

## J. **Other Postemployment Benefits (OPEB)**

### **Plan Description**

Jefferson County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans.

Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-207, *TCA*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are 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/article/fa-accfin-cafr>.

### **Funding Policy**

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are 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 employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2016, Jefferson County contributed \$18,163 for postemployment health care, and the Jefferson County School Department recognized contributions totaling \$821,974 for postemployment health care.

### **Annual OPEB Cost and Net OPEB Obligation**

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 2,063,000	\$ 128,000
Interest on the NOPEBO	366,520	24,724
Adjustment to the ARC	(367,992)	(24,824)
Annual OPEB cost	\$ 2,061,528	\$ 127,900
Amount of contribution	(821,974)	(18,163)
Increase/decrease in NOPEBO	\$ 1,239,554	\$ 109,737
Net OPEB obligation, 7-1-15	9,773,855	659,317
Net OPEB obligation, 6-30-16	\$ 11,013,409	\$ 769,054



Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Education Group	\$ 1,890,817	46	% \$ 8,617,300
6-30-15	"	1,959,879	41	9,773,855
6-30-16	"	2,061,528	40	11,013,409
6-30-14	Local Government Group	68,586	15	627,634
6-30-15	"	71,646	56	659,317
6-30-16	"	127,900	14	769,054

#### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	\$ 17,063,000	\$ 973,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 17,063,000	\$ 973,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 29,614,523	\$ 11,068,860
UAAL as a % of covered payroll	57.62%	8.79%

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, 2015, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. 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. Payroll is assumed to grow at a rate of three percent.

**K. Termination Benefits**

The School Department offers an early retirement incentive program in accordance with contract provisions. Prior to March 1, 2013, this plan was available to employees who retired from the school system in the year they reached age 60 or had 30 years of creditable service with the Tennessee Consolidated Retirement System and had a minimum of ten years of employment with the School Department. From March 1, 2013, through February 28, 2016, the plan was available to employees who retired from the school system between the ages of 57 and 62, and had a minimum of ten years employment in the Jefferson County School System. Currently the plan is available to employees who have earned 21 years of verified teaching experience and have a minimum of ten years employment in the Jefferson County School System. Prior to March 1, 2013, the plan gave teachers who met the above requirements an option of receiving \$9,500 divided into two equal annual payments or \$10,500 divided into three equal annual payments. From March 1, 2013, through February 28, 2016, the plan gave teachers who had met the above requirements \$5,000 divided into three equal annual payments for 10-20 years of service in the Jefferson County School System or \$10,000 divided into three equal annual payments for 21 or more years of service in the Jefferson County School System. Currently, the plan gives teachers who meet the above requirements \$10,000 divided into three equal payments. During the 2015-16 year, 28 employees participated in the program. The financial statements of this report reflect expenditures of \$95,090 in the General Purpose School Fund for the retirement incentive payments. A nondiscounted long-term liability of \$95,092 is reflected on the government-wide Statement of Net Position for retirement incentives. Of that amount, \$55,000 is due within one year.

**L. Office of Central Accounting, Budgeting, and Purchasing**

Jefferson County operates under the provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing covering all county departments. This act also provides for the creation of a Finance Department operated under the direction of the finance director.

**M. Purchasing Law**

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. The finance director serves as the purchasing agent for Jefferson County. All purchase orders are issued by the Finance Department. Purchases exceeding \$10,000 for the Office of County Mayor, the discretely presented School Department, and the Office of Road Superintendent are required to be competitively bid.

**VI. OTHER NOTES – DISCRETELY PRESENTED JEFFERSON COUNTY NURSING HOME**

**A. Summary of Significant Accounting Policies**

Jefferson County Nursing Home is a political subdivision of Jefferson County, Tennessee. The nursing home provides long-term health care primarily for the citizens of the county. It is governed, operated, and controlled by a five-member board of commissioners who are appointed by the Board of County Commissioners of the county. The county is legally obligated to assume the nursing home's debt in the event of default and is legally obligated to provide financial support, making Jefferson County financially accountable for the nursing home. Therefore, the nursing home is a discrete component unit of Jefferson County for financial reporting purposes.

**1. Basis of Presentation**

The nursing home utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis, which is an economic resources measurement focus approach to accounting. In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*. GASB 62 and 63 were effective for periods beginning after December 15, 2011. GASB 62 makes the *Accounting Standards Codification* the sole source of authoritative accounting technical literature for governmental entities in the United States of America.

**2. Inventories**

Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or market (net realizable value).

**3. Cash, Cash Equivalents, and Investments**

For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as cash on hand or in banks and investments with original maturities at the date of purchase of less than three months, excluding restricted assets.

All of the nursing home's cash and cash equivalents are covered by federal depository insurance or collateralized by securities held by the financial institutions' trust department in the nursing home's name.

**4. Fair Value Measurements**

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). The nursing home has a net pension asset of \$279,930, as of June 30, 2016, which would be classified as Level 2 under the hierarchy above. The nursing home did not have any fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2016.

**Financial Assets**

The carrying amount of financial assets, consisting of cash and cash equivalents, patient accounts receivable, prepaid expenses, accounts payable, accrued expenses, and current portions of long-term debt approximate their fair value due to their relatively short maturities. Long-term debt is carried at amortized cost, which approximates fair value.

## Nonfinancial Assets

The nursing home's nonfinancial assets, which include property and equipment, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur, or if an annual impairment test is required and the nursing home is required to evaluate the nonfinancial instrument for impairment, a resulting asset impairment would require that the nonfinancial asset be recorded at the fair value. During the year ended June 30, 2016, the nursing home did not measure any nonfinancial assets at fair value or recognize any amounts in the Statements of Activities related to changes in fair value for nonfinancial assets.

### **5. Property and Equipment**

Property and equipment acquisitions are recorded at cost. The nursing home capitalizes purchases that cost a minimum of \$5,000 and have a useful life greater than two years. Assets are depreciated on a straight-line basis over their estimated useful lives as follows: land improvements 10-12 years, buildings and improvements 10-40 years, equipment 4-20 years, and transportation equipment 5-7 years.

### **6. Patient Service Revenue**

The nursing home has agreements with third-party payors that provide for payments to the nursing home at amounts different from its established rates. Payment arrangements include prospectively determined per-diem rates per day and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient service revenue is net of contractual adjustments of approximately \$24,000 for the year ended June 30, 2016.

### **7. Operating Activities**

The nursing home defines operating activities as reported on the Statement of Revenues, Expenses, and Changes in Net Position as those that generally result from exchange transactions, such as payments for providing services and payments for goods and services received. Nonexchange transactions, including investment income and interest expense, are considered nonoperating revenue and expenses.

**8. Pension Plan**

Nursing home employees are covered under the Tennessee Consolidated Retirement System (TCRS), a defined benefit plan. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement Plan in TCRS and addition to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan.

**9. Compensated Absences**

The nursing home provides its full-time employees with paid days off for holiday, vacation, sick, and bereavement absences. The vacation paid days off begin accruing after one year of service and are based on the following table. Such days may be taken only after the employee has earned them. There is no limit on the number of earned days, which may be carried forward if not taken in the year earned; however, effective January 1, 2018, all earned days must be taken annually, except that an employee may carry forward up to the number of days earned annually, based on years of service. Such liabilities have been accrued in the accompanying Statement of Net Position.

<u>Years of Service</u>	<u>Days Earned Per Year</u>
1 - 9	10
10 - 19	15
20 or more	20

**10. Risk Management**

The nursing home is exposed to various risks of loss from medical malpractice; torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. Commercial insurance is purchased for claims arising from such matters. The nursing home insures for employee health claims through a county plan administered by the State of Tennessee discussed in Note VI.H.

**11. Net Position**

All resources that are not restricted by donors are included in unrestricted net position. Resources temporarily restricted by donors for specific purposes are reported as a restricted component of net position - expendable. When specific purposes are achieved, either through passage of a stipulated time or the purpose for restriction is accomplished, they are classified to unrestricted net position and reported in the Statement of Revenues, Expenses, and Changes in Net Position. Resources temporarily restricted by donors for additions to land, buildings, and equipment are initially reported as a restricted component of net position - expendable and are transferred to unrestricted net position when expended. Donor-imposed restrictions, which stipulate that the resources be maintained permanently, are reported as a restricted component of net position – unexpendable. Investment income for the restricted component of net position - unexpendable is classified as either a restricted component of net position – expendable or unrestricted based on the intent of the donor. As of June 30, 2016, the nursing home had restricted component of net position – expendable of \$669,264, relating to the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pension benefits as well as restricted component of net position – expendable designated for employee scholarships as discussed in VI.B. As of June 30, 2016, there were no restricted components of net position - unexpendable.

The nursing home first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**12. Income Taxes**

The nursing home as a political subdivision of the county is exempt from federal income taxes pursuant to Section 115 of the Internal Revenue Code.

**13. Long-lived Assets**

Management evaluates the recoverability of its investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

**14. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets

and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**15. Performance Indicator**

Excess of revenue over (under) expenses reflected in the accompanying Statement of Revenues, Expenses, and Changes in Net Position is a performance indicator.

**16. Adoption of New Accounting Pronouncements**

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This standard is effective for fiscal years beginning after June 15, 2015. Therefore, the nursing home adopted this standard at the beginning of fiscal year 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*. This statement is applicable to the nursing home with regard to clarification of certain provisions of Statement No. 68 including information that is required to be presented as notes to the ten-year schedules of required supplementary information. The requirements of this standard that are within the scope of Statement No. 68 are effective for fiscal years beginning after June 15, 2015. Therefore, the nursing home adopted this standard at the beginning of fiscal year 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which amended Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the hierarchy of generally accepted accounting principles ("GAAP") to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement is effective for fiscal years beginning after June 15, 2015, and should be applied retroactively. Therefore, the nursing home adopted this standard at the beginning of fiscal year 2016.



The adoption of these accounting standards did not have a material impact on the nursing home's financial statements.

**17. New Accounting Pronouncements**

In March 2016, the GASB issued Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this statement is to address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This standard is effective for fiscal years beginning after June 15, 2016. Therefore, the nursing home expects to adopt this standard at the beginning of fiscal year 2017. The nursing home is currently assessing the impact of adopting this accounting standard.

**B. Restricted Assets**

Cash in the employee scholarship fund is available to provide scholarships to qualifying employees. Certain donations received are designated to be used for higher education of employees. Deposits to the fund come from private donations and monthly interest earned. The only withdrawals made are to award \$2,000 scholarships to qualifying employees. Scholarships awarded are subject to board approval. No employee received a scholarship during the year ended June 30, 2016.

**C. Third-party Reimbursement Programs**

The nursing home receives revenue under various third-party reimbursement programs, which include Medicare, Medicaid, and other third-party payors. Contractual adjustments under third-party reimbursement programs represent the difference between the nursing home's billings at its established rates and the amounts reimbursed by third-party payors. They also include any differences between estimated third-party reimbursement settlements for prior years and subsequent tentative or final settlements. There were no adjustments to revenue resulting from tentative or final settlements to estimated reimbursement amounts for the year ended June 30, 2016.

**1. Medicare**

The nursing home is paid for substantially all services rendered to Medicare program beneficiaries for skilled nursing care under prospectively determined case-mix rates. Those rates vary according to a classification system that is based on a medical assessment of the rehabilitation needed, extent of services needed, and other factors. The patient is often responsible for a portion of the fee. For the patient

portion of fees not collected after normal collection efforts with the filing of an annual cost report, the nursing home was reimbursed 65 percent for such uncollected fees for the period of April 1, 2015 through March 31, 2016; and expects to be reimbursed 65% after March 31, 2016.

**2. Medicaid/TennCare**

The Medicaid/TennCare program reimburses the nursing home for the cost of skilled nursing or routine care services rendered to Medicaid/TennCare beneficiaries at a prospective rate, which is based on the lower of the reimbursable cost of services rendered or a reimbursement cap set by Medicaid/TennCare for each level of service. The reimbursement cap is expressed as a per diem. Beginning in 2015, the nursing home also received additional payments from the state related to acuity (average facility case mix index scores) and quality scores which totaled \$488,447 during 2016.

**3. Commercial Payors**

The nursing home has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the nursing home under these agreements includes prospectively determined rates per day and discounts from established rates.

**4. Credit Concentrations**

The nursing home grants credit to patients and generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies. At June 30, 2016, the nursing home had net receivables from the federal government (Medicare) of approximately \$356,000 and from Medicaid of approximately \$189,000. Medicare comprised 31 percent and Medicaid comprised 43 percent of net patient service revenue for the year ended June 30, 2016.

**D. Inventories**

A summary of inventories as of June 30, 2016, was as follows:

Food	\$ 12,974
Medical Supplies	12,264
Housekeeping Supplies	2,477
Maintenance Supplies	<u>3,849</u>
Total	<u>\$ 31,564</u>

**E. Property and Equipment**

The net investment in capital assets as of June 30, 2016, is as follows:

Property and Equipment, Net	\$ 7,392,471
Current Portion of Long-term Debt	(250,000)
Long-term Debt, Excluding Current Portion	<u>(6,660,000)</u>
Total	<u>\$ 482,471</u>

The major classifications and changes in property and equipment as of and for the year ended June 30, 2016, are as follows:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Land	\$ 7,181	\$ 0	\$ 0	\$ 7,181
Land Improvements	240,872	0	0	240,872
Building and Improvements	9,843,508	0	0	9,843,508
Machinery and Equipment	2,181,811	0	0	2,181,811
Transportation Equipment	100,166	0	0	100,166
Total	<u>\$ 12,373,538</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,373,538</u>
Less Allowance for Depreciation and Amortization:				
Land Improvements	\$ (96,547)	\$ (14,582)	\$ 0	\$ (111,129)
Buildings and Improvements	(3,057,369)	(224,312)	0	(3,281,681)
Machinery and Equipment	(1,377,858)	(115,054)	0	(1,492,912)
Transportation Equipment	(84,062)	(11,283)	0	(95,345)
Total	<u>\$ (4,615,836)</u>	<u>\$ (365,231)</u>	<u>\$ 0</u>	<u>\$ (4,981,067)</u>
Total	<u>\$ 7,757,702</u>	<u>\$ (365,231)</u>	<u>\$ 0</u>	<u>\$ 7,392,471</u>

**F. Due to Primary Government**

A schedule of changes in the nursing home's long-term debt to the government of Jefferson County, Tennessee, related to bond issues as of and

for the year ended June 30, 2016, is as follows:

	Balance			Amounts	
	7-1-15	Additions	Reductions	Balance 6-30-16	Due Within One Year
General Obligation					
Bonds - 2007	\$ 4,345,000	\$ 0	\$ (4,345,000)	\$ 0	\$ 0
General Obligation				0	0
Refunding Bonds - 2014	2,730,000	0	(35,000)	2,695,000	35,000
General Obligation					
Refunding Bonds - 2016	0	4,215,000	0	4,215,000	215,000
Total	\$ 7,075,000	\$ 4,215,000	\$ (4,380,000)	\$ 6,910,000	\$ 250,000

Jefferson County issued \$8,000,000 in General Obligation Bonds, Series 2007, dated December 21, 2007, to fund a 25-bed addition to the nursing home. The bonds are direct general obligations of Jefferson County payable from ad valorem taxes levied upon all taxable property within Jefferson County without limitation as to rate or amount. The full faith and credit of Jefferson County is irrevocably pledged to pay principal, redemption premiums, if any, and interest on the bonds. However, because the debt was incurred specifically for the addition to the nursing home and the nursing home has a legal obligation to pay the debt in full, the bond transactions are reported on the nursing home's financial statements as obligations to the county.

The Series 2007 coupon rates range from four percent to 4.4 percent with interest payable in semi-annual payments on June 1 and December 1 and remaining annual principal installments ranging from \$180,000 to \$480,000 each June 1. The series 2007 was paid in full in June 2016.

Jefferson County issued \$4,285,000 General Obligation Refunding Bonds, Series 2014, dated May 15, 2014 to be used to call certain bond issuances outstanding by the county. The Series 2014 is also a direct general obligation of the county with a similar pledge as the 2007 Series. \$2,540,000 of the Series 2014 proceeds was assigned to be used to call a portion of the Series 2007 obligation on June 1, 2016. The \$2,540,000 was held in the name of the county in an escrow account; therefore, the \$2,540,000 transaction was reflected as a pre-funded debt retirement (non-cash activity) by the nursing home to the county towards the Series 2007 obligation and reduced the remaining obligation to the county for the Series 2007 accordingly. \$220,000 of the Series 2014 proceeds was used to finance the payment of interest on the \$2,540,000 portion of the Series 2007 debt through the June 1, 2016, call date. As of June 30, 2015, the remaining \$105,700 is also held in an escrow account in the name of the county. The \$105,700 was expensed as interest by the nursing home when the county used the funds to pay the bond holders under Series 2007. The nursing home recorded an initial liability to the county of \$2,760,000 related to the Series 2014 bond issue comprised of the

\$2,540,000 and \$220,000 amounts discussed above. The balance was reduced to \$2,695,000 as of June 30, 2016 after a \$35,000 payment of principal during the year ended June 30, 2016. The remaining \$1,525,000 of proceeds from Series 2014 relates to county uses other than the nursing home.

The Series 2014 coupon rates range from two percent to 2.75 percent with interest payable in semi-annual payments on June 1 and December 1 and annual principal installments ranging from \$30,000 to \$295,000 each June 1. The final principal installment is due June 1, 2027.

Jefferson County, Tennessee, issued \$4,215,000 General Obligation Refunding Bonds, Series 2016 dated May 13, 2016 to be used to call certain bond issuances outstanding by the county. The Series 2016 is also a direct general obligation of the county with a similar pledge as the 2014 Series. The proceeds were used to call the remainder of the Series 2007 obligation on June 1, 2016.

The Series 2016 coupon rates range from 2.0% to 2.75% with interest payable in semi-annual payments on June 1 and December 1 and annual principal installments ranging from \$15,000 to \$430,000 each June 1. The final principal installment is due June 1, 2037.

A summary of future maturities and interest of long-term debt due to the county related to Series 2014 and Series 2016 bond obligations as of June 30, 2016, is as follows:

Fiscal Year Ending June 30	Series 2016 Principal	Series 2014 Principal	Estimated Interest	Total Payments
2017	\$ 215,000	\$ 35,000	\$ 170,000	\$ 420,000
2018	15,000	240,000	160,000	415,000
2019	15,000	245,000	155,000	415,000
2020	15,000	250,000	150,000	415,000
2021	15,000	255,000	145,000	415,000
2022-2026	100,000	1,375,000	630,000	2,105,000
2027-2031	1,430,000	295,000	440,000	2,165,000
2032-2036	1,980,000	0	223,000	2,203,000
2037	430,000	0	12,000	442,000
Total	\$ 4,215,000	\$ 2,695,000	\$ 2,085,000	\$ 8,995,000

**G. Pension Plan**

**1. General information about the pension plan**

*Plan Description*

Employees of the nursing home, as a component unit of Jefferson County, are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of the state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided*

*Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent.

### *Contributions*

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees do not make contributions to their account; instead the component units of Jefferson County make employer contributions at the contribution rate set by the Board of Trustees as determined by actuarial valuation. For the year ended June 30, 2016, employer contributions for the nursing home were \$560,551 based on a rate of 15.63% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Jefferson County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

## **2. Net Pension Asset**

At June 30, 2016, the nursing home reported an asset of \$279,930 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of the measurement dates. As of June 30, 2015, the nursing home's proportion of the net pension asset was based on the nursing home's active participants as of June 30, 2014, relative to the active participants of all component units of Jefferson County as of June 30, 2014. At the June 30, 2014, measurement date, the nursing home's proportion was 16.97 percent. As of June 30, 2016, the nursing home's proportion of the net pension asset was based on the nursing home's contributions to the pension plan relative to the contributions of all component units of Jefferson County as of June 30, 2015. At the June 30, 2015, measurement date, the nursing home's proportion was 19.34 percent.

### *Actuarial Assumptions*

The total pension asset as of June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	Graded Salary Ranges from 8.97 to 3.71 Percent Based on Age, Including Inflation, Averaging 4.25 Percent
Investment Rate of Return	7.5 Percent, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5 Percent

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period of July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:



Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	6.46	% 33
Developed Market		
International Equity	6.26	17
Emerging Market		
International Equity	6.40	5
Private Equity and		
Strategic Lending	4.61	8
U.S. Fixed Income	.98	29
Real Estate	4.73	7
Short-term Securities	0.00	1
Total		<u>100</u> %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

#### *Discount Rate*

The discount rate that was used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all component units of Jefferson County will be made at the actuarially determined contribution rate pursuant to the actuarial valuation in accordance with the pension funding policy of the TCRS Board of Trustees and as required by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members and to cover administrative expenses. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, June 30, 2015	\$ 10,926,468	\$ 11,210,040	\$ (283,572)
Changes for the Year:			
Service Cost	\$ 312,265	\$ 0	\$ 312,265
Interest	936,848	0	936,848
Differences Between Expected and Actual Experience	(229,986)	0	(229,986)
Contributions - Employer	0	560,551	(560,551)
Net Investment Income	0	394,752	(394,752)
Benefit Payments, Including Refunds of Employee Contributions	(546,794)	(546,794)	0
Administrative Expense	0	(7,202)	7,202
Other Changes	0	66,844	(66,844)
Net Changes	\$ 472,333	\$ 468,151	\$ 4,182
Balance, June 30, 2016	\$ 11,398,801	\$ 11,678,191	\$ (279,390)

### *Sensitivity of the Nursing Home's Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the nursing home's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the nursing home's proportionate share of the net position liability (asset) would be if it was calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Nursing Home's Proportionate Share of the Net Position Liability (Asset)	\$ 1,222,408	\$ (279,390)	\$ (1,529,109)

*Pension Plan Fiduciary Net Position*

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

3. **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Expense*

For the year ended June 30, 2016, the nursing home recognized pension expense of \$176,212.

*Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2016, the nursing home reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 15,328	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	484,990	671,535
Nursing Home's Contributions Subsequent to the Measurement Date of June 30, 2015	560,551	0
Total	<u>\$ 1,060,869</u>	<u>\$ 671,535</u>

The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2015," will be recognized as an increase to net pension asset in the following measurement period.

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

Year Ending June 30	Amount
2017	\$ (119,160)
2018	(119,160)
2019	(119,160)
2020	77,579
2021	(38,331)

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

#### 4. **Payable to the Pension Plan**

The nursing home reported a payable of \$69,164 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

### H. **Commitments and Contingencies**

The nursing home leases various equipment under short-term operating lease agreements. Rent expense totaled \$4,820 in 2016.

#### Health Care Industry

The delivery of personal and health care services entails an inherent risk of liability. Participants in the health care services industry have become subject to an increasing number of lawsuits alleging negligence or related legal theories, many of which involve large claims and result in the incurrence of significant exposure and defense costs. The nursing home maintains commercial insurance on an occurrence basis for medical malpractice liabilities. Insurance coverages are \$1,000,000 individually and \$3,000,000 in the aggregate annually. The State of Tennessee maintains litigation settlement limitations for governmental entities, which are less than the nursing home's insurance coverages. Management intends to maintain insurance coverages in the future. The nursing home could be involved in litigation arising in the ordinary course of business; however, management is of the opinion that insurance coverages are adequate to cover any future potential losses on asserted claims. Management is unaware of any incidents, which would ultimately result in a loss in excess of the nursing home's insurance coverages. The nursing home also maintains insurance for general liability, director and officer liability, and property.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement

for patient services, and Medicare and Medicaid/TennCare fraud and abuse. Recently government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as repayments for patient services previously billed. Management believes the nursing home is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

Management continues to implement policies, procedures, and compliance overview of organizational structure to enforce and monitor compliance with the Health Insurance Portability and Accountability Act of 1996 and other government statutes and regulations. The nursing home's compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions which are unknown or unasserted at this time.

The Centers for Medicare and Medicaid Services (CMS) have implemented a Recovery Audit Contractors (RAC) program. The purpose of the program is to reduce improper Medicare and Medicaid/TennCare payments through the detection and recovery of overpayments. CMS has engaged subcontractors to perform these audits, and they are being compensated on a contingency basis based on the amount of overpayments that are recovered. While management believes that all Medicare and Medicaid/TennCare billings are proper and adequate support is maintained, certain aspects of Medicare and Medicaid/TennCare billing, coding, and support are subject to interpretation and may be viewed differently by the RAC auditors. As the amount of any recovery is unknown, management has not recorded any reserves related to the RAC audit at this time.

### Health Care Reform

In March 2010, the Patient Protection and Affordable Care Act was signed into law, along with the Health Care and Education Reconciliation Act of 2010 (collectively, the Affordable Care Act). The passage of the Affordable Care Act has resulted in comprehensive reform legislation that expanded health care coverage to millions of currently uninsured people beginning in 2014 and provides for significant changes to the U.S. health care system over the next ten years. To help fund this expansion, the Affordable Care Act outlines certain reductions in Medicare reimbursements for various health care providers, as well as certain other changes in Medicare payment methodologies. This comprehensive health care legislation provides for extensive future rulemaking by regulatory authorities, and also may be altered or amended.

Due to the complexity of the Affordable Care Act's laws, lack of current implementation regulations and interpretive guidance, and response by CMS and other participants in the health care industry to the choices available

under the law, it is difficult for the nursing home to predict the full impact of the law on the nursing home's operations. Additionally, pending legislative proposals, which may be adopted, may affect the nursing home. The provisions of the legislation and other regulations implementing the provisions of the Affordable Care Act may materially impact the nursing home through increased costs, decreased revenues, and additional exposure to potential liability.

**I. Functional Expenses**

The following is a summary of management's functional classification of operating expenses:

	<u>2016</u>
Healthcare Services	\$ 9,767,242
General and Administrative	<u>2,029,989</u>
Total	<u><u>\$ 11,797,231</u></u>

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## REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit F-1

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

	2014	2015
<b>Total Pension Liability (Asset)</b>		
Service Cost	\$ 1,554,834	\$ 1,614,607
Interest	4,567,501	4,844,096
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	118,884	(1,189,172)
Changes in Assumptions	0	0
Benefit Payments, Including Refunds of Employee Contributions	(2,398,853)	(2,827,268)
Net Change in Total Pension Liability (Asset)	\$ 3,842,366	\$ 2,442,263
Total Pension Liability (Asset), Beginning	60,544,602	64,386,968
Total Pension Liability (Asset), Ending (a)	\$ 64,386,968	\$ 66,829,231
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 3,039,363	\$ 3,246,821
Contributions - Employee	0	0
Net Investment Income	9,346,723	2,041,119
Benefit Payments, Including Refunds of Employee Contributions	(2,398,853)	(2,827,268)
Administrative Expense	(28,821)	(37,241)
Net Change in Plan Fiduciary Net Position	\$ 9,958,412	\$ 2,423,431
Plan Fiduciary Net Position, Beginning	56,099,575	66,057,987
Plan Fiduciary Net Position, Ending (b)	\$ 66,057,987	\$ 68,481,418
Net Pension Liability (Asset), Ending (a - b)	\$ (1,671,019)	\$ (1,652,187)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.60%	102.47%
Covered Payroll	\$ 20,577,990	\$ 20,773,012
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(8.12%)	(7.95%)

Note: ten years of data will be presented when available.

Note: data presented includes primary government, non-certified employees of the discretely presented School Department and the discretely presented Jefferson County Nursing Home.



Exhibit F-2

Jefferson County, Tennessee  
Schedule of Contributions Based on Participation in the Public  
Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	2014	2015	2016
Actuarially Determined Contribution	\$ 3,039,363	\$ 3,246,821	\$ 3,293,718
Less Contributions in Relation to the Actuarially Determined Contribution	(3,039,363)	(3,246,821)	(3,293,718)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 20,577,990	\$ 20,773,012	\$ 21,399,871
Contributions as a Percentage of Covered Payroll	14.77%	15.63%	15.39%

Note: ten years of data will be presented when available.

Note: data presented includes primary government, non-certified employees of the discretely presented School Department and the discretely presented Jefferson County Nursing Home.

Exhibit F-3

Jefferson County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Retirement Plan of TCRS  
Discretely Presented Jefferson County School Department  
For the Fiscal Year Ended June 30

	2015	2016
Contractually Determined Contribution	\$ 26,079	\$ 41,635
Less Contributions in Relation to the Contractually Determined Contribution	(41,727)	(66,836)
Contribution Deficiency (Excess)	<u>\$ (15,648)</u>	<u>\$ (25,201)</u>
Covered Payroll	\$ 1,043,164	\$ 1,665,404
Contributions as a Percentage of Covered Payroll	4.00%	4.00%

Note: ten years of data will be presented when available.

Jefferson County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Legacy Pension Plan of TCRS  
Discretely Presented Jefferson County School Department  
For the Fiscal Year Ended June 30

	2014	2015	2016
Contractually Determined Contribution	\$ 2,253,165	\$ 2,221,444	\$ 2,191,150
Less Contributions in Relation to the Contractually Determined Contribution	(2,253,165)	(2,221,444)	(2,191,150)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 25,373,474	\$ 24,573,523	\$ 24,371,821
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	8.99%

Note: ten years of data will be presented when available.

Exhibit F-5

Jefferson County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Pension Plan of TCRS  
Discretely Presented Jefferson County School Department  
For the Fiscal Year Ended June 30\*

	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.502068%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (20,198)
Covered Payroll	\$ 1,043,164
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-6

Jefferson County, Tennessee  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Jefferson County School Department  
For the Fiscal Year Ended June 30\*

	2015	2016
School Department's Proportion of the Net Pension Liability (Asset)	0.646459%	0.656431%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (105,047)	\$ 268,896
Covered Payroll	\$ 25,373,475	\$ 24,573,523
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-7

Jefferson County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Jefferson County School Department  
June 30, 2016

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) 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)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-11	\$ 0	\$ 936	\$ 936	0 %	\$ 10,343	9.1 %
"	7-1-13	0	495	495	0	10,837	4.6
"	7-1-15	0	973	973	0	11,069	8.8
<u>DISCRETELY PRESENTED JEFFERSON COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-11	0	16,205	16,205	0	28,415	57.0
"	7-1-13	0	14,793	14,793	0	29,373	50.4
"	7-1-15	0	17,063	17,063	0	29,615	57.6

**JEFFERSON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2016**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	2 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Law Library Fund – The Law Library Fund is used to account for a special tax levied by private act on litigation. Proceeds of the tax must be expended for the benefit of the county's law library.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

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

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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.

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General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Other Capital Projects – CDBG Fund – The Other Capital Projects – CDBG Fund is used to account for expenditures for a waterline project funded with a Community Development Block grant.

Exhibit G-1

Jefferson County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 168,359	\$ 168,359
Equity in Pooled Cash and Investments	76,137	9,554	625,975	120,861	0	832,527
Accounts Receivable	0	0	0	0	617	617
Due from Other Governments	0	0	0	0	0	0
Property Taxes Receivable	0	0	1,821,225	0	0	1,821,225
Allowance for Uncollectible Property Taxes	0	0	(79,270)	0	0	(79,270)
Total Assets	\$ 76,137	\$ 9,554	\$ 2,367,930	\$ 120,861	\$ 168,976	\$ 2,743,458
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 1,155	\$ 4,518	\$ 1,966	\$ 0	\$ 7,639
Accrued Payroll	0	0	7,741	0	0	7,741
Due to Other Funds	0	0	75,852	0	1,767	77,619
Due to Component Units	0	0	0	0	0	0
Due to State of Tennessee	0	0	993	0	0	993
Total Liabilities	\$ 0	\$ 1,155	\$ 89,104	\$ 1,966	\$ 1,767	\$ 93,992
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 1,690,819	\$ 0	\$ 0	\$ 1,690,819
Deferred Delinquent Property Taxes	0	0	42,926	0	0	42,926
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 1,733,745	\$ 0	\$ 0	\$ 1,733,745

(Continued)

Exhibit G-1

Jefferson County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds (Cont.)

	Special Revenue Funds					Constitu- tional Officers - Fees	Total
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control			
<u>FUND BALANCES</u>							
Restricted:							
Restricted for General Government	\$ 76,137	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 76,137
Restricted for Finance	0	0	0	0	167,209	0	167,209
Restricted for Administration of Justice	0	8,399	0	0	0	0	8,399
Restricted for Public Safety	0	0	0	118,895	0	0	118,895
Restricted for Public Health and Welfare	0	0	516,054	0	0	0	516,054
Restricted for Capital Projects	0	0	0	0	0	0	0
Committed:							
Committed for Public Health and Welfare	0	0	29,027	0	0	0	29,027
Total Fund Balances	<u>\$ 76,137</u>	<u>\$ 8,399</u>	<u>\$ 545,081</u>	<u>\$ 118,895</u>	<u>\$ 167,209</u>	<u>\$ 0</u>	<u>\$ 915,721</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 76,137</u>	<u>\$ 9,554</u>	<u>\$ 2,367,930</u>	<u>\$ 120,861</u>	<u>\$ 168,976</u>	<u>\$ 0</u>	<u>\$ 2,743,458</u>

(Continued)

Exhibit G-1

Jefferson County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds (Cont.)

ASSETS

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

LIABILITIES

Accounts Payable  
Accrued Payroll  
Due to Other Funds  
Due to Component Units  
Due to State of Tennessee  
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes  
Deferred Delinquent Property Taxes  
Total Deferred Inflows of Resources

Capital Projects Funds			Total Nonmajor Governmental Funds
General Capital Projects	Other Capital Projects - CDBG	Total	
\$ 0	\$ 0	\$ 0	\$ 168,359
568,136	0	568,136	1,400,663
0	0	0	617
0	38,750	38,750	38,750
1,281,034	0	1,281,034	3,102,259
(34,282)	0	(34,282)	(113,552)
<u>\$ 1,814,888</u>	<u>\$ 38,750</u>	<u>\$ 1,853,638</u>	<u>\$ 4,597,096</u>
\$ 0	\$ 38,750	\$ 38,750	\$ 46,389
0	0	0	7,741
0	0	0	77,619
85,529	0	85,529	85,529
0	0	0	993
<u>\$ 85,529</u>	<u>\$ 38,750</u>	<u>\$ 124,279</u>	<u>\$ 218,271</u>
\$ 1,239,934	\$ 0	\$ 1,239,934	\$ 2,930,753
5,723	0	5,723	48,649
<u>\$ 1,245,657</u>	<u>\$ 0</u>	<u>\$ 1,245,657</u>	<u>\$ 2,979,402</u>

(Continued)

Exhibit G-1

Jefferson County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds (Cont.)

FUND BALANCES

Restricted:

Restricted for General Government

Restricted for Finance

Restricted for Administration of Justice

Restricted for Public Safety

Restricted for Public Health and Welfare

Restricted for Capital Projects

Committed:

Committed for Public Health and Welfare

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Capital Projects Funds			Total Nonmajor Governmental Funds
General Capital Projects	Other Capital Projects - CDBG	Total	
\$ 0	\$ 0	\$ 0	\$ 76,137
0	0	0	167,209
0	0	0	8,399
0	0	0	118,895
0	0	0	516,054
483,702	0	483,702	483,702
0	0	0	29,027
<u>\$ 483,702</u>	<u>\$ 0</u>	<u>\$ 483,702</u>	<u>\$ 1,399,423</u>
<u>\$ 1,814,888</u>	<u>\$ 38,750</u>	<u>\$ 1,853,638</u>	<u>\$ 4,597,096</u>

Exhibit G-2

Jefferson County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2016

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total
<u>Revenues</u>						
Local Taxes	\$ 60,131	\$ 15,663	\$ 1,781,624	\$ 0	\$ 0	\$ 1,857,418
Fines, Forfeitures, and Penalties	0	0	0	36,975	0	36,975
Charges for Current Services	0	0	0	0	780,987	780,987
Other Local Revenues	0	0	0	175	2,740	2,915
Federal Government	0	0	0	2,389	0	2,389
Total Revenues	<u>\$ 60,131</u>	<u>\$ 15,663</u>	<u>\$ 1,781,624</u>	<u>\$ 39,539</u>	<u>\$ 783,727</u>	<u>\$ 2,680,684</u>
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 731,335	\$ 731,335
Finance	610	157	0	0	0	767
Public Safety	0	13,527	0	109,380	0	122,907
Public Health and Welfare	0	0	1,703,208	0	0	1,703,208
Capital Projects	0	0	0	0	0	0
Total Expenditures	<u>\$ 610</u>	<u>\$ 13,684</u>	<u>\$ 1,703,208</u>	<u>\$ 109,380</u>	<u>\$ 731,335</u>	<u>\$ 2,558,217</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 59,521</u>	<u>\$ 1,979</u>	<u>\$ 78,416</u>	<u>\$ (69,841)</u>	<u>\$ 52,392</u>	<u>\$ 122,467</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 13,855	\$ 0	\$ 0	\$ 13,855
Transfers Out	(325,000)	0	0	0	0	(325,000)
Total Other Financing Sources (Uses)	<u>\$ (325,000)</u>	<u>\$ 0</u>	<u>\$ 13,855</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (311,145)</u>

(Continued)

Exhibit G-2

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

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total
Net Change in Fund Balances	\$ (265,479)	\$ 1,979	\$ 92,271	\$ (69,841)	\$ 52,392	\$ (188,678)
Fund Balance, July 1, 2015	341,616	6,420	452,810	188,736	114,817	1,104,399
Fund Balance, June 30, 2016	<u>\$ 76,137</u>	<u>\$ 8,399</u>	<u>\$ 545,081</u>	<u>\$ 118,895</u>	<u>\$ 167,209</u>	<u>\$ 915,721</u>

(Continued)



Exhibit G-2

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Projects	Other Capital Projects - CDBG	Total	
<u>Revenues</u>				
Local Taxes	\$ 252,694	\$ 0	\$ 252,694	\$ 2,110,112
Fines, Forfeitures, and Penalties	0	0	0	36,975
Charges for Current Services	0	0	0	780,987
Other Local Revenues	0	0	0	2,915
Federal Government	0	38,750	38,750	41,139
Total Revenues	<u>\$ 252,694</u>	<u>\$ 38,750</u>	<u>\$ 291,444</u>	<u>\$ 2,972,128</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 0	\$ 731,335
Finance	0	0	0	767
Public Safety	0	0	0	122,907
Public Health and Welfare	0	0	0	1,703,208
Capital Projects	536,720	38,750	575,470	575,470
Total Expenditures	<u>\$ 536,720</u>	<u>\$ 38,750</u>	<u>\$ 575,470</u>	<u>\$ 3,133,687</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (284,026)</u>	<u>\$ 0</u>	<u>\$ (284,026)</u>	<u>\$ (161,559)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 505,000	\$ 0	\$ 505,000	\$ 518,855
Transfers Out	(27,333)	0	(27,333)	(352,333)
Total Other Financing Sources (Uses)	<u>\$ 477,667</u>	<u>\$ 0</u>	<u>\$ 477,667</u>	<u>\$ 166,522</u>

(Continued)

Exhibit G-2

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Projects	Other Capital Projects - CDBG	Total	
Net Change in Fund Balances	\$ 193,641	\$ 0	\$ 193,641	\$ 4,963
Fund Balance, July 1, 2015	290,061	0	290,061	1,394,460
Fund Balance, June 30, 2016	\$ 483,702	\$ 0	\$ 483,702	\$ 1,399,423

Exhibit G-3

Jefferson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Courthouse and Jail Maintenance Fund  
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 60,131	\$ 45,000	\$ 45,000	\$ 15,131
Total Revenues	\$ 60,131	\$ 45,000	\$ 45,000	\$ 15,131
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 610	\$ 450	\$ 625	\$ 15
Total Expenditures	\$ 610	\$ 450	\$ 625	\$ 15
Excess (Deficiency) of Revenues Over Expenditures	\$ 59,521	\$ 44,550	\$ 44,375	\$ 15,146
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (325,000)	\$ (70,000)	\$ (325,000)	\$ 0
Total Other Financing Sources	\$ (325,000)	\$ (70,000)	\$ (325,000)	\$ 0
Net Change in Fund Balance	\$ (265,479)	\$ (25,450)	\$ (280,625)	\$ 15,146
Fund Balance, July 1, 2015	341,616	334,504	334,504	7,112
Fund Balance, June 30, 2016	\$ 76,137	\$ 309,054	\$ 53,879	\$ 22,258

Exhibit G-4

Jefferson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Law Library Fund  
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 15,663	\$ 12,000	\$ 12,000	\$ 3,663
Total Revenues	\$ 15,663	\$ 12,000	\$ 12,000	\$ 3,663
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 157	\$ 125	\$ 159	\$ 2
<u>Public Safety</u>				
Jail	13,527	13,526	13,552	25
Total Expenditures	\$ 13,684	\$ 13,651	\$ 13,711	\$ 27
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,979	\$ (1,651)	\$ (1,711)	\$ 3,690
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 1,651	\$ 1,651	\$ (1,651)
Total Other Financing Sources	\$ 0	\$ 1,651	\$ 1,651	\$ (1,651)
Net Change in Fund Balance	\$ 1,979	\$ 0	\$ (60)	\$ 2,039
Fund Balance, July 1, 2015	6,420	1,895	1,895	4,525
Fund Balance, June 30, 2016	\$ 8,399	\$ 1,895	\$ 1,835	\$ 6,564

Exhibit G-5

Jefferson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,781,624	\$ 1,730,000	\$ 1,730,000	\$ 51,624
Total Revenues	\$ 1,781,624	\$ 1,730,000	\$ 1,730,000	\$ 51,624
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,703,208	\$ 1,736,928	\$ 1,753,167	\$ 49,959
Total Expenditures	\$ 1,703,208	\$ 1,736,928	\$ 1,753,167	\$ 49,959
Excess (Deficiency) of Revenues Over Expenditures	\$ 78,416	\$ (6,928)	\$ (23,167)	\$ 101,583
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 13,855	\$ 0	\$ 13,855	\$ 0
Total Other Financing Sources	\$ 13,855	\$ 0	\$ 13,855	\$ 0
Net Change in Fund Balance	\$ 92,271	\$ (6,928)	\$ (9,312)	\$ 101,583
Fund Balance, July 1, 2015	452,810	731,961	731,961	(279,151)
Fund Balance, June 30, 2016	\$ 545,081	\$ 725,033	\$ 722,649	\$ (177,568)

Exhibit G-6

Jefferson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 36,975	\$ 41,300	\$ 41,300	\$ (4,325)
Other Local Revenues	175	0	0	175
Federal Government	2,389	25,000	25,000	(22,611)
Total Revenues	<u>\$ 39,539</u>	<u>\$ 66,300</u>	<u>\$ 66,300</u>	<u>\$ (26,761)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 109,380	\$ 120,000	\$ 128,190	\$ 18,810
Total Expenditures	<u>\$ 109,380</u>	<u>\$ 120,000</u>	<u>\$ 128,190</u>	<u>\$ 18,810</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (69,841)</u>	<u>\$ (53,700)</u>	<u>\$ (61,890)</u>	<u>\$ (7,951)</u>
Net Change in Fund Balance	\$ (69,841)	\$ (53,700)	\$ (61,890)	\$ (7,951)
Fund Balance, July 1, 2015	<u>188,736</u>	<u>186,716</u>	<u>186,716</u>	<u>2,020</u>
Fund Balance, June 30, 2016	<u><u>\$ 118,895</u></u>	<u><u>\$ 133,016</u></u>	<u><u>\$ 124,826</u></u>	<u><u>\$ (5,931)</u></u>

Exhibit G-7

Jefferson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Capital Projects Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 252,694	\$ 0	\$ 0	\$ 252,694	\$ 233,900	\$ 233,900	\$ 18,794
Other Local Revenues	0	0	0	0	0	20,234	(20,234)
Total Revenues	\$ 252,694	\$ 0	\$ 0	\$ 252,694	\$ 233,900	\$ 254,134	\$ (1,440)
<u>Expenditures</u>							
<u>Capital Projects</u>							
Other General Government Projects	\$ 446,720	\$ (29,028)	\$ 278,106	\$ 695,798	\$ 482,908	\$ 714,967	\$ 19,169
Education Capital Projects	90,000	0	0	90,000	0	115,940	25,940
Total Expenditures	\$ 536,720	\$ (29,028)	\$ 278,106	\$ 785,798	\$ 482,908	\$ 830,907	\$ 45,109
Excess (Deficiency) of Revenues Over Expenditures	\$ (284,026)	\$ 29,028	\$ (278,106)	\$ (533,104)	\$ (249,008)	\$ (576,773)	\$ 43,669
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 505,000	\$ 0	\$ 0	\$ 505,000	\$ 250,000	\$ 505,000	\$ 0
Transfers Out	(27,333)	0	0	(27,333)	0	(27,333)	0
Total Other Financing Sources	\$ 477,667	\$ 0	\$ 0	\$ 477,667	\$ 250,000	\$ 477,667	\$ 0
Net Change in Fund Balance	\$ 193,641	\$ 29,028	\$ (278,106)	\$ (55,437)	\$ 992	\$ (99,106)	\$ 43,669
Fund Balance, July 1, 2015	290,061	(29,028)	0	261,033	450,055	450,055	(189,022)
Fund Balance, June 30, 2016	\$ 483,702	\$ 0	\$ (278,106)	\$ 205,596	\$ 451,047	\$ 350,949	\$ (145,353)

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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## Exhibit H

Jefferson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,392,389	\$ 5,956,099	\$ 5,956,099	\$ 436,290
Other Local Revenues	685,874	618,896	618,896	66,978
Federal Government	444,564	0	444,564	0
Total Revenues	<u>\$ 7,522,827</u>	<u>\$ 6,574,995</u>	<u>\$ 7,019,559</u>	<u>\$ 503,268</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,050,000	\$ 1,050,000	\$ 1,050,000	\$ 0
Education	3,282,827	3,284,363	3,284,363	1,536
<u>Interest on Debt</u>				
General Government	556,454	727,419	900,813	344,359
Education	2,705,383	2,449,956	2,711,582	6,199
<u>Other Debt Service</u>				
General Government	197,596	93,976	196,899	(697)
Total Expenditures	<u>\$ 7,792,260</u>	<u>\$ 7,605,714</u>	<u>\$ 8,143,657</u>	<u>\$ 351,397</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (269,433)</u>	<u>\$ (1,030,719)</u>	<u>\$ (1,124,098)</u>	<u>\$ 854,665</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 4,215,000	\$ 0	\$ 4,215,000	\$ 0
Premiums on Debt Sold	33,378	0	33,378	0
Transfers In	547,462	792,719	546,150	1,312
Payments to Refunded Debt Escrow Agent	(4,155,000)	0	(4,155,000)	0
Total Other Financing Sources	<u>\$ 640,840</u>	<u>\$ 792,719</u>	<u>\$ 639,528</u>	<u>\$ 1,312</u>
Net Change in Fund Balance	\$ 371,407	\$ (238,000)	\$ (484,570)	\$ 855,977
Fund Balance, July 1, 2015	6,749,125	6,146,285	6,146,285	602,840
Fund Balance, June 30, 2016	<u><u>\$ 7,120,532</u></u>	<u><u>\$ 5,908,285</u></u>	<u><u>\$ 5,661,715</u></u>	<u><u>\$ 1,458,817</u></u>

# Fiduciary Funds

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

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

Cities - Property Tax Fund – The Cities - Property Tax Fund is used to account for city property taxes levied by the Town of Dandridge and the City of Baneberry and collected by the county trustee for the benefit of these entities. The county trustee forwards these revenues to the Town of Dandridge and the City of Baneberry monthly.

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 to other county funds, litigants, heirs, and others.

Exhibit I-1

Jefferson County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2016

	<u>Agency Funds</u>			
	Cities - Sales Tax	Cities - Property Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,915,411	\$ 1,915,411
Equity in Pooled Cash and Investments	0	12,745	0	12,745
Accounts Receivable	0	0	41,156	41,156
Due from Other Governments	888,216	0	0	888,216
Property Taxes Receivable	0	1,253,260	0	1,253,260
Allowance for Uncollectible Property Taxes	0	(45,814)	0	(45,814)
Total Assets	<u>\$ 888,216</u>	<u>\$ 1,220,191</u>	<u>\$ 1,956,567</u>	<u>\$ 4,064,974</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 888,216	\$ 1,220,191	\$ 0	\$ 2,108,407
Due to Litigants, Heirs, and Others	0	0	1,956,567	1,956,567
Total Liabilities	<u>\$ 888,216</u>	<u>\$ 1,220,191</u>	<u>\$ 1,956,567</u>	<u>\$ 4,064,974</u>

## Exhibit I-2

Jefferson County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 5,153,090	\$ 5,153,090	\$ 0
Due from Other Governments	879,152	888,216	879,152	888,216
Total Assets	\$ 879,152	\$ 6,041,306	\$ 6,032,242	\$ 888,216
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 879,152	\$ 6,041,306	\$ 6,032,242	\$ 888,216
Total Liabilities	\$ 879,152	\$ 6,041,306	\$ 6,032,242	\$ 888,216
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 4,970	\$ 1,230,975	\$ 1,223,200	\$ 12,745
Property Taxes Receivable	1,259,162	1,253,260	1,259,162	1,253,260
Allowance for Uncollectible Property Taxes	(70,690)	(45,814)	(70,690)	(45,814)
Total Assets	\$ 1,193,442	\$ 2,438,421	\$ 2,411,672	\$ 1,220,191
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,193,442	2,438,421	\$ 2,411,672	\$ 1,220,191
Total Liabilities	\$ 1,193,442	\$ 2,438,421	\$ 2,411,672	\$ 1,220,191
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,520,960	\$ 12,413,855	\$ 12,019,404	\$ 1,915,411
Accounts Receivable	37,440	3,716	0	41,156
Total Assets	\$ 1,558,400	\$ 12,417,571	\$ 12,019,404	\$ 1,956,567
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,558,400	\$ 12,417,571	\$ 12,019,404	\$ 1,956,567
Total Liabilities	\$ 1,558,400	\$ 12,417,571	\$ 12,019,404	\$ 1,956,567

(Continued)

## Exhibit I-2

Jefferson County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,520,960	\$ 12,413,855	\$ 12,019,404	\$ 1,915,411
Equity in Pooled Cash and Investments	4,970	6,384,065	6,376,290	12,745
Accounts Receivable	37,440	3,716	0	41,156
Due from Other Governments	879,152	888,216	879,152	888,216
Property Taxes Receivable	1,259,162	1,253,260	1,259,162	1,253,260
Allowance for Uncollectible Property Taxes	(70,690)	(45,814)	(70,690)	(45,814)
Total Assets	<u>\$ 3,630,994</u>	<u>\$ 20,897,298</u>	<u>\$ 20,463,318</u>	<u>\$ 4,064,974</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,072,594	\$ 8,479,727	\$ 8,443,914	\$ 2,108,407
Due to Litigants, Heirs, and Others	1,558,400	12,417,571	12,019,404	1,956,567
Total Liabilities	<u>\$ 3,630,994</u>	<u>\$ 20,897,298</u>	<u>\$ 20,463,318</u>	<u>\$ 4,064,974</u>

# Jefferson County School Department

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This section presents combining and individual fund financial statements for the Jefferson County School Department, a discretely presented component unit. The School Department uses a General Fund, two Special Revenue Funds, four Capital Projects Funds, an Internal Service Fund, and an Employee Benefit Trust Fund.

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for general building construction and renovations of the School Department.

Other Capital Projects Fund - RZEDB – The Education Capital Projects Fund - RZEDB is used to account for transactions related to the Recovery Zone Economic Development Bonds program.

Other Capital Projects Fund – JCHS – The Education Capital Projects Fund - JCHS is used to account for transactions related to the renovations at Jefferson County High School.

Other Capital Projects Fund - Building 8 – The Education Capital Projects Fund - Building 8 is used to account for transactions related to the renovations at Jefferson County High School Building 8.

Employee Insurance - Dental and Vision Fund – The Employee Insurance - Dental and Vision Fund is an internal service fund, which is used to account for transactions pertaining to the School Department's self-insured group dental and vision plans.

Employee Benefit Trust - Flexible Benefits Fund – The Employee Benefit Trust - Flexible Benefits Fund is used to account for assets held in a trustee capacity for the School Department employees' flexible benefits program.

Exhibit J-1

Jefferson County, Tennessee  
Statement of Activities  
Discretely Presented Jefferson County School Department  
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 32,636,570	\$ 0	\$ 3,007,646	\$ 92,925	\$ (29,535,999)
Support Services	20,825,928	0	270,544	0	(20,555,384)
Operation of Non-instructional Services	4,557,349	1,227,388	3,806,222	0	476,261
Total Governmental Activities	<u>\$ 58,019,847</u>	<u>\$ 1,227,388</u>	<u>\$ 7,084,412</u>	<u>\$ 92,925</u>	<u>\$ (49,615,122)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 10,547,492
Local Option Sales Taxes					5,040,213
Mixed Drink Tax					33,706
Interstate Telecommunications Tax					7,345
Grants and Contributions Not Restricted for Specific Programs					36,567,548
Unrestricted Investment Income					2,053
Miscellaneous					35,434
Total General Revenues					<u>\$ 52,233,791</u>
Change in Net Position					\$ 2,618,669
Net Position, July 1, 2015					<u>64,245,285</u>
Net Position, June 30, 2016					<u>\$ 66,863,954</u>



## Exhibit J-2

Jefferson County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Jefferson County School Department  
 June 30, 2016

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 6,088,956	\$ 3,097,213	\$ 9,186,169
Accounts Receivable	17,903	368,814	386,717
Due from Other Governments	1,271,167	676,089	1,947,256
Due from Primary Government	0	85,529	85,529
Property Taxes Receivable	10,575,226	0	10,575,226
Allowance for Uncollectible Property Taxes	(465,068)	0	(465,068)
Total Assets	<u>\$ 17,488,184</u>	<u>\$ 4,227,645</u>	<u>\$ 21,715,829</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 227,304	\$ 83,533	\$ 310,837
Accrued Payroll	194	0	194
Payroll Deductions Payable	1,684,482	304,655	1,989,137
Contracts Payable	0	31,738	31,738
Retainage Payable	0	495	495
Due to Primary Government	37,500	0	37,500
Total Liabilities	<u>\$ 1,949,480</u>	<u>\$ 420,421</u>	<u>\$ 2,369,901</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 9,806,753	\$ 0	\$ 9,806,753
Deferred Delinquent Property Taxes	254,690	0	254,690
Other Deferred/Unavailable Revenue	596,269	0	596,269
Total Deferred Inflows of Resources	<u>\$ 10,657,712</u>	<u>\$ 0</u>	<u>\$ 10,657,712</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 195,596	\$ 1,287,511	\$ 1,483,107
Restricted for Capital Projects	0	884,640	884,640
Committed:			
Committed for Education	254,266	750,000	1,004,266
Committed for Capital Projects	0	885,073	885,073
Assigned:			
Assigned for Education	271,522	0	271,522
Assigned for Capital Projects	421,188	0	421,188
Unassigned	3,738,420	0	3,738,420
Total Fund Balances	<u>\$ 4,880,992</u>	<u>\$ 3,807,224</u>	<u>\$ 8,688,216</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,488,184</u>	<u>\$ 4,227,645</u>	<u>\$ 21,715,829</u>

Exhibit J-3

Jefferson County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
Discretely Presented Jefferson County School Department  
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	8,688,216
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,492,550	
Add: construction in progress		29,057,359	
Add: buildings and improvements net of accumulated depreciation		37,369,672	
Add: machinery and equipment net of accumulated depreciation		897,301	
Add: other capital assets net of accumulated depreciation		<u>2,610,051</u>	71,426,938
(2) An internal service fund is used by management to charge the cost of employee dental and vision benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.			255,038
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(697,028)	
Less: termination benefits		(95,092)	
Less: other postemployment benefits liability		(11,013,409)	
Less: net pension liability - teacher legacy plan		<u>(268,896)</u>	(12,074,425)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	3,642,628	
Less: deferred inflows of resources related to pensions		<u>(6,421,423)</u>	(2,778,795)
(5) Net pension assets of the agent plan and the teacher retirement plan are not current financial resources and therefore are not reported in the governmental funds:			
Add: agent plan	\$	475,830	
Add: teacher retirement plan		<u>20,198</u>	496,028
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>850,959</u>
Net position of governmental activities (Exhibit A)		\$	<u>66,863,954</u>

## Exhibit J-4

Jefferson County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Jefferson County School Department  
For the Year Ended June 30, 2016

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 15,695,557	\$ 0	\$ 15,695,557
Licenses and Permits	3,072	0	3,072
Charges for Current Services	248,600	978,788	1,227,388
Other Local Revenues	110,217	2,053	112,270
State of Tennessee	36,572,346	34,079	36,606,425
Federal Government	263,593	6,575,503	6,839,096
Other Governments and Citizens Groups	2,534	92,925	95,459
Total Revenues	<u>\$ 52,895,919</u>	<u>\$ 7,683,348</u>	<u>\$ 60,579,267</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 30,259,403	\$ 2,437,663	\$ 32,697,066
Support Services	20,103,343	1,242,659	21,346,002
Operation of Non-instructional Services	932,799	3,670,893	4,603,692
Capital Outlay	25,538	0	25,538
Capital Projects	0	2,214,872	2,214,872
Total Expenditures	<u>\$ 51,321,083</u>	<u>\$ 9,566,087</u>	<u>\$ 60,887,170</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,574,836</u>	<u>\$ (1,882,739)</u>	<u>\$ (307,903)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 30,905	\$ 315,740	\$ 346,645
Transfers In	69,723	1,002,601	1,072,324
Transfers Out	(1,002,601)	(69,723)	(1,072,324)
Total Other Financing Sources (Uses)	<u>\$ (901,973)</u>	<u>\$ 1,248,618</u>	<u>\$ 346,645</u>
Net Change in Fund Balances	\$ 672,863	\$ (634,121)	\$ 38,742
Fund Balance, July 1, 2015	<u>4,208,129</u>	<u>4,441,345</u>	<u>8,649,474</u>
Fund Balance, June 30, 2016	<u>\$ 4,880,992</u>	<u>\$ 3,807,224</u>	<u>\$ 8,688,216</u>

Exhibit J-5

Jefferson County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Jefferson County School Department  
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	38,742
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	2,540,120	
Less: current-year depreciation expense		<u>(2,043,544)</u>	496,576
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of capital assets disposed			<u>(55,374)</u>
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2016	\$	850,959	
Less: deferred delinquent property taxes and other deferred June 30, 2015		<u>(791,710)</u>	59,249
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(42,905)	
Change in termination benefits		(12,559)	
Change in other postemployment benefits liability		(1,239,554)	
Change in net pension asset - agent plan		(231,679)	
Change in net pension asset - teacher retirement plan		20,198	
Change in net pension asset - teacher legacy plan		(373,943)	
Change in deferred outflows related to pensions		72,249	
Change in deferred inflows related to pensions		<u>3,966,751</u>	2,158,558
(5) Internal service funds are used by management to charge the cost of employee dental and vision benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.			<u>(79,082)</u>
Change in net position of governmental activities (Exhibit B)		\$	<u><u>2,618,669</u></u>

Exhibit J-6

Jefferson County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Jefferson County School Department  
June 30, 2016

	Special Revenue Funds			Capital Projects Funds		
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Other Capital Projects - RZEDB	Other Capital Projects - JCHS
<u>ASSETS</u>						
Equity in Pooled Cash and Investments	\$ 316,032	\$ 1,353,045	\$ 1,669,077	\$ 887,914	\$ 116,762	\$ 379,416
Accounts Receivable	0	0	0	0	0	368,814
Due from Other Governments	676,089	0	676,089	0	0	0
Due from Primary Government	0	0	0	85,529	0	0
Total Assets	<u>\$ 992,121</u>	<u>\$ 1,353,045</u>	<u>\$ 2,345,166</u>	<u>\$ 973,443</u>	<u>\$ 116,762</u>	<u>\$ 748,230</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 3,000	\$ 3,000	\$ 80,000	\$ 0	\$ 489
Payroll Deductions Payable	241,453	63,202	304,655	0	0	0
Contracts Payable	0	0	0	0	0	22,329
Retainage Payable	0	0	0	0	0	0
Total Liabilities	<u>\$ 241,453</u>	<u>\$ 66,202</u>	<u>\$ 307,655</u>	<u>\$ 80,000</u>	<u>\$ 0</u>	<u>\$ 22,818</u>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Education	\$ 668	\$ 1,286,843	\$ 1,287,511	\$ 0	\$ 0	\$ 0
Restricted for Capital Projects	0	0	0	8,370	116,762	725,412
Committed:						
Committed for Education	750,000	0	750,000	0	0	0
Committed for Capital Projects	0	0	0	885,073	0	0
Total Fund Balances	<u>\$ 750,668</u>	<u>\$ 1,286,843</u>	<u>\$ 2,037,511</u>	<u>\$ 893,443</u>	<u>\$ 116,762</u>	<u>\$ 725,412</u>
Total Liabilities and Fund Balances	<u>\$ 992,121</u>	<u>\$ 1,353,045</u>	<u>\$ 2,345,166</u>	<u>\$ 973,443</u>	<u>\$ 116,762</u>	<u>\$ 748,230</u>

(Continued)

## Exhibit J-6

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

	<u>Capital Projects Funds (Cont.)</u>		
	Other Capital Projects - Building 8	Total	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 44,044	\$ 1,428,136	\$ 3,097,213
Accounts Receivable	0	368,814	368,814
Due from Other Governments	0	0	676,089
Due from Primary Government	0	85,529	85,529
Total Assets	<u>\$ 44,044</u>	<u>\$ 1,882,479</u>	<u>\$ 4,227,645</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 44	\$ 80,533	\$ 83,533
Payroll Deductions Payable	0	0	304,655
Contracts Payable	9,409	31,738	31,738
Retainage Payable	495	495	495
Total Liabilities	<u>\$ 9,948</u>	<u>\$ 112,766</u>	<u>\$ 420,421</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 0	\$ 1,287,511
Restricted for Capital Projects	34,096	884,640	884,640
Committed:			
Committed for Education	0	0	750,000
Committed for Capital Projects	0	885,073	885,073
Total Fund Balances	<u>\$ 34,096</u>	<u>\$ 1,769,713</u>	<u>\$ 3,807,224</u>
Total Liabilities and Fund Balances	<u>\$ 44,044</u>	<u>\$ 1,882,479</u>	<u>\$ 4,227,645</u>

Exhibit J-7

Jefferson County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Jefferson County School Department  
For the Year Ended June 30, 2016

	Special Revenue Funds			Capital Projects Funds		
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Other Capital Projects - RZEDB	Other Capital Projects - JCHS
<u>Revenues</u>						
Charges for Current Services	\$ 0	\$ 978,788	\$ 978,788	\$ 0	\$ 0	\$ 0
Other Local Revenues	0	2,053	2,053	0	0	0
State of Tennessee	0	34,079	34,079	0	0	0
Federal Government	3,826,561	2,748,942	6,575,503	0	0	0
Other Governments and Citizens Groups	0	0	0	92,925	0	0
Total Revenues	\$ 3,826,561	\$ 3,763,862	\$ 7,590,423	\$ 92,925	\$ 0	\$ 0
<u>Expenditures</u>						
Current:						
Instruction	\$ 2,437,663	\$ 0	\$ 2,437,663	\$ 0	\$ 0	\$ 0
Support Services	1,242,659	0	1,242,659	0	0	0
Operation of Non-instructional Services	76,684	3,594,209	3,670,893	0	0	0
Capital Projects	0	0	0	202,322	0	392,194
Total Expenditures	\$ 3,757,006	\$ 3,594,209	\$ 7,351,215	\$ 202,322	\$ 0	\$ 392,194
Excess (Deficiency) of Revenues Over Expenditures	\$ 69,555	\$ 169,653	\$ 239,208	\$ (109,397)	\$ 0	\$ (392,194)
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 836	\$ 2,075	\$ 2,911	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	1,000,000	0	0
Transfers Out	(69,723)	0	(69,723)	0	0	0
Total Other Financing Sources (Uses)	\$ (68,887)	\$ 2,075	\$ (66,812)	\$ 1,000,000	\$ 0	\$ 0

(Continued)

Exhibit J-7

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

	Special Revenue Funds			Capital Projects Funds		
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Other Capital Projects - RZEDB	Other Capital Projects - JCHS
Net Change in Fund Balances	\$ 668	\$ 171,728	\$ 172,396	\$ 890,603	\$ 0	\$ (392,194)
Fund Balance, July 1, 2015	750,000	1,115,115	1,865,115	2,840	116,762	1,117,606
Fund Balance, June 30, 2016	\$ 750,668	\$ 1,286,843	\$ 2,037,511	\$ 893,443	\$ 116,762	\$ 725,412

(Continued)



Exhibit J-7

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects - Building 8	Total	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 0	\$ 978,788
Other Local Revenues	0	0	2,053
State of Tennessee	0	0	34,079
Federal Government	0	0	6,575,503
Other Governments and Citizens Groups	0	92,925	92,925
Total Revenues	<u>\$ 0</u>	<u>\$ 92,925</u>	<u>\$ 7,683,348</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 0	\$ 0	\$ 2,437,663
Support Services	0	0	1,242,659
Operation of Non-instructional Services	0	0	3,670,893
Capital Projects	1,620,356	2,214,872	2,214,872
Total Expenditures	<u>\$ 1,620,356</u>	<u>\$ 2,214,872</u>	<u>\$ 9,566,087</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,620,356)</u>	<u>\$ (2,121,947)</u>	<u>\$ (1,882,739)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 312,829	\$ 312,829	\$ 315,740
Transfers In	2,601	1,002,601	1,002,601
Transfers Out	0	0	(69,723)
Total Other Financing Sources (Uses)	<u>\$ 315,430</u>	<u>\$ 1,315,430</u>	<u>\$ 1,248,618</u>

(Continued)

Exhibit J-7

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

	<u>Capital Projects Funds (Cont.)</u>		Total
	Other Capital Projects - Building 8	Total	Nonmajor Governmental Funds
Net Change in Fund Balances	\$ (1,304,926)	\$ (806,517)	\$ (634,121)
Fund Balance, July 1, 2015	1,339,022	2,576,230	4,441,345
Fund Balance, June 30, 2016	\$ 34,096	\$ 1,769,713	\$ 3,807,224

Exhibit J-8

Jefferson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Jefferson County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 15,695,557	\$ 0	\$ 0	\$ 15,695,557	\$ 15,158,193	\$ 15,158,193	\$ 537,364
Licenses and Permits	3,072	0	0	3,072	2,400	2,400	672
Charges for Current Services	248,600	0	0	248,600	227,260	227,260	21,340
Other Local Revenues	110,217	0	0	110,217	59,500	160,924	(50,707)
State of Tennessee	36,572,346	0	0	36,572,346	35,844,941	36,392,964	179,382
Federal Government	263,593	0	0	263,593	302,697	314,375	(50,782)
Other Governments and Citizens Groups	2,534	0	0	2,534	0	10,000	(7,466)
Total Revenues	\$ 52,895,919	\$ 0	\$ 0	\$ 52,895,919	\$ 51,594,991	\$ 52,266,116	\$ 629,803
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 25,118,103	\$ 0	\$ 0	\$ 25,118,103	\$ 25,647,172	\$ 25,635,128	\$ 517,025
Alternative Instruction Program	194,626	0	0	194,626	193,781	195,021	395
Special Education Program	3,268,293	0	0	3,268,293	3,296,082	3,337,303	69,010
Vocational Education Program	1,579,307	0	0	1,579,307	1,588,024	1,587,024	7,717
Adult Education Program	99,074	0	0	99,074	116,646	115,886	16,812
<u>Support Services</u>							
Attendance	146,214	0	0	146,214	150,041	152,041	5,827
Health Services	646,534	0	140	646,674	636,739	683,928	37,254
Other Student Support	1,699,868	(2,526)	205	1,697,547	1,836,516	1,731,698	34,151
Regular Instruction Program	1,833,792	0	0	1,833,792	1,836,544	1,890,572	56,780
Alternative Instruction Program	115,978	0	0	115,978	116,339	116,789	811
Special Education Program	441,946	0	0	441,946	448,284	451,919	9,973
Vocational Education Program	281,507	0	0	281,507	291,136	292,136	10,629
Adult Programs	88,070	0	0	88,070	93,249	93,626	5,556
Other Programs	270,544	0	0	270,544	0	270,544	0
Board of Education	661,841	0	0	661,841	670,177	678,391	16,550
Director of Schools	312,739	0	0	312,739	314,063	318,765	6,026
Office of the Principal	3,305,690	0	0	3,305,690	3,344,136	3,350,920	45,230

(Continued)

## Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 367,533	\$ 0	\$ 0	\$ 367,533	\$ 367,533	\$ 367,533	\$ 0
Human Services/Personnel	121,368	0	0	121,368	135,235	131,239	9,871
Operation of Plant	4,315,776	0	14,700	4,330,476	4,234,844	4,342,235	11,759
Maintenance of Plant	1,555,722	(200,483)	0	1,355,239	1,473,988	1,425,618	70,379
Transportation	2,570,640	(11,190)	0	2,559,450	2,640,728	2,669,654	110,204
Central and Other	1,367,581	0	0	1,367,581	1,421,893	1,440,091	72,510
<u>Operation of Non-instructional Services</u>							
Community Services	172,678	0	0	172,678	190,510	190,510	17,832
Early Childhood Education	760,121	(13,720)	0	746,401	762,105	762,105	15,704
<u>Capital Outlay</u>							
Regular Capital Outlay	25,538	0	305,880	331,418	0	331,418	0
Total Expenditures	\$ 51,321,083	\$ (227,919)	\$ 320,925	\$ 51,414,089	\$ 51,805,765	\$ 52,562,094	\$ 1,148,005
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,574,836	\$ 227,919	\$ (320,925)	\$ 1,481,830	\$ (210,774)	\$ (295,978)	\$ 1,777,808
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 30,905	\$ 0	\$ 0	\$ 30,905	\$ 0	\$ 30,905	\$ 0
Transfers In	69,723	0	0	69,723	199,104	76,192	(6,469)
Transfers Out	(1,002,601)	0	0	(1,002,601)	0	(1,002,601)	0
Total Other Financing Sources	\$ (901,973)	\$ 0	\$ 0	\$ (901,973)	\$ 199,104	\$ (895,504)	\$ (6,469)
Net Change in Fund Balance	\$ 672,863	\$ 227,919	\$ (320,925)	\$ 579,857	\$ (11,670)	\$ (1,191,482)	\$ 1,771,339
Fund Balance, July 1, 2015	4,208,129	(227,919)	0	3,980,210	3,653,763	3,653,763	326,447
Fund Balance, June 30, 2016	\$ 4,880,992	\$ 0	\$ (320,925)	\$ 4,560,067	\$ 3,642,093	\$ 2,462,281	\$ 2,097,786

## Exhibit J-9

Jefferson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Jefferson County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,826,561	\$ 3,891,299	\$ 4,006,604	\$ (180,043)
Total Revenues	\$ 3,826,561	\$ 3,891,299	\$ 4,006,604	\$ (180,043)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,192,884	\$ 1,214,926	\$ 1,225,148	\$ 32,264
Special Education Program	1,159,439	1,167,943	1,230,058	70,619
Vocational Education Program	85,340	82,475	85,822	482
<u>Support Services</u>				
Other Student Support	191,666	199,035	203,546	11,880
Regular Instruction Program	643,739	673,347	667,031	23,292
Special Education Program	330,777	334,024	371,891	41,114
Vocational Education Program	3,124	5,500	3,282	158
Transportation	73,353	74,255	74,255	902
<u>Operation of Non-instructional Services</u>				
Community Services	76,684	81,803	76,684	0
Total Expenditures	\$ 3,757,006	\$ 3,833,308	\$ 3,937,717	\$ 180,711
Excess (Deficiency) of Revenues Over Expenditures	\$ 69,555	\$ 57,991	\$ 68,887	\$ 668
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 836	\$ 0	\$ 836	\$ 0
Transfers Out	(69,723)	(57,991)	(69,723)	0
Total Other Financing Sources	\$ (68,887)	\$ (57,991)	\$ (68,887)	\$ 0
Net Change in Fund Balance	\$ 668	\$ 0	\$ 0	\$ 668
Fund Balance, July 1, 2015	750,000	0	0	750,000
Fund Balance, June 30, 2016	\$ 750,668	\$ 0	\$ 0	\$ 750,668

## Exhibit J-10

Jefferson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Jefferson County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 978,788	\$ 959,100	\$ 959,100	\$ 19,688
Other Local Revenues	2,053	1,100	1,100	953
State of Tennessee	34,079	38,500	38,500	(4,421)
Federal Government	2,748,942	2,700,510	2,705,460	43,482
Total Revenues	<u>\$ 3,763,862</u>	<u>\$ 3,699,210</u>	<u>\$ 3,704,160</u>	<u>\$ 59,702</u>
<u>Expenditures</u>				
Operation of Non-instructional Services				
Food Service	\$ 3,594,209	\$ 4,336,360	\$ 4,343,385	\$ 749,176
Total Expenditures	<u>\$ 3,594,209</u>	<u>\$ 4,336,360</u>	<u>\$ 4,343,385</u>	<u>\$ 749,176</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 169,653</u>	<u>\$ (637,150)</u>	<u>\$ (639,225)</u>	<u>\$ 808,878</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,075	\$ 0	\$ 2,075	\$ 0
Total Other Financing Sources	<u>\$ 2,075</u>	<u>\$ 0</u>	<u>\$ 2,075</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 171,728	\$ (637,150)	\$ (637,150)	\$ 808,878
Fund Balance, July 1, 2015	<u>1,115,115</u>	<u>637,150</u>	<u>637,150</u>	<u>477,965</u>
Fund Balance, June 30, 2016	<u>\$ 1,286,843</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,286,843</u>

Exhibit J-11

Jefferson County, Tennessee  
Statement of Net Position  
Discretely Presented Jefferson County School Department  
Proprietary Fund  
June 30, 2016

Governmental  
 Activities -  
 Internal Service  
 Fund  


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 Employee  
 Insurance -  
 Dental and  
 Vision  
 Fund  


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ASSETS

Current Assets:

Cash	\$	31,818
Equity in Pooled Cash and Investments		<u>254,532</u>
Total Assets	\$	<u>286,350</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$	28,560
Due to Primary Government		<u>2,752</u>
Total Liabilities	\$	<u>31,312</u>

NET POSITION

Net Position - Unrestricted	\$	<u>255,038</u>
Total Net Position	\$	<u><u>255,038</u></u>

Exhibit J-12

Jefferson County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Jefferson County School Department  
Proprietary Fund  
For the Year Ended June 30, 2016

	Governmental Activities - Internal Service Fund
	Employee Insurance - Dental and Vision Fund
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 374,499
Total Operating Revenues	<u>\$ 374,499</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 29,101
Other Self-Insured Claims	424,480
Total Operating Expenses	<u>\$ 453,581</u>
Operating Income (Loss)	<u>\$ (79,082)</u>
Change in Net Position	\$ (79,082)
Net Position, July 1, 2015	<u>334,120</u>
Net Position, June 30, 2016	<u><u>\$ 255,038</u></u>



## Exhibit J-13

Jefferson County, Tennessee  
Statement of Cash Flows  
Discretely Presented Jefferson County School Department  
Proprietary Fund  
For the Year Ended June 30, 2016

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance - Dental and Vision Fund <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 374,499
Payments for Claims	(419,666)
Payments for Administrative Costs	(29,101)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ (74,268)
Increase (Decrease) in Cash	\$ (74,268)
Cash, July 1, 2015	<hr/> 360,618
Cash, June 30, 2016	<hr/> <hr/> \$ 286,350
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (79,082)
Adjustment to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	<hr/> 4,814
Net Cash Provided By (Used In) Operating Activities	<hr/> <hr/> \$ (74,268)
<u>Reconciliation of Cash With Statement of Net Position</u>	
Cash Per Net Position	\$ 31,818
Equity in Pooled Cash and Investments Per Net Position	<hr/> 254,532
Cash, June 30, 2016	<hr/> <hr/> \$ 286,350

Exhibit J-14

Jefferson County, Tennessee  
Statement of Changes in Fiduciary Net Position  
Discretely Presented Jefferson County School Department  
Fiduciary Fund  
For the Year Ended June 30, 2016

	Other Employee Benefit Trust Fund <hr/> Flexible Benefits Fund
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	<hr/> \$ 14,451
Total Deductions	<hr/> \$ 14,451
Change in Net Position	\$ (14,451)
Net Position, July 1, 2015	<hr/> 14,451
Net Position, June 30, 2016	<hr/> <hr/> \$ 0

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Jefferson County, Tennessee  
Schedule of Changes in Long-term Other Loans and Bonds  
For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-16
<u>OTHER LOANS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Local Government Public Improvement (E-3-D) - Refunding	\$ 13,305,000	Variable	7-31-08	6-1-26	\$ 9,200,000	\$ 0	\$ 705,000	\$ 0	\$ 8,495,000
Local Government Public Improvement (V-G-1) - Refunding	13,740,000	4 to 5 %	12-10-08	6-1-19	5,355,000	0	1,600,000	0	3,755,000
Qualified School Construction Bonds	10,595,000	0 (1)	10-7-10	8-1-27	8,060,740	0	661,111	0	7,399,629
Energy Efficient Schools Initiative Loan, Series 2011	2,506,325	2.5	11-2-11	3-1-24	1,899,887	0	196,716	0	1,703,171
Total Payable through General Debt Service Fund					<u>\$ 24,515,627</u>	<u>\$ 0</u>	<u>\$ 3,162,827</u>	<u>\$ 0</u>	<u>\$ 21,352,800</u>
Total Other Loans Payable					<u>\$ 24,515,627</u>	<u>\$ 0</u>	<u>\$ 3,162,827</u>	<u>\$ 0</u>	<u>\$ 21,352,800</u>
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Nursing Home (To be Retired by Nursing Home Component Unit)	8,000,000	4 to 4.5	12-21-07	6-1-37	\$ 4,345,000	\$ 0	\$ 190,000	\$ 4,155,000	\$ 0
School Refunding Bonds - Series 2009	10,450,000	3.41	10-20-09	6-1-23	9,950,000	0	100,000	0	9,850,000
General Obligation Bonds - Series 2010- RZEDB	16,000,000	3.69	12-10-10	6-1-40	16,000,000	0	0	0	16,000,000
General Obligation Bonds - Series 2012	9,900,000	2.62	9-10-12	6-1-36	9,650,000	0	275,000	0	9,375,000
General Obligation Bonds - Series 2013	9,995,000	2.54	4-10-13	6-1-36	9,795,000	0	250,000	0	9,545,000
General Obligation Refunding Bonds - Series 2014	4,285,000	1.45	5-15-14	6-1-27	3,940,000	0	355,000	0	3,585,000
General Obligation Bonds - Series 2015	6,790,000	2.9	4-1-15	6-1-36	6,790,000	0	0	0	6,790,000
General Obligation Refunding Bonds - Series 2016	4,215,000	2.51	5-13-16	6-1-37	0	4,215,000	0	0	4,215,000
Total Payable through General Debt Service Fund					<u>\$ 60,470,000</u>	<u>\$ 4,215,000</u>	<u>\$ 1,170,000</u>	<u>\$ 4,155,000</u>	<u>\$ 59,360,000</u>
Total Bonds Payable					<u>\$ 60,470,000</u>	<u>\$ 4,215,000</u>	<u>\$ 1,170,000</u>	<u>\$ 4,155,000</u>	<u>\$ 59,360,000</u>

(1) Interest rate of approximately 4.85 percent is offset by a federal interest subsidy, resulting in a net interest rate of zero percent.

Exhibit K-2

Jefferson County, Tennessee

Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Other Loans			
	Principal	Interest (1)	Other Fees	Total
2017	\$ 3,262,795	\$ 804,185	\$ 29,798	\$ 4,096,778
2018	3,392,895	719,380	27,966	4,140,241
2019	2,043,127	624,162	26,008	2,693,297
2020	1,733,491	594,245	23,925	2,351,661
2021	1,788,988	580,968	21,779	2,391,735
2022	1,844,628	567,092	19,507	2,431,227
2023	1,900,400	552,629	17,110	2,470,139
2024	1,895,739	537,670	14,588	2,447,997
2025	1,766,112	526,203	11,940	2,304,255
2026	936,112	516,145	9,166	1,461,423
2027	726,190	513,645	8,476	1,248,311
2028	62,323	50,586	2,122	115,031
Total	\$ 21,352,800	\$ 6,586,910	\$ 212,385	\$ 28,152,095

(Continued)

Exhibit K-2

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

Year Ending June 30	Bonds		
	Principal	Interest (1)	Total
2017	\$ 1,240,000	\$ 2,256,881	\$ 3,496,881
2018	1,155,000	2,220,423	3,375,423
2019	2,600,000	2,189,573	4,789,573
2020	3,090,000	2,108,873	5,198,873
2021	3,175,000	2,012,398	5,187,398
2022	3,160,000	1,923,898	5,083,898
2023	3,255,000	1,832,167	5,087,167
2024	1,370,000	1,734,517	3,104,517
2025	1,410,000	1,705,742	3,115,742
2026	1,675,000	1,676,142	3,351,142
2027	1,730,000	1,638,624	3,368,624
2028	1,825,000	1,597,910	3,422,910
2029	1,880,000	1,555,956	3,435,956
2030	1,955,000	1,510,111	3,465,111
2031	2,035,000	1,459,222	3,494,222
2032	2,100,000	1,405,375	3,505,375
2033	2,185,000	1,348,087	3,533,087
2034	2,275,000	1,286,100	3,561,100
2035	2,370,000	1,217,338	3,587,338
2036	2,445,000	1,145,688	3,590,688
2037	3,480,000	1,071,825	4,551,825
2038	4,175,000	857,938	5,032,938
2039	4,325,000	581,344	4,906,344
2040	4,450,000	294,813	4,744,813
Total	\$ 59,360,000	\$ 36,630,945	\$ 95,990,945

(1) Includes interest requirements on Qualified School Construction Bonds, Series 2010, before federal interest rate subsidy.

Exhibit K-3

Jefferson County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Jefferson County School Department

For the Year Ended June 30, 2016

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	QSCB Tax Rebate	\$ 477,462
General	General Capital Projects	Capital Expenditures	250,000
General	Highway/Public Works	Transfer of Sales Tax Revenues to Fund Wage Increase	62,580
General	Solid Waste/Sanitation	Transfer of Sales Tax Revenues to Fund Wage Increase	13,855
General	Solid Waste/Disposal	Transfer of Sales Tax Revenues to Fund Wage Increase	16,770
General Capital Projects	Solid Waste/Disposal	Capital Outlay Purchase	27,333
Courthouse and Jail Maintenance Fund	General Debt Service	Debt Service on Justice Center	70,000
Courthouse and Jail Maintenance Fund	General Capital Projects	Capital Expenditures	<u>255,000</u>
Total Transfers Primary Government			<u>\$ 1,173,000</u>
<u>DISCRETELY PRESENTED JEFFERSON COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Education Capital Projects	Capital Expenditures	\$ 1,000,000
General Purpose School	Other Capital Projects - Building 8	Capital Expenditures	2,601
School Federal Projects	General Purpose School	Indirect Costs	<u>69,723</u>
Total Transfers Discretely Presented Jefferson County School Department			<u>\$ 1,072,324</u>

Exhibit K-4

Jefferson County, Tennessee

Schedule of Salaries and Official Bonds of Principal Officials

Primary Government and Discretely Presented Jefferson County School Department

For the Year Ended June 30, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 88,771	\$ 100,000	Hartford Fire Insurance Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	83,945	100,000	"
Director of Schools	State Board of Education and County Board of Education	107,500 (1)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	76,313	2,465,195	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	76,313	50,000	"
Finance Director	County Commission	83,640	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	76,313	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	76,313	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	76,313	50,000	State Automobile Mutual Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	76,313	100,000	Hartford Fire Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	84,545 (2)	100,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			150,000	"

(1) Includes a CEO training supplement of \$1,000.

(2) Includes a \$600 payment for a law enforcement training supplement.



Exhibit K-5

Jefferson County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2016

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 9,557,560	\$ 0	\$ 0	\$ 1,647,860	\$ 0	\$ 0
Trustee's Collections - Prior Year	301,303	0	0	51,949	0	0
Trustee's Collections - Bankruptcy	3,429	0	0	591	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	373,503	0	0	64,397	0	0
Interest and Penalty	56,569	0	0	9,050	0	0
Pickup Taxes	5,841	0	0	1,010	0	0
Payments in-Lieu-of Taxes - Local Utilities	18,200	0	0	3,138	0	0
Payments in-Lieu-of Taxes - Other	2,291	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	859,937	0	0	0	0	0
Hotel/Motel Tax	349,051	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	123,191	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	15,663	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	150,168	60,131	0	0	0	0
Business Tax	407,313	0	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	21,049	0	0	3,629	0	0
Wholesale Beer Tax	158,369	0	0	0	0	0
Total Local Taxes	\$ 12,387,774	\$ 60,131	\$ 15,663	\$ 1,781,624	\$ 0	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 1,638	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	92,429	0	0	0	0	0

(Continued)

## Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 1,425	\$ 0	\$ 0	\$ 0	\$ 0	0
Building Permits	217,051	0	0	0	0	0
Other Permits	91,498	0	0	0	0	0
Total Licenses and Permits	\$ 404,041	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 18,079	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	15,559	0	0	0	0	0
Drug Control Fines	0	0	0	0	8,302	0
Drug Court Fees	3,512	0	0	0	0	0
Jail Fees	4,426	0	0	0	0	0
DUI Treatment Fines	380	0	0	0	0	0
Data Entry Fee - Circuit Court	5,002	0	0	0	0	0
Courtroom Security Fee	19	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	56,923	0	0	0	0	0
Fines for Littering	142	0	0	0	0	0
Officers Costs	59,362	0	0	0	0	0
Game and Fish Fines	1,692	0	0	0	0	0
Drug Control Fines	0	0	0	0	18,673	0
Drug Court Fees	18,315	0	0	0	0	0
Jail Fees	72,656	0	0	0	0	0
DUI Treatment Fines	12,518	0	0	0	0	0
Data Entry Fee - General Sessions Court	21,615	0	0	0	0	0
Courtroom Security Fee	1,790	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 5,427	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	6,672	0	0	0	0	0
Data Entry Fee - Juvenile Court	1,032	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	5,284	0	0	0	0	0
Data Entry Fee - Chancery Court	6,000	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Victims Assistance Assessments	42,258	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	10,000	0
Other Fines, Forfeitures, and Penalties	19,475	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 378,138	\$ 0	\$ 0	\$ 0	\$ 36,975	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 3,484,235	\$ 0	\$ 0	\$ 0	\$ 0	0
Other General Service Charges	2,655	0	0	0	0	0
<u>Fees</u>						
Copy Fees	1,218	0	0	0	0	0
Library Fees	11,557	0	0	0	0	0
Telephone Commissions	92,820	0	0	0	0	0
Vending Machine Collections	34	0	0	0	0	0
Constitutional Officers' Fees and Commissions	1,922	0	0	0	0	0
Data Processing Fee - Register	17,030	0	0	0	0	0
Data Processing Fee - Sheriff	9,089	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Sexual Offender Registration Fee - Sheriff	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - County Clerk	999	0	0	0	0	0
Total Charges for Current Services	\$ 3,630,559	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 175	\$ 0
Lease/Rentals	7,200	0	0	0	0	752,000
Commissary Sales	42,540	0	0	0	0	0
Sale of Maps	136	0	0	0	0	0
Sale of Recycled Materials	0	0	0	0	0	0
Miscellaneous Refunds	195,874	0	0	0	0	0
Expenditure Credits	5,560	0	0	0	0	0
<u>Nonrecurring Items</u>						
Contributions and Gifts	2,800	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	372,033	0	0	0	0	0
Total Other Local Revenues	\$ 626,143	\$ 0	\$ 0	\$ 0	\$ 175	\$ 752,000
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 95,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	673,000	0	0	0	0	0
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	244,172	0	0	0	0	0

(Continued)

## Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary (Cont.)</u>						
General Sessions Court Clerk	\$ 382,664	\$ 0	\$ 0	\$ 0	\$ 0	0
Clerk and Master	167,459	0	0	0	0	0
Juvenile Court Clerk	36,270	0	0	0	0	0
Register	229,961	0	0	0	0	0
Sheriff	16,961	0	0	0	0	0
Total Fees Received From County Officials	\$ 1,845,487	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,815	\$ 0	\$ 0	\$ 0	\$ 0	0
Aging Programs	11,417	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	22,800	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	78,163	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	43,858	0	0	0	0	0
<u>Other State Revenues</u>						
Vehicle Certificate of Title Fees	10,200	0	0	0	0	0
Emergency Hospital - Prisoners	58,343	0	0	0	0	0
Contracted Prisoner Boarding	1,879,156	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Grants	\$ 13,517	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other State Revenues	40,786	0	0	0	0	0
Total State of Tennessee	<u>\$ 2,187,219</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	39,150	0	0	0	0	0
Disaster Relief	0	0	0	0	0	0
Homeland Security Grants	17,811	0	0	0	0	0
Other Federal through State	80,880	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	2,389	0
Tax Credit Bond Rebate	477,462	0	0	0	0	0
Other Direct Federal Revenue	34,183	0	0	0	0	0
Total Federal Government	<u>\$ 649,486</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,389</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 153,933	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other</u>						
Other	1,097	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 155,030</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 22,263,877</u>	<u>\$ 60,131</u>	<u>\$ 15,663</u>	<u>\$ 1,781,624</u>	<u>\$ 39,539</u>	<u>\$ 752,000</u>

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects - CDBG	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 2,197,143	\$ 2,418,120	\$ 218,456	\$ 0	\$ 16,039,139
Trustee's Collections - Prior Year	0	69,265	69,265	13,853	0	505,635
Trustee's Collections - Bankruptcy	0	788	828	118	0	5,754
Circuit Clerk/Clerk and Master Collections - Prior Years	0	85,862	85,862	17,172	0	626,796
Interest and Penalty	0	12,067	12,440	2,040	0	92,166
Pickup Taxes	0	1,346	1,481	153	0	9,831
Payments in-Lieu-of Taxes - Local Utilities	0	4,184	4,602	418	0	30,542
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	2,291
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	1,317,804	0	0	2,177,741
Hotel/Motel Tax	0	0	0	0	0	349,051
Wheel Tax	0	0	2,163,369	0	0	2,163,369
Litigation Tax - General	0	0	0	0	0	123,191
Litigation Tax - Special Purpose	0	0	0	0	0	15,663
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	210,299
Business Tax	0	0	0	0	0	407,313
Adequate Facilities/Development Tax	0	0	313,295	0	0	313,295
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	4,839	5,323	484	0	35,324
Wholesale Beer Tax	0	0	0	0	0	158,369
Total Local Taxes	\$ 0	\$ 2,375,494	\$ 6,392,389	\$ 252,694	\$ 0	\$ 23,265,769
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,638
Cable TV Franchise	0	0	0	0	0	92,429

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service	Capital Projects Funds			Total
	Constitu -	Highway /	Fund	General	Other		
	tional	Public	General	Capital	Capital		
	Officers -	Works	Debt	Projects	Projects -		
	Fees		Service		CDBG		
<u>Licenses and Permits (Cont.)</u>							
<u>Permits</u>							
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,425	
Building Permits	0	0	0	0	0	217,051	
Other Permits	0	0	0	0	0	91,498	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 404,041	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,079	
Officers Costs	0	0	0	0	0	15,559	
Drug Control Fines	0	0	0	0	0	8,302	
Drug Court Fees	0	0	0	0	0	3,512	
Jail Fees	0	0	0	0	0	4,426	
DUI Treatment Fines	0	0	0	0	0	380	
Data Entry Fee - Circuit Court	0	0	0	0	0	5,002	
Courtroom Security Fee	0	0	0	0	0	19	
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	56,923	
Fines for Littering	0	0	0	0	0	142	
Officers Costs	0	0	0	0	0	59,362	
Game and Fish Fines	0	0	0	0	0	1,692	
Drug Control Fines	0	0	0	0	0	18,673	
Drug Court Fees	0	0	0	0	0	18,315	
Jail Fees	0	0	0	0	0	72,656	
DUI Treatment Fines	0	0	0	0	0	12,518	
Data Entry Fee - General Sessions Court	0	0	0	0	0	21,615	
Courtroom Security Fee	0	0	0	0	0	1,790	

(Continued)



Exhibit K-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects - CDBG	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	5,427
Officers Costs	0	0	0	0	0	6,672
Data Entry Fee - Juvenile Court	0	0	0	0	0	1,032
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	5,284
Data Entry Fee - Chancery Court	0	0	0	0	0	6,000
<u>Judicial District Drug Program</u>						
Victims Assistance Assessments	0	0	0	0	0	42,258
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	10,000
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	19,475
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	415,113
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,484,235
Other General Service Charges	0	35,145	0	0	0	37,800
<u>Fees</u>						
Copy Fees	0	0	0	0	0	1,218
Library Fees	0	0	0	0	0	11,557
Telephone Commissions	0	0	0	0	0	92,820
Vending Machine Collections	0	0	0	0	0	34
Constitutional Officers' Fees and Commissions	780,987	0	0	0	0	782,909
Data Processing Fee - Register	0	0	0	0	0	17,030
Data Processing Fee - Sheriff	0	0	0	0	0	9,089

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects - CDBG	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Sexual Offender Registration Fee - Sheriff	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Data Processing Fee - County Clerk	0	0	0	0	0	999
Total Charges for Current Services	\$ 780,987	\$ 35,145	\$ 0	\$ 0	\$ 0	\$ 4,446,691
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 2,740	\$ 0	\$ 208,751	\$ 0	\$ 0	\$ 211,666
Lease/Rentals	0	0	0	0	0	759,200
Commissary Sales	0	0	0	0	0	42,540
Sale of Maps	0	0	0	0	0	136
Sale of Recycled Materials	0	10	0	0	0	10
Miscellaneous Refunds	0	110	4	0	0	195,988
Expenditure Credits	0	0	0	0	0	5,560
<u>Nonrecurring Items</u>						
Contributions and Gifts	0	0	0	0	0	2,800
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	477,119	0	0	849,152
Total Other Local Revenues	\$ 2,740	\$ 120	\$ 685,874	\$ 0	\$ 0	\$ 2,067,052
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 95,000
Trustee	0	0	0	0	0	673,000
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	244,172

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects - CDBG	
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary (Cont.)</u>						
General Sessions Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	382,664
Clerk and Master	0	0	0	0	0	167,459
Juvenile Court Clerk	0	0	0	0	0	36,270
Register	0	0	0	0	0	229,961
Sheriff	0	0	0	0	0	16,961
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,845,487
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	13,815
Aging Programs	0	0	0	0	0	11,417
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	22,800
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	78,163
<u>Public Works Grants</u>						
State Aid Program	0	118,686	0	0	0	118,686
Litter Program	0	0	0	0	0	43,858
<u>Other State Revenues</u>						
Vehicle Certificate of Title Fees	0	0	0	0	0	10,200
Emergency Hospital - Prisoners	0	0	0	0	0	58,343
Contracted Prisoner Boarding	0	0	0	0	0	1,879,156
Gasoline and Motor Fuel Tax	0	1,765,558	0	0	0	1,765,558
Petroleum Special Tax	0	37,093	0	0	0	37,093
Registrar's Salary Supplement	0	0	0	0	0	15,164

(Continued)

Exhibit K-5

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

	<u>Special Revenue Funds</u>		<u>Debt Service</u>	<u>Capital Projects Funds</u>		
	Constitu -	Highway /	Fund	General	Other	
	tional	Public	General	Capital	Capital	
	Officers -	Works	Debt	Projects	Projects -	
	Fees		Service		CDBG	Total
<hr/>						
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Grants	\$ 0	\$ 6,581	\$ 0	\$ 0	\$ 0	\$ 20,098
Other State Revenues	0	0	0	0	0	40,786
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 1,927,918</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,115,137</u>
<hr/>						
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,750	\$ 38,750
Civil Defense Reimbursement	0	0	0	0	0	39,150
Disaster Relief	0	65,114	0	0	0	65,114
Homeland Security Grants	0	0	0	0	0	17,811
Other Federal through State	0	0	0	0	0	80,880
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	0	2,389
Tax Credit Bond Rebate	0	0	444,564	0	0	922,026
Other Direct Federal Revenue	0	0	0	0	0	34,183
Total Federal Government	<u>\$ 0</u>	<u>\$ 65,114</u>	<u>\$ 444,564</u>	<u>\$ 0</u>	<u>\$ 38,750</u>	<u>\$ 1,200,303</u>
<hr/>						
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 153,933
<u>Other</u>						
Other	0	0	0	0	0	1,097
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 155,030</u>
<hr/>						
Total	<u>\$ 783,727</u>	<u>\$ 4,403,791</u>	<u>\$ 7,522,827</u>	<u>\$ 252,694</u>	<u>\$ 38,750</u>	<u>\$ 37,914,623</u>

Exhibit K-6

Jefferson County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Jefferson County School Department  
For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 9,784,597	\$ 0	\$ 0	\$ 0	\$ 9,784,597
Trustee's Collections - Prior Year	301,001	0	0	0	301,001
Trustee's Collections - Bankruptcy	3,428	0	0	0	3,428
Circuit Clerk/Clerk and Master Collections - Prior Years	382,089	0	0	0	382,089
Interest and Penalty	53,698	0	0	0	53,698
Pickup Taxes	6,063	0	0	0	6,063
Payments in-Lieu-of Taxes - T.V.A.	13,297	0	0	0	13,297
Payments in-Lieu-of Taxes - Local Utilities	18,618	0	0	0	18,618
<u>County Local Option Taxes</u>					
Local Option Sales Tax	5,070,182	0	0	0	5,070,182
Mixed Drink Tax	33,706	0	0	0	33,706
<u>Statutory Local Taxes</u>					
Bank Excise Tax	21,533	0	0	0	21,533
Interstate Telecommunications Tax	7,345	0	0	0	7,345
Total Local Taxes	<u>\$ 15,695,557</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,695,557</u>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 3,072	\$ 0	\$ 0	\$ 0	\$ 3,072
Total Licenses and Permits	<u>\$ 3,072</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,072</u>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 462,529	\$ 0	\$ 462,529

(Continued)

## Exhibit K-6

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

	Special Revenue Funds			Capital Projects Fund	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 51,002	\$ 0	\$ 51,002
Income from Breakfast	0	0	80,553	0	80,553
A la Carte Sales	0	0	378,789	0	378,789
Receipts from Individual Schools	54,750	0	0	0	54,750
Community Service Fees - Children	193,787	0	0	0	193,787
Other Charges for Services	63	0	5,915	0	5,978
Total Charges for Current Services	\$ 248,600	\$ 0	\$ 978,788	\$ 0	\$ 1,227,388
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 2,053	\$ 0	\$ 2,053
Sale of Recycled Materials	3,766	0	0	0	3,766
Miscellaneous Refunds	29,134	0	0	0	29,134
<u>Nonrecurring Items</u>					
Contributions and Gifts	13,723	0	0	0	13,723
<u>Other Local Revenues</u>					
Other Local Revenues	63,594	0	0	0	63,594
Total Other Local Revenues	\$ 110,217	\$ 0	\$ 2,053	\$ 0	\$ 112,270
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 270,544	\$ 0	\$ 0	\$ 0	\$ 270,544
<u>State Education Funds</u>					
Basic Education Program	33,239,000	0	0	0	33,239,000

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Early Childhood Education	\$ 762,105	\$ 0	\$ 0	\$ 0	\$ 762,105
School Food Service	0	0	34,079	0	34,079
Other State Education Funds	750,798	0	0	0	750,798
Career Ladder Program	162,208	0	0	0	162,208
<u>Other State Revenues</u>					
Income Tax	222,409	0	0	0	222,409
Beer Tax	18,488	0	0	0	18,488
Alcoholic Beverage Tax	79,202	0	0	0	79,202
State Revenue Sharing - T.V.A.	1,027,208	0	0	0	1,027,208
Other State Grants	38,384	0	0	0	38,384
Other State Revenues	2,000	0	0	0	2,000
Total State of Tennessee	\$ 36,572,346	\$ 0	\$ 34,079	\$ 0	\$ 36,606,425
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,873,634	\$ 0	\$ 1,873,634
USDA - Commodities	0	0	211,539	0	211,539
Breakfast	0	0	655,067	0	655,067
USDA - Other	0	0	8,702	0	8,702
Adult Education State Grant Program	146,818	0	0	0	146,818
Vocational Education - Basic Grants to States	0	111,290	0	0	111,290
Title I Grants to Local Education Agencies	0	1,765,266	0	0	1,765,266
Special Education - Grants to States	22,117	1,532,440	0	0	1,554,557
Special Education Preschool Grants	0	47,200	0	0	47,200

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
English Language Acquisition Grants	\$ 0	\$ 35,780	\$ 0	\$ 0	\$ 35,780
Eisenhower Professional Development State Grants	0	256,175	0	0	256,175
Job Training Partnership Act	37,336	0	0	0	37,336
Other Federal through State	0	78,410	0	0	78,410
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	57,322	0	0	0	57,322
Total Federal Government	<u>\$ 263,593</u>	<u>\$ 3,826,561</u>	<u>\$ 2,748,942</u>	<u>\$ 0</u>	<u>\$ 6,839,096</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 92,925	\$ 92,925
<u>Other</u>					
Other	2,534	0	0	0	2,534
Total Other Governments and Citizens Groups	<u>\$ 2,534</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 92,925</u>	<u>\$ 95,459</u>
Total	<u>\$ 52,895,919</u>	<u>\$ 3,826,561</u>	<u>\$ 3,763,862</u>	<u>\$ 92,925</u>	<u>\$ 60,579,267</u>



## Exhibit K-7

Jefferson County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2016

General FundGeneral GovernmentCounty Commission

Medical Personnel	\$	21,900	
Clerical Personnel		26,392	
Board and Committee Members Fees		86,175	
Social Security		6,979	
Pensions		4,125	
Life Insurance		48	
Unemployment Compensation		92	
Employer Medicare		1,632	
Advertising		6,619	
Audit Services		15,422	
Dues and Memberships		6,599	
Legal Services		46,888	
Other Contracted Services		43,457	
Office Supplies		681	
Office Equipment		140	
Total County Commission			\$ 267,149

Board of Equalization

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

County Mayor/Executive

County Official/Administrative Officer	\$	88,771	
Longevity Pay		1,200	
Other Salaries and Wages		67,035	
Social Security		9,413	
Pensions		24,540	
Life Insurance		172	
Medical Insurance		26,458	
Dental Insurance		450	
Unemployment Compensation		160	
Employer Medicare		2,201	
Advertising		323	
Communication		1,119	
Dues and Memberships		64	
Legal Services		3,000	
Pauper Burials		2,400	
Gasoline		974	
Office Supplies		1,333	
Other Charges		1,248	
Total County Mayor/Executive			230,861

Election Commission

Supervisor/Director	\$	68,682	
Clerical Personnel		58,979	
Part-time Personnel		13,167	
Longevity Pay		900	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Election Commission	\$	8,775	
Election Workers		19,461	
Social Security		8,818	
Pensions		20,094	
Life Insurance		220	
Medical Insurance		31,817	
Dental Insurance		450	
Unemployment Compensation		372	
Employer Medicare		2,062	
Advertising		3,517	
Communication		2,917	
Data Processing Services		4,550	
Dues and Memberships		4,283	
Maintenance Agreements		15,825	
Postal Charges		3,772	
Printing, Stationery, and Forms		2,186	
Travel		9,312	
Other Contracted Services		694	
Office Supplies		2,264	
Other Charges		307	
Data Processing Equipment		3,575	
Total Election Commission			\$ 286,999

Register of Deeds

County Official/Administrative Officer	\$	76,313	
Clerical Personnel		85,011	
Part-time Personnel		36,663	
Longevity Pay		1,900	
Social Security		12,255	
Pensions		25,512	
Life Insurance		220	
Medical Insurance		22,616	
Dental Insurance		450	
Unemployment Compensation		436	
Employer Medicare		2,866	
Data Processing Services		13,779	
Dues and Memberships		355	
Maintenance Agreements		1,597	
Travel		3,132	
Data Processing Supplies		2,557	
Office Supplies		1,889	
Other Charges		144	
Office Equipment		195	
Total Register of Deeds			287,890

Codes Compliance

Supervisor/Director	\$	47,996	
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(Continued)

## Exhibit K-7

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

General Fund (Cont.)General Government (Cont.)Codes Compliance (Cont.)

Clerical Personnel	\$	14,174	
Longevity Pay		1,950	
Social Security		3,964	
Pensions		10,022	
Life Insurance		110	
Medical Insurance		11,596	
Dental Insurance		226	
Unemployment Compensation		120	
Employer Medicare		927	
Communication		801	
Gasoline		1,466	
Total Codes Compliance			\$ 93,352

County Buildings

Supervisor/Director	\$	42,282	
Custodial Personnel		69,844	
Maintenance Personnel		90,665	
Longevity Pay		4,400	
Social Security		12,638	
Pensions		32,384	
Life Insurance		485	
Medical Insurance		54,662	
Dental Insurance		900	
Unemployment Compensation		560	
Employer Medicare		2,956	
Communication		18,293	
Maintenance Agreements		96,067	
Maintenance and Repair Services - Buildings		167,809	
Pest Control		6,260	
Postal Charges		44,555	
Rentals		29,396	
Other Contracted Services		11,605	
Custodial Supplies		10,259	
Diesel Fuel		7	
Electricity		107,226	
Gasoline		4,824	
Natural Gas		27,225	
Office Supplies		2,596	
Uniforms		4,605	
Utilities		249	
Water and Sewer		21,905	
Building and Contents Insurance		42,488	
Vehicle and Equipment Insurance		2,137	
Other Charges		6,441	
Total County Buildings			915,723

(Continued)

## Exhibit K-7

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

General Fund (Cont.)General Government (Cont.)Other Facilities

Supervisor/Director	\$	41,083	
Mechanic(s)		63,259	
Longevity Pay		2,700	
Overtime Pay		368	
In-service Training		201	
Social Security		6,447	
Pensions		16,835	
Life Insurance		220	
Medical Insurance		25,958	
Dental Insurance		300	
Unemployment Compensation		240	
Employer Medicare		1,508	
Communication		2,140	
Other Contracted Services		1,800	
Gasoline		4,083	
Office Supplies		1,154	
Tires and Tubes		39,893	
Uniforms		4,065	
Vehicle Parts		99,848	
Other Charges		694	
Office Equipment		850	
Other Equipment		1,022	
Total Other Facilities			\$ 314,668

Preservation of Records

Maintenance Agreements	\$	169	
Maintenance and Repair Services - Office Equipment		2,004	
Other Contracted Services		1,476	
Office Supplies		3,299	
Data Processing Equipment		249	
Total Preservation of Records			7,197

FinanceAccounting and Budgeting

Assistant(s)	\$	43,388	
Supervisor/Director		83,640	
Deputy(ies)		49,281	
Part-time Personnel		9,772	
Longevity Pay		7,300	
Other Salaries and Wages		238,405	
Social Security		25,512	
Pensions		65,961	
Life Insurance		730	
Medical Insurance		88,423	
Dental Insurance		1,500	
Unemployment Compensation		883	
Employer Medicare		5,966	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Finance (Cont.)Accounting and Budgeting (Cont.)

Communication	\$	2,508	
Maintenance Agreements		17,098	
Travel		210	
Other Contracted Services		6,413	
Data Processing Supplies		5,968	
Office Supplies		4,564	
Other Charges		396	
Office Equipment		515	
Total Accounting and Budgeting			\$ 658,433

Property Assessor's Office

County Official/Administrative Officer	\$	76,313	
Assessment Personnel		229,168	
Longevity Pay		5,200	
Social Security		18,265	
Pensions		45,308	
Life Insurance		506	
Medical Insurance		61,230	
Dental Insurance		800	
Unemployment Compensation		650	
Employer Medicare		4,272	
Audit Services		12,638	
Data Processing Services		25,994	
Maintenance Agreements		4,050	
Travel		683	
Gasoline		1,261	
Office Supplies		841	
Other Supplies and Materials		1,335	
Other Charges		168	
Furniture and Fixtures		3,420	
Office Equipment		795	
Total Property Assessor's Office			492,897

County Trustee's Office

Life Insurance	\$	194	
Medical Insurance		28,411	
Dental Insurance		450	
Unemployment Compensation		321	
Communication		1,673	
Data Processing Services		11,629	
Legal Notices, Recording, and Court Costs		466	
Maintenance Agreements		14,629	
Travel		644	
Gasoline		52	
Office Supplies		1,818	
Other Charges		54	
Total County Trustee's Office			60,341

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Finance (Cont.)County Clerk's Office

Life Insurance	\$	650	
Medical Insurance		76,531	
Dental Insurance		1,425	
Unemployment Compensation		719	
Communication		1,929	
Dues and Memberships		625	
Maintenance Agreements		15,905	
Travel		2,006	
Office Supplies		9,169	
Other Charges		108	
Data Processing Equipment		14,496	
Total County Clerk's Office			\$ 123,563

Data Processing

Supervisor/Director	\$	54,886	
Longevity Pay		600	
Social Security		3,464	
Pensions		8,672	
Life Insurance		73	
Medical Insurance		7,639	
Dental Insurance		150	
Unemployment Compensation		80	
Employer Medicare		810	
Communication		816	
Other Contracted Services		28,741	
Gasoline		329	
Office Supplies		603	
Other Charges		1,714	
Data Processing Equipment		2,195	
Motor Vehicles		15,000	
Other Equipment		5,275	
Total Data Processing			131,047

Other Finance

Legal Notices, Recording, and Court Costs	\$	605	
Liability Insurance		91,924	
Premiums on Corporate Surety Bonds		300	
Trustee's Commission		265,072	
Workers' Compensation Insurance		21,271	
Tax Relief Program		150,987	
Total Other Finance			530,159

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	76,313	
Clerical Personnel		302,987	
Part-time Personnel		5,862	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Administration of Justice (Cont.)Circuit Court (Cont.)

Longevity Pay	\$	10,300	
Jury and Witness Expense		4,430	
Social Security		23,520	
Pensions		59,662	
Life Insurance		722	
Medical Insurance		80,737	
Dental Insurance		1,508	
Unemployment Compensation		808	
Employer Medicare		5,501	
Communication		2,970	
Legal Notices, Recording, and Court Costs		132	
Maintenance Agreements		25,525	
Postal Charges		5,202	
Travel		623	
Maintenance and Repair Services - Records		10,104	
Other Contracted Services		39,300	
Data Processing Supplies		308	
Office Supplies		16,053	
Other Charges		487	
Data Processing Equipment		2,158	
Total Circuit Court			\$ 675,212

General Sessions Court

County Official/Administrative Officer	\$	161,332	
Secretary(ies)		36,817	
Longevity Pay		1,500	
Other Per Diem and Fees		19,296	
Social Security		9,771	
Pensions		31,205	
Life Insurance		146	
Medical Insurance		15,878	
Dental Insurance		300	
Unemployment Compensation		80	
Employer Medicare		2,880	
Dues and Memberships		795	
Legal Notices, Recording, and Court Costs		80	
Maintenance Agreements		889	
Travel		2,447	
Library Books/Media		2,180	
Office Supplies		1,437	
Other Charges		260	
Total General Sessions Court			287,293

Drug Court

Contracts with Government Agencies	\$	34,950	
Total Drug Court			34,950

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	76,313	
Assistant(s)		37,242	
Deputy(ies)		35,552	
Part-time Personnel		1,020	
Longevity Pay		3,000	
Jury and Witness Expense		1,522	
Social Security		9,161	
Pensions		23,774	
Life Insurance		181	
Medical Insurance		22,416	
Dental Insurance		450	
Unemployment Compensation		249	
Employer Medicare		2,142	
Advertising		2,168	
Communication		193	
Dues and Memberships		300	
Maintenance Agreements		7,848	
Travel		44	
Office Supplies		778	
Total Chancery Court			\$ 224,353

Juvenile Court

Youth Service Officer(s)	\$	108,920	
Attendants		37,699	
Longevity Pay		5,100	
In-service Training		600	
Social Security		8,935	
Pensions		23,714	
Life Insurance		293	
Medical Insurance		31,616	
Dental Insurance		450	
Unemployment Compensation		320	
Employer Medicare		2,090	
Communication		2,001	
Contracts with Government Agencies		19,980	
Data Processing Services		2,500	
Dues and Memberships		105	
Legal Services		870	
Maintenance Agreements		4,627	
Postal Charges		90	
Travel		2,282	
Drug Treatment		493	
Gasoline		750	
Law Enforcement Supplies		120	
Office Supplies		3,775	
Uniforms		139	
Other Supplies and Materials		4,988	
Other Charges		213	
Total Juvenile Court			262,670

(Continued)



## Exhibit K-7

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

General Fund (Cont.)Administration of Justice (Cont.)Other Administration of Justice

Other Charges	\$	486	
Total Other Administration of Justice			\$ 486

Victim Assistance Programs

Remittance of Revenue Collected	\$	42,204	
Total Victim Assistance Programs			42,204

Public SafetySheriff's Department

County Official/Administrative Officer	\$	83,945	
Assistant(s)		109,489	
Deputy(ies)		1,309,911	
Detective(s)		153,199	
Secretary(ies)		25,293	
Part-time Personnel		223,944	
Longevity Pay		21,600	
Overtime Pay		17,185	
In-service Training		48,349	
Social Security		122,099	
Pensions		262,627	
Life Insurance		3,645	
Medical Insurance		404,825	
Dental Insurance		6,510	
Unemployment Compensation		6,063	
Employer Medicare		28,555	
Other Fringe Benefits		42,719	
Communication		56,573	
Data Processing Services		480	
Dues and Memberships		2,829	
Maintenance Agreements		27,598	
Maintenance and Repair Services - Equipment		13,465	
Maintenance and Repair Services - Vehicles		37,530	
Postal Charges		1,732	
Rentals		3,246	
Travel		8,259	
Other Contracted Services		8,647	
Gasoline		120,077	
Instructional Supplies and Materials		3,979	
Library Books/Media		560	
Office Supplies		13,916	
Uniforms		27,954	
Liability Insurance		51,149	
Vehicle and Equipment Insurance		23,037	
Workers' Compensation Insurance		108,843	
Other Charges		5,133	
Data Processing Equipment		22,342	
Motor Vehicles		175,254	
Other Equipment		53,919	
Total Sheriff's Department			3,636,480

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Wheel Tax Officer

Part-time Personnel	\$	12,487	
Social Security		774	
Unemployment Compensation		94	
Employer Medicare		181	
Travel		36	
Office Supplies		761	
Total Wheel Tax Officer			\$ 14,333

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	2,850	
Other Equipment		7,032	
Total Administration of the Sexual Offender Registry			9,882

Jail

Medical Personnel	\$	41,777	
Guards		966,372	
Cafeteria Personnel		55,613	
Part-time Personnel		50,935	
Longevity Pay		17,400	
In-service Training		2,500	
Social Security		71,216	
Pensions		159,168	
Life Insurance		2,729	
Medical Insurance		294,216	
Dental Insurance		4,512	
Unemployment Compensation		4,346	
Employer Medicare		16,655	
Other Fringe Benefits		38,645	
Medical and Dental Services		231,870	
Other Contracted Services		471	
Custodial Supplies		51,337	
Electricity		140,302	
Food Supplies		314,718	
Natural Gas		33,793	
Uniforms		9,980	
Water and Sewer		36,194	
Building and Contents Insurance		41,029	
Other Charges		11,641	
Other Equipment		24,264	
Total Jail			2,621,683

Workhouse

Guards	\$	201,176	
Longevity Pay		900	
Social Security		13,000	
Pensions		26,051	
Life Insurance		575	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Workhouse (Cont.)

Medical Insurance	\$	61,591	
Dental Insurance		1,083	
Unemployment Compensation		970	
Employer Medicare		3,040	
Other Fringe Benefits		9,798	
Electricity		22,782	
Natural Gas		8,199	
Water and Sewer		13,788	
Total Workhouse			\$ 362,953

Inspection and Regulation

Supervisor/Director	\$	43,822	
Clerical Personnel		15,067	
Longevity Pay		850	
Social Security		3,263	
Pensions		9,198	
Life Insurance		109	
Medical Insurance		16,854	
Dental Insurance		224	
Unemployment Compensation		120	
Employer Medicare		763	
Communication		801	
Dues and Memberships		285	
Printing, Stationery, and Forms		347	
Travel		39	
Gasoline		1,834	
Office Supplies		147	
Refunds		163	
Other Charges		8	
Total Inspection and Regulation			93,894

Public Safety Grants Program

Instructional Supplies and Materials	\$	15,000	
Total Public Safety Grants Program			15,000

Other Public Safety

Contributions	\$	509,079	
Total Other Public Safety			509,079

Public Health and WelfareLocal Health Center

Clerical Personnel	\$	81,192	
Part-time Personnel		2,568	
Social Security		5,146	
Pensions		6,311	
Life Insurance		189	
Medical Insurance		19,773	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Local Health Center (Cont.)

Dental Insurance	\$	388	
Unemployment Compensation		504	
Employer Medicare		1,204	
Communication		4,076	
Contracts with Government Agencies		34,842	
Travel		3,623	
Drugs and Medical Supplies		338	
Instructional Supplies and Materials		4,544	
Utilities		20,597	
Other Charges		3,905	
Total Local Health Center			\$ 189,200

Rabies and Animal Control

Part-time Personnel	\$	2,985	
Longevity Pay		1,400	
Other Salaries and Wages		54,434	
Social Security		3,268	
Pensions		9,067	
Life Insurance		146	
Medical Insurance		21,271	
Dental Insurance		300	
Unemployment Compensation		190	
Employer Medicare		764	
Other Fringe Benefits		2,177	
Communication		2,339	
Gasoline		6,468	
Uniforms		1,000	
Vehicle and Equipment Insurance		168	
Workers' Compensation Insurance		1,797	
Other Equipment		6,784	
Total Rabies and Animal Control			114,558

Ambulance/Emergency Medical Services

Assistant(s)	\$	145,907	
Supervisor/Director		61,457	
Medical Personnel		2,000	
Clerical Personnel		80,406	
Attendants		1,589,835	
Part-time Personnel		194,455	
Longevity Pay		37,500	
Overtime Pay		94,049	
Other Salaries and Wages		33,207	
In-service Training		18,980	
Social Security		140,631	
Pensions		325,575	
Life Insurance		3,288	
Medical Insurance		426,055	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Ambulance/Emergency Medical Services (Cont.)

Dental Insurance	\$	5,238	
Unemployment Compensation		5,111	
Employer Medicare		32,889	
Other Fringe Benefits		74,444	
Communication		36,658	
Data Processing Services		5,994	
Maintenance Agreements		23,123	
Maintenance and Repair Services - Equipment		12,788	
Postal Charges		5,760	
Travel		865	
Tuition		1,359	
Diesel Fuel		93,757	
Drugs and Medical Supplies		195,701	
Office Supplies		6,992	
Uniforms		18,104	
Other Supplies and Materials		10,973	
Building and Contents Insurance		6,338	
Liability Insurance		6,503	
Refunds		16,758	
Vehicle and Equipment Insurance		19,950	
Workers' Compensation Insurance		186,092	
Other Charges		11,191	
Data Processing Equipment		10,731	
Motor Vehicles		68,280	
Other Equipment		27,545	
Total Ambulance/Emergency Medical Services			\$ 4,036,489

Sanitation Education/Information

Guards	\$	30,750	
Longevity Pay		800	
Social Security		2,003	
Pensions		4,701	
Life Insurance		70	
Medical Insurance		7,607	
Dental Insurance		144	
Unemployment Compensation		80	
Employer Medicare		469	
Communication		50	
Gasoline		2,565	
Instructional Supplies and Materials		8,368	
Other Supplies and Materials		200	
Vehicle and Equipment Insurance		111	
Total Sanitation Education/Information			57,918

Other Public Health and Welfare

Supervisor/Director	\$	36,312	
Longevity Pay		2,400	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Other Public Health and Welfare (Cont.)

Other Salaries and Wages	\$	29,978	
Social Security		4,274	
Pensions		10,547	
Life Insurance		146	
Medical Insurance		14,777	
Dental Insurance		300	
Unemployment Compensation		160	
Employer Medicare		1,000	
Communication		989	
Postal Charges		152	
Gasoline		1,650	
Office Supplies		542	
Chemicals		896	
Refunds		700	
Other Equipment		1,221	
Total Other Public Health and Welfare			\$ 106,044

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Assistant(s)	\$	90,370	
Supervisor/Director		33,780	
Salary Supplements		5,100	
Longevity Pay		5,700	
Social Security		8,208	
Pensions		20,296	
Life Insurance		351	
Medical Insurance		45,082	
Dental Insurance		900	
Unemployment Compensation		482	
Employer Medicare		1,920	
Communication		443	
Maintenance Agreements		943	
Travel		1,915	
Office Supplies		582	
Vehicle and Equipment Insurance		451	
Office Equipment		550	
Total Senior Citizens Assistance			217,073

Libraries

Librarians	\$	203,362	
Part-time Personnel		61,329	
Longevity Pay		2,700	
Social Security		15,657	
Pensions		27,388	
Life Insurance		542	
Medical Insurance		73,453	
Dental Insurance		1,012	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Libraries (Cont.)

Unemployment Compensation	\$	1,153	
Employer Medicare		3,662	
Communication		2,938	
Maintenance and Repair Services - Equipment		1,976	
Travel		592	
Library Books/Media		13,836	
Periodicals		2,840	
Utilities		2,332	
Other Supplies and Materials		3,729	
Building and Contents Insurance		2,184	
Other Charges		30,018	
Other Equipment		2,050	
Total Libraries			\$ 452,753

Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$	49,587	
Part-time Personnel		13,105	
Social Security		3,740	
Pensions		4,081	
Medical Insurance		9,973	
Unemployment Compensation		89	
Employer Medicare		870	
Other Fringe Benefits		428	
Communication		5,345	
Data Processing Services		3,667	
Dues and Memberships		175	
Travel		6,175	
Electricity		2,070	
Instructional Supplies and Materials		60	
Natural Gas		1,072	
Water and Sewer		322	
Workers' Compensation Insurance		33	
Other Charges		90	
Total Agricultural Extension Service			100,882

Soil Conservation

Secretary(ies)	\$	19,706	
Social Security		1,218	
Pensions		1,701	
Life Insurance		61	
Medical Insurance		6,116	
Dental Insurance		88	
Unemployment Compensation		102	
Employer Medicare		285	
Dues and Memberships		350	
Travel		140	
Total Soil Conservation			29,767

(Continued)

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

General Fund (Cont.)

Other Operations

Veterans' Services

Supervisor/Director	\$	28,835	
Social Security		1,788	
Pensions		2,868	
Life Insurance		61	
Unemployment Compensation		170	
Employer Medicare		418	
Communication		1,154	
Postal Charges		287	
Other Contracted Services		399	
Office Supplies		347	
Other Charges		841	
Total Veterans' Services			\$ 37,168

Contributions to Other Agencies

Contributions	\$	1,061,251	
Total Contributions to Other Agencies			1,061,251

Total General Fund \$ 19,594,504

Courthouse and Jail Maintenance Fund

Finance

Other Finance

Trustee's Commission	\$	610	
Total Other Finance			\$ 610

Total Courthouse and Jail Maintenance Fund 610

Law Library Fund

Finance

Other Finance

Trustee's Commission	\$	157	
Total Other Finance			\$ 157

Public Safety

Jail

Library Books/Media	\$	13,527	
Total Jail			13,527

Total Law Library Fund 13,684

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Supervisor/Director	\$	29,748	
Part-time Personnel		23,991	
Longevity Pay		7,750	
Overtime Pay		13,269	

(Continued)



## Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)Public Health and Welfare (Cont.)Waste Pickup (Cont.)

Other Salaries and Wages	\$	328,806	
Social Security		24,993	
Pensions		52,375	
Life Insurance		856	
Medical Insurance		105,653	
Dental Insurance		750	
Unemployment Compensation		3,312	
Employer Medicare		5,845	
Contracts with Private Agencies		12,690	
Data Processing Services		270	
Maintenance and Repair Services - Vehicles		51,852	
Rentals		5,916	
Travel		425	
Disposal Fees		795,882	
Diesel Fuel		34,214	
Gasoline		8,106	
Lubricants		6,765	
Office Supplies		351	
Tires and Tubes		24,381	
Utilities		17,501	
Other Supplies and Materials		9,572	
Building and Contents Insurance		182	
Liability Insurance		293	
Trustee's Commission		34,868	
Vehicle and Equipment Insurance		15,448	
Workers' Compensation Insurance		32,984	
Other Charges		5,732	
Solid Waste Equipment		48,428	
Total Waste Pickup			\$ 1,703,208
Total Solid Waste/Sanitation Fund			\$ 1,703,208

Drug Control FundPublic SafetyDrug Enforcement

Contributions	\$	2,000	
Veterinary Services		1,736	
Other Contracted Services		9,439	
Animal Food and Supplies		756	
Law Enforcement Supplies		11,279	
Trustee's Commission		360	
Other Charges		1,902	
Other Equipment		81,908	
Total Drug Enforcement			\$ 109,380
Total Drug Control Fund			109,380

(Continued)

## Exhibit K-7

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

Other Special Revenue FundFinanceOther Finance

Trustee's Commission	\$ 6,895	
Total Other Finance		\$ 6,895

Total Other Special Revenue Fund \$ 6,895

Constitutional Officers - Fees FundGeneral GovernmentOther General Administration

Constitutional Officers' Operating Expenses	\$ 731,335	
Total Other General Administration		\$ 731,335

Total Constitutional Officers - Fees Fund 731,335

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 83,945	
Accountants/Bookkeepers	46,366	
Clerical Personnel	29,105	
Longevity Pay	2,100	
Board and Committee Members Fees	16,520	
Social Security	11,059	
Pensions	25,245	
Life Insurance	220	
Medical Insurance	25,146	
Dental Insurance	150	
Unemployment Compensation	158	
Employer Medicare	2,586	
Communication	10,233	
Data Processing Services	776	
Dues and Memberships	2,851	
Legal Notices, Recording, and Court Costs	743	
Postal Charges	121	
Other Contracted Services	4,065	
Office Supplies	1,786	
Other Charges	5,062	
Office Equipment	728	
Total Administration		\$ 268,965

Highway and Bridge Maintenance

Laborers	\$ 1,110,374
Longevity Pay	33,300
Overtime Pay	37,429
Social Security	71,092
Pensions	171,378
Life Insurance	2,397
Medical Insurance	247,959

(Continued)

## Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Dental Insurance	\$	3,450	
Unemployment Compensation		2,394	
Employer Medicare		16,626	
Rentals		9,376	
Asphalt - Liquid		547,224	
Other Road Materials		42,594	
Pipe - Metal		24,826	
Road Signs		21,321	
Salt		7,036	
Other Supplies and Materials		15,800	
Total Highway and Bridge Maintenance			\$ 2,364,576

Operation and Maintenance of Equipment

Mechanic(s)	\$	189,141	
Longevity Pay		3,500	
Overtime Pay		13,673	
Social Security		12,181	
Pensions		29,499	
Life Insurance		421	
Medical Insurance		44,467	
Dental Insurance		380	
Unemployment Compensation		351	
Employer Medicare		2,849	
Maintenance and Repair Services - Equipment		192,738	
Diesel Fuel		33,076	
Gasoline		84,428	
Lubricants		24,844	
Natural Gas		75,946	
Tires and Tubes		32,718	
Water and Sewer		380	
Other Supplies and Materials		15,083	
Other Equipment		143,740	
Total Operation and Maintenance of Equipment			899,415

Quarry Operations

Laborers	\$	275,102	
Longevity Pay		3,600	
Overtime Pay		16,770	
Social Security		17,794	
Pensions		43,509	
Life Insurance		586	
Medical Insurance		65,930	
Dental Insurance		662	
Unemployment Compensation		547	
Employer Medicare		4,162	
Maintenance and Repair Services - Equipment		39,597	
Electricity		140,258	
Other Charges		8,719	
Total Quarry Operations			617,236

(Continued)

## Exhibit K-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Asphalt Plant Operations

Maintenance and Repair Services - Equipment	\$ 25,217	
Other Contracted Services	2,600	
Total Asphalt Plant Operations		\$ 27,817

Other Charges

Building and Contents Insurance	\$ 5,812	
Liability Insurance	25,749	
Trustee's Commission	64,922	
Vehicle and Equipment Insurance	7,283	
Total Other Charges		103,766

Employee Benefits

Workers' Compensation Insurance	\$ 120,783	
Total Employee Benefits		120,783

Capital Outlay

Engineering Services	\$ 14,086	
Total Capital Outlay		14,086

Total Highway/Public Works Fund \$ 4,416,644

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$ 345,000	
Principal on Other Loans	705,000	
Total General Government		\$ 1,050,000

Education

Principal on Bonds	\$ 825,000	
Principal on Other Loans	2,457,827	
Total Education		3,282,827

Interest on DebtGeneral Government

Interest on Bonds	\$ 458,819	
Interest on Other Loans	97,635	
Total General Government		556,454

Education

Interest on Bonds	\$ 1,905,535	
Interest on Other Loans	799,848	
Total Education		2,705,383

Other Debt ServiceGeneral Government

Trustee's Commission	\$ 89,244	
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(Continued)

## Exhibit K-7

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

General Debt Service Fund (Cont.)

Other Debt Service (Cont.)

General Government (Cont.)

Underwriter's Discount	\$	29,524	
Other Debt Issuance Charges		63,855	
Other Debt Service		14,973	
Total General Government			\$ 197,596

Total General Debt Service Fund \$ 7,792,260

General Capital Projects Fund

Capital Projects

Other General Government Projects

Trustee's Commission	\$	4,886	
Building Improvements		432,937	
Data Processing Equipment		8,897	
Total Other General Government Projects			\$ 446,720

Education Capital Projects

Contributions	\$	90,000	
Total Education Capital Projects			90,000

Total General Capital Projects Fund 536,720

Other Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Advertising	\$	250	
Consultants		9,000	
Engineering Services		29,500	
Total Public Health and Welfare Projects			\$ 38,750

Total Other Capital Projects Fund 38,750

Total Governmental Funds - Primary Government \$ 34,943,990

Exhibit K-8

Jefferson County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Jefferson County School Department  
For the Year Ended June 30, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 17,296,760	
Career Ladder Program	103,189	
Career Ladder Extended Contracts	4,000	
Educational Assistants	170,980	
Longevity Pay	7,756	
Other Salaries and Wages	145,050	
Certified Substitute Teachers	100,167	
Non-certified Substitute Teachers	287,179	
Social Security	1,052,861	
Pensions	1,592,831	
Life Insurance	30,476	
Medical Insurance	3,359,396	
Dental Insurance	66,618	
Employer Medicare	249,539	
Other Contracted Services	39,620	
Instructional Supplies and Materials	285,991	
Textbooks	171,690	
Fee Waivers	150,000	
Other Charges	4,000	
Total Regular Instruction Program		\$ 25,118,103

Alternative Instruction Program

Teachers	\$ 119,004	
Educational Assistants	10,535	
Longevity Pay	356	
Certified Substitute Teachers	75	
Social Security	7,114	
Pensions	12,460	
Life Insurance	293	
Medical Insurance	36,647	
Dental Insurance	800	
Employer Medicare	1,664	
Instructional Supplies and Materials	3,643	
Other Supplies and Materials	1,309	
Other Equipment	726	
Total Alternative Instruction Program		194,626

Special Education Program

Teachers	\$ 1,848,658
Career Ladder Program	6,000
Homebound Teachers	2,565
Educational Assistants	128,539
Speech Pathologist	356,813
Other Salaries and Wages	3,344
Social Security	138,162
Pensions	220,255

(Continued)

## Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	4,602	
Medical Insurance		492,897	
Dental Insurance		10,789	
Employer Medicare		32,312	
Instructional Supplies and Materials		9,240	
Other Charges		1,180	
Special Education Equipment		12,937	
Total Special Education Program			\$ 3,268,293

Vocational Education Program

Teachers	\$	1,125,568	
Career Ladder Program		5,000	
Certified Substitute Teachers		1,388	
Non-certified Substitute Teachers		5,290	
Social Security		67,122	
Pensions		102,172	
Life Insurance		1,782	
Medical Insurance		198,493	
Dental Insurance		3,871	
Employer Medicare		15,709	
Instructional Supplies and Materials		49,000	
Vocational Instruction Equipment		3,912	
Total Vocational Education Program			1,579,307

Adult Education Program

Teachers	\$	65,934	
Longevity Pay		435	
Other Salaries and Wages		16,338	
Social Security		4,453	
Pensions		7,234	
Life Insurance		73	
Dental Insurance		200	
Employer Medicare		1,196	
Instructional Supplies and Materials		3,211	
Total Adult Education Program			99,074

Support Services

Attendance

Supervisor/Director	\$	80,663	
Career Ladder Program		3,550	
Career Ladder Extended Contracts		2,000	
Other Salaries and Wages		38,367	
Social Security		5,239	
Pensions		7,744	
Life Insurance		73	
Medical Insurance		6,589	

(Continued)

## Exhibit K-8

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

## General Purpose School Fund (Cont.)

## Support Services (Cont.)

## Attendance (Cont.)

Dental Insurance	\$	200	
Employer Medicare		1,789	
Total Attendance			\$ 146,214

## Health Services

Supervisor/Director	\$	95,000	
Medical Personnel		247,795	
Secretary(ies)		31,048	
Longevity Pay		4,977	
Other Salaries and Wages		17,498	
Social Security		23,473	
Pensions		53,846	
Life Insurance		1,080	
Medical Insurance		100,519	
Dental Insurance		1,950	
Employer Medicare		5,723	
Postal Charges		680	
Travel		3,390	
Other Contracted Services		1,409	
Other Supplies and Materials		50,900	
In Service/Staff Development		1,972	
Other Charges		3,200	
Health Equipment		1,596	
Other Equipment		478	
Total Health Services			646,534

## Other Student Support

Career Ladder Program	\$	3,920	
Guidance Personnel		977,758	
Assessment Personnel		57,199	
Longevity Pay		4,021	
Other Salaries and Wages		19,813	
Social Security		62,341	
Pensions		96,504	
Life Insurance		1,674	
Medical Insurance		199,088	
Dental Insurance		4,771	
Employer Medicare		14,579	
Other Fringe Benefits		1,191	
Evaluation and Testing		51,120	
Travel		8,041	
Other Contracted Services		146,951	
Other Supplies and Materials		13,228	
In Service/Staff Development		12,263	
Other Charges		16,142	
Other Equipment		9,264	
Total Other Student Support			1,699,868

(Continued)



## Exhibit K-8

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

## General Purpose School Fund (Cont.)

## Support Services (Cont.)

## Regular Instruction Program

Supervisor/Director	\$	83,855	
Career Ladder Program		5,600	
Librarians		578,522	
Materials Supervisor		9,074	
Assessment Personnel		151,135	
Instructional Computer Personnel		69,638	
Secretary(ies)		71,059	
Clerical Personnel		44,073	
Longevity Pay		4,471	
Other Salaries and Wages		204,162	
Social Security		70,929	
Pensions		115,363	
Life Insurance		1,848	
Medical Insurance		194,723	
Dental Insurance		4,067	
Employer Medicare		17,057	
Communication		356	
Travel		9,906	
Other Contracted Services		35,280	
Instructional Supplies and Materials		1,565	
Library Books/Media		23,000	
Other Supplies and Materials		17,685	
In Service/Staff Development		80,678	
Other Charges		30,020	
Other Equipment		9,726	
Total Regular Instruction Program			\$ 1,833,792

## Alternative Instruction Program

Supervisor/Director	\$	61,671	
Secretary(ies)		16,548	
Social Security		4,609	
Pensions		8,162	
Life Insurance		146	
Medical Insurance		15,042	
Dental Insurance		400	
Employer Medicare		1,078	
Communication		3,760	
Travel		600	
Other Contracted Services		1,966	
Office Supplies		1,996	
Total Alternative Instruction Program			115,978

## Special Education Program

Supervisor/Director	\$	87,034
Career Ladder Program		2,000
Assessment Personnel		54,027

(Continued)

## Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Clerical Personnel	\$	14,041	
Longevity Pay		2,950	
Other Salaries and Wages		150,747	
Social Security		17,637	
Pensions		38,588	
Life Insurance		476	
Medical Insurance		53,153	
Dental Insurance		1,200	
Employer Medicare		4,215	
Communication		1,354	
Travel		2,419	
Other Contracted Services		12,105	
Total Special Education Program			\$ 441,946

Vocational Education Program

Supervisor/Director	\$	151,216	
Career Ladder Program		2,000	
Secretary(ies)		27,176	
Longevity Pay		1,240	
Social Security		10,463	
Pensions		18,292	
Life Insurance		220	
Medical Insurance		29,070	
Dental Insurance		600	
Employer Medicare		2,447	
Communication		1,356	
Maintenance and Repair Services - Equipment		95	
Travel		22,949	
Other Contracted Services		5,232	
Other Supplies and Materials		5,606	
Other Equipment		3,545	
Total Vocational Education Program			281,507

Adult Programs

Supervisor/Director	\$	62,979	
Social Security		3,840	
Pensions		5,693	
Life Insurance		71	
Medical Insurance		6,489	
Dental Insurance		200	
Employer Medicare		898	
Communication		384	
Travel		999	
Other Contracted Services		2,235	
In Service/Staff Development		4,282	
Total Adult Programs			88,070

(Continued)

## Exhibit K-8

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

## General Purpose School Fund (Cont.)

## Support Services (Cont.)

## Other Programs

On-behalf Payments to OPEB	\$ 270,544	
Total Other Programs		\$ 270,544

## Board of Education

Board and Committee Members Fees	\$ 8,400	
Social Security	372	
Unemployment Compensation	11,347	
Employer Medicare	122	
Audit Services	13,000	
Dues and Memberships	20,851	
Legal Services	59,703	
Travel	3,583	
Other Contracted Services	3,244	
Premiums on Corporate Surety Bonds	400	
Trustee's Commission	324,759	
Workers' Compensation Insurance	213,904	
Other Charges	2,156	
Total Board of Education		661,841

## Director of Schools

County Official/Administrative Officer	\$ 107,500	
Secretary(ies)	79,227	
Longevity Pay	2,800	
Social Security	11,910	
Pensions	30,501	
Life Insurance	121	
Medical Insurance	16,276	
Dental Insurance	400	
Employer Medicare	2,785	
Communication	31,491	
Postal Charges	4,976	
Travel	1,080	
Other Contracted Services	17,048	
Office Supplies	3,214	
Other Supplies and Materials	2,236	
Administration Equipment	1,174	
Total Director of Schools		312,739

## Office of the Principal

Principals	\$ 791,957	
Career Ladder Program	8,000	
Assistant Principals	703,407	
Secretary(ies)	585,219	
Clerical Personnel	131,244	
Longevity Pay	25,050	
Social Security	130,981	

(Continued)

## Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Pensions	\$	248,508	
Life Insurance		4,006	
Medical Insurance		443,989	
Dental Insurance		9,166	
Employer Medicare		30,633	
Communication		65,000	
Travel		829	
Other Contracted Services		101,000	
Other Supplies and Materials		19,977	
Other Charges		6,724	
Total Office of the Principal			\$ 3,305,690

Fiscal Services

Other Charges	\$	367,533	
Total Fiscal Services			367,533

Human Services/Personnel

Supervisor/Director	\$	53,040	
Secretary(ies)		26,939	
Longevity Pay		2,300	
Social Security		4,582	
Pensions		12,860	
Life Insurance		146	
Medical Insurance		18,114	
Dental Insurance		400	
Employer Medicare		1,072	
Advertising		180	
Dues and Memberships		240	
Other Supplies and Materials		895	
In Service/Staff Development		600	
Total Human Services/Personnel			121,368

Operation of Plant

Supervisor/Director	\$	76,794	
Guards		78,068	
Custodial Personnel		784,987	
Longevity Pay		28,116	
Other Salaries and Wages		9,997	
Social Security		58,726	
Pensions		145,805	
Life Insurance		3,155	
Medical Insurance		294,964	
Dental Insurance		6,475	
Employer Medicare		13,734	
Other Contracted Services		489,897	
Custodial Supplies		177,900	

(Continued)

## Exhibit K-8

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

## General Purpose School Fund (Cont.)

## Support Services (Cont.)

## Operation of Plant (Cont.)

Electricity	\$	1,400,800	
Natural Gas		214,607	
Water and Sewer		108,162	
Building and Contents Insurance		420,539	
Other Charges		3,050	
Total Operation of Plant			\$ 4,315,776

## Maintenance of Plant

Supervisor/Director	\$	58,635	
Maintenance Personnel		392,996	
Longevity Pay		9,800	
Social Security		27,660	
Pensions		71,299	
Life Insurance		982	
Medical Insurance		80,940	
Dental Insurance		2,382	
Employer Medicare		6,469	
Communication		4,345	
Maintenance and Repair Services - Buildings		411,477	
Maintenance and Repair Services - Equipment		65,051	
Other Contracted Services		209,084	
Other Supplies and Materials		173,902	
Other Charges		15,001	
Maintenance Equipment		25,699	
Total Maintenance of Plant			1,555,722

## Transportation

Supervisor/Director	\$	58,635	
Mechanic(s)		186,529	
Bus Drivers		1,122,164	
Clerical Personnel		26,666	
Longevity Pay		4,400	
Other Salaries and Wages		35,917	
Social Security		82,396	
Pensions		63,292	
Life Insurance		670	
Medical Insurance		72,074	
Dental Insurance		1,933	
Employer Medicare		20,629	
Communication		4,876	
Contracts with Public Carriers		2,000	
Maintenance and Repair Services - Vehicles		60,050	
Medical and Dental Services		9,760	
Travel		359	
Other Contracted Services		24,759	
Diesel Fuel		165,833	

(Continued)

## Exhibit K-8

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

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

Garage Supplies	\$	4,723	
Gasoline		53,079	
Lubricants		9,597	
Tires and Tubes		58,610	
Vehicle Parts		108,937	
Other Supplies and Materials		5,435	
In Service/Staff Development		1,557	
Other Charges		1,270	
Transportation Equipment		384,490	
Total Transportation			\$ 2,570,640

Central and Other

Instructional Computer Personnel	\$	58,635	
Longevity Pay		4,877	
Other Salaries and Wages		316,447	
Social Security		22,186	
Pensions		57,882	
Life Insurance		610	
Medical Insurance		65,420	
Dental Insurance		1,583	
Employer Medicare		5,189	
Communication		1,619	
Maintenance and Repair Services - Equipment		2,500	
Other Contracted Services		277,124	
Office Supplies		1,497	
Other Supplies and Materials		29,475	
In Service/Staff Development		12,246	
Administration Equipment		14,998	
Other Equipment		495,293	
Total Central and Other			1,367,581

Operation of Non-instructional ServicesCommunity Services

Supervisor/Director	\$	70,511	
Longevity Pay		1,500	
Other Salaries and Wages		52,957	
Social Security		7,725	
Pensions		7,743	
Life Insurance		73	
Medical Insurance		6,589	
Dental Insurance		200	
Employer Medicare		1,807	
Communication		1,318	
Travel		122	
Food Supplies		11,052	
Other Supplies and Materials		8,199	

(Continued)

## Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Community Services (Cont.)

Other Charges	\$	1,886	
Other Equipment		996	
Total Community Services			\$ 172,678

Early Childhood Education

Supervisor/Director	\$	9,073	
Teachers		288,814	
Clerical Personnel		5,120	
Educational Assistants		141,062	
Other Salaries and Wages		3,805	
Social Security		26,314	
Pensions		42,765	
Life Insurance		1,116	
Medical Insurance		106,971	
Dental Insurance		2,248	
Employer Medicare		6,155	
Other Fringe Benefits		5,052	
Contracts with Other Public Agencies		91,520	
Travel		203	
Other Contracted Services		13,720	
Instructional Supplies and Materials		10,084	
In Service/Staff Development		1,587	
Other Charges		4,512	
Total Early Childhood Education			760,121

Capital Outlay

Regular Capital Outlay

Other Charges	\$	538	
Building Improvements		25,000	
Total Regular Capital Outlay			25,538

Total General Purpose School Fund \$ 51,321,083

School Federal Projects Fund

Instruction

Regular Instruction Program

Educational Assistants	\$	569,207	
Other Salaries and Wages		28,248	
Social Security		32,841	
Pensions		89,425	
Life Insurance		3,432	
Medical Insurance		354,009	
Dental Insurance		6,831	
Employer Medicare		7,746	
Instructional Supplies and Materials		10,215	
Regular Instruction Equipment		90,930	
Total Regular Instruction Program			\$ 1,192,884

(Continued)

## Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	44,555	
Educational Assistants		553,606	
Other Salaries and Wages		27,465	
Non-certified Substitute Teachers		2,145	
Social Security		34,847	
Pensions		91,043	
Life Insurance		2,980	
Medical Insurance		318,387	
Dental Insurance		5,831	
Employer Medicare		8,156	
Other Contracted Services		25,780	
Instructional Supplies and Materials		25,151	
Other Supplies and Materials		16,183	
Other Charges		1,511	
Special Education Equipment		1,799	
Total Special Education Program			\$ 1,159,439

Vocational Education Program

Vocational Instruction Equipment	\$	85,340	
Total Vocational Education Program			85,340

Support Services

Other Student Support

Other Salaries and Wages	\$	87,707	
Social Security		5,420	
Pensions		13,042	
Life Insurance		220	
Medical Insurance		20,186	
Dental Insurance		600	
Employer Medicare		1,268	
Travel		16,132	
Other Contracted Services		3,983	
Other Supplies and Materials		6,260	
In Service/Staff Development		13,412	
Other Charges		12,111	
Other Equipment		11,325	
Total Other Student Support			191,666

Regular Instruction Program

Supervisor/Director	\$	72,587	
Clerical Personnel		37,165	
Other Salaries and Wages		377,282	
Certified Substitute Teachers		1,162	
Non-certified Substitute Teachers		1,170	
Social Security		27,462	
Pensions		42,896	

(Continued)



## Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Life Insurance	\$	560	
Medical Insurance		65,302	
Dental Insurance		1,599	
Employer Medicare		6,760	
In Service/Staff Development		9,794	
Total Regular Instruction Program			\$ 643,739

Special Education Program

Psychological Personnel	\$	146,701	
Other Salaries and Wages		50,915	
Social Security		11,531	
Pensions		21,201	
Life Insurance		293	
Medical Insurance		34,203	
Dental Insurance		600	
Employer Medicare		2,697	
Travel		2,460	
Other Contracted Services		36,993	
Other Supplies and Materials		12,796	
In Service/Staff Development		10,387	
Total Special Education Program			330,777

Vocational Education Program

Travel	\$	3,124	
Total Vocational Education Program			3,124

Transportation

Bus Drivers	\$	48,151	
Other Salaries and Wages		15,491	
Social Security		3,946	
Pensions		4,842	
Employer Medicare		923	
Total Transportation			73,353

Operation of Non-instructional Services

Community Services

Teachers	\$	41,308	
Educational Assistants		8,621	
Other Salaries and Wages		6,450	
Certified Substitute Teachers		150	
Non-certified Substitute Teachers		240	
Social Security		3,482	
Pensions		4,825	
Employer Medicare		816	
Food Supplies		2,118	
Instructional Supplies and Materials		5,752	

(Continued)

## Exhibit K-8

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

School Federal Projects Fund (Cont.)Operation of Non-instructional Services (Cont.)Community Services (Cont.)

In Service/Staff Development	\$	1,650	
Other Charges		<u>1,272</u>	
Total Community Services			<u>\$ 76,684</u>

Total School Federal Projects Fund \$ 3,757,006

Central Cafeteria FundOperation of Non-instructional ServicesFood Service

Supervisor/Director	\$	47,986	
Accountants/Bookkeepers		63,579	
Cafeteria Personnel		980,207	
Longevity Pay		22,258	
Other Salaries and Wages		3,115	
In-service Training		1,151	
Social Security		65,040	
Pensions		110,766	
Life Insurance		2,630	
Medical Insurance		256,022	
Dental Insurance		5,165	
Employer Medicare		15,619	
Communication		5,778	
Maintenance and Repair Services - Equipment		35,626	
Transportation - Other than Students		4,121	
Travel		7,395	
Other Contracted Services		108,500	
Food Supplies		1,515,819	
Office Supplies		5,803	
USDA - Commodities		211,539	
Other Supplies and Materials		119,454	
In Service/Staff Development		1,130	
Food Service Equipment		<u>5,506</u>	
Total Food Service			<u>\$ 3,594,209</u>

Total Central Cafeteria Fund 3,594,209

Education Capital Projects FundCapital ProjectsEducation Capital Projects

Architects	\$	114,927	
Other Charges		7,395	
Building Improvements		<u>80,000</u>	
Total Education Capital Projects			<u>\$ 202,322</u>

Total Education Capital Projects Fund 202,322

(Continued)

## Exhibit K-8

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

Other Capital Projects #8 FundCapital ProjectsEducation Capital Projects

Architects	\$	33,237	
Other Contracted Services		6,882	
Other Supplies and Materials		16,915	
Building Construction		221,434	
Special Education Equipment		1,462	
Other Equipment		112,264	
Total Education Capital Projects			\$ 392,194

Total Other Capital Projects #8 Fund \$ 392,194

Other Capital Projects #9 FundCapital ProjectsEducation Capital Projects

Architects	\$	26,370	
Other Supplies and Materials		5,048	
Building Construction		1,548,537	
Building Improvements		28,590	
Other Equipment		11,811	
Total Education Capital Projects			\$ 1,620,356

Total Other Capital Projects #9 Fund 1,620,356

Total Governmental Funds - Jefferson County School Department \$ 60,887,170

Exhibit K-9

Jefferson County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balances - City Agency Funds  
For the Year Ended June 30, 2016

	Cities - Sales Tax	Cities - Property Tax	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,091,369	\$ 1,091,369
Trustee's Collections - Prior Years	0	90,211	90,211
Circuit/Clerk and Master Collections - Prior Years	0	37,436	37,436
Interest and Penalty	0	11,959	11,959
Local Option Sales Tax	5,153,090	0	5,153,090
Total Cash Receipts	<u>\$ 5,153,090</u>	<u>\$ 1,230,975</u>	<u>\$ 6,384,065</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 5,101,559	\$ 1,198,956	\$ 6,300,515
Trustee's Commission	51,531	24,244	75,775
Total Cash Disbursements	<u>\$ 5,153,090</u>	<u>\$ 1,223,200</u>	<u>\$ 6,376,290</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 7,775	\$ 7,775
Cash Balance, July 1, 2015	0	4,970	4,970
Cash Balance, June 30, 2016	<u>\$ 0</u>	<u>\$ 12,745</u>	<u>\$ 12,745</u>

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## SINGLE AUDIT SECTION

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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 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***

Jefferson County Mayor and  
Board of County Commissioners  
Jefferson 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Jefferson County's basic financial statements, and have issued our report thereon dated February 8, 2017. Our report includes a reference to other auditors who audited the financial statements of Jefferson County Nursing Home, as described in our report on Jefferson 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 Jefferson 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 Jefferson County's internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson 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 the attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be material weaknesses: 2016-003 and 2016-004.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jefferson 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: 2016-001 and 2016-002.

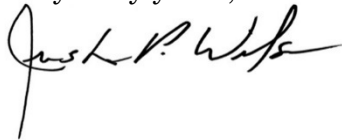
### **Jefferson County's Responses to the Findings**

Jefferson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Jefferson County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 Jefferson 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

February 8, 2016

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

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

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Jefferson County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jefferson County's major federal programs for the year ended June 30, 2016. Jefferson 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 Jefferson County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether



noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jefferson 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 Jefferson County's compliance.

***Basis for Qualified Opinion on the Child Nutrition Cluster: CFDA No. 10.553, School Breakfast Program and CFDA No. 10.555, National School Lunch Program***

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient documentation supporting the compliance of Jefferson County with requirements regarding the Child Nutrition Cluster (CFDA No. 10.553, School Breakfast Program and CFDA No. 10.555, National School Lunch Program) as described in finding number 2016-005, for Eligibility, Reporting, and Special Tests and Provisions; nor were we able to satisfy ourselves as to Jefferson County's compliance with those requirements by other auditing procedures.

***Qualified Opinion on the Child Nutrition Cluster: CFDA No. 10.553, School Breakfast Program and CFDA No. 10.555, National School Lunch Program***

In our opinion, except for possible effects of the matter described in the Basis for Qualified Opinion paragraph, Jefferson County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster (CFDA No. 10.553, School Breakfast Program and CFDA No. 10.555, National School Lunch Program) for the year ended June 30, 2016.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, Jefferson 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 other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2016.

***Other Matters***

Jefferson County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Jefferson County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of Jefferson 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 Jefferson County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jefferson County's internal control over compliance.

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

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

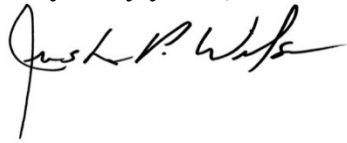
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Jefferson County's basic financial statements. We issued our report thereon dated February 8, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was

derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 8, 2017

JPW/sb

Jefferson County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year-Ended June 30, 2016

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	\$ 655,067
National School Lunch Program	10.555	N/A	1,877,386 (4)
Healthy, Hunger-free Kids Act of 2010 Childhood Hunger Research and Demonstration Projects	10.592	N/A	4,950
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	211,539 (4)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-16-46412-00	15,056
Total U.S. Department of Agriculture			<u>\$ 2,763,998</u>
U.S. Department of Justice:			
Direct Program:			
Equitable Sharing Program	16.922	(3)	\$ 2,389
Total U.S. Department of Justice			<u>\$ 2,389</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(3)	\$ 38,750
Total U.S. Department of Housing and Urban Development			<u>\$ 38,750</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-16-GHS173	\$ 1,347
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	(3)	7,200
Total U.S. Department of Transportation			<u>\$ 8,547</u>
U.S. Institute of Museum and Library Services:			
Passed-through State Library and Archives:			
Grants to States	45.310	(3)	\$ 3,812
Total U.S. Institute of Museum and Library Services			<u>\$ 3,812</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(3)	\$ 146,818
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	1,765,266
Special Education Cluster:			
Special Education-Grants to States	84.027	N/A	1,554,557
Special Education - Preschool Grants	84.173	N/A	47,200
Career and Technical Education-Basic Grants to States	84.048	N/A	111,290
Twenty-first Century Community Learning Centers	84.287	N/A	78,410
English Language Acquisition Grants	84.365	N/A	35,780
Improving Teacher Quality State Grants	84.367	N/A	256,175
Total U.S. Department of Education			<u>\$ 3,995,496</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(3)	\$ 27,897
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-16-46412-00	2,875
Family Planning Services	93.217	GG-16-46412-00	4,523
National State Based Tobacco Control Programs	93.305	GG-16-46412-00	100
Medical Assistance Program	93.778	GG-16-46412-00	15,066
HIV Prevention Activities - Health Department Based	93.940	GG-16-46412-00	733
Maternal and Child Health Services Block Grant to the States	93.994	GG-16-46412-00	3,618
Total U.S. Department of Health and Human Services			<u>\$ 54,812</u>

(Continued)

Jefferson County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Executive Office of the President:			
Direct Program:			
High Intensity Drug Trafficking Areas Program	95.001	(3)	\$ 19,036
Total Executive Office of the President			<u>\$ 19,036</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	34101-0796	\$ 65,114
Emergency Management Performance Grants	97.042	34101-05515	39,150
Homeland Security Grant	97.067	34101-18915	17,811
Total U.S. Department of Homeland Security			<u>\$ 122,075</u>
Total Expenditure of Federal Awards			<u>\$ 7,008,915</u>
		Contract Number	
State Grants			
Health Department Programs - State Department of Health	N/A	GG-16-46412-00	\$ 78,163
Aging Program - East Tennessee Human Resource Agency	N/A	(3)	27,897
Litter Program - State Department of Transportation	N/A	(3)	43,858
Adult Basic Education - State Department of Education	N/A	(3)	39,274
Coordinated School Health - State Department of Education	N/A	(3)	109,910
Internet Connectivity - Connect TN - State Department of Education	N/A	(3)	19,380
Governor's Academy for School Leadership Program	N/A	(3)	1,864
Early Childhood Education - State Department of Education	N/A	(3)	762,105
Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education	N/A	(3)	6,784
Family Resource Center - State Department of Education	N/A	(3)	88,835
Safe Schools Act of 1998 - State Department of Education	N/A	(3)	29,621
Disaster Grants - Public Assistance (Presidentially Declared Disasters (TEMA)	N/A	FEMA-4211-DR-TN	6,581
Technology Grant - State Library and Archives	N/A	(3)	998
Total State Grants			<u>\$ 1,215,270</u>

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) Jefferson County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.  
(3) Information not available.  
(4) Total for CFDA No. 10.555 is \$2,088,925

Jefferson County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2016

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Jefferson County, Tennessee, for the year ended June 30, 2016.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	256	2015-001	A Cash Shortage of \$21,752 Existed in the Planning and Zoning Office as of June 30, 2015	N/A	Corrected
2015	257	2015-002	The Solid Waste Disposal Fund had a Deficit in Unrestricted Net Position	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	257	2015-003	Jefferson County has a Material Recurring Audit Finding	N/A	Not Corrected - See Explanation on Corrective Action Plan

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***Prior-year Federal Awards Findings***

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

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**JEFFERSON COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

1. Our report on the financial statements of Jefferson County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **YES**
  - \* Significant deficiency identified? **NONE REPORTED**
3. Noncompliance material to the financial statements noted? **YES**

**Federal Awards:**

4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **QUALIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **YES**
7. Identification of Major Federal Programs:
  - \* CFDA Numbers: 10.553 and 10.555      Nutrition Cluster: School Breakfast Program, National School Lunch Program
  - \* CFDA Number 84.010      Title I Grants to Local Education Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses are paraphrased and presented following each finding and recommendation. The finance director, road superintendent, and solid waste director provided corrective action plans, which are paraphrased and presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report.

Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

### **OFFICES OF FINANCE DIRECTOR AND DIRECTOR OF SCHOOLS**

#### **FINDING 2016-001**

#### **JEFFERSON COUNTY DID NOT CONTRACT FOR AUDIT PROCEDURES AT THE INDIVIDUAL SCHOOLS FOR THE USDA CHILD NUTRITION CLUSTER PRIOR TO THE END OF THE FISCAL YEAR**

*(Material Noncompliance Under Government Auditing Standards and Title 2 U.S. Code of Federal Regulations Part 200 subpart F, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)*

On August 25, 2016, officials entered into a contract for audit procedures to be performed as provided in the State of Tennessee, Comptroller of the Treasury, Department of Audit's *Audit Manual for Auditing, Accounting, and Reporting for Local Governmental Units and Other Organizations* at the individual schools for the USDA Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) for the fiscal year ended June 30, 2016. However, since officials entered into the contract after the 2015-16 school year had ended, all of the compliance procedures required in the audit manual could not be performed by the accounting firm. For example, the procedures requiring the firm to "physically observe (on a sample basis of schools) meal counts, cash collections, and internal controls during the year under audit" and to "compare the cafeteria manager's responses with your observation and review of internal controls" could not be performed. Since the firm could not perform these procedures, we were unable to determine if Jefferson County complied with provisions of the *Title 2 U.S. Code of Federal Regulations Part 200 subpart F, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and procedures required by the State of Tennessee, Comptroller of the Treasury, Department of Audit's, *Audit Manual for Auditing, Accounting, and Reporting for Local Governmental Units and Other Organizations*. Officials stated that a contributing factor for this deficiency was because the accounting firm that had been performing these procedures was sold.

Therefore, since Jefferson County did not contract timely for the performance of above noted procedures, we were unable to obtain sufficient documentation supporting compliance of Jefferson County with all applicable federal laws and regulations including Part 4 Section (E) Eligibility, (L) Reporting, and Section (N) Special Tests and Provisions, of the U.S. Office of Management and Budget (OMB) Compliance Supplement.



## RECOMMENDATION

Officials should ensure that a contract is entered into timely to ensure the required audit procedures over the USDA Child Nutrition Cluster: School Breakfast Program and National School Lunch Program can be completed while school is still in session.

## MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur with this finding.

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## OFFICE OF ROAD SUPERINTENDENT

### FINDING 2016-002

**ACCRUED VACATION LEAVE BALANCES EXCEEDED THE MAXIMUM BALANCE PROVIDED BY THE HIGHWAY DEPARTMENT'S PERSONNEL POLICY**  
(Noncompliance Under *Government Auditing Standards*)

We noted that 18 of 44 employees in the Highway Department had accrued vacation leave balances significantly exceeding the maximum balance provided by the department's personnel policy. This policy provides a schedule for the maximum amount of vacation leave that may be accrued and unused based on years of service with the department. The policy further states that "unused annual vacation in excess of the hours you may accrue will be converted to your accrued sick leave". There is no maximum accumulation of sick leave hours. This deficiency can be attributed to the failure of management to adequately monitor employees' leave balances. Allowing employees to accrue leave in excess of the maximum balance may result in excess employee compensation.

## RECOMMENDATION

Management should monitor employees' leave balances to ensure compliance with the Highway Department's personnel policy.

## MANAGEMENT'S RESPONSE – ROAD SUPERINTENDENT

We concur with this finding. All affected employees have been notified if they have accrued more than the time allowed to accrue.

Affected employees have taken time off and/or rolled over excess balances to sick time. From this point forward, all vacation time will be monitored monthly and any time accumulated over the amount allowed to accrue will automatically be transferred to sick time.

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## **JEFFERSON COUNTY**

### **FINDING 2016-003**

#### **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

The Solid Waste Disposal Fund had a deficit of \$3,795,895 in unrestricted net position at June 30, 2016, a decrease of \$230,761 from the previous year. This deficit primarily resulted from the recognition of liabilities in the financial statements for closure and postclosure care costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. The \$4,695,041 reported as landfill closure and postclosure care liability at June 30, 2016, represents the cumulative amount reported to date based on 48 percent of the estimated capacity of the Patterson Landfill Site (\$3,539,356) and postclosure care costs of the Highway 92 Landfill Site (\$1,155,685). Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency exists because management failed to correct the finding noted in the prior-year audit report and results in inadequate financing to fund the liability.

### **RECOMMENDATION**

County officials should develop and implement a plan that would fund the deficit in unrestricted net position.

### **MANAGEMENT'S RESPONSE – SOLID WASTE DIRECTOR**

We concur with this finding. The Audit Committee has been seeking resolution of this deficit.

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### **FINDING 2016-004**

#### **JEFFERSON COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

Jefferson County has a material audit finding that has been reported in its annual reports for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
2016-003, 2015-003 2014-009	The Solid Waste Disposal Fund had a deficit in unrestricted net position

The recurring nature of the above-noted finding indicates that management is unable to address the deficiency. Jefferson County has established an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

### RECOMMENDATION

Jefferson County should work with its Audit Committee to correct the above-noted material weakness in internal control.

### MANAGEMENT'S RESPONSE – SOLID WASTE DIRECTOR

We concur with this finding. The Audit Committee has been seeking resolution of this deficit.

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

A finding and recommendation, as a result of our audit of federal awards of Jefferson County, Tennessee, for the year ended June 30, 2016, is presented below. Our audit followed audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

We reviewed this finding and recommendation with federal program management to provide an opportunity for their response. Responses and/or corrective action plans for all findings, whether related to the financial statements or federal awards, are paraphrased and presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report.

Findings relating specifically to the audit of the financial statements of Jefferson County, Tennessee are separately presented under Part II, Findings Relating to the Financial Statements.

#### FINDING 2016-005

#### **JEFFERSON COUNTY DID NOT CONTRACT FOR AUDIT PROCEDURES AT THE INDIVIDUAL SCHOOLS FOR THE USDA CHILD NUTRITION CLUSTER PRIOR TO THE END OF THE FISCAL YEAR**

(Material Noncompliance Under *Government Auditing Standards and Title 2 U.S. Code of Federal Regulations Part 200 subpart F, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*)

Entity	Jefferson County, Tennessee School Department
Repeat Finding Number (if applicable)	N/A
CFDA No.(s)	10.553 and 10.555
CFDA Title(s)	School Breakfast Program and National School Lunch Program
Federal Agency	Department of Agriculture
State Pass-Through Agency	State Department of Education and State Department of Agriculture
Grant/Contract No(s).	N/A
Federal Award Year(s)	2016
Finding Type	Material Noncompliance – 10.553 and 10.555
Compliance Requirement	Procedures Not Performed
Known Questioned Costs	\$2,743,992

This finding is also reported as FINDING 2016-001 in Part II, Findings Relating to the Financial Statements.

On August 25, 2016, officials entered into a contract for audit procedures to be performed as provided in the State of Tennessee, Comptroller of the Treasury, Department of Audit's *Audit Manual for Auditing, Accounting, and Reporting for Local Governmental Units and Other Organizations* at the individual schools for the USDA Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) for

the fiscal year ended June 30, 2016. However, since officials entered into the contract after the 2015-16 school year had ended, all of the compliance procedures required in the audit manual could not be performed by the accounting firm. For example, the procedures requiring the firm to “physically observe (on a sample basis of schools) meal counts, cash collections, and internal controls during the year under audit” and to “compare the cafeteria manager's responses with your observation and review of internal controls” could not be performed. Since the firm could not perform these procedures, we were unable to determine if Jefferson County complied with provisions of the *Title 2 U.S. Code of Federal Regulations Part 200 subpart F, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and procedures required by the State of Tennessee, Comptroller of the Treasury, Department of Audit's, *Audit Manual for Auditing, Accounting, and Reporting for Local Governmental Units and Other Organizations*. Officials stated that a contributing factor for this deficiency was because the accounting firm that had been performing these procedures was sold.

Therefore, since Jefferson County did not contract timely for the performance of above noted procedures, we were unable to obtain sufficient documentation supporting compliance of Jefferson County with all applicable federal laws and regulations including Part 4 Section (E) Eligibility, (L) Reporting, and Section (N) Special Tests and Provisions, of the U.S. Office of Management and Budget (OMB) Compliance Supplement.

#### RECOMMENDATION

Officials should ensure that a contract is entered into timely to ensure the required audit procedures over the USDA Child Nutrition Cluster: School Breakfast Program and National School Lunch Program can be completed while school is still in session.

#### MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur with this finding.

**Jefferson County, Tennessee  
Management's Corrective Action Plan  
For the Year Ended June 30, 2016**

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

**Corrective Action - Financial Statement Findings**

**OFFICE OF FINANCE DIRECTOR AND DIRECTOR OF SCHOOLS**

**FINDING 2016-001**      **JEFFERSON COUNTY DID NOT CONTRACT FOR  
AUDIT PROCEDURES AT THE INDIVIDUAL SCHOOLS  
FOR THE USDA CHILD NUTRITION CLUSTER PRIOR  
TO THE END OF THE FISCAL YEAR**

Response and Corrective Action Plan Prepared by:	Langdon Potts, Finance Director, Jefferson County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	June 30, 2017
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY:	N/A

**Planned Corrective Action:**

Jefferson County contracted an auditor for the individual school for fiscal year 2015-2016 on August 25, 2016, and will insure that audit contracts in the future are secured on a timely basis.

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**OFFICE OF ROAD SUPERINTENDENT**

**FINDING 2016-002**      **ACCRUED VACATION LEAVE BALANCES EXCEEDED  
THE MAXIMUM BALANCE PROVIDED BY THE  
HIGHWAY DEPARTMENT'S PERSONNEL POLICY**

Response and Corrective Action Plan Prepared by:	Charles Tipton, Road Superintendent, Jefferson County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	March 31, 2017
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY:	N/A

Planned Corrective Action:

Vacation time will be monitored at the end of each month and when an employee exceeds the amount of time allowed to accrue, the amount will automatically be transferred to sick time.

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**JEFFERSON COUNTY**

**FINDING 2016-003**

**THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT  
IN UNRESTRICTED NET POSITION**

Response and Corrective Action Plan Prepared by:	David Gaut, Solid Waste Director, Jefferson County, Tennessee
Person Responsible for Implementing the Corrective Action:	David Gaut, Solid Waste Director and Audit Committee
Anticipated Completion Date of Corrective Action:	Undetermined
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY:	Waiting on the permitting process to see the adjusted liability.

Planned Corrective Action:

The Solid Waste Department is currently in the process of being re-permitted with the Tennessee Department of Environment and Conservation (TDEC). The process began three years ago and has experienced some setbacks. It is assumed that the new permit will decrease the assigned liability from TDEC. While we understand that it will not be completely eliminated, the reduction of our liability and our continued positive cash flow will position us to determine the best solution to fund the deficit.

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**FINDING 2016-004**

**JEFFERSON COUNTY HAS MATERIAL RECURRING  
AUDIT FINDINGS**

Response and Corrective Action Plan Prepared by:	David Gaut, Solid Waste Director, Jefferson County, Tennessee
Person Responsible for Implementing the Corrective Action:	David Gaut, Solid Waste Director and Audit Committee
Anticipated Completion Date of Corrective Action:	Undetermined
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY:	Waiting on the permitting process to see the adjusted liability.

Planned Corrective Action:

The Solid Waste Department is currently in the process of being re-permitted with the Tennessee Department of Environment and Conservation (TDEC). The process began three years ago and has experienced some setbacks. It is assumed that the new permit will decrease the assigned liability from TDEC. While we understand that it will not be completely eliminated, the reduction of our liability and our continued positive cash flow will position us to determine the best solution to fund the deficit.

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**Corrective Action – Federal Awards Findings**

**OFFICE OF FINANCE DIRECTOR AND DIRECTOR OF SCHOOLS**

**FINDING 2016-005**

**JEFFERSON COUNTY DID NOT CONTRACT FOR  
AUDIT PROCEDURES AT THE INDIVIDUAL SCHOOLS  
FOR THE USDA CHILD NUTRITION CLUSTER PRIOR  
TO THE END OF THE FISCAL YEAR**

Response and Corrective Action Plan Prepared by:	Langdon Potts, Finance Director, Jefferson County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	June 30, 2017
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY:	N/A

Planned Corrective Action:

Jefferson County contracted an auditor for the individual school for fiscal year 2015-2016 on August 25, 2016, and will insure that audit contracts in the future are secured on a timely basis.