

ANNUAL FINANCIAL REPORT

JEFFERSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2017



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
JEFFERSON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2017

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JEFFERSON COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Jefferson County, Tennessee
For the Year Ended June 30, 2017

Scope

We have audited the basic financial statements of Jefferson County as of and for the year ended June 30, 2017.

Results

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

Our audit resulted in two 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:

JEFFERSON COUNTY

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

INTRODUCTORY SECTION

Jefferson County Officials

June 30, 2017

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

Jim Vines, Chairman	Bill Jarnigan
Randall Bradley	Anne Marie Potts
Dusty Cox	Maurice Solomon
Denise Fair	

Highway Commission

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

Jefferson County Officials (Cont.)

Financial Management Committee

John McGraw, Chairman
Katy Fox Huffaker
David Seal
Rita Musick

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

Audit Committee

Garry Jett, Chairman
Phyllis Best
Jimmy Carmichael

John McGraw
John Neal Scarlett

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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, 2017, 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, 2017, 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.

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 15-31 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 benefits plans on pages 140-148 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

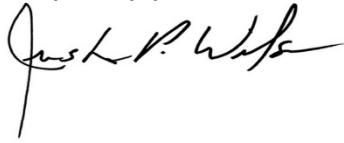
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jefferson County School Department (a discretely presented component unit), miscellaneous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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jefferson County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 16, 2018

JPW/sb



JEFFERSON COUNTY

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

JEFFERSON COUNTY, TENNESSEE MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2017

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, 2017. 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 \$58.1 million (net position). It should be noted that the financial statements of Jefferson County included debt totaling approximately \$61.3 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 \$66.4 million at June 30, 2017.
- The primary government's total net position increased by approximately \$6.9 million. The discretely presented Jefferson County School Department's net position decreased by approximately \$0.4 million. The increase in the primary government's total net position was primarily due to the retirement of debt. The decrease of the discretely presented Jefferson County School Department's total net position was

attributed to investments 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 \$26.6 million in total combined fund balances; this is an approximate increase of \$3.0 million from the previous period. Of this amount, approximately \$7.4 million represents funds that are available for spending (assigned and unassigned). The discretely presented Jefferson County School Department's governmental funds reported approximately \$8.4 million in total combined fund balances; an approximate decrease of \$0.3 million from the previous year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$7.2 million or 35 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 \$4.0 million or 7.5 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 \$4.5 million or 5.9 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 uses a major 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 liabilities and deferred inflows of resources at June 30, 2017, by \$58,138,364. 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 \$61,260,005. 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, 2017, by \$66,431,218.

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

		Jefferson County Primary Government	
		Governmental Activities	
		2016	2017
Current and Other Assets	\$	51,727,328	\$ 53,618,231
Capital Assets		100,365,939	99,227,154
Total Assets	\$	152,093,267	\$ 152,845,385
Total Deferred Outflows of Resources	\$	1,890,518	\$ 2,720,118
Long-term Liabilities Outstanding	\$	77,549,713	\$ 73,066,156
Other Liabilities		5,831,643	5,640,119
Total Liabilities	\$	83,381,356	\$ 78,706,275
Total Deferred Inflows of Resources	\$	17,584,367	\$ 17,468,343
Net Position:			
Net Investment in Capital Assets	\$	91,334,639	\$ 91,024,899
Restricted		5,133,708	6,285,404
Unrestricted		(43,450,285)	(37,919,418)
Total Net Position	\$	53,018,062	\$ 59,390,885
		Jefferson County School Department	
		Governmental Activities	
		2016	2017
Current and Other Assets	\$	22,498,207	\$ 22,408,019
Capital Assets		71,426,933	70,454,521
Total Assets	\$	93,925,140	\$ 92,862,540
Other Deferred Outflows	\$	3,642,628	\$ 9,011,386
Long-term Liabilities Outstanding	\$	11,850,546	\$ 16,949,862
Other Liabilities		2,625,092	3,112,659
Total Liabilities	\$	14,475,638	\$ 20,062,521
Total Deferred Inflows of Resources	\$	16,228,176	\$ 15,380,187
Net Position:			
Net Investment in Capital Assets	\$	71,426,933	\$ 70,454,521
Restricted		2,863,775	1,675,475
Unrestricted		(7,426,754)	(5,698,778)
Total Net Position	\$	66,863,954	\$ 66,431,218

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

	Jefferson County Primary Government Business Type Activities	
	2016	2017
Current and Other Assets	\$ 930,981	\$ 1,262,366
Capital Assets	1,938,398	2,146,412
Total Assets	\$ 2,869,379	\$ 3,408,778
Total Deferred Outflows of Resources	\$ 72,359	\$ 104,059
Long-term Liabilities Outstanding	\$ 4,590,981	\$ 4,607,267
Other Liabilities	141,824	137,383
Total Liabilities	\$ 4,732,805	\$ 4,744,650
Total Deferred Inflows of Resources	\$ 33,871	\$ 20,708
Net Position:		
Net Investment in Capital Assets	\$ 1,938,398	\$ 2,146,412
Restricted	32,559	5,314
Unrestricted	(3,795,895)	(3,404,247)
Total Net Position	\$ (1,824,938)	\$ (1,252,521)

By far, the largest portion of Jefferson County's Governmental Activities and the discretely presented Jefferson County School Department's net position is \$91,024,899 and \$70,454,521, 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 \$6,285,404 and \$1,675,475, respectively, which are subject to external restrictions on how they may be used.

Jefferson County's Governmental Activities unrestricted net position is a negative \$37,919,418. This negative balance represents all unrestricted non-capital related assets net of Jefferson County's Government Activities debt of \$8,290,000.

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

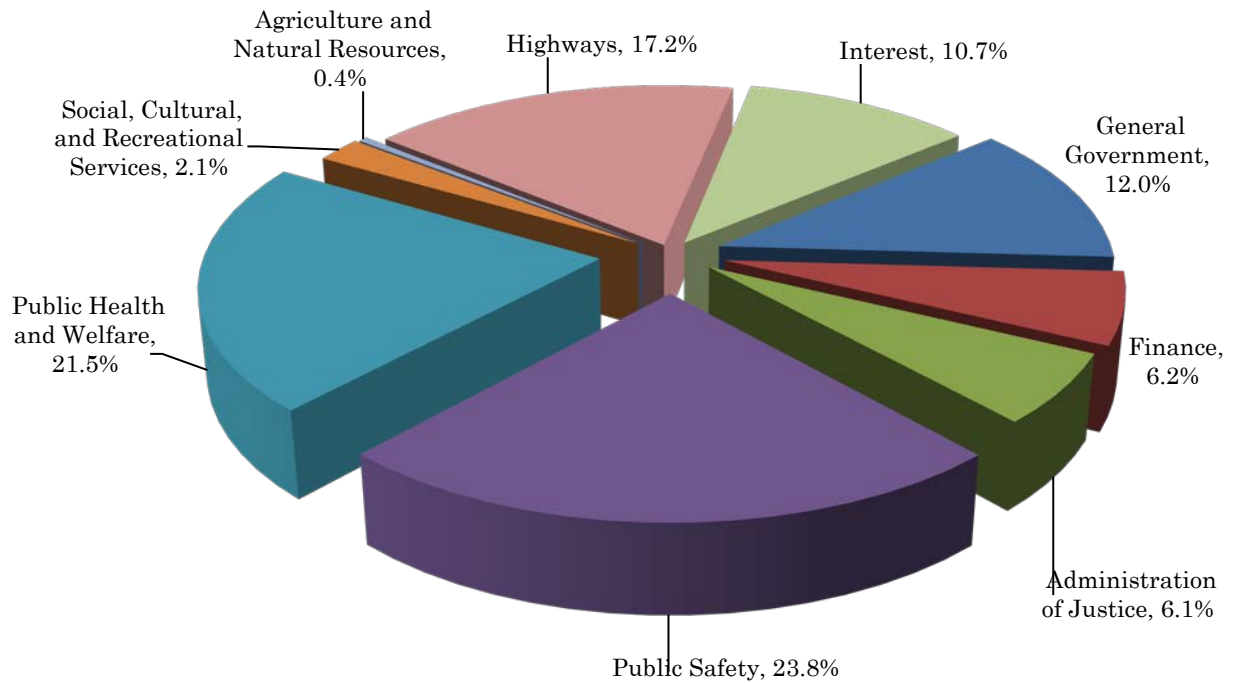
	Jefferson County Primary Government	
	Governmental Activities	
	2016	2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 10,583,273	\$ 9,950,174
Operating Grants and Contributions	2,345,426	2,323,777
Capital Grants and Contributions	935,746	1,588,825
General Revenues:		
Property Taxes	17,306,580	17,774,468
Sales Taxes	2,283,269	2,152,046
Other Taxes	3,740,550	3,882,814
Grants and Contributions Not Restricted to Specific Programs	1,001,480	1,014,783
Unrestricted Investment Income	211,666	185,803
Miscellaneous	82,935	81,604
Insurance Recovery	0	78,248
Gain on Disposal of Capital Assets	48,576	0
Total Revenues	\$ 38,539,501	\$ 39,032,542
Expenses:		
General Government	\$ 3,685,222	\$ 3,933,202
Finance	1,885,363	2,025,587
Administration of Justice	1,909,744	1,980,479
Public Safety	7,570,667	7,762,319
Public Health and Welfare	6,420,535	7,010,573
Social, Cultural, and Recreational Services	710,132	702,499
Agriculture and Natural Resources	136,157	139,095
Highways	5,386,295	5,600,274
Education	90,000	0
Interest on Long-term Debt	3,540,731	3,505,691
Total Expenses	\$ 31,334,846	\$ 32,659,719
Transfers	\$ (44,103)	\$ 0
Increase (Decrease) in Net Position	\$ 7,160,552	\$ 6,372,823
Net Position, July 1	45,857,510	53,018,062
Net Position, June 30	\$ 53,018,062	\$ 59,390,885

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

	Jefferson County School Department	
	Governmental Activities	
	2016	2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,227,388	\$ 1,178,950
Operating Grants and Contributions	7,084,412	7,039,051
Capital Grants and Contributions	92,925	0
General Revenues:		
Property Taxes	10,547,492	10,397,347
Sales Taxes	5,040,213	5,123,366
Other Taxes	41,051	39,960
Grants and Contributions Not Restricted to Specific Programs	36,567,548	38,873,939
Unrestricted Investment Income	2,053	4,829
Miscellaneous	35,434	29,259
Total Revenues	<u>\$ 60,638,516</u>	<u>\$ 62,686,701</u>
Expenses:		
Education	\$ 58,019,847	\$ 63,119,437
Total Expenses	<u>\$ 58,019,847</u>	<u>\$ 63,119,437</u>
Increase (Decrease) in Net Position	\$ 2,618,669	\$ (432,736)
Net Position, July 1	64,245,285	66,863,954
Net Position, June 30	<u>\$ 66,863,954</u>	<u>\$ 66,431,218</u>

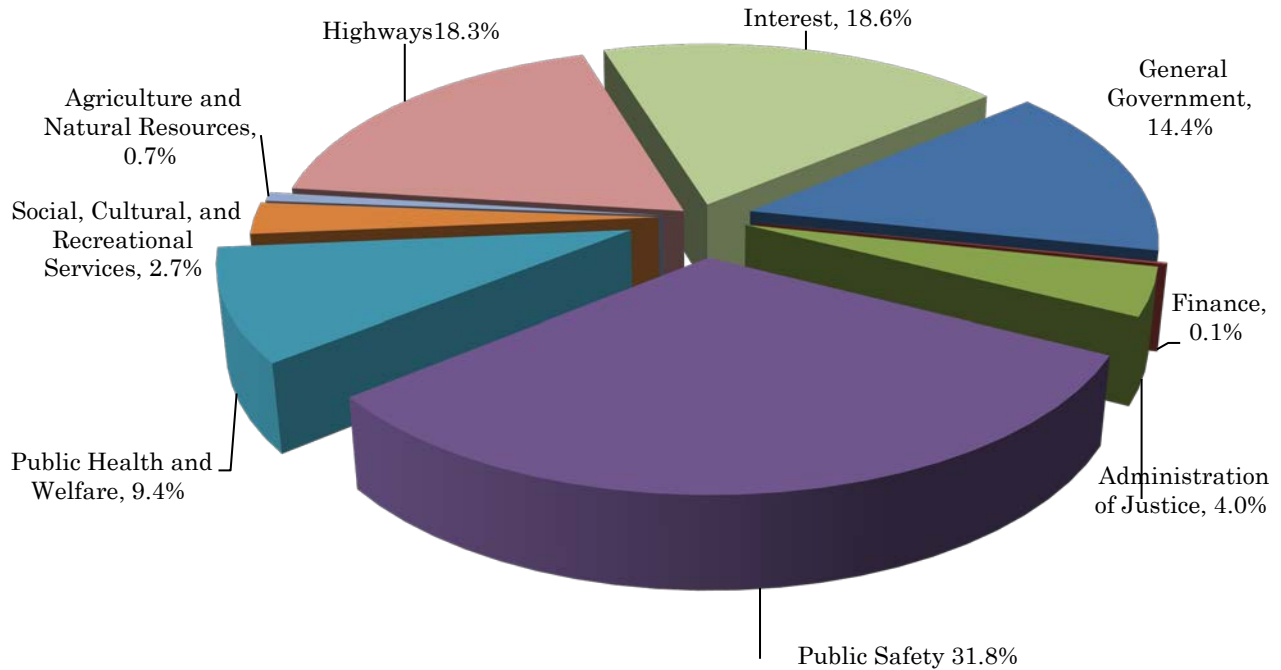
Governmental Activities Program Expenses

Public Safety expenses of \$7,762,319, Public Health of \$7,010,573, and Highways expenses of \$5,600,274 are the largest expenses of Jefferson County, which when combined total \$20,373,166 and are 62.5 percent of total expenses. For additional details, see illustration below. Note that amounts are rounded to one 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 one decimal place in the following chart.

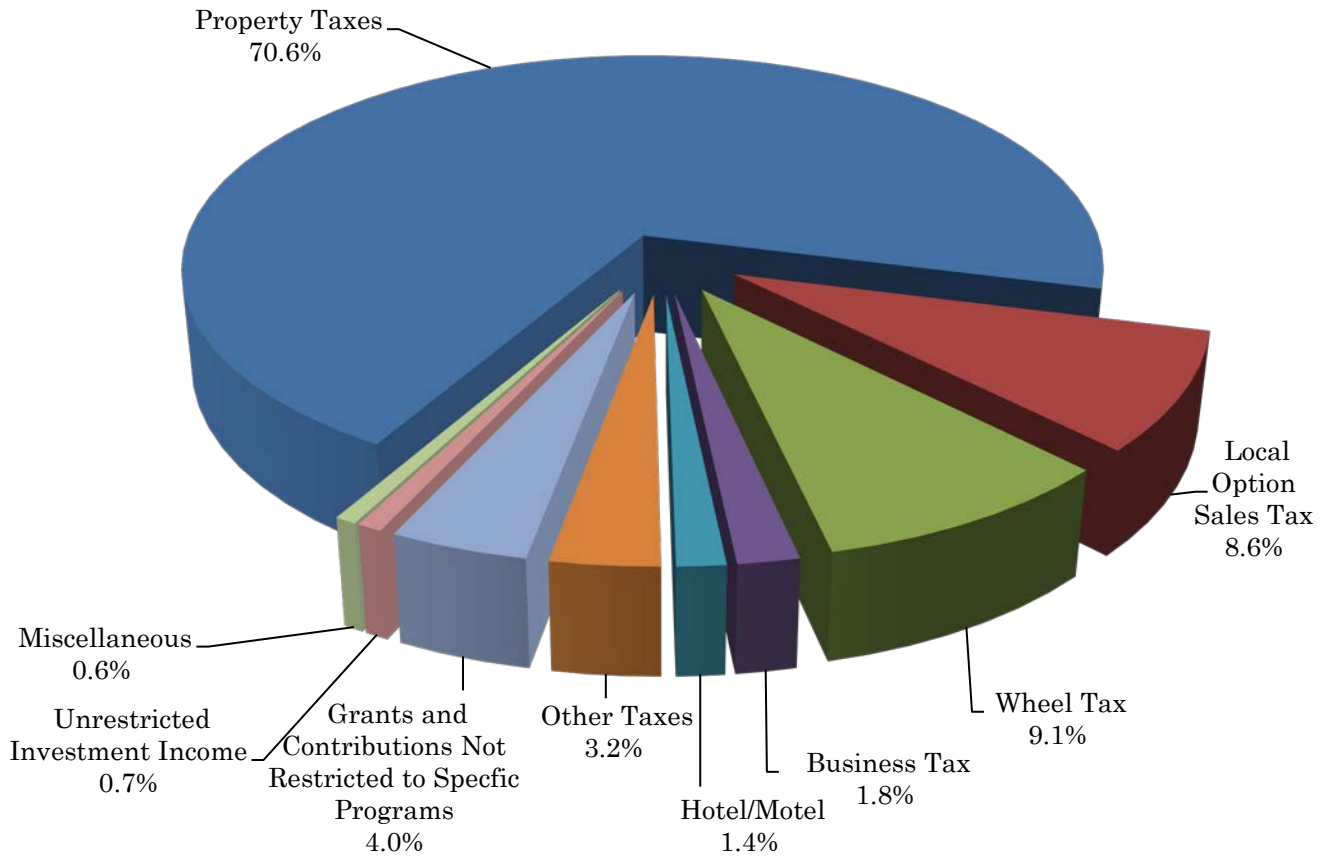


Revenues on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

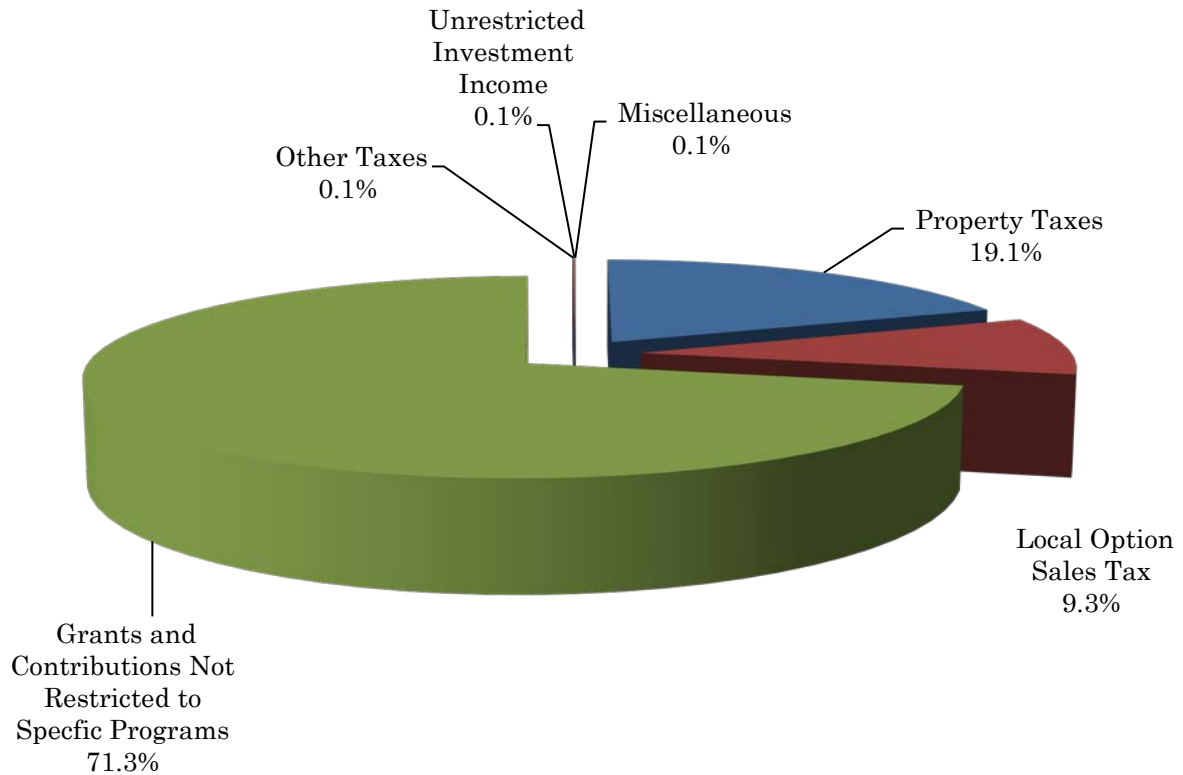
Program revenues are three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

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 one decimal place 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 governmental funds totaling \$122,543 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 \$5,904,086 and \$1,562,670, 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 \$13,131,861 and \$2,787,398, 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 \$202,771 and \$66,525, 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 \$7,208,921 and \$4,020,102, 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 \$26,570,182, an increase of \$3,033,950. The discretely presented Jefferson County School Department’s governmental funds reported fund balances totaling \$8,436,695, a decrease of \$251,521.

The General Fund is the chief operating fund of Jefferson County. At the end of the current fiscal year, unassigned fund balance was \$7,208,921, while total fund balance reached \$8,766,004. Total fund balance for the General Fund increased \$550,402. 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 35 percent of total General Fund expenditures, while total fund balance represents 42.6 percent of that same amount.

The Highway fund balance totaling \$2,242,005 increased \$134,923.

The General Debt Service Fund had a total fund balance of \$7,535,668 at June 30, 2017, an increase of \$415,136.

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 \$4,020,102, while total fund balance decreased to \$4,864,918. Total fund balance for the General Purpose School Fund decreased \$16,074. 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 7.5 percent of total General Purpose School Fund expenditures, while total fund balance represents 9.1 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	\$ 2,785,175	\$ 2,868,024	\$ 82,849
Finance	2,180,873	2,187,629	6,756
Administration of Justice	1,586,638	1,665,013	78,375
Public Safety	7,913,804	8,073,404	159,600
Public Health and Welfare	5,113,959	5,299,213	185,254
Social, Cultural, and Recreational Services	671,142	704,668	33,526
Agriculture and Natural Resources	149,754	149,754	0
Other Operations	1,093,471	1,174,508	81,037
Total Appropriations	<u>\$ 21,494,816</u>	<u>\$ 22,122,213</u>	<u>\$ 627,397</u>

At the close of the fiscal year, actual expenditures were \$1,441,089 less than budgetary estimates.

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

The differences in the original and the final budget's appropriations increased by \$367,187 compared to the original budget of \$54,454,890. At the close of the fiscal year, actual expenditures were \$1,627,092 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, 2017, totaled \$99,227,154. 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 6-30-17
Land	\$ 1,647,216	\$ 0	\$ 1,647,216
Construction in Progress	0	0	0
Buildings and Improvements	23,314,765	(6,610,340)	16,704,425
Othe Capital Assets	10,249,257	(7,260,869)	2,988,388
Infrastructre	117,116,242	(39,229,117)	77,887,125
Total	<u>\$ 152,327,480</u>	<u>\$ (53,100,326)</u>	<u>\$ 99,227,154</u>

The discretely presented Jefferson County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2017, totaled \$70,454,521. 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 6-30-17
Land	\$ 1,492,550	\$ 0	\$ 1,492,550
Construction in Progress	1,174,583	0	1,174,583
Buildings and Improvements	93,417,604	(28,906,757)	64,510,847
Other Capital Assets	9,140,329	(5,863,788)	3,276,541
Total	<u>\$ 105,225,066</u>	<u>\$ (34,770,545)</u>	<u>\$ 70,454,521</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 \$76,210,005. Jefferson County made debt payments totaling \$4,502,795 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, 2017. Additional information on Jefferson County Government's long-term debt can be found in Exhibit K-1, Exhibit K-2, and Note IV.D of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

On July 24, 2017, Jefferson County adopted a budget for the fiscal year ending June 30, 2018.

The distribution of the 2018 property tax rate is shown below:

<u>Fund</u>	<u>Tax Rate</u>
General	\$ 0.89
Solid Waste/Sanitation	0.15
Highway	0.20
General Capital Projects	0.02
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, 2017, was 3.2 percent. This can be attributed to the economic activity in the form of expansions by current manufacturing companies and several new retail developments. The state's average unemployment rate as of June 30, 2017, was 4.1 percent and the national average was 3.1 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.

BASIC FINANCIAL STATEMENTS

Exhibit A

Jefferson County, Tennessee
Statement of Net Position
June 30, 2017

	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	\$ 196,406	\$ 25	\$ 196,431	\$ 23,472	\$ 1,615,803
Equity in Pooled Cash and Investments	25,760,561	1,204,134	26,964,695	9,728,558	0
Inventories	0	0	0	0	29,404
Accounts Receivable	3,730,054	107,893	3,837,947	18,023	1,405,108
Allowance for Uncollectibles	(1,504,409)	(5,000)	(1,509,409)	0	(46,741)
Due from Other Governments	966,491	0	966,491	2,244,255	0
Due from Component Units	6,681,000	0	6,681,000	0	0
Internal Balances	50,000	(50,000)	0	0	0
Property Taxes Receivable	18,184,222	0	18,184,222	10,689,373	0
Allowance for Uncollectible Property Taxes	(694,864)	0	(694,864)	(408,467)	0
Prepaid Expenses	122,543	0	122,543	0	21,493
Restricted Assets:					
Other Restricted Assets	0	0	0	0	14,780
Net Pension Asset - Agent Plan	126,227	5,314	131,541	73,557	46,663
Net Pension Asset - Teacher Retirement Plan	0	0	0	39,248	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,647,216	510,430	2,157,646	1,492,550	7,181
Construction in Progress	0	332,026	332,026	1,174,583	0
Assets Net of Accumulated Depreciation:					
Landfill Facilities and Development	0	67,897	67,897	0	0
Buildings and Improvements	16,704,425	72,805	16,777,230	64,510,847	6,473,040
Machinery and Equipment	0	1,163,254	1,163,254	749,234	593,831
Other Capital Assets	2,988,388	0	2,988,388	2,527,307	4,700
Infrastructure	77,887,125	0	77,887,125	0	0
Total Assets	\$ 152,845,385	\$ 3,408,778	\$ 156,254,163	\$ 92,862,540	\$ 10,165,262
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred Charge on Refunding	\$ 102,237	\$ 0	\$ 102,237	\$ 0	\$ 0
Pension Changes in Experience	30,357	1,278	31,635	199,106	0
Pension Changes in Investment Earnings	1,212,405	51,043	1,263,448	5,425,172	0
Pension Other Deferrals	0	0	0	279,277	750,914
Pension Contributions After Measurement Date	1,375,119	51,738	1,426,857	3,107,831	0
Total Deferred Outflows of Resources	\$ 2,720,118	\$ 104,059	\$ 2,824,177	\$ 9,011,386	\$ 750,914
<u>LIABILITIES</u>					
Accounts Payable	\$ 144,718	\$ 2,151	\$ 146,869	\$ 155,505	\$ 300,428
Accrued Payroll	47,860	9,630	57,490	344,692	71,395
Payroll Deductions Payable	319,396	6,415	325,811	2,060,327	11,139

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental	Business-type		Jefferson	Jefferson
	Activities	Activities	Total	School	Nursing
				Department	Home
<u>LIABILITIES (CONT.)</u>					
Accrued Leave - Current	\$ 0	\$ 0	\$ 0	\$ 0	\$ 276,275
Contracts Payable	0	0	0	246,822	0
Claims and Judgments Payable	59,732	0	59,732	0	0
Accrued Interest Payable	196,454	0	196,454	0	13,106
Due to Primary Government	0	0	0	21,000	6,660,000
Due to the State of Tennessee	26,372	500	26,872	15,221	0
Estimated Third-party Payor Settlements	0	0	0	0	23,578
Other Current Liabilities	4,395	0	4,395	37,233	60,729
Noncurrent Liabilities:					
Due Within One Year	4,841,192	118,687	4,959,879	231,859	0
Due in More Than One Year	73,066,156	4,607,267	77,673,423	16,949,862	0
Total Liabilities	<u>\$ 78,706,275</u>	<u>\$ 4,744,650</u>	<u>\$ 83,450,925</u>	<u>\$ 20,062,521</u>	<u>\$ 7,416,650</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 16,976,485	\$ 0	\$ 16,976,485	\$ 9,979,420	\$ 0
Pension Changes in Experience	491,858	20,708	512,566	5,400,767	0
Total Deferred Inflows of Resources	<u>\$ 17,468,343</u>	<u>\$ 20,708</u>	<u>\$ 17,489,051</u>	<u>\$ 15,380,187</u>	<u>\$ 0</u>
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 91,024,899	\$ 2,146,412	\$ 93,171,311	\$ 70,454,521	\$ 414,052
Restricted for:					
General Government	115,287	0	115,287	0	0
Finance	183,942	0	183,942	0	0
Administration of Justice	582,114	0	582,114	0	0
Public Safety	166,083	0	166,083	0	0
Public Health and Welfare	573,409	0	573,409	0	0
Social, Cultural, and Recreational Services	85,650	0	85,650	0	0
Highway/Public Works	2,363,677	0	2,363,677	0	0
Debt Service	66,678	0	66,678	0	0
Education	0	0	0	1,559,828	0
Capital Projects	2,022,337	0	2,022,337	2,842	0
Other Purposes	0	0	0	0	14,780
Pensions	126,227	5,314	131,541	112,805	46,663
Unrestricted	<u>(37,919,418)</u>	<u>(3,404,247)</u>	<u>(41,323,665)</u>	<u>(5,698,778)</u>	<u>3,024,031</u>
Total Net Position	<u>\$ 59,390,885</u>	<u>\$ (1,252,521)</u>	<u>\$ 58,138,364</u>	<u>\$ 66,431,218</u>	<u>\$ 3,499,526</u>

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, 2017

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position						Component Units	
		Program Revenues			Primary Government			Jefferson	Jefferson
		Charges for	Operating	Capital	Governmental	Business-type	Total	County	County
			Grants and	Grants and				School	Nursing
		Services	Contributions	Contributions	Activities	Activities		Department	Home
Primary Government:									
Governmental Activities:									
General Government	\$ 3,933,202	\$ 573,774	\$ 22,589	\$ 626,672	\$ (2,710,167)	\$ 0	\$ (2,710,167)	\$ 0	\$ 0
Finance	2,025,587	1,997,957	1,500	0	(26,130)	0	(26,130)	0	0
Administration of Justice	1,980,479	1,191,850	10,815	16,040	(761,774)	0	(761,774)	0	0
Public Safety	7,762,319	1,671,854	102,539	6,986	(5,980,940)	0	(5,980,940)	0	0
Public Health and Welfare	7,010,573	4,408,946	164,930	670,043	(1,766,654)	0	(1,766,654)	0	0
Social, Cultural, and Recreational Services	702,499	15,376	183,712	4,144	(499,267)	0	(499,267)	0	0
Agriculture and Natural Resources	139,095	0	0	0	(139,095)	0	(139,095)	0	0
Highways	5,600,274	90,417	1,837,692	264,940	(3,407,225)	0	(3,407,225)	0	0
Interest on Long-term Debt	3,505,691	0	0	0	(3,505,691)	0	(3,505,691)	0	0
Total Governmental Activities	\$ 32,659,719	\$ 9,950,174	\$ 2,323,777	\$ 1,588,825	\$ (18,796,943)	\$ 0	\$ (18,796,943)	\$ 0	\$ 0
Business-type Activities:									
Solid Waste Disposal	\$ 1,416,246	\$ 1,959,946	\$ 19,217	\$ 0	\$ 0	\$ 562,917	\$ 562,917	\$ 0	\$ 0
Total Business-type Activities	\$ 1,416,246	\$ 1,959,946	\$ 19,217	\$ 0	\$ 0	\$ 562,917	\$ 562,917	\$ 0	\$ 0
Total Primary Government	\$ 34,075,965	\$ 11,910,120	\$ 2,342,994	\$ 1,588,825	\$ (18,796,943)	\$ 562,917	\$ (18,234,026)	\$ 0	\$ 0
Component Units:									
Jefferson County School Department	\$ 63,119,437	\$ 1,178,950	\$ 7,039,051	\$ 0	\$ 0	\$ 0	\$ 0	\$ (54,901,436)	\$ 0
Jefferson County Nursing Home	12,199,073	12,864,938	0	0	0	0	0	0	665,865
Total Component Units	\$ 75,318,510	\$ 14,043,888	\$ 7,039,051	\$ 0	\$ 0	\$ 0	\$ 0	\$ (54,901,436)	\$ 665,865

(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	Business-type	Total	Jefferson County Nursing Home
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Activities	Activities	Total	Department
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 15,130,977	\$ 0	\$ 15,130,977	\$ 10,397,347
Property Taxes Levied for Debt Service					2,643,491	0	2,643,491	0
Local Option Sales Taxes					2,152,046	0	2,152,046	5,123,366
Hotel/Motel Tax					359,264	0	359,264	0
Wheel Tax					2,269,087	0	2,269,087	0
Litigation Tax - General					120,995	0	120,995	0
Litigation Tax - Special Purpose					14,303	0	14,303	0
Litigation Tax - Jail, Workhouse, or Courthouse					206,296	0	206,296	0
Business Tax					453,888	0	453,888	0
Mixed Drink Tax					0	0	0	33,365
Adequate Facilities Tax					286,634	0	286,634	0
Wholesale Beer Tax					172,347	0	172,347	0
Interstate Telecommunications Tax					0	0	0	6,595
Grants and Contributions Not Restricted to Specific Programs					1,014,783	0	1,014,783	38,873,939
Unrestricted Investment Income					185,803	0	185,803	4,829
Gain on Sale of Equipment					0	9,500	9,500	0
Miscellaneous					81,604	0	81,604	29,259
Insurance Recovery					78,248	0	78,248	0
Total General Revenues					\$ 25,169,766	\$ 9,500	\$ 25,179,266	\$ 54,468,700
Change in Net Position					\$ 6,372,823	\$ 572,417	\$ 6,945,240	\$ (432,736)
Net Position, July 1, 2016					53,018,062	(1,824,938)	51,193,124	66,863,954
Net Position, June 30, 2017					\$ 59,390,885	\$ (1,252,521)	\$ 58,138,364	\$ 66,431,218

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, 2017

	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	\$ 20,123	\$ 0	\$ 0	\$ 0	\$ 176,283	\$ 196,406
Equity in Pooled Cash and Investments	8,535,492	5,379,128	2,172,073	7,200,139	2,419,317	25,706,149
Accounts Receivable	3,645,631	62,500	3,310	18,194	419	3,730,054
Allowance for Uncollectibles	(1,504,409)	0	0	0	0	(1,504,409)
Due from Other Governments	415,752	0	312,854	237,885	0	966,491
Due from Other Funds	1,569	0	0	50,000	0	51,569
Due from Component Units	0	0	0	21,000	0	21,000
Property Taxes Receivable	9,829,309	0	2,457,327	2,703,060	3,194,526	18,184,222
Allowance for Uncollectible Property Taxes	(375,602)	0	(93,901)	(103,291)	(122,070)	(694,864)
Prepaid Items	0	0	0	122,543	0	122,543
Total Assets	\$ 20,567,865	\$ 5,441,628	\$ 4,851,663	\$ 10,249,530	\$ 5,668,475	\$ 46,779,161
<u>LIABILITIES</u>						
Accounts Payable	\$ 108,419	\$ 0	\$ 28,749	\$ 0	\$ 3,095	\$ 140,263
Accrued Payroll	0	0	37,854	0	10,006	47,860
Payroll Deductions Payable	283,540	0	29,136	0	6,720	319,396
Claims and Judgments Payable	59,732	0	0	0	0	59,732
Due to Other Funds	0	0	0	0	1,569	1,569
Due to State of Tennessee	25,322	0	0	0	1,050	26,372
Other Current Liabilities	4,395	0	0	0	0	4,395
Total Liabilities	\$ 481,408	\$ 0	\$ 95,739	\$ 0	\$ 22,440	\$ 599,587

(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	\$ 9,176,479	\$ 0	\$ 2,294,119	\$ 2,523,531	\$ 2,982,356	\$ 16,976,485
Deferred Delinquent Property Taxes	242,462	0	60,616	66,678	78,802	448,558
Other Deferred/Unavailable Revenue	1,901,512	0	159,184	123,653	0	2,184,349
Total Deferred Inflows of Resources	<u>\$ 11,320,453</u>	<u>\$ 0</u>	<u>\$ 2,513,919</u>	<u>\$ 2,713,862</u>	<u>\$ 3,061,158</u>	<u>\$ 19,609,392</u>
<u>FUND BALANCES</u>						
Nonspendable:						
Prepaid Items	\$ 0	\$ 0	\$ 0	\$ 122,543	\$ 0	\$ 122,543
Restricted:						
Restricted for General Government	51,623	0	0	0	63,664	115,287
Restricted for Finance	8,809	0	0	0	175,133	183,942
Restricted for Administration of Justice	572,545	0	0	0	9,569	582,114
Restricted for Public Safety	120,332	0	0	0	45,751	166,083
Restricted for Public Health and Welfare	14,092	0	0	0	525,915	540,007
Restricted for Social, Cultural, and Recreational Services	85,650	0	0	0	0	85,650
Restricted for Highways/Public Works	0	0	2,242,005	0	0	2,242,005
Restricted for Education	0	0	0	0	1,000,000	1,000,000
Restricted for Capital Projects	257,858	0	0	0	731,140	988,998
Committed:						
Committed for Public Health and Welfare	0	0	0	0	33,705	33,705
Committed for Other Operations	0	5,441,628	0	0	0	5,441,628
Committed for Capital Outlay	242,142	0	0	0	0	242,142
Committed for Debt Service	0	0	0	7,413,125	0	7,413,125
Committed for Other Purposes	1,261	0	0	0	0	1,261
Assigned:						
Assigned for General Government	21,367	0	0	0	0	21,367

(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 Finance	\$ 7,294	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,294
Assigned for Administration of Justice	8,100	0	0	0	0	8,100
Assigned for Public Safety	91,977	0	0	0	0	91,977
Assigned for Public Health and Welfare	39,769	0	0	0	0	39,769
Assigned for Other Operations	14,264	0	0	0	0	14,264
Assigned for Support Services	20,000	0	0	0	0	20,000
Unassigned	7,208,921	0	0	0	0	7,208,921
Total Fund Balances	<u>\$ 8,766,004</u>	<u>\$ 5,441,628</u>	<u>\$ 2,242,005</u>	<u>\$ 7,535,668</u>	<u>\$ 2,584,877</u>	<u>\$ 26,570,182</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,567,865</u>	<u>\$ 5,441,628</u>	<u>\$ 4,851,663</u>	<u>\$ 10,249,530</u>	<u>\$ 5,668,475</u>	<u>\$ 46,779,161</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, 2017

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)		\$ 26,570,182
(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: buildings and improvements net of accumulated depreciation	16,704,425	
Add: other capital assets net of accumulated depreciation	2,988,388	
Add: infrastructure net of accumulated depreciation	<u>77,887,125</u>	99,227,154
(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.		49,957
(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	\$ (18,090,005)	
Less: bonds payable	(58,120,000)	
Add: bonds to be paid by Nursing Home for the primary government	6,660,000	
Add: deferred charge on refunding	102,237	
Less: unamortized premium on debt	(402,165)	
Less: accrued interest on bonds and other loans	(196,454)	
Less: compensated absences payable	(418,996)	
Less: other postemployment benefits liability	<u>(876,182)</u>	(71,341,565)
(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	\$ 2,617,881	
Less: deferred inflows of resources related to pensions	<u>(491,858)</u>	2,126,023
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		126,227
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,632,907</u>
Net position of governmental activities (Exhibit A)		<u>\$ 59,390,885</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, 2017

	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	\$ 11,779,244	\$ 0	\$ 2,410,371	\$ 6,529,926	\$ 3,139,519	\$ 23,859,060
Licenses and Permits	388,218	0	0	0	0	388,218
Fines, Forfeitures, and Penalties	426,008	0	0	0	22,099	448,107
Charges for Current Services	3,651,892	0	90,252	0	691,064	4,433,208
Other Local Revenues	625,982	755,591	165	598,009	86,461	2,066,208
Fees Received From County Officials	1,894,898	0	0	0	0	1,894,898
State of Tennessee	1,692,283	0	2,102,632	0	0	3,794,915
Federal Government	653,027	0	0	444,087	416,653	1,513,767
Other Governments and Citizens Groups	398,661	0	0	0	368,814	767,475
Total Revenues	\$ 21,510,213	\$ 755,591	\$ 4,603,420	\$ 7,572,022	\$ 4,724,610	\$ 39,165,856
<u>Expenditures</u>						
Current:						
General Government	\$ 2,641,829	\$ 0	\$ 0	\$ 0	\$ 688,193	\$ 3,330,022
Finance	2,017,575	7,556	0	0	715	2,025,846
Administration of Justice	1,586,184	0	0	0	0	1,586,184
Public Safety	7,447,698	0	0	0	110,478	7,558,176
Public Health and Welfare	5,016,781	0	0	0	1,793,237	6,810,018
Social, Cultural, and Recreational Services	649,282	0	0	0	0	649,282
Agriculture and Natural Resources	139,783	0	0	0	0	139,783
Other Operations	1,090,820	0	0	0	0	1,090,820
Highways	0	0	4,475,809	0	0	4,475,809
Debt Service:						
Principal on Debt	0	0	0	4,502,795	0	4,502,795
Interest on Debt	0	0	0	3,095,708	0	3,095,708
Other Debt Service	0	0	0	106,844	0	106,844

(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	\$ 876,533	\$ 876,533
Total Expenditures	\$ 20,589,952	\$ 7,556	\$ 4,475,809	\$ 7,705,347	\$ 3,469,156	\$ 36,247,820
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 920,261	 \$ 748,035	 \$ 127,611	 \$ (133,325)	 \$ 1,255,454	 \$ 2,918,036
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 108,602	\$ 0	\$ 7,312	\$ 0	\$ 0	\$ 115,914
Transfers In	0	0	0	548,461	0	548,461
Transfers Out	(478,461)	0	0	0	(70,000)	(548,461)
Total Other Financing Sources (Uses)	\$ (369,859)	\$ 0	\$ 7,312	\$ 548,461	\$ (70,000)	\$ 115,914
 Net Change in Fund Balances	 \$ 550,402	 \$ 748,035	 \$ 134,923	 \$ 415,136	 \$ 1,185,454	 \$ 3,033,950
Fund Balance, July 1, 2016	8,215,602	4,693,593	2,107,082	7,120,532	1,399,423	23,536,232
 Fund Balance, June 30, 2017	 \$ 8,766,004	 \$ 5,441,628	 \$ 2,242,005	 \$ 7,535,668	 \$ 2,584,877	 \$ 26,570,182

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, 2017

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)		\$	3,033,950
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,697,437	
Less: current-year depreciation expense		<u>(2,533,322)</u>	(835,885)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase (decrease) net position.			
Less: book value of assets disposed			(302,900)
(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, 2017	\$	2,632,907	
Less: deferred delinquent property taxes and other deferred June 30, 2016		<u>(2,594,469)</u>	38,438
(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: change in unamortized discount on debt issues	\$	(312,621)	
Add: change in unamortized premium on debt issues		24,488	
Add: principal payments on bonds		1,240,000	
Add: principal payments on other loans		3,262,795	
Less: change in deferred amounts on refunding debt		(22,418)	
Less: contributions from Nursing Home for bond		<u>(250,000)</u>	3,942,244
(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	\$	7,412	
Change in compensated absences payable		61,009	
Change in other postemployment benefits liability		(107,128)	
Change in net pension liability/asset		(698,038)	
Change in deferred outflows related to pensions		896,179	
Change in deferred inflows related to pensions		<u>365,597</u>	525,031

(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>\$ (28,055)</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 6,372,823</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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,779,244	\$ 0	\$ 0	\$ 11,779,244	\$ 11,196,000	\$ 11,196,000	\$ 583,244
Licenses and Permits	388,218	0	0	388,218	311,500	311,500	76,718
Fines, Forfeitures, and Penalties	426,008	0	0	426,008	328,900	348,405	77,603
Charges for Current Services	3,651,892	0	0	3,651,892	3,433,500	3,437,410	214,482
Other Local Revenues	625,982	0	0	625,982	618,027	641,737	(15,755)
Fees Received From County Officials	1,894,898	0	0	1,894,898	1,640,000	1,640,000	254,898
State of Tennessee	1,692,283	0	0	1,692,283	1,936,448	1,974,672	(282,389)
Federal Government	653,027	0	0	653,027	534,156	595,593	57,434
Other Governments and Citizens Groups	398,661	0	0	398,661	162,300	162,300	236,361
Total Revenues	\$ 21,510,213	\$ 0	\$ 0	\$ 21,510,213	\$ 20,160,831	\$ 20,307,617	\$ 1,202,596
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 267,258	\$ 0	\$ 0	\$ 267,258	\$ 264,351	\$ 327,949	\$ 60,691
Board of Equalization	700	0	0	700	2,000	2,000	1,300
County Mayor/Executive	243,694	0	0	243,694	279,196	279,196	35,502
Election Commission	336,242	0	0	336,242	361,943	361,943	25,701
Register of Deeds	299,192	0	0	299,192	294,544	306,781	7,589
Codes Compliance	114,406	0	0	114,406	115,957	115,957	1,551
County Buildings	1,006,150	0	8,541	1,014,691	1,028,865	1,035,070	20,379
Other Facilities	364,787	0	12,826	377,613	426,019	426,019	48,406
Other General Administration	0	0	0	0	2,500	2,500	2,500
Preservation of Records	9,400	0	0	9,400	9,800	10,609	1,209
<u>Finance</u>							
Accounting and Budgeting	682,018	0	0	682,018	704,878	704,878	22,860
Property Assessor's Office	483,581	0	0	483,581	521,011	521,761	38,180
County Trustee's Office	62,800	0	0	62,800	67,896	67,896	5,096
County Clerk's Office	121,275	0	0	121,275	127,590	129,590	8,315
Data Processing	127,962	0	7,294	135,256	148,968	148,968	13,712
Other Finance	539,939	0	0	539,939	610,530	614,536	74,597

(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 7/1/2016	Add: Encumbrances 6/30/2017	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	\$ 714,098	\$ 0	\$ 0	\$ 714,098	\$ 723,495	\$ 745,145	\$ 31,047
General Sessions Court	283,330	0	0	283,330	289,384	289,384	6,054
Drug Court	41,921	0	0	41,921	31,000	42,535	614
Chancery Court	218,876	0	0	218,876	227,951	227,951	9,075
Juvenile Court	257,753	0	0	257,753	272,808	274,203	16,450
Other Administration of Justice	424	0	0	424	2,000	2,000	1,576
Victim Assistance Programs	69,782	0	0	69,782	40,000	83,795	14,013
<u>Public Safety</u>							
Sheriff's Department	4,013,277	(39,235)	59,005	4,033,047	4,124,999	4,257,451	224,404
Wheel Tax Officer	15,311	0	90	15,401	18,506	18,506	3,105
Administration of the Sexual Offender Registry	10,800	0	0	10,800	20,000	20,000	9,200
Jail	2,477,750	0	32,883	2,510,633	2,721,576	2,748,724	238,091
Workhouse	333,598	0	0	333,598	389,655	389,655	56,057
Inspection and Regulation	70,833	0	0	70,833	80,439	80,439	9,606
Public Safety Grants Program	0	0	0	0	32,500	32,500	32,500
Other Public Safety	526,129	0	0	526,129	526,129	526,129	0
<u>Public Health and Welfare</u>							
Local Health Center	263,685	0	0	263,685	296,978	325,646	61,961
Rabies and Animal Control	113,649	0	3,579	117,228	130,936	131,581	14,353
Ambulance/Emergency Medical Services	4,477,904	0	2,152	4,480,056	4,502,493	4,658,411	178,355
Sanitation Education/Information	57,247	0	4,037	61,284	72,201	72,224	10,940
Other Public Health and Welfare	104,296	0	0	104,296	111,351	111,351	7,055
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	226,567	0	0	226,567	220,856	232,904	6,337
Libraries	422,715	0	0	422,715	450,286	471,764	49,049
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	101,674	0	0	101,674	111,079	111,079	9,405
Soil Conservation	38,109	0	0	38,109	38,675	38,675	566

(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 7/1/2016	Add: Encumbrances 6/30/2017	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	\$ 33,834	\$ 0	\$ 0	\$ 33,834	\$ 43,471	\$ 43,471	\$ 9,637
Contributions to Other Agencies	1,056,986	0	0	1,056,986	1,050,000	1,131,037	74,051
Total Expenditures	<u>\$ 20,589,952</u>	<u>\$ (39,235)</u>	<u>\$ 130,407</u>	<u>\$ 20,681,124</u>	<u>\$ 21,494,816</u>	<u>\$ 22,122,213</u>	<u>\$ 1,441,089</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 920,261</u>	<u>\$ 39,235</u>	<u>\$ (130,407)</u>	<u>\$ 829,089</u>	<u>\$ (1,333,985)</u>	<u>\$ (1,814,596)</u>	<u>\$ 2,643,685</u>
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 108,602	\$ 0	\$ 0	\$ 108,602	\$ 0	\$ 106,485	\$ 2,117
Transfers In	0	0	0	0	776,641	0	0
Transfers Out	(478,461)	0	0	(478,461)	(478,461)	(478,461)	0
Total Other Financing Sources	<u>\$ (369,859)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (369,859)</u>	<u>\$ 298,180</u>	<u>\$ (371,976)</u>	<u>\$ 2,117</u>
Net Change in Fund Balance	\$ 550,402	\$ 39,235	\$ (130,407)	\$ 459,230	\$ (1,035,805)	\$ (2,186,572)	\$ 2,645,802
Fund Balance, July 1, 2016	<u>8,215,602</u>	<u>(39,235)</u>	<u>0</u>	<u>8,176,367</u>	<u>5,758,353</u>	<u>5,758,353</u>	<u>2,418,014</u>
Fund Balance, June 30, 2017	<u><u>\$ 8,766,004</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (130,407)</u></u>	<u><u>\$ 8,635,597</u></u>	<u><u>\$ 4,722,548</u></u>	<u><u>\$ 3,571,781</u></u>	<u><u>\$ 5,063,816</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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 755,591	\$ 754,000	\$ 754,000	\$ 1,591
Total Revenues	\$ 755,591	\$ 754,000	\$ 754,000	\$ 1,591
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 7,556	\$ 7,600	\$ 7,600	\$ 44
Total Expenditures	\$ 7,556	\$ 7,600	\$ 7,600	\$ 44
Excess (Deficiency) of Revenues Over Expenditures	\$ 748,035	\$ 746,400	\$ 746,400	\$ 1,635
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (776,641)	\$ 0	\$ 0
Total Other Financing Sources	\$ 0	\$ (776,641)	\$ 0	\$ 0
Net Change in Fund Balance	\$ 748,035	\$ (30,241)	\$ 746,400	\$ 1,635
Fund Balance, July 1, 2016	4,693,593	4,694,888	4,694,888	(1,295)
Fund Balance, June 30, 2017	\$ 5,441,628	\$ 4,664,647	\$ 5,441,288	\$ 340

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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,410,371	\$ 0	\$ 0	\$ 2,410,371	\$ 2,346,600	\$ 2,346,600	\$ 63,771
Charges for Current Services	90,252	0	0	90,252	55,000	55,000	35,252
Other Local Revenues	165	0	0	165	0	0	165
State of Tennessee	2,102,632	0	0	2,102,632	1,982,308	1,982,308	120,324
Federal Government	0	0	0	0	61,858	61,858	(61,858)
Total Revenues	\$ 4,603,420	\$ 0	\$ 0	\$ 4,603,420	\$ 4,445,766	\$ 4,445,766	\$ 157,654
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 268,633	\$ 0	\$ 0	\$ 268,633	\$ 287,195	\$ 287,195	\$ 18,562
Highway and Bridge Maintenance	2,197,813	(7,406)	19,117	2,209,524	2,359,324	2,373,471	163,947
Operation and Maintenance of Equipment	748,333	0	0	748,333	897,378	897,378	149,045
Quarry Operations	739,749	(40,000)	0	699,749	783,913	769,766	70,017
Asphalt Plant Operations	29,150	0	0	29,150	32,600	32,600	3,450
Other Charges	90,930	0	0	90,930	102,319	102,319	11,389
Employee Benefits	110,678	0	0	110,678	126,823	126,823	16,145
Capital Outlay	290,523	0	0	290,523	91,662	382,131	91,608
Total Expenditures	\$ 4,475,809	\$ (47,406)	\$ 19,117	\$ 4,447,520	\$ 4,681,214	\$ 4,971,683	\$ 524,163
Excess (Deficiency) of Revenues Over Expenditures	\$ 127,611	\$ 47,406	\$ (19,117)	\$ 155,900	\$ (235,448)	\$ (525,917)	\$ 681,817
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 7,312	\$ 0	\$ 0	\$ 7,312	\$ 0	\$ 0	\$ 7,312
Total Other Financing Sources	\$ 7,312	\$ 0	\$ 0	\$ 7,312	\$ 0	\$ 0	\$ 7,312
Net Change in Fund Balance	\$ 134,923	\$ 47,406	\$ (19,117)	\$ 163,212	\$ (235,448)	\$ (525,917)	\$ 689,129
Fund Balance, July 1, 2016	2,107,082	(47,406)	0	2,059,676	1,524,454	1,524,454	535,222
Fund Balance, June 30, 2017	\$ 2,242,005	\$ 0	\$ (19,117)	\$ 2,222,888	\$ 1,289,006	\$ 998,537	\$ 1,224,351

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, 2017

	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	1,204,134	54,412
Accounts Receivable	107,893	0
Allowance for Uncollectibles	(5,000)	0
Total Current Assets	<u>\$ 1,307,052</u>	<u>\$ 54,412</u>
Noncurrent Assets:		
Net Pension Asset - Agent Plan	\$ 5,314	\$ 0
Capital Assets:		
Assets Not Depreciated:		
Land	510,430	0
Construction in Progress	332,026	0
Assets Net of Accumulated Depreciation:		
Landfill Facilities and Development	67,897	0
Buildings and Improvements	72,805	0
Machinery and Equipment	1,163,254	0
Total Noncurrent Assets	<u>\$ 2,151,726</u>	<u>\$ 0</u>
Total Assets	<u>\$ 3,458,778</u>	<u>\$ 54,412</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 1,278	\$ 0
Pension Changes in Investment Earnings	51,043	0
Pension Contributions After Measurement Date	51,738	0
Total Deferred Outflows of Resources	<u>\$ 104,059</u>	<u>\$ 0</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 2,151	\$ 0
Claims Payable	0	4,455
Accrued Payroll	9,630	0
Payroll Deductions Payable	6,415	0
Due to Other Funds	50,000	0
Due to the State of Tennessee	500	0
Current Portion of Long-term Liabilities	118,687	0
Total Current Liabilities	<u>\$ 187,383</u>	<u>\$ 4,455</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	\$ 4,607,267	\$ 0
Total Noncurrent Liabilities	\$ 4,607,267	\$ 0
Total Liabilities	\$ 4,794,650	\$ 4,455
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 20,708	\$ 0
Total Deferred Inflows of Resources	\$ 20,708	\$ 0
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 2,146,412	\$ 0
Net Position - Restricted for Pensions	5,314	0
Net Position - Unrestricted	(3,404,247)	49,957
Total Net Position	\$ (1,252,521)	\$ 49,957

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, 2017

	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	\$ 1,635,984	\$ 0
Lease/Rentals	12	0
Sale of Recycled Materials	268,848	0
Miscellaneous Refunds	55,102	0
State of Tennessee	19,217	0
Self-Insurance Premiums/Contributions	0	140,472
Total Operating Revenues	\$ 1,979,163	\$ 140,472
<u>Operating Expenses</u>		
<u>Cost of Sales and Services</u>		
Supervisor/Director	\$ 29,514	\$ 0
Accountants/Bookkeepers	37,457	0
Part-time Personnel	2,665	0
Longevity Pay	6,850	0
Overtime	38,946	0
Laborers	290,654	0
Board and Committee Members Fees	4,320	0
Social Security	27,815	0
Pensions	35,476	0
Life Insurance	909	0
Medical Insurance	103,174	0
Dental Insurance	1,460	0
Unemployment Compensation	2,404	0
Employer Medicare	6,505	0
Data Processing Services	4,839	0
Engineering Services	49,249	0
Evaluation and Testing	56,360	0
Maintenance Agreements	624	0
Maintenance and Repair Services - Equipment	111,207	0
Postal Charges	65	0
Rentals	2,932	0
Travel	1,400	0
Other Contracted Services	27,140	0
Crushed Stone	29,509	0
Diesel Fuel	121,891	0
Fertilizer, Lime, and Seed	298	0
Gasoline	14,563	0
Lubricants	14,695	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	\$ 1,957	\$ 0
Pipe	4,371	0
Small Tools	1,611	0
Tires and Tubes	9,995	0
Uniforms	4,932	0
Utilities	9,513	0
Other Supplies and Materials	14,011	0
Building and Contents Insurance	1,848	0
Liability Insurance	2,159	0
Trustee's Commission	16,427	0
Vehicle and Equipment Insurance	5,850	0
Workers' Compensation Insurance	29,250	0
Depreciation	170,602	0
Surcharge	33,860	0
Landfill Closure/Postclosure Care Costs	18,660	0
Other Charges	9,010	0
Solid Waste Equipment	56,714	0
Office Equipment	1,930	0
Handling Charges and Administrative Costs	0	16,730
Other Self-Insured Claims	0	151,797
Total Operating Expenses	<u>\$ 1,415,621</u>	<u>\$ 168,527</u>
Operating Income (Loss)	<u>\$ 563,542</u>	<u>\$ (28,055)</u>
<u>Nonoperating Revenues (Expenses)</u>		
Gain on Sale of Equipment	\$ 9,500	\$ 0
Interest on Internal Loan	(625)	0
Total Nonoperating Revenues (Expenses)	<u>\$ 8,875</u>	<u>\$ 0</u>
Change in Net Position	\$ 572,417	\$ (28,055)
Net Position, July 1, 2016	<u>(1,824,938)</u>	<u>78,012</u>
Net Position, June 30, 2017	<u><u>\$ (1,252,521)</u></u>	<u><u>\$ 49,957</u></u>

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, 2017

	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	\$ 1,747,211	\$ 0
Receipts from Recycled Materials	268,848	0
Receipts from Other State Revenues	19,217	0
Receipts for Self-Insurance Premiums	0	143,224
Payments to Employees and Board Members	(410,258)	0
Payments for Fringe Benefits	(188,946)	0
Payments to Suppliers	(403,041)	0
Payments to Others	(248,547)	0
Payments for Claims	0	(153,725)
Payments for Administrative Costs	0	(16,730)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 784,484</u>	<u>\$ (27,231)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition and Construction of Capital Assets	\$ (378,616)	\$ 0
Proceeds from Sale of Equipment	9,500	0
Proceeds from Internal Loan	100,000	0
Principal Paid on Internal Loan	(50,000)	0
Interest Paid on Internal Loan	(625)	0
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (319,741)</u>	<u>\$ 0</u>
Increase (Decrease) in Cash	\$ 464,743	\$ (27,231)
Cash, July 1, 2016	<u>739,416</u>	<u>81,643</u>
Cash, June 30, 2017	<u><u>\$ 1,204,159</u></u>	<u><u>\$ 54,412</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)	\$ 563,542	\$ (28,055)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	170,602	0
Changes in Deferred Outflows for Pensions	(31,700)	0
Changes in Deferred Inflows for Pensions	(13,163)	0
Landfill Closure/Postclosure Care Cost	18,660	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Net Pension Asset/Liability	27,245	0
(Increase) Decrease in Accounts Receivable	(22,239)	0
(Increase) Decrease in Due to Component Units	0	2,752
Increase (Decrease) in Allowance for Uncollectibles	2,500	0
(Increase) Decrease in Due from Other Funds	75,852	0
Increase (Decrease) in Operating Accounts Payable	(5,220)	0
Increase (Decrease) in Claims Payable	0	(1,928)
Increase (Decrease) in Accrued Payroll	1,182	0
Increase (Decrease) in Payroll Deductions Payable	6,415	0
Increase (Decrease) in Due to State of Tennessee	(8,158)	0
Increase (Decrease) in Compensated Absences	(1,034)	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ 784,484</u>	<u>\$ (27,231)</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>1,204,134</u>	<u>54,412</u>
Cash, June 30, 2017	<u>\$ 1,204,159</u>	<u>\$ 54,412</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, 2017

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,811,773
Equity in Pooled Cash and Investments	23,426
Accounts Receivable	69,252
Due from Other Governments	903,208
Property Taxes Receivable	1,228,065
Allowance for Uncollectible Property Taxes	<u>(40,218)</u>
Total Assets	<u>\$ 3,995,506</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,114,481
Due to Litigants, Heirs, and Others	<u>1,881,025</u>
Total Liabilities	<u>\$ 3,995,506</u>

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

JEFFERSON COUNTY, TENNESSEE

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JEFFERSON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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, 2017.

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.

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. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections 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 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.

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 acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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 changes in investment earnings, 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, pension changes in experience, 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 2016-17 year, 17 employees received this incentive. The financial statements of this report reflect expenditures of \$31,175 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.

As of June 30, 2017, Jefferson County had \$67,920,005 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 primarily of amounts assigned for encumbrances (\$130,407), phone system for Sheriff's Department (\$30,000), and support services (\$20,000). Assigned fund balance in the School Department's General Purpose School Fund consists primarily of amounts assigned for encumbrances (\$36,349) and textbooks (\$30,000).

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 Legacy Retirement Plan and the Public Employee Hybrid 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 Legacy Retirement Plan and the Public Employee Hybrid 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 Legacy Retirement Plan and the Public Employee Hybrid 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, 2017, Jefferson County reported the following significant encumbrance:

<u>Funds</u>	<u>Description</u>	<u>Amount</u>
Primary Government:		
Nonmajor Fund:		
General Capital Projects	Capital outlay	\$ 242,400

B. Net Position Deficit

The county's Solid Waste Disposal Fund had a deficit of \$1,252,521 in total net position and a deficit of \$3,404,247 in unrestricted net position at June 30, 2017. Further details related to liabilities recorded in this fund are disclosed in Note V.E. Landfill Closure/Postclosure Care Costs.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations in one major appropriation category (the legal level of control) of the following fund:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General Debt Service:	
Other Debt Service - General Government	\$ 2,717

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

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, 2017, Jefferson County had the following investment carried at amortized cost using a stable net asset value. 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.

<u>Investment</u>	<u>Weighted Average Maturities (days)</u>	<u>Amortized Cost</u>
State Treasurer's Investment Pool	3 to 80	\$ 1,231,100

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, 2017, 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, 2017, was as follows:

Primary Government

Governmental Activities:

	Balance				Balance
	7-1-16	Increases	Decreases		6-30-17
Capital Assets Not Depreciated:					
Land	\$ 1,647,216	\$ 0	\$ 0	\$	1,647,216
Construction in Progress	343,879	553,033	(896,912)		0
Total Capital Assets					
Not Depreciated	\$ 1,991,095	\$ 553,033	\$ (896,912)	\$	1,647,216
Capital Assets Depreciated:					
Buildings and Improvements	\$ 22,553,024	\$ 761,741	\$ 0	\$	23,314,765
Other Capital Assets	10,147,379	912,605	(810,727)		10,249,257
Infrastructure	117,027,927	366,970	(278,655)		117,116,242
Total Capital Assets					
Depreciated	\$ 149,728,330	\$ 2,041,316	\$ (1,089,382)	\$	150,680,264
Less Accumulated					
Depreciation For:					
Buildings and Improvements	\$ 5,974,641	\$ 635,699	\$ 0	\$	6,610,340
Other Capital Assets	7,327,772	706,158	(773,061)		7,260,869
Infrastructure	38,051,073	1,191,465	(13,421)		39,229,117
Total Accumulated					
Depreciation	\$ 51,353,486	\$ 2,533,322	\$ (786,482)	\$	53,100,326
Total Capital Assets					
Depreciated, Net	\$ 98,374,844	\$ (492,006)	\$ (302,900)	\$	97,579,938
Governmental Activities					
Capital Assets, Net	\$ 100,365,939	\$ 61,027	\$ (1,199,812)	\$	99,227,154

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

Governmental Activities:

General Government	\$	70,995
Finance		10,367
Administration of Justice		437,657
Public Safety		353,553
Public Health and Welfare		360,716
Agriculture and Natural Resources		2,772
Highways/Public Works		<u>1,297,262</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>2,533,322</u></u>

Business-type Activities:

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 510,430	\$ 0	\$ 0	\$ 510,430
Construction in Progress	212,938	119,088	0	332,026
Total Capital Assets Not Depreciated	<u>\$ 723,368</u>	<u>\$ 119,088</u>	<u>\$ 0</u>	<u>\$ 842,456</u>
Capital Assets Depreciated:				
Landfill Facilities and Development	\$ 458,228	\$ 0	\$ 0	\$ 458,228
Buildings and Improvements	367,166	0	0	367,166
Machinery and Equipment	3,582,975	259,528	(220,217)	3,622,286
Total Capital Assets Depreciated	<u>\$ 4,408,369</u>	<u>\$ 259,528</u>	<u>\$ (220,217)</u>	<u>\$ 4,447,680</u>
Less Accumulated Depreciation For:				
Landfill Facilities and Development	\$ 385,367	\$ 4,964	\$ 0	\$ 390,331
Buildings and Improvements	289,335	5,026	0	294,361
Machinery and Equipment	2,518,637	160,612	(220,217)	2,459,032
Total Accumulated Depreciation	<u>\$ 3,193,339</u>	<u>\$ 170,602</u>	<u>\$ (220,217)</u>	<u>\$ 3,143,724</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,215,030</u>	<u>\$ 88,926</u>	<u>\$ 0</u>	<u>\$ 1,303,956</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 1,938,398</u></u>	<u><u>\$ 208,014</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,146,412</u></u>

Depreciation expense totaling \$170,602 was charged to the Solid Waste Disposal Fund.

Discretely Presented Jefferson County School Department

Governmental Activities:

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 1,492,550	\$ 0	\$ 0	\$ 1,492,550
Construction in Progress	29,057,359	1,287,390	(29,170,166)	1,174,583
Total Capital Assets				
Not Depreciated	\$ 30,549,909	\$ 1,287,390	\$ (29,170,166)	\$ 2,667,133
Capital Assets Depreciated:				
Buildings and Improvements	\$ 64,225,913	\$ 29,191,691	\$ 0	\$ 93,417,604
Machinery and Equipment	2,829,616	30,455	(15,316)	2,844,755
Other Capital Assets	6,187,188	272,570	(164,184)	6,295,574
Total Capital Assets				
Depreciated	\$ 73,242,717	\$ 29,494,716	\$ (179,500)	\$ 102,557,933
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 26,856,241	\$ 2,050,516	\$ 0	\$ 28,906,757
Machinery and Equipment	1,932,315	178,522	(15,316)	2,095,521
Other Capital Assets	3,577,137	337,314	(146,184)	3,768,267
Total Accumulated Depreciation	\$ 32,365,693	\$ 2,566,352	\$ (161,500)	\$ 34,770,545
Total Capital Assets Depreciated, Net	\$ 40,877,024	\$ 26,928,364	\$ (18,000)	\$ 67,787,388
Governmental Activities Capital Assets, Net	\$ 71,426,933	\$ 28,215,754	\$ (29,188,166)	\$ 70,454,521

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

Governmental Activities:

Instruction	\$ 1,904,586
Support Services	545,016
Operation of Non-instructional Services	<u>116,750</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,566,352</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 1,569
General Debt Service	Solid Waste Disposal (enterprise)	50,000

The amount due to the General Service Fund from the Solid Waste Disposal Fund represents the balance of an interfund loan totaling \$100,000. The entire balance is expected to be repaid within one year.

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Unit:	
General Debt Service	School Department:	
	General Purpose School	\$ 21,000

The amount reflected as Due to Primary Government's General Debt Service Fund from the discretely presented School Department represents the balance of a capital outlay note with a term of three years for the purchase of a triple-wide trailer. The entire balance is expected to be repaid within one year.

The government-wide Statement of Net Position also reports \$6,660,000 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, 2017, consisted of the following amounts:

Primary Government:

Transfers Out	Transfers In	
	General	Purpose
	Debt Service	
	Fund	
General Fund	\$ 478,461	QSCB Interest Subsidy
Nonmajor governmental funds	70,000	Debt Payment on Jail
Total	\$ 548,461	

Discretely Presented Jefferson County School Department:

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
Nonmajor governmental funds	\$ 73,773	\$ 199,966
General Purpose School Fund	0	1,515,000
Total	\$ 73,773	\$ 1,714,966

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.

The General Purpose School Fund transferred \$1,515,000 to the Education Capital Projects Fund for the White Pine School renovations. The School Federal Projects Fund transferred \$73,773 to the General Purpose School Fund for the payment of indirect costs. The residual balances of three capital projects funds totaling \$199,966 were transferred into the Education Capital Projects Fund in order to close the funds that were no longer needed.

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, 2017. 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, 2017, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2017, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-17
General Obligation Bonds	2.54 to 2.9 %	6-1-36	\$ 26,685,000	\$ 25,185,000
General Obligation Refunding Bonds	1.45 to 3.41	6-1-37	18,950,000	16,935,000
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	7,765,000
Other Loans - Refunding	4 to 5	6-1-19	13,740,000	2,085,000
Other Loans - Qualified School Construction Bonds	0 (1)	8-1-27	10,595,000	6,738,518
Other Loans - Energy Efficient Schools Initiative	2.5	3-1-24	2,506,325	1,501,487

(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, 2017:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-17	Interest Type	Interest Rates as of 6-30-17	Other Fees on Variable Rate Debt
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Sevier County Public

Building Authority

Local Government Public

Improvement Bond -

Refunding (V-G-1)	\$ 13,740,000	\$ 2,085,000	Fixed	4 to 5 %	N/A
Total		<u>\$ 2,085,000</u>			

Blount County Public

Building Authority

Local Government Public

Improvement Bond -

Refunding (E-3-D)	13,305,000	\$ 7,765,000	Variable	1.34	.28%
Total		<u>\$ 7,765,000</u>			

Total		<u>\$ 9,850,000</u>			
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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, 2017, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2023-2027	9,440,000	8,587,192	18,027,192
2028-2032	9,795,000	7,528,574	17,323,574
2033-2037	12,755,000	6,069,038	18,824,038
2038-2040	12,950,000	1,734,095	14,684,095
Total	<u>\$ 58,120,000</u>	<u>\$ 34,374,064</u>	<u>\$ 92,494,064</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2018	\$ 3,392,895	\$ 752,769	\$ 29,798	\$ 4,175,462
2019	2,043,127	654,197	27,657	2,724,981
2020	1,733,491	620,711	25,377	2,379,579
2021	1,788,988	603,758	23,030	2,415,776
2022	1,844,628	585,990	20,545	2,451,163
2023-2027	7,224,553	2,678,673	63,056	9,966,282
2028	62,323	50,586	2,122	115,031
Total	\$ 18,090,005	\$ 5,946,684	\$ 191,585	\$ 24,228,274

There is \$7,535,668 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,131, based on the 2010 federal census. Total debt per capita, including bonds, other loans, and unamortized debt premiums, totaled \$1,490 based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2017, was as follows:

Governmental Activities:

	Bonds	Other Loans
Balance, July 1, 2016	\$ 59,360,000	\$ 21,352,800
Additions	0	0
Reductions	(1,240,000)	(3,262,795)
Balance, June 30, 2017	\$ 58,120,000	\$ 18,090,005
Balance Due Within One Year	\$ 1,155,000	\$ 3,392,895
	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2016	\$ 769,054	\$ 480,005
Additions	161,840	475,042
Reductions	(54,712)	(536,051)
Balance, June 30, 2017	\$ 876,182	\$ 418,996
Balance Due Within One Year	\$ 0	\$ 293,297

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 77,505,183
Less: Balance Due Within One Year	(4,841,192)
Add: Unamortized Premium on Debt	<u>402,165</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 73,066,156</u></u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General, Solid Waste/Sanitation, and Highway/Public Works funds.

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, 2017, was as follows:

Business-type Activities:

	Compensated Absences	Closure/ Postclosure Care Costs
Balance, July 1, 2016	\$ 13,287	\$ 4,695,041
Additions	14,960	37,170
Reductions	<u>(15,994)</u>	<u>(18,510)</u>
Balance, June 30, 2017	<u><u>\$ 12,253</u></u>	<u><u>\$ 4,713,701</u></u>
Balance Due Within One Year	<u><u>\$ 3,118</u></u>	<u><u>\$ 115,569</u></u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 4,725,954
Less: Balance Due Within One Year	<u>(118,687)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 4,607,267</u></u>
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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, 2017, was as follows:

Governmental Activities:

	Compensated Absences	Termination Benefits
Balance, July 1, 2016	\$ 697,028	\$ 95,092
Additions	123,247	161,475
Reductions	(156,714)	(113,033)
Balance, June 30, 2017	<u>\$ 663,561</u>	<u>\$ 143,534</u>
Balance Due Within One Year	<u>\$ 142,150</u>	<u>\$ 89,709</u>

	Net Pension Liability (Asset) Teacher Legacy Plan	Other Postemployment Benefits
Balance, July 1, 2016	\$ 268,896	\$ 11,013,409
Additions	10,818,115	2,132,342
Reductions	(6,866,515)	(991,621)
Balance, June 30, 2017	<u>\$ 4,220,496</u>	<u>\$ 12,154,130</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, 2017	\$ 17,181,721
Less: Balance Due Within One Year	<u>(231,859)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 16,949,862</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 \$61,260,005 at June 30, 2017. 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, 2017, were \$206,920 and \$55,763, 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 the current year, the county loaned \$100,000 of idle funds under Capital Outlay Note, Series 2016 from the General Debt Service Fund to the Solid Waste Disposal Fund to purchase equipment. The balance of \$50,000 due on the Capital Outlay Note, Series 2016 notes is reflected as Due from Other Funds in the General Debt Service Fund and as Due to Other Funds in the Solid Waste Disposal Fund.

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>					
Capital Outlay					
Note - Series 2016					
(Landfill)	\$ 100,000	0.75 %		8-25-16	10-17-17
				Paid and/or	
				Matured	
	Outstanding	Issued		During	Outstanding
	7-1-16	During		Period	6-30-17
		Period			
<u>Due to General Debt Service</u>					
<u>Fund from Solid Waste</u>					
<u>Disposal Fund</u>					
Capital Outlay					
Note - Series 2016					
(Landfill)	\$ 0	\$ 100,000	\$ (50,000)	\$ 50,000	
Total	\$ 0	\$ 100,000	\$ (50,000)	\$ 50,000	

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:

	Beginning of Fiscal Year Liability	Current-Year Claims and Estimates	Payments	Balance at Fiscal Year-end
<u>Primary Government</u>				
2015-2016	\$ 8,690	\$ 142,950	\$ 145,257	\$ 6,383
2016-2017	6,383	151,797	153,725	4,455
<u>Discretely Presented School Department</u>				
2015-2016	23,746	424,480	419,666	28,560
2016-2017	28,560	463,712	455,039	37,233

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, 2017, 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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, *Tax Abatement Disclosures*; Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units*; and Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*, became effective for the year ended June 30, 2017.

GASB Statement No. 74, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose external financial reports of state and local governmental OPEB plans. This statement

replaces GASB Statements No. 43 and No. 57. It also includes requirements for defined contribution OPEB plans that replace the requirements in Statements No. 25, No. 43, and No. 50. The scope of this statement includes OPEB plans, both defined benefit and defined contribution, administered through trusts meeting the necessary criteria as well as reporting assets accumulated through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 77, establishes reporting requirements for tax abatements. This standard requires the disclosure of information about the nature and magnitude of tax abatement agreements entered into by state and local governments that reduce the government's tax revenues.

GASB Statement No. 78, amends Statement No. 68 to exclude certain pensions provided to employees of state or local governments through a cost-sharing multiple-employer pension plans that are not state or local plans and meet specific other criteria. This statement establishes recognition, measurement, and reporting criteria for these plans.

GASB Statement No. 80, amends the blending requirements of paragraph 53 of Statement No. 14. This standard adds additional blending criterion, which requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 82 amends Statements No. 67, No. 68, and No. 73. This standard establishes covered payroll as the payroll on which contributions to a pension plan are based in the Required Supplementary Information. In addition, this standard clarifies that employer paid member contributions should be considered plan member contributions for purposes of applying Statement No. 67, and employee contributions for the purposes of applying Statement No. 68. This standard further states that an employer's expense and expenditures for employer paid member contributions should be recognized in the period for which the contribution is assessed and classified in the same manner that the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

D. 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.

E. 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 \$4,713,701 reported as landfill closure and postclosure care liability at June 30, 2017, represents the cumulative amount reported to date based on the use of 49 percent of the estimated capacity of the operating Patterson Landfill site (\$3,660,063) and postclosure care costs for the Highway 92 landfill site, which closed in 1993 (\$1,053,639). The amounts reported as closure/postclosure liability at June 30, 2017, are based on what it would cost to perform all closure and postclosure care costs in 2017. 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.

F. Joint Ventures

Primary Government

The county, along with Jefferson City, 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, 2017, 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

G. 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.F. 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.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Jefferson County and the discretely presented Jefferson County Nursing Home with membership in the TCRS prior to July 1, 2016, as well as non-certified employees of the discretely presented Jefferson County School Department with membership in TCRS prior to July 1, 2017, are provided a defined benefit pension plan through the Public Employee Legacy Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The Public Employee Legacy Pension Plan is closed to new membership. The primary government employees comprised 53.22 percent, the non-certified employees of the discretely presented School Department comprised 29.76 percent, and employees of the discretely presented Jefferson County Nursing Home comprised 17.02 percent of

the plan based on contribution data. Employees of Jefferson County and the discretely presented Jefferson County Nursing Home with membership in the TCRS after July 1, 2016, as well as non-certified employees of the discretely presented Jefferson County School Department with membership in TCRS after July 1, 2017, are provided with pensions through a legally separate plan, referred to as the Public Employee Hybrid 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 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.

Public Employee Legacy Pension Plan

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, 2016, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	427
Inactive Employees Entitled to But Not Yet Receiving Benefits	477
Active Employees	731
Total	<u><u>1,635</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 elected to make employer contributions at a rate higher than the minimum rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2017, the employer contribution for Jefferson County was \$2,726,824 based on a rate of 12.63 percent of covered payroll. The minimum rate established by the Board of Trustees was 8.6 percent. 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 contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Jefferson County's net pension liability (asset) was measured as of June 30, 2016, 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, 2016, 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	2.50%

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, 2016, 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 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 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, 2015	\$ 66,829,231	\$ 68,481,418	\$ (1,652,187)
Changes for the Year:			
Service Cost	\$ 1,695,967	\$ 0	\$ 1,695,967
Interest	5,033,759	0	5,033,759
Differences Between Expected and Actual Experience	(204,390)	0	(204,390)
Contributions-Employer	0	3,350,948	(3,350,948)
Contributions-Employees	0	92	(92)
Net Investment Income	0	1,824,088	(1,824,088)
Benefit Payments, Including Refunds of Employee Contributions	(2,816,811)	(2,816,811)	0
Administrative Expense	0	(54,813)	54,813
Other Changes	0	0	0
Net Changes	\$ 3,708,525	\$ 2,303,504	\$ 1,405,021
Balance, June 30, 2016	\$ 70,537,756	\$ 70,784,922	\$ (247,166)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	53.22%	\$ 37,540,194	\$ 37,671,735	\$ (131,541)
Nursing Home	17.02%	12,005,526	12,047,594	(42,068)
School Department	29.76%	20,992,036	21,065,593	(73,557)
Total		\$ 70,537,756	\$ 70,784,922	\$ (247,166)

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 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Jefferson County			
Net Pension Liability	\$ 9,007,549	\$ (247,166)	\$ (7,952,640)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2017, Jefferson County recognized pension expense of \$1,646,166.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, 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	\$ 59,442	\$ 963,107
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,374,010	0
Contributions Subsequent to the Measurement Date of June 30, 2016 (1)	2,726,824	N/A
Total	<u>\$ 5,160,276</u>	<u>\$ 963,107</u>

1. The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2016,” 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	\$ 2,708,971	\$ 512,566
Nursing Home	914,835	163,921
School Department	1,536,470	286,620
Total	<u>\$ 5,160,276</u>	<u>\$ 963,107</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
2018	\$ 15,803
2019	15,803
2020	1,039,066
2021	433,739
2022	(34,065)
Thereafter	0

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

Public Employee Hybrid Retirement Plan

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 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 in which the member's age and service credit total 80. 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. 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 employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Jefferson County makes 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 are required to be paid. The TCRS may intercept Jefferson County's state shared taxes if required employer contributions are not remitted. For the year ended June 30, 2017, the employer contribution for Jefferson County was \$33,940 based on a rate of four percent of covered payroll. The employer rate, when combined with 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.

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

Pension Liabilities. Since the measurement date is June 30, 2016, which is prior to the July 1, 2016, inception of the Public Employee Hybrid Retirement Plan, there is no pension liability to report at June 30, 2017.

Pension Expense. Since the measurement date is June 30, 2016, Jefferson County did not recognize any pension expense at June 30, 2017.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, Jefferson County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to the Measurement Date of June 30, 2016	\$ 33,940	\$ N/A
Total	<u>\$ 33,940</u>	<u>\$ 0</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 12,969	\$ N/A
Nursing Home	<u>20,971</u>	<u>N/A</u>
Total	<u>\$ 33,940</u>	<u>\$ 0</u>

The Jefferson County employer contributions of \$33,940, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as reduction (increase) to net pension liability (asset) in the following measurement period.

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 employees of the discretely presented Jefferson County Nursing Home are provided a defined benefit pension plan through the Public Employee Legacy Pension Plan, an agent multiple-employer pension

plan administered by the TCRS. The primary government employees comprised 53.22 percent, the non-certified employees of the discretely presented School Department comprised 29.76 percent, and employees of the Jefferson County Nursing Home comprised 17.02 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.

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, 2017, to the Teacher Retirement Plan were \$99,202, 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, 2017, the Jefferson County School Department reported an asset of \$39,248 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, 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, 2016, the Jefferson County School Department's proportion was .377012 percent. The revised proportion measured at June 30, 2015, was .491705 percent.

Pension Expense. For the year ended June 30, 2017, the Jefferson County School Department recognized pension expense of \$33,127.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, 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	\$ 3,803	\$ 4,525
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,426	0
Changes in proportion of Net Pension Liability (Asset)	3,217	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	99,202	N/A
Total	<u>\$ 112,648</u>	<u>\$ 4,525</u>

The Jefferson County School Department's employer contributions of \$99,202, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2018. 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
2018	\$ 1,857
2019	1,857
2020	1,857
2021	1,550
2022	174
Thereafter	1,627

Actuarial Assumptions. The total pension liability in the June 30, 2016, 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, 2016, 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	\$ 18,534	\$ (39,248)	\$ (81,822)

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.

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, 2017, to the Teacher Legacy Pension Plan were \$2,196,354, 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, 2017, the Jefferson County School Department reported a liability of \$4,220,496 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2016, 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, 2016, the Jefferson County School Department's proportion was .675339 percent. The proportion measured at June 30, 2015, was .656431 percent.

Pension Expense. For the year ended June 30, 2017, the Jefferson County School Department recognized pension expense of \$559,227.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, 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	\$ 177,613	\$ 5,109,622
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,712,241	0
Changes in Proportion on Net Pension Liability (Asset)	276,060	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	<u>2,196,354</u>	<u>N/A</u>
Total	<u>\$ 7,362,268</u>	<u>\$ 5,109,622</u>

The Jefferson County School Department's employer contributions of \$2,196,354 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2018. 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
2018	\$ (727,879)
2019	(727,879)
2020	1,532,579
2021	283,757
2022	(304,285)
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, 2016, 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, 2016, 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	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 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	\$ 23,175,467	\$ 4,220,496	\$ (11,480,948)
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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 optional 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 \$123,666 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

Employees of Jefferson County and employees of the discretely presented Jefferson County Nursing Home hired after July 1, 2016, are required to participate in a separate hybrid pension plan administered by TCRS. The employees are required to contribute five percent of their salaries to this Section 401(k) plan. As part of their employment package, Jefferson County pays the five percent of the employees' salaries. The Section 401(k) plan assets remain the property of the participating employees 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, Jefferson County contributed \$16,037 to the 401(k) portion of the hybrid agent pension plan on-behalf of the plan participants.

I. 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 <https://www.tn.gov/finance/fa/fa-accounting-financial/fa-accfin-cafr.html>.

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, 2017, Jefferson County contributed \$25,757 for postemployment health care, and the Jefferson County School Department recognized contributions totaling \$991,621 for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 2,134,000	\$ 133,000
Interest on the NOPEBO	413,003	28,840
Adjustment to the ARC	(414,661)	(28,955)
Annual OPEB cost	\$ 2,132,342	\$ 132,885
Amount of contribution	(991,621)	(25,757)
Increase/decrease in NOPEBO	\$ 1,140,721	\$ 107,128
Net OPEB obligation, 7-1-16	11,013,409	769,054
Net OPEB obligation, 6-30-17	<u>\$ 12,154,130</u>	<u>\$ 876,182</u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-15	Local Education Group	\$ 1,959,879	41	% \$ 9,773,855
6-30-16	"	2,061,528	40	11,013,409
6-30-17	"	2,132,342	47	12,154,130
6-30-15	Local Government Group	71,646	56	659,317
6-30-16	"	127,900	14	769,054
6-30-17	"	132,885	19	876,182

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 six percent in fiscal year 2017, and then be reduced by decrements to an ultimate rate of 4.645 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 35-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

J. Termination Benefits

The School Department offers an early retirement incentive program in accordance with contract provisions. 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. 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 2016-17 year, 32 employees participated in the program. The financial statements of this report reflect expenditures of \$113,033 in the General Purpose School Fund for the retirement incentive payments. A nondiscounted long-term liability of \$143,534 is reflected on the government-wide Statement of Net Position for retirement incentives. Of that amount, \$89,709 is due within one year.

K. 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.

L. 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.

M. Subsequent Events

On December 31, 2017, Dr. Charles Edmonds left the Office of Director of Schools and was succeeded by Interim Director of Schools, Sherry Finchum.

On October 27, 2017, Jefferson County issued \$8,725,000 in general obligation refunding bonds.

On December 21, 2017, the General Debt Service Fund issued a three-year interfund loan to the Solid Waste/Disposal Fund in the amount of \$710,200 for the purchase of equipment.

On May 22, 2017, Jefferson County raised the bid limit for the Office of Mayor, School Department, and Office of Road Superintendent from \$10,000 to \$25,000 effective July 1, 2017.

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.

The nursing home's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes authorize the nursing home to invest in bonds, notes, or treasury bills of the United States government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; and the State Treasurer's Investment Pool.

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 \$46,663, as of June 30, 2017, 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, 2017.

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 portion due to primary government approximate their fair value due to their relatively short maturities. Non-current due to primary government 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, 2017, 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 \$30,000 for the year ended June 30, 2017.

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

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to the pension, and pension expense, information about the fiduciary net position of the nursing home's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the nursing home'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 the TCRS. Investments are reported at fair value. See Note G. for further information related to the pension plan.

9. 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 nursing home has items that qualify for reporting in this category. They are for pension changes in experience and pension contributions after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The nursing home has no items that qualify for reporting in this category.

10. 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

11. 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.

12. 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, 2017, the nursing home had restricted component of net position – expendable of \$46,663, 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, 2017, 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. Adoption of 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 adopted this standard at the beginning of fiscal year 2017.

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

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, 2017.

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, 2017.

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.

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 \$506,580 during 2017.

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, 2017, the nursing home had net receivables from the federal government (Medicare) of approximately \$274,000 and from Medicaid of approximately \$383,000. Medicare comprised 24 percent and Medicaid comprised 49 percent of net patient service revenue for the year ended June 30, 2017.

D. Inventories

A summary of inventories as of June 30, 2017, was as follows:

Food	\$ 10,454
Medical Supplies	10,746
Housekeeping Supplies	3,175
Maintenance Supplies	<u>5,029</u>
Total	<u>\$ 29,404</u>

E. Property and Equipment

The net investment in capital assets as of June 30, 2017, is as follows:

Property and Equipment, Net	\$ 7,074,052
Current Portion of Long-term Debt	(255,000)
Long-term Debt, Excluding Current Portion	<u>(6,405,000)</u>
Total	<u>\$ 414,052</u>

The major classifications and changes in property and equipment as of and for the year ended June 30, 2017, are as follows:

	Balance			Balance
	7-1-16	Increases	Decreases	6-30-17
Land	\$ 7,181	\$ 0	\$ 0	\$ 7,181
Land Improvements	240,872	0	0	240,872
Building and Improvements	9,843,508	21,478	0	9,864,986
Machinery and Equipment	2,181,811	17,584	0	2,199,395
Transportation Equipment	100,166	0	0	100,166
Total	<u>\$ 12,373,538</u>	<u>\$ 39,062</u>	<u>\$ 0</u>	<u>\$ 12,412,600</u>
Less Allowance for Depreciation and Amortization:				
Land Improvements	\$ (111,129)	\$ (14,582)	\$ 0	\$ (125,711)
Buildings and Improvements	(3,281,681)	(225,426)	0	(3,507,107)
Machinery and Equipment	(1,492,912)	(112,652)	0	(1,605,564)
Transportation Equipment	(95,345)	(4,821)	0	(100,166)
Total	<u>\$ (4,981,067)</u>	<u>\$ (357,481)</u>	<u>\$ 0</u>	<u>\$ (5,338,548)</u>
Total	<u>\$ 7,392,471</u>	<u>\$ (318,419)</u>	<u>\$ 0</u>	<u>\$ 7,074,052</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, 2017, is as follows:

	Balance			Balance	Amounts
	7-1-16	Additions	Reductions	6-30-17	Due Within One Year
General Obligation					
Refunding Bonds - 2014	\$ 2,695,000	\$ 0	\$ (35,000)	\$ 2,660,000	\$ 240,000
General Obligation					
Refunding Bonds - 2016	4,215,000	0	(215,000)	4,000,000	15,000
Total	<u>\$ 6,910,000</u>	<u>\$ 0</u>	<u>\$ (250,000)</u>	<u>\$ 6,660,000</u>	<u>\$ 255,000</u>

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. The remaining \$105,700 was held in an escrow account in the name of the county and was reflected as an asset of the nursing home until it was expensed in 2016 as interest 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 \$2,660,000 as of June 30, 2017 after a \$35,000 payment of principal during the year ended June 30, 2017. 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, 2017, is as follows:

Fiscal Year Ending June 30	Series 2016 Principal	Series 2014 Principal	Estimated Interest	Total Payments
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	144,000	414,000
2022	20,000	260,000	139,000	419,000
2023-2027	100,000	1,410,000	596,000	2,106,000
2028-2032	1,785,000	0	401,000	2,186,000
2033-2037	2,035,000	0	170,000	2,205,000
Total	\$ 4,000,000	\$ 2,660,000	\$ 1,915,000	\$ 8,575,000

G. Pension Plan

1. Public Employee Retirement Plan

General information about the pension plan

Plan Description. Employees of the nursing home, as a component unit of Jefferson County, with membership in the TCRS before July 1, 2016, are provided a defined benefit pension plan through the Public Employee Legacy Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The Public Employee Legacy Pension Plan is closed to new membership. Employees of the nursing home with membership in the TCRS after July 1, 2016, are provided with pensions through a legally separate plan, referred to as the Public Employee Retirement Plan, and agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated* Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. Tennessee Code Annotated Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or after 30 years of service credit or pursuant to the rule of 90 where the member's age and service total 90. Members of the Public Employee Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's 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.

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. In addition, the component units of Jefferson County make employer contributions at the contribution rate set by the Board of Trustees as determined by actuarial valuation. Contributions were not made until after the effective date of July 1, 2016; therefore, no contributions were made during the measurement period. 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.

Pension liabilities (assets), pension expense, and deferred outflows of resources and deferred inflows of resources to pensions

Pension liabilities. The measurement date is June 30, 2016, which is prior to the onset of the Public Employee Retirement Plan. Consequently, there is no net pension liability at June 30, 2017.

Pension expense. Since the measurement date is June 30, 2016, the nursing home did not recognize any pension expense for the year ended June 30, 2017.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2017, the nursing home reported deferred outflows of resources related to pensions from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Subsequent to the Measurement Date of June 30, 2016(1)	\$ 20,971	N/A
Total	\$ 20,971	\$ 0

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2016,” will be recognized as a reduction to net pension liability in the year ending June 30, 2018.

2. Public Employee Legacy Pension Plan

General information about the pension plan

Plan description. Employees of the nursing home, as a component unit of Jefferson County, with membership in the TCRS before July 1, 2016, are provided a defined benefit pension plan through the Public Employee Legacy Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The Public Employee Legacy Pension Plan closed to new membership on June 30, 2016, but will continue to provide benefits to existing members and retirees. Beginning July 1, 2016, the Public Employee Pension Plan became effective for employees hired after July 1, 2016. The TCRS was created by state statute under *Tennessee Code Annotated* Title 8, Chapters 34-37. The

TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 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 are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic COLAs after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the 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. Under the Public Employee 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 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, 2017, employer contributions for the nursing home were \$500,661 based on a rate of 12.63% 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 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 Asset

At June 30, 2017, the nursing home reported an asset of \$46,663 for its proportionate share of the net pension asset. The net pension assets were measured as of June 30, 2016, and the total pension liability used to calculate the net pension assets was determined by an actuarial valuation as of the measurement dates. As of June 30, 2016, the nursing home's proportion of the net pension asset was based on the nursing home's active participants as of June 30, 2015, relative to the active participants 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 17.02 percent. As of June 30, 2017, 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, 2016. At the June 30, 2016, measurement date, the nursing home's proportion was 16.97 percent.

Actuarial Assumptions

The total pension asset as of June 30, 2016, 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, 2016, 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 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	.98	29
Short-term Securities	4.73	7
	0.00	<u>1</u>
Total		<u><u>100</u></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, 2016	\$ 11,398,801	\$ 11,678,731	\$ (279,930)
Changes for the Year:			
Service Cost	\$ 288,654	\$ 0	\$ 288,654
Interest	856,746	0	856,746
Differences Between Expected and Actual Experience	(34,787)	0	(34,787)
Contributions - Employer	0	500,661	(500,661)
Net Investment Income	0	310,460	(310,460)
Benefit Payments, Including Refunds of Employee Contributions	(479,421)	(479,421)	0
Administrative Expense	0	(9,329)	9,329
Variance in Beginning Balance		39,603	(39,603)
Other Changes	0	35,951	(35,951)
Net Changes	\$ 631,192	\$ 397,925	\$ 233,267
Balance, June 30, 2017	\$ 12,029,993	\$ 12,076,656	\$ (46,663)

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)	\$ 1,700,555	\$ (46,663)	\$ (1,501,396)

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

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

Pension Expense. For the year ended June 30, 2017, the nursing home recognized pension expense of \$367,858.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2017, 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	\$ 10,117	\$ 163,921
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	404,057	0
Nursing Home's Contributions Subsequent to the Measurement Date of June 30, 2016	500,661	0
Total	<u>\$ 914,835</u>	<u>\$ 163,921</u>

The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2016," 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
2018	\$ 2,690
2019	2,690
2020	176,849
2021	73,822
2022	(5,798)

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

Payable to the Pension Plan

The nursing home reported a payable of \$58,617 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2017.

H. Commitments and Contingencies

The nursing home leases various equipment under short-term operating lease agreements. Rent expense totaled \$4,955 in 2017.

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>2017</u>
Healthcare Services	\$ 9,816,453
General and Administrative	<u>2,213,830</u>
Total	<u><u>\$ 12,030,283</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

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

	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 1,554,834	\$ 1,614,607	\$ 1,695,967
Interest	4,567,501	4,844,096	5,033,759
Changes in Benefit Terms	0	0	0
Differences Between Actual and Expected Experience	118,884	(1,189,172)	(204,390)
Changes in Assumptions	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(2,398,853)	(2,827,268)	(2,816,811)
Net Change in Total Pension Liability	\$ 3,842,366	\$ 2,442,263	\$ 3,708,525
Total Pension Liability, Beginning	60,544,602	64,386,968	66,829,231
Total Pension Liability, Ending (a)	\$ 64,386,968	\$ 66,829,231	\$ 70,537,756
Plan Fiduciary Net Position			
Contributions - Employer	\$ 3,039,363	\$ 3,246,821	\$ 3,350,948
Contributions - Employee	0	0	92
Net Investment Income	9,346,723	2,041,119	1,824,088
Benefit Payments, Including Refunds of Employee Contributions	(2,398,853)	(2,827,268)	(2,816,811)
Administrative Expense	(28,821)	(37,241)	(54,813)
Net Change in Plan Fiduciary Net Position	\$ 9,958,412	\$ 2,423,431	\$ 2,303,504
Plan Fiduciary Net Position, Beginning	56,099,575	66,057,987	68,481,418
Plan Fiduciary Net Position, Ending (b)	\$ 66,057,987	\$ 68,481,418	\$ 70,784,922
Net Pension Liability (Asset), Ending (a - b)	\$ (1,671,019)	\$ (1,652,187)	\$ (247,166)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.60%	102.47%	100.35%
Covered Payroll	\$ 20,577,990	\$ 20,773,012	\$ 21,439,198
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(8.12%)	(7.95%)	(1.15%)

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.

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

	2014	2015	2016	2017
Actuarially Determined Contribution	\$ 3,039,363	\$ 3,246,821	\$ 3,350,948	\$ 1,856,267
Less Contributions in Relation to the Actuarially Determined Contribution	(3,039,363)	(3,246,821)	(3,350,948)	(2,726,824)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (870,557)
Covered Payroll	\$ 20,577,990	\$ 20,773,012	\$ 21,439,198	\$ 21,584,502
Contributions as a Percentage of Covered Payroll	14.77%	15.63%	15.63%	8.60%

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 Public Employee
Hybrid Retirement Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2017</u>
Contractually Required Contribution	\$ 33,940
Less Contributions in Relation to the Contractually Required Contribution	<u>(33,940)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>
Covered Payroll	\$ 848,500
Contributions as a Percentage of Covered Payroll	4.00%

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

Note: data presented includes employees of the primary government and the discretely presented Jefferson County Nursing Home hired after July 1, 2016.

Exhibit F-4

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	2017
Contractually Required Contribution	\$ 41,727	\$ 66,355	\$ 99,202
Less Contributions in Relation to the Contractually Required Contribution	(41,727)	(66,355)	(99,202)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 1,043,164	\$ 1,658,879	\$ 2,480,011
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%

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

Exhibit F-5

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	2017
Contractually Required Contribution	\$ 2,253,165	\$ 2,221,444	\$ 2,203,806	\$ 2,196,354
Less Contributions in Relation to the Contractually Required Contribution	(2,253,165)	(2,221,444)	(2,203,806)	(2,196,354)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 25,373,474	\$ 24,573,523	\$ 24,378,346	\$ 24,296,000
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%

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

Exhibit F-6

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>	<u>2017</u>
School Department's Proportion of the Net Pension Liability/Asset	0.502068%	0.377012%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (20,198)	\$ (39,248)
Covered Payroll	\$ 1,043,164	\$ 1,658,879
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%

* 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 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	2017
School Department's Proportion of the Net Pension Liability/Asset	0.646459%	0.656431%	0.675339%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (105,047)	\$ 268,896	\$ 4,220,496
Covered Payroll	\$ 25,373,475	\$ 24,573,523	\$ 24,378,346
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%

* 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-8

Jefferson County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Jefferson County School Department
June 30, 2017

(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, 2017

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2017 were calculated based on the July 1, 2015, 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	Varies by Year
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%

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

Nonmajor Governmental Funds

Special Revenue Funds

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.

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

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.

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, 2017

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 176,283	\$ 176,283
Equity in Pooled Cash and Investments	63,664	9,569	572,030	47,694	0	692,957
Accounts Receivable	0	0	0	0	419	419
Property Taxes Receivable	0	0	1,842,996	0	0	1,842,996
Allowance for Uncollectible Property Taxes	0	0	(70,425)	0	0	(70,425)
Total Assets	\$ 63,664	\$ 9,569	\$ 2,344,601	\$ 47,694	\$ 176,702	\$ 2,642,230
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 0	\$ 1,152	\$ 1,943	\$ 0	\$ 3,095
Accrued Payroll	0	0	10,006	0	0	10,006
Payroll Deductions Payable	0	0	6,720	0	0	6,720
Due to Other Funds	0	0	0	0	1,569	1,569
Due to State of Tennessee	0	0	1,050	0	0	1,050
Total Liabilities	\$ 0	\$ 0	\$ 18,928	\$ 1,943	\$ 1,569	\$ 22,440
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 1,720,590	\$ 0	\$ 0	\$ 1,720,590
Deferred Delinquent Property Taxes	0	0	45,463	0	0	45,463
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 1,766,053	\$ 0	\$ 0	\$ 1,766,053

(Continued)

Exhibit G-1

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

	Special Revenue Funds						
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	
<u>FUND BALANCES</u>							
Restricted:							
Restricted for General Government	\$ 63,664	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,664	
Restricted for Finance	0	0	0	0	175,133	175,133	
Restricted for Administration of Justice	0	9,569	0	0	0	9,569	
Restricted for Public Safety	0	0	0	45,751	0	45,751	
Restricted for Public Health and Welfare	0	0	525,915	0	0	525,915	
Restricted for Education	0	0	0	0	0	0	
Restricted for Capital Projects	0	0	0	0	0	0	
Committed:							
Committed for Public Health and Welfare	0	0	33,705	0	0	33,705	
Total Fund Balances	<u>\$ 63,664</u>	<u>\$ 9,569</u>	<u>\$ 559,620</u>	<u>\$ 45,751</u>	<u>\$ 175,133</u>	<u>\$ 853,737</u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 63,664	\$ 9,569	\$ 2,344,601	\$ 47,694	\$ 176,702	\$ 2,642,230	

(Continued)

Exhibit G-1

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

	Capital Projects Fund	Total Nonmajor Governmental Funds
	General Capital Projects	
<u>ASSETS</u>		
Cash	\$ 0	\$ 176,283
Equity in Pooled Cash and Investments	1,726,360	2,419,317
Accounts Receivable	0	419
Property Taxes Receivable	1,351,530	3,194,526
Allowance for Uncollectible Property Taxes	(51,645)	(122,070)
Total Assets	<u>\$ 3,026,245</u>	<u>\$ 5,668,475</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 3,095
Accrued Payroll	0	10,006
Payroll Deductions Payable	0	6,720
Due to Other Funds	0	1,569
Due to State of Tennessee	0	1,050
Total Liabilities	<u>\$ 0</u>	<u>\$ 22,440</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 1,261,766	\$ 2,982,356
Deferred Delinquent Property Taxes	33,339	78,802
Total Deferred Inflows of Resources	<u>\$ 1,295,105</u>	<u>\$ 3,061,158</u>

(Continued)

Exhibit G-1

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

	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>FUND BALANCES</u>		
Restricted:		
Restricted for General Government	\$ 0	\$ 63,664
Restricted for Finance	0	175,133
Restricted for Administration of Justice	0	9,569
Restricted for Public Safety	0	45,751
Restricted for Public Health and Welfare	0	525,915
Restricted for Education	1,000,000	1,000,000
Restricted for Capital Projects	731,140	731,140
Committed:		
Committed for Public Health and Welfare	0	33,705
Total Fund Balances	<u>\$ 1,731,140</u>	<u>\$ 2,584,877</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,026,245</u>	<u>\$ 5,668,475</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, 2017

	Special Revenue Funds						
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	
<u>Revenues</u>							
Local Taxes	\$ 58,100	\$ 14,303	\$ 1,807,776	\$ 0	\$ 0	\$ 1,880,179	
Fines, Forfeitures, and Penalties	0	0	0	22,099	0	22,099	
Charges for Current Services	0	0	0	0	691,064	691,064	
Other Local Revenues	0	0	0	195	5,053	5,248	
Federal Government	0	0	0	2,049	0	2,049	
Other Governments and Citizens Groups	0	0	0	0	0	0	
Total Revenues	\$ 58,100	\$ 14,303	\$ 1,807,776	\$ 24,343	\$ 696,117	\$ 2,600,639	
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 688,193	\$ 688,193	
Finance	573	142	0	0	0	715	
Public Safety	0	12,991	0	97,487	0	110,478	
Public Health and Welfare	0	0	1,793,237	0	0	1,793,237	
Capital Projects	0	0	0	0	0	0	
Total Expenditures	\$ 573	\$ 13,133	\$ 1,793,237	\$ 97,487	\$ 688,193	\$ 2,592,623	
Excess (Deficiency) of Revenues Over Expenditures	\$ 57,527	\$ 1,170	\$ 14,539	\$ (73,144)	\$ 7,924	\$ 8,016	
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (70,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (70,000)	
Total Other Financing Sources (Uses)	\$ (70,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (70,000)	

(Continued)

Exhibit G-2

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

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
Net Change in Fund Balances	\$ (12,473)	\$ 1,170	\$ 14,539	\$ (73,144)	\$ 7,924	\$ (61,984)
Fund Balance, July 1, 2016	76,137	8,399	545,081	118,895	167,209	915,721
Fund Balance, June 30, 2017	<u>\$ 63,664</u>	<u>\$ 9,569</u>	<u>\$ 559,620</u>	<u>\$ 45,751</u>	<u>\$ 175,133</u>	<u>\$ 853,737</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	\$ 1,259,340	\$ 0	\$ 1,259,340	\$ 3,139,519
Fines, Forfeitures, and Penalties	0	0	0	22,099
Charges for Current Services	0	0	0	691,064
Other Local Revenues	81,213	0	81,213	86,461
Federal Government	0	414,604	414,604	416,653
Other Governments and Citizens Groups	368,814	0	368,814	368,814
Total Revenues	<u>\$ 1,709,367</u>	<u>\$ 414,604</u>	<u>\$ 2,123,971</u>	<u>\$ 4,724,610</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 0	\$ 688,193
Finance	0	0	0	715
Public Safety	0	0	0	110,478
Public Health and Welfare	0	0	0	1,793,237
Capital Projects	461,929	414,604	876,533	876,533
Total Expenditures	<u>\$ 461,929</u>	<u>\$ 414,604</u>	<u>\$ 876,533</u>	<u>\$ 3,469,156</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,247,438</u>	<u>\$ 0</u>	<u>\$ 1,247,438</u>	<u>\$ 1,255,454</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ 0	\$ 0	\$ (70,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (70,000)</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	\$ 1,247,438	\$ 0	\$ 1,247,438	\$ 1,185,454
Fund Balance, July 1, 2016	483,702	0	483,702	1,399,423
Fund Balance, June 30, 2017	<u>\$ 1,731,140</u>	<u>\$ 0</u>	<u>\$ 1,731,140</u>	<u>\$ 2,584,877</u>

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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 58,100	\$ 45,000	\$ 45,000	\$ 13,100
Total Revenues	\$ 58,100	\$ 45,000	\$ 45,000	\$ 13,100
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 573	\$ 450	\$ 575	\$ 2
Total Expenditures	\$ 573	\$ 450	\$ 575	\$ 2
Excess (Deficiency) of Revenues Over Expenditures	\$ 57,527	\$ 44,550	\$ 44,425	\$ 13,102
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (70,000)	\$ (70,000)	\$ (70,000)	\$ 0
Total Other Financing Sources	\$ (70,000)	\$ (70,000)	\$ (70,000)	\$ 0
Net Change in Fund Balance	\$ (12,473)	\$ (25,450)	\$ (25,575)	\$ 13,102
Fund Balance, July 1, 2016	76,137	86,616	86,616	(10,479)
Fund Balance, June 30, 2017	\$ 63,664	\$ 61,166	\$ 61,041	\$ 2,623

Exhibit G-4

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Law Library Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 14,303	\$ 0	\$ 14,303	\$ 12,000	\$ 12,000	\$ 2,303
Total Revenues	\$ 14,303	\$ 0	\$ 14,303	\$ 12,000	\$ 12,000	\$ 2,303
<u>Expenditures</u>						
<u>Finance</u>						
Other Finance	\$ 142	\$ 0	\$ 142	\$ 125	\$ 142	\$ 0
<u>Public Safety</u>						
Jail	12,991	1,212	14,203	13,526	14,207	4
Total Expenditures	\$ 13,133	\$ 1,212	\$ 14,345	\$ 13,651	\$ 14,349	\$ 4
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,170	\$ (1,212)	\$ (42)	\$ (1,651)	\$ (2,349)	\$ 2,307
Net Change in Fund Balance	\$ 1,170	\$ (1,212)	\$ (42)	\$ (1,651)	\$ (2,349)	\$ 2,307
Fund Balance, July 1, 2016	8,399	0	8,399	6,420	6,420	1,979
Fund Balance, June 30, 2017	\$ 9,569	\$ (1,212)	\$ 8,357	\$ 4,769	\$ 4,071	\$ 4,286

Exhibit G-5

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,807,776	\$ 0	\$ 1,807,776	\$ 1,761,500	\$ 1,761,500	\$ 46,276
Total Revenues	\$ 1,807,776	\$ 0	\$ 1,807,776	\$ 1,761,500	\$ 1,761,500	\$ 46,276
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Waste Pickup	\$ 1,793,237	\$ 230	\$ 1,793,467	\$ 1,795,313	\$ 1,810,663	\$ 17,196
Total Expenditures	\$ 1,793,237	\$ 230	\$ 1,793,467	\$ 1,795,313	\$ 1,810,663	\$ 17,196
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,539	\$ (230)	\$ 14,309	\$ (33,813)	\$ (49,163)	\$ 63,472
Net Change in Fund Balance	\$ 14,539	\$ (230)	\$ 14,309	\$ (33,813)	\$ (49,163)	\$ 63,472
Fund Balance, July 1, 2016	545,081	0	545,081	429,057	429,057	116,024
Fund Balance, June 30, 2017	\$ 559,620	\$ (230)	\$ 559,390	\$ 395,244	\$ 379,894	\$ 179,496

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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 22,099	\$ 39,800	\$ 39,800	\$ (17,701)
Other Local Revenues	195	0	0	195
Federal Government	2,049	0	0	2,049
Total Revenues	<u>\$ 24,343</u>	<u>\$ 39,800</u>	<u>\$ 39,800</u>	<u>\$ (15,457)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 97,487	\$ 120,000	\$ 120,000	\$ 22,513
Total Expenditures	<u>\$ 97,487</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 22,513</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (73,144)</u>	<u>\$ (80,200)</u>	<u>\$ (80,200)</u>	<u>\$ 7,056</u>
Net Change in Fund Balance	\$ (73,144)	\$ (80,200)	\$ (80,200)	\$ 7,056
Fund Balance, July 1, 2016	118,895	188,736	188,736	(69,841)
Fund Balance, June 30, 2017	<u><u>\$ 45,751</u></u>	<u><u>\$ 108,536</u></u>	<u><u>\$ 108,536</u></u>	<u><u>\$ (62,785)</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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,259,340	\$ 0	\$ 0	\$ 1,259,340	\$ 1,285,700	\$ 1,285,700	\$ (26,360)
Other Local Revenues	81,213	0	0	81,213	0	81,186	27
Other Governments and Citizens Groups	368,814	0	0	368,814	0	368,814	0
Total Revenues	\$ 1,709,367	\$ 0	\$ 0	\$ 1,709,367	\$ 1,285,700	\$ 1,735,700	\$ (26,333)
<u>Expenditures</u>							
<u>Capital Projects</u>							
Other General Government Projects	\$ 461,929	\$ (278,106)	\$ 242,400	\$ 426,223	\$ 279,405	\$ 735,656	\$ 309,433
Education Capital Projects	0	0	0	0	1,007,313	1,033,253	1,033,253
Total Expenditures	\$ 461,929	\$ (278,106)	\$ 242,400	\$ 426,223	\$ 1,286,718	\$ 1,768,909	\$ 1,342,686
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,247,438	\$ 278,106	\$ (242,400)	\$ 1,283,144	\$ (1,018)	\$ (33,209)	\$ 1,316,353
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000	\$ 9,000	\$ (9,000)
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000	\$ 9,000	\$ (9,000)
Net Change in Fund Balance	\$ 1,247,438	\$ 278,106	\$ (242,400)	\$ 1,283,144	\$ 7,982	\$ (24,209)	\$ 1,307,353
Fund Balance, July 1, 2016	483,702	(278,106)	0	205,596	291,053	291,053	(85,457)
Fund Balance, June 30, 2017	\$ 1,731,140	\$ 0	\$ (242,400)	\$ 1,488,740	\$ 299,035	\$ 266,844	\$ 1,221,896

Major Governmental Fund

General Debt Service Fund

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

Exhibit 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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,529,926	\$ 6,214,094	\$ 6,214,094	\$ 315,832
Other Local Revenues	598,009	603,797	603,797	(5,788)
Federal Government	444,087	0	444,087	0
Total Revenues	<u>\$ 7,572,022</u>	<u>\$ 6,817,891</u>	<u>\$ 7,261,978</u>	<u>\$ 310,044</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,100,000	\$ 1,090,000	\$ 1,100,000	\$ 0
Education	3,402,795	3,404,376	3,404,376	1,581
<u>Interest on Debt</u>				
General Government	294,893	644,725	624,773	329,880
Education	2,800,815	2,353,943	2,801,458	643
<u>Other Debt Service</u>				
General Government	106,844	97,603	104,127	(2,717)
Total Expenditures	<u>\$ 7,705,347</u>	<u>\$ 7,590,647</u>	<u>\$ 8,034,734</u>	<u>\$ 329,387</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (133,325)</u>	<u>\$ (772,756)</u>	<u>\$ (772,756)</u>	<u>\$ 639,431</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 548,461	\$ 512,656	\$ 512,656	\$ 35,805
Total Other Financing Sources	<u>\$ 548,461</u>	<u>\$ 512,656</u>	<u>\$ 512,656</u>	<u>\$ 35,805</u>
Net Change in Fund Balance	\$ 415,136	\$ (260,100)	\$ (260,100)	\$ 675,236
Fund Balance, July 1, 2016	7,120,532	6,808,724	6,808,724	311,808
Fund Balance, June 30, 2017	<u>\$ 7,535,668</u>	<u>\$ 6,548,624</u>	<u>\$ 6,548,624</u>	<u>\$ 987,044</u>

Fiduciary Funds

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

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

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, 2017

	Agency Funds			
	Cities - Sales Tax	Cities - Property Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,811,773	\$ 1,811,773
Equity in Pooled Cash and Investments	0	23,426	0	23,426
Accounts Receivable	0	0	69,252	69,252
Due from Other Governments	903,208	0	0	903,208
Property Taxes Receivable	0	1,228,065	0	1,228,065
Allowance for Uncollectible Property Taxes	0	(40,218)	0	(40,218)
Total Assets	<u>\$ 903,208</u>	<u>\$ 1,211,273</u>	<u>\$ 1,881,025</u>	<u>\$ 3,995,506</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 903,208	\$ 1,211,273	\$ 0	\$ 2,114,481
Due to Litigants, Heirs, and Others	0	0	1,881,025	1,881,025
Total Liabilities	<u>\$ 903,208</u>	<u>\$ 1,211,273</u>	<u>\$ 1,881,025</u>	<u>\$ 3,995,506</u>

Exhibit I-2

Jefferson County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 5,233,378	\$ 5,233,378	\$ 0
Due from Other Governments	888,216	903,208	888,216	903,208
Total Assets	\$ 888,216	\$ 6,136,586	\$ 6,121,594	\$ 903,208
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 888,216	\$ 6,136,586	\$ 6,121,594	\$ 903,208
Total Liabilities	\$ 888,216	\$ 6,136,586	\$ 6,121,594	\$ 903,208
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 12,745	\$ 1,225,490	\$ 1,214,809	\$ 23,426
Property Taxes Receivable	1,253,260	1,228,065	1,253,260	1,228,065
Allowance for Uncollectible Property Taxes	(45,814)	(40,218)	(45,814)	(40,218)
Total Assets	\$ 1,220,191	\$ 2,413,337	\$ 2,422,255	\$ 1,211,273
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,220,191	\$ 2,413,337	\$ 2,422,255	\$ 1,211,273
Total Liabilities	\$ 1,220,191	\$ 2,413,337	\$ 2,422,255	\$ 1,211,273
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,915,411	\$ 12,458,116	\$ 12,561,754	\$ 1,811,773
Accounts Receivable	41,156	28,096	0	69,252
Total Assets	\$ 1,956,567	\$ 12,486,212	\$ 12,561,754	\$ 1,881,025
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,956,567	\$ 12,486,212	\$ 12,561,754	\$ 1,881,025
Total Liabilities	\$ 1,956,567	\$ 12,486,212	\$ 12,561,754	\$ 1,881,025

(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	\$ 1,915,411	\$ 12,458,116	\$ 12,561,754	\$ 1,811,773
Equity in Pooled Cash and Investments	12,745	6,458,868	6,448,187	23,426
Accounts Receivable	41,156	28,096	0	69,252
Due from Other Governments	888,216	903,208	888,216	903,208
Property Taxes Receivable	1,253,260	1,228,065	1,253,260	1,228,065
Allowance for Uncollectible Property Taxes	(45,814)	(40,218)	(45,814)	(40,218)
Total Assets	<u>\$ 4,064,974</u>	<u>\$ 21,036,135</u>	<u>\$ 21,105,603</u>	<u>\$ 3,995,506</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,108,407	\$ 8,549,923	\$ 8,543,849	\$ 2,114,481
Due to Litigants, Heirs, and Others	1,956,567	12,486,212	12,561,754	1,881,025
Total Liabilities	<u>\$ 4,064,974</u>	<u>\$ 21,036,135</u>	<u>\$ 21,105,603</u>	<u>\$ 3,995,506</u>

Jefferson County School Department

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, and an Internal Service Fund.

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 Other 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 Other 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 Other 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.

Exhibit J-1

Jefferson County, Tennessee
Statement of Activities
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2017

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	\$ 36,645,311	\$ 49,340	\$ 2,966,170	\$ 0	\$ (33,629,801)
Support Services	21,783,579	0	492,973	0	(21,290,606)
Operation of Non-instructional Services	4,690,547	1,129,610	3,579,908	0	18,971
Total Governmental Activities	<u>\$ 63,119,437</u>	<u>\$ 1,178,950</u>	<u>\$ 7,039,051</u>	<u>\$ 0</u>	<u>\$ (54,901,436)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 10,397,347
Local Option Sales Taxes					5,123,366
Mixed Drink Tax					33,365
Interstate Telecommunications Tax					6,595
Grants and Contributions Not Restricted for Specific Programs					38,873,939
Unrestricted Investment Income					4,829
Miscellaneous					29,259
Total General Revenues					<u>\$ 54,468,700</u>
Change in Net Position					\$ (432,736)
Net Position, July 1, 2016					<u>66,863,954</u>
Net Position, June 30, 2017					<u>\$ 66,431,218</u>

Exhibit J-2

Jefferson County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Jefferson County School Department
 June 30, 2017

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 6,402,027	\$ 3,140,056	\$ 9,542,083
Accounts Receivable	2,429	15,594	18,023
Due from Other Governments	1,273,587	970,668	2,244,255
Property Taxes Receivable	10,689,373	0	10,689,373
Allowance for Uncollectible Property Taxes	(408,467)	0	(408,467)
Total Assets	\$ 17,958,949	\$ 4,126,318	\$ 22,085,267
<u>LIABILITIES</u>			
Accounts Payable	\$ 148,534	\$ 6,971	\$ 155,505
Accrued Payroll	344,692	0	344,692
Payroll Deductions Payable	1,759,579	300,748	2,060,327
Contracts Payable	0	246,822	246,822
Due to Primary Government	21,000	0	21,000
Due to State of Tennessee	15,221	0	15,221
Total Liabilities	\$ 2,289,026	\$ 554,541	\$ 2,843,567
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 9,979,420	\$ 0	\$ 9,979,420
Deferred Delinquent Property Taxes	263,679	0	263,679
Other Deferred/Unavailable Revenue	561,906	0	561,906
Total Deferred Inflows of Resources	\$ 10,805,005	\$ 0	\$ 10,805,005
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 200,352	\$ 1,359,476	\$ 1,559,828
Restricted for Capital Projects	0	2,842	2,842
Committed:			
Committed for Education	243,471	750,000	993,471
Committed for Capital Projects	334,468	1,459,459	1,793,927
Assigned:			
Assigned for Education	66,525	0	66,525
Unassigned	4,020,102	0	4,020,102
Total Fund Balances	\$ 4,864,918	\$ 3,571,777	\$ 8,436,695
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,958,949	\$ 4,126,318	\$ 22,085,267

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, 2017

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)		\$	8,436,695
(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		1,174,583	
Add: buildings and improvements net of accumulated depreciation		64,510,847	
Add: machinery and equipment net of accumulated depreciation		749,234	
Add: other capital assets net of accumulated depreciation		<u>2,527,307</u>	70,454,521
(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.			172,714
(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	\$	(663,561)	
Less: termination benefits		(143,534)	
Less: other postemployment benefits liability		(12,154,130)	
Less: net pension liability - teacher legacy plan		<u>(4,220,496)</u>	(17,181,721)
(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	\$	9,011,386	
Less: deferred inflows of resources related to pensions		<u>(5,400,767)</u>	3,610,619
(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	\$	73,557	
Add: teacher retirement plan		<u>39,248</u>	112,805
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>825,585</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>66,431,218</u></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, 2017

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 15,681,449	\$ 0	\$ 15,681,449
Licenses and Permits	2,926	0	2,926
Charges for Current Services	255,825	923,125	1,178,950
Other Local Revenues	16,929	13,235	30,164
State of Tennessee	38,805,547	33,699	38,839,246
Federal Government	82,218	6,885,309	6,967,527
Other Governments and Citizens Groups	11,813	0	11,813
Total Revenues	<u>\$ 54,856,707</u>	<u>\$ 7,855,368</u>	<u>\$ 62,712,075</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 31,548,304	\$ 2,680,958	\$ 34,229,262
Support Services	20,660,900	1,304,468	21,965,368
Operation of Non-instructional Services	942,554	3,725,359	4,667,913
Capital Outlay	305,075	0	305,075
Capital Projects	0	1,823,242	1,823,242
Total Expenditures	<u>\$ 53,456,833</u>	<u>\$ 9,534,027</u>	<u>\$ 62,990,860</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,399,874</u>	<u>\$ (1,678,659)</u>	<u>\$ (278,785)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 25,279	\$ 1,985	\$ 27,264
Transfers In	73,773	1,714,966	1,788,739
Transfers Out	(1,515,000)	(273,739)	(1,788,739)
Total Other Financing Sources (Uses)	<u>\$ (1,415,948)</u>	<u>\$ 1,443,212</u>	<u>\$ 27,264</u>
Net Change in Fund Balances	\$ (16,074)	\$ (235,447)	\$ (251,521)
Fund Balance, July 1, 2016	<u>4,880,992</u>	<u>3,807,224</u>	<u>8,688,216</u>
Fund Balance, June 30, 2017	<u>\$ 4,864,918</u>	<u>\$ 3,571,777</u>	<u>\$ 8,436,695</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, 2017

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)		\$	(251,521)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,611,940	
Less: current-year depreciation expense		<u>(2,566,352)</u>	(954,412)
(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			(18,000)
(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, 2017	\$	825,585	
Less: deferred delinquent property taxes and other deferred June 30, 2016		<u>(850,959)</u>	(25,374)
(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	\$	33,467	
Change in termination benefits		(48,442)	
Change in other postemployment benefits liability		(1,140,721)	
Change in net pension asset - agent plan		(402,273)	
Change in net pension asset - teacher retirement plan		19,050	
Change in net pension asset - teacher legacy plan		(3,951,600)	
Change in deferred outflows related to pensions		5,368,758	
Change in deferred inflows related to pensions		<u>1,020,656</u>	898,895
(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>(82,324)</u>
Change in net position of governmental activities (Exhibit B)		\$	<u><u>(432,736)</u></u>

Exhibit J-6

Jefferson County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Jefferson County School Department
June 30, 2017

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 22,932	\$ 1,408,001	\$ 1,430,933	\$ 1,709,123	\$ 3,140,056
Accounts Receivable	0	15,594	15,594	0	15,594
Due from Other Governments	970,668	0	970,668	0	970,668
Total Assets	\$ 993,600	\$ 1,423,595	\$ 2,417,195	\$ 1,709,123	\$ 4,126,318
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 6,971	\$ 6,971	\$ 0	\$ 6,971
Payroll Deductions Payable	243,600	57,148	300,748	0	300,748
Contracts Payable	0	0	0	246,822	246,822
Total Liabilities	\$ 243,600	\$ 64,119	\$ 307,719	\$ 246,822	\$ 554,541
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 0	\$ 1,359,476	\$ 1,359,476	\$ 0	\$ 1,359,476
Restricted for Capital Projects	0	0	0	2,842	2,842
Committed:					
Committed for Education	750,000	0	750,000	0	750,000
Committed for Capital Projects	0	0	0	1,459,459	1,459,459
Total Fund Balances	\$ 750,000	\$ 1,359,476	\$ 2,109,476	\$ 1,462,301	\$ 3,571,777
Total Liabilities and Fund Balances	\$ 993,600	\$ 1,423,595	\$ 2,417,195	\$ 1,709,123	\$ 4,126,318

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, 2017

	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	\$ 923,125	\$ 923,125	\$ 0	\$ 0	\$ 0
Other Local Revenues	0	12,405	12,405	0	0	830
State of Tennessee	0	33,699	33,699	0	0	0
Federal Government	4,136,228	2,749,081	6,885,309	0	0	0
Total Revenues	<u>\$ 4,136,228</u>	<u>\$ 3,718,310</u>	<u>\$ 7,854,538</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 830</u>
<u>Expenditures</u>						
Current:						
Instruction	\$ 2,680,958	\$ 0	\$ 2,680,958	\$ 0	\$ 0	\$ 0
Support Services	1,304,468	0	1,304,468	0	0	0
Operation of Non-instructional Services	77,697	3,647,662	3,725,359	0	0	0
Capital Projects	0	0	0	1,146,108	0	677,134
Total Expenditures	<u>\$ 4,063,123</u>	<u>\$ 3,647,662</u>	<u>\$ 7,710,785</u>	<u>\$ 1,146,108</u>	<u>\$ 0</u>	<u>\$ 677,134</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 73,105</u>	<u>\$ 70,648</u>	<u>\$ 143,753</u>	<u>\$ (1,146,108)</u>	<u>\$ 0</u>	<u>\$ (676,304)</u>
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 1,985	\$ 1,985	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	1,714,966	0	0
Transfers Out	(73,773)	0	(73,773)	0	(116,762)	(49,108)
Total Other Financing Sources (Uses)	<u>\$ (73,773)</u>	<u>\$ 1,985</u>	<u>\$ (71,788)</u>	<u>\$ 1,714,966</u>	<u>\$ (116,762)</u>	<u>\$ (49,108)</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.)

	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)	\$ 72,633	\$ 71,965	\$ 568,858	\$ (116,762)	\$ (725,412)
Fund Balance, July 1, 2016	750,668	1,286,843	2,037,511	893,443	116,762	725,412
Fund Balance, June 30, 2017	\$ 750,000	\$ 1,359,476	\$ 2,109,476	\$ 1,462,301	\$ 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.)

	<u>Capital Projects Funds (Cont.)</u>		
	Other Capital Projects - Building 8	Total	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 0	\$ 923,125
Other Local Revenues	0	830	13,235
State of Tennessee	0	0	33,699
Federal Government	0	0	6,885,309
Total Revenues	<u>\$ 0</u>	<u>\$ 830</u>	<u>\$ 7,855,368</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 0	\$ 0	\$ 2,680,958
Support Services	0	0	1,304,468
Operation of Non-instructional Services	0	0	3,725,359
Capital Projects	0	1,823,242	1,823,242
Total Expenditures	<u>\$ 0</u>	<u>\$ 1,823,242</u>	<u>\$ 9,534,027</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ (1,822,412)</u>	<u>\$ (1,678,659)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 0	\$ 1,985
Transfers In	0	1,714,966	1,714,966
Transfers Out	(34,096)	(199,966)	(273,739)
Total Other Financing Sources (Uses)	<u>\$ (34,096)</u>	<u>\$ 1,515,000</u>	<u>\$ 1,443,212</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	\$ (34,096)	\$ (307,412)	\$ (235,447)
Fund Balance, July 1, 2016	34,096	1,769,713	3,807,224
Fund Balance, June 30, 2017	\$ 0	\$ 1,462,301	\$ 3,571,777

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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 15,681,449	\$ 0	\$ 0	\$ 15,681,449	\$ 15,235,800	\$ 15,235,800	\$ 445,649
Licenses and Permits	2,926	0	0	2,926	2,400	2,400	526
Charges for Current Services	255,825	0	0	255,825	221,849	221,849	33,976
Other Local Revenues	16,929	0	0	16,929	1,000	7,326	9,603
State of Tennessee	38,805,547	0	0	38,805,547	38,258,294	38,672,525	133,022
Federal Government	82,218	0	0	82,218	80,642	79,144	3,074
Other Governments and Citizens Groups	11,813	0	0	11,813	70,000	70,000	(58,187)
Total Revenues	\$ 54,856,707	\$ 0	\$ 0	\$ 54,856,707	\$ 53,869,985	\$ 54,289,044	\$ 567,663
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 26,419,467	\$ 0	\$ 0	\$ 26,419,467	\$ 26,944,648	\$ 27,046,043	\$ 626,576
Alternative Instruction Program	203,916	0	0	203,916	205,046	206,838	2,922
Special Education Program	3,309,189	0	0	3,309,189	3,357,950	3,352,125	42,936
Career and Technical Education Program	1,615,732	0	0	1,615,732	1,638,230	1,638,230	22,498
<u>Support Services</u>							
Attendance	146,013	0	0	146,013	148,560	148,560	2,547
Health Services	650,011	(140)	0	649,871	637,088	650,991	1,120
Other Student Support	1,701,129	(205)	22,159	1,723,083	1,859,251	1,744,136	21,053
Regular Instruction Program	1,910,870	0	0	1,910,870	1,941,214	1,969,074	58,204
Alternative Instruction Program	116,361	0	0	116,361	119,535	117,068	707
Special Education Program	456,087	0	0	456,087	514,910	487,730	31,643
Career and Technical Education Program	289,824	0	0	289,824	303,288	302,455	12,631
Technology	1,760,410	0	0	1,760,410	1,879,665	1,886,007	125,597
Other Programs	262,683	0	0	262,683	0	262,683	0
Board of Education	738,910	0	0	738,910	693,115	779,648	40,738
Director of Schools	312,129	0	0	312,129	320,590	327,374	15,245
Office of the Principal	3,331,627	0	0	3,331,627	3,407,561	3,384,940	53,313
Fiscal Services	405,209	0	0	405,209	461,137	461,137	55,928

(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 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Human Services/Personnel	\$ 132,239	\$ 0	\$ 0	\$ 132,239	\$ 138,046	\$ 135,223	\$ 2,984
Operation of Plant	4,477,977	(14,700)	6,300	4,469,577	4,530,500	4,548,263	78,686
Maintenance of Plant	1,472,506	0	7,890	1,480,396	1,532,026	1,536,941	56,545
Transportation	2,496,915	0	0	2,496,915	2,661,701	2,669,825	172,910
<u>Operation of Non-instructional Services</u>							
Community Services	190,049	0	0	190,049	181,849	192,358	2,309
Early Childhood Education	752,505	0	0	752,505	762,105	752,505	0
<u>Capital Outlay</u>							
Regular Capital Outlay	305,075	(283,152)	0	21,923	200,000	221,923	200,000
<u>Other Debt Service</u>							
Education	0	0	0	0	16,875	0	0
Total Expenditures	\$ 53,456,833	\$ (298,197)	\$ 36,349	\$ 53,194,985	\$ 54,454,890	\$ 54,822,077	\$ 1,627,092
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,399,874	\$ 298,197	\$ (36,349)	\$ 1,661,722	\$ (584,905)	\$ (533,033)	\$ 2,194,755
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 25,279	\$ 0	\$ 0	\$ 25,279	\$ 0	\$ 21,467	\$ 3,812
Transfers In	73,773	0	0	73,773	185,428	69,858	3,915
Transfers Out	(1,515,000)	0	0	(1,515,000)	0	(1,515,000)	0
Total Other Financing Sources	\$ (1,415,948)	\$ 0	\$ 0	\$ (1,415,948)	\$ 185,428	\$ (1,423,675)	\$ 7,727
Net Change in Fund Balance	\$ (16,074)	\$ 298,197	\$ (36,349)	\$ 245,774	\$ (399,477)	\$ (1,956,708)	\$ 2,202,482
Fund Balance, July 1, 2016	4,880,992	(298,197)	0	4,582,795	3,070,585	3,070,585	1,512,210
Fund Balance, June 30, 2017	\$ 4,864,918	\$ 0	\$ (36,349)	\$ 4,828,569	\$ 2,671,108	\$ 1,113,877	\$ 3,714,692

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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 0	\$ 0	\$ 288	\$ (288)
Federal Government	4,136,228	3,927,416	4,420,671	(284,443)
Total Revenues	<u>\$ 4,136,228</u>	<u>\$ 3,927,416</u>	<u>\$ 4,420,959</u>	<u>\$ (284,731)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,393,438	\$ 1,225,320	\$ 1,423,771	\$ 30,333
Special Education Program	1,193,649	1,200,353	1,323,711	130,062
Career and Technical Education Program	93,871	82,475	98,476	4,605
<u>Support Services</u>				
Health Services	272	0	3,082	2,810
Other Student Support	198,149	196,445	210,302	12,153
Regular Instruction Program	682,035	657,245	697,956	15,921
Special Education Program	345,599	353,010	421,922	76,323
Career and Technical Education Program	4,383	5,500	4,524	141
Transportation	74,030	74,255	76,863	2,833
<u>Operation of Non-instructional Services</u>				
Community Services	77,697	76,885	84,153	6,456
Total Expenditures	<u>\$ 4,063,123</u>	<u>\$ 3,871,488</u>	<u>\$ 4,344,760</u>	<u>\$ 281,637</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 73,105</u>	<u>\$ 55,928</u>	<u>\$ 76,199</u>	<u>\$ (3,094)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (73,773)	\$ (55,928)	\$ (76,865)	\$ 3,092
Total Other Financing Sources	<u>\$ (73,773)</u>	<u>\$ (55,928)</u>	<u>\$ (76,865)</u>	<u>\$ 3,092</u>
Net Change in Fund Balance	\$ (668)	\$ 0	\$ (666)	\$ (2)
Fund Balance, July 1, 2016	<u>750,668</u>	<u>750,000</u>	<u>750,000</u>	<u>668</u>
Fund Balance, June 30, 2017	<u><u>\$ 750,000</u></u>	<u><u>\$ 750,000</u></u>	<u><u>\$ 749,334</u></u>	<u><u>\$ 666</u></u>

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, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 923,125	\$ 940,000	\$ 940,000	\$ (16,875)
Other Local Revenues	12,405	1,300	8,876	3,529
State of Tennessee	33,699	35,000	35,000	(1,301)
Federal Government	2,749,081	2,782,716	2,782,716	(33,635)
Total Revenues	<u>\$ 3,718,310</u>	<u>\$ 3,759,016</u>	<u>\$ 3,766,592</u>	<u>\$ (48,282)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 3,647,662	\$ 4,466,578	\$ 4,476,139	\$ 828,477
Total Expenditures	<u>\$ 3,647,662</u>	<u>\$ 4,466,578</u>	<u>\$ 4,476,139</u>	<u>\$ 828,477</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 70,648</u>	<u>\$ (707,562)</u>	<u>\$ (709,547)</u>	<u>\$ 780,195</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,985	\$ 0	\$ 1,985	\$ 0
Total Other Financing Sources	<u>\$ 1,985</u>	<u>\$ 0</u>	<u>\$ 1,985</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 72,633	\$ (707,562)	\$ (707,562)	\$ 780,195
Fund Balance, July 1, 2016	1,286,843	1,283,439	1,283,439	3,404
Fund Balance, June 30, 2017	<u>\$ 1,359,476</u>	<u>\$ 575,877</u>	<u>\$ 575,877</u>	<u>\$ 783,599</u>

Exhibit J-11

Jefferson County, Tennessee
Statement of Net Position - Proprietary Fund
Discretely Presented Jefferson County School Department
June 30, 2017

		Governmental Activities - Internal Service Fund
		Employee Insurance - Dental and Vision Fund
	<u>ASSETS</u>	
Current Assets:		
Cash	\$	23,472
Equity in Pooled Cash and Investments		186,475
Total Assets	\$	<u>209,947</u>
	<u>LIABILITIES</u>	
Current Liabilities:		
Other Current Liabilities	\$	37,233
Total Liabilities	\$	<u>37,233</u>
	<u>NET POSITION</u>	
Unrestricted	\$	<u>172,714</u>
Total Net Position	\$	<u><u>172,714</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, 2017

	Governmental Activities - Internal Service Fund
	Employee Insurance - Dental and Vision Fund
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 411,832
Total Operating Revenues	<u>\$ 411,832</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 30,444
Other Self-Insured Claims	<u>463,712</u>
Total Operating Expenses	<u>\$ 494,156</u>
Operating Income (Loss)	<u>\$ (82,324)</u>
Change in Net Position	\$ (82,324)
Net Position, July 1, 2016	<u>255,038</u>
Net Position, June 30, 2017	<u><u>\$ 172,714</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, 2017

	Governmental Activities - Internal Service Fund
	Employee Insurance - Dental and Vision Fund
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 409,080
Payments for Claims	(455,039)
Payments for Administrative Costs	(30,444)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (76,403)</u>
Increase (Decrease) in Cash	\$ (76,403)
Cash, July 1, 2016	<u>286,350</u>
Cash, June 30, 2017	<u><u>\$ 209,947</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (82,324)
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	8,673
Increase (Decrease) in Due to Primary Government	<u>(2,752)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (76,403)</u></u>
<u>Reconciliation of Cash With Statement of Net Position</u>	
Cash Per Net Position	\$ 23,472
Equity in Pooled Cash and Investments Per Net Position	<u>186,475</u>
Cash, June 30, 2017	<u><u>\$ 209,947</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Jefferson County, Tennessee
Schedule of Changes in Long-term Other Loans and Bonds
For the Year Ended June 30, 2017

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-16	Paid and/or Matured During Period	Outstanding 6-30-17
<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	\$ 8,495,000	\$ 730,000	\$ 7,765,000
Local Government Public Improvement (V-G-1) - Refunding	13,740,000	4 to 5 %	12-10-08	6-1-19	3,755,000	1,670,000	2,085,000
Qualified School Construction Bonds	10,595,000	0 (1)	10-7-10	8-1-27	7,399,629	661,111	6,738,518
Energy Efficient Schools Initiative Loan, Series 2011	2,506,325	2.5	11-2-11	3-1-24	1,703,171	201,684	1,501,487
Total Payable through General Debt Service Fund					<u>\$ 21,352,800</u>	<u>\$ 3,262,795</u>	<u>\$ 18,090,005</u>
Total Other Loans Payable					<u>\$ 21,352,800</u>	<u>\$ 3,262,795</u>	<u>\$ 18,090,005</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
School Refunding Bonds - Series 2009	10,450,000	3.41	10-20-09	6-1-23	\$ 9,850,000	\$ 100,000	\$ 9,750,000
General Obligation Bonds - Series 2010- RZEDB	16,000,000	3.69	12-10-10	6-1-40	16,000,000	0	16,000,000
General Obligation Bonds - Series 2012	9,900,000	2.62	9-10-12	6-1-36	9,375,000	275,000	9,100,000
General Obligation Bonds - Series 2013	9,995,000	2.54	4-10-13	6-1-36	9,545,000	250,000	9,295,000
General Obligation Refunding Bonds - Series 2014	4,285,000	1.45	5-15-14	6-1-27	3,585,000	400,000	3,185,000
General Obligation Bonds - Series 2015	6,790,000	2.9	4-1-15	6-1-36	6,790,000	0	6,790,000
General Obligation Refunding Bonds - Series 2016	4,215,000	2.51	5-13-16	6-1-37	4,215,000	215,000	4,000,000
Total Payable through General Debt Service Fund					<u>\$ 59,360,000</u>	<u>\$ 1,240,000</u>	<u>\$ 58,120,000</u>
Total Bonds Payable					<u>\$ 59,360,000</u>	<u>\$ 1,240,000</u>	<u>\$ 58,120,000</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
2018	\$ 3,392,895	\$ 752,769	\$ 29,798	\$ 4,175,462
2019	2,043,127	654,197	27,657	2,724,981
2020	1,733,491	620,711	25,377	2,379,579
2021	1,788,988	603,758	23,030	2,415,776
2022	1,844,628	585,990	20,545	2,451,163
2023	1,900,400	567,421	17,922	2,485,743
2024	1,895,739	548,140	15,162	2,459,041
2025	1,766,112	532,137	12,265	2,310,514
2026	936,112	517,330	9,231	1,462,673
2027	726,190	513,645	8,476	1,248,311
2028	62,323	50,586	2,122	115,031
Total	\$ 18,090,005	\$ 5,946,684	\$ 191,585	\$ 24,228,274

(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
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	\$ 58,120,000	\$ 34,374,064	\$ 92,494,064

(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, 2017

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	QSCB Tax Rebate	\$ 478,461
Courthouse and Jail Maintenance Fund	"	Debt Service on Justice Center	<u>70,000</u>
Total Transfers Primary Government			<u>\$ 548,461</u>
<u>DISCRETELY PRESENTED JEFFERSON COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Education Capital Projects	Capital Expenditures	\$ 1,515,000
Other Capital Projects - RZEDB	"	"	116,762
Other Capital Projects - JCHS	"	"	49,108
Other Capital Projects - Building 8	"	"	34,096
School Federal Projects	General Purpose School	Indirect Costs	<u>73,773</u>
Total Transfers Discretely Presented Jefferson County School Department			<u>\$ 1,788,739</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, 2017

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 90,560	\$ 100,000	Hartford Fire Insurance Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	85,649	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>	77,863	2,465,195	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	78,613 (2)	50,000	"
Finance Director	County Commission	83,640	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	77,863	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	77,863	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	77,863 (3)	50,000	State Farm Fire and Casualty Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	77,863	100,000	Hartford Fire Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	86,249 (4)	100,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			400,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			400,000	"

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

(2) Includes a salary supplement of \$750 for training/certification incentive.

(3) Does not include special commissioner fees of \$2,925.

(4) Includes a law enforcement training supplement of \$600.

Exhibit K-5

Jefferson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2017

	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	\$ 8,890,207	\$ 0	\$ 0	\$ 1,684,772	\$ 0	\$ 0
Trustee's Collections - Prior Year	372,063	0	0	47,728	0	0
Trustee's Collections - Bankruptcy	556	0	0	97	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	325,429	0	0	56,109	0	0
Interest and Penalty	47,402	0	0	8,305	0	0
Pickup Taxes	15,125	0	0	2,833	0	0
Payments in-Lieu-of Taxes - Local Utilities	17,352	0	0	3,254	0	0
Payments in-Lieu-of Taxes - Other	2,228	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	829,244	0	0	0	0	0
Hotel/Motel Tax	359,264	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	120,995	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	14,303	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	148,196	58,100	0	0	0	0
Business Tax	453,888	0	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	24,948	0	0	4,678	0	0
Wholesale Beer Tax	172,347	0	0	0	0	0
Total Local Taxes	\$ 11,779,244	\$ 58,100	\$ 14,303	\$ 1,807,776	\$ 0	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 1,463	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	88,088	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	\$ 475	\$ 0	\$ 0	\$ 0	\$ 0	0
Building Permits	206,967	0	0	0	0	0
Other Permits	91,225	0	0	0	0	0
Total Licenses and Permits	\$ 388,218	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 22,044	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	15,929	0	0	0	0	0
Drug Control Fines	0	0	0	0	3,818	0
Drug Court Fees	4,526	0	0	0	0	0
Jail Fees	4,597	0	0	0	0	0
DUI Treatment Fines	1,411	0	0	0	0	0
Data Entry Fee - Circuit Court	3,339	0	0	0	0	0
Courtroom Security Fee	15	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	71,903	0	0	0	0	0
Fines for Littering	570	0	0	0	0	0
Officers Costs	81,025	0	0	0	0	0
Game and Fish Fines	1,955	0	0	0	0	0
Drug Control Fines	0	0	0	0	18,281	0
Drug Court Fees	19,489	0	0	0	0	0
Jail Fees	70,744	0	0	0	0	0
DUI Treatment Fines	16,874	0	0	0	0	0
Data Entry Fee - General Sessions Court	23,593	0	0	0	0	0
Courtroom Security Fee	2,147	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	\$ 5,992	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	7,141	0	0	0	0	0
Data Entry Fee - Juvenile Court	866	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	973	0	0	0	0	0
Data Entry Fee - Chancery Court	5,451	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Victims Assistance Assessments	46,899	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	18,525	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 426,008	\$ 0	\$ 0	\$ 0	22,099	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 3,499,285	\$ 0	\$ 0	\$ 0	\$ 0	0
Other General Service Charges	4,450	0	0	0	0	0
<u>Fees</u>						
Copy Fees	666	0	0	0	0	0
Library Fees	13,076	0	0	0	0	0
Telephone Commissions	84,531	0	0	0	0	0
Vending Machine Collections	230	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0
Data Processing Fee - Register	17,342	0	0	0	0	0
Data Processing Fee - Sheriff	9,406	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	\$ 9,750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - County Clerk	1,146	0	0	0	0	0
Subscription and Document Retrieval Fee - Circuit	12,010	0	0	0	0	0
Total Charges for Current Services	\$ 3,651,892	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 195	\$ 3,591
Lease/Rentals	7,800	0	0	0	0	752,000
Commissary Sales	34,778	0	0	0	0	0
Sale of Maps	67	0	0	0	0	0
E-Rate Funding	19,816	0	0	0	0	0
Miscellaneous Refunds	151,004	0	0	0	0	0
Expenditure Credits	3,383	0	0	0	0	0
<u>Nonrecurring Items</u>						
Contributions and Gifts	2,300	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	406,834	0	0	0	0	0
Total Other Local Revenues	\$ 625,982	\$ 0	\$ 0	\$ 0	\$ 195	\$ 755,591
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	702,000	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</u>						
Circuit Court Clerk	\$ 164,186	\$ 0	\$ 0	\$ 0	\$ 0	0
General Sessions Court Clerk	393,794	0	0	0	0	0
Clerk and Master	136,247	0	0	0	0	0
Juvenile Court Clerk	34,581	0	0	0	0	0
Register	238,890	0	0	0	0	0
Sheriff	25,200	0	0	0	0	0
Total Fees Received From County Officials	\$ 1,894,898	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 10,815	\$ 0	\$ 0	\$ 0	\$ 0	0
Aging Programs	23,659	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	24,600	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	112,551	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	42,379	0	0	0	0	0
<u>Other State Revenues</u>						
Vehicle Certificate of Title Fees	10,801	0	0	0	0	0
Emergency Hospital - Prisoners	12,888	0	0	0	0	0
Contracted Prisoner Boarding	1,419,726	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

(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>						
Registrar's Salary Supplement	\$ 15,164	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other State Grants	10,384	0	0	0	0	0
Other State Revenues	9,316	0	0	0	0	0
Total State of Tennessee	<u>\$ 1,692,283</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
Homeland Security Grants	39,150	0	0	0	0	0
Other Federal through State	111,564	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	2,049	0
Tax Credit Bond Rebate	478,461	0	0	0	0	0
Other Direct Federal Revenue	23,852	0	0	0	0	0
Total Federal Government	<u>\$ 653,027</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,049</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 397,711	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other</u>						
Other	950	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 398,661</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 21,510,213</u>	<u>\$ 58,100</u>	<u>\$ 14,303</u>	<u>\$ 1,807,776</u>	<u>\$ 24,343</u>	<u>\$ 755,591</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	\$ 2,246,366	\$ 2,471,000	\$ 1,235,505	\$ 0	\$ 16,527,850
Trustee's Collections - Prior Year	0	63,638	70,001	6,363	0	559,793
Trustee's Collections - Bankruptcy	0	130	142	23	0	948
Circuit Clerk/Clerk and Master Collections - Prior Years	0	74,811	82,299	7,481	0	546,129
Interest and Penalty	0	11,073	12,180	2,093	0	81,053
Pickup Taxes	0	3,778	4,148	2,059	0	27,943
Payments in-Lieu-of Taxes - Local Utilities	0	4,338	4,772	2,386	0	32,102
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	2,228
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	1,322,802	0	0	2,152,046
Hotel/Motel Tax	0	0	0	0	0	359,264
Wheel Tax	0	0	2,269,087	0	0	2,269,087
Litigation Tax - General	0	0	0	0	0	120,995
Litigation Tax - Special Purpose	0	0	0	0	0	14,303
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	206,296
Business Tax	0	0	0	0	0	453,888
Adequate Facilities/Development Tax	0	0	286,634	0	0	286,634
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	6,237	6,861	3,430	0	46,154
Wholesale Beer Tax	0	0	0	0	0	172,347
Total Local Taxes	\$ 0	\$ 2,410,371	\$ 6,529,926	\$ 1,259,340	\$ 0	\$ 23,859,060
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,463
Cable TV Franchise	0	0	0	0	0	88,088

(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>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	475
Building Permits	0	0	0	0	0	206,967
Other Permits	0	0	0	0	0	91,225
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	388,218
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	22,044
Officers Costs	0	0	0	0	0	15,929
Drug Control Fines	0	0	0	0	0	3,818
Drug Court Fees	0	0	0	0	0	4,526
Jail Fees	0	0	0	0	0	4,597
DUI Treatment Fines	0	0	0	0	0	1,411
Data Entry Fee - Circuit Court	0	0	0	0	0	3,339
Courtroom Security Fee	0	0	0	0	0	15
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	71,903
Fines for Littering	0	0	0	0	0	570
Officers Costs	0	0	0	0	0	81,025
Game and Fish Fines	0	0	0	0	0	1,955
Drug Control Fines	0	0	0	0	0	18,281
Drug Court Fees	0	0	0	0	0	19,489
Jail Fees	0	0	0	0	0	70,744
DUI Treatment Fines	0	0	0	0	0	16,874
Data Entry Fee - General Sessions Court	0	0	0	0	0	23,593
Courtroom Security Fee	0	0	0	0	0	2,147

(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	5,992
Officers Costs	0	0	0	0	0	7,141
Data Entry Fee - Juvenile Court	0	0	0	0	0	866
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	973
Data Entry Fee - Chancery Court	0	0	0	0	0	5,451
<u>Judicial District Drug Program</u>						
Victims Assistance Assessments	0	0	0	0	0	46,899
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	18,525
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	448,107
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,499,285
Other General Service Charges	0	90,252	0	0	0	94,702
<u>Fees</u>						
Copy Fees	0	0	0	0	0	666
Library Fees	0	0	0	0	0	13,076
Telephone Commissions	0	0	0	0	0	84,531
Vending Machine Collections	0	0	0	0	0	230
Constitutional Officers' Fees and Commissions	688,139	0	0	0	0	688,139
Special Commissioner Fees/Special Master Fees	2,925	0	0	0	0	2,925
Data Processing Fee - Register	0	0	0	0	0	17,342
Data Processing Fee - Sheriff	0	0	0	0	0	9,406

(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	\$ 9,750
Data Processing Fee - County Clerk	0	0	0	0	0	1,146
Subscription and Document Retrieval Fee - Circuit	0	0	0	0	0	12,010
Total Charges for Current Services	\$ 691,064	\$ 90,252	\$ 0	\$ 0	\$ 0	\$ 4,433,208
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 5,053	\$ 0	\$ 176,964	\$ 0	\$ 0	\$ 185,803
Lease/Rentals	0	0	0	0	0	759,800
Commissary Sales	0	0	0	0	0	34,778
Sale of Maps	0	0	0	0	0	67
E-Rate Funding	0	0	0	0	0	19,816
Miscellaneous Refunds	0	165	0	81,213	0	232,382
Expenditure Credits	0	0	0	0	0	3,383
<u>Nonrecurring Items</u>						
Contributions and Gifts	0	0	0	0	0	2,300
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	421,045	0	0	827,879
Total Other Local Revenues	\$ 5,053	\$ 165	\$ 598,009	\$ 81,213	\$ 0	\$ 2,066,208
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200,000
Trustee	0	0	0	0	0	702,000

(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>		
	<u>Constitu -</u>	<u>Highway /</u>	<u>Fund</u>	<u>General</u>	<u>Other</u>	
	<u>Officers -</u>	<u>Public</u>	<u>General</u>	<u>Capital</u>	<u>Capital</u>	
	<u>Fees</u>	<u>Works</u>	<u>Debt</u>	<u>Projects</u>	<u>Projects -</u>	
			<u>Service</u>		<u>CDBG</u>	<u>Total</u>
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	164,186
General Sessions Court Clerk	0	0	0	0	0	393,794
Clerk and Master	0	0	0	0	0	136,247
Juvenile Court Clerk	0	0	0	0	0	34,581
Register	0	0	0	0	0	238,890
Sheriff	0	0	0	0	0	25,200
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,894,898
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,815
Aging Programs	0	0	0	0	0	23,659
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	24,600
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	112,551
<u>Public Works Grants</u>						
State Aid Program	0	264,940	0	0	0	264,940
Litter Program	0	0	0	0	0	42,379
<u>Other State Revenues</u>						
Vehicle Certificate of Title Fees	0	0	0	0	0	10,801
Emergency Hospital - Prisoners	0	0	0	0	0	12,888
Contracted Prisoner Boarding	0	0	0	0	0	1,419,726
Gasoline and Motor Fuel Tax	0	1,800,599	0	0	0	1,800,599
Petroleum Special Tax	0	37,093	0	0	0	37,093

(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	
State of Tennessee (Cont.)						
Other State Revenues (Cont.)						
Registrar's Salary Supplement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,164
Other State Grants	0	0	0	0	0	10,384
Other State Revenues	0	0	0	0	0	9,316
Total State of Tennessee	\$ 0	\$ 2,102,632	\$ 0	\$ 0	\$ 0	\$ 3,794,915
Federal Government						
Federal Through State						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 414,604	\$ 414,604
Homeland Security Grants	0	0	0	0	0	39,150
Other Federal through State	0	0	0	0	0	111,564
Direct Federal Revenue						
Asset Forfeiture Funds	0	0	0	0	0	2,049
Tax Credit Bond Rebate	0	0	444,087	0	0	922,548
Other Direct Federal Revenue	0	0	0	0	0	23,852
Total Federal Government	\$ 0	\$ 0	\$ 444,087	\$ 0	\$ 414,604	\$ 1,513,767
Other Governments and Citizens Groups						
Other Governments						
Contributions	\$ 0	\$ 0	\$ 0	\$ 368,814	\$ 0	\$ 766,525
Other	0	0	0	0	0	950
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 368,814	\$ 0	\$ 767,475
Total	\$ 696,117	\$ 4,603,420	\$ 7,572,022	\$ 1,709,367	\$ 414,604	\$ 39,165,856

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, 2017

	General Purpose School	Special Revenue Funds School Federal Projects	Central Cafeteria	Capital Projects Fund Other Capital Projects - JCHS	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 9,771,687	\$ 0	\$ 0	\$ 0	\$ 9,771,687
Trustee's Collections - Prior Year	283,186	0	0	0	283,186
Trustee's Collections - Bankruptcy	574	0	0	0	574
Circuit Clerk/Clerk and Master Collections - Prior Years	332,911	0	0	0	332,911
Interest and Penalty	51,649	0	0	0	51,649
Pickup Taxes	18,126	0	0	0	18,126
Payments in-Lieu-of Taxes - T.V.A.	13,297	0	0	0	13,297
Payments in-Lieu-of Taxes - Local Utilities	18,870	0	0	0	18,870
<u>County Local Option Taxes</u>					
Local Option Sales Tax	5,123,366	0	0	0	5,123,366
Mixed Drink Tax	33,365	0	0	0	33,365
<u>Statutory Local Taxes</u>					
Bank Excise Tax	27,131	0	0	0	27,131
Interstate Telecommunications Tax	7,287	0	0	0	7,287
Total Local Taxes	\$ 15,681,449	\$ 0	\$ 0	\$ 0	\$ 15,681,449
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,926	\$ 0	\$ 0	\$ 0	\$ 2,926
Total Licenses and Permits	\$ 2,926	\$ 0	\$ 0	\$ 0	\$ 2,926
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 433,398	\$ 0	\$ 433,398

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Capital Projects Fund Other Capital Projects - JCHS	Total
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 40,602	\$ 0	\$ 40,602
Income from Breakfast	0	0	69,035	0	69,035
A la Carte Sales	0	0	372,603	0	372,603
Receipts from Individual Schools	49,340	0	0	0	49,340
Community Service Fees - Children	206,485	0	0	0	206,485
Other Charges for Services	0	0	7,487	0	7,487
Total Charges for Current Services	\$ 255,825	\$ 0	\$ 923,125	\$ 0	\$ 1,178,950
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 4,829	\$ 0	\$ 4,829
Sale of Recycled Materials	2,452	0	0	0	2,452
Miscellaneous Refunds	12,650	0	0	830	13,480
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	1,514	0	0	0	1,514
Contributions and Gifts	0	0	7,576	0	7,576
<u>Other Local Revenues</u>					
Other Local Revenues	313	0	0	0	313
Total Other Local Revenues	\$ 16,929	\$ 0	\$ 12,405	\$ 830	\$ 30,164
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 262,683	\$ 0	\$ 0	\$ 0	\$ 262,683

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds School Federal Projects	Central Cafeteria	Capital Projects Fund Other Capital Projects - JCHS	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 35,649,587	\$ 0	\$ 0	\$ 0	\$ 35,649,587
Early Childhood Education	772,944	0	0	0	772,944
School Food Service	0	0	33,699	0	33,699
Other State Education Funds	474,612	0	0	0	474,612
Coordinated School Health	110,000	0	0	0	110,000
Family Resource Centers	89,044	0	0	0	89,044
Career Ladder Program	152,779	0	0	0	152,779
<u>Other State Revenues</u>					
Income Tax	156,178	0	0	0	156,178
Beer Tax	18,415	0	0	0	18,415
Alcoholic Beverage Tax	84,423	0	0	0	84,423
State Revenue Sharing - T.V.A.	1,000,580	0	0	0	1,000,580
Other State Grants	2,846	0	0	0	2,846
Safe Schools	31,246	0	0	0	31,246
Other State Revenues	210	0	0	0	210
Total State of Tennessee	\$ 38,805,547	\$ 0	\$ 33,699	\$ 0	\$ 38,839,246
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,816,847	\$ 0	\$ 1,816,847
USDA - Commodities	0	0	295,894	0	295,894
Breakfast	0	0	633,142	0	633,142
USDA - Other	0	0	3,198	0	3,198
Vocational Education - Basic Grants to States	0	130,519	0	0	130,519

(Continued)

Exhibit K-6

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

	General Purpose School	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u> Other Capital Projects - JCHS	Total
		School Federal Projects	Central Cafeteria		
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Title I Grants to Local Education Agencies	\$ 0	\$ 1,858,539	\$ 0	\$ 0	\$ 1,858,539
Special Education - Grants to States	20,619	1,525,315	0	0	1,545,934
Special Education Preschool Grants	0	104,793	0	0	104,793
English Language Acquisition Grants	0	27,787	0	0	27,787
Eisenhower Professional Development State Grants	0	214,708	0	0	214,708
Other Federal through State	0	274,567	0	0	274,567
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	61,599	0	0	0	61,599
Total Federal Government	<u>\$ 82,218</u>	<u>\$ 4,136,228</u>	<u>\$ 2,749,081</u>	<u>\$ 0</u>	<u>\$ 6,967,527</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other</u>					
Other	\$ 11,813	\$ 0	\$ 0	\$ 0	\$ 11,813
Total Other Governments and Citizens Groups	<u>\$ 11,813</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,813</u>
Total	<u>\$ 54,856,707</u>	<u>\$ 4,136,228</u>	<u>\$ 3,718,310</u>	<u>\$ 830</u>	<u>\$ 62,712,075</u>

Exhibit K-7

Jefferson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2017

General FundGeneral GovernmentCounty Commission

Medical Personnel	\$	23,950	
Clerical Personnel		26,710	
Board and Committee Members Fees		88,725	
Social Security		7,157	
Pensions		3,374	
Life Insurance		48	
Unemployment Compensation		117	
Employer Medicare		1,674	
Advertising		7,614	
Audit Services		18,507	
Dues and Memberships		6,679	
Legal Services		23,900	
Other Contracted Services		57,811	
Office Supplies		681	
Office Equipment		311	
Total County Commission			\$ 267,258

Board of Equalization

Board and Committee Members Fees	\$	700	
Total Board of Equalization			700

County Mayor/Executive

County Official/Administrative Officer	\$	90,560	
Longevity Pay		1,400	
Other Salaries and Wages		67,842	
Social Security		9,586	
Pensions		20,183	
Life Insurance		157	
Medical Insurance		26,147	
Dental Insurance		502	
Unemployment Compensation		160	
Employer Medicare		2,242	
Advertising		85	
Communication		1,330	
Dues and Memberships		64	
Legal Services		3,525	
Gasoline		801	
Office Supplies		1,381	
Other Charges		1,498	
Motor Vehicles		16,231	
Total County Mayor/Executive			243,694

Election Commission

Supervisor/Director	\$	70,076	
Clerical Personnel		60,235	
Part-time Personnel		14,722	
Longevity Pay		1,300	

(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	\$	9,395	
Election Workers		49,935	
Social Security		9,140	
Pensions		16,622	
Life Insurance		220	
Medical Insurance		31,623	
Dental Insurance		502	
Unemployment Compensation		315	
Employer Medicare		2,138	
Advertising		4,965	
Communication		3,121	
Data Processing Services		9,100	
Dues and Memberships		4,183	
Maintenance Agreements		20,990	
Postal Charges		3,447	
Printing, Stationery, and Forms		1,268	
Travel		9,912	
Other Contracted Services		311	
Data Processing Supplies		180	
Office Supplies		3,328	
Other Charges		160	
Data Processing Equipment		9,054	
Total Election Commission			\$ 336,242

Register of Deeds

County Official/Administrative Officer	\$	77,863	
Clerical Personnel		108,475	
Part-time Personnel		19,262	
Longevity Pay		2,000	
Social Security		12,725	
Pensions		22,213	
Life Insurance		274	
Medical Insurance		27,874	
Dental Insurance		632	
Unemployment Compensation		415	
Employer Medicare		2,976	
Data Processing Services		15,194	
Dues and Memberships		920	
Maintenance Agreements		1,730	
Travel		2,076	
Data Processing Supplies		2,589	
Office Supplies		1,791	
Other Charges		183	
Total Register of Deeds			299,192

Codes Compliance

Supervisor/Director	\$	48,574	
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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	\$	28,689	
Longevity Pay		2,500	
Social Security		4,896	
Pensions		10,074	
Life Insurance		146	
Medical Insurance		15,116	
Dental Insurance		335	
Unemployment Compensation		160	
Employer Medicare		1,145	
Communication		1,002	
Gasoline		1,610	
Office Supplies		109	
Other Charges		50	
Total Codes Compliance			\$ 114,406

County Buildings

Supervisor/Director	\$	42,791	
Custodial Personnel		70,685	
Maintenance Personnel		91,463	
Longevity Pay		4,800	
Social Security		12,764	
Pensions		26,490	
Life Insurance		461	
Medical Insurance		54,170	
Dental Insurance		1,005	
Unemployment Compensation		560	
Employer Medicare		2,985	
Communication		20,148	
Maintenance Agreements		101,522	
Maintenance and Repair Services - Buildings		189,155	
Pest Control		5,980	
Postal Charges		49,403	
Rentals		60,506	
Other Contracted Services		11,470	
Custodial Supplies		9,652	
Diesel Fuel		648	
Electricity		116,003	
Gasoline		5,048	
Natural Gas		30,917	
Office Supplies		2,133	
Uniforms		5,113	
Water and Sewer		24,763	
Building and Contents Insurance		48,979	
Vehicle and Equipment Insurance		3,260	
Other Charges		12,083	
Office Equipment		1,193	
Total County Buildings			1,006,150

(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	\$	41,578	
Mechanic(s)		63,948	
Longevity Pay		2,900	
Overtime Pay		1,092	
In-service Training		188	
Social Security		6,551	
Pensions		13,832	
Life Insurance		220	
Medical Insurance		25,973	
Dental Insurance		335	
Unemployment Compensation		240	
Employer Medicare		1,532	
Communication		2,192	
Maintenance and Repair Services - Equipment		712	
Other Contracted Services		1,728	
Gasoline		4,020	
Office Supplies		1,175	
Tires and Tubes		41,628	
Uniforms		3,402	
Vehicle Parts		142,678	
Other Charges		748	
Office Equipment		557	
Other Equipment		7,558	
Total Other Facilities			\$ 364,787

Preservation of Records

Maintenance and Repair Services - Office Equipment	\$	2,779	
Office Supplies		3,810	
Other Supplies and Materials		809	
Data Processing Equipment		2,002	
Total Preservation of Records			9,400

FinanceAccounting and Budgeting

Assistant(s)	\$	43,911	
Supervisor/Director		83,640	
Deputy(ies)		49,875	
Longevity Pay		8,100	
Other Salaries and Wages		268,749	
In-service Training		140	
Social Security		26,711	
Pensions		55,722	
Life Insurance		774	
Medical Insurance		96,241	
Dental Insurance		1,830	
Unemployment Compensation		960	
Employer Medicare		6,247	

(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	\$	2,684	
Dues and Memberships		70	
Maintenance Agreements		17,822	
Travel		249	
Other Contracted Services		6,481	
Data Processing Supplies		5,818	
Office Supplies		3,616	
Other Charges		502	
Data Processing Equipment		1,244	
Office Equipment		632	
Total Accounting and Budgeting			\$ 682,018

Property Assessor's Office

County Official/Administrative Officer	\$	78,613	
Assessment Personnel		220,582	
Part-time Personnel		12,372	
Longevity Pay		4,500	
Social Security		18,957	
Pensions		37,252	
Life Insurance		510	
Medical Insurance		54,412	
Dental Insurance		838	
Unemployment Compensation		600	
Employer Medicare		4,433	
Audit Services		11,588	
Communication		192	
Data Processing Services		24,199	
Maintenance Agreements		3,908	
Postal Charges		97	
Travel		792	
Gasoline		1,830	
Office Supplies		921	
Other Supplies and Materials		1,131	
Other Charges		380	
Data Processing Equipment		218	
Furniture and Fixtures		5,256	
Total Property Assessor's Office			483,581

County Trustee's Office

Life Insurance	\$	191	
Medical Insurance		28,297	
Dental Insurance		502	
Unemployment Compensation		292	
Communication		1,718	
Data Processing Services		9,482	
Legal Notices, Recording, and Court Costs		345	
Maintenance Agreements		16,656	

(Continued)

Exhibit K-7

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

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

Travel	\$	2,017	
Gasoline		22	
Office Supplies		2,294	
Other Charges		52	
Data Processing Equipment		932	
Total County Trustee's Office			\$ 62,800

County Clerk's Office

Life Insurance	\$	608	
Medical Insurance		71,016	
Dental Insurance		1,508	
Unemployment Compensation		769	
Communication		2,450	
Dues and Memberships		750	
Maintenance Agreements		15,132	
Travel		1,815	
Office Supplies		10,454	
Other Charges		238	
Data Processing Equipment		16,535	
Total County Clerk's Office			121,275

Data Processing

Supervisor/Director	\$	55,547	
Longevity Pay		700	
Social Security		3,519	
Pensions		7,104	
Life Insurance		73	
Medical Insurance		7,558	
Dental Insurance		168	
Unemployment Compensation		80	
Employer Medicare		823	
Communication		1,013	
Other Contracted Services		42,668	
Gasoline		579	
Office Supplies		861	
Other Supplies and Materials		723	
Other Charges		1,724	
Data Processing Equipment		1,656	
Other Equipment		3,166	
Total Data Processing			127,962

Other Finance

Legal Notices, Recording, and Court Costs	\$	455	
Liability Insurance		99,774	
Premiums on Corporate Surety Bonds		2,340	
Trustee's Commission		257,795	
Workers' Compensation Insurance		24,087	
Tax Relief Program		155,488	
Total Other Finance			539,939

(Continued)

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	77,863	
Clerical Personnel		324,375	
Part-time Personnel		6,625	
Longevity Pay		11,400	
Overtime Pay		750	
Jury and Witness Expense		6,536	
Social Security		24,909	
Pensions		52,231	
Life Insurance		775	
Medical Insurance		85,291	
Dental Insurance		1,768	
Unemployment Compensation		787	
Employer Medicare		5,826	
Communication		2,735	
Legal Notices, Recording, and Court Costs		51	
Maintenance Agreements		30,294	
Postal Charges		2,667	
Internet Connectivity		3,910	
Travel		725	
Maintenance and Repair Services - Records		7,191	
Other Contracted Services		56,016	
Library Books/Media		30	
Office Supplies		8,963	
Other Charges		510	
Data Processing Equipment		1,768	
Office Equipment		102	
Total Circuit Court			\$ 714,098

General Sessions Court

County Official/Administrative Officer	\$	161,493	
Secretary(ies)		37,260	
Longevity Pay		1,500	
Other Per Diem and Fees		20,261	
Social Security		9,720	
Pensions		25,292	
Life Insurance		146	
Medical Insurance		16,102	
Dental Insurance		335	
Unemployment Compensation		80	
Employer Medicare		2,887	
Dues and Memberships		725	
Maintenance Agreements		851	
Postal Charges		86	
Travel		2,621	
Library Books/Media		1,682	
Office Supplies		1,331	
Other Charges		958	
Total General Sessions Court			283,330

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court

Contracts with Government Agencies	\$	41,921	
Total Drug Court			\$ 41,921

Chancery Court

County Official/Administrative Officer	\$	77,863	
Assistant(s)		37,691	
Deputy(ies)		35,980	
Longevity Pay		3,000	
Social Security		9,246	
Pensions		19,518	
Life Insurance		157	
Medical Insurance		22,325	
Dental Insurance		502	
Unemployment Compensation		241	
Employer Medicare		2,162	
Communication		268	
Dues and Memberships		300	
Maintenance Agreements		8,260	
Travel		51	
Office Supplies		1,312	
Total Chancery Court			218,876

Juvenile Court

Youth Service Officer(s)	\$	110,233	
Attendants		38,153	
Longevity Pay		5,400	
In-service Training		600	
Social Security		9,060	
Pensions		19,423	
Life Insurance		293	
Medical Insurance		31,363	
Dental Insurance		502	
Unemployment Compensation		320	
Employer Medicare		2,119	
Communication		2,350	
Contracts with Government Agencies		11,570	
Data Processing Services		6,914	
Dues and Memberships		120	
Maintenance Agreements		4,307	
Postal Charges		86	
Travel		3,075	
Drug Treatment		361	
Other Contracted Services		215	
Gasoline		850	
Law Enforcement Supplies		196	
Office Supplies		3,974	
Uniforms		184	

(Continued)

Exhibit K-7

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

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

Other Supplies and Materials	\$	6,004	
Other Charges		81	
Total Juvenile Court			\$ 257,753

Other Administration of Justice

Other Charges	\$	424	
Total Other Administration of Justice			424

Victim Assistance Programs

Other Salaries and Wages	\$	16,303	
Social Security		1,009	
Pensions		511	
Life Insurance		30	
Medical Insurance		3,090	
Dental Insurance		75	
Unemployment Compensation		80	
Employer Medicare		236	
Travel		237	
Remittance of Revenue Collected		47,164	
Office Supplies		1,002	
Other Charges		45	
Total Victim Assistance Programs			69,782

Public SafetySheriff's Department

County Official/Administrative Officer	\$	85,649	
Assistant(s)		108,768	
Deputy(ies)		1,437,764	
Detective(s)		166,980	
Secretary(ies)		28,229	
Part-time Personnel		216,648	
Longevity Pay		22,200	
Overtime Pay		15,621	
In-service Training		45,327	
Social Security		130,132	
Pensions		226,995	
Life Insurance		3,955	
Medical Insurance		439,186	
Dental Insurance		7,574	
Unemployment Compensation		6,416	
Employer Medicare		30,427	
Other Fringe Benefits		48,889	
Communication		53,681	
Data Processing Services		520	
Dues and Memberships		2,702	
Maintenance Agreements		28,451	
Maintenance and Repair Services - Equipment		14,721	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Maintenance and Repair Services - Vehicles	\$	33,504	
Postal Charges		1,605	
Rentals		3,039	
Travel		7,734	
Other Contracted Services		8,947	
Gasoline		126,162	
Instructional Supplies and Materials		3,847	
Library Books/Media		560	
Office Supplies		14,191	
Uniforms		27,763	
Liability Insurance		54,960	
Vehicle and Equipment Insurance		27,036	
Workers' Compensation Insurance		122,812	
Other Charges		3,700	
Data Processing Equipment		1,290	
Motor Vehicles		341,202	
Other Equipment		114,090	
Total Sheriff's Department			\$ 4,013,277

Wheel Tax Officer

Part-time Personnel	\$	13,225	
Social Security		820	
Unemployment Compensation		83	
Employer Medicare		192	
Travel		9	
Office Supplies		742	
Office Equipment		240	
Total Wheel Tax Officer			15,311

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	2,200	
Other Equipment		8,600	
Total Administration of the Sexual Offender Registry			10,800

Jail

Medical Personnel	\$	42,280	
Guards		960,022	
Cafeteria Personnel		56,283	
Part-time Personnel		58,867	
Longevity Pay		11,000	
Overtime Pay		9,196	
In-service Training		3,810	
Social Security		71,834	
Pensions		115,661	
Life Insurance		2,694	
Medical Insurance		272,058	
Dental Insurance		4,660	

(Continued)

Exhibit K-7

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

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

Unemployment Compensation	\$	4,807	
Employer Medicare		16,800	
Other Fringe Benefits		38,216	
Medical and Dental Services		125,601	
Custodial Supplies		33,546	
Electricity		157,589	
Food Supplies		299,574	
Natural Gas		40,913	
Uniforms		8,351	
Water and Sewer		39,941	
Building and Contents Insurance		42,227	
Other Charges		14,006	
Other Equipment		47,814	
Total Jail			\$ 2,477,750

Workhouse

Guards	\$	196,208	
Longevity Pay		400	
Social Security		12,616	
Pensions		21,349	
Life Insurance		554	
Medical Insurance		52,008	
Dental Insurance		855	
Unemployment Compensation		890	
Employer Medicare		2,951	
Other Fringe Benefits		9,108	
Electricity		17,596	
Natural Gas		6,143	
Water and Sewer		12,920	
Total Workhouse			333,598

Inspection and Regulation

Supervisor/Director	\$	44,350	
Longevity Pay		500	
Social Security		2,357	
Pensions		5,665	
Life Insurance		73	
Medical Insurance		13,034	
Dental Insurance		168	
Unemployment Compensation		80	
Employer Medicare		551	
Communication		1,042	
Dues and Memberships		420	
Printing, Stationery, and Forms		83	
Travel		85	
Gasoline		1,809	
Office Supplies		616	
Total Inspection and Regulation			70,833

(Continued)

Exhibit K-7

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

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

Contributions	\$ 526,129	
Total Other Public Safety		\$ 526,129

Public Health and WelfareLocal Health Center

Clerical Personnel	\$ 107,627	
Part-time Personnel	17,914	
Social Security	7,758	
Pensions	9,592	
Life Insurance	268	
Medical Insurance	27,849	
Dental Insurance	620	
Unemployment Compensation	603	
Employer Medicare	1,814	
Communication	4,397	
Contracts with Government Agencies	35,201	
Travel	6,750	
Drugs and Medical Supplies	99	
Instructional Supplies and Materials	5,761	
Utilities	21,369	
Other Charges	16,063	
Total Local Health Center		263,685

Rabies and Animal Control

Longevity Pay	\$ 1,600	
Other Salaries and Wages	55,689	
Social Security	3,173	
Pensions	7,515	
Life Insurance	146	
Medical Insurance	20,853	
Dental Insurance	335	
Unemployment Compensation	160	
Employer Medicare	742	
Other Fringe Benefits	2,213	
Communication	2,621	
Gasoline	6,421	
Uniforms	1,000	
Vehicle and Equipment Insurance	203	
Workers' Compensation Insurance	2,407	
Other Equipment	8,571	
Total Rabies and Animal Control		113,649

Ambulance/Emergency Medical Services

Assistant(s)	\$ 168,540	
Supervisor/Director	62,198	
Medical Personnel	3,000	
Clerical Personnel	81,375	

(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.)

Attendants	\$	1,538,067	
Part-time Personnel		213,908	
Longevity Pay		39,300	
Overtime Pay		191,056	
Other Salaries and Wages		22,635	
In-service Training		18,000	
Social Security		145,199	
Pensions		277,258	
Life Insurance		3,288	
Medical Insurance		407,296	
Dental Insurance		5,528	
Unemployment Compensation		4,879	
Employer Medicare		33,958	
Other Fringe Benefits		75,607	
Communication		36,029	
Data Processing Services		9,165	
Debt Collection Services		10,250	
Maintenance Agreements		29,695	
Maintenance and Repair Services - Equipment		16,183	
Postal Charges		9,145	
Travel		1,831	
Tuition		500	
Diesel Fuel		101,142	
Drugs and Medical Supplies		193,945	
Office Supplies		7,101	
Uniforms		22,079	
Other Supplies and Materials		5,539	
Building and Contents Insurance		6,687	
Liability Insurance		6,987	
Refunds		16,616	
Vehicle and Equipment Insurance		22,442	
Workers' Compensation Insurance		168,588	
Other Charges		9,401	
Furniture and Fixtures		560	
Motor Vehicles		296,120	
Other Equipment		216,807	
Total Ambulance/Emergency Medical Services			\$ 4,477,904

Sanitation Education/Information

Guards	\$	32,068
Longevity Pay		900
Social Security		2,037
Pensions		4,164
Life Insurance		73
Medical Insurance		7,384
Dental Insurance		168
Unemployment Compensation		80

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Employer Medicare	\$	476	
Gasoline		2,593	
Instructional Supplies and Materials		6,870	
Other Supplies and Materials		300	
Vehicle and Equipment Insurance		134	
Total Sanitation Education/Information			\$ 57,247

Other Public Health and Welfare

Supervisor/Director	\$	36,750	
Longevity Pay		2,600	
Other Salaries and Wages		29,112	
Social Security		4,257	
Pensions		8,647	
Life Insurance		146	
Medical Insurance		14,768	
Dental Insurance		335	
Unemployment Compensation		160	
Employer Medicare		996	
Communication		824	
Postal Charges		150	
Travel		1,340	
Gasoline		1,896	
Office Supplies		1,084	
Chemicals		616	
Refunds		615	
Total Other Public Health and Welfare			104,296

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Assistant(s)	\$	91,248	
Supervisor/Director		34,187	
Salary Supplements		5,100	
Longevity Pay		6,300	
Bonus Payments		4,644	
Social Security		8,481	
Pensions		16,638	
Life Insurance		351	
Medical Insurance		44,776	
Dental Insurance		1,005	
Unemployment Compensation		480	
Employer Medicare		1,983	
Communication		551	
Maintenance Agreements		917	
Travel		1,881	
Office Supplies		525	
Other Charges		7,500	
Total Senior Citizens Assistance			226,567

(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

Librarians	\$	198,727	
Part-time Personnel		57,146	
Longevity Pay		3,800	
Social Security		15,254	
Pensions		22,525	
Life Insurance		534	
Medical Insurance		67,979	
Dental Insurance		1,122	
Unemployment Compensation		1,184	
Employer Medicare		3,568	
Communication		3,765	
Maintenance and Repair Services - Equipment		4,044	
Travel		1,061	
Instructional Supplies and Materials		270	
Library Books/Media		14,517	
Office Supplies		2,830	
Periodicals		2,853	
Utilities		2,611	
Other Supplies and Materials		1,530	
Other Charges		14,507	
Other Equipment		2,888	
Total Libraries			\$ 422,715

Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$	50,614	
Part-time Personnel		11,850	
Social Security		2,676	
Pensions		6,719	
Medical Insurance		7,758	
Unemployment Compensation		125	
Employer Medicare		1,928	
Other Fringe Benefits		1,448	
Communication		5,164	
Data Processing Services		75	
Dues and Memberships		120	
Maintenance Agreements		824	
Printing, Stationery, and Forms		780	
Travel		6,981	
Electricity		2,391	
Instructional Supplies and Materials		495	
Natural Gas		875	
Water and Sewer		259	
Workers' Compensation Insurance		86	
Other Charges		506	
Total Agricultural Extension Service			101,674

(Continued)

Exhibit K-7

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

General Fund (Cont.)Agriculture and Natural Resources (Cont.)Soil Conservation

Secretary(ies)	\$	24,492	
Social Security		1,511	
Pensions		3,093	
Life Insurance		73	
Medical Insurance		7,384	
Dental Insurance		168	
Unemployment Compensation		80	
Employer Medicare		353	
Dues and Memberships		350	
Travel		125	
Office Supplies		480	
Total Soil Conservation			\$ 38,109

Other OperationsVeterans' Services

Supervisor/Director	\$	26,646	
Social Security		1,644	
Pensions		2,832	
Life Insurance		61	
Dental Insurance		60	
Unemployment Compensation		98	
Employer Medicare		385	
Communication		1,431	
Office Supplies		632	
Other Charges		45	
Total Veterans' Services			33,834

Contributions to Other Agencies

Contributions	\$	1,056,986	
Total Contributions to Other Agencies			1,056,986

Total General Fund \$ 20,589,952

Courthouse and Jail Maintenance FundFinanceOther Finance

Trustee's Commission	\$	573	
Total Other Finance			\$ 573

Total Courthouse and Jail Maintenance Fund 573

Law Library FundFinanceOther Finance

Trustee's Commission	\$	142	
Total Other Finance			\$ 142

(Continued)

Exhibit K-7

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

Law Library Fund (Cont.)Public SafetyJail

Library Books/Media

\$ 12,991

Total Jail

\$ 12,991

Total Law Library Fund

\$ 13,133

Solid Waste/Sanitation FundPublic Health and WelfareWaste Pickup

Supervisor/Director

\$ 32,287

Part-time Personnel

6,305

Longevity Pay

9,550

Overtime Pay

28,470

Other Salaries and Wages

373,782

Social Security

27,640

Pensions

50,442

Life Insurance

923

Medical Insurance

113,222

Dental Insurance

968

Unemployment Compensation

3,319

Employer Medicare

6,464

Contracts with Private Agencies

12,600

Data Processing Services

505

Maintenance and Repair Services - Vehicles

37,043

Rentals

6,159

Travel

570

Disposal Fees

815,812

Diesel Fuel

44,318

Gasoline

6,469

Lubricants

7,380

Office Supplies

1,000

Tires and Tubes

26,112

Uniforms

4,470

Utilities

17,299

Other Supplies and Materials

6,819

Building and Contents Insurance

211

Trustee's Commission

35,618

Vehicle and Equipment Insurance

18,232

Workers' Compensation Insurance

40,531

Other Charges

8,419

Motor Vehicles

15,314

Solid Waste Equipment

34,984

Total Waste Pickup

\$ 1,793,237

Total Solid Waste/Sanitation Fund

1,793,237

(Continued)

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

Drug Control Fund

Public Safety

Drug Enforcement

Contributions	\$	1,000	
Veterinary Services		5,837	
Other Contracted Services		9,818	
Animal Food and Supplies		2,016	
Law Enforcement Supplies		6,441	
Trustee's Commission		231	
Other Charges		2,721	
Other Equipment		69,423	
Total Drug Enforcement			\$ 97,487

Total Drug Control Fund \$ 97,487

Other Special Revenue Fund

Finance

Other Finance

Trustee's Commission	\$	7,556	
Total Other Finance			\$ 7,556

Total Other Special Revenue Fund 7,556

Constitutional Officers - Fees Fund

General Government

Other General Administration

Constitutional Officers' Operating Expenses	\$	688,193	
Total Other General Administration			\$ 688,193

Total Constitutional Officers - Fees Fund 688,193

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	85,649	
Accountants/Bookkeepers		46,925	
Clerical Personnel		29,627	
Longevity Pay		2,200	
Board and Committee Members Fees		17,520	
Social Security		11,299	
Pensions		20,764	
Life Insurance		220	
Medical Insurance		24,542	
Dental Insurance		165	
Unemployment Compensation		125	
Employer Medicare		2,643	
Communication		9,681	
Data Processing Services		776	
Dues and Memberships		2,851	
Legal Notices, Recording, and Court Costs		483	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Administration (Cont.)

Postal Charges	\$	207	
Other Contracted Services		5,145	
Office Supplies		1,852	
Other Charges		5,329	
Office Equipment		630	
Total Administration			\$ 268,633

Highway and Bridge Maintenance

Laborers	\$	1,019,655	
Longevity Pay		32,700	
Overtime Pay		92,311	
Social Security		69,962	
Pensions		137,859	
Life Insurance		2,278	
Medical Insurance		255,458	
Dental Insurance		3,905	
Unemployment Compensation		1,748	
Employer Medicare		16,362	
Rentals		18,357	
Asphalt - Liquid		437,780	
Other Road Materials		53,541	
Pipe - Metal		23,141	
Road Signs		19,309	
Salt		6,395	
Other Supplies and Materials		7,052	
Total Highway and Bridge Maintenance			2,197,813

Operation and Maintenance of Equipment

Mechanic(s)	\$	189,564	
Longevity Pay		3,300	
Overtime Pay		39,520	
Social Security		14,166	
Pensions		24,089	
Life Insurance		415	
Medical Insurance		46,173	
Dental Insurance		272	
Unemployment Compensation		330	
Employer Medicare		3,313	
Maintenance and Repair Services - Equipment		164,178	
Diesel Fuel		41,636	
Gasoline		77,960	
Lubricants		24,915	
Natural Gas		77,759	
Tires and Tubes		33,124	
Water and Sewer		308	
Other Supplies and Materials		7,311	
Total Operation and Maintenance of Equipment			748,333

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Quarry Operations

Laborers	\$	266,170	
Longevity Pay		4,600	
Overtime Pay		54,370	
Social Security		19,884	
Pensions		41,605	
Life Insurance		653	
Medical Insurance		80,242	
Dental Insurance		990	
Unemployment Compensation		441	
Employer Medicare		4,650	
Explosive and Drilling Services		58,434	
Maintenance and Repair Services - Equipment		41,067	
Electricity		142,460	
Other Charges		24,183	
Total Quarry Operations			\$ 739,749

Asphalt Plant Operations

Maintenance and Repair Services - Equipment	\$	26,550	
Other Contracted Services		2,600	
Total Asphalt Plant Operations			29,150

Other Charges

Building and Contents Insurance	\$	6,229	
Liability Insurance		8,438	
Trustee's Commission		66,798	
Vehicle and Equipment Insurance		9,465	
Total Other Charges			90,930

Employee Benefits

Workers' Compensation Insurance	\$	110,678	
Total Employee Benefits			110,678

Capital Outlay

Bridge Construction	\$	290,523	
Total Capital Outlay			290,523

Total Highway/Public Works Fund \$ 4,475,809

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$	370,000	
Principal on Other Loans		730,000	
Total General Government			\$ 1,100,000

Education

Principal on Bonds	\$	870,000	
Principal on Other Loans		2,532,795	
Total Education			3,402,795

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 182,945	
Interest on Other Loans	<u>111,948</u>	
Total General Government		\$ 294,893

Education

Interest on Bonds	\$ 2,073,935	
Interest on Other Loans	<u>726,880</u>	
Total Education		2,800,815

Other Debt Service

General Government

Trustee's Commission	\$ 92,390	
Other Debt Service	<u>14,454</u>	
Total General Government		<u>106,844</u>

Total General Debt Service Fund \$ 7,705,347

General Capital Projects Fund

Capital Projects

Other General Government Projects

Trustee's Commission	\$ 24,982	
Building Improvements	429,365	
Data Processing Equipment	<u>7,582</u>	
Total Other General Government Projects		<u>\$ 461,929</u>

Total General Capital Projects Fund 461,929

Other Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Engineering Services	\$ 414,604	
Total Public Health and Welfare Projects		<u>\$ 414,604</u>

Total Other Capital Projects Fund 414,604

Total Governmental Funds - Primary Government \$ 36,247,820

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, 2017

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 18,136,365	
Career Ladder Program	91,980	
Educational Assistants	202,699	
Longevity Pay	7,756	
Other Salaries and Wages	162,261	
Certified Substitute Teachers	122,767	
Non-certified Substitute Teachers	298,485	
Social Security	1,106,148	
Pensions	1,663,701	
Life Insurance	30,657	
Medical Insurance	3,490,513	
Dental Insurance	77,876	
Employer Medicare	262,310	
Other Contracted Services	51,124	
Instructional Supplies and Materials	255,178	
Textbooks - Electronic	143,000	
Textbooks - Bound	162,647	
Fee Waivers	150,000	
Other Charges	4,000	
Total Regular Instruction Program		\$ 26,419,467

Alternative Instruction Program

Teachers	\$ 122,746	
Educational Assistants	11,736	
Longevity Pay	427	
Certified Substitute Teachers	130	
Social Security	7,398	
Pensions	12,632	
Life Insurance	292	
Medical Insurance	38,888	
Dental Insurance	883	
Employer Medicare	1,730	
Instructional Supplies and Materials	3,592	
Other Supplies and Materials	1,499	
Other Equipment	1,963	
Total Alternative Instruction Program		203,916

Special Education Program

Teachers	\$ 1,834,538	
Career Ladder Program	5,000	
Homebound Teachers	7,374	
Educational Assistants	139,044	
Speech Pathologist	367,688	
Longevity Pay	4,198	
Other Salaries and Wages	2,988	
Social Security	139,139	

(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.)

Pensions	\$	217,795	
Life Insurance		4,505	
Medical Insurance		498,574	
Dental Insurance		12,226	
Employer Medicare		32,541	
Instructional Supplies and Materials		9,435	
Other Supplies and Materials		18,504	
Other Charges		578	
Special Education Equipment		15,062	
Total Special Education Program			\$ 3,309,189

Career and Technical Education Program

Teachers	\$	1,154,464	
Career Ladder Program		5,000	
Certified Substitute Teachers		3,160	
Non-certified Substitute Teachers		5,326	
Social Security		69,199	
Pensions		104,780	
Life Insurance		1,756	
Medical Insurance		198,069	
Dental Insurance		4,526	
Employer Medicare		16,210	
Instructional Supplies and Materials		49,000	
Vocational Instruction Equipment		4,242	
Total Career and Technical Education Program			1,615,732

Support Services

Attendance

Supervisor/Director	\$	81,827	
Career Ladder Program		3,550	
Other Salaries and Wages		39,007	
Social Security		5,184	
Pensions		7,668	
Life Insurance		73	
Medical Insurance		6,701	
Dental Insurance		217	
Employer Medicare		1,786	
Total Attendance			146,013

Health Services

Supervisor/Director	\$	97,747
Medical Personnel		263,986
Secretary(ies)		31,728
Longevity Pay		5,346
Other Salaries and Wages		16,516
Social Security		24,528

(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.)

Health Services (Cont.)

Pensions	\$	45,584	
Life Insurance		1,056	
Medical Insurance		101,665	
Dental Insurance		2,087	
Employer Medicare		5,918	
Postal Charges		360	
Travel		3,435	
Other Supplies and Materials		44,627	
In Service/Staff Development		2,499	
Other Charges		1,640	
Health Equipment		1,289	
Total Health Services			\$ 650,011

Other Student Support

Career Ladder Program	\$	3,760	
Guidance Personnel		1,007,918	
Longevity Pay		285	
Other Salaries and Wages		80,273	
Social Security		64,089	
Pensions		99,393	
Life Insurance		1,682	
Medical Insurance		209,390	
Dental Insurance		5,394	
Employer Medicare		14,989	
Evaluation and Testing		15,737	
Travel		7,096	
Other Contracted Services		148,584	
Other Supplies and Materials		11,324	
In Service/Staff Development		12,156	
Other Charges		12,239	
Other Equipment		6,820	
Total Other Student Support			1,701,129

Regular Instruction Program

Supervisor/Director	\$	84,904	
Career Ladder Program		5,600	
Librarians		587,715	
Materials Supervisor		9,181	
Assessment Personnel		155,291	
Instructional Computer Personnel		72,380	
Secretary(ies)		75,672	
Clerical Personnel		46,412	
Longevity Pay		4,812	
Other Salaries and Wages		211,069	
Social Security		72,406	
Pensions		114,812	

(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 (Cont.)

Life Insurance	\$	1,904	
Medical Insurance		201,988	
Dental Insurance		4,050	
Employer Medicare		17,413	
Communication		367	
Travel		6,986	
Other Contracted Services		76,251	
Instructional Supplies and Materials		1,423	
Library Books/Media		14,082	
Other Supplies and Materials		16,582	
In Service/Staff Development		83,985	
Other Charges		32,868	
Other Equipment		12,717	
Total Regular Instruction Program			\$ 1,910,870

Alternative Instruction Program

Supervisor/Director	\$	63,208	
Secretary(ies)		16,912	
Social Security		4,746	
Pensions		7,850	
Life Insurance		146	
Medical Insurance		15,465	
Dental Insurance		445	
Employer Medicare		1,110	
Communication		1,525	
Travel		962	
Other Contracted Services		1,952	
Office Supplies		2,040	
Total Alternative Instruction Program			116,361

Special Education Program

Supervisor/Director	\$	87,904	
Career Ladder Program		1,000	
Psychological Personnel		29,986	
Clerical Personnel		15,475	
Longevity Pay		3,260	
Other Salaries and Wages		193,405	
Social Security		15,708	
Pensions		30,162	
Life Insurance		409	
Medical Insurance		50,625	
Dental Insurance		1,239	
Employer Medicare		4,518	
Communication		1,412	
Travel		3,775	
Other Contracted Services		17,209	
Total Special Education Program			456,087

(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.)

Career and Technical Education Program

Supervisor/Director	\$	154,068	
Career Ladder Program		2,000	
Secretary(ies)		27,774	
Longevity Pay		1,240	
Social Security		10,637	
Pensions		17,773	
Life Insurance		219	
Medical Insurance		29,681	
Dental Insurance		654	
Employer Medicare		2,488	
Communication		1,410	
Maintenance and Repair Services - Equipment		46	
Travel		22,331	
Other Contracted Services		7,710	
Other Supplies and Materials		4,075	
Other Equipment		7,718	
Total Career and Technical Education Program			\$ 289,824

Technology

Instructional Computer Personnel	\$	59,925	
Secretary(ies)		12,868	
Longevity Pay		2,300	
Other Salaries and Wages		285,971	
Social Security		21,457	
Pensions		42,410	
Life Insurance		604	
Medical Insurance		55,857	
Dental Insurance		1,445	
Employer Medicare		5,018	
Communication		3,443	
Other Contracted Services		254,637	
Other Supplies and Materials		35,609	
In Service/Staff Development		16,489	
Other Equipment		962,377	
Total Technology			1,760,410

Other Programs

On-behalf Payments to OPEB	\$	262,683	
Total Other Programs			262,683

Board of Education

Board and Committee Members Fees	\$	8,400	
Social Security		434	
Unemployment Compensation		25,352	
Employer Medicare		122	
Audit Services		18,000	

(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.)Board of Education (Cont.)

Dues and Memberships	\$	14,420	
Legal Services		92,515	
Travel		4,483	
Other Contracted Services		5,750	
Premiums on Corporate Surety Bonds		400	
Trustee's Commission		331,704	
Workers' Compensation Insurance		227,493	
Other Charges		9,837	
Total Board of Education			\$ 738,910

Director of Schools

County Official/Administrative Officer	\$	106,500	
Career Ladder Program		1,000	
Secretary(ies)		80,970	
Longevity Pay		2,900	
Social Security		11,837	
Pensions		28,274	
Life Insurance		119	
Medical Insurance		18,220	
Dental Insurance		435	
Employer Medicare		2,768	
Communication		22,712	
Postal Charges		6,846	
Travel		1,965	
Other Contracted Services		21,381	
Office Supplies		2,668	
Other Supplies and Materials		3,119	
Administration Equipment		415	
Total Director of Schools			312,129

Office of the Principal

Principals	\$	811,253	
Career Ladder Program		8,000	
Assistant Principals		724,727	
Secretary(ies)		570,807	
Clerical Personnel		134,337	
Longevity Pay		22,446	
Social Security		133,328	
Pensions		228,376	
Life Insurance		3,995	
Medical Insurance		463,052	
Dental Insurance		10,823	
Employer Medicare		31,182	
Communication		65,000	
Travel		820	
Other Contracted Services		101,000	
Other Supplies and Materials		22,481	
Total Office of the Principal			3,331,627

(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.)

Fiscal Services

Other Charges	\$ 405,209	
Total Fiscal Services		\$ 405,209

Human Services/Personnel

Supervisor/Director	\$ 54,207	
Secretary(ies)	37,477	
Longevity Pay	2,400	
Social Security	5,378	
Pensions	11,882	
Life Insurance	146	
Medical Insurance	17,180	
Dental Insurance	435	
Employer Medicare	1,257	
Advertising	180	
Dues and Memberships	249	
Other Supplies and Materials	763	
In Service/Staff Development	685	
Total Human Services/Personnel		132,239

Operation of Plant

Supervisor/Director	\$ 78,483	
Guards	85,527	
Secretary(ies)	12,868	
Custodial Personnel	856,783	
Longevity Pay	28,466	
Social Security	63,497	
Pensions	125,472	
Life Insurance	3,367	
Medical Insurance	325,191	
Dental Insurance	7,821	
Employer Medicare	14,850	
Other Contracted Services	460,093	
Custodial Supplies	211,500	
Electricity	1,434,749	
Natural Gas	214,290	
Water and Sewer	112,248	
Building and Contents Insurance	434,715	
Other Charges	8,057	
Total Operation of Plant		4,477,977

Maintenance of Plant

Supervisor/Director	\$ 59,925	
Secretary(ies)	12,868	
Maintenance Personnel	392,445	
Longevity Pay	10,600	
Social Security	28,503	

(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.)

Maintenance of Plant (Cont.)

Pensions	\$	58,342	
Life Insurance		986	
Medical Insurance		81,082	
Dental Insurance		2,605	
Employer Medicare		6,666	
Communication		3,617	
Maintenance and Repair Services - Buildings		199,114	
Maintenance and Repair Services - Equipment		85,104	
Travel		1,997	
Other Contracted Services		289,408	
Other Supplies and Materials		223,779	
In Service/Staff Development		1,150	
Other Charges		1,415	
Maintenance Equipment		12,900	
Total Maintenance of Plant			\$ 1,472,506

Transportation

Supervisor/Director	\$	59,925	
Mechanic(s)		196,993	
Bus Drivers		1,108,618	
Clerical Personnel		30,879	
Longevity Pay		4,645	
Other Salaries and Wages		50,469	
Social Security		83,295	
Pensions		54,063	
Life Insurance		666	
Medical Insurance		70,404	
Dental Insurance		2,178	
Employer Medicare		20,922	
Communication		5,001	
Contracts with Public Carriers		2,000	
Maintenance and Repair Services - Vehicles		47,068	
Medical and Dental Services		9,838	
Travel		852	
Other Contracted Services		24,309	
Diesel Fuel		190,747	
Garage Supplies		4,777	
Gasoline		55,068	
Lubricants		12,829	
Tires and Tubes		48,848	
Vehicle Parts		139,969	
Other Supplies and Materials		5,469	
In Service/Staff Development		1,050	
Other Charges		1,531	
Transportation Equipment		264,502	
Total Transportation			2,496,915

(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

Community Services

Supervisor/Director	\$	79,750	
Longevity Pay		1,500	
Other Salaries and Wages		61,905	
Social Security		8,851	
Pensions		6,096	
Life Insurance		79	
Medical Insurance		7,272	
Dental Insurance		237	
Employer Medicare		2,070	
Communication		1,373	
Travel		107	
Food Supplies		10,230	
Other Supplies and Materials		8,368	
Other Charges		1,455	
Other Equipment		756	
Total Community Services			\$ 190,049

Early Childhood Education

Supervisor/Director	\$	9,180	
Teachers		300,438	
Clerical Personnel		4,896	
Educational Assistants		133,943	
Longevity Pay		4,828	
Other Salaries and Wages		4,010	
Social Security		26,258	
Pensions		41,071	
Life Insurance		1,123	
Medical Insurance		111,954	
Dental Insurance		2,609	
Employer Medicare		6,141	
Contracts with Other Public Agencies		91,598	
Travel		372	
Instructional Supplies and Materials		8,528	
In Service/Staff Development		1,228	
Other Charges		4,328	
Total Early Childhood Education			752,505

Capital Outlay

Regular Capital Outlay

Other Charges	\$	375	
Building Improvements		283,152	
Building Purchases		21,548	
Total Regular Capital Outlay			305,075

Total General Purpose School Fund \$ 53,456,833

(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 FundInstructionRegular Instruction Program

Supervisor/Director	\$	16,742	
Teachers		84,079	
Educational Assistants		601,270	
Other Salaries and Wages		43,868	
Certified Substitute Teachers		320	
Non-certified Substitute Teachers		650	
Social Security		41,937	
Pensions		86,235	
Life Insurance		3,365	
Medical Insurance		362,968	
Dental Insurance		6,797	
Employer Medicare		9,882	
Instructional Supplies and Materials		59,621	
Other Charges		9,088	
Regular Instruction Equipment		66,616	
Total Regular Instruction Program			\$ 1,393,438

Special Education Program

Teachers	\$	44,023	
Educational Assistants		591,028	
Other Salaries and Wages		27,276	
Non-certified Substitute Teachers		2,452	
Social Security		37,461	
Pensions		79,709	
Life Insurance		3,048	
Medical Insurance		318,220	
Dental Insurance		5,798	
Employer Medicare		8,762	
Other Contracted Services		24,814	
Instructional Supplies and Materials		1,617	
Other Supplies and Materials		14,200	
Other Charges		1,046	
Special Education Equipment		34,195	
Total Special Education Program			1,193,649

Career and Technical Education Program

Vocational Instruction Equipment	\$	93,871	
Total Career and Technical Education Program			93,871

Support ServicesHealth Services

Medical Personnel	\$	252	
Social Security		16	
Employer Medicare		4	
Total Health Services			272

(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.)

Other Student Support

Other Salaries and Wages	\$	93,648	
Social Security		5,400	
Pensions		11,197	
Life Insurance		220	
Medical Insurance		20,357	
Dental Insurance		600	
Employer Medicare		1,263	
Travel		22,100	
Other Contracted Services		1,779	
Other Supplies and Materials		7,011	
In Service/Staff Development		15,787	
Other Charges		16,231	
Other Equipment		2,556	
Total Other Student Support			\$ 198,149

Regular Instruction Program

Supervisor/Director	\$	73,442	
Clerical Personnel		39,232	
Other Salaries and Wages		393,352	
Certified Substitute Teachers		1,098	
Non-certified Substitute Teachers		2,275	
Social Security		28,709	
Pensions		44,259	
Life Insurance		560	
Medical Insurance		67,042	
Dental Insurance		1,600	
Employer Medicare		7,046	
Food Supplies		5,852	
In Service/Staff Development		17,568	
Total Regular Instruction Program			682,035

Special Education Program

Psychological Personnel	\$	154,026	
Other Salaries and Wages		52,017	
Social Security		11,654	
Pensions		20,483	
Life Insurance		293	
Medical Insurance		38,741	
Dental Insurance		600	
Employer Medicare		2,726	
Travel		1,048	
Other Contracted Services		32,301	
Other Supplies and Materials		14,018	
In Service/Staff Development		17,692	
Total Special Education Program			345,599

(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.)Career and Technical Education Program

In Service/Staff Development	\$ 4,383	
Total Career and Technical Education Program		\$ 4,383

Transportation

Bus Drivers	\$ 49,356	
Other Salaries and Wages	15,703	
Social Security	4,042	
Pensions	3,983	
Employer Medicare	946	
Total Transportation		74,030

Operation of Non-instructional ServicesCommunity Services

Teachers	\$ 47,206	
Educational Assistants	11,175	
Other Salaries and Wages	5,490	
Certified Substitute Teachers	80	
Non-certified Substitute Teachers	65	
Social Security	3,942	
Pensions	4,919	
Employer Medicare	923	
Food Supplies	628	
Instructional Supplies and Materials	879	
In Service/Staff Development	778	
Other Charges	1,612	
Total Community Services		77,697

Total School Federal Projects Fund		\$ 4,063,123
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Central Cafeteria FundOperation of Non-instructional ServicesFood Service

Supervisor/Director	\$ 49,041	
Accountants/Bookkeepers	70,309	
Cafeteria Personnel	1,032,730	
Longevity Pay	19,479	
Other Salaries and Wages	439	
In-service Training	1,316	
Social Security	70,478	
Pensions	94,057	
Life Insurance	2,617	
Medical Insurance	251,203	
Dental Insurance	5,746	
Employer Medicare	16,583	
Communication	3,674	
Maintenance and Repair Services - Equipment	50,342	

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

Transportation - Other than Students	\$	7,505	
Travel		6,143	
Other Contracted Services		139,245	
Food Supplies		1,391,216	
Office Supplies		2,950	
USDA - Commodities		295,894	
Other Supplies and Materials		111,288	
In Service/Staff Development		8,865	
Food Service Equipment		16,542	
Total Food Service			\$ 3,647,662

Total Central Cafeteria Fund \$ 3,647,662

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	201,463	
Other Contracted Services		16,598	
Building Construction		839,500	
Building Improvements		86,047	
Other Equipment		2,500	
Total Education Capital Projects			\$ 1,146,108

Total Education Capital Projects Fund 1,146,108

Other Capital Projects #8 Fund

Capital Projects

Education Capital Projects

Contributions	\$	626,672	
Other Contracted Services		45,790	
Other Supplies and Materials		4,672	
Total Education Capital Projects			\$ 677,134

Total Other Capital Projects #8 Fund 677,134

Total Governmental Funds - Jefferson County School Department \$ 62,990,860

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, 2017

	Cities - Sales Tax	Cities - Property Tax	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,127,968	\$ 1,127,968
Trustee's Collections - Prior Years	0	61,303	61,303
Trustee's Collections - Bankruptcy	0	45	45
Circuit/Clerk and Master Collections - Prior Years	0	25,713	25,713
Interest and Penalty	0	10,461	10,461
Local Option Sales Tax	5,233,378	0	5,233,378
Total Cash Receipts	<u>\$ 5,233,378</u>	<u>\$ 1,225,490</u>	<u>\$ 6,458,868</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 5,181,044	\$ 1,190,556	\$ 6,371,600
Trustee's Commission	52,334	24,253	76,587
Total Cash Disbursements	<u>\$ 5,233,378</u>	<u>\$ 1,214,809</u>	<u>\$ 6,448,187</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 10,681	\$ 10,681
Cash Balance, July 1, 2016	0	12,745	12,745
Cash Balance, June 30, 2017	<u>\$ 0</u>	<u>\$ 23,426</u>	<u>\$ 23,426</u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

**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, 2017, 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 16, 2018. Our report includes a reference to other auditors who audited the financial statements of the 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 attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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: 2017-001 and 2017-002.

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

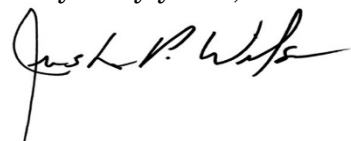
Jefferson County's Responses to Findings

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 16, 2018

JPW/sb



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

**Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control Over Compliance and 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, 2017. 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.

Opinion on Each Major Federal Program

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 major federal programs for the year ended June 30, 2017.

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.

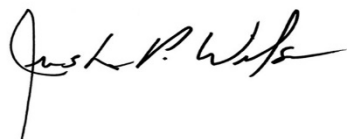
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2017, and the related notes to the financial statements, which collectively comprise Jefferson County's basic financial statements. We issued our report thereon dated February 16, 2018, 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 16, 2018

JPW/sb

Jefferson County, Tennessee, and the Jefferson County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2017

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: (4)			
School Breakfast Program	10.553	N/A	\$ 633,142
National School Lunch Program	10.555	N/A	1,820,045 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Non-Cash Assistance)	10.555	N/A	295,894 (5)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	29,771
Total U.S. Department of Agriculture			<u>\$ 2,778,852</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			
and Non-Entitlement Grants in Hawaii	14.228	(3)	\$ 414,604
Total U.S. Department of Housing and Urban Development			<u>\$ 414,604</u>
U.S. Department of Justice:			
Direct Program:			
Equitable Sharing Program	16.922	N/A	\$ 2,049
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(3)	1,815
Passed-through State Department of Finance and Administration:			
Crime Victim Assistance	16.575	(3)	16,040
Total U.S. Department of Justice			<u>\$ 19,904</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(3)	\$ 931
Passed-through State Department of Military:			
Interagency Hazardous Materials Public Sector Training and			
Planning Grants	20.703	(3)	6,986
Total U.S. Department of Transportation			<u>\$ 7,917</u>
U.S. Institute of Museum and Library Services:			
Passed-through State Library and Archives:			
Grants to States	45.310	N/A	\$ 4,144
Total U.S. Institute of Museum and Library Services			<u>\$ 4,144</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 1,859,207
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	1,545,934
Special Education - Preschool Grants	84.173	N/A	104,793
Career and Technical Education - Basic Grants to States	84.048	N/A	130,519
Twenty-first Century Community Learning Centers	84.287	N/A	79,222
English Language Acquisition State Grants	84.365	N/A	27,787
Improving Teacher Quality State Grants	84.367	N/A	214,708
Total U.S. Department of Education			<u>\$ 3,962,170</u>

(Continued)

Jefferson County, Tennessee, and the Jefferson County School Department
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
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)	\$ 16,966
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	(3)	1,504
Family Planning Services	93.217	(3)	4,619
Medical Assistance Program	93.778	(3)	22,076
HIV Prevention Activities Health Department Based	93.940	(3)	1,706
Maternal and Child Health Services Block Grant to the States	93.994	(3)	7,752
Passed-through State Department of Human Services:			
Child Care and Development Block Grant	93.575	(3)	195,345
Total U.S. Department of Health and Human Services			<u>\$ 249,968</u>
Executive Office of the President:			
Passed-through Laurel County, Kentucky Fiscal Court:			
High Intensity Drug Trafficking Areas Program	95.001	(3)	\$ 10,121
Total Executive Office of the President			<u>\$ 10,121</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	\$ 39,150
Total U.S. Department of Homeland Security			<u>\$ 39,150</u>
Total Expenditures of Federal Grants			<u>\$ 7,486,830</u>
State Grants		Contract Number	
Juvenile Justice - State Commission on Children and Youth	N/A	(3)	\$ 9,000
Aging Program - East Tennessee Human Resource Agency	N/A	(3)	23,659
Law Enforcement Training - State Department of Safety	N/A	(3)	24,600
Health Department Program - State Department of Health	N/A	(3)	112,551
Litter Program - State Department of Transportation	N/A	(3)	42,379
Coordinated School Health Program - State Department of Education	N/A	(3)	110,000
Family Resource Centers - State Department of Education	N/A	(3)	89,044
Safe Schools Act - State Department of Education	N/A	(3)	31,246
Early Childhood Education - State Department of Education	N/A	(3)	772,944
Internet Connectivity - State Department of Education	N/A	(3)	4,936
Total State Grants			<u>\$ 1,220,359</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) Child Nutrition Cluster total \$2,749,081; Special Education Cluster total \$1,650,727.
(5) Total for CFDA No. 10.555 is \$2,115,939.

Jefferson County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2017

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, 2017.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2016	256	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	10.553, 10.555	Corrected
2016	257	2016-002	Accrued Vacation Leave Balances Exceeded the Maximum Balance Provided by the Highway Department's Personnel Policy	N/A	Corrected
2016	258	2016-003	The Solid Waste Disposal Fund had a Deficit in Unrestricted Net Position	N/A	Not Corrected - See Explanation on Corrective Action Plan
2016	258	2016-004	Jefferson County has a Material Recurring Audit Finding	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2016	260	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	10.553,10.555	Corrected

JEFFERSON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

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? | NO |

Federal Awards:

- | | |
|---|--|
| 4. Internal Control Over Major Federal Programs: | |
| * Material weakness identified? | NO |
| * Significant deficiency identified? | NONE REPORTED |
| 5. Type of report auditor issued on compliance for major programs. | UNMODIFIED |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | NO |
| 7. Identification of Major Federal Programs: | |
| * CFDA Numbers: 10.553 and 10.555 | Nutrition Cluster:
School Breakfast Program
National School Lunch Program |
| * CFDA Numbers: 84.027 and 84.173 | Special Education Cluster:
Special Education-Grants to States
Special Education - Preschool Grants |
| 8. Dollar threshold used to distinguish between Type A and Type B Programs. | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | NO |

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

JEFFERSON COUNTY

FINDING 2017-001

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 \$3,404,247 in unrestricted net position at June 30, 2017, a decrease of \$391,648 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 \$4,713,701 reported as landfill closure and postclosure care liability at June 30, 2017, represents the cumulative amount reported to date based on 49 percent of the estimated capacity of the Patterson Landfill Site (\$3,660,063) and postclosure care costs of the Highway 92 Landfill Site (\$1,053,638). 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 Sanitation Department, Finance Department, and Audit Committee have been seeking resolution of this deficit.

FINDING 2017-002

**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>
2017-002, 2016-004, 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 Sanitation Department, Finance Department, and Audit Committee have been seeking resolution of this deficit.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2017.

Jefferson County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2017

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF SOLID WASTE DIRECTOR

2017-001, 2017-002	The Solid Waste Disposal Fund has a Deficit in Unrestricted Net Position and as a result, Jefferson County has a Material Recurring Audit Finding	260-261
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Jefferson County Sanitation Department

P.O. Box 127, Dandridge, TN 37725



February 9, 2018

Corrective Action Plan

FINDING: THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION AND AS A RESULT, JEFFERSON COUNTY HAS A MATERIAL RECURRING AUDIT FINDING

Response and Corrective Action Plan Prepared by:

David Gaut, Solid Waste Director

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 Corrective Action was Not Taken in the Prior Year:

The re-permitting is near completion but has not been approved yet. Therefore the closure and post-closure liability has not been reduced. The positive cash flow has helped decrease the deficit but could not eliminate the deficit in one fiscal year.

Planned Corrective Action:

The calculations for the life of the landfill are being reviewed by TDEC currently. The new estimated life adjusts our capacity to 35%. This adjustment should decrease our closure and post-closure liability. County Commission has reserved

\$500,000 for closure and post-closure liability. Combined with continued positive cash flow, the deficit will continue to decrease annually.

Signature: 