

ANNUAL FINANCIAL REPORT

JACKSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
JACKSON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2018**

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

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

***STEVE REEDER, CPA, CGFM, CFE
Audit Manager***

***ANITA SCARLETT, CPA
Senior Auditor***

***BARBARA SHULTS
AUSTIN LANNOM
KELLEY J. McNEAL, CPA, CGFM
State Auditors***

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

JACKSON COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Jackson County, Tennessee
For the Year Ended June 30, 2018

Scope

We have audited the basic financial statements of Jackson County as of and for the year ended June 30, 2018.

Results

Our report on Jackson County was unmodified.

Our audit resulted in six findings and recommendations, which we have reviewed with Jackson 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:

OFFICE OF COUNTY MAYOR

- ◆ General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ The county was assessed a penalty of \$86,147 by the Internal Revenue Service for noncompliance with the Affordable Care Act.

OFFICE OF COUNTY CLERK

- ◆ The office did not deposit some funds within three days of collection.
- ◆ The office did not review its software audit logs.

OFFICE OF CLERK AND MASTER

- ◆ The execution docket trial balance did not reconcile with general ledger accounts.

INTRODUCTORY SECTION

Jackson County Officials

June 30, 2018

Officials

Randy Heady, County Mayor
Edward Anderson, Road Superintendent
Joe Barlow, Director of Schools
Anthony Flatt, Trustee
Timmy Bowman, Assessor of Property
Amanda Ward Stafford, County Clerk
Jeff Hardy, Circuit and General Sessions Courts Clerk
Sherrie Pippin-Loftis, Clerk and Master
Kim Barham, Register of Deeds
Marty Hinson, Sheriff

Board of County Commissioners

Joey Denson, Chairman
Tim Agee
Scott Allen
Chris Carter
Don Chinoy
Michael Copeland
Shelby Fox
Richard Head
Anita Hughes

Brian Lee
Diane Martin
Glenda Mayberry
Jim Morgan
Jeff Smallwood
Gary Smith
Jerry Smith
Jason Stafford
Troy York

Board of Education

Mark Brown, Chairman
Mark Allen
James Robert Childress
Jeff Lynn
Amanda Taylor
Marty Woolbright

Audit Committee

Troy York, Chairman
William Draper
Donna Elrod
Jeanette Hansel

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Tennessee, as of and for the year ended June 30, 2018, 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Tennessee, as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the General, Solid Waste/Sanitation, and Highway Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Jackson County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.8. to the financial statements, which describes a restatement reducing the beginning net position of the discretely presented Jackson County School Department by \$1,245,850, on the Government-wide Statement of Activities. This restatement was necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability (asset) and related ratios, schedule of county and school contributions, schedule of school's proportionate share of the net pension

liability, and schedule of school's changes in the total OPEB liability and related ratios on pages 85-92 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

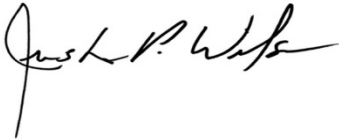
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jackson County School Department (a discretely presented component unit), schedule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

The introductory section and management's corrective action plans have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2019, on our consideration of Jackson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Jackson 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 Jackson County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 29, 2019

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Jackson County, Tennessee
Statement of Net Position
June 30, 2018

| | Primary Governmental Activities | Component Unit Jackson County School Department |
|---|---------------------------------------|---|
| <u>ASSETS</u> | | |
| Cash | \$ 10,875 | \$ 0 |
| Equity in Pooled Cash and Investments | 4,164,582 | 8,454,492 |
| Accounts Receivable | 320,561 | 0 |
| Allowance for Uncollectibles | (84,287) | 0 |
| Due from Other Governments | 1,019,939 | 479,209 |
| Due from Component Units | 5,310,000 | 0 |
| Property Taxes Receivable | 3,082,844 | 1,847,411 |
| Allowance for Uncollectible Property Taxes | (241,152) | (70,933) |
| Net Pension Asset - Agent Plan | 204,453 | 125,257 |
| Net Pension Asset - Teacher Retirement Plan | 0 | 23,300 |
| Net Pension Asset - Teacher Legacy Plan | 0 | 54,577 |
| Capital Assets: | | |
| Assets Not Depreciated: | | |
| Land | 424,432 | 319,507 |
| Construction in Progress | 1,033,123 | 0 |
| Assets Net of Accumulated Depreciation: | | |
| Buildings and Improvements | 6,208,834 | 10,352,196 |
| Infrastructure | 15,701,955 | 105,740 |
| Other Capital Assets | 1,659,858 | 774,118 |
| Total Assets | <u>\$ 38,816,017</u> | <u>\$ 22,464,874</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| Pension Changes in Experience | \$ 99,721 | \$ 94,813 |
| Pension Changes in Investment Earnings | 0 | 8,285 |
| Pension Changes in Assumptions | 126,198 | 541,595 |
| Pension Other Deferrals | 0 | 80,214 |
| Pension Changes in Contributions after Measurement Date | 230,176 | 696,113 |
| OPEB Changes in Contributions after Measurement Date | 0 | 91,707 |
| Total Deferred Outflows of Resources | <u>\$ 456,095</u> | <u>\$ 1,512,727</u> |
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ 550,954 | \$ 16,928 |
| Payroll Deductions Payable | 2,836 | 0 |
| Contracts Payable | 5,000 | 0 |
| Retainage Payable | 10,718 | 0 |
| Accrued Interest Payable | 8,157 | 0 |
| Due to Primary Government | 0 | 5,310,000 |
| Noncurrent Liabilities: | | |
| Due Within One Year | 914,858 | 3,265 |
| Due in More Than One Year | 7,888,761 | 1,849,156 |
| Total Liabilities | <u>\$ 9,381,284</u> | <u>\$ 7,179,349</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Deferred Current Property Taxes | \$ 2,815,721 | \$ 1,726,881 |
| Pension Changes in Experience | 75,311 | 1,174,644 |
| Pension Changes in Investment Earnings | 3,383 | 3,326 |
| Pension Other Deferrals | 0 | 14,566 |
| OPEB Changes in Assumptions | 0 | 104,457 |
| Total Deferred Inflows of Resources | <u>\$ 2,894,415</u> | <u>\$ 3,023,874</u> |

(Continued)

Exhibit A

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

| | Primary Government Governmental Activities | Component Unit Jackson County School Department |
|----------------------------------|---|---|
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | \$ 21,626,951 | \$ 11,551,561 |
| Restricted for: | | |
| General Government | 55,488 | 0 |
| Finance | 2,861 | 0 |
| Administration of Justice | 18,012 | 0 |
| Public Safety | 53,888 | 0 |
| Public Health and Welfare | 233,322 | 0 |
| Highways | 972,814 | 0 |
| Education | 0 | 494,443 |
| Debt Service | 365,729 | 0 |
| Capital Projects | 2,216 | 0 |
| Pensions | 204,453 | 203,134 |
| Unrestricted | <u>3,460,679</u> | <u>1,525,240</u> |
| Total Net Position | <u>\$ 26,996,413</u> | <u>\$ 13,774,378</u> |

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

Exhibit B

Jackson County, Tennessee
Statement of Activities
For the Year Ended June 30, 2018

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in | |
|---|----------------------|----------------------------|---|---|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government Total Governmental Activities | Component Unit Jackson County School Department |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| General Government | \$ 1,197,745 | \$ 89,600 | \$ 94,574 | \$ 14,086 | \$ (999,485) | \$ 0 |
| Finance | 391,278 | 265,747 | 0 | 0 | (125,531) | 0 |
| Administration of Justice | 559,373 | 204,736 | 9,000 | 0 | (345,637) | 0 |
| Public Safety | 2,654,631 | 1,288,861 | 129,020 | 94,756 | (1,141,994) | 0 |
| Public Health and Welfare | 1,659,011 | 765,552 | 11,347 | 38,065 | (844,047) | 0 |
| Social, Cultural, and Recreational Services | 133,184 | 3,899 | 27,977 | 0 | (101,308) | 0 |
| Agriculture and Natural Resources | 92,086 | 0 | 9,678 | 0 | (82,408) | 0 |
| Highways | 2,813,955 | 73,817 | 1,898,202 | 964,651 | 122,715 | 0 |
| Interest on Long-term Debt | 130,867 | 0 | 0 | 0 | (130,867) | 0 |
| Total Primary Government | <u>\$ 9,632,130</u> | <u>\$ 2,692,212</u> | <u>\$ 2,179,798</u> | <u>\$ 1,111,558</u> | <u>\$ (3,648,562)</u> | <u>\$ 0</u> |
| Component Unit: | | | | | | |
| Jackson County School Department | <u>\$ 14,861,869</u> | <u>\$ 109,685</u> | <u>\$ 2,505,191</u> | <u>\$ 124,469</u> | <u>\$ 0</u> | <u>\$ (12,122,524)</u> |
| Total Component Unit | <u>\$ 14,861,869</u> | <u>\$ 109,685</u> | <u>\$ 2,505,191</u> | <u>\$ 124,469</u> | <u>\$ 0</u> | <u>\$ (12,122,524)</u> |

(Continued)

Exhibit B

Jackson County, Tennessee
Statement of Activities (Cont.)

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in | |
|--|----------|----------------------------|---------------|--------------|--------------------------------------|----------------|
| | | Charges for Services | Operating | Capital | Primary | Component Unit |
| | | | Grants | Grants | Government | Jackson |
| | | | and | and | Total | County |
| | | Contributions | Contributions | Governmental | School | Department |
| | | | | Activities | | |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes Levied for General Purposes | | | | \$ | 3,235,550 | \$ 1,914,066 |
| Property Taxes Levied for Debt Service | | | | | 34,075 | 0 |
| Local Option Sales Taxes | | | | | 170,357 | 583,417 |
| Wheel Tax | | | | | 272,795 | 163,677 |
| Business Tax | | | | | 32,119 | 0 |
| Mineral Severance Tax | | | | | 26,779 | 0 |
| Wholesale Beer Tax | | | | | 53,936 | 0 |
| Litigation Taxes | | | | | 23,646 | 0 |
| Other Local Taxes | | | | | 1,068 | 255 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 823,985 | 10,766,835 |
| Unrestricted Investment Earnings | | | | | 46,363 | 1,888 |
| Miscellaneous | | | | | 27,844 | 45,857 |
| Total General Revenues | | | | \$ | 4,748,517 | \$ 13,475,995 |
| Change in Net Position | | | | | | |
| Net Position, July 1, 2017 | | | | \$ | 1,099,955 | \$ 1,353,471 |
| Restatement - See Note I.D.8. | | | | | 25,896,458 | 13,666,757 |
| | | | | | 0 | (1,245,850) |
| Net Position, June 30, 2018 | | | | \$ | 26,996,413 | \$ 13,774,378 |

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

Exhibit C-1

Jackson County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2018

| | Major Funds | | | | Nonmajor Funds | |
|--|--------------|--------------------------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Solid Waste / Sanitation | Highway / Public Works | General Debt Service | Other Govern- mental Funds | Total Governmental Funds |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 10,875 | \$ 10,875 |
| Equity in Pooled Cash and Investments | 2,116,101 | 230,473 | 624,430 | 1,021,919 | 171,659 | 4,164,582 |
| Accounts Receivable | 302,031 | 0 | 12,878 | 0 | 5,652 | 320,561 |
| Allowance for Uncollectibles | (84,287) | 0 | 0 | 0 | 0 | (84,287) |
| Due from Other Governments | 227,833 | 0 | 792,106 | 0 | 0 | 1,019,939 |
| Due from Other Funds | 20,154 | 2,406 | 0 | 0 | 19,501 | 42,061 |
| Property Taxes Receivable | 2,373,627 | 484,343 | 190,278 | 34,596 | 0 | 3,082,844 |
| Allowance for Uncollectible Property Taxes | (185,675) | (37,887) | (14,884) | (2,706) | 0 | (241,152) |
| Total Assets | \$ 4,769,784 | \$ 679,335 | \$ 1,604,808 | \$ 1,053,809 | \$ 207,687 | \$ 8,315,423 |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable | \$ 92,750 | \$ 0 | \$ 458,204 | \$ 0 | \$ 0 | \$ 550,954 |
| Payroll Deductions Payable | 2,826 | 10 | 0 | 0 | 0 | 2,836 |
| Contracts Payable | 0 | 0 | 0 | 0 | 5,000 | 5,000 |
| Retainage Payable | 0 | 0 | 0 | 0 | 10,718 | 10,718 |
| Due to Other Funds | 21,907 | 3,627 | 0 | 0 | 16,527 | 42,061 |
| Total Liabilities | \$ 117,483 | \$ 3,637 | \$ 458,204 | \$ 0 | \$ 32,245 | \$ 611,569 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | |
| Deferred Current Property Taxes | \$ 2,167,957 | \$ 442,376 | \$ 173,790 | \$ 31,598 | \$ 0 | \$ 2,815,721 |
| Deferred Delinquent Property Taxes | 19,995 | 4,080 | 1,603 | 291 | 0 | 25,969 |
| Other Deferred/Unavailable Revenue | 198,693 | 0 | 161,185 | 0 | 0 | 359,878 |
| Total Deferred Inflows of Resources | \$ 2,386,645 | \$ 446,456 | \$ 336,578 | \$ 31,889 | \$ 0 | \$ 3,201,568 |

(Continued)

Exhibit C-1

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

| | Major Funds | | | | Nonmajor Funds | |
|---|--------------|--------------------------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Solid Waste / Sanitation | Highway / Public Works | General Debt Service | Other Govern- mental Funds | Total Governmental Funds |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted: | | | | | | |
| Restricted for General Government | \$ 26,445 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 26,445 |
| Restricted for Finance | 2,861 | 0 | 0 | 0 | 0 | 2,861 |
| Restricted for Administration of Justice | 18,012 | 0 | 0 | 0 | 0 | 18,012 |
| Restricted for Public Safety | 5,131 | 0 | 0 | 0 | 48,757 | 53,888 |
| Restricted for Public Health and Welfare | 0 | 229,242 | 0 | 0 | 0 | 229,242 |
| Restricted for Other Operations | 29,043 | 0 | 0 | 0 | 0 | 29,043 |
| Restricted for Highways/Public Works | 0 | 0 | 810,026 | 0 | 0 | 810,026 |
| Restricted for Debt Service | 0 | 0 | 0 | 373,595 | 0 | 373,595 |
| Restricted for Capital Projects | 0 | 0 | 0 | 0 | 2,216 | 2,216 |
| Committed: | | | | | | |
| Committed for Administration of Justice | 50,095 | 0 | 0 | 0 | 0 | 50,095 |
| Committed for Other Operations | 0 | 0 | 0 | 0 | 61,745 | 61,745 |
| Committed for Debt Service | 0 | 0 | 0 | 648,325 | 0 | 648,325 |
| Committed for Capital Projects | 0 | 0 | 0 | 0 | 62,724 | 62,724 |
| Unassigned | 2,134,069 | 0 | 0 | 0 | 0 | 2,134,069 |
| Total Fund Balances | \$ 2,265,656 | \$ 229,242 | \$ 810,026 | \$ 1,021,920 | \$ 175,442 | \$ 4,502,286 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 4,769,784 | \$ 679,335 | \$ 1,604,808 | \$ 1,053,809 | \$ 207,687 | \$ 8,315,423 |

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

Exhibit C-2

Jackson County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2018

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) | | \$ 4,502,286 |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | |
| Add: land | \$ 424,432 | |
| Add: construction in progress | 1,033,123 | |
| Add: buildings and improvements net of accumulated depreciation | 6,208,834 | |
| Add: infrastructure net of accumulated depreciation | 15,701,955 | |
| Add: other capital assets net of accumulated depreciation | <u>1,659,858</u> | 25,028,202 |
| (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | |
| Less: bonds payable | \$ (176,702) | |
| Less: notes payable | (496,549) | |
| Less: other loans payable | (8,038,000) | |
| Add: debt to be contributed by the School Department | 5,310,000 | |
| Less: compensated absences payable | (92,368) | |
| Less: accrued interest on bonds and notes | <u>(8,157)</u> | (3,501,776) |
| (3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years: | | |
| Add: deferred outflows of resources related to pensions | \$ 456,095 | |
| Less: deferred inflows of resources related to pensions | <u>(78,694)</u> | 377,401 |
| (4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds. | | 204,453 |
| (5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | <u>385,847</u> |
| Net position of governmental activities (Exhibit A) | | <u>\$ 26,996,413</u> |

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

Exhibit C-3

Jackson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

| | Major Funds | | | | Nonmajor Funds | |
|---|--------------|--------------------------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Solid Waste / Sanitation | Highway / Public Works | General Debt Service | Other Govern- mental Funds | Total Governmental Funds |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 3,219,304 | \$ 533,189 | \$ 236,613 | \$ 38,084 | \$ 0 | \$ 4,027,190 |
| Fines, Forfeitures, and Penalties | 48,862 | 0 | 0 | 0 | 26,676 | 75,538 |
| Charges for Current Services | 815,820 | 3,964 | 0 | 0 | 0 | 819,784 |
| Other Local Revenues | 119,572 | 26,465 | 119,044 | 0 | 9,000 | 274,081 |
| Fees Received From County Officials | 456,602 | 0 | 0 | 0 | 0 | 456,602 |
| State of Tennessee | 1,527,191 | 39,457 | 2,802,146 | 350,000 | 0 | 4,718,794 |
| Federal Government | 109,257 | 0 | 60,410 | 0 | 94,756 | 264,423 |
| Other Governments and Citizens Groups | 55,310 | 0 | 0 | 624,999 | 0 | 680,309 |
| Total Revenues | \$ 6,351,918 | \$ 603,075 | \$ 3,218,213 | \$ 1,013,083 | \$ 130,432 | \$ 11,316,721 |
| <u>Expenditures</u> | | | | | | |
| Current: | | | | | | |
| General Government | \$ 571,340 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 571,340 |
| Finance | 362,077 | 0 | 0 | 0 | 0 | 362,077 |
| Administration of Justice | 510,005 | 0 | 0 | 0 | 0 | 510,005 |
| Public Safety | 2,262,297 | 0 | 0 | 0 | 12,635 | 2,274,932 |
| Public Health and Welfare | 835,704 | 814,807 | 0 | 0 | 1,500 | 1,652,011 |
| Social, Cultural, and Recreational Services | 125,162 | 0 | 0 | 0 | 0 | 125,162 |
| Agriculture and Natural Resources | 85,170 | 0 | 0 | 0 | 0 | 85,170 |
| Other Operations | 1,072,665 | 0 | 0 | 735 | 90 | 1,073,490 |
| Highways | 39,112 | 0 | 3,102,219 | 0 | 0 | 3,141,331 |
| Debt Service: | | | | | | |
| Principal on Debt | 0 | 0 | 0 | 763,929 | 0 | 763,929 |
| Interest on Debt | 0 | 0 | 0 | 128,776 | 0 | 128,776 |
| Other Debt Service | 0 | 0 | 0 | 61,460 | 0 | 61,460 |
| Capital Projects | 0 | 0 | 0 | 0 | 236,991 | 236,991 |
| Total Expenditures | \$ 5,863,532 | \$ 814,807 | \$ 3,102,219 | \$ 954,900 | \$ 251,216 | \$ 10,986,674 |

(Continued)

Exhibit C-3

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

| | Major Funds | | | | Nonmajor Funds | | |
|--|--------------|--------------------------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|-----------|
| | General | Solid Waste / Sanitation | Highway / Public Works | General Debt Service | Other Govern- mental Funds | Total Governmental Funds | |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 488,386 | \$ (211,732) | \$ 115,994 | \$ 58,183 | \$ (120,784) | \$ | 330,047 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Notes Issued | \$ 0 | \$ 230,000 | \$ 0 | \$ 0 | \$ 0 | \$ | 230,000 |
| Transfers In | 0 | 0 | 0 | 100,000 | 75,634 | | 175,634 |
| Transfers Out | (175,634) | 0 | 0 | 0 | 0 | | (175,634) |
| Total Other Financing Sources (Uses) | \$ (175,634) | \$ 230,000 | \$ 0 | \$ 100,000 | \$ 75,634 | \$ | 230,000 |
| Net Change in Fund Balances | \$ 312,752 | \$ 18,268 | \$ 115,994 | \$ 158,183 | \$ (45,150) | \$ | 560,047 |
| Fund Balance, July 1, 2017 | 1,952,904 | 210,974 | 694,032 | 863,737 | 220,592 | | 3,942,239 |
| Fund Balance, June 30, 2018 | \$ 2,265,656 | \$ 229,242 | \$ 810,026 | \$ 1,021,920 | \$ 175,442 | \$ | 4,502,286 |

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

Exhibit C-4

Jackson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

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) | | \$ 560,047 |
| (1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows: | | |
| Add: assets purchased and capitalized | \$ 1,088,825 | |
| Less: current-year depreciation expense | <u>(571,356)</u> | 517,469 |
| (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 | | (64,417) |
| (3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds. | | |
| Add: deferred delinquent property taxes and other deferred June 30, 2018 | \$ 385,847 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2017 | <u>(426,713)</u> | (40,866) |
| (4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: | | |
| Add: principal payments on notes | \$ 63,562 | |
| Add: principal payments on bonds | 4,367 | |
| Add: principal payments on other loans | 696,000 | |
| Less: note proceeds | (230,000) | |
| Less: contributions from the School Department for other loans | <u>(507,000)</u> | 26,929 |
| (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 | \$ (2,091) | |
| Change in compensated absences payable | 8,401 | |
| Change in net pension liability/asset | 156,690 | |
| Change in deferred outflows related to pensions | (82,940) | |
| Change in deferred inflows related to pensions | <u>20,733</u> | 100,793 |
| Change in net position of governmental activities (Exhibit B) | | <u><u>\$ 1,099,955</u></u> |

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

Exhibit C-5

Jackson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2018

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------|------------------|--------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 3,219,304 | \$ 3,075,000 | \$ 3,075,000 | \$ 144,304 |
| Licenses and Permits | 0 | 500 | 500 | (500) |
| Fines, Forfeitures, and Penalties | 48,862 | 33,000 | 33,000 | 15,862 |
| Charges for Current Services | 815,820 | 704,000 | 704,000 | 111,820 |
| Other Local Revenues | 119,572 | 202,000 | 234,827 | (115,255) |
| Fees Received From County Officials | 456,602 | 370,000 | 370,000 | 86,602 |
| State of Tennessee | 1,527,191 | 1,160,300 | 1,266,979 | 260,212 |
| Federal Government | 109,257 | 77,000 | 77,000 | 32,257 |
| Other Governments and Citizens Groups | 55,310 | 95,000 | 95,000 | (39,690) |
| Total Revenues | \$ 6,351,918 | \$ 5,716,800 | \$ 5,856,306 | \$ 495,612 |
| <u>Expenditures</u> | | | | |
| <u>General Government</u> | | | | |
| County Commission | \$ 39,569 | \$ 42,200 | \$ 42,200 | \$ 2,631 |
| Beer Board | 0 | 200 | 200 | 200 |
| County Mayor/Executive | 165,301 | 171,224 | 171,224 | 5,923 |
| County Attorney | 5,503 | 5,503 | 5,503 | 0 |
| Election Commission | 97,731 | 113,546 | 113,546 | 15,815 |
| Register of Deeds | 104,703 | 108,097 | 108,097 | 3,394 |
| County Buildings | 156,927 | 156,442 | 163,074 | 6,147 |
| Preservation of Records | 1,606 | 1,900 | 1,900 | 294 |
| <u>Finance</u> | | | | |
| Property Assessor's Office | 103,179 | 113,747 | 113,747 | 10,568 |
| County Trustee's Office | 110,171 | 109,347 | 111,324 | 1,153 |
| County Clerk's Office | 148,727 | 147,609 | 154,905 | 6,178 |
| <u>Administration of Justice</u> | | | | |
| Circuit Court | 181,326 | 189,055 | 189,055 | 7,729 |
| General Sessions Court | 147,046 | 134,765 | 147,887 | 841 |
| Chancery Court | 103,482 | 105,039 | 105,039 | 1,557 |
| Juvenile Court | 35,427 | 37,522 | 37,522 | 2,095 |
| Judicial Commissioners | 38,849 | 40,214 | 40,214 | 1,365 |
| Other Administration of Justice | 3,875 | 3,930 | 3,930 | 55 |
| <u>Public Safety</u> | | | | |
| Sheriff's Department | 870,745 | 922,169 | 922,169 | 51,424 |
| Administration of the Sexual Offender Registry | 1,378 | 2,000 | 2,000 | 622 |
| Jail | 1,291,380 | 1,351,105 | 1,351,205 | 59,825 |
| Fire Prevention and Control | 16,500 | 16,500 | 16,500 | 0 |
| Other Emergency Management | 82,294 | 88,400 | 88,400 | 6,106 |
| <u>Public Health and Welfare</u> | | | | |
| Local Health Center | 39,978 | 51,947 | 56,947 | 16,969 |
| Ambulance/Emergency Medical Services | 783,283 | 773,566 | 836,262 | 52,979 |
| Crippled Children Services | 0 | 900 | 900 | 900 |
| Regional Mental Health Center | 4,648 | 5,811 | 5,811 | 1,163 |
| Appropriation to State | 7,795 | 15,590 | 15,590 | 7,795 |
| <u>Social, Cultural, and Recreational Services</u> | | | | |
| Adult Activities | 23,187 | 20,050 | 24,358 | 1,171 |
| Senior Citizens Assistance | 24,645 | 24,203 | 29,271 | 4,626 |
| Libraries | 77,330 | 66,050 | 80,179 | 2,849 |

(Continued)

Exhibit C-5

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

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------|------------------|--------------|--|
| | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | |
| <u>Agriculture and Natural Resources</u> | | | | |
| Agricultural Extension Service | \$ 42,827 | \$ 41,442 | \$ 42,942 | \$ 115 |
| Soil Conservation | 42,343 | 67,113 | 67,113 | 24,770 |
| <u>Other Operations</u> | | | | |
| Industrial Development | 540 | 6,040 | 6,040 | 5,500 |
| Other Economic and Community Development | 11,500 | 18,000 | 18,000 | 6,500 |
| Airport | 111,579 | 8,980 | 118,300 | 6,721 |
| Veterans' Services | 7,000 | 7,000 | 7,000 | 0 |
| Other Charges | 454,548 | 450,000 | 477,439 | 22,891 |
| Contributions to Other Agencies | 47,270 | 48,665 | 48,665 | 1,395 |
| Employee Benefits | 396,546 | 416,000 | 400,495 | 3,949 |
| Miscellaneous | 43,682 | 46,000 | 46,000 | 2,318 |
| <u>Highways</u> | | | | |
| Litter and Trash Collection | 39,112 | 44,968 | 45,112 | 6,000 |
| Total Expenditures | \$ 5,863,532 | \$ 5,972,839 | \$ 6,216,065 | \$ 352,533 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 488,386 | \$ (256,039) | \$ (359,759) | \$ 848,145 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Insurance Recovery | \$ 0 | \$ 2,000 | \$ 2,000 | \$ (2,000) |
| Transfers Out | (175,634) | (130,000) | (305,634) | 130,000 |
| Total Other Financing Sources | \$ (175,634) | \$ (128,000) | \$ (303,634) | \$ 128,000 |
| Net Change in Fund Balance | \$ 312,752 | \$ (384,039) | \$ (663,393) | \$ 976,145 |
| Fund Balance, July 1, 2017 | 1,952,904 | 1,978,145 | 1,978,145 | (25,241) |
| Fund Balance, June 30, 2018 | \$ 2,265,656 | \$ 1,594,106 | \$ 1,314,752 | \$ 950,904 |

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

Exhibit C-6

Jackson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2018

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|--------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 533,189 | \$ 470,000 | \$ 470,000 | \$ 63,189 |
| Charges for Current Services | 3,964 | 0 | 0 | 3,964 |
| Other Local Revenues | 26,465 | 27,000 | 27,000 | (535) |
| State of Tennessee | 39,457 | 52,000 | 95,069 | (55,612) |
| Total Revenues | <u>\$ 603,075</u> | <u>\$ 549,000</u> | <u>\$ 592,069</u> | <u>\$ 11,006</u> |
| <u>Expenditures</u> | | | | |
| Public Health and Welfare | | | | |
| Waste Pickup | \$ 541,730 | \$ 282,213 | \$ 555,282 | \$ 13,552 |
| Convenience Centers | 273,077 | 281,150 | 281,150 | 8,073 |
| Total Expenditures | <u>\$ 814,807</u> | <u>\$ 563,363</u> | <u>\$ 836,432</u> | <u>\$ 21,625</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (211,732)</u> | <u>\$ (14,363)</u> | <u>\$ (244,363)</u> | <u>\$ 32,631</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Notes Issued | \$ 230,000 | 0 | \$ 230,000 | 0 |
| Total Other Financing Sources | <u>\$ 230,000</u> | <u>0</u> | <u>\$ 230,000</u> | <u>0</u> |
| Net Change in Fund Balance | \$ 18,268 | (14,363) | (14,363) | 32,631 |
| Fund Balance, July 1, 2017 | 210,974 | 214,421 | 214,421 | (3,447) |
| Fund Balance, June 30, 2018 | <u>\$ 229,242</u> | <u>\$ 200,058</u> | <u>\$ 200,058</u> | <u>\$ 29,184</u> |

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

Exhibit C-7

Jackson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2018

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 236,613 | \$ 219,404 | \$ 235,806 | \$ 807 |
| Other Local Revenues | 119,044 | 60,500 | 101,659 | 17,385 |
| State of Tennessee | 2,802,146 | 1,484,397 | 2,660,592 | 141,554 |
| Federal Government | 60,410 | 0 | 60,410 | 0 |
| Total Revenues | <u>\$ 3,218,213</u> | <u>\$ 1,764,301</u> | <u>\$ 3,058,467</u> | <u>\$ 159,746</u> |
| <u>Expenditures</u> | | | | |
| <u>Highways</u> | | | | |
| Administration | \$ 157,104 | \$ 160,342 | \$ 163,342 | \$ 6,238 |
| Highway and Bridge Maintenance | 1,364,172 | 1,195,000 | 1,520,454 | 156,282 |
| Operation and Maintenance of Equipment | 430,790 | 471,100 | 492,834 | 62,044 |
| Other Charges | 63,846 | 82,450 | 82,450 | 18,604 |
| Employee Benefits | 133,146 | 158,000 | 161,150 | 28,004 |
| Capital Outlay | 953,161 | 40,500 | 994,383 | 41,222 |
| Total Expenditures | <u>\$ 3,102,219</u> | <u>\$ 2,107,392</u> | <u>\$ 3,414,613</u> | <u>\$ 312,394</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 115,994</u> | <u>\$ (343,091)</u> | <u>\$ (356,146)</u> | <u>\$ 472,140</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Insurance Recovery | \$ 0 | \$ 0 | \$ 13,055 | \$ (13,055) |
| Total Other Financing Sources | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 13,055</u> | <u>\$ (13,055)</u> |
| Net Change in Fund Balance | <u>\$ 115,994</u> | <u>\$ (343,091)</u> | <u>\$ (343,091)</u> | <u>\$ 459,085</u> |
| Fund Balance, July 1, 2017 | <u>694,032</u> | <u>510,371</u> | <u>510,371</u> | <u>183,661</u> |
| Fund Balance, June 30, 2018 | <u>\$ 810,026</u> | <u>\$ 167,280</u> | <u>\$ 167,280</u> | <u>\$ 642,746</u> |

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

Exhibit D

Jackson County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

| | <u>Agency Funds</u> |
|-------------------------------------|--------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 741,680 |
| Due from Other Governments | <u>47,756</u> |
| Total Assets | <u><u>\$ 789,436</u></u> |
| <u>LIABILITIES</u> | |
| Due to Other Taxing Units | \$ 47,756 |
| Due to Litigants, Heirs, and Others | <u>741,680</u> |
| Total Liabilities | <u><u>\$ 789,436</u></u> |

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

JACKSON COUNTY, TENNESSEE

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JACKSON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Jackson County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Jackson County (the primary government) and its component units. The financial statements of the Jackson County Emergency Communications District, a component unit requiring discrete presentation, were excluded from their report due to materiality calculations; therefore, the effect of this omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Jackson County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Jackson County, and the Jackson County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Jackson County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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

Administrative Office:

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

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

B. Government-wide and Fund Financial Statements

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

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

Jackson County issues all debt for the discretely presented Jackson County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2018.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Jackson County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the

related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Jackson County reports the following major governmental funds:

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

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

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

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

Additionally, Jackson County reports the following fund types:

Capital Projects Funds – These funds account for resources collected for the capital facilities and industrial park projects within the county.

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

however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

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

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

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Jackson County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Jackson County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost.

Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at 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 outstanding at the end of the fiscal year is referred to as due to/from other funds.

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

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

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

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

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

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

3. **Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life extending beyond the current fiscal year and values as defined in the county's capital assets policy. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

4. **Deferred Outflows/Inflows of Resources**

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

in experience, changes in investment earnings, changes in assumptions, changes in proportionate share of contributions, employer contributions made to the pension plan after the measurement date, and OPEB changes in 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, changes in investment earnings, changes in proportionate share of contributions, OPEB changes in assumptions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Compensated Absences

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

The School Department's general policy does not allow employees to accumulate earned but unused vacation leave benefits beyond year-end. The School Department does allow employees to accumulate an unlimited amount of unused sick leave; however, the granting of sick leave has no guaranteed payment attached, and therefore, is not required to be accrued or recorded. The amounts accumulated on the Statement of Net Position are for compensatory time for support staff.

6. Long-term Obligations

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

7. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2018, Jackson County had \$5,310,000 in outstanding debt for capital purposes for the discretely presented Jackson County School Department. This debt is a liability of Jackson County, but the capital assets acquired are reported in the financial statements of the School Department.

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

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

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

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

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

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

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

8. Restatement

In prior years, the government was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Jackson County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. A restatement reducing the beginning net position of the discretely presented Jackson County School Department by \$1,245,850 has been recognized to account for the transitional requirements.

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

Discretely Presented Jackson County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Discretely Presented Jackson County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Jackson County School Department. For this purpose, the School Department recognizes benefit payments when due and payable in accordance with benefit terms. The School Department's OPEB plan is not administered through a trust.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Jackson County School Department

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

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

Primary Government

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

Discretely Presented Jackson County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted and the capital projects funds 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, County Attorney, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2018, the Jackson County School Department reported the following significant encumbrances:

| <u>Fund</u> | <u>Amount</u> |
|---|-------------------|
| Discretely Presented School Department: | |
| General Purpose School | \$ 109,539 |
| Total | <u>\$ 109,539</u> |

B. IRS Penalty

During the year, the county paid a penalty of \$86,147 to the Internal Revenue Service for failure to comply with the Affordable Care Act for the 2015 fiscal year. The county did not provide health insurance to employees from January through October 2015. Beginning November 2015, the county provided health insurance coverage to employees; however, this coverage was not in compliance with federal regulations for certain employees. The county

currently offers health insurance to its employees through a plan administered by the State of Tennessee.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These

investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled or nonpooled investments as of June 30, 2018.

B. Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

Primary Government

Governmental Activities:

| | Balance 7-1-17 | Increases | Decreases | Balance 6-30-18 |
|--|----------------------|---------------------|---------------------|----------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 364,836 | \$ 59,596 | \$ 0 | \$ 424,432 |
| Construction in Progress | 1,890,768 | 1,238 | (858,883) | 1,033,123 |
| Total Capital Assets Not Depreciated | <u>\$ 2,255,604</u> | <u>\$ 60,834</u> | <u>\$ (858,883)</u> | <u>\$ 1,457,555</u> |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 7,821,000 | \$ 859,167 | \$ 0 | \$ 8,680,167 |
| Infrastructure | 18,648,828 | 578,347 | (93,499) | 19,133,676 |
| Other Capital Assets | 4,077,201 | 449,360 | (172,443) | 4,354,118 |
| Total Capital Assets Depreciated | <u>\$ 30,547,029</u> | <u>\$ 1,886,874</u> | <u>\$ (265,942)</u> | <u>\$ 32,167,961</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 2,300,227 | \$ 171,106 | \$ 0 | \$ 2,471,333 |
| Infrastructure | 3,309,695 | 159,730 | (37,704) | 3,431,721 |
| Other Capital Assets | 2,617,561 | 240,520 | (163,821) | 2,694,260 |
| Total Accumulated Depreciation | <u>\$ 8,227,483</u> | <u>\$ 571,356</u> | <u>\$ (201,525)</u> | <u>\$ 8,597,314</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 22,319,546</u> | <u>\$ 1,315,518</u> | <u>\$ (64,417)</u> | <u>\$ 23,570,647</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 24,575,150</u> | <u>\$ 1,376,352</u> | <u>\$ (923,300)</u> | <u>\$ 25,028,202</u> |

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

Governmental Activities:

| | |
|---|--------------------------|
| General Government | \$ 11,746 |
| Public Safety | 192,649 |
| Public Health and Welfare | 126,075 |
| Social, Cultural, and Recreational Services | 91 |
| Highways/Public Works | <u>240,795</u> |
| Total Depreciation Expense - Governmental Activities | <u><u>\$ 571,356</u></u> |

Discretely Presented Jackson County School Department

Governmental Activities:

| | Balance 7-1-17 | Increases | Decreases | Balance 6-30-18 |
|--|-----------------------------|--------------------------|----------------------------|-----------------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 173,608 | \$ 145,899 | \$ 0 | \$ 319,507 |
| Construction in Progress | <u>774,698</u> | <u>0</u> | <u>(774,698)</u> | <u>0</u> |
| Total Capital Assets Not Depreciated | <u>\$ 948,306</u> | <u>\$ 145,899</u> | <u>\$ (774,698)</u> | <u>\$ 319,507</u> |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 15,205,608 | \$ 907,326 | \$ 0 | \$ 16,112,934 |
| Infrastructure | 0 | 109,860 | 0 | 109,860 |
| Other Capital Assets | <u>1,925,392</u> | <u>42,018</u> | <u>0</u> | <u>1,967,410</u> |
| Total Capital Assets Depreciated | <u>\$ 17,131,000</u> | <u>\$ 1,059,204</u> | <u>\$ 0</u> | <u>\$ 18,190,204</u> |
| Less Accumulated Depreciated For: | | | | |
| Buildings and Improvements | \$ 5,394,472 | \$ 366,266 | \$ 0 | \$ 5,760,738 |
| Infrastructure | 0 | 4,120 | 0 | 4,120 |
| Other Capital Assets | <u>1,075,081</u> | <u>118,211</u> | <u>0</u> | <u>1,193,292</u> |
| Total Accumulated Depreciation | <u>\$ 6,469,553</u> | <u>\$ 488,597</u> | <u>\$ 0</u> | <u>\$ 6,958,150</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 10,661,447</u> | <u>\$ 570,607</u> | <u>\$ 0</u> | <u>\$ 11,232,054</u> |
| Governmental Activities Capital Assets, Net | <u><u>\$ 11,609,753</u></u> | <u><u>\$ 716,506</u></u> | <u><u>\$ (774,698)</u></u> | <u><u>\$ 11,551,561</u></u> |

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

Governmental Activities:

| | |
|---|--------------------------|
| Instruction | \$ 372,718 |
| Support Services | 115,587 |
| Non-Instructional Services | <u>292</u> |
| Total Depreciation Expense - Governmental Activities | <u><u>\$ 488,597</u></u> |

C. Construction Commitments

At June 30, 2018, the county had uncompleted construction contracts of approximately \$15,718 for the heat and air upgrades as the courthouse. Funding has been received from these future expenditures. The county also had uncompleted construction contract of \$6,386 for airport hangar and apron projects. Funding for these future expenditures is expected to be received from federal and state grants.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, was as follows:

Due to/from Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|------------------------|---------------|
| Primary Government: | | |
| General | Solid Waste/Sanitation | \$ 3,627 |
| " | Nonmajor governmental | 16,527 |
| Solid Waste/Sanitation | General | 2,406 |
| Nonmajor governmental | " | 19,501 |

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

Due to/from Primary Government and Component Unit:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-------------------------|-------------------------|---------------|
| | School Department | |
| Primary Government: | Component Unit: | |
| Governmental Activities | Governmental Activities | \$ 5,310,000 |

The Due to Primary Government of \$5,310,000 is the balance of other loans issued by the county for the School Department. The School Department has agreed to contribute the funds annually to retire these other loans. These long-term obligations are reflected in governmental activities on the Statement of Net Position.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2018, consisted of the following amounts:

| Transfers Out | Transfers In | | Purpose |
|---------------|---------------------------|------------------------------|-----------------------------|
| | General Debt Service Fund | Nonmajor Govern-mental Funds | |
| General Fund | \$ 0 | \$ 75,634 | Courthouse heat/air project |
| " | 100,000 | 0 | To retire debt |
| Total | \$ 100,000 | \$ 75,634 | |

Discretely Presented Jackson County School Department

| Transfers Out | Transfers In | | Purpose |
|----------------------------|-----------------------------|--|---------------------|
| | General Purpose School Fund | | |
| Nonmajor governmental fund | \$ 29,350 | | Indirect costs |
| " | 64,936 | | Supervisor's salary |
| Total | \$ 94,286 | | |

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.

E. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Jackson County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In

addition, other loans have been issued to refund general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 38 years for bonds, up to five years for notes, and up to 28 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2018, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2018, for governmental activities are as follows:

| Type | Interest Rate | | Final Maturity | Original Amount of Issue | Balance 6-30-18 |
|--------------------------|------------------|---|-------------------|--------------------------------|--------------------|
| General Obligation Bonds | 4 | % | 2-22-49 | \$ 194,600 | \$ 176,702 |
| Capital Outlay Notes | 1.9 to 1.98 | | 11-13-22 | 560,111 | 496,549 |
| Other Loans | variable | | 5-25-31 | 14,765,000 | 8,038,000 |

In prior years, Jackson County entered into two separate loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned Jackson County \$3,500,000 and \$1,200,000, respectively, for jail construction. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2018, the variable interest rate for these loans was 1.51 percent and other fees totaled approximately .57 percent (letter of credit), .08 percent (remarketing), and a trustee fee of \$85 per month.

In a prior year, Jackson County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$6,300,000 to the School Department for construction of a middle school. This loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2018, the variable interest rate was 1.41 percent, and other fees totaled approximately .57 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal, and a trustee fee of \$85 per month.

In a prior year, Jackson County entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee. Under this loan agreement, the authority loaned \$3,765,000 to Jackson County for the refunding of two school bonds and for various school construction and renovation projects. This loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2018, the variable interest rate was 1.41 percent, and other fees totaled approximately .57 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal, and a trustee fee of \$85 per month.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2018, including interest payments and other loan fees, are presented in the following tables:

| Year Ending June 30 | Bonds | | |
|------------------------|------------|------------|------------|
| | Principal | Interest | Total |
| 2019 | \$ 2,982 | \$ 7,068 | \$ 10,050 |
| 2020 | 3,101 | 6,949 | 10,050 |
| 2021 | 3,225 | 6,825 | 10,050 |
| 2022 | 3,354 | 6,696 | 10,050 |
| 2023 | 3,488 | 6,562 | 10,050 |
| 2024-2028 | 19,650 | 30,600 | 50,250 |
| 2029-2033 | 23,907 | 26,343 | 50,250 |
| 2034-2038 | 29,086 | 21,164 | 50,250 |
| 2039-2043 | 35,388 | 14,862 | 50,250 |
| 2044-2048 | 43,055 | 7,195 | 50,250 |
| 2049 | 9,466 | 584 | 10,050 |
| Total | \$ 176,702 | \$ 134,848 | \$ 311,550 |

| Year Ending June 30 | Notes | | |
|------------------------|------------|-----------|------------|
| | Principal | Interest | Total |
| 2019 | \$ 108,982 | \$ 9,619 | \$ 118,601 |
| 2020 | 111,089 | 7,513 | 118,602 |
| 2021 | 113,235 | 5,366 | 118,601 |
| 2022 | 115,423 | 3,177 | 118,600 |
| 2023 | 47,820 | 947 | 48,767 |
| Total | \$ 496,549 | \$ 26,622 | \$ 523,171 |

| Year Ending June 30 | Other Loans | | | |
|------------------------|--------------|------------|------------|--------------|
| | Principal | Interest | Other Fees | Total |
| 2019 | \$ 729,000 | \$ 116,065 | \$ 56,329 | \$ 901,394 |
| 2020 | 589,000 | 105,590 | 51,590 | 746,180 |
| 2021 | 617,000 | 97,083 | 47,761 | 761,844 |
| 2022 | 644,000 | 88,174 | 43,750 | 775,924 |
| 2023 | 671,000 | 78,879 | 39,565 | 789,444 |
| 2024-2028 | 3,799,000 | 240,479 | 128,494 | 4,167,973 |
| 2029-2031 | 989,000 | 18,082 | 14,143 | 1,021,225 |
| Total | \$ 8,038,000 | \$ 744,352 | \$ 381,632 | \$ 9,163,984 |

There is \$1,021,920 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$15, based on the 2010 federal census. Total debt per capita, including bonds, notes, and other loans totaled \$749, based on the 2010 federal census.

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

| Description of Indebtedness | Outstanding 6-30-18 |
|---|------------------------|
| <u>Other Loans Payable</u> | |
| <u>Contributions from the General Purpose School Fund</u> | |
| School Construction | \$ 3,615,000 |
| Refunding/School Construction | <u>1,695,000</u> |
| Total | <u>\$ 5,310,000</u> |

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

| | Bonds | Notes | Other Loans |
|-----------------------------|-------------------|-------------------|---------------------|
| Balance, July 1, 2017 | \$ 181,069 | \$ 330,111 | \$ 8,734,000 |
| Additions | 0 | 230,000 | 0 |
| Reductions | (4,367) | (63,562) | (696,000) |
| Balance, June 30, 2018 | <u>\$ 176,702</u> | <u>\$ 496,549</u> | <u>\$ 8,038,000</u> |
| Balance Due Within One Year | <u>\$ 2,982</u> | <u>\$ 108,982</u> | <u>\$ 729,000</u> |

| | Compensated Absences |
|-----------------------------|-------------------------|
| Balance, July 1, 2017 | \$ 100,769 |
| Additions | 101,583 |
| Reductions | <u>(109,984)</u> |
| Balance, June 30, 2018 | <u>\$ 92,368</u> |
| Balance Due Within One Year | <u>\$ 73,894</u> |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|---------------------|
| Total Noncurrent Liabilities, June 30, 2018 | \$ 8,803,619 |
| Less: Balance Due Within One Year | <u>(914,858)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 7,888,761</u> |

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

Discretely Presented Jackson County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Jackson County School Department for the year ended June 30, 2018, was as follows:

Governmental Activities:

| | Compensated Absences | Other Postemployment Benefits* | Net Pension Liability - Teacher Legacy Plan# |
|--------------------------------|-------------------------|--------------------------------------|--|
| Balance, July 1, 2017 | \$ 0 | \$ 1,908,620 | \$ 1,004,677 |
| Additions | 17,130 | 139,780 | 21,833 |
| Reductions | (6,926) | (206,183) | (1,081,087) |
| Balance, June 30, 2018 | \$ 10,204 | \$ 1,842,217 | \$ (54,577) |
| Balance Due Within One Year | \$ 3,265 | \$ 0 | \$ 0 |

* Restated Beginning Balance – See Note I.D.8.

At June 30, 2018, the Teacher Legacy Plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|---------------------|
| Total Noncurrent Liabilities, June 30, 2018 | \$ 1,852,421 |
| Less: Balance Due Within One Year | <u>(3,265)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 1,849,156</u> |

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

F. On-Behalf Payments

Discretely Presented Jackson County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Jackson County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both 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, 2018, were \$44,933 and \$17,536, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

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

Short-term debt activity for the year ended June 30, 2018, was as follows:

| | Balance | | | Balance |
|------------------------|------------|--------|--------------|---------|
| | 7-1-17 | Issued | Paid | 6-30-18 |
| Tax Anticipation Notes | \$ 130,000 | \$ 0 | \$ (130,000) | \$ 0 |

V. OTHER INFORMATION

A. Risk Management

Primary Government

Jackson County's risks of loss related to general liability, property, casualty, and the Highway Department's workers' compensation is covered by participation in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association. The county pays annual premiums to the pool for the risk coverage noted above. The creation of the pool provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

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

The county provides commercial health insurance for its employees.

Discretely Presented Jackson County School Department

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

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and

postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

C. Contingent Liabilities

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

D. Change in Administration

County Mayor James Bobby Kinnaird passed away on March 15, 2018. On April 2, 2018, the county commission appointed Randy Heady county mayor.

E. Joint Venture

The Fifteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fifteenth Judicial District and participating municipalities in the district. The Fifteenth Judicial District includes Smith, Jackson, Trousdale, and Wilson counties. The DTF interlocal agreement was signed by the sheriffs of Smith County, Jackson County, Hartsville/Trousdale County Government, and the police chiefs of the cities of Carthage and Lafayette. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of the participating law enforcement agencies within the judicial district. Jackson County made no contributions to the DTF for the year ended June 30, 2018, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

F. Jointly Governed Organization

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

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Jackson County and non-certified employees of the discretely presented Jackson County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 62.01 percent, the non-certified employees of the discretely presented School Department comprise 37.99 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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, 2017, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive Employees or Beneficiaries Currently | |
| Receiving Benefits | 83 |
| Inactive Employees Entitled to But Not Yet Receiving | |
| Benefits | 158 |
| Active Employees | <u>182</u> |
| Total | <u>423</u> |

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Jackson County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, the employer contribution for Jackson County was \$365,878 based on a rate of 6.99 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Jackson 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)

Jackson County's net pension liability (asset) was measured as of June 30, 2017, 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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Pension Plan Investment Expenses, Including Inflation |
| Cost of Living Adjustment | 2.25% |

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Jackson County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

| | Increase (Decrease) | | |
|---|--------------------------------------|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a)-(b) |
| Balance, July 1, 2016 | \$ 9,685,974 | \$ 9,763,916 | \$ (77,942) |
| Changes for the Year: | | | |
| Service Cost | \$ 452,741 | \$ 0 | \$ 452,741 |
| Interest | 743,465 | 0 | 743,465 |
| Differences Between Expected and Actual Experience | (16,604) | 0 | (16,604) |
| Changes in Assumptions | 254,391 | 0 | 254,391 |
| Contributions-Employer | 0 | 319,681 | (319,681) |
| Contributions-Employees | 0 | 248,202 | (248,202) |
| Net Investment Income | 0 | 1,113,700 | (1,113,700) |
| Benefit Payments, Including Refunds of Employee Contributions | (451,700) | (451,700) | 0 |
| Administrative Expense | 0 | (15,195) | 15,195 |
| Other Changes | 0 | 19,373 | (19,373) |
| Net Changes | \$ 982,293 | \$ 1,234,061 | \$ (251,768) |
| Balance, June 30, 2017 | \$ 10,668,267 | \$ 10,997,977 | \$ (329,710) |

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

| | | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
|--------------------|--------|-------------------------------|--------------------------------------|--|
| Primary Government | 62.01% | \$ 6,615,392 | \$ 6,819,846 | \$ (204,453) |
| School Department | 37.99% | 4,052,875 | 4,178,131 | (125,257) |
| Total | | \$ 10,668,267 | \$ 10,997,977 | \$ (329,710) |

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Jackson County calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------|----------------|-----------------------------|----------------|
| Jackson County | 6.25% | 7.25% | 8.25% |

Net Pension Liability \$ 1,142,366 \$ (329,710) \$ (1,541,132)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2018, Jackson County recognized pension expense of \$222,099.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, Jackson 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 | \$ 160,815 | \$ 121,450 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 0 | 5,455 |
| Changes in Assumptions | 203,513 | 0 |
| Contributions Subsequent to the Measurement Date of June 30, 2017 (1) | 365,878 | N/A |
| Total | <u>\$ 730,206</u> | <u>\$ 126,905</u> |

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” 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 | \$ 456,095 | \$ 78,694 |
| School Department | 274,111 | 48,211 |
| Total | <u>\$ 730,206</u> | <u>\$ 126,905</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 |
|------------------------|-----------|
| 2019 | \$ 15,080 |
| 2020 | 122,043 |
| 2021 | 95,938 |
| 2022 | 4,363 |
| 2023 | 0 |
| Thereafter | 0 |

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

Discretely Presented Jackson County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Jackson County and non-certified employees of the discretely presented Jackson County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 62.01 percent and the non-certified employees of the discretely presented School Department comprise 37.99 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Jackson County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained 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, 2018, to the Teacher Retirement Plan were \$29,338, 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, 2018, the School Department reported a liability (asset) of (\$23,300) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .088320 percent. The proportion as of June 30, 2016, was .103254 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$10,721.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 817 | \$ 1,752 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 0 | 1,254 |
| Changes in Assumptions | 2,047 | 0 |
| Changes in Proportion of Net Pension Liability (Asset) | 2,045 | 0 |
| LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1) | 29,338 | N/A |
| Total | <u>\$ 34,247</u> | <u>\$ 3,006</u> |

The School Department's employer contributions of \$29,338, 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, 2019. 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 |
|------------------------|--------|
| 2019 | \$ 41 |
| 2020 | 41 |
| 2021 | (31) |
| 2022 | (354) |
| 2023 | 238 |
| Thereafter | 1,969 |

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Pension Plan Investment Expenses, Including Inflation |
| Cost of Living Adjustment | 2.25% |

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major 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 | 5.69 % | 31 % |
| International Equity Emerging Market | 5.29 | 14 |
| International Equity Private Equity and Strategic Lending | 6.36 | 4 |
| U.S. Fixed Income | 5.79 | 20 |
| Real Estate | 2.01 | 20 |
| Short-term Securities | 4.32 | 10 |
| | 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 7.25 percent based on a blending of the factors described above.

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School

Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

| School Department's Proportionate Share of the Net Pension Liability (Asset) | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|---|-------------------------|--------------------------------------|-------------------------|
| Net Pension Liability | \$ 4,649 | \$ (23,300) | \$ (43,804) |

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 Jackson County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained 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 Jackson County School Department for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were \$531,073, which is 9.08 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, 2018, the School Department reported a liability (asset) of (\$54,577) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an

actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .166808 percent. The proportion measured at June 30, 2016, was .160763 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$21,833.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 32,903 | \$ 1,126,753 |
| Changes in Assumptions | 462,233 | 0 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 8,285 | 0 |
| Changes in Proportion of Net Pension Liability (Asset) | 78,169 | 14,566 |
| LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 | 531,073 | N/A |
| Total | <u>\$ 1,112,663</u> | <u>\$ 1,141,319</u> |

The School Department's employer contributions of \$531,073 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, 2019. 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 |
|------------------------|--------------|
| 2019 | \$ (369,322) |
| 2020 | 189,008 |
| 2021 | (119,450) |
| 2022 | (259,966) |
| 2023 | 0 |
| Thereafter | 0 |

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

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Pension Plan Investment Expenses, Including Inflation |
| Cost of Living Adjustment | 2.25% |

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS

investment policy target asset allocation for each major 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 | 5.69 % | 31 % |
| International Equity Emerging Market | 5.29 | 14 |
| International Equity Private Equity and Strategic Lending | 6.36 | 4 |
| U.S. Fixed Income | 5.79 | 20 |
| Real Estate | 2.01 | 20 |
| Short-term Securities | 4.32 | 10 |
| | 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 7.25 percent based on a blending of the factors described above.

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

| School Department's Proportionate Share of the Net Pension Liability (Asset) | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|---|-------------------------|--------------------------------------|-------------------------|
| Net Pension Liability | \$ 4,897,088 | \$ (54,577) | \$ (4,147,454) |

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

2. **Deferred Compensation**

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

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$36,659 and teachers contributed \$23,272 to this deferred compensation pension plan.

H. Other Postemployment Benefits (OPEB)

Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan Description. Employees of the Jackson County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Jackson County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Jackson County does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

| | <u>School Department</u> |
|--|------------------------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 12 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits | 0 |
| Active Employees | <u>219</u> |
| Total | <u><u>231</u></u> |

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$73,805 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

| | <u>Share of Collective Liability</u> | | |
|--|---|--------------------------|----------------------------|
| | Jackson County School Department 65.03% | State of TN 34.97% | Total OPEB Liability |
| Balance July 1, 2016 | \$ 1,181,802 | \$ 635,580 | \$ 1,817,182 |
| Changes for the Year: | | | |
| Service Cost | \$ 64,174 | \$ 34,502 | \$ 98,676 |
| Interest | 35,345 | 19,003 | 54,348 |
| Changes in Benefit Terms | 0 | 0 | 0 |
| Difference between Expected and Actuarial Experience | 0 | 0 | 0 |
| Changes in Assumption and Other Inputs | (48,617) | (26,139) | (74,756) |
| Benefit Payments | (71,068) | (38,209) | (109,277) |
| Net Changes | <u>\$ (20,166)</u> | <u>\$ (10,843)</u> | <u>\$ (31,009)</u> |
| Balance June 30, 2017 | <u><u>\$ 1,161,636</u></u> | <u><u>\$ 624,737</u></u> | <u><u>\$ 1,786,173</u></u> |

The Jackson County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Jackson County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$50,942 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Jackson County School Department's proportionate share of the collective OPEB liability was 65.03% and the State of Tennessee's share was 34.97%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$145,695, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 0 | \$ 0 |
| Changes of Assumptions/Inputs | 0 | 43,851 |
| Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due | 0 | 0 |
| Benefits Paid After the Measurement Date | 73,805 | 0 |
| Total | <u>\$ 73,805</u> | <u>\$ 43,851</u> |

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending June 30</u> | <u>School Department</u> |
|--------------------------------|------------------------------|
| 2019 | \$ (4,766) |
| 2020 | (4,766) |
| 2021 | (4,766) |
| 2022 | (4,766) |
| 2023 | (4,766) |
| Thereafter | (20,021) |

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

| <u>Discount Rate</u> | 1% Decrease 2.56% | Current Discount Rate 3.56% | 1% Increase 4.56% |
|----------------------|-------------------------|--------------------------------------|-------------------------|
|----------------------|-------------------------|--------------------------------------|-------------------------|

| | | | |
|--|--------------|--------------|--------------|
| Proportionate Share of the Collective Total OPEB Liability | \$ 1,238,051 | \$ 1,161,636 | \$ 1,088,322 |
|--|--------------|--------------|--------------|

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

| <u>Healthcare Cost Trend Rate</u> | 1% Decrease 6.5 to 2.71% | Current Rates 7.5 to 3.71% | 1% Increase 8.5 to 4.71% |
|-----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|-----------------------------------|--------------------------------|----------------------------------|--------------------------------|

| | | | |
|--|--------------|--------------|--------------|
| Proportionate Share of the Collective Total OPEB Liability | \$ 1,041,403 | \$ 1,161,636 | \$ 1,304,170 |
|--|--------------|--------------|--------------|

Closed Tennessee Plan – Medicare (Discretely Presented School Department)

Plan Description. Employees of the Jackson County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The School Department's total OPEB liability for the TNM Plan was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by TCA Sections 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Jackson County School Department provides a subsidy of \$50 per month for retirees with 30 or more years of service, retirees with 20-29 years of service receive \$37.50, and retirees with 15-19 years of service receive \$25. The state, as a governmental nonemployer contributing entity, contributes to the premiums of eligible retirees of local education agencies based on years of service. The State of Tennessee provides a subsidy of \$50 per month for retirees with 30 or more years of service, retirees with 20-29 years of service receive \$37.50, and retirees with 15-19 years of service receive \$25.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

| | <u>School Department</u> |
|--|------------------------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 32 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits | 12 |
| Active Employees | <u>219</u> |
| Total | <u><u>263</u></u> |

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* Sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2018, the School Department paid \$17,902 to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

| | <u>Share of Collective Liability</u> | | | |
|--|---|--------------------------|-----------|-------------------------|
| | Jackson County School Department 54.51% | State of TN 45.49% | | Total OPEB Liability |
| Balance July 1, 2016 | \$ 726,817 | \$ 606,665 | \$ | <u>1,333,482</u> |
| Changes for the Year: | | | | |
| Service Cost | \$ 18,757 | \$ 15,655 | \$ | 34,412 |
| Interest | 21,503 | 17,949 | | 39,452 |
| Changes in Benefit Terms | 0 | 0 | | 0 |
| Difference between Expected and Actuarial Experience | 0 | 0 | | 0 |
| Changes in Assumption and Other Inputs | (68,182) | (56,911) | | (125,093) |
| Benefit Payments | (18,314) | (15,286) | | (33,600) |
| Net Changes | <u>\$ (46,236)</u> | <u>\$ (38,593)</u> | <u>\$</u> | <u>(84,829)</u> |
| Balance June 30, 2017 | <u>\$ 680,581</u> | <u>\$ 568,072</u> | <u>\$</u> | <u><u>1,248,653</u></u> |

The Jackson County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retirees participating in the TNM. The Jackson County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$27,281 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TMN for School Department retirees.

During the year, the Jackson County School Department's proportionate share of the collective OPEB liability was 54.51 percent and the State of Tennessee's share was 45.49 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$59,965 including the state's share of the OPEB expense.

At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 0 | \$ 0 |
| Changes of Assumptions/Inputs | 0 | 60,607 |
| Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due | 0 | 0 |
| Benefits Paid After the Measurement Date | 17,902 | 0 |
| Total | <u>\$ 17,902</u> | <u>\$ 60,607</u> |

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending June 30</u> | <u>School Department</u> |
|--------------------------------|------------------------------|
| 2019 | \$ (7,576) |
| 2020 | (7,576) |
| 2021 | (7,576) |
| 2022 | (7,576) |
| 2023 | (7,576) |
| Thereafter | (22,727) |

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the TNM, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

| <u>Discount Rate</u> | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------|----------------|-----------------------------|----------------|
| | 2.56% | 3.56% | 4.56% |

| | | | |
|--|------------|------------|------------|
| Proportionate Share of the Collective Total OPEB Liability | \$ 791,601 | \$ 650,581 | \$ 589,920 |
|--|------------|------------|------------|

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period; therefore, trend rates are not applicable to the plan calculations.

I. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

Chapter 111, Private Acts of 1951, as amended, and Section 54-7-113, *TCA*, (Uniform Road Law), govern purchasing procedures for the Road Department.

Chapter 111, Private Acts of 1951, directs the road superintendent to make necessary purchases and to file a report with the county commission for all purchases exceeding \$1,000. Provisions of the Uniform Road Law require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

J. Subsequent Events

Randy Heady was elected county mayor on August 2, 2018.

On October 31, 2018, Joe Barlow left the office of Director of Schools and was succeeded by Kristy Brown on November 1, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

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

| | 2014 | 2015 | 2016 | 2017 |
|--|--------------|--------------|--------------|---------------|
| Total Pension Liability | | | | |
| Service Cost | \$ 339,415 | \$ 316,157 | \$ 370,312 | \$ 452,741 |
| Interest | 596,379 | 648,615 | 675,606 | 743,465 |
| Differences Between Actual and Expected Experience | 160,378 | (270,416) | 193,111 | (16,604) |
| Changes in Assumptions | 0 | 0 | 0 | 254,391 |
| Benefit Payments, Including Refunds of Employee Contributions | (357,248) | (395,628) | (381,639) | (451,700) |
| Net Change in Total Pension Liability | \$ 738,924 | \$ 298,728 | \$ 857,390 | \$ 982,293 |
| Total Pension Liability, Beginning | 7,790,932 | 8,529,856 | 8,828,584 | 9,685,974 |
| Total Pension Liability, Ending (a) | \$ 8,529,856 | \$ 8,828,584 | \$ 9,685,974 | \$ 10,668,267 |
| Plan Fiduciary Net Position | | | | |
| Contributions - Employer | \$ 291,604 | \$ 255,793 | \$ 295,218 | \$ 319,681 |
| Contributions - Employee | 204,780 | 213,744 | 228,950 | 248,202 |
| Net Investment Income | 1,272,730 | 279,487 | 250,792 | 1,113,700 |
| Benefit Payments, Including Refunds of Employee Contributions | (357,248) | (395,628) | (381,639) | (451,700) |
| Administrative Expense | (6,336) | (8,333) | (14,042) | (15,195) |
| | 0 | 0 | 0 | 19,373 |
| Net Change in Plan Fiduciary Net Position | \$ 1,405,530 | \$ 345,063 | \$ 379,279 | \$ 1,234,061 |
| Plan Fiduciary Net Position, Beginning | 7,634,044 | 9,039,574 | 9,384,637 | 9,763,916 |
| Plan Fiduciary Net Position, Ending (b) | \$ 9,039,574 | \$ 9,384,637 | \$ 9,763,916 | \$ 10,997,977 |
| Net Pension Liability (Asset), Ending (a - b) | \$ (509,718) | \$ (556,053) | \$ (77,942) | \$ (329,710) |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 108.98% | 106.30% | 100.80% | 103.09% |
| Covered Payroll | \$ 4,095,566 | \$ 3,971,936 | \$ 4,583,407 | \$ 4,984,554 |
| Net Pension Liability (Asset) as a Percentage of Covered Payroll | (12.45)% | (14.00)% | (1.70)% | (6.61)% |

Note: ten-year information will be presented when available.

Note: data presented includes the primary government and the non-certified employees of the discretely presented School Department.

Exhibit E-2

Jackson County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
Last Fiscal Year Ending June 30

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|--------------|--------------|--------------|--------------|--------------|
| Actuarially Determined Contribution | \$ 291,604 | \$ 255,793 | \$ 295,218 | \$ 218,822 | \$ 365,878 |
| Less Contributions in Relation to the | | | | | |
| Actuarially Determined Contribution | (291,604) | (255,793) | (295,218) | (319,681) | (365,878) |
| Contribution Deficiency (Excess) | \$ 0 | \$ 0 | \$ 0 | \$ (100,859) | \$ 0 |
| Covered Payroll | \$ 4,095,566 | \$ 3,971,936 | \$ 4,583,407 | \$ 4,984,554 | \$ 5,232,019 |
| Contributions as a Percentage of Covered Payroll | 7.12% | 6.44% | 6.44% | 6.41% | 6.99% |

Note: ten-year information will be presented when available.

Note: data presented includes the primary government and the non-certified employees of the discretely presented School Department.

Exhibit E-3

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

| | 2015 | 2016 | 2017 | 2018 |
|--|------------|------------|------------|------------|
| Contractually Required Contribution | \$ 10,055 | \$ 18,173 | \$ 23,187 | \$ 29,338 |
| Less Contributions in Relation to the | | | | |
| Contractually Required Contribution | (10,055) | (18,173) | (23,187) | (29,338) |
| Contribution Deficiency (Excess) | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Covered Payroll | \$ 251,380 | \$ 454,322 | \$ 579,682 | \$ 733,441 |
| Contributions as a Percentage of Covered Payroll | 4.00% | 4.00% | 4.00% | 4.00% |

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

Exhibit E-4

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

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution | \$ 534,462 | \$ 532,095 | \$ 524,609 | \$ 533,050 | \$ 531,073 |
| Less Contributions in Relation to the Contractually Required Contribution | (534,462) | (532,095) | (524,609) | (533,050) | (531,073) |
| Contribution Deficiency (Excess) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Covered Payroll | \$ 6,018,713 | \$ 5,886,004 | \$ 5,803,210 | \$ 5,896,577 | \$ 5,848,832 |
| Contributions as a Percentage of Covered Payroll | 8.88% | 9.04% | 9.04% | 9.04% | 9.08% |

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

Exhibit E-5

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

| | 2016 | 2017 | 2018 |
|---|------------|-------------|-------------|
| School Department's Proportion of the Net Pension Liability/Asset | 0.118491% | 0.103254% | 0.088320% |
| School Department's Proportionate Share of the Net Pension Liability (Asset) | \$ (4,867) | \$ (10,749) | \$ (23,300) |
| Covered Payroll | \$ 251,380 | \$ 454,322 | \$ 579,682 |
| School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | (1.94)% | (2.37)% | (4.02)% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 127.46% | 121.88% | 126.81% |

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

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

Exhibit E-6

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

| | 2015 | 2016 | 2017 | 2018 |
|---|--------------|--------------|--------------|--------------|
| School Department's Proportion of the Net Pension Liability/Asset | 0.153343% | 0.157233% | 0.160763% | 0.166808% |
| School Department's Proportionate Share of the Net Pension Liability (Asset) | \$ (24,918) | \$ 64,408 | \$ 1,004,677 | \$ (54,577) |
| Covered Payroll | \$ 6,018,713 | \$ 5,886,004 | \$ 5,803,210 | \$ 5,896,577 |
| School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | (0.41)% | 1.09% | 17.31% | (0.93)% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 100.08% | 99.81% | 97.14% | 100.14% |

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

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

Jackson County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios
Discretely Presented Jackson County School Department
For the Fiscal Year Ended June 30

Local Education Plan

| Total OPEB Liability | <u>2017</u> |
|---|----------------------------|
| Service Cost | \$ 98,676 |
| Interest | 54,348 |
| Changes in Benefit Terms | 0 |
| Differences Between Actual and Expected Experience | 0 |
| Changes in Assumptions or Other Inputs | (74,756) |
| Benefit Payments | <u>(109,277)</u> |
| Net Change in Total OPEB Liability | \$ (31,009) |
| Total OPEB Liability, Beginning | <u>1,817,182</u> |
| Total OPEB Liability, Ending | <u><u>\$ 1,786,173</u></u> |
| Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability | \$ 624,537 |
| Employer Proportionate Share of the Total OPEB Liability | 1,161,636 |
| Covered Employee Payroll | \$ 8,520,868 |
| Net OPEB Liability as a Percentage of Covered Employee Payroll | 13.63% |

State Administered Medicare Plan

| Total OPEB Liability | <u>2017</u> |
|--|----------------------------|
| Service Cost | \$ 34,412 |
| Interest | 39,452 |
| Changes in Benefit Terms | 0 |
| Differences Between Actual and Expected Experience | 0 |
| Changes in Assumptions or Other Inputs | (125,093) |
| Benefit Payments | <u>(33,600)</u> |
| Net Change in Total OPEB Liability | \$ (84,829) |
| Total OPEB Liability, Beginning | <u>\$ 1,333,482</u> |
| Total OPEB Liability, Ending | <u><u>\$ 1,248,653</u></u> |
| Covered Employee Payroll | \$ N/A |
| Net OPEB Liability as a Percentage of Covered Employee Payroll | N/A |

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

| | |
|------|-------|
| 2016 | 2.92% |
| 2017 | 3.56% |

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

JACKSON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar, Closed (Not to Exceed 20 Years) |
| Remaining Amortization Period | Varies by Year |
| Asset Valuation | 10-Year Smoothed Within a 20% Corridor to Market Value |
| Inflation | 3% |
| Salary Increases | Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation |
| 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 Adjustments | 2.5% |

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Capital Projects Funds

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.

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

Exhibit F-1

Jackson County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

| | Special Revenue Funds | | | Capital Projects Funds |
|---------------------------------------|-----------------------|--|------------------|--------------------------------|
| | Drug Control | Constitu - tional Officers - Fees | Total | General Capital Projects |
| <u>ASSETS</u> | | | | |
| Cash | \$ 0 | \$ 10,875 | \$ 10,875 | \$ 0 |
| Equity in Pooled Cash and Investments | 29,256 | 0 | 29,256 | 78,442 |
| Accounts Receivable | 0 | 5,652 | 5,652 | 0 |
| Due from Other Funds | 19,501 | 0 | 19,501 | 0 |
| Total Assets | <u>\$ 48,757</u> | <u>\$ 16,527</u> | <u>\$ 65,284</u> | <u>\$ 78,442</u> |
| <u>LIABILITIES</u> | | | | |
| Contracts Payable | \$ 0 | \$ 0 | \$ 0 | \$ 5,000 |
| Retainage Payable | 0 | 0 | 0 | 10,718 |
| Due to Other Funds | 0 | 16,527 | 16,527 | 0 |
| Total Liabilities | <u>\$ 0</u> | <u>\$ 16,527</u> | <u>\$ 16,527</u> | <u>\$ 15,718</u> |
| <u>FUND BALANCES</u> | | | | |
| Restricted: | | | | |
| Restricted for Public Safety | \$ 48,757 | \$ 0 | \$ 48,757 | \$ 0 |
| Restricted for Capital Projects | 0 | 0 | 0 | 0 |
| Committed: | | | | |
| Committed for Other Operations | 0 | 0 | 0 | 0 |
| Committed for Capital Projects | 0 | 0 | 0 | 62,724 |
| Total Fund Balances | <u>\$ 48,757</u> | <u>\$ 0</u> | <u>\$ 48,757</u> | <u>\$ 62,724</u> |
| Total Liabilities and Fund Balances | <u>\$ 48,757</u> | <u>\$ 16,527</u> | <u>\$ 65,284</u> | <u>\$ 78,442</u> |

(Continued)

Exhibit F-1

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

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Due from Other Funds

Total Assets

LIABILITIES

Contracts Payable
Retainage Payable
Due to Other Funds
Total Liabilities

FUND BALANCES

Restricted:
 Restricted for Public Safety
 Restricted for Capital Projects
Committed:
 Committed for Other Operations
 Committed for Capital Projects
Total Fund Balances

Total Liabilities and Fund Balances

| <u>Capital Projects Funds (Cont.)</u> | | | Total Nonmajor Governmental Funds |
|---|------------|----|--|
| Community Development/ Industrial Park | Total | | |
| \$ 0 | \$ 0 | \$ | 10,875 |
| 63,961 | 142,403 | | 171,659 |
| 0 | 0 | | 5,652 |
| 0 | 0 | | 19,501 |
| | | | |
| \$ 63,961 | \$ 142,403 | \$ | 207,687 |
| | | | |
| \$ 0 | \$ 5,000 | \$ | 5,000 |
| 0 | 10,718 | | 10,718 |
| 0 | 0 | | 16,527 |
| \$ 0 | \$ 15,718 | \$ | 32,245 |
| | | | |
| \$ 0 | \$ 0 | \$ | 48,757 |
| 2,216 | 2,216 | | 2,216 |
| 61,745 | 61,745 | | 61,745 |
| 0 | 62,724 | | 62,724 |
| \$ 63,961 | \$ 126,685 | \$ | 175,442 |
| | | | |
| \$ 63,961 | \$ 142,403 | \$ | 207,687 |

Exhibit F-2

Jackson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

| | Special Revenue Fund | Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|--|----------------------------|--------------------------------|---|---------------------|--|
| | Drug Control | General Capital Projects | Community Development/ Industrial Park | Total | |
| <u>Revenues</u> | | | | | |
| Fines, Forfeitures, and Penalties | \$ 26,676 | \$ 0 | \$ 0 | \$ 0 | \$ 26,676 |
| Other Local Revenues | 0 | 0 | 9,000 | 9,000 | 9,000 |
| Federal Government | 0 | 94,756 | 0 | 94,756 | 94,756 |
| Total Revenues | <u>\$ 26,676</u> | <u>\$ 94,756</u> | <u>\$ 9,000</u> | <u>\$ 103,756</u> | <u>\$ 130,432</u> |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| Public Safety | \$ 12,350 | \$ 285 | \$ 0 | \$ 285 | \$ 12,635 |
| Public Health and Welfare | 1,500 | 0 | 0 | 0 | 1,500 |
| Other Operations | 0 | 0 | 90 | 90 | 90 |
| Capital Projects | 0 | 236,991 | 0 | 236,991 | 236,991 |
| Total Expenditures | <u>\$ 13,850</u> | <u>\$ 237,276</u> | <u>\$ 90</u> | <u>\$ 237,366</u> | <u>\$ 251,216</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 12,826</u> | <u>\$ (142,520)</u> | <u>\$ 8,910</u> | <u>\$ (133,610)</u> | <u>\$ (120,784)</u> |
| <u>Other Financing Sources (Uses)</u> | | | | | |
| Transfers In | \$ 0 | \$ 75,634 | \$ 0 | \$ 75,634 | \$ 75,634 |
| Total Other Financing Sources (Uses) | <u>\$ 0</u> | <u>\$ 75,634</u> | <u>\$ 0</u> | <u>\$ 75,634</u> | <u>\$ 75,634</u> |
| Net Change in Fund Balances | \$ 12,826 | \$ (66,886) | \$ 8,910 | \$ (57,976) | \$ (45,150) |
| Fund Balance, July 1, 2017 | <u>35,931</u> | <u>129,610</u> | <u>55,051</u> | <u>184,661</u> | <u>220,592</u> |
| Fund Balance, June 30, 2018 | <u>\$ 48,757</u> | <u>\$ 62,724</u> | <u>\$ 63,961</u> | <u>\$ 126,685</u> | <u>\$ 175,442</u> |

Exhibit F-3

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2018

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-----------|------------------|-----------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Fines, Forfeitures, and Penalties | \$ 26,676 | \$ 32,000 | \$ 32,000 | \$ (5,324) |
| Total Revenues | \$ 26,676 | \$ 32,000 | \$ 32,000 | \$ (5,324) |
| <u>Expenditures</u> | | | | |
| <u>Public Safety</u> | | | | |
| Drug Enforcement | \$ 12,350 | \$ 21,600 | \$ 21,600 | \$ 9,250 |
| <u>Public Health and Welfare</u> | | | | |
| Alcohol and Drug Programs | 1,500 | 1,500 | 1,500 | 0 |
| Total Expenditures | \$ 13,850 | \$ 23,100 | \$ 23,100 | \$ 9,250 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 12,826 | \$ 8,900 | \$ 8,900 | \$ 3,926 |
| Net Change in Fund Balance | \$ 12,826 | \$ 8,900 | \$ 8,900 | \$ 3,926 |
| Fund Balance, July 1, 2017 | 35,931 | 35,949 | 35,949 | (18) |
| Fund Balance, June 30, 2018 | \$ 48,757 | \$ 44,849 | \$ 44,849 | \$ 3,908 |

Major Governmental Funds

General Debt Service Fund

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

Exhibit G

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2018

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 38,084 | \$ 31,490 | \$ 31,490 | \$ 6,594 |
| State of Tennessee | 350,000 | 350,000 | 350,000 | 0 |
| Other Governments and Citizens Groups | 624,999 | 0 | 624,999 | 0 |
| Total Revenues | <u>\$ 1,013,083</u> | <u>\$ 381,490</u> | <u>\$ 1,006,489</u> | <u>\$ 6,594</u> |
| <u>Expenditures</u> | | | | |
| <u>Other Operations</u> | | | | |
| Other Charges | \$ 735 | \$ 5,000 | \$ 5,000 | \$ 4,265 |
| <u>Principal on Debt</u> | | | | |
| General Government | 256,929 | 335,700 | 323,017 | 66,088 |
| Education | 507,000 | 0 | 507,000 | 0 |
| <u>Interest on Debt</u> | | | | |
| General Government | 50,808 | 53,827 | 61,010 | 10,202 |
| Education | 77,968 | 0 | 77,968 | 0 |
| <u>Other Debt Service</u> | | | | |
| General Government | 21,429 | 16,000 | 21,500 | 71 |
| Education | 40,031 | 0 | 40,031 | 0 |
| Total Expenditures | <u>\$ 954,900</u> | <u>\$ 410,527</u> | <u>\$ 1,035,526</u> | <u>\$ 80,626</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 58,183</u> | <u>\$ (29,037)</u> | <u>\$ (29,037)</u> | <u>\$ 87,220</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 100,000 | \$ 130,000 | \$ 130,000 | \$ (30,000) |
| Total Other Financing Sources | <u>\$ 100,000</u> | <u>\$ 130,000</u> | <u>\$ 130,000</u> | <u>\$ (30,000)</u> |
| Net Change in Fund Balance | \$ 158,183 | \$ 100,963 | \$ 100,963 | \$ 57,220 |
| Fund Balance, July 1, 2017 | 863,737 | 993,683 | 993,683 | (129,946) |
| Fund Balance, June 30, 2018 | <u>\$ 1,021,920</u> | <u>\$ 1,094,646</u> | <u>\$ 1,094,646</u> | <u>\$ (72,726)</u> |

Fiduciary Funds

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

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

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

Exhibit H-1

Jackson County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

| | Agency Funds | | |
|-------------------------------------|--------------------------|--|-------------------|
| | Cities - Sales Tax | Constitu - tional Officers - Agency | Total |
| <u>ASSETS</u> | | | |
| Cash | \$ 0 | \$ 741,680 | \$ 741,680 |
| Due from Other Governments | 47,756 | 0 | 47,756 |
| Total Assets | <u>\$ 47,756</u> | <u>\$ 741,680</u> | <u>\$ 789,436</u> |
| <u>LIABILITIES</u> | | | |
| Due to Other Taxing Units | \$ 47,756 | \$ 0 | \$ 47,756 |
| Due to Litigants, Heirs, and Others | 0 | 741,680 | 741,680 |
| Total Liabilities | <u>\$ 47,756</u> | <u>\$ 741,680</u> | <u>\$ 789,436</u> |

Exhibit H-2

Jackson County, Tennessee

Combining Statement of Changes in Assets and Liabilities - All Agency Funds

For the Year Ended June 30, 2018

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|--------------|--------------|-------------------|
| <u>Cities - Sales Tax Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 287,675 | \$ 287,675 | \$ 0 |
| Due from Other Governments | 49,330 | 47,756 | 49,330 | 47,756 |
| Total Assets | \$ 49,330 | \$ 335,431 | \$ 337,005 | \$ 47,756 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 49,330 | \$ 335,431 | \$ 337,005 | \$ 47,756 |
| Total Liabilities | \$ 49,330 | \$ 335,431 | \$ 337,005 | \$ 47,756 |
| <u>Constitutional Officers - Agency Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 575,639 | \$ 4,949,573 | \$ 4,783,532 | \$ 741,680 |
| Total Assets | \$ 575,639 | \$ 4,949,573 | \$ 4,783,532 | \$ 741,680 |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | \$ 575,639 | \$ 4,949,573 | \$ 4,783,532 | \$ 741,680 |
| Total Liabilities | \$ 575,639 | \$ 4,949,573 | \$ 4,783,532 | \$ 741,680 |
| <u>Totals - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 575,639 | \$ 4,949,573 | \$ 4,783,532 | \$ 741,680 |
| Equity in Pooled Cash and Investments | 0 | 287,675 | 287,675 | 0 |
| Due from Other Governments | 49,330 | 47,756 | 49,330 | 47,756 |
| Total Assets | \$ 624,969 | \$ 5,285,004 | \$ 5,120,537 | \$ 789,436 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 49,330 | \$ 335,431 | \$ 337,005 | \$ 47,756 |
| Due to Litigants, Heirs, and Others | 575,639 | 4,949,573 | 4,783,532 | 741,680 |
| Total Liabilities | \$ 624,969 | \$ 5,285,004 | \$ 5,120,537 | \$ 789,436 |

Jackson County School Department

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

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

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

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

Exhibit I-1

Jackson County, Tennessee
Statement of Activities
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2018

| 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 | \$ 8,054,873 | \$ 28,026 | \$ 1,061,380 | \$ 124,469 | \$ (6,840,998) |
| Support Services | 5,070,224 | 42,291 | 113,977 | 0 | (4,913,956) |
| Operation of Non-instructional Services | 1,658,804 | 39,368 | 1,329,834 | 0 | (289,602) |
| Interest on Long-term Debt | 77,968 | 0 | 0 | 0 | (77,968) |
| Total Governmental Activities | <u>\$ 14,861,869</u> | <u>\$ 109,685</u> | <u>\$ 2,505,191</u> | <u>\$ 124,469</u> | <u>\$ (12,122,524)</u> |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property Taxes Levied for General Purposes | | | | | \$ 1,914,066 |
| Local Option Sales Taxes | | | | | 583,417 |
| Wheel Tax | | | | | 163,677 |
| Other Local Taxes | | | | | 255 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 10,766,835 |
| Unrestricted Investment Earnings | | | | | 1,888 |
| Miscellaneous | | | | | 45,857 |
| Total General Revenues | | | | | <u>\$ 13,475,995</u> |
| Change in Net Position | | | | | \$ 1,353,471 |
| Net Position, July 1, 2017 | | | | | 13,666,757 |
| Restatement - See Note I.D.8. | | | | | <u>(1,245,850)</u> |
| Net Position, June 30, 2018 | | | | | <u>\$ 13,774,378</u> |

Exhibit I-2

Jackson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented School Department
June 30, 2018

| | Major Fund | Nonmajor Funds | |
|---|---------------|-------------------|---------------|
| | General | Other | Total |
| | Purpose | Govern- | Governmental |
| | School | mental | Funds |
| | | Funds | |
| <u>ASSETS</u> | | | |
| Equity in Pooled Cash and Investments | \$ 7,876,410 | \$ 578,082 | \$ 8,454,492 |
| Due from Other Governments | 408,046 | 71,163 | 479,209 |
| Property Taxes Receivable | 1,847,411 | 0 | 1,847,411 |
| Allowance for Uncollectible Property Taxes | (70,933) | 0 | (70,933) |
| Total Assets | \$ 10,060,934 | \$ 649,245 | \$ 10,710,179 |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$ 0 | \$ 16,928 | \$ 16,928 |
| Total Liabilities | \$ 0 | \$ 16,928 | \$ 16,928 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Deferred Current Property Taxes | \$ 1,726,881 | \$ 0 | \$ 1,726,881 |
| Deferred Delinquent Property Taxes | 45,282 | 0 | 45,282 |
| Other Deferred/Unavailable Revenue | 53,459 | 0 | 53,459 |
| Total Deferred Inflows of Resources | \$ 1,825,622 | \$ 0 | \$ 1,825,622 |
| <u>FUND BALANCES</u> | | | |
| Restricted: | | | |
| Restricted for Education | \$ 36,739 | \$ 457,704 | \$ 494,443 |
| Committed: | | | |
| Committed for Education | 996,840 | 174,613 | 1,171,453 |
| Assigned: | | | |
| Assigned for Education | 109,539 | 0 | 109,539 |
| Unassigned | 7,092,194 | 0 | 7,092,194 |
| Total Fund Balances | \$ 8,235,312 | \$ 632,317 | \$ 8,867,629 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 10,060,934 | \$ 649,245 | \$ 10,710,179 |

Exhibit I-3

Jackson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Jackson County School Department
June 30, 2018

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

| | | | |
|--|----|--------------------|--------------------------|
| Total fund balances - balance sheet - governmental funds (Exhibit I-2) | | \$ | 8,867,629 |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | | |
| Add: land | \$ | 319,507 | |
| Add: buildings and improvements net of accumulated depreciation | | 10,352,196 | |
| Add: infrastructure net of accumulated depreciation | | 105,740 | |
| Add: other capital assets net of accumulated depreciation | | <u>774,118</u> | 11,551,561 |
| (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | | |
| Less: contributions due on primary government debt for other loans | \$ | (5,310,000) | |
| Less: compensated absences payable | | (10,204) | |
| Less: net OPEB liability | | <u>(1,842,217)</u> | (7,162,421) |
| (3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years: | | | |
| Add: deferred outflows of resources related to pensions | \$ | 1,421,020 | |
| Less: deferred inflows of resources related to pensions | | (1,192,536) | |
| Add: deferred outflows of resources related to OPEB | | 91,707 | |
| Less: deferred inflows of resources related to OPEB | | <u>(104,457)</u> | 215,734 |
| (4) Net pension assets of the pension plans are not current financial resources and therefore are not reported in the governmental funds. | | | |
| Add: net pension asset - agent plan | \$ | 125,257 | |
| Add: net pension asset - teacher retirement plan | | 23,300 | |
| Add: net pension asset - teacher legacy plan | | <u>54,577</u> | 203,134 |
| (5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | | <u>98,741</u> |
| Net position of governmental activities (Exhibit A) | | \$ | <u><u>13,774,378</u></u> |

Exhibit I-4

Jackson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented School Department
For the Year Ended June 30, 2018

| | Major Fund | Nonmajor Funds | |
|---|----------------------|---------------------|----------------------|
| | General | Other | Total |
| | Purpose | Govern- mental | Governmental |
| | School | Funds | Funds |
| <hr/> | | | |
| <u>Revenues</u> | | | |
| Local Taxes | \$ 2,682,768 | \$ 0 | \$ 2,682,768 |
| Licenses and Permits | 628 | 0 | 628 |
| Charges for Current Services | 70,317 | 39,368 | 109,685 |
| Other Local Revenues | 41,926 | 5,854 | 47,780 |
| State of Tennessee | 10,557,378 | 0 | 10,557,378 |
| Federal Government | 171,767 | 2,666,687 | 2,838,454 |
| Total Revenues | <u>\$ 13,524,784</u> | <u>\$ 2,711,909</u> | <u>\$ 16,236,693</u> |
| <hr/> | | | |
| <u>Expenditures</u> | | | |
| Current: | | | |
| Instruction | \$ 6,865,347 | \$ 1,170,404 | \$ 8,035,751 |
| Support Services | 4,625,652 | 378,615 | 5,004,267 |
| Operation of Non-Instructional Services | 610,417 | 1,064,659 | 1,675,076 |
| Capital Outlay | 593,179 | 0 | 593,179 |
| Debt Service: | | | |
| Principal on Debt | 507,000 | 0 | 507,000 |
| Interest on Debt | 77,968 | 0 | 77,968 |
| Other Debt Service | 40,031 | 0 | 40,031 |
| Total Expenditures | <u>\$ 13,319,594</u> | <u>\$ 2,613,678</u> | <u>\$ 15,933,272</u> |
| <hr/> | | | |
| Excess (Deficiency) of Revenues | | | |
| Over Expenditures | <u>\$ 205,190</u> | <u>\$ 98,231</u> | <u>\$ 303,421</u> |
| <hr/> | | | |
| <u>Other Financing Sources (Uses)</u> | | | |
| Transfers In | \$ 94,286 | \$ 0 | \$ 94,286 |
| Transfers Out | 0 | (94,286) | (94,286) |
| Total Other Financing Sources (Uses) | <u>\$ 94,286</u> | <u>\$ (94,286)</u> | <u>\$ 0</u> |
| <hr/> | | | |
| Net Change in Fund Balances | \$ 299,476 | \$ 3,945 | \$ 303,421 |
| Fund Balance, July 1, 2017 | 7,935,836 | 628,372 | 8,564,208 |
| <hr/> | | | |
| Fund Balance, June 30, 2018 | <u>\$ 8,235,312</u> | <u>\$ 632,317</u> | <u>\$ 8,867,629</u> |

Exhibit I-5

Jackson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2018

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

| | | | |
|---|----|------------------|---------------------|
| Net change in fund balances - total governmental funds (Exhibit I-4) | | \$ | 303,421 |
| (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 | \$ | 430,405 | |
| Less: current-year depreciation expense | | <u>(488,597)</u> | (58,192) |
| (2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds. | | | |
| Add: deferred delinquent property taxes and other deferred June 30, 2018 | \$ | 98,741 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2017 | | <u>(120,094)</u> | (21,353) |
| (3) The contribution of long-term debt (e.g., bonds, notes, other loans, leases) by the primary government provides current financial resources to governmental funds, while the contribution by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. | | | |
| Add: principal contributions on other loans to primary government | | | 507,000 |
| (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 | \$ | (10,204) | |
| Change in OPEB liability (net of restatement) | | 66,403 | |
| Change in deferred outflows related to OPEB | | 91,707 | |
| Change in deferred inflows related to OPEB | | <u>(104,458)</u> | |
| Change in net pension asset - agent plan | | 95,078 | |
| Change in net pension liability - teacher legacy plan | | 1,059,254 | |
| Change in net pension asset - teacher retirement plan | | 12,551 | |
| Change in deferred outflows related to pensions | | <u>(695,015)</u> | |
| Change in deferred inflows related to pensions | | <u>107,279</u> | <u>622,595</u> |
| Change in net position of governmental activities (Exhibit B) | | | <u>\$ 1,353,471</u> |

Exhibit I-6

Jackson County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented School Department
June 30, 2018

| | <u>Special Revenue Funds</u> | | Total Nonmajor Governmental Funds |
|---------------------------------------|-------------------------------|----------------------|--|
| | School Federal Projects | Central Cafeteria | |
| <u>ASSETS</u> | | | |
| Equity in Pooled Cash and Investments | \$ 103,450 | \$ 474,632 | \$ 578,082 |
| Due from Other Governments | 71,163 | 0 | 71,163 |
| Total Assets | <u>\$ 174,613</u> | <u>\$ 474,632</u> | <u>\$ 649,245</u> |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$ 0 | \$ 16,928 | \$ 16,928 |
| Total Liabilities | <u>\$ 0</u> | <u>\$ 16,928</u> | <u>\$ 16,928</u> |
| <u>FUND BALANCES</u> | | | |
| Restricted: | | | |
| Restricted for Education | \$ 0 | \$ 457,704 | \$ 457,704 |
| Committed: | | | |
| Committed for Education | 174,613 | 0 | 174,613 |
| Total Fund Balances | <u>\$ 174,613</u> | <u>\$ 457,704</u> | <u>\$ 632,317</u> |
| Total Liabilities and Fund Balances | <u>\$ 174,613</u> | <u>\$ 474,632</u> | <u>\$ 649,245</u> |

Exhibit I-7

Jackson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented School Department
For the Year Ended June 30, 2018

| | <u>Special Revenue Funds</u> | | Total |
|---|-------------------------------|--------------------------|-----------------------------------|
| | School Federal Projects | Central Cafeteria | Nonmajor Governmental Funds |
| <u>Revenues</u> | | | |
| Charges for Current Services | \$ 0 | \$ 39,368 | \$ 39,368 |
| Other Local Revenues | 0 | 5,854 | 5,854 |
| Federal Government | 1,577,937 | 1,088,750 | 2,666,687 |
| Total Revenues | <u>\$ 1,577,937</u> | <u>\$ 1,133,972</u> | <u>\$ 2,711,909</u> |
| <u>Expenditures</u> | | | |
| Current: | | | |
| Instruction | \$ 1,170,404 | \$ 0 | \$ 1,170,404 |
| Support Services | 378,615 | 0 | 378,615 |
| Operation of Non-Instructional Services | 0 | 1,064,659 | 1,064,659 |
| Total Expenditures | <u>\$ 1,549,019</u> | <u>\$ 1,064,659</u> | <u>\$ 2,613,678</u> |
| Excess (Deficiency) of Revenues | | | |
| Over Expenditures | <u>\$ 28,918</u> | <u>\$ 69,313</u> | <u>\$ 98,231</u> |
| <u>Other Financing Sources (Uses)</u> | | | |
| Transfers Out | <u>\$ (29,350)</u> | <u>\$ (64,936)</u> | <u>\$ (94,286)</u> |
| Total Other Financing Sources (Uses) | <u>\$ (29,350)</u> | <u>\$ (64,936)</u> | <u>\$ (94,286)</u> |
| Net Change in Fund Balances | \$ (432) | \$ 4,377 | \$ 3,945 |
| Fund Balance, July 1, 2017 | <u>175,045</u> | <u>453,327</u> | <u>628,372</u> |
| Fund Balance, June 30, 2018 | <u><u>\$ 174,613</u></u> | <u><u>\$ 457,704</u></u> | <u><u>\$ 632,317</u></u> |

Exhibit I-8

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented School Department
General Purpose School Fund
For the Year Ended June 30, 2018

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2017 | Add: Encumbrances 6/30/2018 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|---------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 2,682,768 | \$ 0 | \$ 0 | \$ 2,682,768 | \$ 2,507,920 | \$ 2,507,920 | \$ 174,848 |
| Licenses and Permits | 628 | 0 | 0 | 628 | 600 | 600 | 28 |
| Charges for Current Services | 70,317 | 0 | 0 | 70,317 | 77,000 | 77,000 | (6,683) |
| Other Local Revenues | 41,926 | 0 | 0 | 41,926 | 29,000 | 29,000 | 12,926 |
| State of Tennessee | 10,557,378 | 0 | 0 | 10,557,378 | 10,281,057 | 10,478,395 | 78,983 |
| Federal Government | 171,767 | 0 | 0 | 171,767 | 0 | 169,998 | 1,769 |
| Total Revenues | \$ 13,524,784 | \$ 0 | \$ 0 | \$ 13,524,784 | \$ 12,895,577 | \$ 13,262,913 | \$ 261,871 |
| <u>Expenditures</u> | | | | | | | |
| <u>Instruction</u> | | | | | | | |
| Regular Instruction Program | \$ 5,393,155 | \$ (4,048) | \$ 31,495 | \$ 5,420,602 | \$ 6,543,774 | \$ 6,554,175 | \$ 1,133,573 |
| Alternative Instruction Program | 144,428 | 0 | 0 | 144,428 | 161,294 | 161,294 | 16,866 |
| Special Education Program | 784,129 | 0 | 0 | 784,129 | 987,179 | 987,179 | 203,050 |
| Career and Technical Education Program | 543,635 | 0 | 0 | 543,635 | 452,436 | 576,905 | 33,270 |
| <u>Support Services</u> | | | | | | | |
| Attendance | 123,977 | 0 | 0 | 123,977 | 167,506 | 167,506 | 43,529 |
| Health Services | 204,622 | 0 | 0 | 204,622 | 226,903 | 226,902 | 22,280 |
| Other Student Support | 264,619 | (5,000) | 522 | 260,141 | 328,095 | 328,095 | 67,954 |
| Regular Instruction Program | 289,755 | 0 | 1,673 | 291,428 | 382,897 | 382,897 | 91,469 |
| Special Education Program | 165,605 | 0 | 0 | 165,605 | 176,050 | 176,050 | 10,445 |
| Career and Technical Education Program | 18,025 | 0 | 0 | 18,025 | 19,402 | 19,402 | 1,377 |
| Technology | 97,036 | 0 | 8,123 | 105,159 | 154,561 | 154,561 | 49,402 |
| Other Programs | 62,469 | 0 | 0 | 62,469 | 0 | 62,469 | 0 |
| Board of Education | 372,239 | (4,500) | 4,500 | 372,239 | 407,817 | 407,817 | 35,578 |
| Director of Schools | 132,440 | 0 | 0 | 132,440 | 137,062 | 137,062 | 4,622 |
| Office of the Principal | 706,468 | 0 | 0 | 706,468 | 785,121 | 785,121 | 78,653 |
| Fiscal Services | 272,282 | (2,162) | 0 | 270,120 | 295,147 | 295,147 | 25,027 |
| Operation of Plant | 939,667 | 0 | 2,520 | 942,187 | 1,162,941 | 1,162,941 | 220,754 |
| Maintenance of Plant | 183,818 | (4,800) | 27,486 | 206,504 | 256,166 | 256,166 | 49,662 |

(Continued)

Exhibit I-8

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2017 | Add: Encumbrances 6/30/2018 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|----------------------|----------------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Support Services (Cont.)</u> | | | | | | | |
| Transportation | \$ 792,630 | \$ (77,478) | \$ 2,751 | \$ 717,903 | \$ 1,118,268 | \$ 1,118,268 | \$ 400,365 |
| <u>Operation of Non-Instructional Services</u> | | | | | | | |
| Food Service | 75,415 | 0 | 0 | 75,415 | 91,567 | 91,567 | 16,152 |
| Community Services | 227,502 | 0 | 0 | 227,502 | 68,655 | 233,953 | 6,451 |
| Early Childhood Education | 307,500 | 0 | 0 | 307,500 | 315,186 | 315,187 | 7,687 |
| <u>Capital Outlay</u> | | | | | | | |
| Regular Capital Outlay | 593,179 | (110,775) | 30,469 | 512,873 | 750,000 | 750,000 | 237,127 |
| <u>Principal on Debt</u> | | | | | | | |
| Education | 507,000 | 0 | 0 | 507,000 | 507,000 | 507,000 | 0 |
| <u>Interest on Debt</u> | | | | | | | |
| Education | 77,968 | 0 | 0 | 77,968 | 113,000 | 113,000 | 35,032 |
| <u>Other Debt Service</u> | | | | | | | |
| Education | 40,031 | 0 | 0 | 40,031 | 79,000 | 79,000 | 38,969 |
| Total Expenditures | <u>\$ 13,319,594</u> | <u>\$ (208,763)</u> | <u>\$ 109,539</u> | <u>\$ 13,220,370</u> | <u>\$ 15,687,027</u> | <u>\$ 16,049,664</u> | <u>\$ 2,829,294</u> |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 205,190 | \$ 208,763 | \$ (109,539) | \$ 304,414 | \$ (2,791,450) | \$ (2,786,751) | \$ 3,091,165 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers In | \$ 94,286 | \$ 0 | \$ 0 | \$ 94,286 | \$ 85,000 | \$ 85,000 | \$ 9,286 |
| Transfers Out | 0 | 0 | 0 | 0 | (10,000) | (14,700) | 14,700 |
| Total Other Financing Sources | <u>\$ 94,286</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 94,286</u> | <u>\$ 75,000</u> | <u>\$ 70,300</u> | <u>\$ 23,986</u> |
| Net Change in Fund Balance | \$ 299,476 | \$ 208,763 | \$ (109,539) | \$ 398,700 | \$ (2,716,450) | \$ (2,716,451) | \$ 3,115,151 |
| Fund Balance, July 1, 2017 | <u>7,935,836</u> | <u>(208,763)</u> | <u>0</u> | <u>7,727,073</u> | <u>7,518,271</u> | <u>7,518,271</u> | <u>208,802</u> |
| Fund Balance, June 30, 2018 | <u>\$ 8,235,312</u> | <u>\$ 0</u> | <u>\$ (109,539)</u> | <u>\$ 8,125,773</u> | <u>\$ 4,801,821</u> | <u>\$ 4,801,820</u> | <u>\$ 3,323,953</u> |

Exhibit I-9

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented School Department
School Federal Projects Fund
For the Year Ended June 30, 2018

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------|------------------|--------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Federal Government | \$ 1,577,937 | \$ 1,385,705 | \$ 1,824,439 | \$ (246,502) |
| Total Revenues | \$ 1,577,937 | \$ 1,385,705 | \$ 1,824,439 | \$ (246,502) |
| <u>Expenditures</u> | | | | |
| <u>Instruction</u> | | | | |
| Regular Instruction Program | \$ 695,589 | \$ 593,908 | \$ 778,538 | \$ 82,949 |
| Special Education Program | 440,216 | 457,089 | 508,462 | 68,246 |
| Career and Technical Education Program | 34,599 | 41,009 | 43,042 | 8,443 |
| <u>Support Services</u> | | | | |
| Other Student Support | 9,446 | 14,038 | 13,226 | 3,780 |
| Regular Instruction Program | 298,854 | 227,370 | 363,794 | 64,940 |
| Special Education Program | 56,424 | 24,084 | 67,825 | 11,401 |
| Career and Technical Education Program | 1,694 | 3,460 | 3,460 | 1,766 |
| Transportation | 12,197 | 13,742 | 13,742 | 1,545 |
| Total Expenditures | \$ 1,549,019 | \$ 1,374,700 | \$ 1,792,089 | \$ 243,070 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 28,918 | \$ 11,005 | \$ 32,350 | \$ (3,432) |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers Out | \$ (29,350) | \$ (11,005) | \$ (32,350) | \$ 3,000 |
| Total Other Financing Sources | \$ (29,350) | \$ (11,005) | \$ (32,350) | \$ 3,000 |
| Net Change in Fund Balance | \$ (432) | \$ 0 | \$ 0 | \$ (432) |
| Fund Balance, July 1, 2017 | 175,045 | 0 | 0 | 175,045 |
| Fund Balance, June 30, 2018 | \$ 174,613 | \$ 0 | \$ 0 | \$ 174,613 |

Exhibit I-10

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented School Department
Central Cafeteria Fund
For the Year Ended June 30, 2018

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------------------|--------------------------|--------------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Charges for Current Services | \$ 39,368 | \$ 90,000 | \$ 90,000 | \$ (50,632) |
| Other Local Revenues | 5,854 | 3,000 | 3,000 | 2,854 |
| Federal Government | 1,088,750 | 1,160,000 | 1,160,000 | (71,250) |
| Total Revenues | <u>\$ 1,133,972</u> | <u>\$ 1,253,000</u> | <u>\$ 1,253,000</u> | <u>\$ (119,028)</u> |
| <u>Expenditures</u> | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | |
| Food Service | \$ 1,064,659 | \$ 1,278,250 | \$ 1,278,250 | \$ 213,591 |
| Total Expenditures | <u>\$ 1,064,659</u> | <u>\$ 1,278,250</u> | <u>\$ 1,278,250</u> | <u>\$ 213,591</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 69,313</u> | <u>\$ (25,250)</u> | <u>\$ (25,250)</u> | <u>\$ 94,563</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers Out | \$ (64,936) | \$ (65,000) | \$ (65,000) | \$ 64 |
| Total Other Financing Sources | <u>\$ (64,936)</u> | <u>\$ (65,000)</u> | <u>\$ (65,000)</u> | <u>\$ 64</u> |
| Net Change in Fund Balance | \$ 4,377 | \$ (90,250) | \$ (90,250) | \$ 94,627 |
| Fund Balance, July 1, 2017 | <u>453,327</u> | <u>453,327</u> | <u>453,327</u> | <u>0</u> |
| Fund Balance, June 30, 2018 | <u><u>\$ 457,704</u></u> | <u><u>\$ 363,077</u></u> | <u><u>\$ 363,077</u></u> | <u><u>\$ 94,627</u></u> |

MISCELLANEOUS SCHEDULES

Exhibit J-1

Jackson County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, and Other Loans
For the Year Ended June 30, 2018

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-17 | Issued During Period | Paid and/or Matured During Period | Outstanding 6-30-18 |
|---|--------------------------------|------------------|---------------------|--------------------------|-----------------------|----------------------------|--|------------------------|
| <u>BONDS PAYABLE</u> | | | | | | | | |
| Payable through General Debt Service Fund | | | | | | | | |
| Public Works (F.H.A.) | \$ 26,000 | 5 % | 4-28-1978 | 1-1-18 | \$ 1,500 | \$ 0 | \$ 1,500 | \$ 0 |
| Health Department (USDA) | 194,600 | 4 | 2-22-11 | 2-22-49 | 179,569 | 0 | 2,867 | 176,702 |
| Total Bonds Payable | | | | | <u>\$ 181,069</u> | <u>\$ 0</u> | <u>\$ 4,367</u> | <u>\$ 176,702</u> |
| <u>NOTES PAYABLE</u> | | | | | | | | |
| Payable through General Debt Service Fund | | | | | | | | |
| Two Tri-Axle Mack Dump Trucks | 330,111 | 1.9 | 11-21-16 | 11-21-21 | \$ 330,111 | \$ 0 | \$ 63,562 | \$ 266,549 |
| Trash Truck | 230,000 | 1.98 | 11-13-17 | 11-13-22 | 0 | 230,000 | 0 | 230,000 |
| Total Notes Payable | | | | | <u>\$ 330,111</u> | <u>\$ 230,000</u> | <u>\$ 63,562</u> | <u>\$ 496,549</u> |
| <u>OTHER LOANS PAYABLE</u> | | | | | | | | |
| Payable through General Debt Service Fund | | | | | | | | |
| Jail Construction | 3,500,000 | Variable | 8-9-04 | 5-25-29 | \$ 2,056,000 | \$ 0 | \$ 145,000 | \$ 1,911,000 |
| Jail Construction | 1,200,000 | Variable | 10-23-06 | 5-25-31 | 861,000 | 0 | 44,000 | 817,000 |
| Total Payable through General Debt Service Fund | | | | | <u>\$ 2,917,000</u> | <u>\$ 0</u> | <u>\$ 189,000</u> | <u>\$ 2,728,000</u> |
| <u>Contributions Due by School Department from the General Purpose</u> | | | | | | | | |
| School Fund to the General Debt Service Fund | | | | | | | | |
| School Construction | 6,300,000 | Variable | 3-5-01 | 5-25-29 | \$ 3,857,000 | \$ 0 | \$ 242,000 | \$ 3,615,000 |
| Refunding/School Construction | 3,765,000 | Variable | 12-15-09 | 5-25-29 | 1,960,000 | 0 | 265,000 | 1,695,000 |
| Total Contributions Due by the School Department from the General Purpose | | | | | <u>\$ 5,817,000</u> | <u>\$ 0</u> | <u>\$ 507,000</u> | <u>\$ 5,310,000</u> |
| School Fund to the General Debt Service Fund | | | | | | | | |
| Total Other Loans Payable | | | | | <u>\$ 8,734,000</u> | <u>\$ 0</u> | <u>\$ 696,000</u> | <u>\$ 8,038,000</u> |

Exhibit J-2

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

| Year Ending June 30 | Bonds | | |
|---------------------------|------------|------------|------------|
| | Principal | Interest | Total |
| 2019 | \$ 2,982 | \$ 7,068 | \$ 10,050 |
| 2020 | 3,101 | 6,949 | 10,050 |
| 2021 | 3,225 | 6,825 | 10,050 |
| 2022 | 3,354 | 6,696 | 10,050 |
| 2023 | 3,488 | 6,562 | 10,050 |
| 2024 | 3,628 | 6,422 | 10,050 |
| 2025 | 3,773 | 6,277 | 10,050 |
| 2026 | 3,924 | 6,126 | 10,050 |
| 2027 | 4,081 | 5,969 | 10,050 |
| 2028 | 4,244 | 5,806 | 10,050 |
| 2029 | 4,414 | 5,636 | 10,050 |
| 2030 | 4,590 | 5,460 | 10,050 |
| 2031 | 4,774 | 5,276 | 10,050 |
| 2032 | 4,965 | 5,085 | 10,050 |
| 2033 | 5,164 | 4,886 | 10,050 |
| 2034 | 5,370 | 4,680 | 10,050 |
| 2035 | 5,585 | 4,465 | 10,050 |
| 2036 | 5,808 | 4,242 | 10,050 |
| 2037 | 6,041 | 4,009 | 10,050 |
| 2038 | 6,282 | 3,768 | 10,050 |
| 2039 | 6,534 | 3,516 | 10,050 |
| 2040 | 6,795 | 3,255 | 10,050 |
| 2041 | 7,067 | 2,983 | 10,050 |
| 2042 | 7,349 | 2,701 | 10,050 |
| 2043 | 7,643 | 2,407 | 10,050 |
| 2044 | 7,949 | 2,101 | 10,050 |
| 2045 | 8,267 | 1,783 | 10,050 |
| 2046 | 8,598 | 1,452 | 10,050 |
| 2047 | 8,942 | 1,108 | 10,050 |
| 2048 | 9,299 | 751 | 10,050 |
| 2049 | 9,466 | 584 | 10,050 |
| Total | \$ 176,702 | \$ 134,848 | \$ 311,550 |

(Continued)

Exhibit J-2

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

| Year Ending June 30 | Notes | | |
|---------------------------|------------|-----------|------------|
| | Principal | Interest | Total |
| 2019 | \$ 108,982 | \$ 9,619 | \$ 118,601 |
| 2020 | 111,089 | 7,513 | 118,602 |
| 2021 | 113,235 | 5,366 | 118,601 |
| 2022 | 115,423 | 3,177 | 118,600 |
| 2023 | 47,820 | 947 | 48,767 |
| Total | \$ 496,549 | \$ 26,622 | \$ 523,171 |

| Year Ending June 30 | Other Loans | | | |
|---------------------------|--------------|------------|------------|--------------|
| | Principal | Interest | Other Fees | Total |
| 2019 | \$ 729,000 | \$ 116,065 | \$ 56,329 | \$ 901,394 |
| 2020 | 589,000 | 105,590 | 51,590 | 746,180 |
| 2021 | 617,000 | 97,083 | 47,761 | 761,844 |
| 2022 | 644,000 | 88,174 | 43,750 | 775,924 |
| 2023 | 671,000 | 78,879 | 39,565 | 789,444 |
| 2024 | 702,000 | 69,193 | 35,204 | 806,397 |
| 2025 | 731,000 | 59,062 | 30,639 | 820,701 |
| 2026 | 761,000 | 48,515 | 25,888 | 835,403 |
| 2027 | 788,000 | 37,539 | 20,943 | 846,482 |
| 2028 | 817,000 | 26,170 | 15,820 | 858,990 |
| 2029 | 827,000 | 14,383 | 10,510 | 851,893 |
| 2030 | 79,000 | 2,446 | 2,073 | 83,519 |
| 2031 | 83,000 | 1,253 | 1,560 | 85,813 |
| Total | \$ 8,038,000 | \$ 744,352 | \$ 381,632 | \$ 9,163,984 |

Exhibit J-3

Jackson County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Jackson County School Department

For the Year Ended June 30, 2018

| <u>From Fund</u> | <u>To Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|--|--------------------------|---------------------------------|-------------------|
| <u>PRIMARY GOVERNMENT</u> | | | |
| General | General Capital Projects | Courthouse heat and air project | \$ 75,634 |
| " | General Debt Service | To retire debt | <u>100,000</u> |
| Total Transfers Primary Government | | | <u>\$ 175,634</u> |
| <u>DISCRETELY PRESENTED JACKSON COUNTY SCHOOL DEPARTMENT</u> | | | |
| School Federal Projects | General Purpose School | Indirect costs | \$ 29,350 |
| Central Cafeteria | " | Supervisor's salary | <u>64,936</u> |
| Total Transfers Discretely Presented Jackson County School Department | | | <u>\$ 94,286</u> |

Exhibit J-4

Jackson County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Jackson County School Department
For the Year Ended June 30, 2018

| Official | Authorization for Salary | Salary Paid During Period | Bond | Surety |
|---|--|------------------------------------|------------|----------------------------------|
| County Mayor: | | | | |
| James Bobby Kinnaird (7-1-17 to 3-15-18) | Section 8-24-102, <i>TCA</i> | \$ 51,690 | \$ 100,000 | Western Surety Company |
| Vacant (3-16-18 to 4-1-18) | | | | |
| Randy Heady (4-2-18 to 6-30-18) | Section 8-24-102, <i>TCA</i> | 18,243 | (5) | |
| Road Superintendent | Section 8-24-102, <i>TCA</i> , and Jackson County Commission | 74,382 (1) | 100,000 | " |
| Director of Schools | State Board of Education and Jackson County Board of Education | 96,639 (2) | 100,000 | " |
| Trustee | Section 8-24-102, <i>TCA</i> | 63,182 | 567,964 | The Cincinnati Insurance Company |
| Assessor of Property | Section 8-24-102, <i>TCA</i> | 63,182 | 50,000 | Western Surety Company |
| County Clerk | Section 8-24-102, <i>TCA</i> | 63,182 | 25,000 | " |
| Circuit and General Sessions Courts Clerk | Section 8-24-102, <i>TCA</i> | 63,182 | 25,000 | " |
| Clerk and Master | Section 8-24-102, <i>TCA</i> , and Chancery Court Judge | 63,182 (3) | 25,000 | " |
| Register of Deeds | Section 8-24-102, <i>TCA</i> | 63,182 | 15,000 | " |
| Sheriff | Section 8-24-102, <i>TCA</i> | 69,500 (4) | 25,000 | " |
| Employee Blanket Bonds: | | | | |
| Public Employee Dishonesty - County Departments | | | 400,000 | Local Government Insurance Pool |
| Public Employee Dishonesty - School Department | | | 150,000 | Tennessee Risk Management Trust |

- (1) Includes an additional appropriation of \$4,882.
(2) Does not include a chief executive officer's supplement of \$1,000.
(3) Does not include special commissioner fees of \$22,215.
(4) Does not include a law enforcement training supplement of \$600.
(5) The county mayor is covered by the \$400,000 employee blanket bond.

Exhibit J-5

Jackson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2018

| | Special Revenue Funds | | | | Debt Service Fund | Capital Projects Funds |
|--|-----------------------|--------------------------|--------------|------------------------|----------------------|--------------------------|
| | General | Solid Waste / Sanitation | Drug Control | Highway / Public Works | General Debt Service | General Capital Projects |
| <u>Local Taxes</u> | | | | | | |
| <u>County Property Taxes</u> | | | | | | |
| Current Property Tax | \$ 2,261,659 | \$ 462,234 | \$ 0 | \$ 181,595 | \$ 32,966 | \$ 0 |
| Trustee's Collections - Prior Year | 114,472 | 23,358 | 0 | 9,176 | 1,668 | 0 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 186,843 | 38,126 | 0 | 15,340 | 2,774 | 0 |
| Interest and Penalty | 21,142 | 4,315 | 0 | 1,697 | 308 | 0 |
| Payments in-Lieu-of Taxes - Other | 26,283 | 5,156 | 0 | 2,026 | 368 | 0 |
| <u>County Local Option Taxes</u> | | | | | | |
| Local Option Sales Tax | 171,178 | 0 | 0 | 0 | 0 | 0 |
| Wheel Tax | 272,795 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - General | 16,908 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 6,738 | 0 | 0 | 0 | 0 | 0 |
| Business Tax | 32,119 | 0 | 0 | 0 | 0 | 0 |
| Mineral Severance Tax | 0 | 0 | 0 | 26,779 | 0 | 0 |
| <u>Statutory Local Taxes</u> | | | | | | |
| Bank Excise Tax | 54,163 | 0 | 0 | 0 | 0 | 0 |
| Wholesale Beer Tax | 53,936 | 0 | 0 | 0 | 0 | 0 |
| Beer Privilege Tax | 950 | 0 | 0 | 0 | 0 | 0 |
| Other Statutory Local Taxes | 118 | 0 | 0 | 0 | 0 | 0 |
| Total Local Taxes | \$ 3,219,304 | \$ 533,189 | \$ 0 | \$ 236,613 | \$ 38,084 | \$ 0 |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | |
| <u>Circuit Court</u> | | | | | | |
| Fines | \$ 1,767 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Officers Costs | 1,895 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Circuit Court | 3,842 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit J-5

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

| | Special Revenue Funds | | | | Debt Service Fund | Capital Projects Funds |
|--|-----------------------|--------------------------|--------------|------------------------|----------------------|--------------------------|
| | General | Solid Waste / Sanitation | Drug Control | Highway / Public Works | General Debt Service | General Capital Projects |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | | | | |
| <u>General Sessions Court</u> | | | | | | |
| Fines | \$ 10,064 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Fines for Littering | 33 | 0 | 0 | 0 | 0 | 0 |
| Officers Costs | 15,280 | 0 | 0 | 0 | 0 | 0 |
| Game and Fish Fines | 146 | 0 | 0 | 0 | 0 | 0 |
| Drug Control Fines | 0 | 0 | 6,876 | 0 | 0 | 0 |
| DUI Treatment Fines | 2,866 | 0 | 0 | 0 | 0 | 0 |
| <u>Juvenile Court</u> | | | | | | |
| Fines | 228 | 0 | 0 | 0 | 0 | 0 |
| <u>Chancery Court</u> | | | | | | |
| Officers Costs | 1,081 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Chancery Court | 11,380 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Courts - In-county</u> | | | | | | |
| Officers Costs | 280 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 19,800 | 0 | 0 | 0 |
| Total Fines, Forfeitures, and Penalties | \$ 48,862 | \$ 0 | \$ 26,676 | \$ 0 | \$ 0 | 0 |
| <u>Charges for Current Services</u> | | | | | | |
| <u>General Service Charges</u> | | | | | | |
| Surcharge - Waste Tire Disposal | \$ 0 | \$ 3,964 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Patient Charges | 705,000 | 0 | 0 | 0 | 0 | 0 |
| Other General Service Charges | 7,162 | 0 | 0 | 0 | 0 | 0 |
| Service Charges | 1,035 | 0 | 0 | 0 | 0 | 0 |
| <u>Fees</u> | | | | | | |
| Copy Fees | 1,506 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit J-5

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

| | Special Revenue Funds | | | | Debt Service Fund | Capital Projects Funds |
|---|-----------------------|--------------------------|--------------|------------------------|----------------------|--------------------------|
| | General | Solid Waste / Sanitation | Drug Control | Highway / Public Works | General Debt Service | General Capital Projects |
| <u>Charges for Current Services (Cont.)</u> | | | | | | |
| <u>Fees (Cont.)</u> | | | | | | |
| Library Fees | \$ 3,153 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Archives and Records Management Fee | 746 | 0 | 0 | 0 | 0 | 0 |
| Greenbelt Late Application Fee | 250 | 0 | 0 | 0 | 0 | 0 |
| Telephone Commissions | 57,575 | 0 | 0 | 0 | 0 | 0 |
| Constitutional Officers' Fees and Commissions | 10,320 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - Register | 4,016 | 0 | 0 | 0 | 0 | 0 |
| Sexual Offender Registration Fee - Sheriff | 2,550 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - County Clerk | 699 | 0 | 0 | 0 | 0 | 0 |
| Vehicle Insurance Coverage and Reinstatement Fees | 30 | 0 | 0 | 0 | 0 | 0 |
| <u>Education Charges</u> | | | | | | |
| Tuition - Other | 21,778 | 0 | 0 | 0 | 0 | 0 |
| Total Charges for Current Services | \$ 815,820 | \$ 3,964 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>Other Local Revenues</u> | | | | | | |
| <u>Recurring Items</u> | | | | | | |
| Investment Income | \$ 46,363 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Lease/Rentals | 25,492 | 0 | 0 | 0 | 0 | 0 |
| Sale of Materials and Supplies | 0 | 0 | 0 | 3,144 | 0 | 0 |
| Commissary Sales | 25,960 | 0 | 0 | 0 | 0 | 0 |
| Sale of Gasoline | 1,848 | 0 | 0 | 68,825 | 0 | 0 |
| Sale of Recycled Materials | 0 | 25,892 | 0 | 0 | 0 | 0 |
| E-Rate Funding | 1,562 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous Refunds | 5,648 | 573 | 0 | 14,075 | 0 | 0 |
| <u>Nonrecurring Items</u> | | | | | | |
| Sale of Equipment | 8,776 | 0 | 0 | 33,000 | 0 | 0 |

(Continued)

Exhibit J-5

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

| | Special Revenue Funds | | | | Debt Service Fund | Capital Projects Funds |
|--|-----------------------|--------------------------|--------------|------------------------|----------------------|--------------------------|
| | General | Solid Waste / Sanitation | Drug Control | Highway / Public Works | General Debt Service | General Capital Projects |
| <u>Other Local Revenues (Cont.)</u> | | | | | | |
| <u>Nonrecurring Items (Cont.)</u> | | | | | | |
| Damages Recovered from Individuals | \$ 40 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Contributions and Gifts | 1,701 | 0 | 0 | 0 | 0 | 0 |
| <u>Other Local Revenues</u> | | | | | | |
| Other Local Revenues | 2,182 | 0 | 0 | 0 | 0 | 0 |
| Total Other Local Revenues | \$ 119,572 | \$ 26,465 | \$ 0 | \$ 119,044 | \$ 0 | 0 |
| <u>Fees Received From County Officials</u> | | | | | | |
| <u>Excess Fees</u> | | | | | | |
| Trustee | \$ 173,082 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>Fees In-Lieu-of Salary</u> | | | | | | |
| County Clerk | 100,688 | 0 | 0 | 0 | 0 | 0 |
| Circuit Court Clerk | 17,486 | 0 | 0 | 0 | 0 | 0 |
| General Sessions Court Clerk | 55,845 | 0 | 0 | 0 | 0 | 0 |
| Clerk and Master | 53,859 | 0 | 0 | 0 | 0 | 0 |
| Register | 48,573 | 0 | 0 | 0 | 0 | 0 |
| Sheriff | 7,069 | 0 | 0 | 0 | 0 | 0 |
| Total Fees Received From County Officials | \$ 456,602 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>State of Tennessee</u> | | | | | | |
| <u>General Government Grants</u> | | | | | | |
| Juvenile Services Program | \$ 9,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Airport Maintenance Program | 14,086 | 0 | 0 | 0 | 0 | 0 |
| Aging Programs | 5,602 | 0 | 0 | 0 | 0 | 0 |
| Solid Waste Grants | 0 | 38,065 | 0 | 0 | 0 | 0 |
| Other General Government Grants | 30,813 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit J-5

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

| | Special Revenue Funds | | | | Debt Service Fund | Capital Projects Funds |
|--|-----------------------|--------------------------|--------------|------------------------|----------------------|--------------------------|
| | General | Solid Waste / Sanitation | Drug Control | Highway / Public Works | General Debt Service | General Capital Projects |
| <u>State of Tennessee (Cont.)</u> | | | | | | |
| <u>Public Safety Grants</u> | | | | | | |
| Law Enforcement Training Programs | \$ 8,400 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| <u>Health and Welfare Grants</u> | | | | | | |
| Health Department Programs | 7,383 | 0 | 0 | 0 | 0 | 0 |
| <u>Public Works Grants</u> | | | | | | |
| Bridge Program | 0 | 0 | 0 | 362,951 | 0 | 0 |
| State Aid Program | 0 | 0 | 0 | 601,700 | 0 | 0 |
| Litter Program | 37,415 | 0 | 0 | 0 | 0 | 0 |
| <u>Other State Revenues</u> | | | | | | |
| Flood Control | 3,824 | 0 | 0 | 0 | 0 | 0 |
| Beer Tax | 17,840 | 0 | 0 | 0 | 0 | 0 |
| Vehicle Certificate of Title Fees | 951 | 0 | 0 | 0 | 0 | 0 |
| Alcoholic Beverage Tax | 36,089 | 0 | 0 | 0 | 0 | 0 |
| State Revenue Sharing - T.V.A. | 383,846 | 0 | 0 | 0 | 0 | 0 |
| State Revenue Sharing - Telecommunications | 174,690 | 0 | 0 | 0 | 0 | 0 |
| Contracted Prisoner Boarding | 743,125 | 0 | 0 | 0 | 350,000 | 0 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 1,829,097 | 0 | 0 |
| Petroleum Special Tax | 0 | 0 | 0 | 8,398 | 0 | 0 |
| Registrar's Salary Supplement | 15,164 | 0 | 0 | 0 | 0 | 0 |
| Other State Grants | 9,000 | 0 | 0 | 0 | 0 | 0 |
| Other State Revenues | 29,963 | 1,392 | 0 | 0 | 0 | 0 |
| Total State of Tennessee | \$ 1,527,191 | \$ 39,457 | \$ 0 | \$ 2,802,146 | \$ 350,000 | \$ 0 |
| <u>Federal Government</u> | | | | | | |
| <u>Federal Through State</u> | | | | | | |
| Community Development | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 94,756 |

(Continued)

Exhibit J-5

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

| | Special Revenue Funds | | | | Debt Service Fund | Capital Projects Funds |
|--|-----------------------|--------------------------|------------------|------------------------|----------------------|--------------------------|
| | General | Solid Waste / Sanitation | Drug Control | Highway / Public Works | General Debt Service | General Capital Projects |
| <u>Federal Government (Cont.)</u> | | | | | | |
| <u>Federal Through State (Cont.)</u> | | | | | | |
| Disaster Relief | \$ 0 | \$ 0 | \$ 0 | \$ 60,410 | \$ 0 | \$ 0 |
| Other Federal through State | 89,265 | 0 | 0 | 0 | 0 | 0 |
| <u>Direct Federal Revenue</u> | | | | | | |
| Police Service (Lake Area) | 10,314 | 0 | 0 | 0 | 0 | 0 |
| Other Direct Federal Revenue | 9,678 | 0 | 0 | 0 | 0 | 0 |
| Total Federal Government | <u>\$ 109,257</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 60,410</u> | <u>\$ 0</u> | <u>\$ 94,756</u> |
| <u>Other Governments and Citizens Groups</u> | | | | | | |
| <u>Other Governments</u> | | | | | | |
| Prisoner Board | \$ 55,310 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Contributions | 0 | 0 | 0 | 0 | 624,999 | 0 |
| Total Other Governments and Citizens Groups | <u>\$ 55,310</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 624,999</u> | <u>\$ 0</u> |
| Total | <u>\$ 6,351,918</u> | <u>\$ 603,075</u> | <u>\$ 26,676</u> | <u>\$ 3,218,213</u> | <u>\$ 1,013,083</u> | <u>\$ 94,756</u> |

(Continued)

Exhibit J-5

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

| | Capital Projects Fund Community Development/ Industrial Park | Total |
|--|---|--------------|
| <hr/> | | |
| <u>Local Taxes</u> | | |
| <u>County Property Taxes</u> | | |
| Current Property Tax | \$ 0 | \$ 2,938,454 |
| Trustee's Collections - Prior Year | 0 | 148,674 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 0 | 243,083 |
| Interest and Penalty | 0 | 27,462 |
| Payments in-Lieu-of Taxes - Other | 0 | 33,833 |
| <u>County Local Option Taxes</u> | | |
| Local Option Sales Tax | 0 | 171,178 |
| Wheel Tax | 0 | 272,795 |
| Litigation Tax - General | 0 | 16,908 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 0 | 6,738 |
| Business Tax | 0 | 32,119 |
| Mineral Severance Tax | 0 | 26,779 |
| <u>Statutory Local Taxes</u> | | |
| Bank Excise Tax | 0 | 54,163 |
| Wholesale Beer Tax | 0 | 53,936 |
| Beer Privilege Tax | 0 | 950 |
| Other Statutory Local Taxes | 0 | 118 |
| Total Local Taxes | <hr/> | <hr/> |
| | \$ 0 | \$ 4,027,190 |
| <hr/> | | |
| <u>Fines, Forfeitures, and Penalties</u> | | |
| <u>Circuit Court</u> | | |
| Fines | \$ 0 | \$ 1,767 |
| Officers Costs | 0 | 1,895 |
| Data Entry Fee - Circuit Court | 0 | 3,842 |

(Continued)

Exhibit J-5

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

| | Capital Projects Fund Community Development/ Industrial Park | | Total |
|---|---|---|-----------|
| <hr/> | | | |
| Fines, Forfeitures, and Penalties (Cont.) | | | |
| General Sessions Court | | | |
| Fines | \$ | 0 | \$ 10,064 |
| Fines for Littering | | 0 | 33 |
| Officers Costs | | 0 | 15,280 |
| Game and Fish Fines | | 0 | 146 |
| Drug Control Fines | | 0 | 6,876 |
| DUI Treatment Fines | | 0 | 2,866 |
| Juvenile Court | | | |
| Fines | | 0 | 228 |
| Chancery Court | | | |
| Officers Costs | | 0 | 1,081 |
| Data Entry Fee - Chancery Court | | 0 | 11,380 |
| Other Courts - In-county | | | |
| Officers Costs | | 0 | 280 |
| Other Fines, Forfeitures, and Penalties | | | |
| Proceeds from Confiscated Property | | 0 | 19,800 |
| Total Fines, Forfeitures, and Penalties | \$ | 0 | \$ 75,538 |
| <hr/> | | | |
| Charges for Current Services | | | |
| General Service Charges | | | |
| Surcharge - Waste Tire Disposal | \$ | 0 | \$ 3,964 |
| Patient Charges | | 0 | 705,000 |
| Other General Service Charges | | 0 | 7,162 |
| Service Charges | | 0 | 1,035 |
| Fees | | | |
| Copy Fees | | 0 | 1,506 |

(Continued)

Exhibit J-5

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

| | Capital Projects Fund Community Development/ Industrial Park | Total |
|---|---|------------------|
| <hr/> | | |
| Charges for Current Services (Cont.) | | |
| <u>Fees (Cont.)</u> | | |
| Library Fees | \$ 0 | \$ 3,153 |
| Archives and Records Management Fee | 0 | 746 |
| Greenbelt Late Application Fee | 0 | 250 |
| Telephone Commissions | 0 | 57,575 |
| Constitutional Officers' Fees and Commissions | 0 | 10,320 |
| Data Processing Fee - Register | 0 | 4,016 |
| Sexual Offender Registration Fee - Sheriff | 0 | 2,550 |
| Data Processing Fee - County Clerk | 0 | 699 |
| Vehicle Insurance Coverage and Reinstatement Fees | 0 | 30 |
| <u>Education Charges</u> | | |
| Tuition - Other | 0 | 21,778 |
| Total Charges for Current Services | <hr/> \$ 0 | <hr/> \$ 819,784 |
| <hr/> | | |
| Other Local Revenues | | |
| <u>Recurring Items</u> | | |
| Investment Income | \$ 0 | \$ 46,363 |
| Lease/Rentals | 9,000 | 34,492 |
| Sale of Materials and Supplies | 0 | 3,144 |
| Commissary Sales | 0 | 25,960 |
| Sale of Gasoline | 0 | 70,673 |
| Sale of Recycled Materials | 0 | 25,892 |
| E-Rate Funding | 0 | 1,562 |
| Miscellaneous Refunds | 0 | 20,296 |
| <u>Nonrecurring Items</u> | | |
| Sale of Equipment | 0 | 41,776 |

(Continued)

Exhibit J-5

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

| | Capital Projects Fund Community Development/ Industrial Park | Total |
|--|---|-------------------|
| <u>Other Local Revenues (Cont.)</u> | | |
| <u>Nonrecurring Items (Cont.)</u> | | |
| Damages Recovered from Individuals | \$ 0 | \$ 40 |
| Contributions and Gifts | 0 | 1,701 |
| <u>Other Local Revenues</u> | | |
| Other Local Revenues | 0 | 2,182 |
| Total Other Local Revenues | <u>\$ 9,000</u> | <u>\$ 274,081</u> |
| <u>Fees Received From County Officials</u> | | |
| <u>Excess Fees</u> | | |
| Trustee | \$ 0 | \$ 173,082 |
| <u>Fees In-Lieu-of Salary</u> | | |
| County Clerk | 0 | 100,688 |
| Circuit Court Clerk | 0 | 17,486 |
| General Sessions Court Clerk | 0 | 55,845 |
| Clerk and Master | 0 | 53,859 |
| Register | 0 | 48,573 |
| Sheriff | 0 | 7,069 |
| Total Fees Received From County Officials | <u>\$ 0</u> | <u>\$ 456,602</u> |
| <u>State of Tennessee</u> | | |
| <u>General Government Grants</u> | | |
| Juvenile Services Program | \$ 0 | \$ 9,000 |
| Airport Maintenance Program | 0 | 14,086 |
| Aging Programs | 0 | 5,602 |
| Solid Waste Grants | 0 | 38,065 |
| Other General Government Grants | 0 | 30,813 |

(Continued)

Exhibit J-5

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

| | Capital Projects Fund Community Development/ Industrial Park | Total |
|--|---|--------------|
| <u>State of Tennessee (Cont.)</u> | | |
| <u>Public Safety Grants</u> | | |
| Law Enforcement Training Programs | \$ 0 | \$ 8,400 |
| <u>Health and Welfare Grants</u> | | |
| Health Department Programs | 0 | 7,383 |
| <u>Public Works Grants</u> | | |
| Bridge Program | 0 | 362,951 |
| State Aid Program | 0 | 601,700 |
| Litter Program | 0 | 37,415 |
| <u>Other State Revenues</u> | | |
| Flood Control | 0 | 3,824 |
| Beer Tax | 0 | 17,840 |
| Vehicle Certificate of Title Fees | 0 | 951 |
| Alcoholic Beverage Tax | 0 | 36,089 |
| State Revenue Sharing - T.V.A. | 0 | 383,846 |
| State Revenue Sharing - Telecommunications | 0 | 174,690 |
| Contracted Prisoner Boarding | 0 | 1,093,125 |
| Gasoline and Motor Fuel Tax | 0 | 1,829,097 |
| Petroleum Special Tax | 0 | 8,398 |
| Registrar's Salary Supplement | 0 | 15,164 |
| Other State Grants | 0 | 9,000 |
| Other State Revenues | 0 | 31,355 |
| Total State of Tennessee | \$ 0 | \$ 4,718,794 |
| <u>Federal Government</u> | | |
| <u>Federal Through State</u> | | |
| Community Development | \$ 0 | \$ 94,756 |

(Continued)

Exhibit J-5

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

| | Capital Projects Fund Community Development/ Industrial Park | Total |
|--|---|----------------------|
| <u>Federal Government (Cont.)</u> | | |
| <u>Federal Through State (Cont.)</u> | | |
| Disaster Relief | \$ 0 | \$ 60,410 |
| Other Federal through State | 0 | 89,265 |
| <u>Direct Federal Revenue</u> | | |
| Police Service (Lake Area) | 0 | 10,314 |
| Other Direct Federal Revenue | 0 | 9,678 |
| Total Federal Government | <u>\$ 0</u> | <u>\$ 264,423</u> |
| <u>Other Governments and Citizens Groups</u> | | |
| <u>Other Governments</u> | | |
| Prisoner Board | \$ 0 | \$ 55,310 |
| Contributions | 0 | 624,999 |
| Total Other Governments and Citizens Groups | <u>\$ 0</u> | <u>\$ 680,309</u> |
| Total | <u>\$ 9,000</u> | <u>\$ 11,316,721</u> |

Exhibit J-6

Jackson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented School Department
For the Year Ended June 30, 2018

| | <u>Special Revenue Funds</u> | | | |
|--|------------------------------|-------------------------------|----------------------|---------------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
| <u>Local Taxes</u> | | | | |
| <u>County Property Taxes</u> | | | | |
| Current Property Tax | \$ 1,668,583 | \$ 0 | \$ 0 | \$ 1,668,583 |
| Trustee's Collections - Prior Year | 87,340 | 0 | 0 | 87,340 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 143,309 | 0 | 0 | 143,309 |
| Interest and Penalty | 15,567 | 0 | 0 | 15,567 |
| Payments in-Lieu-of Taxes - Other | 18,600 | 0 | 0 | 18,600 |
| <u>County Local Option Taxes</u> | | | | |
| Local Option Sales Tax | 585,437 | 0 | 0 | 585,437 |
| Wheel Tax | 163,677 | 0 | 0 | 163,677 |
| Other County Local Option Taxes | 255 | 0 | 0 | 255 |
| Total Local Taxes | <u>\$ 2,682,768</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 2,682,768</u> |
| <u>Licenses and Permits</u> | | | | |
| <u>Licenses</u> | | | | |
| Marriage Licenses | \$ 628 | \$ 0 | \$ 0 | \$ 628 |
| Total Licenses and Permits | <u>\$ 628</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 628</u> |
| <u>Charges for Current Services</u> | | | | |
| <u>Education Charges</u> | | | | |
| Lunch Payments - Adults | \$ 0 | \$ 0 | \$ 12,996 | \$ 12,996 |
| A la Carte Sales | 0 | 0 | 26,372 | 26,372 |
| Contract for Instructional Services with Other LEA's | 42,291 | 0 | 0 | 42,291 |
| Receipts from Individual Schools | 28,026 | 0 | 0 | 28,026 |
| Total Charges for Current Services | <u>\$ 70,317</u> | <u>\$ 0</u> | <u>\$ 39,368</u> | <u>\$ 109,685</u> |

(Continued)

Exhibit J-6

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

| | <u>Special Revenue Funds</u> | | | |
|----------------------------------|------------------------------|-------------------------------|----------------------|---------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
| <u>Other Local Revenues</u> | | | | |
| <u>Recurring Items</u> | | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 1,888 | \$ 1,888 |
| Commodity Rebates | 0 | 0 | 3,906 | 3,906 |
| Miscellaneous Refunds | 41,581 | 0 | 60 | 41,641 |
| Expenditure Credits | 310 | 0 | 0 | 310 |
| <u>Nonrecurring Items</u> | | | | |
| Contributions and Gifts | 35 | 0 | 0 | 35 |
| Total Other Local Revenues | \$ 41,926 | \$ 0 | \$ 5,854 | \$ 47,780 |
| <u>State of Tennessee</u> | | | | |
| <u>General Government Grants</u> | | | | |
| On-behalf Contributions for OPEB | \$ 62,469 | \$ 0 | \$ 0 | \$ 62,469 |
| <u>State Education Funds</u> | | | | |
| Basic Education Program | 9,653,000 | 0 | 0 | 9,653,000 |
| Early Childhood Education | 315,186 | 0 | 0 | 315,186 |
| School Food Service | 9,831 | 0 | 0 | 9,831 |
| Other State Education Funds | 307,453 | 0 | 0 | 307,453 |
| Career Ladder Program | 32,688 | 0 | 0 | 32,688 |
| Vocational Equipment | 124,469 | 0 | 0 | 124,469 |
| <u>Other State Revenues</u> | | | | |
| Other State Grants | 44,782 | 0 | 0 | 44,782 |
| Other State Revenues | 7,500 | 0 | 0 | 7,500 |
| Total State of Tennessee | \$ 10,557,378 | \$ 0 | \$ 0 | \$ 10,557,378 |

(Continued)

Exhibit J-6

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

| | Special Revenue Funds | | | |
|--|------------------------------|-------------------------------|----------------------|----------------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
| <u>Federal Government</u> | | | | |
| <u>Federal Through State</u> | | | | |
| USDA School Lunch Program | \$ 0 | \$ 0 | \$ 616,691 | \$ 616,691 |
| USDA - Commodities | 0 | 0 | 91,808 | 91,808 |
| Breakfast | 0 | 0 | 293,813 | 293,813 |
| USDA - Other | 0 | 0 | 86,438 | 86,438 |
| Vocational Education - Basic Grants to States | 0 | 30,833 | 0 | 30,833 |
| Other Vocational | 0 | 14,904 | 0 | 14,904 |
| Title I Grants to Local Education Agencies | 0 | 735,517 | 0 | 735,517 |
| Special Education - Grants to States | 1,769 | 509,328 | 0 | 511,097 |
| Special Education Preschool Grants | 0 | 11,509 | 0 | 11,509 |
| Rural Education | 0 | 29,916 | 0 | 29,916 |
| Eisenhower Professional Development State Grants | 0 | 72,895 | 0 | 72,895 |
| Other Federal through State | 169,998 | 8,973 | 0 | 178,971 |
| <u>Direct Federal Revenue</u> | | | | |
| Other Direct Federal Revenue | 0 | 164,062 | 0 | 164,062 |
| Total Federal Government | <u>\$ 171,767</u> | <u>\$ 1,577,937</u> | <u>\$ 1,088,750</u> | <u>\$ 2,838,454</u> |
| Total | <u>\$ 13,524,784</u> | <u>\$ 1,577,937</u> | <u>\$ 1,133,972</u> | <u>\$ 16,236,693</u> |

Exhibit J-7

Jackson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2018

General Fund

General Government

County Commission

| | | | |
|---------------------------|----|--------|-----------|
| Other Per Diem and Fees | \$ | 19,200 | |
| Social Security | | 1,469 | |
| Audit Services | | 12,456 | |
| Dues and Memberships | | 2,530 | |
| Other Contracted Services | | 3,914 | |
| Total County Commission | | | \$ 39,569 |

County Mayor/Executive

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 69,933 | |
| Accountants/Bookkeepers | | 37,835 | |
| Computer Programmer(s) | | 1,030 | |
| Clerical Personnel | | 24,165 | |
| Social Security | | 10,116 | |
| Bank Charges | | 1,083 | |
| Communication | | 2,989 | |
| Dues and Memberships | | 1,216 | |
| Maintenance and Repair Services - Office Equipment | | 674 | |
| Travel | | 130 | |
| Office Supplies | | 3,938 | |
| Data Processing Equipment | | 12,192 | |
| Total County Mayor/Executive | | | 165,301 |

County Attorney

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

Election Commission

| | | | |
|---|----|--------|--------|
| County Official/Administrative Officer | \$ | 56,436 | |
| Election Commission | | 7,549 | |
| In-service Training | | 290 | |
| Social Security | | 4,895 | |
| Communication | | 2,040 | |
| Legal Notices, Recording, and Court Costs | | 187 | |
| Printing, Stationery, and Forms | | 2,667 | |
| Travel | | 1,750 | |
| Other Contracted Services | | 6,779 | |
| Office Supplies | | 672 | |
| Data Processing Equipment | | 4,966 | |
| Voting Machines | | 9,500 | |
| Total Election Commission | | | 97,731 |

Register of Deeds

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 63,182 | |
| Clerical Personnel | | 24,165 | |
| Social Security | | 6,682 | |
| Communication | | 2,067 | |

(Continued)

Exhibit J-7

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

General Fund (Cont.)General Government (Cont.)Register of Deeds (Cont.)

| | | | |
|---------------------------|----|-------|------------|
| Data Processing Services | \$ | 4,918 | |
| Dues and Memberships | | 486 | |
| Travel | | 51 | |
| Office Supplies | | 803 | |
| Data Processing Equipment | | 2,100 | |
| Office Equipment | | 249 | |
| Total Register of Deeds | | | \$ 104,703 |

County Buildings

| | | | |
|---|----|--------|---------|
| Custodial Personnel | \$ | 8,000 | |
| Other Salaries and Wages | | 26,170 | |
| Social Security | | 2,002 | |
| Communication | | 568 | |
| Maintenance and Repair Services - Buildings | | 31,099 | |
| Pest Control | | 2,400 | |
| Custodial Supplies | | 4,883 | |
| Electricity | | 39,465 | |
| Natural Gas | | 5,706 | |
| Water and Sewer | | 6,220 | |
| Other Supplies and Materials | | 2,105 | |
| Building Improvements | | 28,309 | |
| Total County Buildings | | | 156,927 |

Preservation of Records

| | | | |
|-------------------------------|----|-----|-------|
| Communication | \$ | 559 | |
| Custodial Supplies | | 50 | |
| Office Supplies | | 997 | |
| Total Preservation of Records | | | 1,606 |

FinanceProperty Assessor's Office

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 63,182 | |
| Clerical Personnel | | 24,165 | |
| Social Security | | 6,682 | |
| Audit Services | | 2,477 | |
| Communication | | 733 | |
| Data Processing Services | | 3,155 | |
| Dues and Memberships | | 135 | |
| Travel | | 1,821 | |
| Office Supplies | | 829 | |
| Total Property Assessor's Office | | | 103,179 |

County Trustee's Office

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 63,182 | |
| Deputy(ies) | | 25,992 | |
| Social Security | | 6,822 | |
| Communication | | 1,328 | |

(Continued)

Exhibit J-7

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

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

| | | | |
|-------------------------------|----|-------|------------|
| Dues and Memberships | \$ | 75 | |
| Travel | | 1,628 | |
| Office Supplies | | 2,700 | |
| Data Processing Equipment | | 8,444 | |
| Total County Trustee's Office | | | \$ 110,171 |

County Clerk's Office

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 63,182 | |
| Deputy(ies) | | 49,261 | |
| Social Security | | 8,602 | |
| Communication | | 2,087 | |
| Data Processing Services | | 942 | |
| Dues and Memberships | | 100 | |
| Printing, Stationery, and Forms | | 1,591 | |
| Office Supplies | | 2,945 | |
| Data Processing Equipment | | 20,017 | |
| Total County Clerk's Office | | | 148,727 |

Administration of JusticeCircuit Court

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 63,182 | |
| Deputy(ies) | | 80,623 | |
| Jury and Witness Expense | | 4,218 | |
| Other Per Diem and Fees | | 626 | |
| Social Security | | 11,001 | |
| Communication | | 3,376 | |
| Printing, Stationery, and Forms | | 431 | |
| Travel | | 183 | |
| Office Supplies | | 4,030 | |
| Data Processing Equipment | | 13,656 | |
| Total Circuit Court | | | 181,326 |

General Sessions Court

| | | | |
|------------------------------|----|--------|---------|
| Judge(s) | \$ | 97,400 | |
| Secretary(ies) | | 23,964 | |
| Social Security | | 9,284 | |
| Communication | | 1,011 | |
| Travel | | 1,075 | |
| Office Supplies | | 1,190 | |
| Building Improvements | | 13,122 | |
| Total General Sessions Court | | | 147,046 |

Chancery Court

| | | | |
|--|----|--------|--|
| County Official/Administrative Officer | \$ | 63,182 | |
| Deputy(ies) | | 24,165 | |
| Social Security | | 6,682 | |
| Communication | | 1,554 | |

(Continued)

Exhibit J-7

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

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

| | | | |
|---------------------------|----|-------|------------|
| Data Processing Services | \$ | 4,692 | |
| Dues and Memberships | | 180 | |
| Travel | | 722 | |
| Office Supplies | | 1,409 | |
| Data Processing Equipment | | 496 | |
| Other Equipment | | 400 | |
| Total Chancery Court | | | \$ 103,482 |

Juvenile Court

| | | | |
|---------------------------|----|--------|--------|
| Youth Service Officer(s) | \$ | 26,922 | |
| Social Security | | 2,060 | |
| Communication | | 1,717 | |
| Travel | | 1,540 | |
| Other Contracted Services | | 2,761 | |
| Office Supplies | | 427 | |
| Total Juvenile Court | | | 35,427 |

Judicial Commissioners

| | | | |
|--|----|--------|--------|
| County Official/Administrative Officer | \$ | 35,949 | |
| Social Security | | 2,750 | |
| Travel | | 150 | |
| Total Judicial Commissioners | | | 38,849 |

Other Administration of Justice

| | | | |
|--|----|-------|-------|
| County Official/Administrative Officer | \$ | 2,400 | |
| Clerical Personnel | | 1,200 | |
| Social Security | | 275 | |
| Total Other Administration of Justice | | | 3,875 |

Public SafetySheriff's Department

| | | | |
|---|----|---------|--|
| County Official/Administrative Officer | \$ | 69,500 | |
| Supervisor/Director | | 38,787 | |
| Deputy(ies) | | 247,471 | |
| Captain(s) | | 36,060 | |
| Sergeant(s) | | 41,995 | |
| Salary Supplements | | 7,800 | |
| Secretary(ies) | | 27,110 | |
| School Resource Officer | | 97,613 | |
| Overtime Pay | | 75,177 | |
| In-service Training | | 9,225 | |
| Social Security | | 48,544 | |
| Communication | | 22,781 | |
| Contracts with Government Agencies | | 4,325 | |
| Dues and Memberships | | 1,500 | |
| Maintenance and Repair Services - Equipment | | 1,547 | |
| Maintenance and Repair Services - Vehicles | | 44,994 | |

(Continued)

Exhibit J-7

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

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

| | | | |
|---------------------------------|----|--------|------------|
| Printing, Stationery, and Forms | \$ | 334 | |
| Towing Services | | 2,485 | |
| Travel | | 351 | |
| Gasoline | | 63,996 | |
| Law Enforcement Supplies | | 5,780 | |
| Office Supplies | | 6,809 | |
| Tires and Tubes | | 4,979 | |
| Uniforms | | 2,640 | |
| Data Processing Equipment | | 8,942 | |
| Total Sheriff's Department | | | \$ 870,745 |

Administration of the Sexual Offender Registry

| | | | |
|--|----|-------|-------|
| Constitutional Officers' Operating Expenses | \$ | 1,378 | |
| Total Administration of the Sexual Offender Registry | | | 1,378 |

Jail

| | | | |
|---|----|---------|-----------|
| Supervisor/Director | \$ | 32,190 | |
| Captain(s) | | 24,052 | |
| Guards | | 541,974 | |
| Cafeteria Personnel | | 79,965 | |
| Overtime Pay | | 25,201 | |
| In-service Training | | 1,947 | |
| Social Security | | 54,207 | |
| Communication | | 22,836 | |
| Evaluation and Testing | | 4,200 | |
| Maintenance Agreements | | 8,883 | |
| Maintenance and Repair Services - Buildings | | 18,300 | |
| Maintenance and Repair Services - Equipment | | 18,080 | |
| Medical and Dental Services | | 167,990 | |
| Pest Control | | 1,007 | |
| Custodial Supplies | | 14,257 | |
| Electricity | | 46,823 | |
| Food Preparation Supplies | | 9,879 | |
| Food Supplies | | 144,966 | |
| Natural Gas | | 13,270 | |
| Prisoners Clothing | | 7,852 | |
| Uniforms | | 1,711 | |
| Water and Sewer | | 40,666 | |
| Other Supplies and Materials | | 7,959 | |
| Building Improvements | | 3,165 | |
| Total Jail | | | 1,291,380 |

Fire Prevention and Control

| | | | |
|------------------------------------|----|--------|--------|
| Contracts with Government Agencies | \$ | 1,500 | |
| Contributions | | 15,000 | |
| Total Fire Prevention and Control | | | 16,500 |

(Continued)

Exhibit J-7

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

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

| | | | |
|----------------------------------|----|--------|-----------|
| Contributions | \$ | 81,200 | |
| Travel | | 1,094 | |
| Total Other Emergency Management | | | \$ 82,294 |

Public Health and WelfareLocal Health Center

| | | | |
|---|----|--------|--------|
| Custodial Personnel | \$ | 5,500 | |
| In-service Training | | 200 | |
| Communication | | 5,370 | |
| Maintenance and Repair Services - Buildings | | 5,504 | |
| Custodial Supplies | | 692 | |
| Drugs and Medical Supplies | | 2,276 | |
| Office Supplies | | 2,785 | |
| Utilities | | 11,705 | |
| Other Supplies and Materials | | 1,019 | |
| Other Charges | | 4,927 | |
| Total Local Health Center | | | 39,978 |

Ambulance/Emergency Medical Services

| | | | |
|---|----|---------|---------|
| Supervisor/Director | \$ | 52,764 | |
| Medical Personnel | | 333,443 | |
| Overtime Pay | | 148,677 | |
| In-service Training | | 4,408 | |
| Social Security | | 40,860 | |
| Communication | | 5,233 | |
| Contracts with Government Agencies | | 13,215 | |
| Laundry Service | | 3,201 | |
| Licenses | | 2,500 | |
| Maintenance and Repair Services - Equipment | | 6,850 | |
| Maintenance and Repair Services - Vehicles | | 29,054 | |
| Other Contracted Services | | 49,067 | |
| Custodial Supplies | | 2,464 | |
| Diesel Fuel | | 23,905 | |
| Drugs and Medical Supplies | | 42,205 | |
| Electricity | | 9,393 | |
| Gasoline | | 2,445 | |
| Natural Gas | | 1,978 | |
| Office Supplies | | 3,698 | |
| Uniforms | | 3,448 | |
| Water and Sewer | | 1,399 | |
| Other Equipment | | 3,076 | |
| Total Ambulance/Emergency Medical Services | | | 783,283 |

Regional Mental Health Center

| | | | |
|-------------------------------------|----|-------|-------|
| Contributions | \$ | 4,648 | |
| Total Regional Mental Health Center | | | 4,648 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Appropriation to State

| | | |
|------------------------------|----------|----------|
| Contributions | \$ 7,795 | |
| Total Appropriation to State | | \$ 7,795 |

Social, Cultural, and Recreational ServicesAdult Activities

| | | |
|---|-----------|--------|
| Supervisor/Director | \$ 11,469 | |
| Social Security | 877 | |
| Communication | 1,089 | |
| Maintenance and Repair Services - Buildings | 185 | |
| Travel | 493 | |
| Other Contracted Services | 100 | |
| Office Supplies | 265 | |
| Utilities | 8,709 | |
| Total Adult Activities | | 23,187 |

Senior Citizens Assistance

| | | |
|---|-----------|--------|
| Supervisor/Director | \$ 10,868 | |
| Social Security | 831 | |
| Communication | 1,562 | |
| Maintenance and Repair Services - Buildings | 550 | |
| Travel | 200 | |
| Office Supplies | 247 | |
| Utilities | 10,387 | |
| Total Senior Citizens Assistance | | 24,645 |

Libraries

| | | |
|------------------------------|-----------|--------|
| Assistant(s) | \$ 14,491 | |
| Supervisor/Director | 24,165 | |
| Data Processing Personnel | 848 | |
| Custodial Personnel | 1,200 | |
| Social Security | 3,022 | |
| Communication | 2,372 | |
| Dues and Memberships | 50 | |
| Travel | 125 | |
| Library Books/Media | 10,968 | |
| Office Supplies | 913 | |
| Other Supplies and Materials | 146 | |
| Data Processing Equipment | 19,030 | |
| Total Libraries | | 77,330 |

Agriculture and Natural ResourcesAgricultural Extension Service

| | | |
|----------------------------|-----------|--|
| Salary Supplements | \$ 18,886 | |
| Secretary(ies) | 6,311 | |
| Social Security | 1,475 | |
| Extension Service Medicare | 344 | |
| Pensions | 2,514 | |

(Continued)

Exhibit J-7

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

General Fund (Cont.)Agriculture and Natural Resources (Cont.)Agricultural Extension Service (Cont.)

| | | | |
|--------------------------------------|----|--------|-----------|
| Communication | \$ | 2,177 | |
| Contracts with Private Agencies | | 10,120 | |
| Data Processing Equipment | | 1,000 | |
| Total Agricultural Extension Service | | | \$ 42,827 |

Soil Conservation

| | | | |
|-------------------------|----|--------|--------|
| Salary Supplements | \$ | 39,334 | |
| Social Security | | 3,009 | |
| Total Soil Conservation | | | 42,343 |

Other OperationsIndustrial Development

| | | | |
|------------------------------|----|-----|-----|
| Advertising | \$ | 540 | |
| Total Industrial Development | | | 540 |

Other Economic and Community Development

| | | | |
|--|----|-------|--------|
| Other Contracted Services | \$ | 8,000 | |
| Other Supplies and Materials | | 3,500 | |
| Total Other Economic and Community Development | | | 11,500 |

Airport

| | | | |
|---|----|---------|---------|
| Supervisor/Director | \$ | 6,180 | |
| Social Security | | 473 | |
| Communication | | 1,698 | |
| Maintenance and Repair Services - Buildings | | 100,568 | |
| Electricity | | 2,660 | |
| Total Airport | | | 111,579 |

Veterans' Services

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

Other Charges

| | | | |
|------------------------------------|----|---------|---------|
| Liability Insurance | \$ | 221,913 | |
| Premiums on Corporate Surety Bonds | | 1,650 | |
| Trustee's Commission | | 73,562 | |
| Workers' Compensation Insurance | | 157,423 | |
| Total Other Charges | | | 454,548 |

Contributions to Other Agencies

| | | | |
|---------------------------------------|----|--------|--------|
| Contributions | \$ | 47,270 | |
| Total Contributions to Other Agencies | | | 47,270 |

Employee Benefits

| | | | |
|-----------------------------------|----|---------|---------|
| Pensions | \$ | 178,810 | |
| Medical Insurance | | 113,442 | |
| Unemployment Compensation | | 18,147 | |
| Fines, Assessments, and Penalties | | 86,147 | |
| Total Employee Benefits | | | 396,546 |

(Continued)

Exhibit J-7

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

General Fund (Cont.)Other Operations (Cont.)Miscellaneous

| | | | |
|---|----|--------|-----------|
| Legal Notices, Recording, and Court Costs | \$ | 4,294 | |
| Postal Charges | | 12,861 | |
| Other Contracted Services | | 12,000 | |
| Other Charges | | 14,527 | |
| Total Miscellaneous | | | \$ 43,682 |

HighwaysLitter and Trash Collection

| | | | |
|--|----|--------|--------|
| Guards | \$ | 24,547 | |
| Social Security | | 1,858 | |
| Maintenance and Repair Services - Vehicles | | 814 | |
| Gasoline | | 2,168 | |
| Instructional Supplies and Materials | | 8,622 | |
| Other Supplies and Materials | | 1,103 | |
| Total Litter and Trash Collection | | | 39,112 |

Total General Fund \$ 5,863,532

Solid Waste/Sanitation FundPublic Health and WelfareWaste Pickup

| | | | |
|---|----|---------|------------|
| Truck Drivers | \$ | 31,953 | |
| Overtime Pay | | 5,507 | |
| Social Security | | 2,866 | |
| Maintenance and Repair Services - Equipment | | 1,859 | |
| Maintenance and Repair Services - Vehicles | | 21,241 | |
| Contracts for Landfill Facilities | | 183,949 | |
| Diesel Fuel | | 20,759 | |
| Gasoline | | 7,549 | |
| Tires and Tubes | | 8,143 | |
| Other Supplies and Materials | | 2,792 | |
| Motor Vehicles | | 241,884 | |
| Solid Waste Equipment | | 13,228 | |
| Total Waste Pickup | | | \$ 541,730 |

Convenience Centers

| | | | |
|---------------------------|----|---------|---------|
| Guards | \$ | 173,881 | |
| Social Security | | 13,302 | |
| Pensions | | 9,448 | |
| Communication | | 4,063 | |
| Electricity | | 9,809 | |
| Water and Sewer | | 3,084 | |
| Trustee's Commission | | 10,309 | |
| Building Improvements | | 9,972 | |
| Solid Waste Equipment | | 39,209 | |
| Total Convenience Centers | | | 273,077 |

Total Solid Waste/Sanitation Fund 814,807

(Continued)

Exhibit J-7

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

Drug Control FundPublic SafetyDrug Enforcement

| | | | |
|--------------------------|----|-------|-----------|
| Animal Food and Supplies | \$ | 2,778 | |
| Trustee's Commission | | 71 | |
| Other Charges | | 1 | |
| Motor Vehicles | | 9,500 | |
| Total Drug Enforcement | | | \$ 12,350 |

Public Health and WelfareAlcohol and Drug Programs

| | | | |
|--------------------------------------|----|-------|-------|
| Instructional Supplies and Materials | \$ | 1,500 | |
| Total Alcohol and Drug Programs | | | 1,500 |

Total Drug Control Fund \$ 13,850

Highway/Public Works FundHighwaysAdministration

| | | | |
|--|----|--------|------------|
| County Official/Administrative Officer | \$ | 74,382 | |
| Accountants/Bookkeepers | | 49,680 | |
| Pensions | | 8,627 | |
| Dues and Memberships | | 2,242 | |
| Maintenance and Repair Services - Office Equipment | | 10,315 | |
| Postal Charges | | 394 | |
| Printing, Stationery, and Forms | | 1,248 | |
| Office Supplies | | 2,081 | |
| Other Charges | | 5,232 | |
| Office Equipment | | 2,903 | |
| Total Administration | | | \$ 157,104 |

Highway and Bridge Maintenance

| | | | |
|--------------------------------------|----|---------|-----------|
| Foremen | \$ | 49,530 | |
| Equipment Operators | | 74,837 | |
| Truck Drivers | | 68,249 | |
| Laborers | | 273,308 | |
| Pensions | | 27,449 | |
| Other Contracted Services | | 26,403 | |
| Asphalt - Cold Mix | | 45,178 | |
| Asphalt - Hot Mix | | 121,586 | |
| Asphalt - Liquid | | 204,718 | |
| Concrete | | 4,728 | |
| Crushed Stone | | 425,491 | |
| General Construction Materials | | 3,075 | |
| Other Road Materials | | 4,014 | |
| Pipe | | 22,740 | |
| Road Signs | | 7,111 | |
| Small Tools | | 111 | |
| Structural Steel | | 2,028 | |
| Wood Products | | 2,050 | |
| Other Supplies and Materials | | 1,566 | |
| Total Highway and Bridge Maintenance | | | 1,364,172 |

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

| | | | |
|--|----|---------|------------|
| Mechanic(s) | \$ | 71,088 | |
| Nightwatchmen | | 40,325 | |
| Pensions | | 7,207 | |
| Diesel Fuel | | 97,759 | |
| Equipment and Machinery Parts | | 108,797 | |
| Garage Supplies | | 1,814 | |
| Gasoline | | 51,228 | |
| Lubricants | | 10,774 | |
| Small Tools | | 990 | |
| Tires and Tubes | | 36,547 | |
| Uniforms | | 2,425 | |
| Other Supplies and Materials | | 1,836 | |
| Total Operation and Maintenance of Equipment | | | \$ 430,790 |

Other Charges

| | | | |
|---------------------------------|----|--------|--------|
| Communication | \$ | 4,496 | |
| Electricity | | 3,086 | |
| Natural Gas | | 4,374 | |
| Water and Sewer | | 552 | |
| Building and Contents Insurance | | 3,905 | |
| Liability Insurance | | 6,712 | |
| Trustee's Commission | | 22,045 | |
| Vehicle and Equipment Insurance | | 18,676 | |
| Total Other Charges | | | 63,846 |

Employee Benefits

| | | | |
|---------------------------------|----|--------|---------|
| Social Security | \$ | 53,918 | |
| Medical Insurance | | 14,876 | |
| Unemployment Compensation | | 6,600 | |
| Workers' Compensation Insurance | | 57,752 | |
| Total Employee Benefits | | | 133,146 |

Capital Outlay

| | | | |
|-------------------------|----|---------|---------|
| Engineering Services | \$ | 20,032 | |
| Bridge Construction | | 307,463 | |
| Communication Equipment | | 17,353 | |
| State Aid Projects | | 608,313 | |
| Total Capital Outlay | | | 953,161 |

Total Highway/Public Works Fund \$ 3,102,219

General Debt Service Fund

Other Operations

Other Charges

| | | | |
|----------------------|----|-----|--------|
| Trustee's Commission | \$ | 735 | |
| Total Other Charges | | | \$ 735 |

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Principal on Debt

General Government

| | | | |
|--------------------------|----|---------|------------|
| Principal on Bonds | \$ | 4,367 | |
| Principal on Notes | | 63,562 | |
| Principal on Other Loans | | 189,000 | |
| Total General Government | | | \$ 256,929 |

Education

| | | | |
|--------------------------|----|---------|---------|
| Principal on Other Loans | \$ | 507,000 | |
| Total Education | | | 507,000 |

Interest on Debt

General Government

| | | | |
|--------------------------|----|--------|--------|
| Interest on Bonds | \$ | 7,221 | |
| Interest on Notes | | 6,272 | |
| Interest on Other Loans | | 37,315 | |
| Total General Government | | | 50,808 |

Education

| | | | |
|-------------------------|----|--------|--------|
| Interest on Other Loans | \$ | 77,968 | |
| Total Education | | | 77,968 |

Other Debt Service

General Government

| | | | |
|--------------------------|----|--------|--------|
| Other Debt Service | \$ | 21,429 | |
| Total General Government | | | 21,429 |

Education

| | | | |
|--------------------|----|--------|--------|
| Other Debt Service | \$ | 40,031 | |
| Total Education | | | 40,031 |

Total General Debt Service Fund \$ 954,900

General Capital Projects Fund

Public Safety

Rural Fire Protection

| | | | |
|-----------------------------|----|-----|--------|
| Building Construction | \$ | 285 | |
| Total Rural Fire Protection | | | \$ 285 |

Capital Projects

General Administration Projects

| | | | |
|---------------------------------------|----|---------|---------|
| Other Equipment | \$ | 236,991 | |
| Total General Administration Projects | | | 236,991 |

Total General Capital Projects Fund 237,276

(Continued)

Exhibit J-7

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

| | | | |
|---|----|----|---------------|
| <u>Community Development/Industrial Park Fund</u> | | | |
| <u>Other Operations</u> | | | |
| <u>Other Charges</u> | | | |
| Trustee's Commission | \$ | 90 | |
| Total Other Charges | | | \$ 90 |
| Total Community Development/Industrial Park Fund | | | \$ 90 |
| Total Governmental Funds - Primary Government | | | \$ 10,986,674 |

Exhibit J-8

Jackson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented School Department
For the Year Ended June 30, 2018

General Purpose School FundInstructionRegular Instruction Program

| | | | |
|--------------------------------------|----|-----------|--------------|
| Teachers | \$ | 3,862,772 | |
| Career Ladder Program | | 17,450 | |
| Homebound Teachers | | 360 | |
| Educational Assistants | | 121,701 | |
| Other Salaries and Wages | | 3,142 | |
| Certified Substitute Teachers | | 19,428 | |
| Non-certified Substitute Teachers | | 72,818 | |
| Social Security | | 231,320 | |
| Pensions | | 357,609 | |
| Medical Insurance | | 404,622 | |
| Unemployment Compensation | | 4,148 | |
| Employer Medicare | | 54,578 | |
| Other Fringe Benefits | | 8,750 | |
| Contracts with Private Agencies | | 320 | |
| Other Contracted Services | | 19,705 | |
| Instructional Supplies and Materials | | 60,845 | |
| Textbooks - Bound | | 18,552 | |
| Regular Instruction Equipment | | 135,035 | |
| Total Regular Instruction Program | | | \$ 5,393,155 |

Alternative Instruction Program

| | | | |
|---------------------------------------|----|--------|---------|
| Teachers | \$ | 97,013 | |
| Career Ladder Program | | 2,000 | |
| Educational Assistants | | 14,543 | |
| Social Security | | 6,392 | |
| Pensions | | 10,008 | |
| Medical Insurance | | 12,604 | |
| Unemployment Compensation | | 112 | |
| Employer Medicare | | 1,495 | |
| Other Fringe Benefits | | 100 | |
| Instructional Supplies and Materials | | 161 | |
| Total Alternative Instruction Program | | | 144,428 |

Special Education Program

| | | | |
|-----------------------------------|----|---------|--|
| Teachers | \$ | 533,897 | |
| Career Ladder Program | | 2,000 | |
| Homebound Teachers | | 4,970 | |
| Educational Assistants | | 59,458 | |
| Speech Pathologist | | 1,129 | |
| Certified Substitute Teachers | | 1,233 | |
| Non-certified Substitute Teachers | | 12,816 | |
| Social Security | | 34,928 | |
| Pensions | | 53,270 | |
| Medical Insurance | | 66,130 | |
| Unemployment Compensation | | 654 | |
| Employer Medicare | | 8,183 | |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Instruction (Cont.)Special Education Program (Cont.)

| | | | |
|--------------------------------------|----|-------|------------|
| Other Fringe Benefits | \$ | 1,100 | |
| Contracts with Other Public Agencies | | 190 | |
| Contracts with Private Agencies | | 1,442 | |
| Instructional Supplies and Materials | | 102 | |
| Other Supplies and Materials | | 1,778 | |
| Special Education Equipment | | 849 | |
| Total Special Education Program | | | \$ 784,129 |

Career and Technical Education Program

| | | | |
|--|----|---------|---------|
| Teachers | \$ | 243,451 | |
| Career Ladder Program | | 1,000 | |
| Certified Substitute Teachers | | 413 | |
| Non-certified Substitute Teachers | | 6,389 | |
| Social Security | | 14,423 | |
| Pensions | | 22,167 | |
| Medical Insurance | | 23,506 | |
| Unemployment Compensation | | 230 | |
| Employer Medicare | | 3,374 | |
| Other Fringe Benefits | | 500 | |
| Contracts with Other School Systems | | 95,465 | |
| Maintenance and Repair Services - Equipment | | 74 | |
| Instructional Supplies and Materials | | 6,379 | |
| Other Supplies and Materials | | 1,795 | |
| Vocational Instruction Equipment | | 124,469 | |
| Total Career and Technical Education Program | | | 543,635 |

Support ServicesAttendance

| | | | |
|---------------------------|----|--------|---------|
| Supervisor/Director | \$ | 66,727 | |
| Career Ladder Program | | 1,000 | |
| Clerical Personnel | | 32,351 | |
| Social Security | | 5,968 | |
| Pensions | | 8,408 | |
| Medical Insurance | | 5,545 | |
| Unemployment Compensation | | 103 | |
| Employer Medicare | | 1,397 | |
| Other Fringe Benefits | | 100 | |
| Travel | | 2,378 | |
| Total Attendance | | | 123,977 |

Health Services

| | | | |
|--------------------------|----|--------|--|
| Supervisor/Director | \$ | 52,303 | |
| Medical Personnel | | 48,178 | |
| Other Salaries and Wages | | 46,614 | |
| Social Security | | 7,676 | |
| Pensions | | 9,953 | |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Health Services (Cont.)

| | | | |
|---------------------------------|----|--------|------------|
| Medical Insurance | \$ | 22,464 | |
| Unemployment Compensation | | 176 | |
| Employer Medicare | | 1,795 | |
| Other Fringe Benefits | | 200 | |
| Communication | | 600 | |
| Postal Charges | | 800 | |
| Printing, Stationery, and Forms | | 2,159 | |
| Travel | | 1,441 | |
| Drugs and Medical Supplies | | 1,108 | |
| Other Supplies and Materials | | 6,555 | |
| Other Charges | | 2,600 | |
| Total Health Services | | | \$ 204,622 |

Other Student Support

| | | | |
|------------------------------------|----|---------|---------|
| Career Ladder Program | \$ | 1,000 | |
| Guidance Personnel | | 158,354 | |
| Social Workers | | 41,614 | |
| Social Security | | 11,012 | |
| Pensions | | 15,789 | |
| Medical Insurance | | 15,225 | |
| Unemployment Compensation | | 208 | |
| Employer Medicare | | 2,825 | |
| Other Fringe Benefits | | 300 | |
| Contracts with Government Agencies | | 10,000 | |
| Evaluation and Testing | | 8,292 | |
| Total Other Student Support | | | 264,619 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 47,856 | |
| Career Ladder Program | | 4,000 | |
| Librarians | | 166,812 | |
| Certified Substitute Teachers | | 473 | |
| Non-certified Substitute Teachers | | 3,245 | |
| Social Security | | 13,219 | |
| Pensions | | 19,855 | |
| Medical Insurance | | 14,014 | |
| Unemployment Compensation | | 198 | |
| Employer Medicare | | 3,094 | |
| Other Fringe Benefits | | 400 | |
| Travel | | 6,451 | |
| Library Books/Media | | 6,663 | |
| Other Supplies and Materials | | 607 | |
| In Service/Staff Development | | 2,748 | |
| Other Equipment | | 120 | |
| Total Regular Instruction Program | | | 289,755 |

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

| | | | |
|---------------------------------|----|--------|------------|
| Supervisor/Director | \$ | 67,726 | |
| Career Ladder Program | | 1,000 | |
| Psychological Personnel | | 55,173 | |
| Social Security | | 6,790 | |
| Pensions | | 11,250 | |
| Medical Insurance | | 17,032 | |
| Unemployment Compensation | | 81 | |
| Employer Medicare | | 1,588 | |
| Other Fringe Benefits | | 200 | |
| Travel | | 1,593 | |
| In Service/Staff Development | | 661 | |
| Other Equipment | | 2,511 | |
| Total Special Education Program | | | \$ 165,605 |

Career and Technical Education Program

| | | | |
|--|----|--------|--------|
| Supervisor/Director | \$ | 13,689 | |
| Social Security | | 846 | |
| Pensions | | 1,243 | |
| Employer Medicare | | 198 | |
| Travel | | 1,849 | |
| Other Supplies and Materials | | 176 | |
| In Service/Staff Development | | 24 | |
| Total Career and Technical Education Program | | | 18,025 |

Technology

| | | | |
|----------------------------------|----|--------|--------|
| Instructional Computer Personnel | \$ | 34,748 | |
| Other Salaries and Wages | | 27,222 | |
| Social Security | | 3,616 | |
| Pensions | | 4,338 | |
| Medical Insurance | | 4,454 | |
| Unemployment Compensation | | 78 | |
| Employer Medicare | | 846 | |
| Internet Connectivity | | 17,745 | |
| Software | | 3,989 | |
| Total Technology | | | 97,036 |

Other Programs

| | | | |
|----------------------------|----|--------|--------|
| On-behalf Payments to OPEB | \$ | 62,469 | |
| Total Other Programs | | | 62,469 |

Board of Education

| | | | |
|--------------------------|----|-------|--|
| Other Salaries and Wages | \$ | 7,500 | |
| Social Security | | 465 | |
| Life Insurance | | 7,828 | |
| Employer Medicare | | 109 | |
| Audit Services | | 4,000 | |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Board of Education (Cont.)

| | | | |
|---------------------------------|----|---------|------------|
| Dues and Memberships | \$ | 7,081 | |
| Other Contracted Services | | 4,500 | |
| Other Supplies and Materials | | 3,897 | |
| Liability Insurance | | 120,947 | |
| Trustee's Commission | | 63,393 | |
| Workers' Compensation Insurance | | 152,519 | |
| Total Board of Education | | | \$ 372,239 |

Director of Schools

| | | | |
|--|----|--------|---------|
| County Official/Administrative Officer | \$ | 96,639 | |
| Career Ladder Program | | 1,000 | |
| Social Security | | 6,060 | |
| Pensions | | 7,471 | |
| Medical Insurance | | 4,717 | |
| Unemployment Compensation | | 40 | |
| Employer Medicare | | 1,417 | |
| Other Fringe Benefits | | 100 | |
| Communication | | 6,618 | |
| Postal Charges | | 27 | |
| Travel | | 4,172 | |
| Other Contracted Services | | 3,364 | |
| Office Supplies | | 364 | |
| In Service/Staff Development | | 451 | |
| Total Director of Schools | | | 132,440 |

Office of the Principal

| | | | |
|-------------------------------|----|---------|---------|
| Principals | \$ | 264,050 | |
| Career Ladder Program | | 3,000 | |
| Assistant Principals | | 111,493 | |
| Secretary(ies) | | 90,238 | |
| Clerical Personnel | | 71,696 | |
| Social Security | | 30,565 | |
| Pensions | | 45,033 | |
| Medical Insurance | | 48,433 | |
| Unemployment Compensation | | 575 | |
| Employer Medicare | | 7,263 | |
| Other Fringe Benefits | | 600 | |
| Communication | | 23,584 | |
| Dues and Memberships | | 3,600 | |
| Travel | | 1,079 | |
| Other Contracted Services | | 3,785 | |
| Office Supplies | | 1,024 | |
| In Service/Staff Development | | 450 | |
| Total Office of the Principal | | | 706,468 |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Fiscal Services

| | | | |
|---------------------------|----|--------|------------|
| Supervisor/Director | \$ | 41,418 | |
| Accountants/Bookkeepers | | 70,066 | |
| Secretary(ies) | | 27,855 | |
| Clerical Personnel | | 31,210 | |
| Other Salaries and Wages | | 26,976 | |
| Social Security | | 11,670 | |
| Pensions | | 13,827 | |
| Medical Insurance | | 20,281 | |
| Unemployment Compensation | | 220 | |
| Employer Medicare | | 2,729 | |
| Travel | | 1,408 | |
| Other Contracted Services | | 16,301 | |
| Data Processing Supplies | | 1,454 | |
| Office Supplies | | 941 | |
| Administration Equipment | | 5,926 | |
| Total Fiscal Services | | | \$ 272,282 |

Operation of Plant

| | | | |
|---------------------------|----|---------|---------|
| Custodial Personnel | \$ | 288,193 | |
| Social Security | | 17,025 | |
| Pensions | | 17,872 | |
| Medical Insurance | | 26,658 | |
| Unemployment Compensation | | 644 | |
| Employer Medicare | | 4,021 | |
| Rentals | | 29,731 | |
| Other Contracted Services | | 1,200 | |
| Custodial Supplies | | 71,531 | |
| Electricity | | 398,937 | |
| Natural Gas | | 41,332 | |
| Water and Sewer | | 42,523 | |
| Total Operation of Plant | | | 939,667 |

Maintenance of Plant

| | | | |
|---|----|--------|---------|
| Other Salaries and Wages | \$ | 69,857 | |
| Social Security | | 4,328 | |
| Pensions | | 4,890 | |
| Unemployment Compensation | | 85 | |
| Employer Medicare | | 1,012 | |
| Maintenance and Repair Services - Buildings | | 7,923 | |
| Maintenance and Repair Services - Equipment | | 1,403 | |
| Other Contracted Services | | 50,193 | |
| Other Supplies and Materials | | 43,227 | |
| Maintenance Equipment | | 900 | |
| Total Maintenance of Plant | | | 183,818 |

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

| | | | |
|--|----|---------|------------|
| Mechanic(s) | \$ | 25,263 | |
| Bus Drivers | | 268,232 | |
| Other Salaries and Wages | | 9,879 | |
| Social Security | | 18,467 | |
| Pensions | | 11,483 | |
| Medical Insurance | | 6,952 | |
| Unemployment Compensation | | 576 | |
| Employer Medicare | | 4,339 | |
| Contracts with Vehicle Owners | | 144,388 | |
| Maintenance and Repair Services - Vehicles | | 17,025 | |
| Travel | | 1,412 | |
| Other Contracted Services | | 13,668 | |
| Gasoline | | 100,683 | |
| Lubricants | | 4,858 | |
| Tires and Tubes | | 17,579 | |
| Vehicle Parts | | 29,190 | |
| Other Supplies and Materials | | 6,837 | |
| Vehicle and Equipment Insurance | | 26,314 | |
| Other Charges | | 5,338 | |
| Transportation Equipment | | 80,147 | |
| Total Transportation | | | \$ 792,630 |

Operation of Non-Instructional Services

Food Service

| | | | |
|---------------------------|----|--------|--------|
| Supervisor/Director | \$ | 57,679 | |
| Other Salaries and Wages | | 606 | |
| Social Security | | 3,179 | |
| Pensions | | 4,038 | |
| Medical Insurance | | 9,018 | |
| Unemployment Compensation | | 43 | |
| Employer Medicare | | 752 | |
| Other Fringe Benefits | | 100 | |
| Total Food Service | | | 75,415 |

Community Services

| | | | |
|---------------------------|----|---------|--|
| Supervisor/Director | \$ | 49,965 | |
| Clerical Personnel | | 4,800 | |
| Other Salaries and Wages | | 112,954 | |
| Social Security | | 10,205 | |
| Pensions | | 14,517 | |
| Medical Insurance | | 4,613 | |
| Unemployment Compensation | | 120 | |
| Employer Medicare | | 2,391 | |
| Other Fringe Benefits | | 100 | |
| Travel | | 399 | |
| Food Supplies | | 97 | |

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)Operation of Non-Instructional Services (Cont.)Community Services (Cont.)

| | | | |
|------------------------------|----|--------|------------|
| Other Supplies and Materials | \$ | 22,023 | |
| In Service/Staff Development | | 2,768 | |
| Other Charges | | 2,550 | |
| Total Community Services | | | \$ 227,502 |

Early Childhood Education

| | | | |
|-----------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 21,000 | |
| Teachers | | 132,162 | |
| Educational Assistants | | 60,928 | |
| Certified Substitute Teachers | | 1,010 | |
| Non-certified Substitute Teachers | | 1,093 | |
| Social Security | | 12,752 | |
| Pensions | | 18,009 | |
| Medical Insurance | | 11,449 | |
| Unemployment Compensation | | 267 | |
| Employer Medicare | | 3,002 | |
| Other Fringe Benefits | | 300 | |
| Communication | | 1,729 | |
| Postal Charges | | 600 | |
| Travel | | 2,574 | |
| Other Supplies and Materials | | 40,625 | |
| Total Early Childhood Education | | | 307,500 |

Capital OutlayRegular Capital Outlay

| | | | |
|------------------------------|----|---------|---------|
| Architects | \$ | 5,760 | |
| Building Improvements | | 587,419 | |
| Total Regular Capital Outlay | | | 593,179 |

Principal on DebtEducation

| | | | |
|---|----|---------|---------|
| Debt Service Contribution to Primary Government | \$ | 507,000 | |
| Total Education | | | 507,000 |

Interest on DebtEducation

| | | | |
|---|----|--------|--------|
| Debt Service Contribution to Primary Government | \$ | 77,968 | |
| Total Education | | | 77,968 |

Other Debt ServiceEducation

| | | | |
|---|----|--------|--------|
| Debt Service Contribution to Primary Government | \$ | 40,031 | |
| Total Education | | | 40,031 |

Total General Purpose School Fund \$ 13,319,594

(Continued)

Exhibit J-8

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

School Federal Projects FundInstructionRegular Instruction Program

| | | | |
|--------------------------------------|----|---------|------------|
| Teachers | \$ | 240,111 | |
| Educational Assistants | | 73,539 | |
| Other Salaries and Wages | | 38,550 | |
| Certified Substitute Teachers | | 1,644 | |
| Non-certified Substitute Teachers | | 4,815 | |
| Social Security | | 20,122 | |
| Pensions | | 30,145 | |
| Medical Insurance | | 40,886 | |
| Unemployment Compensation | | 398 | |
| Employer Medicare | | 4,730 | |
| Other Fringe Benefits | | 400 | |
| Other Contracted Services | | 3,000 | |
| Instructional Supplies and Materials | | 27,308 | |
| Other Supplies and Materials | | 19,137 | |
| Regular Instruction Equipment | | 190,804 | |
| Total Regular Instruction Program | | | \$ 695,589 |

Special Education Program

| | | | |
|--------------------------------------|----|---------|---------|
| Teachers | \$ | 87,993 | |
| Educational Assistants | | 181,505 | |
| Speech Pathologist | | 63,481 | |
| Certified Substitute Teachers | | 75 | |
| Non-certified Substitute Teachers | | 483 | |
| Social Security | | 19,587 | |
| Pensions | | 25,989 | |
| Medical Insurance | | 22,676 | |
| Unemployment Compensation | | 484 | |
| Employer Medicare | | 4,584 | |
| Other Fringe Benefits | | 300 | |
| Contracts with Private Agencies | | 24,096 | |
| Instructional Supplies and Materials | | 2,289 | |
| Other Supplies and Materials | | 2,144 | |
| Special Education Equipment | | 4,530 | |
| Total Special Education Program | | | 440,216 |

Career and Technical Education Program

| | | | |
|--|----|--------|--------|
| Teachers | \$ | 2,100 | |
| Other Salaries and Wages | | 2,126 | |
| Social Security | | 262 | |
| Pensions | | 191 | |
| Unemployment Compensation | | 8 | |
| Employer Medicare | | 61 | |
| Instructional Supplies and Materials | | 6,408 | |
| Other Supplies and Materials | | 7,429 | |
| Vocational Instruction Equipment | | 16,014 | |
| Total Career and Technical Education Program | | | 34,599 |

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)Support ServicesOther Student Support

| | | | |
|------------------------------|----|-------|----------|
| Bus Drivers | \$ | 450 | |
| Social Security | | 28 | |
| Employer Medicare | | 7 | |
| Travel | | 4,772 | |
| In Service/Staff Development | | 4,189 | |
| Total Other Student Support | | | \$ 9,446 |

Regular Instruction Program

| | | | |
|-----------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 66,597 | |
| Other Salaries and Wages | | 45,036 | |
| Social Security | | 3,955 | |
| Pensions | | 6,047 | |
| Medical Insurance | | 4,717 | |
| Unemployment Compensation | | 119 | |
| Employer Medicare | | 1,578 | |
| Other Fringe Benefits | | 100 | |
| Travel | | 31,478 | |
| Library Books/Media | | 1,501 | |
| Other Supplies and Materials | | 2,821 | |
| In Service/Staff Development | | 103,529 | |
| Other Charges | | 30,976 | |
| Other Equipment | | 400 | |
| Total Regular Instruction Program | | | 298,854 |

Special Education Program

| | | | |
|---------------------------------|----|--------|--------|
| Travel | \$ | 398 | |
| Other Contracted Services | | 41,836 | |
| Other Supplies and Materials | | 4,016 | |
| In Service/Staff Development | | 10,128 | |
| Other Charges | | 46 | |
| Total Special Education Program | | | 56,424 |

Career and Technical Education Program

| | | | |
|--|----|-------|-------|
| In Service/Staff Development | \$ | 1,460 | |
| Other Charges | | 234 | |
| Total Career and Technical Education Program | | | 1,694 |

Transportation

| | | | |
|---------------------------|----|--------|--------|
| Other Salaries and Wages | \$ | 10,622 | |
| Social Security | | 658 | |
| Pensions | | 744 | |
| Unemployment Compensation | | 19 | |
| Employer Medicare | | 154 | |
| Total Transportation | | | 12,197 |

Total School Federal Projects Fund \$ 1,549,019

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

| | | | |
|---|----|---------------|---------------------|
| Cafeteria Personnel | \$ | 341,613 | |
| Social Security | | 20,298 | |
| Pensions | | 18,929 | |
| Medical Insurance | | 12,761 | |
| Unemployment Compensation | | 767 | |
| Employer Medicare | | 4,846 | |
| Communication | | 2,303 | |
| Maintenance and Repair Services - Equipment | | 16,095 | |
| Travel | | 959 | |
| Other Contracted Services | | 19,694 | |
| Food Supplies | | 434,481 | |
| USDA - Commodities | | 88,699 | |
| Other Supplies and Materials | | 58,870 | |
| In Service/Staff Development | | 1,877 | |
| Food Service Equipment | | <u>42,467</u> | |
| Total Food Service | | | \$ <u>1,064,659</u> |

Total Central Cafeteria Fund \$ 1,064,659

Total Governmental Funds - School Department \$ 15,933,272

Exhibit J-9

Jackson County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2018

| | Cities - Sales Tax Fund |
|--|-------------------------------|
| <u>Cash Receipts</u> | |
| Local Option Sales Tax | \$ 287,675 |
| Total Cash Receipts | <u>\$ 287,675</u> |
| <u>Cash Disbursements</u> | |
| Remittance of Revenues Collected | \$ 284,798 |
| Trustee's Commission | <u>2,877</u> |
| Total Cash Disbursements | <u>\$ 287,675</u> |
| Excess of Cash Receipts Over (Under) Cash Disbursements | \$ 0 |
| Cash Balance, July 1, 2017 | <u>0</u> |
| Cash Balance, June 30, 2018 | <u><u>\$ 0</u></u> |

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Jackson County's basic financial statements, and have issued our report thereon dated January 29, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2018-001, 2018-002, and 2018-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2018-003, 2018-004, and 2018-006.

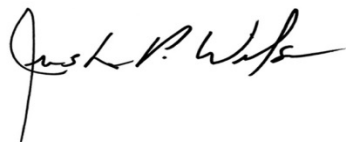
Jackson County's Responses to the Findings

Jackson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Jackson 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 29, 2019

JPW/tg



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Jackson County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jackson County's major federal programs for the year ended June 30, 2018. Jackson County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jackson County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Jackson County's compliance with those

requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Jackson County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

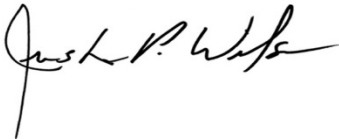
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Jackson County's basic financial statements. We issued our report thereon dated January 29, 2019, 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

January 29, 2019

JPW/tg

Jackson County, Tennessee, and the Jackson County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2018

| Federal/Pass-through Agency/State Grantor Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Expenditures |
|--|---------------------------|--|---------------------|
| U.S. Department of Agriculture: | | | |
| Direct Program: | | | |
| Conservation Reserve Program | 10.069 | N/A | \$ 6,478 |
| Passed-through State Department of Education: | | | |
| Child Nutrition Cluster: (4) | | | |
| School Breakfast Program | 10.553 | N/A | 293,813 |
| National School Lunch Program | 10.555 | N/A | 616,691 (5) |
| Passed-through State Department of Agriculture: | | | |
| Child Nutrition Cluster: (4) | | | |
| National School Lunch Program (Commodities - Noncash Assistance) | 10.555 | N/A | 91,808 (5) |
| Passed-through East Tennessee Human Resource Agency: | | | |
| Child and Adult Care Food Program | 10.558 | N/A | 86,438 |
| Total U.S. Department of Agriculture | | | <u>\$ 1,095,228</u> |
| U.S. Department of Housing and Urban Development: | | | |
| Passed-through State Department of Economic and Community Development: | | | |
| Community Development Block Grants/State's Program | 14.228 | 38584 | <u>\$ 94,756</u> |
| U.S. Department of the Interior: | | | |
| Direct Program: | | | |
| Payments in-Lieu-of Taxes | 15.226 | N/A | <u>\$ 49,413</u> |
| U.S. Department of Transportation: | | | |
| Passed-through State Department of Transportation: | | | |
| Airport Improvement Program | 20.106 | (3) | \$ 72,219 |
| Passed-through State Department of Safety and Homeland Security: | | | |
| Alcohol Open Container Requirements | 20.607 | (3) | 11,368 |
| U.S. Department of Transportation: | | | <u>\$ 83,587</u> |
| U.S. Department of Education: | | | |
| Passed-through State Department of Education: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | \$ 735,517 |
| Special Education Cluster: (4) | | | |
| Special Education - Grants to States | 84.027 | N/A | 511,097 |
| Special Education - Preschool Grants | 84.173 | N/A | 11,509 |
| Career and Technical Education - Basic Grants to States | 84.048 | N/A | 33,237 (6) |
| Twenty-first Century Community Learning Centers | 84.287 | (3) | 169,998 |
| Rural Education | 84.358 | N/A | 29,916 |
| Improving Teacher Quality State Grants | 84.367 | N/A | 72,985 |
| Passed-through Putnam County, Tennessee Board of Education: | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | N/A | 12,501 (6) |
| Passed-through National Institute for Excellence in Teaching: | | | |
| Teacher Incentive Fund | 84.374 | N/A | 164,404 |
| Student Support and Academic Enrichment Program | 84.424 | N/A | 8,973 |
| Total U.S. Department of Education | | | <u>\$ 1,750,137</u> |

(Continued)

Jackson County, Tennessee, and the Jackson 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 Upper Cumberland Development District: Aging Cluster: Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers | 93.044 | (3) | \$ 5,678 |
| U.S. Department of Homeland Security: Passed-through State Department of Military: Disaster Grants - Public Assistance | 97.036 | FEMA-4320-DR-TN | \$ 52,676 |
| Total Expenditures of Federal Awards | | | \$ 3,131,475 |
| <u>State Grants</u> | | <u>Contract Number</u> | |
| Library Technology Training Grant - Tennessee Secretary of State | N/A | (3) | \$ 7,136 |
| Tech Grant TSLA - Tennessee Secretary of State | N/A | (3) | 500 |
| Microfilm and Scanner Grant - TSLA - Tennessee Secretary of State | N/A | (3) | 4,090 |
| Three Star Grant Program - State Department of Economic and Community Development | N/A | (3) | 9,829 |
| Aging Program - Upper Cumberland Development District | N/A | (3) | 5,602 |
| Litter Program - State Department of Transportation | N/A | (3) | 37,415 |
| Local Health Services Grant - State Department of Health | N/A | (3) | 7,383 |
| State of Tennessee Airport Maintenance - State Department of Transportation | N/A | (3) | 12,850 |
| State of Tennessee Airport Improvement Project - State Department of Transportation | N/A | (3) | 1,236 |
| Youth Services Program - State Commission on Children and Youth | N/A | (3) | 9,000 |
| Used Oil Grant - State Department of Environment and Conservation | N/A | (3) | 38,065 |
| Disaster Grants - Public Assistance - State Department of Military | N/A | FEMA-4320-DR-TN | 7,734 |
| ConnecTenn - State Department of Education | N/A | (3) | 3,849 |
| Coordinated School Health - State Department of Education | N/A | (3) | 100,000 |
| CTE Equipment - State Department of Education | N/A | (3) | 124,469 |
| Family Resource - State Department of Education | N/A | (3) | 29,612 |
| Lottery for Education - PreK - State Department of Education | N/A | (3) | 315,186 |
| Kindergarten Entry Inventory - State Department of Education | N/A | (3) | 1,400 |
| Safe Schools Act - State Department of Education | N/A | (3) | 9,780 |
| Read to be Ready - Coaching Network - State Department of Education | N/A | (3) | 10,400 |
| ThreeStar Grant Program - State Department of Economic and Community Development | N/A | (3) | 15,170 |
| Youth Risk Behavior Survey - State Department of Education | N/A | (3) | 750 |
| Total State Grants | | | \$ 751,456 |

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) Jackson County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$1,002,312; Special Education Cluster total \$522,606.
- (5) Total for CFDA No. 10.555 is \$708,499.
- (6) Total for CFDA No. 84.048 is \$45,738.

Jackson County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2018

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 Jackson County, Tennessee, for the year ended June 30, 2018.

Prior-year Financial Statement Findings

| Fiscal Year | Page Number | Finding Number | Title of Finding | CFDA Number | Current Status |
|-------------|-------------|----------------|------------------|-------------|----------------|
|-------------|-------------|----------------|------------------|-------------|----------------|

OFFICE OF COUNTY MAYOR

| | | | | | |
|------|-----|----------|---|-----|---|
| 2017 | 169 | 2017-001 | General ledger payroll liability accounts were not reconciled with subsidiary payroll records | N/A | Not Corrected - See Explanation on Corrective Action Plan |
| 2017 | 169 | 2017-002 | The office had deficiencies in purchasing procedures | N/A | Not Corrected - See Explanation on Corrective Action Plan |

OFFICE OF ASSESSOR OF PROPERTY

| | | | | | |
|------|-----|----------|---|-----|-----------|
| 2017 | 170 | 2017-003 | The assessor did not prorate improvements and new construction properly | N/A | Corrected |
| 2017 | 171 | 2017-004 | The assessor did not maintain assessment maps adequately | N/A | Corrected |

OFFICE OF COUNTY CLERK

| | | | | | |
|------|-----|----------|--|-----|-----------|
| 2017 | 171 | 2017-005 | Bank statements were not reconciled with the general ledger | N/A | Corrected |
| 2017 | 172 | 2017-006 | Fees and taxes collected by the office were not remitted to the county monthly | N/A | Corrected |

OFFICE OF CLERK AND MASTER

| | | | | | |
|------|-----|----------|--|-----|---|
| 2017 | 173 | 2017-007 | Execution docket trial balances did not reconcile with general ledger accounts | N/A | Not Corrected - See Explanation on Corrective Action Plan |
|------|-----|----------|--|-----|---|

OFFICES OF COUNTY MAYOR, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND SHERIFF

| | | | | | |
|------|-----|----------|---------------------------------------|--|-----------|
| 2017 | 173 | 2017-008 | Duties were not segregated adequately | | Corrected |
|------|-----|----------|---------------------------------------|--|-----------|

Prior-year Federal Awards Findings

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

JACKSON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Jackson County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

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

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.

OFFICE OF COUNTY MAYOR

FINDING 2018-001

GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED WITH SUBSIDIARY PAYROLL RECORDS AND PAYMENTS

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

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments. Sound business practices dictate that payroll liability accounts should be reconciled with billings and payments monthly. The failure to regularly reconcile payroll liability accounts is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report and management's failure to implement their corrective action plan.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with this finding. This finding has been recurring since 2015 and Ms. Rachel, with the help of the auditors, was able to correct the issues through June 30, 2018. She will hopefully be able to do the corrections that are needed to this point in the future. We have found that our issue is 26 deduction periods instead of 24. We are in the process of converting all deductions into 24 per year.

FINDING 2018-002

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 25 disbursements totaling \$19,779 from a population of 2,376 vendor checks totaling \$4,254,960. Our examination revealed the

following purchasing deficiencies noted in the sample of 25, which are the result of a lack of management oversight, management's failure to correct the findings noted in the prior-year audit report, and its failure to implement their corrective action plan.

- A. In seven purchases, purchase orders were issued after the purchase. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than approval of the purchase.
- B. In eight purchases, invoices were paid without documentation that goods had been received and/or services had been rendered. This practice weakens controls over the purchasing process and increases the risks of paying for something that was never received.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases prior to the purchase. The office should maintain documentation that goods have been received and/or services have been rendered before invoices are paid.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with this finding. The Mayor's Office has relayed to all departments the importance of getting purchase orders before purchasing and the need to make sure that we sign for services or purchase received. Our office is always striving to improve in every area.

FINDING 2018-003

THE COUNTY WAS ASSESSED A PENALTY OF \$86,147 BY THE INTERNAL REVENUE SERVICE FOR NONCOMPLIANCE WITH THE AFFORDABLE CARE ACT

(Noncompliance Under *Government Auditing Standards*)

During the year, the county paid a penalty of \$86,147 to the Internal Revenue Service for failure to comply with the Affordable Care Act for the 2015 fiscal year. The county did not provide health insurance to employees from January through October 2015. Beginning November 2015, the county provided health insurance coverage to employees; however, this coverage was not in compliance with federal regulations for certain employees. This deficiency resulted from a lack of management oversight.

RECOMMENDATION

The county should ensure the healthcare coverage provided to employees complies with the Affordable Care Act.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with this finding. The county mayor and commission had been told by an affiliate with Zane Benefits, with whom we entered a contract, that the cafeteria plan we started in

January 2015 made our county ACA compliant. In October 2015 we found that in fact we were not in compliance, and at that time, we entered a contract with another agency to offer health insurance to our employees. We have been able to sustain this offer since November 2015, in fact we entered a contract with the state to offer their insurance to our employees.

OFFICE OF COUNTY CLERK

FINDING 2018-004

THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION

(Noncompliance Under *Government Auditing Standards*)

During our review of the clerk's bank reconciliations, we noted several deposits in transit, which led us to perform additional procedures to determine if funds were deposited within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*. We selected deposits in transit for the months of March 2018 through August 2018 to trace to the general ledger. The office did not deposit funds in the official bank account within three days of collection in 43 of the 44 deposits tested. Delays in depositing funds ranged from four to 18 business days after collection. This deficiency was the result of a lack of management oversight. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

Due to these deficiencies related to depositing, the Comptroller's Division of Investigations is reviewing deposit procedures for this office. Any deficiencies resulting from this investigation will be reported in a subsequent report.

RECOMMENDATION

All funds should be deposited in the office bank account within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with this finding.

FINDING 2018-005

THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

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

The software application used by the office generated audit logs that displayed changes made by users. Because these logs provide the only audit trail of these changes, they should be routinely reviewed for inappropriate activity. Although aware of their importance, management chose to discontinue their review of these audit logs. When the importance of these logs was again brought to management's attention, they resumed the review process in October 2018.

RECOMMENDATION

Management should review its software audit logs at least monthly. Any unusual transactions should be investigated.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with this finding.

OFFICE CLERK AND MASTER

FINDING 2018-006

THE EXECUTION DOCKET TRIAL BALANCE DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS (Noncompliance Under *Government Auditing Standards*)

At June 30, 2018, the clerk and master prepared a trial balance of execution docket cause balances as required by Section 18-2-104, *Tennessee Code Annotated (TCA)*. However, the trial balance did not reconcile with the general ledger accounts by \$5,112. Therefore, we were unable to determine if the clerk and master had complied with provisions of the Unclaimed Property Act, Section 66-29-101, *TCA*. This statute provides that any funds held by the courts for more than one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists because the clerk and master failed to correct the finding noted in the prior-year audit report and failed to implement their corrective action plan.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – CLERK AND MASTER

I concur with this finding.

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, 2018.

Jackson County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2018

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 |
|-------------------|------------------|---------------------------------------|
|-------------------|------------------|---------------------------------------|

OFFICE OF COUNTY MAYOR

| | | |
|----------|--|-----|
| 2018-001 | General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments | 178 |
| 2018-002 | The office had deficiencies in purchasing procedures | 178 |
| 2018-003 | The county was assessed a penalty of \$86,147 by the Internal Revenue Service for noncompliance with the Affordable Care Act | 179 |

OFFICE OF COUNTY CLERK

| | | |
|----------|---|-----|
| 2018-004 | The office did not deposit some funds within three days of collection | 180 |
| 2018-005 | The office did not review its software audit logs | 181 |

OFFICE OF CLERK AND MASTER

| | | |
|----------|---|-----|
| 2018-006 | The execution docket trial balance did not reconcile with general ledger accounts | 182 |
|----------|---|-----|

Randy Heady
County Mayor



Jackson County Mayor

Corrective Action Plan

FINDING: GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS
WERE NOT RECONCILED WITH SUBSIDIARY
PAYROLL RECORDS AND PAYMENTS

Response and Corrective Action Plan Prepared by:
Randy Heady, County Mayor

Person Responsible for Implementing the Corrective Action:
Rachel Iwanyszyn, Bookkeeper

Anticipated Completion Date of Corrective Action:
May 2019

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Ms. Rachel was not confident enough in her knowledge of the payroll deduction clearing account to be able to correct issues.

Planned Corrective Action:
Ms. Rachel, with the help of the auditors, was able to correct the issues through June 30th, 2018. She will hopefully be able to do the corrections that are needed to this point in the future. We have found that our issue is 26 deduction periods instead of 24. We are in the process of converting all deductions into 24 per year.

FINDING: THE OFFICE HAD DEFICIENCIES IN PURCHASING
PROCEDURES

Response and Corrective Action Plan Prepared by:
Randy Heady, County Mayor

Person Responsible for Implementing the Corrective Action:
Randy Heady, County Mayor
Michele Hix, Administrative Assistant

Anticipated Completion Date of Corrective Action:
7-1-2018

Jackson County Courthouse • P.O. Box 617 • Gainesboro, TN 38562
Office 1-931-268-9888

Randy Heady
County Mayor



Jackson County Mayor

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

The Mayor's Office has been in the process of correcting this issue for some time and will continue to do so.

Planned Corrective Action:

The Mayor's Office has relayed to all departments the importance of getting purchase orders before purchasing and the need to make sure that we sign for services or purchases received. Our office is always striving to improve in every area.

FINDING:

THE COUNTY WAS ASSESSED A PENALTY OF \$86,147 BY THE
INTERNAL REVENUE SERVICE FOR NONCOMPLIANCE
WITH THE AFFORDABLE CARE ACT

Response and Corrective Action Plan Prepared by:

Randy Heady, County Mayor

Person Responsible for Implementing the Corrective Action:

Randy Heady, County Mayor

Anticipated Completion Date of Corrective Action:

November 2015

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

The County Mayor and Commission had been told by an affiliate with Zane Benefits, with whom we entered into a contract, that the Cafeteria Plan we started in January, 2015, made our county ACA compliant. In October, 2015, we found that in fact we were not in compliance and at that time we entered into a contract with another agency to offer health insurance to our employees. We have been able to sustain this offer since November, 2015. In fact, we entered a contract with the state to offer their insurance to our employees.

Signature:

A handwritten signature in black ink that reads "Randy Heady". The signature is written in a cursive, flowing style.

Jackson County Courthouse • P.O. Box 617 • Gainesboro, TN 38562
Office 1-931-268-9888

Amanda Ward Stafford
Jackson County Clerk
P.O. Box 346
Gainesboro, Tennessee 38562
Phone: 931-268-9212 Fax: 931-268-4149

Corrective Action Plan

**FINDING: THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN
THREE DAYS OF COLLECTION**

Response and Corrective Action Plan Prepared by:
Amanda Ward Stafford, County Clerk

Person Responsible for Implementing the Corrective Action:
Amanda Ward Stafford, County Clerk

Anticipated Completion Date of Corrective Action:
Date 1-24-2019

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
Reports are printed and signed off on every day and deposit is carried to bank within three days

Signature: Amanda Ward Stafford 1-24-19

Amanda Ward Stafford
Jackson County Clerk
P.O. Box 346
Gainesboro, Tennessee 38562
Phone: 931-268-9212 Fax: 931-268-4149

Corrective Action Plan

FINDING: 2018-001 THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

Response and Corrective Action Plan Prepared by:
Amanda Ward Stafford, County Clerk

Person Responsible for Implementing the Corrective Action:
Amanda Ward Stafford, County Clerk

Anticipated Completion Date of Corrective Action:
Date 01-24-2019

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:

Planned Corrective Action:
Reports are already printed and signed.

Signature:

Amanda Ward Stafford 1-24-19

JACKSON COUNTY CHANCERY COURT
Sherrie Pippin-Loftis, Clerk & Master
P. O. BOX 342
GAINESBORO, TN 38562
Phone: 931-268-9516 Fax: 931-268-9512
Email: sherrie.loftis@tncouts.gov

Corrective Action Plan

FINDING: THE EXECUTION DOCKET TRIAL BALANCE DID NOT
RECONCILE WITH GENERAL LEDGER ACCOUNTS

Response and Corrective Action Plan Prepared by:
Sherrie Pippin-Loftis, Clerk and Master

Person Responsible for Implementing the Corrective Action:
Sherrie Pippin-Loftis, Clerk and Master

Anticipated Completion Date of Corrective Action:
June 30, 2019

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
This has been ongoing from the previous administration. I have tried to correct this and due to errors made with the previous administration in this office and computer change over, it is almost impossible to correct. The funds that this office is holding on the Docket Trial Balance are all the funds that should be holding.

Planned Corrective Action:
I am working with the computer software company to correct this and will present a order to the Chancellor to correct these funds balances by using the clerk fees account. I will then present this to the County Legislative Body for approval and this should correct this finding once and for all. This will be done by the end of June 2019.

Signature: _____

Sherrie Pippin-Loftis

BEST PRACTICE

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

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

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

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