

# **ANNUAL FINANCIAL REPORT**

## **JACKSON COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2019**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT  
JACKSON COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2019**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT  
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Director***

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TREVOR GLOVER  
BARBARA SHULTS  
State Auditors***

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

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## JACKSON COUNTY, TENNESSEE

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# ***Summary of Audit Findings***

Annual Financial Report  
Jackson County, Tennessee  
For the Year Ended June 30, 2019

## ***Scope***

We have audited the basic financial statements of Jackson County as of and for the year ended June 30, 2019.

## ***Results***

Our report on Jackson County was unmodified.

Our audit resulted in 11 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.

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### **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The School Federal Projects Fund has a cash overdraft of \$110,024 at June 30, 2019.

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### **OFFICE OF TRUSTEE**

- ◆ The trustee paid checks issued on the School Federal Projects Fund that exceeded available funds.
-

## **OFFICE OF COUNTY CLERK**

- ◆ A cash shortage of \$36,086.24 existed in the County Clerk's Office subsequent to June 30, 2019.
  - ◆ The clerk failed to properly document changes and deletions to receipts.
  - ◆ The office did not deposit some funds within three days of collection.
  - ◆ Duties were not segregated adequately.
  - ◆ The office did not review its software audit logs.
- 

## **OFFICE OF SHERIFF**

- ◆ A list of usernames and passwords was maintained.
- 

## **JACKSON COUNTY**

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

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## INTRODUCTORY SECTION

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## Jackson County Officials

### June 30, 2019

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#### **Officials**

Randy Heady, County Mayor  
Edward Anderson, Road Superintendent  
Kristy Brown, 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**

Randy Heady, Chairman	
Tim Agee	Gary Garrison
Paul Ballard	Richard Head
Anthony Buck	Brian Lee
Chris Carter	Josh Locke
Don Chinoy	Glenda Mayberry
Darrell Church	Jim Morgan
Joey Denson	Douglas Stafford
Josh Denson	Thomas Wilmoth
Shelby Fox	Troy York

#### **Board of Education**

Mark Brown, Chairman  
Mark Allen  
James Robert Childress  
Michelle Hix  
Amanda Taylor  
Marty Woolbright

#### **Audit Committee**

Troy York, Chairman  
William Draper  
Donna Elrod  
Jeanette Hansel

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## FINANCIAL SECTION

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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, 2019, 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, 2019, 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.

### ***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, as listed in the table of contents, 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.

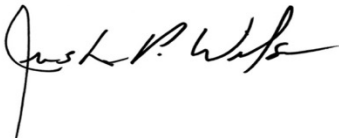
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jackson County School Department (a discretely presented component unit), schedule 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 February 28, 2020, 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,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 28, 2020

JPW/kp

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Jackson County, Tennessee  
Statement of Net Position  
June 30, 2019

	Primary Government Governmental Activities	Component Unit Jackson County School Department
<u>ASSETS</u>		
Cash	\$ 16,260	\$ 0
Equity in Pooled Cash and Investments	3,866,995	8,763,335
Accounts Receivable	233,577	3,427
Allowance for Uncollectibles	(65,624)	0
Due from Other Governments	776,129	658,458
Due from Component Units	4,776,000	0
Property Taxes Receivable	3,065,186	1,737,180
Allowance for Uncollectible Property Taxes	(227,169)	(128,816)
Net Pension Asset - Agent Plan	283,103	166,910
Net Pension Asset - Teacher Retirement Plan	0	38,064
Net Pension Asset - Teacher Legacy Plan	0	587,763
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	17,847
Capital Assets:		
Assets Not Depreciated:		
Land	420,325	319,507
Construction in Progress	331,141	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,060,891	9,972,590
Infrastructure	15,996,057	100,247
Other Capital Assets	1,552,488	660,097
Total Assets	<u>\$ 38,085,359</u>	<u>\$ 22,896,609</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 155,413	\$ 212,591
Pension Changes in Assumptions	96,022	405,545
Pension Changes in Proportionate Share	0	60,098
Pension Changes in Contributions after Measurement Date	251,817	760,537
OPEB Changes in Assumptions	0	25,242
OPEB Changes in Contributions after Measurement Date	0	78,809
Total Deferred Outflows of Resources	<u>\$ 503,252</u>	<u>\$ 1,542,822</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 208,420	\$ 768
Payroll Deductions Payable	32,642	14,086
Cash Overdraft	0	110,024
Accrued Interest Payable	8,865	0
Due to Primary Government	0	4,776,000
Due to State of Tennessee	0	7,450
Noncurrent Liabilities:		
Due Within One Year - Debt	753,550	0
Due Within One Year - Other	48,823	5,913
Due in More Than One Year - Debt	7,167,098	0
Due in More Than One Year - Other	48,823	1,178,380
Total Liabilities	<u>\$ 8,268,221</u>	<u>\$ 6,092,621</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Jackson County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 2,815,721	\$ 1,595,713
Pension Changes in Experience	40,291	818,210
Pension Changes in Investment Earnings	35,203	150,826
Pension Changes in Proportionate Share	0	9,711
OPEB Changes in Experience	0	82,349
OPEB Changes in Assumptions	0	47,600
OPEB Changes in Proportionate Share	0	548,468
Total Deferred Inflows of Resources	<u>\$ 2,891,215</u>	<u>\$ 3,252,877</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 22,216,254	\$ 11,052,441
Restricted for:		
General Government	55,340	0
Administration of Justice	19,069	0
Public Safety	49,139	0
Public Health and Welfare	210,986	0
Highways	903,639	0
Education	0	464,229
Debt Service	279,910	0
Capital Projects	2,544	0
Pensions	283,103	810,584
Unrestricted	<u>3,409,191</u>	<u>2,766,679</u>
Total Net Position	<u>\$ 27,429,175</u>	<u>\$ 15,093,933</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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net	
		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	\$ 1,827,553	\$ 86,773	\$ 73,573	\$ 422,804	\$ (1,244,403)	\$ 0
Finance	384,594	280,459	0	0	(104,135)	0
Administration of Justice	519,385	137,736	4,500	0	(377,149)	0
Public Safety	2,541,204	1,156,937	10,933	45,753	(1,327,581)	0
Public Health and Welfare	1,517,106	595,753	92,595	0	(828,758)	0
Social, Cultural, and Recreational Services	100,526	1,485	7,257	0	(91,784)	0
Agriculture and Natural Resources	91,089	0	0	0	(91,089)	0
Highways	2,486,997	71,785	2,128,058	203,222	(83,932)	0
Interest on Long-term Debt	154,885	0	0	0	(154,885)	0
Total Primary Government	\$ 9,623,339	\$ 2,330,928	\$ 2,316,916	\$ 671,779	\$ (4,303,716)	\$ 0
Component Unit:						
Jackson County School Department	\$ 14,508,109	\$ 133,447	\$ 2,249,115	\$ 75,000	\$ 0	\$ (12,050,547)
Total Component Unit	\$ 14,508,109	\$ 133,447	\$ 2,249,115	\$ 75,000	\$ 0	\$ (12,050,547)

(Continued)

Exhibit B

Jackson County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Total Activities	Component Unit Jackson County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 3,085,053	\$ 1,750,658
Property Taxes Levied for Debt Service					35,057	629,622
Local Option Sales Taxes					203,801	0
Wheel Tax					268,749	161,250
Business Tax					31,401	0
Mineral Severance Tax					28,810	0
Wholesale Beer Tax					57,633	0
Litigation Taxes					21,866	0
Interstate Telecommunications Tax					153,189	0
Other Local Taxes					692	255
Grants and Contributions Not Restricted to Specific Programs					698,357	10,778,665
Unrestricted Investment Earnings					61,820	2,664
Miscellaneous					90,050	46,988
Total General Revenues					<u>\$ 4,736,478</u>	<u>\$ 13,370,102</u>
Change in Net Position					\$ 432,762	\$ 1,319,555
Net Position, July 1, 2018					<u>26,996,413</u>	<u>13,774,378</u>
Net Position, June 30, 2019					<u><u>\$ 27,429,175</u></u>	<u><u>\$ 15,093,933</u></u>

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

Exhibit C-1

Jackson County, Tennessee  
Balance Sheet  
Governmental Funds  
June 29, 2019

	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	\$ 16,260	\$ 16,260
Equity in Pooled Cash and Investments	1,867,833	206,554	544,806	1,117,245	130,557	3,866,995
Accounts Receivable	219,552	0	12,259	0	1,766	233,577
Allowance for Uncollectibles	(65,624)	0	0	0	0	(65,624)
Due from Other Governments	222,513	0	553,616	0	0	776,129
Due from Other Funds	18,026	737	0	0	19,105	37,868
Property Taxes Receivable	2,358,509	483,079	189,198	34,400	0	3,065,186
Allowance for Uncollectible Property Taxes	(173,642)	(36,946)	(14,030)	(2,551)	0	(227,169)
Total Assets	\$ 4,447,167	\$ 653,424	\$ 1,285,849	\$ 1,149,094	\$ 167,688	\$ 7,703,222
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 0	\$ 208,420	\$ 0	\$ 0	\$ 208,420
Payroll Deductions Payable	32,534	62	0	0	46	32,642
Due to Other Funds	19,842	0	0	0	18,026	37,868
Total Liabilities	\$ 52,376	\$ 62	\$ 208,420	\$ 0	\$ 18,072	\$ 278,930
<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	2,839	882	248	45	0	4,014
Other Deferred/Unavailable Revenue	156,960	0	167,170	0	0	324,130
Total Deferred Inflows of Resources	\$ 2,327,756	\$ 443,258	\$ 341,208	\$ 31,643	\$ 0	\$ 3,143,865

(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	\$ 32,818	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,818
Restricted for Administration of Justice	19,069	0	0	0	0	19,069
Restricted for Public Safety	6,931	0	0	0	42,208	49,139
Restricted for Public Health and Welfare	0	210,104	0	0	0	210,104
Restricted for Other Operations	22,522	0	0	0	0	22,522
Restricted for Highways/Public Works	0	0	736,221	0	0	736,221
Restricted for Debt Service	0	0	0	279,910	0	279,910
Restricted for Capital Projects	0	0	0	0	2,544	2,544
Committed:						
Committed for Administration of Justice	54,239	0	0	0	0	54,239
Committed for Other Operations	0	0	0	0	70,655	70,655
Committed for Debt Service	0	0	0	837,541	0	837,541
Committed for Capital Projects	0	0	0	0	34,209	34,209
Unassigned	1,931,456	0	0	0	0	1,931,456
Total Fund Balances	<u>\$ 2,067,035</u>	<u>\$ 210,104</u>	<u>\$ 736,221</u>	<u>\$ 1,117,451</u>	<u>\$ 149,616</u>	<u>\$ 4,280,427</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,447,167</u>	<u>\$ 653,424</u>	<u>\$ 1,285,849</u>	<u>\$ 1,149,094</u>	<u>\$ 167,688</u>	<u>\$ 7,703,222</u>

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, 2019

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)		\$	4,280,427
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	420,325	
Add: construction in progress		331,141	
Add: buildings and improvements net of accumulated depreciation		7,060,891	
Add: infrastructure net of accumulated depreciation		15,996,057	
Add: other capital assets net of accumulated depreciation		<u>1,552,488</u>	25,360,902
(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	\$	(173,720)	
Less: notes payable		(387,568)	
Less: other loans payable		(7,309,000)	
Less: capital leases payable		(50,360)	
Add: debt to be contributed by the school department		4,776,000	
Less: compensated absences payable		(97,646)	
Less: accrued interest on bonds, notes, and capital leases		<u>(8,865)</u>	(3,251,159)
(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	\$	503,252	
Less: deferred inflows of resources related to pensions		<u>(75,494)</u>	427,758
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			283,103
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>328,144</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>27,429,175</u></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 29, 2019

	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	\$ 3,234,882	\$ 499,417	\$ 224,901	\$ 35,671	\$ 0	\$ 3,994,871
Fines, Forfeitures, and Penalties	27,938	0	0	0	30,848	58,786
Charges for Current Services	751,780	0	0	0	0	751,780
Other Local Revenues	155,514	25,360	113,354	0	9,000	303,228
Fees Received From County Officials	411,230	0	0	0	0	411,230
State of Tennessee	1,647,887	6,500	2,171,403	350,000	2,578	4,178,368
Federal Government	24,854	0	153,892	0	45,753	224,499
Other Governments and Citizens Groups	65,970	0	0	662,572	0	728,542
Total Revenues	\$ 6,320,055	\$ 531,277	\$ 2,663,550	\$ 1,048,243	\$ 88,179	\$ 10,651,304
<u>Expenditures</u>						
Current:						
General Government	\$ 619,638	\$ 0	\$ 0	\$ 0	\$ 0	\$ 619,638
Finance	386,965	0	0	0	0	386,965
Administration of Justice	518,408	0	0	0	0	518,408
Public Safety	2,316,007	0	0	0	37,397	2,353,404
Public Health and Welfare	881,704	550,415	0	0	0	1,432,119
Social, Cultural, and Recreational Services	100,436	0	0	0	0	100,436
Agriculture and Natural Resources	92,747	0	0	0	0	92,747
Other Operations	1,462,160	0	0	702	48,093	1,510,955
Highways	40,611	0	2,787,715	0	0	2,828,326
Debt Service:						
Principal on Debt	0	0	53,045	840,963	0	894,008
Interest on Debt	0	0	0	154,177	0	154,177
Other Debt Service	0	0	0	56,870	0	56,870
Capital Projects	0	0	0	0	28,515	28,515
Total Expenditures	\$ 6,418,676	\$ 550,415	\$ 2,840,760	\$ 1,052,712	\$ 114,005	\$ 10,976,568

(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	\$ (98,621)	\$ (19,138)	\$ (177,210)	\$ (4,469)	\$ (25,826)	\$ (325,264)
Other Financing Sources (Uses)						
Capital Leases Issued	\$ 0	\$ 0	\$ 103,405	\$ 0	\$ 0	\$ 103,405
Transfers In	0	0	0	100,000	0	100,000
Transfers Out	(100,000)	0	0	0	0	(100,000)
Total Other Financing Sources (Uses)	\$ (100,000)	\$ 0	\$ 103,405	\$ 100,000	\$ 0	\$ 103,405
Net Change in Fund Balances	\$ (198,621)	\$ (19,138)	\$ (73,805)	\$ 95,531	\$ (25,826)	\$ (221,859)
Fund Balance, June 30, 2018	2,265,656	229,242	810,026	1,021,920	175,442	4,502,286
Fund Balance, June 29, 2019	\$ 2,067,035	\$ 210,104	\$ 736,221	\$ 1,117,451	\$ 149,616	\$ 4,280,427

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, 2019

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)		\$ (221,859)
(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	\$ 953,469	
Less: current-year depreciation expense	<u>(616,662)</u>	336,807
(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		(4,107)
(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, 2019	\$ 328,144	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(385,847)</u>	(57,703)
(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	\$ 108,981	
Add: principal payments on bonds	2,982	
Add: principal payments on other loans	729,000	
Add: principal payments on capital leases	53,045	
Less: capital lease proceeds	(103,405)	
Less: contributions from the school department for other loans	<u>(534,000)</u>	256,603
(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	\$ (708)	
Change in compensated absences payable	(5,278)	
Change in net pension liability/asset	78,650	
Change in deferred outflows related to pensions	47,157	
Change in deferred inflows related to pensions	<u>3,200</u>	123,021
Change in net position of governmental activities (Exhibit B)		<u>\$ 432,762</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 29, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,234,882	\$ 3,149,883	\$ 3,149,883	\$ 84,999
Licenses and Permits	0	500	500	(500)
Fines, Forfeitures, and Penalties	27,938	38,800	38,800	(10,862)
Charges for Current Services	751,780	789,000	789,000	(37,220)
Other Local Revenues	155,514	155,000	167,577	(12,063)
Fees Received From County Officials	411,230	400,000	400,000	11,230
State of Tennessee	1,647,887	1,549,172	1,749,203	(101,316)
Federal Government	24,854	45,000	45,000	(20,146)
Other Governments and Citizens Groups	65,970	50,000	50,000	15,970
Total Revenues	\$ 6,320,055	\$ 6,177,355	\$ 6,389,963	\$ (69,908)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 38,834	\$ 43,200	\$ 43,200	\$ 4,366
Beer Board	92	200	200	108
County Mayor/Executive	174,468	174,936	177,108	2,640
County Attorney	5,503	5,512	5,512	9
Election Commission	142,579	156,562	156,562	13,983
Register of Deeds	107,035	112,484	112,484	5,449
County Buildings	150,464	156,442	159,216	8,752
Preservation of Records	663	1,900	1,900	1,237
<u>Finance</u>				
Property Assessor's Office	113,582	114,034	119,984	6,402
County Trustee's Office	129,444	114,334	130,504	1,060
County Clerk's Office	143,939	151,996	151,996	8,057
<u>Administration of Justice</u>				
Circuit Court	185,292	193,842	193,842	8,550
General Sessions Court	146,109	137,706	147,036	927
Chancery Court	110,448	108,626	112,334	1,886
Juvenile Court	33,479	37,522	37,522	4,043
Judicial Commissioners	39,205	40,214	40,214	1,009
Other Administration of Justice	3,875	3,930	3,930	55
<u>Public Safety</u>				
Sheriff's Department	874,835	925,895	925,895	51,060
Administration of the Sexual Offender Registry	750	2,000	2,000	1,250
Jail	1,342,090	1,351,205	1,420,565	78,475
Fire Prevention and Control	16,500	16,500	16,500	0
Other Emergency Management	81,832	88,400	88,400	6,568
<u>Public Health and Welfare</u>				
Local Health Center	77,129	110,750	110,750	33,621
Ambulance/Emergency Medical Services	784,337	848,694	848,694	64,357
Crippled Children Services	0	900	900	900
Regional Mental Health Center	4,648	5,811	5,811	1,163
Appropriation to State	15,590	15,590	15,590	0
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	22,216	22,350	22,350	134
Senior Citizens Assistance	21,170	25,703	25,704	4,534
Libraries	57,050	66,000	67,943	10,893

(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	\$ 44,826	\$ 46,300	\$ 46,300	\$ 1,474
Soil Conservation	47,921	69,938	69,938	22,017
<u>Other Operations</u>				
Industrial Development	134	6,040	6,040	5,906
Other Economic and Community Development	62,347	83,000	83,000	20,653
Airport	447,922	252,670	452,701	4,779
Veterans' Services	7,000	7,000	7,000	0
Other Charges	462,268	466,000	473,360	11,092
Contributions to Other Agencies	34,400	56,969	56,969	22,569
Employee Benefits	402,631	445,000	445,000	42,369
Miscellaneous	45,458	45,500	46,542	1,084
<u>Highways</u>				
Litter and Trash Collection	39,874	44,968	44,968	5,094
Capital Outlay	737	0	737	0
Total Expenditures	\$ 6,418,676	\$ 6,556,623	\$ 6,877,201	\$ 458,525
Excess (Deficiency) of Revenues Over Expenditures	\$ (98,621)	\$ (379,268)	\$ (487,238)	\$ 388,617
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (100,000)	\$ 0	\$ (100,000)	\$ 0
Total Other Financing Sources	\$ (100,000)	\$ 0	\$ (100,000)	\$ 0
Net Change in Fund Balance	\$ (198,621)	\$ (379,268)	\$ (587,238)	\$ 388,617
Fund Balance, July 1, 2018	2,265,656	2,151,002	2,151,002	114,654
Fund Balance, June 30, 2019	\$ 2,067,035	\$ 1,771,734	\$ 1,563,764	\$ 503,271

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 29, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 499,417	\$ 490,852	\$ 490,852	\$ 8,565
Other Local Revenues	25,360	27,892	27,892	(2,532)
State of Tennessee	6,500	50,000	50,000	(43,500)
Total Revenues	<u>\$ 531,277</u>	<u>\$ 568,744</u>	<u>\$ 568,744</u>	<u>\$ (37,467)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 280,206	\$ 287,853	\$ 287,854	\$ 7,648
Convenience Centers	270,209	288,000	288,000	17,791
Total Expenditures	<u>\$ 550,415</u>	<u>\$ 575,853</u>	<u>\$ 575,854</u>	<u>\$ 25,439</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (19,138)</u>	<u>\$ (7,109)</u>	<u>\$ (7,110)</u>	<u>\$ (12,028)</u>
Net Change in Fund Balance	\$ (19,138)	(7,109)	(7,110)	(12,028)
Fund Balance, July 1, 2018	<u>229,242</u>	<u>222,422</u>	<u>222,422</u>	<u>6,820</u>
Fund Balance, June 30, 2019	<u>\$ 210,104</u>	<u>\$ 215,313</u>	<u>\$ 215,312</u>	<u>\$ (5,208)</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 29, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 224,901	\$ 227,500	\$ 228,595	\$ (3,694)
Other Local Revenues	113,354	63,500	95,801	17,553
State of Tennessee	2,171,403	1,710,397	2,083,414	87,989
Federal Government	153,892	0	153,892	0
Total Revenues	<u>\$ 2,663,550</u>	<u>\$ 2,001,397</u>	<u>\$ 2,561,702</u>	<u>\$ 101,848</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 161,279	\$ 166,940	\$ 166,940	\$ 5,661
Highway and Bridge Maintenance	1,656,203	1,430,400	1,809,047	152,844
Operation and Maintenance of Equipment	426,882	482,700	504,700	77,818
Other Charges	67,708	83,300	83,300	15,592
Employee Benefits	145,824	186,000	186,000	40,176
Capital Outlay	329,819	126,500	349,905	20,086
<u>Principal on Debt</u>				
Highways and Streets	53,045	0	53,045	0
Total Expenditures	<u>\$ 2,840,760</u>	<u>\$ 2,475,840</u>	<u>\$ 3,152,937</u>	<u>\$ 312,177</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (177,210)</u>	<u>\$ (474,443)</u>	<u>\$ (591,235)</u>	<u>\$ 414,025</u>
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 103,405	\$ 0	\$ 103,405	\$ 0
Insurance Recovery	0	0	13,387	(13,387)
Total Other Financing Sources	<u>\$ 103,405</u>	<u>\$ 0</u>	<u>\$ 116,792</u>	<u>\$ (13,387)</u>
Net Change in Fund Balance	<u>\$ (73,805)</u>	<u>\$ (474,443)</u>	<u>\$ (474,443)</u>	<u>\$ 400,638</u>
Fund Balance, July 1, 2018	<u>810,026</u>	<u>626,010</u>	<u>626,010</u>	<u>184,016</u>
Fund Balance, June 30, 2019	<u><u>\$ 736,221</u></u>	<u><u>\$ 151,567</u></u>	<u><u>\$ 151,567</u></u>	<u><u>\$ 584,654</u></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, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 625,837
Due from Other Governments	<u>53,653</u>
Total Assets	<u><u>\$ 679,490</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 53,653
Due to Litigants, Heirs, and Others	<u>625,837</u>
Total Liabilities	<u><u>\$ 679,490</u></u>

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

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## JACKSON COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**JACKSON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**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, 2019.

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 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; the State Treasurer's Intermediate Term Investment Fund; 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. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, 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. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pooled complied with accounting principles generally accepted in the United States of America.

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.

### **3. Restricted Assets**

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Jackson County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Jackson County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Jackson County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

### **4. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental 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

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The 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 assumptions, changes in proportionate share of contributions, employer contributions made to the pension plan after the measurement date, other postemployment benefits (OPEB) changes in assumptions, and 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 experience, changes in assumptions, changes in proportionate share of contributions, 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.

**6. 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.

**7. Long-term Debt and 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.

## **8. 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, 2019, Jackson County had \$4,776,000 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.

## **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, 2019, the Jackson County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Amount</u>
Discretely Presented School Department:	
Major Fund:	
General Purpose School	\$ 247,253

**B. Cash Shortage**

The County Clerk' Office had a cash shortage of \$36,086 subsequent to June 30, 2019. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

**C. Cash Overdraft**

The discretely presented School Federal Projects Fund had a cash overdraft of \$110,024 at June 30, 2019. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2019.

**D. Pending Review of the Operations of the County Clerk's Office**

In response to deficiencies noted in the County Clerk's Office, the Comptroller's Division of Investigations is currently reviewing the operations of the office. Findings, if any resulting from this review will be included in a subsequent report.

**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. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. 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, 2019.

## **TCRS Stabilization Trust**

**Legal Provisions.** The Jackson County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

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

**Investment Balances.** Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

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

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive

dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

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

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

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

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

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

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

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

At June 30, 2019, the Jackson County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 5,533
Developed Market International Equity	N/A	N/A	2,499
Emerging Market International Equity	N/A	N/A	714
U.S. Fixed Income	N/A	N/A	3,569
Real Estate	N/A	N/A	1,785
Short-term Securities	N/A	N/A	178
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	<u>3,569</u>
Total			<u><u>\$ 17,847</u></u>

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 5,533	\$ 5,533	\$ 0	\$ 0	0
Developed Market International Equity	2,499	2,499	0	0	0
Emerging Market International Equity	714	714	0	0	0
U.S. Fixed Income	3,569	0	3,569	0	0
Real Estate	1,785	0	0	1,785	0
Short-term Securities	178	0	178	0	0
Private Equity and Strategic Lending	<u>3,569</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,569</u>
Total	<u><u>\$ 17,847</u></u>	<u><u>\$ 8,746</u></u>	<u><u>\$ 3,747</u></u>	<u><u>\$ 1,785</u></u>	<u><u>\$ 3,569</u></u>

**Risks and Uncertainties.** The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and



market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Jackson County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

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

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

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

## **B. Capital Assets**

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

## **Primary Government**

### **Governmental Activities:**

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 424,432	\$ 0	\$ (4,107)	\$ 420,325
Construction in Progress	1,033,123	0	(701,982)	331,141
Total Capital Assets Not Depreciated	\$ 1,457,555	\$ 0	\$ (706,089)	\$ 751,466
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,680,167	\$ 1,039,511	\$ 0	\$ 9,719,678
Infrastructure	19,133,676	459,786	0	19,593,462
Other Capital Assets	4,354,118	156,154	0	4,510,272
Total Capital Assets Depreciated	\$ 32,167,961	\$ 1,655,451	\$ 0	\$ 33,823,412
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,471,333	\$ 187,454	\$ 0	\$ 2,658,787
Infrastructure	3,431,721	165,684	0	3,597,405
Other Capital Assets	2,694,260	263,524	0	2,957,784
Total Accumulated Depreciation	\$ 8,597,314	\$ 616,662	\$ 0	\$ 9,213,976
Total Capital Assets Depreciated, Net	\$ 23,570,647	\$ 1,038,789	\$ 0	\$ 24,609,436
Governmental Activities Capital Assets, Net	\$ 25,028,202	\$ 1,038,789	\$ (706,089)	\$ 25,360,902

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

### **Governmental Activities:**

General Government	\$ 58,459
Public Safety	202,679
Public Health and Welfare	105,119
Social, Cultural, and Recreational Services	91
Highways/Public Works	250,314
Total Depreciation Expense - Governmental Activities	<u>\$ 616,662</u>

## Discretely Presented Jackson County School Department

### Governmental Activities:

	Balance 7-1-18	Increases	Balance 6-30-19
Capital Assets Not Depreciated:			
Land	\$ 319,507	\$ 0	\$ 319,507
Construction in Progress	0	0	0
Total Capital Assets			
Not Depreciated	\$ 319,507	\$ 0	\$ 319,507
Capital Assets Depreciated:			
Buildings and Improvements	\$ 16,112,934	\$ 0	\$ 16,112,934
Infrastructure	109,860	0	109,860
Other Capital Assets	1,967,410	0	1,967,410
Total Capital Assets Depreciated	\$ 18,190,204	\$ 0	\$ 18,190,204
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 5,760,738	\$ 379,606	\$ 6,140,344
Infrastructure	4,120	5,493	9,613
Other Capital Assets	1,193,292	114,021	1,307,313
Total Accumulated Depreciation	\$ 6,958,150	\$ 499,120	\$ 7,457,270
Total Capital Assets Depreciated, Net	\$ 11,232,054	\$ (499,120)	\$ 10,732,934
Governmental Activities Capital Assets, Net	\$ 11,551,561	\$ (499,120)	\$ 11,052,441

There were no decreases in capital assets to report during the year ended June 30, 2019.

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

**Governmental Activities:**

Instruction	\$ 387,898
Support Services	110,053
Non-Instructional Services	<u>1,169</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 499,120</u>

**C. Construction Commitments**

At June 30, 2019, the county had construction in progress of \$331,141 for an airport security fence. All expenditures were made for this project prior to June 30, 2019; however, the project remained in construction in progress awaiting the project certification and grant closure.

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

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

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 18,026
Solid Waste/Sanitation	General	737
Nonmajor governmental	"	19,105
Discretely Presented School		
Department:		
General Purpose School	Nonmajor governmental	540

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:**

Receivable Fund	Payable Fund	Amount
Primary Government:	School Department	
Governmental Activities	Component Unit:	
	Governmental Activities	\$ 4,776,000

The Due to Primary Government of \$4,776,000 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, 2019, consisted of the following amounts:

##### **Primary Government**

Transfer Out	<u>Transfer In</u>	
	General	Debt
	Service	Purpose
	Fund	
General Fund	\$ 100,000	To retire debt
Total	<u>\$ 100,000</u>	

##### **Discretely Presented Jackson County School Department**

Transfers Out	<u>Transfers In</u>	
	General	Purpose
	School	
	Fund	
Nonmajor governmental fund	\$ 29,648	Indirect costs
"	<u>67,306</u>	Supervisor's salary
Total	<u>\$ 96,954</u>	

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

#### **E. Capital Leases**

On October 3, 2018, Jackson County entered into a one-year lease-purchase agreement for a backhoe. The terms of the agreement require total lease payments of \$103,405 plus interest of 4.75 percent. Title to the equipment transfers to Jackson County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and Equipment	\$ 106,090
Less: Accumulated Depreciation	<u>(5,039)</u>
Total Book Value	<u>\$ 101,051</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Year Ending June 30	Governmental Funds
2019	\$ 53,045
Total Minimum Lease Payments	\$ 53,045
Less: Amount Representing Interest	<u>(2,685)</u>
Present Value of Minimum Lease Payments	<u>\$ 50,360</u>

**F. Long-term Debt**

**Primary Government**

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

General Obligation Bonds - Jackson County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. General obligation bonds were issued for original terms of up to 38 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Jackson County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes and other loans outstanding were issued for original terms of 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 notes and other loans included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2019, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds	4 %	2-22-49	\$ 194,600	\$ 173,720
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	1.9 to 1.98	11-13-22	560,111	387,568
Other Loans	variable	5-25-31	14,765,000	7,309,000
Capital Leases	4.75	10-4-19	103,405	50,360

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, 2019, the variable interest rate for these loans was 1.35 percent and other fees totaled approximately .6 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, 2019, the variable interest rate was 1.78 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, 2019, the variable interest rate was 1.78 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, 2019, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2025-2029	20,436	29,814	50,250
2030-2034	24,863	25,387	50,250
2035-2039	30,250	20,000	50,250
2040-2044	36,803	13,447	50,250
2045-2049	44,572	5,678	50,250
Total	\$ 173,720	\$ 127,780	\$ 301,500

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2020	\$ 111,089	\$ 7,513	\$ 118,602
2021	113,235	5,366	118,601
2022	115,423	3,177	118,600
2023	47,821	947	48,768
Total	\$ 387,568	\$ 17,003	\$ 404,571



Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2020	\$ 589,000	\$ 119,209	\$ 53,376	\$ 761,585
2021	617,000	109,593	49,401	775,994
2022	644,000	99,508	45,242	788,750
2023	671,000	88,975	40,901	800,876
2024	702,000	77,995	36,380	816,375
2025-2029	3,924,000	207,888	107,087	4,238,975
2030-2031	162,000	3,308	3,776	169,084
Total	<u>\$ 7,309,000</u>	<u>\$ 706,476</u>	<u>\$ 336,163</u>	<u>\$ 8,351,639</u>

There is \$1,117,451 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 \$681, 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 Debt	Outstanding 6-30-19
<u>Other Loans Payable - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Construction	\$ 3,361,000
Refunding/School Construction	<u>1,415,000</u>
Total	<u>\$ 4,776,000</u>

#### Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2019, was as follows:

Governmental Activities:

	Bonds	Notes - Direct Placement	Other Loans - Direct Placement	Capital Leases - Direct Placement
Balance, July 1, 2018	\$ 176,702	\$ 496,549	\$ 8,038,000	\$ 0
Additions	0	0	0	103,405
Reductions	(2,982)	(108,981)	(729,000)	(53,045)
Balance, June 30, 2019	<u>\$ 173,720</u>	<u>\$ 387,568</u>	<u>\$ 7,309,000</u>	<u>\$ 50,360</u>
Balance Due Within One Year	<u>\$ 3,101</u>	<u>\$ 111,089</u>	<u>\$ 589,000</u>	<u>\$ 50,360</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 7,920,648
Less: Balance Due Within One Year - Debt	<u>(753,550)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 7,167,098</u>

**G. Long-term Obligations**

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2019, was as follows:

	Compensated Absences
Balance, July 1, 2018	\$ 92,368
Additions	87,267
Reductions	<u>(81,989)</u>
Balance, June 30, 2019	<u>\$ 97,646</u>
Balance Due Within One Year	<u>\$ 48,823</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 97,646
Less: Balance Due Within One Year - Other	<u>(48,823)</u>

Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 48,823</u>
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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, 2019, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2018	\$ 10,204	\$ 1,842,217
Additions	8,276	134,594
Reductions	<u>0</u>	<u>(810,998)</u>
Balance, June 30, 2019	<u>\$ 18,480</u>	<u>\$ 1,165,813</u>
Balance Due Within One Year	<u>\$ 5,913</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 1,184,293
Less: Balance Due Within One Year - Other	<u>(5,913)</u>

Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 1,178,380</u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

## **H. 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, 2019, were \$49,059 and \$18,189, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

## **V. OTHER INFORMATION**

### **A. Risk Management**

#### **Primary Government**

The county is exposed to various risks related to general liability, property, and casualty losses. During 2019, the county decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

The county carries commercial insurance for the airport operations. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Jackson County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for

losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

### **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. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Jackson County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes accounting and reporting requirements for certain asset retirement obligations (AROs) associated with tangible capital assets. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, and expense/expenditures. In addition, this standard establishes note disclosure requirements for AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period* amends paragraphs 5 through 22 of GASB Statement No. 62. This standard establishes that interest cost incurred before the end of a construction period should be recognized as an expense/expenditure. The changes adopted to conform with this standard are to be applied prospectively.

**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. Changes in Administration**

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.

**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, 2019 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 62.91 percent, the non-certified employees of the discretely presented school department comprise 37.09 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

*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, 2018, 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	166
Active Employees	<u>194</u>
Total	<u>443</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, 2019, the employer contribution for Jackson County was \$387,277 based on a rate of 6.83 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, 2018, 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, 2018, 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 3.44% 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, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and 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.

*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, 2017	\$ 10,668,267	\$ 10,997,977	\$ (329,710)
Changes for the Year:			
Service Cost	\$ 442,342	\$ 0	\$ 442,342
Interest	789,294	0	789,294
Differences Between Expected and Actual Experience	188,106	0	188,106
Changes in Assumptions	0	0	0
Contributions-Employer	0	369,685	(369,685)
Contributions-Employees	0	267,936	(267,936)
Net Investment Income	0	920,052	(920,052)
Benefit Payments, Including Refunds of Employee Contributions	(447,601)	(447,601)	0
Administrative Expense	0	(17,628)	17,628
Other Changes	0	0	0
Net Changes	\$ 972,141	\$ 1,092,444	\$ (120,303)
Balance, June 30, 2018	\$ 11,640,408	\$ 12,090,421	\$ (450,013)

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government 62.91%	\$ 7,322,981	\$ 7,606,084	\$ (283,103)
School Department 37.09%	4,317,427	4,484,337	(166,910)
Total	\$ 11,640,408	\$ 12,090,421	\$ (450,013)

*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 percent) or one percentage point higher (8.25 percent) than the current rate:

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

Net Pension Liability      \$ 1,144,093   \$ (450,013)   \$ (1,758,070)

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

*Pension Expense.* For the year ended June 30, 2019, Jackson County recognized pension expense of \$207,132.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, 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	\$ 247,041	\$ 64,046
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	55,957
Changes in Assumptions	152,635	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	387,277	N/A
Total	<u>\$ 786,953</u>	<u>\$ 120,003</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 503,253	\$ 75,494
School Department	283,700	44,509
Total	<u>\$ 786,953</u>	<u>\$ 120,003</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
2020	\$ 136,374
2021	110,269
2022	18,694
2023	14,331
2024	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 62.91 percent and the non-certified employees of the discretely presented school department comprise 37.09 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

*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, 2019, to the Teacher Retirement Plan were \$17,287, which is 1.94 percent of covered payroll. In addition, employer contributions of \$16,945, which is 2.06 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Liabilities (Assets).* At June 30, 2019, the school department reported a liability (asset) of (\$38,064) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (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, 2018, the school department's proportion was .083930 percent. The proportion as of June 30, 2017, was .088320 percent.

*Pension Expense.* For the year ended June 30, 2019, the school department recognized pension expense of \$13,246.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, 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	\$ 2,156	\$ 1,516
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,150
Changes in Assumptions	1,796	0
Changes in Proportion of Net Pension Liability (Asset)	2,945	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	17,287	N/A
Total	\$ 24,184	\$ 3,666

The school department's employer contributions of \$17,287, 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ (30)
2021	(99)
2022	(405)
2023	157
2024	443
Thereafter	3,165

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

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



Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% 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, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and 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.

*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 percent) or one percentage point higher (8.25 percent) 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%
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Net Pension Liability	\$	5,885	\$	(38,064)	\$	(70,445)
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*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

### **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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

*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, 2019, to the Teacher Legacy Pension Plan were \$607,790, which is 10.46 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, 2019, the school department reported a liability (asset) of (\$587,763) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The 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, 2018, the school department's proportion was .167030 percent. The proportion measured at June 30, 2017, was .166808 percent.

*Pension Expense.* For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$154,366).

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, 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	\$ 118,807	\$ 792,939
Changes in Assumptions	347,136	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	127,922
Changes in Proportion of Net Pension Liability (Asset)	57,153	9,711
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	607,790	N/A
Total	<u>\$ 1,130,886</u>	<u>\$ 930,572</u>

The school department's employer contributions of \$607,790 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 135,049
2021	(173,819)
2022	(314,518)
2023	(54,188)
2024	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, 2018, 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 3.44% 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, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and 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.

*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 percent) or one percentage point higher (8.25 percent) 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%
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Net Pension Liability    \$    4,530,851    \$    (587,763)    \$    (4,822,704)

*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 \$56,949 and teachers contributed \$49,972 to this deferred compensation pension plan.

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

The discretely presented Jackson County School Department provides OPEB benefits to its retirees under various OPEB plans. These include OPEB provided through state administered public entity risk pools and commercial health insurance plans. For reporting purposes the plans are considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.



## **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. The school department 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 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent 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, 2018, the following employees were covered by the benefit terms:

	<u>School Department</u>
Retirees and Beneficiaries	13
Inactive, Nonretired Members	0
Active Members Eligible for Future Benefits	181
Active Members Not Eligible for Future Benefits	<u>28</u>
Total	<u><u>222</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 \$78,809 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 64.3202%	State of TN 35.6798%		Total OPEB Liability
Balance July 1, 2017	\$ 1,161,636	\$ 624,737	\$	<u>1,786,173</u>
Changes for the Year:				
Service Cost	\$ 58,639	\$ 32,528	\$	91,167
Interest	41,628	23,092		64,720
Changes in Benefit Terms	0	0		0
Difference between Expected and Actuarial Experience	(82,554)	(45,794)		(128,348)
Changes in Proportionate Share	(12,766)	12,766		0
Changes in Assumption and Other Inputs	27,899	15,476		43,375
Benefit Payments	(76,373)	(42,365)		(118,738)
Net Changes	<u>\$ (43,526)</u>	<u>\$ (4,298)</u>	<u>\$</u>	<u>(47,824)</u>
Balance June 30, 2018	<u>\$ 1,118,110</u>	<u>\$ 620,439</u>	<u>\$</u>	<u><u>1,738,349</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 \$51,624 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 64.3202 percent and the State of Tennessee's share was 35.6798 percent.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, the school department recognized OPEB expense of \$140,465, including the state's share of the expense. At June 30, 2019, 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	\$ 74,691
Changes of Assumptions/Inputs	25,242	38,655
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	0	14,310
Benefits Paid After the Measurement Date June 30, 2018	78,809	0
Total	<u>\$ 104,051</u>	<u>\$ 127,656</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>
2020	\$ (11,425)
2021	(9,919)
2022	(9,919)
2023	(9,919)
2024	(9,919)
Thereafter	(38,507)

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>	Current Discount Rate
1% Decrease 2.62%	1% Increase 3.62%

Proportionate Share of the Collective Total OPEB Liability	\$ 1,189,619	\$ 1,118,110	\$ 1,049,347
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*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>	Curent Rates
1% Decrease 5.75 to 2.85%	1% Increase 6.75 to 3.85%

Proportionate Share of the Collective Total OPEB Liability	\$ 1,008,579	\$ 1,118,110	\$ 1,246,438
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## **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, 2018, 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, 2018, the following employees were covered by the benefit terms:

	<u>School Department</u>
Retirees and Beneficiaries	34
Inactive, Nonretired Members	21
Active Members	<u>209</u>
Total	<u><u>264</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, 2019, the school department did not any contributions to the TNM for OPEB benefits.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>			
	Jackson County School Department 8.83%	State of TN 91.17%		Total OPEB Liability
Balance July 1, 2017	\$ 680,581	\$ 568,072	\$	<u>1,248,653</u>
Changes for the Year:				
Service Cost	\$ 2,471	\$ 25,510	\$	27,981
Interest	3,957	40,860		44,817
Changes in Benefit Terms	(56,757)	(586,013)		(642,770)
Difference between Expected and Actuarial Experience	(8,693)	(89,761)		(98,454)
Changes in Proportionate Share	(570,325)	570,325		0
Changes in Assumption and Other Inputs	(402)	(4,146)		(4,548)
Benefit Payments	(3,129)	(32,309)		(35,438)
Net Changes	<u>\$ (632,878)</u>	<u>\$ (75,534)</u>	<u>\$</u>	<u>(708,412)</u>
Balance June 30, 2018	<u>\$ 47,703</u>	<u>\$ 492,538</u>	<u>\$</u>	<u><u>540,241</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 is required by GASB Statement No. 75 to recognize revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TNM for school department employees. The amount of the subsidy is equal to the nonemployer share of collective OPEB expenses. During the year, collective OPEB expenses for Jackson County School employees was negative. Consequently, the Jackson County School Department has recorded the negative collective OPEB expense (\$596,133) and recorded negative operating grants and contributions revenues (\$471,312) for the nonemployer share of the collective OPEB expense.

During the year, the Jackson County School Department's proportionate share of the collective OPEB liability was 8.83 percent and the State of Tennessee's share was 91.17 percent.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, the school department recognized (negative) OPEB expense of (\$596,133) including the state's share of the OPEB expense.

At June 30, 2019, 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	\$ 7,658
Changes of Assumptions/Inputs	0	8,945
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	0	534,158
Benefits Paid After the Measurement Date of June 30, 2018	0	0
Total	\$ 0	\$ 550,761

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>
2020	\$ (74,493)
2021	(74,493)
2022	(74,493)
2023	(74,493)
2024	(74,493)
Thereafter	(178,296)

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
	2.62%	3.62%	4.62%

Proportionate Share of the Collective Total OPEB Liability	\$ 57,041	\$ 47,703	\$ 40,152
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*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.

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## REQUIRED SUPPLEMENTARY INFORMATION

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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	2018
<b>Total Pension Liability</b>					
Service Cost	\$ 339,415	\$ 316,157	\$ 370,312	\$ 452,741	\$ 442,342
Interest	596,379	648,615	675,606	743,465	789,294
Differences Between Actual and Expected Experience	160,378	(270,416)	193,111	(16,604)	188,106
Changes in Assumptions	0	0	0	254,391	(447,601)
Benefit Payments, Including Refunds of Employee Contributions	(357,248)	(395,628)	(381,639)	(451,700)	0
Net Change in Total Pension Liability	\$ 738,924	\$ 298,728	\$ 857,390	\$ 982,293	\$ 972,141
Total Pension Liability, Beginning	7,790,932	8,529,856	8,828,584	9,685,974	10,668,267
Total Pension Liability, Ending (a)	\$ 8,529,856	\$ 8,828,584	\$ 9,685,974	\$ 10,668,267	\$ 11,640,408
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 291,604	\$ 255,793	\$ 295,218	\$ 319,681	\$ 369,685
Contributions - Employee	204,780	213,744	228,950	248,202	267,936
Net Investment Income	1,272,730	279,487	250,792	1,113,700	920,052
Benefit Payments, Including Refunds of Employee Contributions	(357,248)	(395,628)	(381,639)	(451,700)	(447,601)
Administrative Expense	(6,336)	(8,333)	(14,042)	(15,195)	(17,628)
	0	0	0	19,373	0
Net Change in Plan Fiduciary Net Position	\$ 1,405,530	\$ 345,063	\$ 379,279	\$ 1,234,061	\$ 1,092,444
Plan Fiduciary Net Position, Beginning	7,634,044	9,039,574	9,384,637	9,763,916	10,997,977
Plan Fiduciary Net Position, Ending (b)	\$ 9,039,574	\$ 9,384,637	\$ 9,763,916	\$ 10,997,977	\$ 12,090,421
Net Pension Liability (Asset), Ending (a - b)	\$ (509,718)	\$ (556,053)	\$ (77,942)	\$ (329,710)	\$ (450,013)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.98%	106.30%	100.80%	103.09%	103.87%
Covered Payroll	\$ 4,095,566	\$ 3,971,936	\$ 4,583,407	\$ 4,984,554	\$ 5,228,742
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(12.45)%	(14.00)%	(1.70)%	(6.61)%	(8.61)%

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

Note: The agent plan is a single plan that is participated in by the primary government and 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	2019
Actuarially Determined Contribution	\$ 291,604	\$ 255,793	\$ 295,218	\$ 319,681	\$ 369,685	\$ 387,277
Less Contributions in Relation to the Actuarially Determined Contribution	(291,604)	(255,793)	(295,218)	(319,681)	(369,685)	(387,277)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 4,095,566	\$ 3,971,936	\$ 4,583,407	\$ 4,984,554	\$ 5,228,742	\$ 5,667,022
Contributions as a Percentage of Covered Payroll	7.12%	6.44%	6.44%	6.41%	7.07%	6.83%

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

Note: The agent plan is a single plan that is participated in by the primary government and 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	2019*
Contractually Required Contribution	\$ 10,055	\$ 18,173	\$ 23,187	\$ 29,338	\$ 17,287
Less Contributions in Relation to the Contractually Required Contribution	(10,055)	(18,173)	(23,187)	(29,338)	(17,287)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 251,380	\$ 454,322	\$ 579,682	\$ 733,441	\$ 825,393
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%

\* In FY 2019 the school department placed the actuarially determined contribution rate of covered payroll into the pension plan and placed 2.06 percent of covered payroll into the Pension Stabilization Reserve Trust.

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	2019
Contractually Required Contribution	\$ 534,462	\$ 532,095	\$ 524,609	\$ 533,050	\$ 531,074	\$ 607,790
Less Contributions in Relation to the Contractually Required Contribution	(534,462)	(532,095)	(524,609)	(533,050)	(531,074)	(607,790)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 6,018,713	\$ 5,886,004	\$ 5,803,210	\$ 5,896,577	\$ 5,848,832	\$ 5,810,594
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%

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

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.118491%	0.103254%	0.088320%	0.083930%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (4,867)	\$ (10,749)	\$ (23,300)	\$ (38,064)
Covered Payroll	\$ 251,380	\$ 454,322	\$ 579,682	\$ 733,441
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.153343%	0.157233%	0.160763%	0.166808%	0.167030%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (24,918)	\$ 64,408	\$ 1,004,677	\$ (54,577)	\$ (587,763)
Covered Payroll	\$ 6,018,713	\$ 5,886,004	\$ 5,803,210	\$ 5,896,577	\$ 5,848,832
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)%	(10.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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**

	2017	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 98,676	\$ 91,167
Interest	54,348	64,720
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(128,348)
Changes in Assumptions or Other Inputs	(74,756)	43,375
Benefit Payments	(109,277)	(118,738)
Net Change in Total OPEB Liability	\$ (31,009)	\$ (47,824)
Total OPEB Liability, Beginning	1,817,182	1,786,173
Total OPEB Liability, Ending	<u>\$ 1,786,173</u>	<u>\$ 1,738,349</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 624,537	\$ 47,703
Employer Proportionate Share of the Total OPEB Liability	1,161,636	1,118,110
Covered Employee Payroll	\$ 8,520,868	\$ 8,571,125
Net OPEB Liability as a Percentage of Covered Employee Payroll	13.63%	13.05%

**State Administered Medicare Plan**

	2017	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 34,412	\$ 27,981
Interest	39,452	44,817
Changes in Benefit Terms	0	(642,770)
Differences Between Actual and Expected Experience	0	(98,454)
Changes in Assumptions or Other Inputs	(125,093)	(4,548)
Benefit Payments	(33,600)	(35,438)
Net Change in Total OPEB Liability	\$ (84,829)	\$ (708,412)
Total OPEB Liability, Beginning	\$ 1,333,482	\$ 1,248,653
Total OPEB Liability, Ending	<u>\$ 1,248,653</u>	<u>\$ 540,241</u>
Covered Employee Payroll	\$ N/A	\$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	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:

2017	2.92%
2018	3.56%
2019	3.62%

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, 2019**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustments	2.25%

*Changes in Assumptions:* In 2017, the following assumptions were changed: decreased the inflation rate from 3.0 to 2.5 percent; decreased the investment rate from 7.5 to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased the salary growth rate graded ranges from an average of 4.25 to 4.0 percent; and modified mortality assumptions.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for 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.

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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

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

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

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 29, 2019

	Special Revenue Funds			Capital Projects Funds
	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>ASSETS</u>				
Cash	\$ 0	\$ 16,260	\$ 16,260	\$ 0
Equity in Pooled Cash and Investments	23,103	0	23,103	34,583
Accounts Receivable	0	1,766	1,766	0
Due from Other Funds	19,105	0	19,105	0
Total Assets	<u>\$ 42,208</u>	<u>\$ 18,026</u>	<u>\$ 60,234</u>	<u>\$ 34,583</u>
<u>LIABILITIES</u>				
Payroll Deductions Payable	\$ 0	\$ 0	\$ 0	\$ 46
Due to Other Funds	0	18,026	18,026	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 18,026</u>	<u>\$ 18,026</u>	<u>\$ 46</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 42,208	\$ 0	\$ 42,208	\$ 0
Restricted for Capital Projects	0	0	0	328
Committed:				
Committed for Other Operations	0	0	0	0
Committed for Capital Projects	0	0	0	34,209
Total Fund Balances	<u>\$ 42,208</u>	<u>\$ 0</u>	<u>\$ 42,208</u>	<u>\$ 34,537</u>
Total Liabilities and Fund Balances	<u>\$ 42,208</u>	<u>\$ 18,026</u>	<u>\$ 60,234</u>	<u>\$ 34,583</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

Payroll Deductions 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>			
Community Development/ Industrial Park	Total	Total Nonmajor Governmental Funds	
\$ 0	\$ 0	\$ 16,260	
72,871	107,454	130,557	
0	0	1,766	
0	0	19,105	
<hr/>			
\$ 72,871	\$ 107,454	\$ 167,688	
<hr/>			
\$ 0	\$ 46	\$ 46	
0	0	18,026	
<hr/>			
\$ 0	\$ 46	\$ 18,072	
<hr/>			
\$ 0	\$ 0	\$ 42,208	
2,216	2,544	2,544	
70,655	70,655	70,655	
0	34,209	34,209	
<hr/>			
\$ 72,871	\$ 107,408	\$ 149,616	
<hr/>			
\$ 72,871	\$ 107,454	\$ 167,688	
<hr/>			

## Exhibit F-2

Jackson County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 29, 2019

	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	\$ 30,848	\$ 0	\$ 0	\$ 0	\$ 30,848
Other Local Revenues	0	0	9,000	9,000	9,000
State of Tennessee	0	2,578	0	2,578	2,578
Federal Government	0	45,753	0	45,753	45,753
Total Revenues	<u>\$ 30,848</u>	<u>\$ 48,331</u>	<u>\$ 9,000</u>	<u>\$ 57,331</u>	<u>\$ 88,179</u>
<u>Expenditures</u>					
Current:					
Public Safety	\$ 37,397	\$ 0	\$ 0	\$ 0	\$ 37,397
Other Operations	0	48,003	90	48,093	48,093
Capital Projects	0	28,515	0	28,515	28,515
Total Expenditures	<u>\$ 37,397</u>	<u>\$ 76,518</u>	<u>\$ 90</u>	<u>\$ 76,608</u>	<u>\$ 114,005</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (6,549)</u>	<u>\$ (28,187)</u>	<u>\$ 8,910</u>	<u>\$ (19,277)</u>	<u>\$ (25,826)</u>
Net Change in Fund Balances	\$ (6,549)	\$ (28,187)	\$ 8,910	\$ (19,277)	\$ (25,826)
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>
Fund Balance, June 29, 2019	<u>\$ 42,208</u>	<u>\$ 34,537</u>	<u>\$ 72,871</u>	<u>\$ 107,408</u>	<u>\$ 149,616</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 29, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 30,848	\$ 16,000	\$ 16,000	\$ 14,848
Total Revenues	\$ 30,848	\$ 16,000	\$ 16,000	\$ 14,848
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 37,397	\$ 21,600	\$ 45,192	\$ 7,795
Total Expenditures	\$ 37,397	\$ 21,600	\$ 45,192	\$ 7,795
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,549)	\$ (5,600)	\$ (29,192)	\$ 22,643
Net Change in Fund Balance	\$ (6,549)	\$ (5,600)	\$ (29,192)	\$ 22,643
Fund Balance, July 1, 2018	48,757	29,192	29,192	19,565
Fund Balance, June 30, 2019	\$ 42,208	\$ 23,592	\$ 0	\$ 42,208



# **Major Governmental Funds**

## **General Debt Service Fund**

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

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## Exhibit 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 29, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 35,671	\$ 32,918	\$ 32,918	\$ 2,753
State of Tennessee	350,000	350,000	350,000	0
Other Governments and Citizens Groups	662,572	0	662,572	0
Total Revenues	\$ 1,048,243	\$ 382,918	\$ 1,045,490	\$ 2,753
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 702	\$ 5,000	\$ 5,000	\$ 4,298
<u>Principal on Debt</u>				
General Government	306,963	347,000	336,932	29,969
Education	534,000	0	534,000	0
<u>Interest on Debt</u>				
General Government	62,291	52,649	62,717	426
Education	91,886	0	91,886	0
<u>Other Debt Service</u>				
General Government	20,184	21,500	21,500	1,316
Education	36,686	0	36,686	0
Total Expenditures	\$ 1,052,712	\$ 426,149	\$ 1,088,721	\$ 36,009
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,469)	\$ (43,231)	\$ (43,231)	\$ 38,762
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 0	\$ 100,000	\$ 0
Total Other Financing Sources	\$ 100,000	\$ 0	\$ 100,000	\$ 0
Net Change in Fund Balance	\$ 95,531	\$ (43,231)	\$ 56,769	\$ 38,762
Fund Balance, July 1, 2018	1,021,920	1,152,234	1,152,234	(130,314)
Fund Balance, June 30, 2019	\$ 1,117,451	\$ 1,109,003	\$ 1,209,003	\$ (91,552)

# Fiduciary Funds

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

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

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 29, 2019

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 625,837	\$ 625,837
Due from Other Governments	53,653	0	53,653
Total Assets	\$ 53,653	\$ 625,837	\$ 679,490
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 53,653	\$ 0	\$ 53,653
Due to Litigants, Heirs, and Others	0	625,837	625,837
Total Liabilities	\$ 53,653	\$ 625,837	\$ 679,490

Exhibit H-2

Jackson County, Tennessee

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

For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 266,305	\$ 266,305	\$ 0
Due from Other Governments	47,756	53,653	47,756	53,653
Total Assets	\$ 47,756	\$ 319,958	\$ 314,061	\$ 53,653
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 47,756	\$ 319,958	\$ 314,061	\$ 53,653
Total Liabilities	\$ 47,756	\$ 319,958	\$ 314,061	\$ 53,653
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 741,680	\$ 3,950,379	\$ 4,066,222	\$ 625,837
Total Assets	\$ 741,680	\$ 3,950,379	\$ 4,066,222	\$ 625,837
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 741,680	\$ 3,950,379	\$ 4,066,222	\$ 625,837
Total Liabilities	\$ 741,680	\$ 3,950,379	\$ 4,066,222	\$ 625,837
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 741,680	\$ 3,950,379	\$ 4,066,222	\$ 625,837
Equity in Pooled Cash and Investments	0	266,305	266,305	0
Due from Other Governments	47,756	53,653	47,756	53,653
Total Assets	\$ 789,436	\$ 4,270,337	\$ 4,380,283	\$ 679,490
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 47,756	\$ 319,958	\$ 314,061	\$ 53,653
Due to Litigants, Heirs, and Others	741,680	3,950,379	4,066,222	625,837
Total Liabilities	\$ 789,436	\$ 4,270,337	\$ 4,380,283	\$ 679,490

# Jackson County School Department

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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.

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

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

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

Exhibit I-1

Jackson County, Tennessee  
Statement of Activities  
Discretely Presented Jackson County School Department  
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 7,734,783	\$ 22,142	\$ 744,689	\$ 75,000	\$ (6,892,952)
Support Services	5,118,763	49,119	427,079	0	(4,642,565)
Operation of Non-instructional Services	1,562,677	62,186	1,077,347	0	(423,144)
Interest on Long-term Debt	91,886	0	0	0	(91,886)
Total Governmental Activities	\$ 14,508,109	\$ 133,447	\$ 2,249,115	\$ 75,000	\$ (12,050,547)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,750,658
Local Option Sales Taxes					629,622
Wheel Tax					161,250
Other Local Taxes					255
Grants and Contributions Not Restricted to Specific Programs					10,778,665
Unrestricted Investment Earnings					2,664
Miscellaneous					46,988
Total General Revenues					\$ 13,370,102
Change in Net Position					\$ 1,319,555
Net Position, July 1, 2018					13,774,378
Net Position, June 30, 2019					\$ 15,093,933

Exhibit I-2

Jackson County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Jackson County School Department  
June 29, 2019

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 8,330,268	\$ 433,067	\$ 8,763,335
Accounts Receivable	3,427	0	3,427
Due from Other Governments	373,232	285,226	658,458
Due from Other Funds	540	0	540
Property Taxes Receivable	1,737,180	0	1,737,180
Allowance for Uncollectible Property Taxes	(128,816)	0	(128,816)
Restricted Assets	17,847	0	17,847
Total Assets	\$ 10,333,678	\$ 718,293	\$ 11,051,971
<u>LIABILITIES</u>			
Accounts Payable	\$ 768	\$ 0	\$ 768
Payroll Deductions Payable	14,086	0	14,086
Cash Overdraft	0	110,024	110,024
Due to Other Funds	0	540	540
Due to State of Tennessee	7,450	0	7,450
Total Liabilities	\$ 22,304	\$ 110,564	\$ 132,868
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,595,713	\$ 0	\$ 1,595,713
Deferred Delinquent Property Taxes	2,278	0	2,278
Other Deferred/Unavailable Revenue	66,065	0	66,065
Total Deferred Inflows of Resources	\$ 1,664,056	\$ 0	\$ 1,664,056
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 31,162	\$ 433,067	\$ 464,229
Restricted for Hybrid Retirement Stabilization Funds	17,847	0	17,847
Committed:			
Committed for Education	344,268	174,662	518,930
Assigned:			
Assigned for Education	247,253	0	247,253
Unassigned	8,006,788	0	8,006,788
Total Fund Balances	\$ 8,647,318	\$ 607,729	\$ 9,255,047
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,333,678	\$ 718,293	\$ 11,051,971



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, 2019

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)		\$	9,255,047
(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		9,972,590	
Add: infrastructure net of accumulated depreciation		100,247	
Add: other capital assets net of accumulated depreciation		<u>660,097</u>	11,052,441
(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	\$	(4,776,000)	
Less: compensated absences payable		(18,480)	
Less: net OPEB liability		<u>(1,165,813)</u>	(5,960,293)
(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	\$	1,438,771	
Less: deferred inflows of resources related to pensions		(978,747)	
Add: deferred outflows of resources related to OPEB		104,051	
Less: deferred inflows of resources related to OPEB		<u>(678,417)</u>	(114,342)
(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	\$	166,910	
Add: net pension asset - teacher retirement plan		38,064	
Add: net pension asset - teacher legacy plan		<u>587,763</u>	792,737
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>68,343</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>15,093,933</u></u>

Exhibit I-4

Jackson County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Jackson County School Department  
For the Year Ended June 29, 2019

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 2,572,183	\$ 0	\$ 2,572,183
Licenses and Permits	693	0	693
Charges for Current Services	71,261	37,671	108,932
Other Local Revenues	68,923	5,819	74,742
State of Tennessee	10,722,154	0	10,722,154
Federal Government	183,656	2,195,702	2,379,358
Total Revenues	<u>\$ 13,618,870</u>	<u>\$ 2,239,192</u>	<u>\$ 15,858,062</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 7,227,914	\$ 835,876	\$ 8,063,790
Support Services	4,789,300	291,974	5,081,274
Operation of Non-Instructional Services	527,707	1,038,976	1,566,683
Capital Outlay	96,325	0	96,325
Debt Service:			
Principal on Debt	534,000	0	534,000
Interest on Debt	91,886	0	91,886
Other Debt Service	36,686	0	36,686
Total Expenditures	<u>\$ 13,303,818</u>	<u>\$ 2,166,826</u>	<u>\$ 15,470,644</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 315,052</u>	<u>\$ 72,366</u>	<u>\$ 387,418</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 96,954	\$ 0	\$ 96,954
Transfers Out	0	(96,954)	(96,954)
Total Other Financing Sources (Uses)	<u>\$ 96,954</u>	<u>\$ (96,954)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 412,006	\$ (24,588)	\$ 387,418
Fund Balance, June 30, 2018	<u>8,235,312</u>	<u>632,317</u>	<u>8,867,629</u>
Fund Balance, June 29, 2019	<u><u>\$ 8,647,318</u></u>	<u><u>\$ 607,729</u></u>	<u><u>\$ 9,255,047</u></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, 2019

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)		\$	387,418
(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:			
Less: current-year depreciation expense			(499,120)
(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, 2019	\$	68,343	
Less: deferred delinquent property taxes and other deferred June 30, 2018		<u>(98,741)</u>	(30,398)
(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			534,000
(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	\$	(8,276)	
Change in OPEB liability		676,404	
Change in deferred outflows related to OPEB		12,344	
Change in deferred inflows related to OPEB		<u>(573,960)</u>	
Change in net pension asset - agent plan		41,653	
Change in net pension liability - teacher legacy plan		533,186	
Change in net pension asset - teacher retirement plan		14,764	
Change in deferred outflows related to pensions		17,751	
Change in deferred inflows related to pensions		<u>213,789</u>	<u>927,655</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,319,555</u>

Exhibit I-6

Jackson County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Jackson County School Department  
June 29, 2019

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 0	\$ 433,067	\$ 433,067
Due from Other Governments	285,226	0	285,226
Total Assets	<u>\$ 285,226</u>	<u>\$ 433,067</u>	<u>\$ 718,293</u>
<u>LIABILITIES</u>			
Cash Overdraft	\$ 110,024	\$ 0	\$ 110,024
Due to Other Funds	540	0	540
Total Liabilities	<u>\$ 110,564</u>	<u>\$ 0</u>	<u>\$ 110,564</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 433,067	\$ 433,067
Committed:			
Committed for Education	174,662	0	174,662
Total Fund Balances	<u>\$ 174,662</u>	<u>\$ 433,067</u>	<u>\$ 607,729</u>
Total Liabilities and Fund Balances	<u>\$ 285,226</u>	<u>\$ 433,067</u>	<u>\$ 718,293</u>

## Exhibit I-7

Jackson County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Jackson County School Department  
For the Year Ended June 29, 2019

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 37,671	\$ 37,671
Other Local Revenues	0	5,819	5,819
Federal Government	1,194,667	1,001,035	2,195,702
Total Revenues	<u>\$ 1,194,667</u>	<u>\$ 1,044,525</u>	<u>\$ 2,239,192</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 835,876	\$ 0	\$ 835,876
Support Services	291,974	0	291,974
Operation of Non-Instructional Services	37,120	1,001,856	1,038,976
Total Expenditures	<u>\$ 1,164,970</u>	<u>\$ 1,001,856</u>	<u>\$ 2,166,826</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 29,697</u>	<u>\$ 42,669</u>	<u>\$ 72,366</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (29,648)	\$ (67,306)	\$ (96,954)
Total Other Financing Sources (Uses)	<u>\$ (29,648)</u>	<u>\$ (67,306)</u>	<u>\$ (96,954)</u>
Net Change in Fund Balances	\$ 49	\$ (24,637)	\$ (24,588)
Fund Balance, June 30, 2018	<u>174,613</u>	<u>457,704</u>	<u>632,317</u>
Fund Balance, June 29, 2019	<u><u>\$ 174,662</u></u>	<u><u>\$ 433,067</u></u>	<u><u>\$ 607,729</u></u>

Exhibit I-8

Jackson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Jackson County School Department  
General Purpose School Fund  
For the Year Ended June 29, 2019

	Actual (GAAP Basis)	Less: Encumbrances 6/30/2018	Add: Encumbrances 6/29/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,572,183	\$ 0	\$ 0	\$ 2,572,183	\$ 2,507,920	\$ 2,507,920	\$ 64,263
Licenses and Permits	693	0	0	693	600	600	93
Charges for Current Services	71,261	0	0	71,261	77,000	77,000	(5,739)
Other Local Revenues	68,923	0	0	68,923	29,000	29,000	39,923
State of Tennessee	10,722,154	0	0	10,722,154	10,492,086	10,703,864	18,290
Federal Government	183,656	0	0	183,656	94,500	270,299	(86,643)
Total Revenues	\$ 13,618,870	\$ 0	\$ 0	\$ 13,618,870	\$ 13,201,106	\$ 13,588,683	\$ 30,187
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 5,789,133	\$ (31,495)	\$ 76,875	\$ 5,834,513	\$ 6,915,377	\$ 6,998,797	\$ 1,164,284
Alternative Instruction Program	146,447	0	0	146,447	165,268	165,268	18,821
Special Education Program	861,749	0	0	861,749	1,015,080	999,355	137,606
Career and Technical Education Program	430,585	0	74,730	505,315	477,893	552,893	47,578
<u>Support Services</u>							
Attendance	136,988	0	0	136,988	170,902	170,902	33,914
Health Services	216,901	0	0	216,901	233,593	233,593	16,692
Other Student Support	261,665	(522)	0	261,143	340,165	360,035	98,892
Regular Instruction Program	338,621	(1,673)	49,660	386,608	412,155	485,895	99,287
Special Education Program	192,887	0	0	192,887	182,961	198,686	5,799
Career and Technical Education Program	15,954	0	0	15,954	20,010	20,010	4,056
Technology	98,982	(8,123)	0	90,859	136,894	136,894	46,035
Other Programs	67,248	0	0	67,248	0	67,248	0
Board of Education	368,374	(4,500)	4,500	368,374	405,114	405,114	36,740
Director of Schools	130,618	0	0	130,618	148,692	148,692	18,074
Office of the Principal	699,502	0	0	699,502	801,282	801,282	101,780
Fiscal Services	292,241	0	0	292,241	332,762	332,762	40,521
Operation of Plant	969,326	(2,520)	0	966,806	1,179,017	1,179,017	212,211
Maintenance of Plant	259,515	(27,486)	957	232,986	259,575	259,575	26,589

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 6/30/2018	Add: Encumbrances 6/29/2019	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	\$ 740,478	\$ (2,751)	\$ 9,831	\$ 747,558	\$ 1,109,293	\$ 1,109,293	\$ 361,735
<u>Operation of Non-Instructional Services</u>							
Food Service	76,824	0	0	76,824	94,997	94,997	18,173
Community Services	125,577	0	0	125,577	69,848	138,147	12,570
Early Childhood Education	325,306	0	0	325,306	329,955	329,955	4,649
<u>Capital Outlay</u>							
Regular Capital Outlay	96,325	(30,469)	30,700	96,556	500,000	500,000	403,444
<u>Principal on Debt</u>							
Education	534,000	0	0	534,000	507,000	534,000	0
<u>Interest on Debt</u>							
Education	91,886	0	0	91,886	113,000	113,000	21,114
<u>Other Debt Service</u>							
Education	36,686	0	0	36,686	79,000	52,000	15,314
Total Expenditures	\$ 13,303,818	\$ (109,539)	\$ 247,253	\$ 13,441,532	\$ 15,999,833	\$ 16,387,410	\$ 2,945,878
Excess (Deficiency) of Revenues Over Expenditures	\$ 315,052	\$ 109,539	\$ (247,253)	\$ 177,338	\$ (2,798,727)	\$ (2,798,727)	\$ 2,976,065
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 96,954	\$ 0	\$ 0	\$ 96,954	\$ 85,000	\$ 85,000	\$ 11,954
Transfers Out	0	0	0	0	(18,500)	(18,500)	18,500
Total Other Financing Sources	\$ 96,954	\$ 0	\$ 0	\$ 96,954	\$ 66,500	\$ 66,500	\$ 30,454
Net Change in Fund Balance	\$ 412,006	\$ 109,539	\$ (247,253)	\$ 274,292	\$ (2,732,227)	\$ (2,732,227)	\$ 3,006,519
Fund Balance, July 1, 2018	8,235,312	(109,539)	0	8,125,773	2,732,227	2,732,227	5,393,546
Fund Balance, June 30, 2019	\$ 8,647,318	\$ 0	\$ (247,253)	\$ 8,400,065	\$ 0	\$ 0	\$ 8,400,065

Exhibit I-9

Jackson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Jackson County School Department  
School Federal Projects Fund  
For the Year Ended June 29, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,194,667	\$ 1,197,388	\$ 1,404,304	\$ (209,637)
Total Revenues	\$ 1,194,667	\$ 1,197,388	\$ 1,404,304	\$ (209,637)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 452,784	\$ 462,008	\$ 526,645	\$ 73,861
Special Education Program	354,421	370,142	408,836	54,415
Career and Technical Education Program	28,671	26,246	28,671	0
<u>Support Services</u>				
Other Student Support	10,796	25,038	28,656	17,860
Regular Instruction Program	249,461	215,971	283,782	34,321
Special Education Program	17,969	14,332	20,974	3,005
Career and Technical Education Program	999	1,500	999	0
Transportation	12,749	14,141	14,141	1,392
<u>Operation of Non-Instructional Services</u>				
Community Services	37,120	60,000	60,000	22,880
Total Expenditures	\$ 1,164,970	\$ 1,189,378	\$ 1,372,704	\$ 207,734
Excess (Deficiency) of Revenues Over Expenditures	\$ 29,697	\$ 8,010	\$ 31,600	\$ (1,903)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (29,648)	\$ (8,010)	\$ (31,600)	\$ 1,952
Total Other Financing Sources	\$ (29,648)	\$ (8,010)	\$ (31,600)	\$ 1,952
Net Change in Fund Balance	\$ 49	\$ 0	\$ 0	\$ 49
Fund Balance, July 1, 2018	174,613	0	0	174,613
Fund Balance, June 30, 2019	\$ 174,662	\$ 0	\$ 0	\$ 174,662



Exhibit I-10

Jackson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Jackson County School Department  
Central Cafeteria Fund  
For the Year Ended June 29, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 37,671	\$ 90,000	\$ 90,000	\$ (52,329)
Other Local Revenues	5,819	8,000	8,000	(2,181)
Federal Government	1,001,035	1,144,000	1,144,000	(142,965)
Total Revenues	<u>\$ 1,044,525</u>	<u>\$ 1,242,000</u>	<u>\$ 1,242,000</u>	<u>\$ (197,475)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,001,856	\$ 1,267,000	\$ 1,267,000	\$ 265,144
Total Expenditures	<u>\$ 1,001,856</u>	<u>\$ 1,267,000</u>	<u>\$ 1,267,000</u>	<u>\$ 265,144</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 42,669</u>	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	<u>\$ 67,669</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (67,306)	\$ (69,000)	\$ (69,000)	\$ 1,694
Total Other Financing Sources	<u>\$ (67,306)</u>	<u>\$ (69,000)</u>	<u>\$ (69,000)</u>	<u>\$ 1,694</u>
Net Change in Fund Balance	\$ (24,637)	\$ (94,000)	\$ (94,000)	\$ 69,363
Fund Balance, July 1, 2018	<u>457,704</u>	<u>437,106</u>	<u>437,106</u>	<u>20,598</u>
Fund Balance, June 30, 2019	<u><u>\$ 433,067</u></u>	<u><u>\$ 343,106</u></u>	<u><u>\$ 343,106</u></u>	<u><u>\$ 89,961</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Jackson County, Tennessee  
Schedule of Changes in Long-term Bonds, Notes, Other Loans, and Capital Leases  
For the Year Ended June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-19
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Health Department (USDA)	\$ 194,600	4 %	2-22-11	2-22-49	\$ 176,702	\$ 0	\$ 2,982	\$ 173,720
Total Bonds Payable					\$ 176,702	\$ 0	\$ 2,982	\$ 173,720
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Two Tri-Axle Mack Dump Trucks	330,111	1.9	11-21-16	11-21-21	\$ 266,549	\$ 0	\$ 64,766	\$ 201,783
Trash Truck	230,000	1.98	11-13-17	11-13-22	230,000	0	44,215	185,785
Total Notes Payable					\$ 496,549	\$ 0	\$ 108,981	\$ 387,568
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Construction	3,500,000	Variable	8-9-04	5-25-29	\$ 1,911,000	\$ 0	\$ 149,000	\$ 1,762,000
Jail Construction	1,200,000	Variable	10-23-06	5-25-31	817,000	0	46,000	771,000
Total Payable through General Debt Service Fund					\$ 2,728,000	\$ 0	\$ 195,000	\$ 2,533,000
<u>Contributions Due by School Department from the General Purpose</u>								
<u>School Fund to the General Debt Service Fund</u>								
School Construction	6,300,000	Variable	3-5-01	5-25-29	\$ 3,615,000	\$ 0	\$ 254,000	\$ 3,361,000
Refunding/School Construction	3,765,000	Variable	12-15-09	5-25-29	1,695,000	0	280,000	1,415,000
Total Contributions Due by the school department from the General Purpose								
School Fund to the General Debt Service Fund					\$ 5,310,000	\$ 0	\$ 534,000	\$ 4,776,000
Total Other Loans Payable					\$ 8,038,000	\$ 0	\$ 729,000	\$ 7,309,000
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through Highway Public/Works Fund</u>								
Backhoe	103,405	4.75	10-3-18	10-4-19	\$ 0	\$ 103,405	\$ 53,045	\$ 50,360
Total Bonds Payable					\$ 0	\$ 103,405	\$ 53,045	\$ 50,360

## Exhibit J-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 173,720	\$ 127,780	\$ 301,500

(Continued)

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2020	\$ 111,089	\$ 7,513	\$ 118,602
2021	113,235	5,366	118,601
2022	115,423	3,177	118,600
2023	47,821	947	48,768
Total	\$ 387,568	\$ 17,003	\$ 404,571

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2020	\$ 589,000	\$ 119,209	\$ 53,376	\$ 761,585
2021	617,000	109,593	49,401	775,994
2022	644,000	99,508	45,242	788,750
2023	671,000	88,975	40,901	800,876
2024	702,000	77,995	36,380	816,375
2025	731,000	66,496	31,651	829,147
2026	761,000	54,516	26,728	842,244
2027	788,000	42,038	21,607	851,645
2028	817,000	29,116	16,301	862,417
2029	827,000	15,722	10,800	853,522
2030	79,000	2,187	2,168	83,355
2031	83,000	1,121	1,608	85,729
Total	\$ 7,309,000	\$ 706,476	\$ 336,163	\$ 8,351,639

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2020	\$ 50,360	\$ 2,685	\$ 53,045
Total	\$ 50,360	\$ 2,685	\$ 53,045

Exhibit J-3

Jackson County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Jackson County School Department

For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	To retire debt	<u>\$ 100,000</u>
Total Transfers Primary Government			<u><u>\$ 100,000</u></u>
<u>DISCRETELY PRESENTED JACKSON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 29,648
Central Cafeteria	"	Supervisor's salary	<u>67,306</u>
Total Transfers Discretely Presented Jackson County School Department			<u><u>\$ 96,954</u></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, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 76,886	\$ (6)	
Road Superintendent	Section 8-24-102, <i>TCA</i> , and Jackson County Commission	78,108 (1)	(6)	
Director of Schools:				
Joe Barlow (7-1-18 to 10-31-18)	State Board of Education and Jackson County Board of Education	30,823 (2)	100,000	Western Surety Company
Kristy Brown (11-1-18 to 6-30-19)	State Board of Education and Jackson County Board of Education	51,288 (3)	100,000 (7)	Western Surety Company
Trustee	Section 8-24-102, <i>TCA</i>	66,569	576,114	The Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	66,569	(6)	
County Clerk	Section 8-24-102, <i>TCA</i>	66,569	(6)	
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	66,569	(6)	
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	66,569 (4)	(6)	
Register of Deeds	Section 8-24-102, <i>TCA</i>	66,569	(6)	
Sheriff	Section 8-24-102, <i>TCA</i>	73,226 (5)	(6)	
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			400,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			400,000	Tennessee Risk Management Trust

(1) Includes an additional appropriation of \$4,882.

(2) Does not include a chief executive officer's supplement of \$367.

(3) Does not include a chief executive officer's supplement of \$633 or salary equity payment of \$1,129.

(4) Does not include special commissioner fees of \$1,965.

(5) Does not include a law enforcement training supplement of \$600.

(6) The official is covered by the \$400,000 employee blanket bond.

(7) The official is covered by a \$100,000 individual bond with Western Surety Company and 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 29, 2019

	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	\$ 2,289,204	\$ 467,864	\$ 0	\$ 183,807	\$ 33,368	\$ 0
Trustee's Collections - Prior Year	76,687	15,673	0	6,157	1,120	0
Circuit Clerk/Clerk and Master Collections - Prior Years	37,143	7,588	0	2,868	591	0
Interest and Penalty	15,389	3,145	0	1,237	224	0
Payments in-Lieu-of Taxes - T.V.A.	24,727	5,054	0	1,985	361	0
Payments in-Lieu-of Taxes - Other	457	93	0	37	7	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	202,136	0	0	0	0	0
Wheel Tax	268,749	0	0	0	0	0
Litigation Tax - General	15,662	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	6,204	0	0	0	0	0
Business Tax	31,401	0	0	0	0	0
Mineral Severance Tax	0	0	0	28,810	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	55,609	0	0	0	0	0
Wholesale Beer Tax	57,633	0	0	0	0	0
Beer Privilege Tax	570	0	0	0	0	0
Interstate Telecommunications Tax	153,189	0	0	0	0	0
Other Statutory Local Taxes	122	0	0	0	0	0
Total Local Taxes	\$ 3,234,882	\$ 499,417	\$ 0	\$ 224,901	\$ 35,671	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 428	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,406	0	0	0	0	0
Data Entry Fee - Circuit Court	4,345	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	\$ 6,017	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fines for Littering	24	0	0	0	0	0
Officers Costs	12,727	0	0	0	0	0
Game and Fish Fines	792	0	0	0	0	0
Drug Control Fines	0	0	10,626	0	0	0
DUI Treatment Fines	1,425	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	95	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	360	0	0	0	0	0
Data Entry Fee - Chancery Court	302	0	0	0	0	0
<u>Other Courts - In-county</u>						
Officers Costs	17	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	20,222	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 27,938	\$ 0	\$ 30,848	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 650,163	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	9,595	0	0	0	0	0
Service Charges	915	0	0	0	0	0
<u>Fees</u>						
Copy Fees	1,071	0	0	0	0	0
Library Fees	755	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>						
Archives and Records Management Fee	\$ 730	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Greenbelt Late Application Fee	50	0	0	0	0	0
Telephone Commissions	57,415	0	0	0	0	0
Constitutional Officers' Fees and Commissions	10,000	0	0	0	0	0
Data Processing Fee - Register	4,278	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,550	0	0	0	0	0
Data Processing Fee - County Clerk	751	0	0	0	0	0
<u>Education Charges</u>						
Tuition - Other	13,507	0	0	0	0	0
Total Charges for Current Services	\$ 751,780	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 61,820	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	23,235	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	2,957	0	0
Commissary Sales	38,308	0	0	0	0	0
Sale of Gasoline	337	0	0	66,918	0	0
Sale of Recycled Materials	0	0	0	1,573	0	0
E-Rate Funding	1,739	0	0	0	0	0
Miscellaneous Refunds	13,297	5,206	0	21,906	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	20,000	0	0
Sale of Property	7,700	0	0	0	0	0
Contributions and Gifts	3,791	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>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 5,287	\$ 20,154	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 155,514	\$ 25,360	\$ 0	\$ 113,354	\$ 0	\$ 0
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
Trustee	\$ 173,816	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>						
County Clerk	93,614	0	0	0	0	0
Circuit Court Clerk	12,485	0	0	0	0	0
General Sessions Court Clerk	48,039	0	0	0	0	0
Clerk and Master	24,867	0	0	0	0	0
Register	48,286	0	0	0	0	0
Sheriff	10,123	0	0	0	0	0
Total Fees Received From County Officials	\$ 411,230	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	411,747	0	0	0	0	0
Aging Programs	5,518	0	0	0	0	0
Solid Waste Grants	0	6,500	0	0	0	0
Other General Government Grants	59,122	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	7,800	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>Health and Welfare Grants</u>						
Health Department Programs	\$ 45,068	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	17	0	0
State Aid Program	0	0	0	203,205	0	0
Litter Program	41,027	0	0	0	0	0
<u>Other State Revenues</u>						
Flood Control	3,310	0	0	0	0	0
Income Tax	5,330	0	0	0	0	0
Beer Tax	58,050	0	0	0	0	0
Vehicle Certificate of Title Fees	1,478	0	0	0	0	0
State Revenue Sharing - T.V.A.	406,675	0	0	0	0	0
State Revenue Sharing - Telecommunications	8,090	0	0	0	0	0
Contracted Prisoner Boarding	577,966	0	0	0	350,000	0
Gasoline and Motor Fuel Tax	0	0	0	1,959,784	0	0
Petroleum Special Tax	0	0	0	8,397	0	0
Registrar's Salary Supplement	11,373	0	0	0	0	0
Other State Grants	500	0	0	0	0	2,578
Other State Revenues	333	0	0	0	0	0
Total State of Tennessee	\$ 1,647,887	\$ 6,500	\$ 0	\$ 2,171,403	\$ 350,000	\$ 2,578
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 153,892	\$ 0	\$ 0
Community Development	0	0	0	0	0	27,378
Other Federal through State	7,266	0	0	0	0	18,375

(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>Direct Federal Revenue</u>						
Police Service (Lake Area)	\$ 14,788	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Direct Federal Revenue	2,800	0	0	0	0	0
Total Federal Government	<u>\$ 24,854</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 153,892</u>	<u>\$ 0</u>	<u>\$ 45,753</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 65,970	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	0	0	0	0	662,572	0
Total Other Governments and Citizens Groups	<u>\$ 65,970</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 662,572</u>	<u>\$ 0</u>
Total	<u>\$ 6,320,055</u>	<u>\$ 531,277</u>	<u>\$ 30,848</u>	<u>\$ 2,663,550</u>	<u>\$ 1,048,243</u>	<u>\$ 48,331</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	\$ 2,974,243	
Trustee's Collections - Prior Year	0	99,637	
Circuit Clerk/Clerk and Master Collections - Prior Years	0	48,190	
Interest and Penalty	0	19,995	
Payments in-Lieu-of Taxes - T.V.A.	0	32,127	
Payments in-Lieu-of Taxes - Other	0	594	
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	202,136	
Wheel Tax	0	268,749	
Litigation Tax - General	0	15,662	
Litigation Tax - Jail, Workhouse, or Courthouse	0	6,204	
Business Tax	0	31,401	
Mineral Severance Tax	0	28,810	
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	55,609	
Wholesale Beer Tax	0	57,633	
Beer Privilege Tax	0	570	
Interstate Telecommunications Tax	0	153,189	
Other Statutory Local Taxes	0	122	
Total Local Taxes	\$ 0	\$ 3,994,871	
<hr/>			
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 428	
Officers Costs	0	1,406	
Data Entry Fee - Circuit Court	0	4,345	

(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>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>General Sessions Court</u>			
Fines	\$ 0	\$ 6,017	
Fines for Littering	0	24	
Officers Costs	0	12,727	
Game and Fish Fines	0	792	
Drug Control Fines	0	10,626	
DUI Treatment Fines	0	1,425	
<u>Juvenile Court</u>			
Fines	0	95	
<u>Chancery Court</u>			
Officers Costs	0	360	
Data Entry Fee - Chancery Court	0	302	
<u>Other Courts - In-county</u>			
Officers Costs	0	17	
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	20,222	
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 58,786	
<hr/>			
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Patient Charges	\$ 0	\$ 650,163	
Other General Service Charges	0	9,595	
Service Charges	0	915	
<u>Fees</u>			
Copy Fees	0	1,071	
Library Fees	0	755	

(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>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Archives and Records Management Fee	\$ 0	\$ 730	
Greenbelt Late Application Fee	0	50	
Telephone Commissions	0	57,415	
Constitutional Officers' Fees and Commissions	0	10,000	
Data Processing Fee - Register	0	4,278	
Sexual Offender Registration Fee - Sheriff	0	2,550	
Data Processing Fee - County Clerk	0	751	
<u>Education Charges</u>			
Tuition - Other	0	13,507	
Total Charges for Current Services	\$ 0	\$ 751,780	
<hr/>			
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 61,820	
Lease/Rentals	9,000	32,235	
Sale of Materials and Supplies	0	2,957	
Commissary Sales	0	38,308	
Sale of Gasoline	0	67,255	
Sale of Recycled Materials	0	1,573	
E-Rate Funding	0	1,739	
Miscellaneous Refunds	0	40,409	
<u>Nonrecurring Items</u>			
Sale of Equipment	0	20,000	
Sale of Property	0	7,700	
Contributions and Gifts	0	3,791	

(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>Other Local Revenues (Cont.)</u>			
<u>Other Local Revenues</u>			
Other Local Revenues	\$	0	\$ 25,441
Total Other Local Revenues	\$	9,000	\$ 303,228
<hr/>			
<u>Fees Received From County Officials</u>			
<u>Excess Fees</u>			
Trustee	\$	0	\$ 173,816
<u>Fees In-Lieu-of Salary</u>			
County Clerk		0	93,614
Circuit Court Clerk		0	12,485
General Sessions Court Clerk		0	48,039
Clerk and Master		0	24,867
Register		0	48,286
Sheriff		0	10,123
Total Fees Received From County Officials	\$	0	\$ 411,230
<hr/>			
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$	0	\$ 4,500
Airport Maintenance Program		0	411,747
Aging Programs		0	5,518
Solid Waste Grants		0	6,500
Other General Government Grants		0	59,122
<u>Public Safety Grants</u>			
Law Enforcement Training Programs		0	7,800

(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>State of Tennessee (Cont.)</u>			
<u>Health and Welfare Grants</u>			
Health Department Programs	\$ 0	\$	45,068
<u>Public Works Grants</u>			
Bridge Program	0		17
State Aid Program	0		203,205
Litter Program	0		41,027
<u>Other State Revenues</u>			
Flood Control	0		3,310
Income Tax	0		5,330
Beer Tax	0		58,050
Vehicle Certificate of Title Fees	0		1,478
State Revenue Sharing - T.V.A.	0		406,675
State Revenue Sharing - Telecommunications	0		8,090
Contracted Prisoner Boarding	0		927,966
Gasoline and Motor Fuel Tax	0		1,959,784
Petroleum Special Tax	0		8,397
Registrar's Salary Supplement	0		11,373
Other State Grants	0		3,078
Other State Revenues	0		333
Total State of Tennessee	<hr/>	<hr/>	<hr/>
	\$ 0	\$	4,178,368
 <u>Federal Government</u>			
<u>Federal Through State</u>			
USDA - Other	\$ 0	\$	153,892
Community Development	0		27,378
Other Federal through State	0		25,641

(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>Federal Government (Cont.)</u>			
<u>Direct Federal Revenue</u>			
Police Service (Lake Area)	\$	0	\$ 14,788
Other Direct Federal Revenue		0	2,800
Total Federal Government	\$	0	\$ 224,499
<hr/>			
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Prisoner Board	\$	0	\$ 65,970
Contributions		0	662,572
Total Other Governments and Citizens Groups	\$	0	\$ 728,542
<hr/>			
Total	\$	9,000	\$ 10,651,304

## Exhibit J-6

Jackson County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Jackson County School Department  
For the Year Ended June 29, 2019

	<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	\$ 1,677,285	\$ 0	\$ 0	\$ 1,677,285
Trustee's Collections - Prior Year	62,594	0	0	62,594
Circuit Clerk/Clerk and Master Collections - Prior Years	23,872	0	0	23,872
Interest and Penalty	11,345	0	0	11,345
Payments in-Lieu-of Taxes - Other	18,566	0	0	18,566
<u>County Local Option Taxes</u>				
Local Option Sales Tax	617,016	0	0	617,016
Wheel Tax	161,250	0	0	161,250
Other County Local Option Taxes	255	0	0	255
Total Local Taxes	<u>\$ 2,572,183</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,572,183</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 693	\$ 0	\$ 0	\$ 693
Total Licenses and Permits	<u>\$ 693</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 693</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Adults	\$ 0	\$ 0	\$ 12,000	\$ 12,000
A la Carte Sales	0	0	25,671	25,671
Contract for Instructional Services with Other LEA's	49,119	0	0	49,119
Receipts from Individual Schools	22,142	0	0	22,142
Total Charges for Current Services	<u>\$ 71,261</u>	<u>\$ 0</u>	<u>\$ 37,671</u>	<u>\$ 108,932</u>

(Continued)

## Exhibit J-6

Jackson County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Jackson County 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	\$ 901	\$ 0	\$ 1,763	\$ 2,664
E-Rate Funding	24,515	0	0	24,515
Commodity Rebates	0	0	4,056	4,056
Miscellaneous Refunds	40,153	0	0	40,153
<u>Nonrecurring Items</u>				
Sale of Equipment	2,779	0	0	2,779
Contributions and Gifts	575	0	0	575
Total Other Local Revenues	\$ 68,923	\$ 0	\$ 5,819	\$ 74,742
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 67,248	\$ 0	\$ 0	\$ 67,248
<u>State Education Funds</u>				
Basic Education Program	9,799,712	0	0	9,799,712
Early Childhood Education	333,805	0	0	333,805
School Food Service	9,635	0	0	9,635
Other State Education Funds	370,305	0	0	370,305
Career Ladder Program	36,837	0	0	36,837
Vocational Equipment	75,000	0	0	75,000
<u>Other State Revenues</u>				
Other State Grants	29,612	0	0	29,612
Total State of Tennessee	\$ 10,722,154	\$ 0	\$ 0	\$ 10,722,154

(Continued)

## Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 568,822	\$ 568,822
USDA - Commodities	0	0	78,662	78,662
Breakfast	0	0	270,749	270,749
USDA - Other	0	0	82,802	82,802
Vocational Education - Basic Grants to States	0	30,899	0	30,899
Other Vocational	0	9,666	0	9,666
Title I Grants to Local Education Agencies	0	576,632	0	576,632
Special Education - Grants to States	0	384,069	0	384,069
Special Education Preschool Grants	0	13,001	0	13,001
Rural Education	0	31,989	0	31,989
Eisenhower Professional Development State Grants	0	68,264	0	68,264
Other Federal through State	183,656	73,047	0	256,703
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	0	7,100	0	7,100
Total Federal Government	\$ 183,656	\$ 1,194,667	\$ 1,001,035	\$ 2,379,358
Total	\$ 13,618,870	\$ 1,194,667	\$ 1,044,525	\$ 15,858,062

## Exhibit J-7

Jackson County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 29, 2019

General FundGeneral GovernmentCounty Commission

Other Per Diem and Fees	\$	20,300	
Social Security		1,553	
Audit Services		13,458	
Dues and Memberships		2,530	
Travel		384	
Other Contracted Services		609	
Total County Commission			\$ 38,834

Beer Board

Legal Notices, Recording, and Court Costs	\$	92	
Total Beer Board			92

County Mayor/Executive

County Official/Administrative Officer	\$	76,886	
Accountants/Bookkeepers		37,835	
Computer Programmer(s)		1,680	
Clerical Personnel		24,165	
Social Security		10,517	
Bank Charges		1,175	
Communication		2,716	
Dues and Memberships		1,506	
Travel		2,047	
Office Supplies		4,702	
Data Processing Equipment		11,239	
Total County Mayor/Executive			174,468

County Attorney

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

Election Commission

County Official/Administrative Officer	\$	59,912	
Election Commission		11,494	
Election Workers		31,770	
In-service Training		78	
Social Security		5,462	
Communication		2,366	
Legal Notices, Recording, and Court Costs		880	
Printing, Stationery, and Forms		2,143	
Travel		98	
Other Contracted Services		13,786	
Office Supplies		1,220	
Data Processing Equipment		2,870	
Voting Machines		10,500	
Total Election Commission			142,579

(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

County Official/Administrative Officer	\$	66,569	
Clerical Personnel		24,165	
Social Security		6,941	
Communication		2,278	
Data Processing Services		4,604	
Dues and Memberships		525	
Travel		85	
Office Supplies		1,300	
Data Processing Equipment		568	
Total Register of Deeds			\$ 107,035

County Buildings

Custodial Personnel	\$	7,800	
Other Salaries and Wages		24,840	
Social Security		1,900	
Communication		617	
Maintenance and Repair Services - Buildings		34,553	
Pest Control		1,500	
Custodial Supplies		5,420	
Electricity		44,296	
Natural Gas		5,857	
Office Supplies		41	
Water and Sewer		5,557	
Other Supplies and Materials		331	
Building Improvements		17,752	
Total County Buildings			150,464

Preservation of Records

Communication	\$	615	
Office Supplies		48	
Total Preservation of Records			663

FinanceProperty Assessor's Office

County Official/Administrative Officer	\$	66,569	
Clerical Personnel		24,165	
Part-time Personnel		1,662	
Social Security		7,068	
Audit Services		6,138	
Communication		699	
Data Processing Services		3,769	
Dues and Memberships		385	
Travel		1,742	
Office Supplies		1,385	
Total Property Assessor's Office			113,582

(Continued)



## Exhibit J-7

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

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

County Official/Administrative Officer	\$	66,569	
Deputy(ies)		24,165	
Social Security		6,941	
Communication		1,700	
Dues and Memberships		200	
Travel		712	
Office Supplies		3,511	
Data Processing Equipment		25,646	
Total County Trustee's Office			\$ 129,444

County Clerk's Office

County Official/Administrative Officer	\$	66,569	
Deputy(ies)		49,892	
Social Security		8,909	
Communication		2,328	
Dues and Memberships		100	
Printing, Stationery, and Forms		230	
Office Supplies		3,876	
Data Processing Equipment		12,035	
Total County Clerk's Office			143,939

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	66,569	
Deputy(ies)		80,623	
Jury and Witness Expense		4,511	
Other Per Diem and Fees		60	
Social Security		11,260	
Communication		3,276	
Travel		374	
Office Supplies		2,917	
Data Processing Equipment		15,702	
Total Circuit Court			185,292

General Sessions Court

Judge(s)	\$	99,341	
Secretary(ies)		24,165	
Social Security		9,448	
Communication		1,128	
Travel		1,527	
Office Supplies		1,170	
Building Improvements		9,330	
Total General Sessions Court			146,109

Chancery Court

County Official/Administrative Officer	\$	66,569	
Deputy(ies)		24,165	

(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.)

Social Security	\$	6,941	
Communication		1,611	
Data Processing Services		5,049	
Dues and Memberships		80	
Printing, Stationery, and Forms		697	
Travel		315	
Office Supplies		1,260	
Data Processing Equipment		3,761	
Total Chancery Court			\$ 110,448

Juvenile Court

Youth Service Officer(s)	\$	26,922	
Social Security		2,060	
Communication		1,750	
Travel		1,000	
Other Contracted Services		1,650	
Office Supplies		97	
Total Juvenile Court			33,479

Judicial Commissioners

County Official/Administrative Officer	\$	35,982	
Social Security		2,753	
Travel		470	
Total Judicial Commissioners			39,205

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	\$	73,226	
Supervisor/Director		38,787	
Deputy(ies)		261,164	
Captain(s)		39,063	
Sergeant(s)		34,696	
Salary Supplements		7,200	
Secretary(ies)		28,334	
School Resource Officer		97,256	
Overtime Pay		56,712	
In-service Training		7,940	
Social Security		48,687	
Communication		20,239	
Contracts with Government Agencies		5,220	
Dues and Memberships		1,600	

(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.)

Maintenance and Repair Services - Equipment	\$	8,022	
Maintenance and Repair Services - Vehicles		43,087	
Printing, Stationery, and Forms		2,189	
Towing Services		2,090	
Travel		2,344	
Gasoline		60,323	
Law Enforcement Supplies		2,373	
Office Supplies		6,066	
Tires and Tubes		7,198	
Uniforms		2,157	
Data Processing Equipment		9,227	
Motor Vehicles		9,635	
Total Sheriff's Department			\$ 874,835

Administration of the Sexual Offender Registry

Constitutional Officers' Operating Expenses	\$	750	
Total Administration of the Sexual Offender Registry			750

Jail

Supervisor/Director	\$	32,190	
Captain(s)		26,199	
Guards		548,417	
Cafeteria Personnel		44,937	
Overtime Pay		23,245	
In-service Training		2,106	
Social Security		51,574	
Communication		13,000	
Evaluation and Testing		5,450	
Maintenance Agreements		10,097	
Maintenance and Repair Services - Buildings		17,737	
Maintenance and Repair Services - Equipment		16,678	
Medical and Dental Services		233,172	
Pest Control		1,100	
Custodial Supplies		18,015	
Electricity		50,397	
Food Preparation Supplies		4,661	
Food Supplies		147,105	
Natural Gas		11,695	
Prisoners Clothing		4,209	
Uniforms		1,564	
Water and Sewer		51,405	
Other Supplies and Materials		23,637	
Building Improvements		3,500	
Total Jail			1,342,090

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		540	
Office Supplies		92	
Total Other Emergency Management			\$ 81,832

Public Health and WelfareLocal Health Center

Custodial Personnel	\$	5,500	
Other Salaries and Wages		38,635	
In-service Training		200	
Social Security		2,956	
Communication		5,788	
Maintenance and Repair Services - Buildings		8,751	
Custodial Supplies		11	
Drugs and Medical Supplies		1,336	
Office Supplies		1,893	
Utilities		12,059	
Total Local Health Center			77,129

Ambulance/Emergency Medical Services

Supervisor/Director	\$	52,764	
Medical Personnel		378,216	
Overtime Pay		119,978	
In-service Training		3,633	
Social Security		42,096	
Communication		3,257	
Contracts with Government Agencies		5,396	
Laundry Service		3,141	
Licenses		2,125	
Maintenance and Repair Services - Equipment		11,767	
Maintenance and Repair Services - Vehicles		23,155	
Other Contracted Services		38,517	
Custodial Supplies		4,001	
Diesel Fuel		20,675	
Drugs and Medical Supplies		43,383	
Electricity		10,539	
Gasoline		2,501	
Natural Gas		1,868	
Office Supplies		2,221	
Uniforms		3,917	
Water and Sewer		2,349	
Other Equipment		8,838	
Total Ambulance/Emergency Medical Services			784,337

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	\$ 15,590	
Total Appropriation to State		\$ 15,590

Social, Cultural, and Recreational ServicesAdult Activities

Supervisor/Director	\$ 11,469	
Social Security	877	
Communication	1,066	
Maintenance and Repair Services - Buildings	30	
Travel	547	
Electricity	2,565	
Natural Gas	4,840	
Office Supplies	160	
Utilities	337	
Water and Sewer	325	
Total Adult Activities		22,216

Senior Citizens Assistance

Supervisor/Director	\$ 10,732	
Social Security	821	
Communication	1,418	
Travel	67	
Electricity	2,568	
Natural Gas	2,807	
Utilities	759	
Water and Sewer	1,998	
Total Senior Citizens Assistance		21,170

Libraries

Assistant(s)	\$ 9,074	
Supervisor/Director	23,057	
Data Processing Personnel	497	
Custodial Personnel	800	
Social Security	2,496	
Communication	2,543	
Library Books/Media	15,674	
Office Supplies	1,159	
Other Supplies and Materials	534	
Data Processing Equipment	1,216	
Total Libraries		57,050

Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$ 17,776	
Secretary(ies)	8,117	
Social Security	1,710	
Extension Service Medicare	162	

(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.)

Pensions	\$	3,279	
Medical Insurance		1,008	
Unemployment Compensation		3	
Local Retirement		499	
Communication		2,072	
Contracts with Private Agencies		10,120	
Workers' Compensation Insurance		80	
Total Agricultural Extension Service			\$ 44,826

Soil Conservation

Salary Supplements	\$	44,516	
Social Security		3,405	
Total Soil Conservation			47,921

Other OperationsIndustrial Development

Advertising	\$	134	
Total Industrial Development			134

Other Economic and Community Development

Other Contracted Services	\$	8,333	
Other Supplies and Materials		5,000	
Building Improvements		49,014	
Total Other Economic and Community Development			62,347

Airport

Supervisor/Director	\$	6,180	
Social Security		473	
Communication		1,462	
Maintenance and Repair Services - Buildings		22,958	
Travel		73	
Electricity		3,310	
Water and Sewer		398	
Airport Improvement		413,068	
Total Airport			447,922

Veterans' Services

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

Other Charges

Liability Insurance	\$	236,319	
Premiums on Corporate Surety Bonds		6,463	
Trustee's Commission		74,304	
Workers' Compensation Insurance		145,182	
Total Other Charges			462,268

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Other Operations (Cont.)Contributions to Other Agencies

Contributions	\$ 34,400	
Total Contributions to Other Agencies		\$ 34,400

Employee Benefits

Pensions	\$ 190,660	
Medical Insurance	193,324	
Unemployment Compensation	18,647	
Total Employee Benefits		402,631

Miscellaneous

Legal Notices, Recording, and Court Costs	\$ 4,419	
Postal Charges	13,493	
Other Contracted Services	12,000	
Other Charges	15,546	
Total Miscellaneous		45,458

HighwaysLitter and Trash Collection

Guards	\$ 25,418	
Social Security	1,944	
Maintenance and Repair Services - Vehicles	225	
Gasoline	1,282	
Instructional Supplies and Materials	9,864	
Other Supplies and Materials	1,141	
Total Litter and Trash Collection		39,874

Capital Outlay

Medical Insurance	\$ 737	
Total Capital Outlay		737

Total General Fund \$ 6,418,676

Solid Waste/Sanitation FundPublic Health and WelfareWaste Pickup

Truck Drivers	\$ 30,604	
Overtime Pay	6,048	
Social Security	2,804	
Maintenance and Repair Services - Equipment	1,999	
Maintenance and Repair Services - Vehicles	32,211	
Contracts for Landfill Facilities	154,178	
Diesel Fuel	22,636	
Gasoline	6,098	
Tires and Tubes	5,020	
Other Supplies and Materials	5,408	
Motor Vehicles	5,445	
Solid Waste Equipment	7,755	
Total Waste Pickup		\$ 280,206

(Continued)

## Exhibit J-7

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

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

Guards	\$	172,182	
Social Security		13,172	
Pensions		10,206	
Communication		4,134	
Electricity		11,279	
Water and Sewer		5,142	
Trustee's Commission		9,852	
Building Improvements		7,205	
Solid Waste Equipment		37,037	
Total Convenience Centers			\$ 270,209

Total Solid Waste/Sanitation Fund \$ 550,415

Drug Control FundPublic SafetyDrug Enforcement

Confidential Drug Enforcement Payments	\$	3,000	
Animal Food and Supplies		1,212	
Trustee's Commission		312	
Motor Vehicles		32,873	
Total Drug Enforcement			\$ 37,397

Total Drug Control Fund 37,397

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	78,108	
Accountants/Bookkeepers		51,432	
Pensions		9,068	
Dues and Memberships		2,712	
Maintenance and Repair Services - Office Equipment		9,071	
Postal Charges		318	
Printing, Stationery, and Forms		1,722	
Travel		67	
Office Supplies		1,383	
Other Charges		6,245	
Office Equipment		1,153	
Total Administration			\$ 161,279

Highway and Bridge Maintenance

Foremen	\$	51,034	
Equipment Operators		89,042	
Truck Drivers		99,193	
Laborers		268,925	
Pensions		33,965	
Other Contracted Services		15,814	

(Continued)



## Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance (Cont.)

Asphalt - Cold Mix	\$	66,387	
Asphalt - Hot Mix		157,302	
Asphalt - Liquid		299,530	
Crushed Stone		511,024	
General Construction Materials		5,879	
Other Road Materials		2,164	
Pipe		44,735	
Road Signs		5,461	
Small Tools		712	
Structural Steel		464	
Wood Products		4,162	
Other Supplies and Materials		410	
Total Highway and Bridge Maintenance			\$ 1,656,203

Operation and Maintenance of Equipment

Mechanic(s)	\$	71,921	
Nightwatchmen		41,197	
Pensions		7,918	
Diesel Fuel		115,436	
Equipment and Machinery Parts		89,702	
Garage Supplies		148	
Gasoline		59,138	
Lubricants		7,810	
Tires and Tubes		27,334	
Uniforms		4,576	
Other Supplies and Materials		1,702	
Total Operation and Maintenance of Equipment			426,882

Other Charges

Communication	\$	4,433	
Electricity		3,258	
Natural Gas		3,745	
Water and Sewer		383	
Building and Contents Insurance		5,182	
Liability Insurance		1,500	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		23,766	
Vehicle and Equipment Insurance		25,091	
Total Other Charges			67,708

Employee Benefits

Social Security	\$	57,440	
Medical Insurance		21,272	
Unemployment Compensation		6,266	
Workers' Compensation Insurance		60,846	
Total Employee Benefits			145,824

(Continued)

## Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Capital Outlay

Engineering Services	\$ 562	
Highway Equipment	103,405	
Motor Vehicles	18,500	
State Aid Projects	207,352	
Total Capital Outlay		\$ 329,819

Principal on DebtHighways and Streets

Principal on Capital Leases	\$ 53,045	
Total Highways and Streets		53,045

Total Highway/Public Works Fund \$ 2,840,760

General Debt Service FundOther OperationsOther Charges

Trustee's Commission	\$ 702	
Total Other Charges		\$ 702

Principal on DebtGeneral Government

Principal on Bonds	\$ 2,982	
Principal on Notes	108,981	
Principal on Other Loans	195,000	
Total General Government		306,963

Education

Principal on Other Loans	\$ 534,000	
Total Education		534,000

Interest on DebtGeneral Government

Interest on Bonds	\$ 7,068	
Interest on Notes	9,623	
Interest on Other Loans	45,600	
Total General Government		62,291

Education

Interest on Other Loans	\$ 91,886	
Total Education		91,886

Other Debt ServiceGeneral Government

Other Debt Service	\$ 20,184	
Total General Government		20,184

(Continued)

## Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service (Cont.)</u>			
<u>Education</u>			
Other Debt Service	\$ 36,686		
Total Education		\$ 36,686	
Total General Debt Service Fund			\$ 1,052,712
<u>General Capital Projects Fund</u>			
<u>Other Operations</u>			
<u>Housing and Urban Development</u>			
Other Contracted Services	\$ 48,003		
Total Housing and Urban Development		\$ 48,003	
<u>Capital Projects</u>			
<u>General Administration Projects</u>			
Guards	\$ 1,390		
Social Security	106		
Other Equipment	27,019		
Total General Administration Projects		28,515	
Total General Capital Projects Fund			76,518
<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			\$ 10,976,568

Exhibit J-8

Jackson County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Jackson County School Department  
For the Year Ended June 29, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,020,749	
Career Ladder Program		16,975	
Homebound Teachers		1,227	
Educational Assistants		113,311	
Other Salaries and Wages		11,123	
Certified Substitute Teachers		26,235	
Non-certified Substitute Teachers		82,804	
Social Security		241,616	
Pensions		405,772	
Medical Insurance		413,785	
Unemployment Compensation		3,527	
Employer Medicare		56,903	
Other Fringe Benefits		8,300	
Contracts with Private Agencies		7,826	
Maintenance and Repair Services - Equipment		296	
Printing, Stationery, and Forms		402	
Other Contracted Services		33,982	
Instructional Supplies and Materials		88,770	
Textbooks - Bound		161,902	
Other Charges		2,816	
Regular Instruction Equipment		90,812	
Total Regular Instruction Program			\$ 5,789,133

Alternative Instruction Program

Teachers	\$	96,145	
Career Ladder Program		2,000	
Educational Assistants		15,362	
Social Security		6,378	
Pensions		11,568	
Medical Insurance		13,009	
Unemployment Compensation		95	
Employer Medicare		1,521	
Other Fringe Benefits		100	
Instructional Supplies and Materials		269	
Total Alternative Instruction Program			146,447

Special Education Program

Teachers	\$	561,983
Career Ladder Program		2,000
Homebound Teachers		2,483
Educational Assistants		92,030
Certified Substitute Teachers		4,279
Non-certified Substitute Teachers		10,667
Social Security		37,483
Pensions		56,746
Medical Insurance		55,152

(Continued)

## Exhibit J-8

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

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

Unemployment Compensation	\$	702	
Employer Medicare		9,168	
Other Fringe Benefits		1,200	
Contracts with Private Agencies		24,921	
Other Supplies and Materials		1,308	
Other Charges		200	
Special Education Equipment		1,427	
Total Special Education Program			\$ 861,749

Career and Technical Education Program

Teachers	\$	249,449	
Career Ladder Program		1,000	
Certified Substitute Teachers		116	
Non-certified Substitute Teachers		7,844	
Social Security		14,606	
Pensions		24,834	
Medical Insurance		29,333	
Unemployment Compensation		190	
Employer Medicare		3,416	
Other Fringe Benefits		500	
Contracts with Other School Systems		84,810	
Instructional Supplies and Materials		6,302	
Other Supplies and Materials		6,656	
Vocational Instruction Equipment		1,529	
Total Career and Technical Education Program			430,585

Support ServicesAttendance

Supervisor/Director	\$	67,561	
Career Ladder Program		1,000	
Clerical Personnel		34,666	
Social Security		6,211	
Pensions		9,580	
Medical Insurance		3,542	
Unemployment Compensation		95	
Employer Medicare		1,453	
Other Fringe Benefits		100	
Travel		3,504	
Other Contracted Services		5,276	
Attendance Equipment		4,000	
Total Attendance			136,988

Health Services

Supervisor/Director	\$	53,137	
Medical Personnel		49,590	
Other Salaries and Wages		58,167	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Non-certified Substitute Teachers	\$	217	
Social Security		8,777	
Pensions		10,255	
Medical Insurance		18,876	
Unemployment Compensation		153	
Employer Medicare		2,053	
Other Fringe Benefits		200	
Communication		600	
Postal Charges		150	
Printing, Stationery, and Forms		472	
Travel		441	
Drugs and Medical Supplies		1,020	
Other Supplies and Materials		10,193	
Other Charges		2,600	
Total Health Services			\$ 216,901

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		177,015	
Social Workers		23,034	
Social Security		12,284	
Pensions		20,247	
Medical Insurance		7,729	
Unemployment Compensation		142	
Employer Medicare		2,872	
Other Fringe Benefits		300	
Contracts with Government Agencies		10,000	
Evaluation and Testing		3,382	
Travel		2,660	
Total Other Student Support			261,665

Regular Instruction Program

Supervisor/Director	\$	50,208	
Career Ladder Program		4,000	
Librarians		170,301	
Non-certified Substitute Teachers		1,871	
Social Security		13,474	
Pensions		23,526	
Medical Insurance		14,393	
Unemployment Compensation		149	
Employer Medicare		3,151	
Other Fringe Benefits		400	
Contracts with Private Agencies		4,700	
Travel		6,374	
Library Books/Media		7,642	
Other Supplies and Materials		6,671	

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

In Service/Staff Development	\$	30,139	
Other Equipment		1,622	
Total Regular Instruction Program			\$ 338,621

Special Education Program

Supervisor/Director	\$	68,560	
Career Ladder Program		1,000	
Psychological Personnel		57,798	
Social Security		6,986	
Pensions		13,322	
Medical Insurance		17,402	
Unemployment Compensation		63	
Employer Medicare		1,634	
Other Fringe Benefits		200	
Travel		1,092	
Other Contracted Services		21,430	
In Service/Staff Development		1,920	
Special Education Equipment		1,480	
Total Special Education Program			192,887

Career and Technical Education Program

Supervisor/Director	\$	12,099	
Social Security		573	
Pensions		1,265	
Employer Medicare		133	
Travel		1,697	
Other Supplies and Materials		187	
Total Career and Technical Education Program			15,954

Technology

Instructional Computer Personnel	\$	30,352	
Other Salaries and Wages		30,243	
Social Security		3,520	
Pensions		4,242	
Medical Insurance		4,597	
Unemployment Compensation		62	
Employer Medicare		823	
Internet Connectivity		25,143	
Total Technology			98,982

Other Programs

On-behalf Payments to OPEB	\$	67,248	
Total Other Programs			67,248

Board of Education

Other Salaries and Wages	\$	7,500	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Social Security	\$	465	
Life Insurance		7,795	
Employer Medicare		109	
Audit Services		4,000	
Dues and Memberships		7,796	
Other Contracted Services		5,500	
Other Supplies and Materials		4,257	
Liability Insurance		124,755	
Premiums on Corporate Surety Bonds		700	
Trustee's Commission		62,146	
Workers' Compensation Insurance		143,351	
Total Board of Education			\$ 368,374

Director of Schools

County Official/Administrative Officer	\$	82,111	
Career Ladder Program		1,000	
Social Security		4,964	
Pensions		8,693	
Medical Insurance		5,603	
Unemployment Compensation		31	
Employer Medicare		1,161	
Other Fringe Benefits		100	
Communication		7,093	
Postal Charges		15	
Travel		3,874	
Other Contracted Services		12,606	
Office Supplies		533	
In Service/Staff Development		305	
Administration Equipment		2,529	
Total Director of Schools			130,618

Office of the Principal

Principals	\$	265,992	
Career Ladder Program		3,000	
Assistant Principals		114,028	
Secretary(ies)		88,793	
Clerical Personnel		64,729	
Social Security		30,881	
Pensions		50,254	
Medical Insurance		43,209	
Unemployment Compensation		445	
Employer Medicare		7,230	
Other Fringe Benefits		600	
Communication		23,372	
Travel		805	
Other Contracted Services		1,695	

(Continued)



## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Office of the Principal (Cont.)

Office Supplies	\$	2,118	
In Service/Staff Development		500	
Other Charges		30	
Administration Equipment		1,821	
Total Office of the Principal			\$ 699,502

Fiscal Services

Supervisor/Director	\$	39,634	
Accountants/Bookkeepers		73,848	
Secretary(ies)		28,840	
Clerical Personnel		35,971	
Other Salaries and Wages		17,636	
Social Security		11,224	
Pensions		13,715	
Medical Insurance		27,925	
Unemployment Compensation		156	
Employer Medicare		2,625	
Travel		2,805	
Other Contracted Services		29,385	
Data Processing Supplies		997	
Office Supplies		983	
Administration Equipment		6,497	
Total Fiscal Services			292,241

Operation of Plant

Custodial Personnel	\$	302,833	
Social Security		18,202	
Pensions		19,047	
Medical Insurance		19,658	
Unemployment Compensation		542	
Employer Medicare		4,257	
Rentals		38,138	
Other Contracted Services		600	
Custodial Supplies		59,238	
Electricity		417,572	
Natural Gas		35,832	
Water and Sewer		48,584	
Plant Operation Equipment		4,823	
Total Operation of Plant			969,326

Maintenance of Plant

Other Salaries and Wages	\$	74,019	
Social Security		4,586	
Pensions		5,182	
Unemployment Compensation		62	
Employer Medicare		1,073	

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Maintenance of Plant (Cont.)

Maintenance and Repair Services - Buildings	\$	21,913	
Maintenance and Repair Services - Equipment		4,148	
Travel		23	
Other Contracted Services		57,255	
Other Supplies and Materials		72,979	
Maintenance Equipment		18,275	
Total Maintenance of Plant			\$ 259,515

Transportation

Mechanic(s)	\$	32,153	
Bus Drivers		283,876	
Other Salaries and Wages		9,921	
Social Security		19,912	
Pensions		12,968	
Medical Insurance		7,024	
Unemployment Compensation		559	
Employer Medicare		4,670	
Contracts with Vehicle Owners		155,946	
Maintenance and Repair Services - Vehicles		2,130	
Travel		2,400	
Other Contracted Services		6,834	
Gasoline		102,001	
Lubricants		60	
Tires and Tubes		19,519	
Vehicle Parts		33,468	
Other Supplies and Materials		14,186	
Vehicle and Equipment Insurance		27,385	
Other Charges		1,186	
Transportation Equipment		4,280	
Total Transportation			740,478

Operation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	58,753	
Social Security		3,200	
Pensions		4,113	
Medical Insurance		9,879	
Unemployment Compensation		31	
Employer Medicare		748	
Other Fringe Benefits		100	
Total Food Service			76,824

Community Services

Supervisor/Director	\$	51,989	
Clerical Personnel		2,300	
Other Salaries and Wages		44,921	

(Continued)

## Exhibit J-8

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

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

Social Security	\$	6,152	
Pensions		9,711	
Medical Insurance		4,485	
Unemployment Compensation		62	
Employer Medicare		1,439	
Travel		264	
Instructional Supplies and Materials		2,500	
Other Supplies and Materials		526	
In Service/Staff Development		1,228	
Total Community Services			\$ 125,577

Early Childhood Education

Supervisor/Director	\$	21,000	
Teachers		135,239	
Educational Assistants		46,769	
Certified Substitute Teachers		809	
Non-certified Substitute Teachers		1,407	
Social Security		12,058	
Pensions		19,082	
Medical Insurance		11,673	
Unemployment Compensation		201	
Employer Medicare		2,832	
Other Fringe Benefits		300	
Communication		1,741	
Postal Charges		600	
Travel		2,881	
Instructional Supplies and Materials		3,851	
Other Supplies and Materials		63,727	
Other Equipment		1,136	
Total Early Childhood Education			325,306

Capital OutlayRegular Capital Outlay

Building Improvements	\$	88,776	
Other Equipment		7,549	
Total Regular Capital Outlay			96,325

Principal on DebtEducation

Debt Service Contribution to Primary Government	\$	534,000	
Total Education			534,000

Interest on DebtEducation

Debt Service Contribution to Primary Government	\$	91,886	
Total Education			91,886

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$	36,686	
Total Education			\$ 36,686

Total General Purpose School Fund \$ 13,303,818

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	190,588	
Educational Assistants		75,474	
Other Salaries and Wages		5,500	
Certified Substitute Teachers		1,868	
Non-certified Substitute Teachers		1,429	
Social Security		15,472	
Pensions		25,346	
Medical Insurance		32,367	
Unemployment Compensation		317	
Employer Medicare		3,652	
Other Fringe Benefits		400	
Instructional Supplies and Materials		68,620	
Other Supplies and Materials		882	
Regular Instruction Equipment		30,869	
Total Regular Instruction Program			\$ 452,784

Special Education Program

Teachers	\$	48,846	
Educational Assistants		165,572	
Speech Pathologist		63,501	
Social Security		16,372	
Pensions		22,971	
Medical Insurance		21,189	
Unemployment Compensation		353	
Employer Medicare		3,833	
Other Fringe Benefits		200	
Contracts with Private Agencies		8,397	
Instructional Supplies and Materials		370	
Other Supplies and Materials		184	
Special Education Equipment		2,633	
Total Special Education Program			354,421

Career and Technical Education Program

Instructional Supplies and Materials	\$	2,823	
Vocational Instruction Equipment		25,848	
Total Career and Technical Education Program			28,671

(Continued)

## Exhibit J-8

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

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

Bus Drivers	\$	750	
Social Security		46	
Unemployment Compensation		2	
Employer Medicare		11	
Travel		4,065	
Other Supplies and Materials		2,411	
In Service/Staff Development		3,511	
Total Other Student Support			\$ 10,796

Regular Instruction Program

Supervisor/Director	\$	67,431	
Other Salaries and Wages		46,547	
Social Security		3,999	
Pensions		7,053	
Medical Insurance		4,895	
Unemployment Compensation		93	
Employer Medicare		1,610	
Other Fringe Benefits		100	
Travel		919	
Other Supplies and Materials		1,846	
In Service/Staff Development		104,751	
Other Charges		10,217	
Total Regular Instruction Program			249,461

Special Education Program

Travel	\$	441	
Other Contracted Services		10,140	
Other Supplies and Materials		2,807	
In Service/Staff Development		4,581	
Total Special Education Program			17,969

Career and Technical Education Program

In Service/Staff Development	\$	999	
Total Career and Technical Education Program			999

Transportation

Other Salaries and Wages	\$	11,113	
Social Security		689	
Pensions		771	
Unemployment Compensation		15	
Employer Medicare		161	
Total Transportation			12,749

Operation of Non-Instructional ServicesCommunity Services

Supervisor/Director	\$	23,053	
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(Continued)

## Exhibit J-8

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

School Federal Projects Fund (Cont.)Operation of Non-Instructional Services (Cont.)Community Services (Cont.)

Social Security	\$	1,430	
Pensions		1,705	
Medical Insurance		2,250	
Employer Medicare		335	
Other Fringe Benefits		100	
Travel		153	
Food Supplies		100	
Instructional Supplies and Materials		927	
Other Supplies and Materials		1,817	
In Service/Staff Development		3,765	
Regular Instruction Equipment		1,485	
Total Community Services			\$ 37,120

Total School Federal Projects Fund \$ 1,164,970

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Cafeteria Personnel	\$	338,172	
Social Security		20,244	
Pensions		18,900	
Medical Insurance		6,659	
Unemployment Compensation		757	
Employer Medicare		4,820	
Communication		2,473	
Maintenance and Repair Services - Equipment		12,117	
Travel		1,607	
Other Contracted Services		14,296	
Food Supplies		420,084	
USDA - Commodities		75,482	
Other Supplies and Materials		54,832	
In Service/Staff Development		627	
Food Service Equipment		30,786	
Total Food Service			\$ 1,001,856

Total Central Cafeteria Fund 1,001,856

Total Governmental Funds - School Department \$ 15,470,644

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, 2019

	Cities - Sales Tax Fund
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 266,305
Total Cash Receipts	<u>\$ 266,305</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 263,642
Trustee's Commission	<u>2,663</u>
Total Cash Disbursements	<u>\$ 266,305</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2018	<u>0</u>
Cash Balance, June 30, 2019	<u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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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, 2019, and the related notes to the financial statements, which collectively comprise Jackson County's basic financial statements as listed in the table of contents, and have issued our report thereon dated February 28, 2020.

**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: 2019-001, 2019-002, 2019-003, 2019-006, 2019-008, 2019-009, and 2019-010.

### **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: 2019-004, 2019-005, 2019-007, and 2019-011.

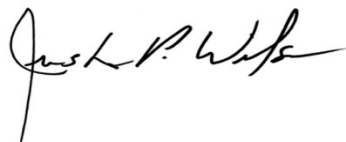
### **Jackson County's Responses to the Findings**

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

February 28, 2020

JPW/kp



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, 2019. 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, 2019.

### **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.

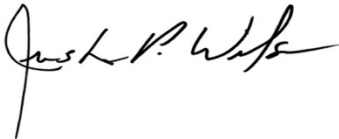
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

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, 2019, and the related notes to the financial statements, which collectively comprise Jackson County's basic financial statements. We issued our report thereon dated February 28, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 28, 2020

JPW/kp

Jackson County, Tennessee, and the Jackson County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (6)  
For the Year Ended June 30, 2019

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	\$ 7,127
Emergency Watershed Protection Program	10.923	N/A	153,892
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	270,749
National School Lunch Program	10.555	N/A	568,822 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	75,482 (5)
National School Lunch Program (Commodities Distribution Rebate)	10.555	N/A	3,180 (5)
Passed-through East Tennessee Human Resource Agency:			
Child and Adult Care Food Program	10.558	N/A	82,802
Total U.S. Department of Agriculture			<u>\$ 1,162,054</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(3)	<u>\$ 48,331</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 50,357</u>
U.S. Department of the Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention	16.540	(3)	<u>\$ 37,065</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(3)	<u>\$ 384,527</u>
Institute of Museum and Library Sciences:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(3)	<u>\$ 500</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 576,633
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	384,069
Special Education - Preschool Grants	84.173	N/A	13,001
Career and Technical Education - Basic Grants to States	84.048	N/A	40,565
Twenty-first Century Community Learning Centers	84.287	(3)	61,993
Rural Education	84.358	N/A	31,989
Supporting Effective Instruction State Grant	84.367	N/A	68,218
Passed-through Tennessee Higher Education Commission:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	121,663
Passed-through National Institute for Excellence in Teaching:			
Teacher Incentive Fund	84.374	N/A	7,096
Student Support and Academic Enrichment Program	84.424	N/A	35,981
Total U.S. Department of Education			<u>\$ 1,341,208</u>

(Continued)

Jackson County, Tennessee, and the Jackson County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (6) (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: (4) Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(3)	\$ 2,792
Total Expenditures of Federal Awards			\$ 3,026,834

<u>State Grants</u>	<u>Contract Number</u>		
ThreeStar Grant Program - State Department of Economic and Community Development	N/A	(3)	\$ 22,861
Aging Program - Upper Cumberland Development District	N/A	(3)	2,726
Litter Program - State Department of Transportation	N/A	(3)	41,027
Local Health Services Grant - State Department of Health	N/A	(3)	45,068
State of Tennessee Airport Maintenance - State Department of Transportation	N/A	(3)	27,220
Asset Enhancement Grant Program - State Department of Economic and Community Development	N/A	(3)	36,261
State Supplement Juvenile Court Improvement Funds Grant - State Department of Children Services	N/A	(3)	4,500
Used Oil Grant - State Department of Environment and Conservation	N/A	(3)	6,500
Governor's Investment in Vocational Education (GIVE) - Tennessee Higher Education Commission	N/A	(3)	75,000
Coordinated School Health - State Department of Education	N/A	(3)	100,000
Family Resource - State Department of Education	N/A	(3)	29,612
Early Childhood Education - State Department of Education	N/A	(3)	333,805
Safe Schools Act - State Department of Education	N/A	(3)	19,870
School Safety and Security Grant - State Department of Education	N/A	(3)	49,660
Read to be Ready - Coaching Network - State Department of Education	N/A	(3)	10,000
Total State Grants			\$ 804,110

CFDA = Catalog of Federal Domestic Assistance  
N/A = Not Applicable

(Continued)

Jackson County, Tennessee, and the Jackson County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (6) (Cont.)

- (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 \$918,233; Special Education Cluster total \$397,070; Aging Cluster total \$2,792.
- (5) Total for CFDA No. 10.555 is \$647,484.
- (6) CONSOLIDATED ADMINISTRATION

The following amounts were consolidated for administration purposes:

Program Title	Federal CFDA Number	Amount Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 86,702
Rural Education	84.358	526
Supporting Effective Instruction State Grant	84.367	488
Student Support and Academic Enrichment Program	84.424	93
Total amounts consolidated for administration purposes		<u>\$ 87,809</u>



Jackson County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2019

*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, 2019.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>OFFICE OF COUNTY MAYOR</u></b>					
2018	172	2018-001	General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments	N/A	Not Corrected - See Explanation on Corrective Action Plan
2018	172	2018-002	The office had deficiencies in purchasing procedures	N/A	Not Corrected - See Explanation on Corrective Action Plan
2018	173	2018-003	The county was assessed a penalty of \$86,147 by the Internal Revenue Service for noncompliance with the Affordable Care Act	N/A	Corrected
<b><u>OFFICE OF COUNTY CLERK</u></b>					
2018	174	2018-004	The office did not deposit some funds within three days of collection	N/A	Not Corrected - See Explanation on Corrective Action Plan
2018	174	2018-005	The office did not review its software audit logs	N/A	Not Corrected - See Explanation on Corrective Action Plan
<b><u>OFFICE OF CLERK AND MASTER</u></b>					
2018	175	2018-006	Execution docket trial balances did not reconcile with general ledger accounts	N/A	Corrected

***Prior-year Federal Awards Findings***

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

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**JACKSON COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

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**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? **YES**

**Federal Awards:**

4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **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 2019-001**

#### **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. The mayor and staff have worked on this issue during the 2018-2019 year. We did change pay periods from 26 to 24 for hourly employees. While we did improve for the previous year, we were not able to reconcile the accounts during this fiscal year. It is our plan to work with County Technical Assistance Service during the coming months on receiving the proper training to reconcile the accounts.

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#### **FINDING 2019-002**

#### **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 40 disbursements totaling \$195,091 from a

population of 2,598 vendor checks totaling \$4,121,570. Our examination revealed the following purchasing deficiencies noted in the sample of 40, 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 management's failure to implement their corrective action plan.

- A. In six instances, 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. Five of the 40 purchases tested were coded to accounts that did not reflect the true nature of the expenditures. Sound budgetary principles require expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool.

### 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. Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions.

### MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with this finding. It has been the mission of the Jackson County Mayor's Office to eliminate the purchasing findings. While we have made strides in reducing the number of findings, we do still lack consistency. We will continue to emphasize the importance of proper procedures, with the intent to eliminate purchasing findings. We will notify every department that they will need to be issued a purchase order before purchasing.

---

### OFFICE OF DIRECTOR OF SCHOOLS

#### FINDING 2019-003

#### **THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT OF \$110,024 AT JUNE 30, 2019**

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

The School Federal Projects Fund had a cash overdraft of \$110,024 at June 30, 2019. This cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. Sound business practices dictate that expenditures be held within available funds. The cash overdraft was liquidated subsequent to June 30, 2019.

### RECOMMENDATION

The school department should not issue checks exceeding cash on deposit with the county trustee.

## MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

I concur with this finding.

---

### OFFICE OF TRUSTEE

#### FINDING 2019-004

#### **THE TRUSTEE PAID CHECKS ISSUED ON THE SCHOOL FEDERAL PROJECTS FUND THAT EXCEEDED AVAILABLE FUNDS**

(Noncompliance Under *Government Auditing Standards*)

The trustee paid checks issued on the School Federal Projects Fund that exceeded the available cash on deposit. At June 30, 2019, the paid checks exceeded the available cash on deposit by \$12,709. Section 8-11-104(5), *Tennessee Code Annotated*, prohibits the trustee from paying a check if sufficient funds are not available. This deficiency exists because the school department continued to issue checks exceeding cash on deposit with the trustee, and the trustee continued to pay the checks.

#### RECOMMENDATION

The trustee should not pay checks that exceed available cash as required by state statute.

## MANAGEMENT'S RESPONSE – TRUSTEE

I concur with this finding.

---

### OFFICE OF COUNTY CLERK

#### FINDING 2019-005

#### **A CASH SHORTAGE OF \$36,086.24 EXISTED IN THE COUNTY CLERK'S OFFICE SUBSEQUENT TO JUNE 30, 2019**

(Material Noncompliance Under *Government Auditing Standards*)

As of January 29, 2020, the clerk had a cash shortage of \$36,086.24 for collections not deposited into the office bank account. Auditors were alerted that the office bank account had not been reconciled since June 2019, so we performed bank reconciliations and traced receipts listed on the clerk's daily collection reports to the deposits included in the office bank statements for the period July 1, 2019, through January 29, 2020. This testing revealed that total collections from five separate days during this period totaling \$30,626.24 were never deposited to the bank account, and the balance of the shortage (\$5,460) consisted of eight deposits made to the bank that were less than the receipts listed on the clerk's daily collection reports. The first instance of collections not deposited was noted on August 12, 2019, and the last instance occurred on November 26, 2019. This shortage was not detected by the office because of the failure to reconcile bank statements on a monthly basis. This shortage existed due to a lack of management oversight.

## RECOMMENDATION

Officials should take steps to recover the \$36,086.24 cash shortage. Bank statements should be reconciled monthly and any differences investigated and corrected.

## MANAGEMENT'S RESPONSE – COUNTY CLERK

I did not know anything about this finding, so I am going through reports and bank statements now to make sure there were no errors entered.

## AUDITOR COMMENT

Routine bank reconciliation procedures would have revealed this shortage in August when the activity began. We noted 13 separate instances of receipts that were not deposited during the time period noted above. The likelihood that these instances were caused by errors appears to be remote.

## FINDING 2019-006

### **THE CLERK FAILED TO PROPERLY DOCUMENT CHANGES AND DELETIONS TO RECEIPTS**

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

During the year, the clerk made numerous changes and deletions to receipts without proper documentation. We noted that the clerk had 146 pages of changes to motor vehicle receipts during the year, so we decided to trace the changes made to motor vehicle receipts for the month of June 2019 to their supporting documentation. Our test revealed that the clerk had deleted receipts totaling \$5,635.61 and reduced other receipts totaling \$2,658.38 during the month. The clerk stated that she did not have the original decals on hand for the deleted transactions because they were disposed of in the trash, and most of the changes to receipts also did not have proper documentation supporting the change. Due to these and similar deficiencies, the Comptroller's Division of Investigations is currently reviewing the operations of this office. Any further deficiencies resulting from this investigation will be reported in a subsequent report. This deficiency was the result of a lack of management oversight. A lack of documentation for deletions and changes weakens internal controls over collections and increases the risks of fraud and misappropriation.

## RECOMMENDATION

Deletions and changes to receipts should be supported by proper documentation.

## MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with this finding.

FINDING 2019-007

**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 July 2018 through September 2018 to trace to the general ledger. The office did not deposit funds in the official bank account within three days of collection in 37 of the 37 deposits tested. Delays in depositing funds ranged from ten to 27 business days after collection. Due to these and similar deficiencies related to depositing, the Comptroller's Division of Investigations is reviewing deposit procedures for this office. Any further deficiencies resulting from this investigation will be reported in a subsequent report. 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.

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 2019-008

**DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

Duties were not segregated adequately among the official and employees in the county clerk's office. The official and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

The county clerk should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with this finding.

---

FINDING 2019-009

**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 four audit logs that displayed changes made by users. Because these logs provided the only audit trail of these changes, they should be routinely reviewed for inappropriate activity. During the prior audit period, we made management aware of the importance of these logs, and management began reviewing the logs. However, during the current period, management chose to discontinue their review. Without knowledge of system activity, errors and improper changes could occur and go undetected. This deficiency was a result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should review the logs on a routine basis. Any unusual transactions should be investigated.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with this finding.

---

OFFICE OF SHERIFF

FINDING 2019-010

**A LIST OF USERNAMES AND PASSWORDS WAS MAINTAINED**

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

Each employee had been assigned a unique username and password for accessing the office's accounting software. However, a listing of the passwords was maintained by designated personnel. If inappropriate activity were to occur, determining which employee was responsible for this activity could be difficult because this individual had access to other employees passwords. Sound business practices dictate that each transaction be identified to the individual creating the transaction. After management was made aware of this deficiency on April 4, 2019, the listing was destroyed.

RECOMMENDATION

Management should not maintain a password listing. Each employee's password should remain confidential.

MANAGEMENT'S RESPONSE – SHERIFF

I concur with this finding.

---



## **JACKSON COUNTY**

### **FINDING 2019-011**

### **THE COUNTY'S AUDIT COMMITTEE IS NOT A FUNCTIONING COMMITTEE**

(Noncompliance Under *Government Auditing Standards*)

Jackson County created an Audit Committee on June 24, 2013, as provided by Section 9-3-405, *Tennessee Code Annotated*; however, there are no minutes to document that this Audit Committee has met or conducted any business since May 5, 2018, to review the audit for the year ended June 30, 2017. Without a functioning Audit Committee, the county commission does not have independent and objective reviews of the financial reporting process, internal controls, the audit function, and monitoring management's plans to address various risks.

### **RECOMMENDATION**

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

### **MANAGEMENT'S RESPONSE – COUNTY MAYOR**

I concur with this finding. It is the Audit Committee's intention to meet with the departments promptly this year.

---

### **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, 2019.

**Jackson County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2019**

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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**OFFICE OF COUNTY MAYOR**

2019-001	General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments	188
2019-002	The office had deficiencies in purchasing procedures	188

**JACKSON COUNTY**

2019-011	The county's Audit Committee is not a functioning committee	189
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**OFFICE OF DIRECTOR OF SCHOOLS**

2019-003	The School Federal Projects Fund had a cash overdraft of \$110,024 at June 30, 2019	190
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**OFFICE OF TRUSTEE**

2019-004	The trustee paid checks issued on the School Federal Projects Fund that exceeded available funds	191
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**OFFICE OF COUNTY CLERK**

2019-005	A cash shortage of \$36,086.24 existed in the County Clerk's Office subsequent to June 30, 2019	192
2019-006	The clerk failed to properly document changes and deletions to receipts	192
2019-007	The office did not deposit some funds within three days of collection	193
2019-008	Duties were not segregated adequately	193
2019-009	The office did not review its software audit logs	195

**OFFICE OF SHERIFF**

2019-010	A list of usernames and passwords was maintained	196
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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, Jackson County Mayor

**Person Responsible for Implementing the Corrective Action:**  
Rachel Iwanyzyn, County Bookkeeper

**Anticipated Completion Date of Corrective Action:**  
July, 2020

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
The mayor and staff have worked on this issue during the 2018/2019 year. We did change pay periods from 26 to 24 for hourly employees. While we did improve from the previous year, we were not able to reconcile the accounts during this fiscal year.

**Planned Corrective Action:**  
It is our plan to work with CTAS, during the coming months, on receiving the proper training to reconcile the accounts.

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**FINDING:** THE OFFICE HAD DEFICIENCIES IN PURCHASING  
PROCEDURES

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

**Person Responsible for Implementing the Corrective Action:**  
Michelle Hix, Purchasing Agent

**Anticipated Completion Date of Corrective Action:**  
June, 2021

**Repeat Finding:**  
Yes Jackson County Courthouse • P.O. Box 617 • Gainesboro, TN 38562  
Office 1-931-268-9888

**Reason Corrective Action was Not Taken in the Prior Year:**

It has been the mission of the Jackson County Mayors office to eliminate the Purchasing Findings. While we have made strides in reducing the number of findings, we do still lack consistency.

**Planned Corrective Action:**

We will continue to emphasize the importance of proper purchasing procedures, with the intent to eliminate purchasing findings. We will notify every department that they will need to be issued a PO before purchasing

---

**FINDING: THE COUNTY'S AUDIT COMMITTEE IS NOT A  
FUNCTIONING COMMITTEE**

**Response and Corrective Action Plan Prepared by:**

Randy Heady, Jackson County Mayor

**Person Responsible for Implementing the Corrective Action:**

Audit Committee

**Anticipated Completion Date of Corrective Action:**

June, 2020

**Repeat Finding:**

No

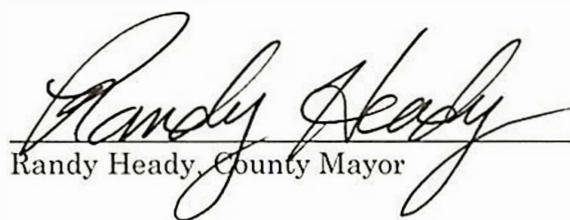
**Reason Corrective Action was Not Taken in the Prior Year:**

N/A

**Planned Corrective Action:**

To have Audit Committee meeting with the departments promptly.

---



Randy Heady, County Mayor

# JACKSON COUNTY SCHOOLS

**BOARD MEMBERS**

Mark Brown, Chairman  
Amanda Taylor  
James Robert Childress

711 School Drive  
Gainesboro, Tennessee 38562

*Kristy Brown, Director*

Phone: (931) 268-0119 or 268-0268 Fax: (931) 268-3647

**BOARD MEMBERS**

Michelle Hix  
Mark R. Allen  
Marty Woolbright

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## Corrective Action Plan

**FINDING:** THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH  
OVERDRAFT OF \$110,024 AT JUNE 30, 2019

**Response and Corrective Action Plan Prepared by:**

Kristy L. Brown, Director of Schools

**Person Responsible for Implementing the Corrective Action:**

Kristy L. Brown, Director of Schools

**Anticipated Completion Date of Corrective Action:**

Procedures have already been implemented.

**Repeat Finding:**

No

**Reason Corrective Action was Not Taken in the Prior Year:**

N/A

**Planned Corrective Action:**

Information, training, and expectations have been provided to communicate the timeline for requesting federal reimbursement funding; additional oversight will be made by the director of schools to prevent future overdrafts. The overdraft was cleared within 3 days after the fiscal year when federal reimbursement funds were received.

---

  
\_\_\_\_\_  
Kristy Brown, Director of Schools



## JACKSON COUNTY TRUSTEE

### Corrective Action Plan

**FINDING:** THE TRUSTEE PAID WARRANTS ISSUED ON THE  
SCHOOL FEDERAL PROJECTS FUND THAT  
EXCEEDED AVAILABLE FUNDS

**Response and Corrective Action Plan Prepared by:**  
Anthony Flatt, Jackson County Trustee


**Person Responsible for Implementing the Corrective Action:**  
Anthony Flatt, Jackson County Trustee

**Anticipated Completion Date of Corrective Action:**  
By June 30, 2020

**Repeat Finding:**  
No

**Reason Corrective Action was Not Taken in the Prior Year:**  
I had never had this issue in the past.

**Planned Corrective Action:**  
The overdraft was corrected on July 4, 2019. A timeline has been established to ensure that request for reimbursements are made in time to receive funds by close books on June 30 of each year. The possibility of a Live Checking system is also being considered through Local Government to prevent future findings

 3-2-20  
\_\_\_\_\_  
Anthony Flatt, Trustee

JACKSON COUNTY TRUSTEE \* P.O. BOX 1 \* GAINESBORO, TN 38562  
OFFICE 931-268-9417 \* FAX 931-268-9060

Jackson County Clerk  
Amanda Stafford  
Po Box 346  
Gainesboro, Tn 38562

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**Corrective Action Plan**

**FINDING:** A CASH SHORTAGE OF \$36,086.24 EXISTED IN THE  
COUNTY CLERK'S OFFICE SUBSEQUENT TO JUNE 30,  
2019

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

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

**Anticipated Completion Date of Corrective Action:**  
June 30, 2020

**Repeat Finding:**  
No

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

**Planned Corrective Action:**  
We are going through all bank statements

---

**FINDING:** THE CLERK FAILED TO PROPERTY DOCUMENT  
CHANGES AND DELETIONS TO RECEIPTS

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

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

**Anticipated Completion Date of Corrective Action:**  
02-28-2020 We keep a folder of all transactions changed or deleted

**Repeat Finding:**  
No



**Reason Corrective Action was Not Taken in the Prior Year:**

N/A

**Planned Corrective Action:**

We keep a folder of all changes and deleted transactions now

---

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

**Response and Corrective Action Plan Prepared by:**

Amanda Stafford, County Clerk

**Person Responsible for Implementing the Corrective Action:**

Amanda Stafford, County Clerk

**Anticipated Completion Date of Corrective Action:**

02-28-2020

**Repeat Finding:**

Yes

**Reason Corrective Action was Not Taken in the Prior Year:**

**Planned Corrective Action:**

We are taking the deposit within the 3 days

---

**FINDING: DUTIES WERE NOT SEGREGATED ADEQUATELY**

**Response and Corrective Action Plan Prepared by:**

Amanda Stafford, County Clerk

**Person Responsible for Implementing the Corrective Action:**

Amanda Stafford, County Clerk

**Anticipated Completion Date of Corrective Action:**

02-28-2020

**Repeat Finding:**

No

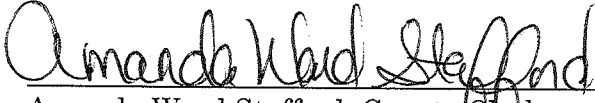
**Reason Corrective Action was Not Taken in the Prior Year:**

N/A

**Planned Corrective Action:**

We all sign the reports and bank deposits now

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Amanda Ward Stafford, County Clerk

Amanda Ward Stafford  
Jackson County Clerk  
PO Box 346  
Gainesboro, Tn 38562  
Phone 931-268-9212 Fax 931-268-4149

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**Corrective Action Plan**

**FINDING**

**THE OFFICE DID NOT REVIEW ALL SOFTWARE AUDIT LOGS**

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

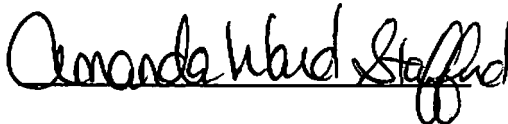
**Person Responsible for Implementing the Corrective Action:**  
Amanda Stafford, County Clerk

**Anticipated Completion Date of Corrective Action:**  
Date 09-06-2019

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
Management oversight

**Planned Corrective Action:**  
I will review these logs on a monthly basis.

Signature:  9-6-19

# Jackson County Sheriff Department

P.O. Box 275 - 620 Hospital Drive Gainesboro, Tennessee 38562



*Marty Hinson, Sheriff*



## Corrective Action Plan

FINDING 2019-001

A LIST OF USERNAMES AND PASSWORDS WAS  
MAINTAINED (Internal Control – Significant Deficiency Under  
Government Auditing Standards)

**Response and Corrective Action Plan Prepared by:**

Name, Title (ex. John Doe, Sheriff)

*Marty Hinson, Sheriff*

**Person Responsible for Implementing the Corrective Action:**

Name, Title

*Marty Hinson, Sheriff*

**Anticipated Completion Date of Corrective Action:**

Date *4-7-19*

**Repeat Finding:**

Yes or No

**Reason Corrective Action was Not Taken in the Prior Year:**

Enter Reason (If this was not a prior year finding, omit this part)

**Planned Corrective Action:**

Enter planned corrective action.

*Destroying Password List + Issuing  
New*

Signature:

*Sheriff Marty Hinson*

## **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.