

ANNUAL FINANCIAL REPORT
JEFFERSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



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FOR THE YEAR ENDED JUNE 30, 2019

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

JEFFERSON COUNTY

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

OFFICE OF FINANCE DIRECTOR

- ◆ The finance department had deficiencies in the maintenance of capital asset records.
-

OFFICE OF TRUSTEE

- ◆ Excess fees were not reported and paid to the county in compliance with state statutes.
-

OFFICE OF SHERIFF – FORMER SHERIFF BUD MCCOIG

- ◆ The Sheriff's Office had deficiencies in the recording and managing of seized cash.

INTRODUCTORY SECTION

Jefferson County Officials
June 30, 2019

Officials

Mark Potts, County Mayor
Charles Tipton, Road Superintendent
Dr. Shane Johnston, Director of Schools
Jennifer Hall, Trustee
Susan Gass, Assessor of Property
Frank Herndon, County Clerk
Kevin Poe, Circuit and General Sessions Courts Clerk
Nancy Humbard, Clerk and Master
Ed Stiner, Register of Deeds
Jeff Coffey, Sheriff
Langdon Potts, Finance Director

Board of County Commissioners

Mark Potts, County Mayor, Chairperson	Todd Kesterson
Randy Bales	Edna Shurden Langley
Randy Baxley	Paul Lowe
Gregory Byrd	Jimmy Dale Patterson
Robert Blevins	Michael Phagan
Jimmy Carmichael	Marcus Reed
Ronny Coleman	John Neal Scarlett
Terry Dockery	Tim Seals
Steve Douglas	Sammy Solomon
Gene Eslinger	Heidi Thomas
Katy Fox Huffaker	Anthony Walker

Board of Education

Anne Marie Potts, Chairperson	Bill Jarnigan
Randall Bradley	Robbie Pinkerton
Dusty Cox	Maurice Solomon
Denise Fair	

Highway Commission

Condon Batson, Chairman	Joel Smith
Wayne Elmore	John Turner
Conard Langston	Jim Woods
Joe Simpson	

Jefferson County Officials (Cont.)

Financial Management Committee

Katy Fox Huffaker, Chairperson
Randy Bales
Terry Dockery
Dr. Shane Johnston, Director of Schools

Edna Shurden Langley
Mark Potts, County Mayor
Charles Tipton, Road Superintendent

Audit Committee

Garry Jett, Chairperson
Phyllis Best
Katy Fox Huffaker

Mark Potts, County Mayor
John Neal Scarlett

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of and for the year ended June 30, 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 did not audit the financial statements of the Jefferson County Nursing Home. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jefferson County Nursing Home, is based solely on the report of the other auditors. We were unable to determine Jefferson County Nursing Home's respective percentage of the assets, net position, and revenues of the aggregate discretely presented component units because the Jefferson County Emergency Communications District, a component unit requiring discrete presentation, was not included in the county's financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to

obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Other Special Revenue, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedules of county and school changes in the total other postemployment benefits 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express

an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jefferson County School Department (a discretely presented component unit), miscellaneous schedules and the 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.

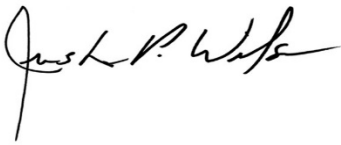
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jefferson County School Department (a discretely presented component unit), schedule 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 Jefferson 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 21, 2020, on our consideration of Jefferson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jefferson County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 21, 2020

JPW/tg



JEFFERSON COUNTY

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

JEFFERSON COUNTY, TENNESSEE MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2019

As management for Jefferson County, Tennessee, we offer readers of the financial statements of Jefferson County, Tennessee, this narrative overview and analysis of the financial activities of Jefferson County Government for the fiscal year ended June 30, 2019. In addition, this discussion and analysis includes an overview of the Discretely Presented Component Unit Jefferson County School Department. A separate set of financial statements is not issued for the Jefferson County School Department. The intent of this discussion and analysis is to look at Jefferson County and the discretely presented Jefferson County School Department's financial performance as a whole. We encourage readers to consider the information presented here in conjunction with the basic financial statements and notes to the financial statements to enhance their understanding of Jefferson County's financial performance, as well as, the discretely presented Jefferson County School Department's financial performance.

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Jefferson County Primary Government exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by approximately \$72.0 million (net position). It should be noted that the financial statements of Jefferson County included debt totaling approximately \$53.7 million attributed to the Jefferson County Board of Education. The discretely presented Jefferson County School Department's assets and deferred outflows exceeded its liabilities and deferred inflows of resources by approximately \$67.1 million at June 30, 2019.
- The primary government's total net position increased by approximately \$7.9 million. The discretely presented Jefferson County School Department's net position increased by approximately \$1.8 million. The increase in the primary government's total net position was primarily due to the retirement of debt.
- As of the close of the fiscal year, Jefferson County's Governmental funds reported approximately \$30.4 million in total combined fund balances; this is an approximate increase of \$2.9 million from the previous period. Of this amount, approximately \$6.1 million represents funds that are available for spending (assigned and

unassigned). The discretely presented Jefferson County School Department's governmental funds reported approximately \$8.6 million in total combined fund balances; an approximate increase of \$0.6 million from the previous year.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$5.7 million or 25.8 percent of the General Fund's annual budgetary expenditures (excluding other uses). The unassigned fund balance of the discretely presented Jefferson County School Department's General Purpose School Fund was approximately \$3.1 million or 5.6 percent of the fund's annual budgetary expenditures (excluding other uses).
- The total debt (bonds and other loans) of Jefferson County, Tennessee, decreased by approximately \$4.4 million or 6.3 percent during the current fiscal year due to the retirement of outstanding obligations.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

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

Government-wide Financial Statements

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

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

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

These government-wide financial statements of Jefferson County Primary Government and the discretely presented Jefferson County School Department distinguish between major functions that are principally supported by taxes and intra-governmental revenues from functions that are intended to recover all, or a significant portion of, their costs from user fees and/or charges – business type activities. The governmental activities of Jefferson County include: general government; finance; administration of justice; public safety;

public health and welfare; social, cultural, and recreational services; agriculture and natural resources; highways; education; and interest on long-term debt. The business-type activity of Jefferson County consists of the operation of the Landfill. The discretely presented Jefferson County School Department has no business-type activities.

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

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

Fund Financial Statements

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

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

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

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

The discretely presented Jefferson County School Department maintains four individual governmental funds. The General Purpose School Fund and the Education Capital Projects Fund are considered major funds.

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

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

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

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

The discretely presented Jefferson County School Department maintains an Internal Service Fund. The discretely presented Jefferson County School Department uses the internal service fund to account for the school department's self-insured employee dental and vision insurance program.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. Jefferson County's assets and deferred outflows exceeded its resources liabilities and deferred inflows of resources at June 30, 2019, by \$72.0 million. The Constitution for the State of Tennessee allows only the local legislative body to issue debt. Therefore, whenever the Jefferson County Board of Education requires the issuance of debt to fund major capital projects or equipment purchases, the related debt must be issued by the Jefferson County Government. At the end of the current fiscal year, Jefferson County had outstanding debt related to the Jefferson County Board of Education of \$53.7 million. The related assets for this debt are reported on the Statement of Net Position under component units in the column "Jefferson County School Department". The discretely presented Jefferson County School Department's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2019, by \$67.1 million.

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

	Jefferson County Primary Government Governmental Activities	
	2018	2019
Current and Other Assets	\$ 56,828,372	\$ 59,185,008
Capital Assets	98,326,595	98,473,109
Total Assets	\$ 155,154,967	\$ 157,658,117
Total Deferred Outflows of Resources	\$ 2,258,043	\$ 2,259,018
Long-term Liabilities Outstanding	\$ 68,530,653	\$ 63,657,072
Other Liabilities	5,558,869	5,743,988
Total Liabilities	\$ 74,089,522	\$ 69,401,060
Total Deferred Inflows of Resources	\$ 18,221,150	\$ 18,058,672
Net Position:		
Net Investment in Capital Assets	\$ 91,107,766	\$ 92,165,297
Restricted	8,074,820	8,423,514
Unrestricted	(34,080,248)	(28,131,408)
Total Net Position	\$ 65,102,338	\$ 72,457,403
	Jefferson County School Department Governmental Activities	
	2018	2019
Current and Other Assets	\$ 25,056,208	\$ 31,530,374
Capital Assets	71,291,309	69,456,619
Total Assets	\$ 96,347,517	\$ 100,986,993
Other Deferred Outflows	\$ 6,683,233	\$ 6,949,156
Long-term Liabilities Outstanding	\$ 16,804,381	\$ 15,921,380
Other Liabilities	4,887,592	7,012,680
Total Liabilities	\$ 21,691,973	\$ 22,934,060
Total Deferred Inflows of Resources	\$ 16,013,883	\$ 17,912,971
Net Position:		
Net Investment in Capital Assets	\$ 71,291,309	\$ 69,456,619
Restricted	3,040,533	5,918,147
Unrestricted	(9,006,948)	(8,285,648)
Total Net Position	\$ 65,324,894	\$ 67,089,118

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

	Jefferson County Primary Government Business Type Activities	
	2018	2019
Current and Other Assets	\$ 1,111,422	\$ 1,726,050
Capital Assets	2,750,020	\$ 2,701,352
Total Assets	<u>\$ 3,861,442</u>	<u>\$ 4,427,402</u>
Total Deferred Outflows of Resources	\$ 78,859	\$ 62,949
Long-term Liabilities Outstanding	\$ 4,688,772	\$ 4,745,648
Other Liabilities	144,279	142,863
Total Liabilities	<u>\$ 4,833,051</u>	<u>\$ 4,888,511</u>
Total Deferred Inflows of Resources	\$ 34,603	\$ 29,064
Net Position:		
Net Investment in Capital Assets	\$ 2,750,020	\$ 2,701,353
Restricted	63,137	68,445
Unrestricted	<u>(3,740,510)</u>	<u>(3,197,022)</u>
Total Net Position	<u>\$ (927,353)</u>	<u>\$ (427,224)</u>

By far, the largest portion of Jefferson County’s Governmental Activities and the discretely presented Jefferson County School Department’s net position is \$92.2 million and \$69.5 million respectively, reflecting their investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. Jefferson County Governmental Activities and the discretely presented Jefferson County School Department use these capital assets to provide services to its citizenry; therefore, these assets are not available to meet any obligations. Although Jefferson County’s Governmental Activities investment in capital assets is reported net of related debt, resources needed to repay this debt must come from outside resources because the capital assets themselves cannot be liquidated to pay these liabilities.

An additional portion of Jefferson County’s Governmental Activities and the discretely presented Jefferson County School Department’s net position is \$8.4 million and \$5.9 million respectively, which are subject to external restrictions on how they may be used.

Jefferson County’s Governmental Activities unrestricted net position is a negative \$28.1 million. This negative balance represents all unrestricted non-capital related assets net of Jefferson County’s Government Activities debt of \$8.3 million.

Jefferson County's Changes in Net Position

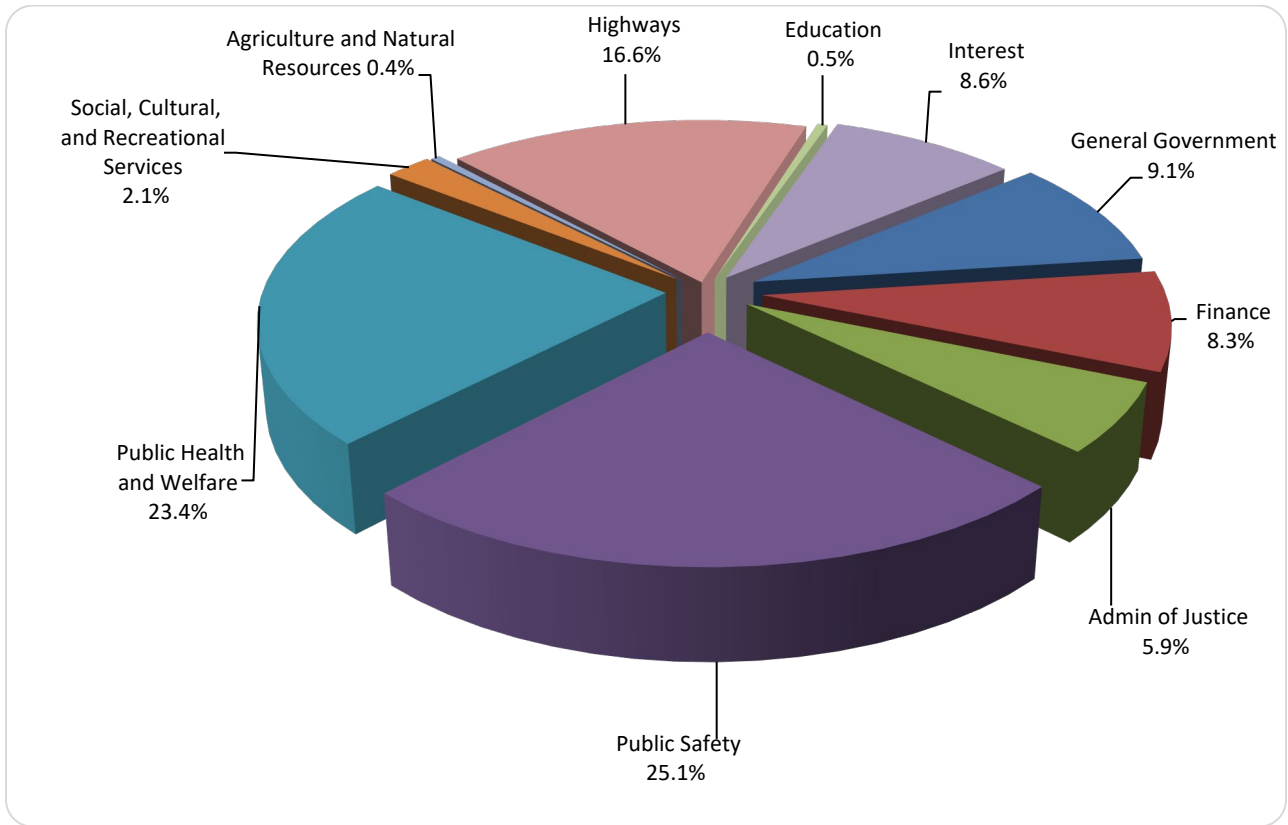
	Jefferson County Primary Government Governmental Activities	
	2018	2019
Revenues:		
Program Revenues:		
Charges for Services	\$ 11,189,165	\$ 9,960,838
Operating Grants and Contributions	3,167,856	4,211,896
Capital Grants and Contributions	164,900	745,351
General Revenues:		
Property Taxes	18,091,990	18,088,711
Sales Taxes	2,227,598	2,573,662
Other Taxes	3,995,575	4,073,966
Grants and Contributions Not Restricted to Specific Programs	1,066,062	1,070,298
Unrestricted Investment Income	367,909	832,006
Miscellaneous	9,961	14,189
Total Revenues	\$ 40,281,016	\$ 41,570,917
Expenses:		
General Government	3,337,576	3,103,522
Finance	2,868,720	2,852,464
Administration of Justice	2,104,268	2,012,753
Public Safety	8,583,189	8,575,988
Public Health and Welfare	7,060,067	7,990,657
Social, Cultural, and Recreational Services	687,227	733,809
Agriculture and Natural Resources	153,407	152,833
Highways	5,716,557	5,674,815
Education	1,025,940	160,000
Interest on Long-term Debt	3,203,740	2,959,011
Total Expenses	\$ 34,740,691	\$ 34,215,852
Increase (Decrease) in Net Position	5,540,325	7,355,065
Net Position, July 1	59,390,885	65,102,338
Restatement - Pension Liability	171,128	0
Net Position, June 30	\$ 65,102,338	\$ 72,457,403

Discretely Presented Jefferson County School Department's Changes in Net Position

	Jefferson County School Department Governmental Activities	
	2018	2019
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,153,402	\$ 1,278,364
Operating Grants and Contributions	7,200,031	7,455,117
Capital Grants and Contributions	1,062,422	170,000
General Revenues:		
Property Taxes	10,630,870	10,633,231
Sales Taxes	5,287,707	5,577,040
Other Taxes	32,904	32,578
Grants and Contributions Not Restricted to Specific Programs	39,600,288	40,607,792
Unrestricted Investment Income	7,198	8,081
Miscellaneous	10,119	32,480
Total Revenues	<u>\$ 64,984,941</u>	<u>\$ 65,794,683</u>
Expenses:		
Education	\$ 62,815,485	\$ 64,030,459
Total Expenses	<u>\$ 62,815,485</u>	<u>\$ 64,030,459</u>
Increase (Decrease) in Net Position	\$ 2,169,456	\$ 1,764,224
Net Position, July 1	66,431,218	65,324,894
Restatement - Pension Liability	(3,275,780)	0
Net Position, June 30	<u>\$ 65,324,894</u>	<u>\$ 67,089,118</u>

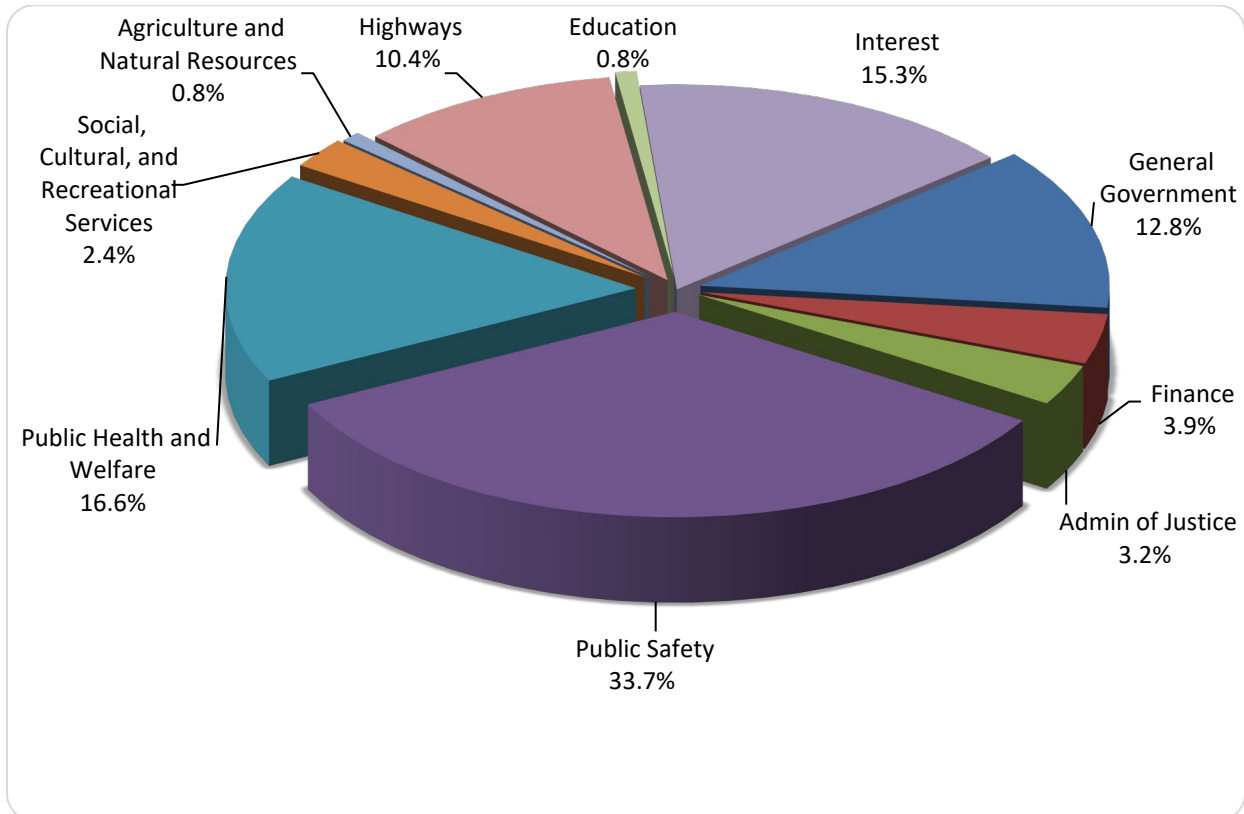
Governmental Activities Program Expenses

Public Safety expenses of \$8.6 million, Public Health of \$8.0 million, and Highways expenses of \$5.7 million are the largest expenses of Jefferson County, which when combined total \$22.3 million and are 65 percent of total expenses. For additional details, see illustrations below. Note that amounts are rounded to one decimal place in the following chart.



Net Expenses by Governmental Activities

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

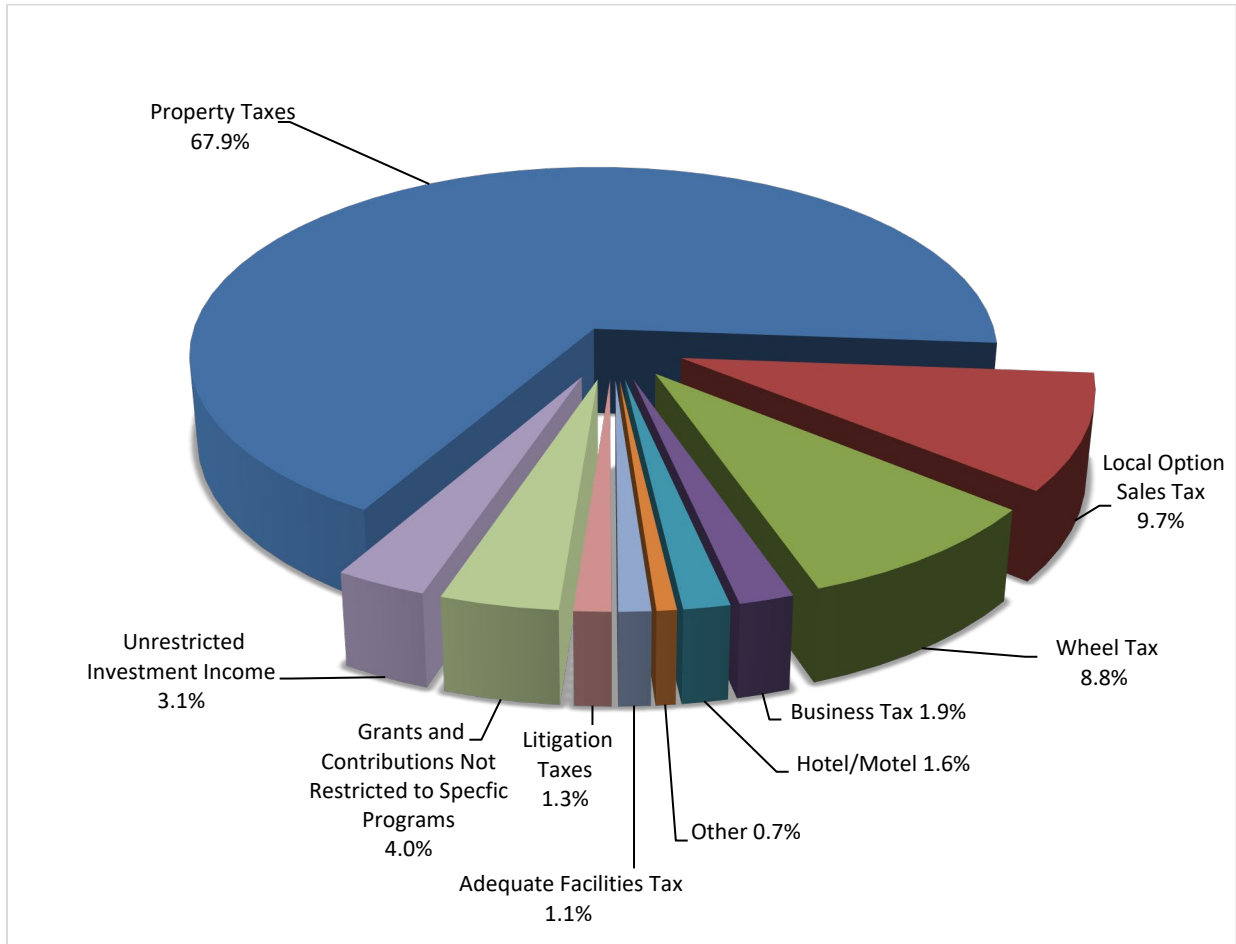


Revenues on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

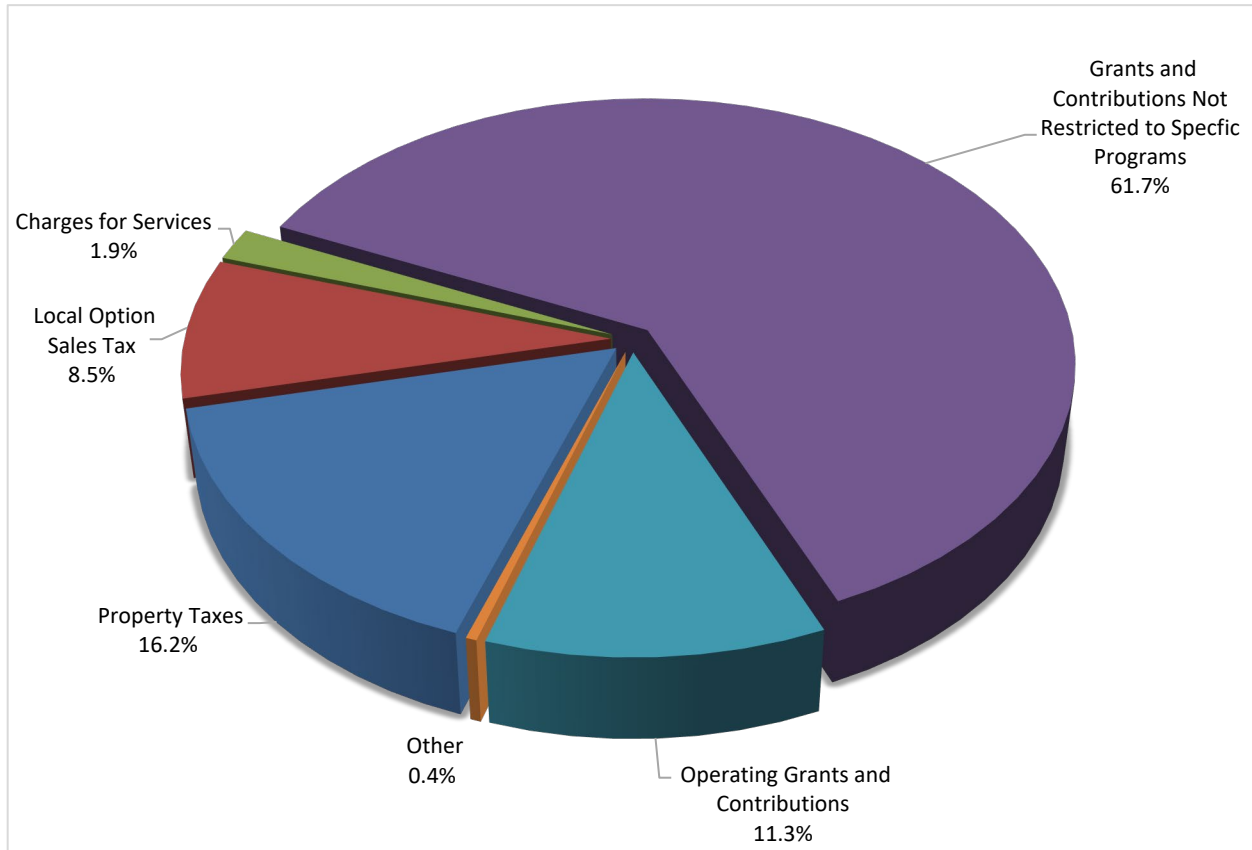
Program revenues are three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

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

Primary Government General Revenues by Source – Governmental Activities



**Jefferson County School Department
General Revenues by Source – Governmental Activities**



FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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

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

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

- Non-spendable Fund Balance – Jefferson County reflected \$20,164 in the General Debt Service Fund. The discretely presented Jefferson County School Department’s governmental funds did not reflect any non-spendable fund balances as of June 30,

2019. Non-spendable funds are funds that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

- **Restricted Fund Balance** – The restricted fund balance reflected in Jefferson County’s and the discretely presented Jefferson County School Department’s governmental funds totaling \$5.7 million and \$2.0 million respectively, includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** – The committed fund balance reflected in Jefferson County’s and the discretely presented Jefferson County School Department’s governmental funds totaling \$18.4 million and \$3.3 million respectively, includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county’s highest level of decision-making authority.
- **Assigned Fund Balance** – The assigned fund balance reflected in Jefferson County’s and the discretely presented Jefferson County School Department’s governmental funds totaling \$0.4 million and \$0.2 million, respectively, includes amounts that are constrained by the intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county commission or the finance director is authorized to make assignments.
- **Unassigned Fund Balance** – The unassigned fund balance reflected in Jefferson County’s and the discretely presented Jefferson County School Department’s governmental funds totaling \$5.7 million and \$3.1 million, respectively, represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds. This is the residual classification for the General and General Purpose School funds.

As of the end of the current fiscal year, Jefferson County’s governmental funds reported fund balances totaling \$30.4 million an increase of \$2.8 million. The discretely presented Jefferson County School Department’s governmental funds reported fund balances totaling \$8.6 million, an increase of \$0.6 million.

The General Fund is the chief operating fund of Jefferson County. At the end of the current fiscal year, unassigned fund balance was \$5.7 million, while total fund balance reached \$9.1 million. Total fund balance for the General Fund increased \$0.7 million. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 25.6 percent of total General Fund expenditures, while total fund balance represents 41.2 percent of that same amount.

The Other Special Revenue Fund had a fund balance of \$6.9 million at June 30, 2019, an increase of \$0.8 million. The Highway Public Works Fund had a fund balance of \$3.2 million at June 30, 2019, an increase of \$0.5 million. The General Debt Service Fund had a total fund balance of \$9.7 million at June 30, 2019, an increase of \$1.5 million.

The General Purpose School Fund is the chief operating fund of the discretely presented Jefferson County School Department. At the end of the current fiscal year, unassigned fund balance was \$3.1 million, while total fund balance was \$4.4 million. Total fund balance for the General Purpose School Fund decreased \$0.7 million. As a measure of the General Purpose School Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 5.5 percent of total General Purpose School Fund expenditures, while total fund balance represents 7.9 percent of that same amount.

BUDGETARY HIGHLIGHTS

General Fund Budgetary Highlights

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

	Original	Amended	Increase (Decrease)
Appropriations:			
General Government	\$ 2,814,823	\$ 2,837,368	\$ 22,545
Finance	2,261,918	2,294,587	32,669
Administration of Justice	1,720,111	1,752,718	32,607
Public Safety	8,246,624	8,296,720	50,096
Public Health and Welfare	5,486,044	5,720,886	234,842
Social, Cultural, and Recreational Services	678,914	703,235	24,321
Agriculture and Natural Resources	153,564	153,564	0
Other Operations	1,310,284	1,330,284	20,000
Capital Projects	0	278,000	278,000
Total Appropriations	<u>\$ 22,672,282</u>	<u>\$ 23,367,362</u>	<u>\$ 695,080</u>

At the close of the fiscal year, actual expenditures were \$1.4 million less than budgetary estimates.

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

The differences in the original and the final budget's appropriations increased by \$1.0 million compared to the original budget of \$56.9 million. At the close of the fiscal year, actual expenditures were \$1.9 million less than budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Jefferson County's investment in capital assets for its governmental activities, net of accumulated depreciation, as of June 30, 2019, totaled \$98.5 million. This investment in capital assets includes land, buildings and improvements, other capital assets (includes vehicles and equipment), and infrastructure (includes roads, highways, and bridges).

<u>Asset</u>	<u>Historical Value</u>	<u>Accumulated Depreciation</u>	<u>Net Value 6-30-19</u>
Land	\$ 1,672,777	\$ 0	\$ 1,672,777
Construction in Progress	451,427	0	451,427
Buildings and Improvements	24,893,057	(8,113,105)	16,779,952
Machinery and Equipment	11,608,103	(8,406,890)	3,201,213
Infrastructure	118,189,117	(41,821,377)	76,367,740
Total	<u>\$ 156,814,481</u>	<u>\$ (58,341,372)</u>	<u>\$ 98,473,109</u>

The discretely presented Jefferson County School Department's investment in capital assets, net of accumulated depreciation, as of June 30, 2019, totaled \$69.5 million. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and other capital assets.

<u>Asset</u>	<u>Historical Value</u>	<u>Accumulated Depreciation</u>	<u>Net Value 6-30-19</u>
Land	\$ 1,492,550	\$ 0	\$ 1,492,550
Construction in Progress	441,231	0	441,231
Buildings and Improvements	97,705,152	(33,445,859)	64,259,293
Machinery and Equipment	3,253,779	(2,377,914)	875,865
Other Capital Assets	6,302,640	(3,914,960)	2,387,680
Total	<u>\$ 109,195,352</u>	<u>\$ (39,738,733)</u>	<u>\$ 69,456,619</u>

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

Long-term Debt

At the end of the current fiscal year, Jefferson County had long-term debt obligations outstanding of \$66.3 million. Jefferson County made debt payments for outstanding principal totaling \$4.4 million during the year. All of this debt is backed by the full faith and credit of the county. Jefferson County maintains a rating of "Aa3" from Moody's and "A+" from Standard and Poor's for general obligation debt. Additional information on Jefferson County Government's long-term debt can be found in Exhibit K-1, Exhibit K-2, and Note IV.D of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

On June 27, 2019 Jefferson County adopted a budget for the fiscal year ending June 30, 2019.

The distribution of the 2019 property tax rate is shown below:

<u>Fund</u>	<u>Tax Rate</u>
General	\$ 0.87
Solid Waste/Sanitation	0.13
Highway	0.18
General Purpose School	0.81
General Debt Service	<u>0.20</u>
Total	<u>\$ 2.19</u>

The unemployment rate for the county as of June 30, 2019, was 4.4 percent. This can be attributed to the economic activity in the form of expansions by current manufacturing companies and several new retail developments. The state’s average unemployment rate as of June 30, 2019, was 4.0 percent and the national average was 3.2 percent.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Units	
	Governmental	Business-type	Total	Jefferson	Jefferson
	Activities	Activities		School	County
				Department	Nursing
				Home	
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 197,467	\$ 25	\$ 197,492	\$ 18,583	\$ 2,224,705
Equity in Pooled Cash and Investments	29,229,014	1,906,052	31,135,066	13,450,800	0
Inventories	0	0	0	0	28,419
Accounts Receivable	3,621,349	113,976	3,735,325	57,766	1,449,002
Allowance for Uncollectibles	(1,493,595)	(5,000)	(1,498,595)	0	(133,583)
Due from Other Governments	1,312,470	0	1,312,470	2,425,600	0
Due from Primary Government	0	0	0	5,098	0
Due from Component Units	6,145,000	0	6,145,000	0	0
Internal Balances	357,448	(357,448)	0	0	0
Property Taxes Receivable	18,294,559	0	18,294,559	12,002,070	0
Allowance for Uncollectible Property Taxes	(813,077)	0	(813,077)	(506,658)	0
Prepaid Expenses	20,164	0	20,164	0	18,275
Restricted Assets:					
Amounts Accumulated for Pension Benefits	53,722	3,157	56,879	122,885	62,414
Other Restricted Assets	0	0	0	0	14,297
Net Pension Asset - Public Employee Legacy Pension Plan	2,228,193	63,391	2,291,584	1,348,975	762,100
Net Pension Asset - Public Employee Hybrid Retirement Plan	32,294	1,897	34,191	8,851	65,295
Net Pension Asset - Teacher Hybrid Retirement Plan	0	0	0	198,123	0
Net Pension Asset - Teacher Legacy Pension Plan	0	0	0	2,398,281	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,672,777	510,430	2,183,207	1,492,550	7,181
Construction in Progress	451,427	365,943	817,370	441,231	15,910
Assets Net of Accumulated Depreciation:					
Landfill Facilities and Development	0	45,581	45,581	0	0
Buildings and Improvements	16,779,952	126,580	16,906,532	64,259,293	6,204,331
Machinery and Equipment	3,201,213	1,652,818	4,854,031	875,865	468,719
Other Capital Assets	0	0	0	2,387,680	4,700
Infrastructure	76,367,740	0	76,367,740	0	0
Total Assets	\$ 157,658,117	\$ 4,427,402	\$ 162,085,519	\$ 100,986,993	\$ 11,191,765

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental	Business-type	Total	Jefferson	Jefferson
	Activities	Activities		School	County
				Department	Nursing
				Home	
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred Charge on Refunding	\$ 128,752	\$ 0	\$ 128,752	\$ 0	\$ 0
Pension Changes in Experience	343,960	10,400	354,360	697,518	151,688
Pension Changes in Assumptions	589,502	16,771	606,273	1,782,676	201,625
Pension Changes in Proportion	0	0	0	202,271	0
Pension Contributions After Measurement Date	1,137,565	32,898	1,170,463	3,186,482	423,506
OPEB Changes in Assumptions	41,060	1,996	43,056	289,883	0
OPEB Changes in Proportion	0	0	0	39,322	0
OPEB Contributions After Measurement Date	18,179	884	19,063	751,004	0
Total Deferred Outflows of Resources	<u>\$ 2,259,018</u>	<u>\$ 62,949</u>	<u>\$ 2,321,967</u>	<u>\$ 6,949,156</u>	<u>\$ 776,819</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 246,425	\$ 4,835	\$ 251,260	\$ 203,570	\$ 228,519
Accrued Payroll	43,057	10,570	53,627	343,066	92,932
Payroll Deductions Payable	288,395	1,663	290,058	5,228,746	27,208
Accrued Leave - Current	0	0	0	0	150,840
Contracts Payable	0	0	0	944,167	0
Retainage Payable	0	3,128	3,128	49,693	0
Claims and Judgments Payable	61,524	0	61,524	0	0
Accrued Interest Payable	205,789	0	205,789	0	12,261
Due to Primary Government	0	0	0	0	6,145,000
Due to Component Units	5,098	0	5,098	0	0
Due to the State of Tennessee	23,840	271	24,111	0	0
Estimated Third-party Payor Settlements	0	0	0	0	21,662
Other Current Liabilities	0	0	0	0	64,727
Noncurrent Liabilities:					
Due Within One Year - Debt	4,608,491	0	4,608,491	0	0
Due Within One Year - Other	261,369	122,396	383,765	243,438	0
Due in More Than One Year - Debt	62,837,028	0	62,837,028	0	0
Due in More Than One Year - Other	820,044	4,745,648	5,565,692	15,921,380	0
Total Liabilities	<u>\$ 69,401,060</u>	<u>\$ 4,888,511</u>	<u>\$ 74,289,571</u>	<u>\$ 22,934,060</u>	<u>\$ 6,743,149</u>

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental	Business-type	Total	Jefferson	Jefferson
	Activities	Activities		School	County
				Department	Nursing
				Home	
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 17,109,951	\$ 0	\$ 17,109,951	\$ 11,277,012	\$ 0
Pension Changes in Experience	662,352	18,844	681,196	3,644,358	226,542
Pension Changes in Investment Earnings	184,668	5,276	189,944	644,710	64,414
Pension Changes in Proportion	0	0	0	30,100	0
OPEB Changes in Experience	73,985	3,597	77,582	1,728,593	0
OPEB Changes in Assumptions	27,716	1,347	29,063	588,198	0
Total Deferred Inflows of Resources	\$ 18,058,672	\$ 29,064	\$ 18,087,736	\$ 17,912,971	\$ 290,956
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 92,165,297	\$ 2,701,353	\$ 94,866,650	\$ 69,456,619	\$ 551,141
Restricted for:					
General Government	550,743	0	550,743	0	0
Finance	173,933	0	173,933	0	0
Administration of Justice	475,413	0	475,413	0	0
Public Safety	207,129	0	207,129	0	0
Public Health and Welfare	469,690	0	469,690	0	0
Social, Cultural, and Recreational Services	110,583	0	110,583	0	0
Highway/Public Works	3,374,740	0	3,374,740	0	0
Debt Service	43,779	0	43,779	0	0
Education	0	0	0	1,841,032	0
Capital Projects	703,295	0	703,295	0	0
Other Purposes	0	0	0	0	14,297
Pensions	2,314,209	68,445	2,382,654	4,077,115	889,809
Unrestricted	(28,131,408)	(3,197,022)	(31,328,430)	(8,285,648)	3,479,232
Total Net Position	\$ 72,457,403	\$ (427,224)	\$ 72,030,179	\$ 67,089,118	\$ 4,934,479

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

Exhibit B

Jefferson County, Tennessee
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Units	
	Expenses	Program Revenues			Primary Government			Jefferson	Jefferson
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	County School Department	County Nursing Home
Primary Government:									
Governmental Activities:									
General Government	\$ 3,103,522	\$ 605,802	\$ 23,265	\$ 0	\$ (2,474,455)	\$ 0	\$ (2,474,455)	\$ 0	\$ 0
Finance	2,852,464	2,092,845	0	0	(759,619)	0	(759,619)	0	0
Administration of Justice	2,012,753	1,291,065	53,693	45,403	(622,592)	0	(622,592)	0	0
Public Safety	8,575,988	1,945,638	128,165	0	(6,502,185)	0	(6,502,185)	0	0
Public Health and Welfare	7,990,657	3,732,222	430,767	624,179	(3,203,489)	0	(3,203,489)	0	0
Social, Cultural, and Recreational Services	733,809	110,236	156,808	1,000	(465,765)	0	(465,765)	0	0
Agriculture and Natural Resources	152,833	0	0	0	(152,833)	0	(152,833)	0	0
Highways	5,674,815	183,030	3,419,198	74,769	(1,997,818)	0	(1,997,818)	0	0
Education	160,000	0	0	0	(160,000)	0	(160,000)	0	0
Interest on Long-term Debt	2,959,011	0	0	0	(2,959,011)	0	(2,959,011)	0	0
Total Governmental Activities	\$ 34,215,852	\$ 9,960,838	\$ 4,211,896	\$ 745,351	\$ (19,297,767)	\$ 0	\$ (19,297,767)	\$ 0	\$ 0
Business-type Activities:									
Solid Waste Disposal	\$ 1,578,246	\$ 2,017,172	\$ 46,763	\$ 0	\$ 0	\$ 485,689	\$ 485,689	\$ 0	\$ 0
Total Business-type Activities	\$ 1,578,246	\$ 2,017,172	\$ 46,763	\$ 0	\$ 0	\$ 485,689	\$ 485,689	\$ 0	\$ 0
Total Primary Government	\$ 35,794,098	\$ 11,978,010	\$ 4,258,659	\$ 745,351	\$ (19,297,767)	\$ 485,689	\$ (18,812,078)	\$ 0	\$ 0
Component Units:									
Jefferson County School Department	\$ 64,030,459	\$ 1,278,364	\$ 7,455,117	\$ 170,000	\$ 0	\$ 0	\$ 0	\$ (55,126,978)	\$ 0
Jefferson County Nursing Home	13,084,815	13,775,261	0	0	0	0	0	0	690,446
Total Component Units	\$ 77,115,274	\$ 15,053,625	\$ 7,455,117	\$ 170,000	\$ 0	\$ 0	\$ 0	\$ (55,126,978)	\$ 690,446

(Continued)

Exhibit B

Jefferson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Jefferson County School Department	Jefferson County Nursing Home
					Governmental Activities	Business-type Activities			
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 15,399,844	\$ 0	\$ 15,399,844	\$ 10,633,231	\$ 0
Property Taxes Levied for Debt Service					2,688,867	0	2,688,867	0	0
Local Option Sales Taxes					2,573,662	0	2,573,662	5,577,040	0
Hotel/Motel Tax					423,809	0	423,809	0	0
Wheel Tax					2,355,081	0	2,355,081	0	0
Litigation Tax - General					119,346	0	119,346	0	0
Litigation Tax - Special Purpose					13,307	0	13,307	0	0
Litigation Tax - Jail, Workhouse, or Courthouse					205,039	0	205,039	0	0
Business Tax					497,412	0	497,412	0	0
Mixed Drink Tax					0	0	0	32,578	0
Adequate Facilities Tax					293,589	0	293,589	0	0
Wholesale Beer Tax					166,383	0	166,383	0	0
Grants and Contributions Not Restricted to Specific Programs					1,070,298	0	1,070,298	40,607,792	0
Unrestricted Investment Income					832,006	0	832,006	8,081	2,171
Gain on Investments					2,580	152	2,732	6,156	2,998
Gain on Disposal of Capital Assets					2,384	14,288	16,672	12,883	0
Miscellaneous					9,225	0	9,225	13,441	0
Total General Revenues					\$ 26,652,832	\$ 14,440	\$ 26,667,272	\$ 56,891,202	\$ 5,169
Change in Net Position					\$ 7,355,065	\$ 500,129	\$ 7,855,194	\$ 1,764,224	\$ 695,615
Net Position, July 1, 2018					65,102,338	(927,353)	64,174,985	65,324,894	4,238,864
Net Position, June 30, 2019					\$ 72,457,403	\$ (427,224)	\$ 72,030,179	\$ 67,089,118	\$ 4,934,479

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

Exhibit C-1

Jefferson County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2019

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 33,786	\$ 0	\$ 0	\$ 0	\$ 163,681	\$ 197,467
Equity in Pooled Cash and Investments	8,805,184	6,941,278	3,039,283	9,088,038	1,336,186	29,209,969
Accounts Receivable	3,601,047	0	9,130	7,458	3,714	3,621,349
Allowance for Uncollectibles	(1,493,595)	0	0	0	0	(1,493,595)
Due from Other Governments	596,718	0	414,729	263,975	37,048	1,312,470
Due from Other Funds	2,134	0	0	426,151	4,427	432,712
Property Taxes Receivable	11,216,602	0	2,493,752	2,769,662	1,814,543	18,294,559
Allowance for Uncollectible Property Taxes	(493,894)	0	(110,370)	(122,017)	(86,796)	(813,077)
Prepaid Items	0	0	0	20,164	0	20,164
Restricted Assets	53,722	0	0	0	0	53,722
Total Assets	\$ 22,321,704	\$ 6,941,278	\$ 5,846,524	\$ 12,453,431	\$ 3,272,803	\$ 50,835,740
<u>LIABILITIES</u>						
Accounts Payable	\$ 155,720	\$ 0	\$ 44,143	\$ 500	\$ 42,513	\$ 242,876
Accrued Payroll	0	0	33,924	0	9,133	43,057
Payroll Deductions Payable	279,347	0	5,874	0	3,174	288,395
Claims and Judgments Payable	61,524	0	0	0	0	61,524
Due to Other Funds	4,427	0	0	0	70,837	75,264
Due to Component Units	5,098	0	0	0	0	5,098
Due to State of Tennessee	23,130	0	114	0	596	23,840
Total Liabilities	\$ 529,246	\$ 0	\$ 84,055	\$ 500	\$ 126,253	\$ 740,054

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 10,499,288	\$ 0	\$ 2,333,175	\$ 2,592,417	\$ 1,685,071	\$ 17,109,951
Deferred Delinquent Property Taxes	177,104	0	39,799	43,779	33,829	294,511
Other Deferred/Unavailable Revenue	1,981,783	0	207,364	131,988	0	2,321,135
Total Deferred Inflows of Resources	\$ 12,658,175	\$ 0	\$ 2,580,338	\$ 2,768,184	\$ 1,718,900	\$ 19,725,597
<u>FUND BALANCES</u>						
Nonspendable:						
Prepaid Items	\$ 0	\$ 0	\$ 0	\$ 20,164	\$ 0	\$ 20,164
Restricted:						
Restricted for General Government	538,789	0	0	0	11,954	550,743
Restricted for Finance	11,802	0	0	0	162,131	173,933
Restricted for Administration of Justice	468,076	0	0	0	7,337	475,413
Restricted for Public Safety	147,532	0	0	0	59,597	207,129
Restricted for Public Health and Welfare	6,670	0	0	0	445,761	452,431
Restricted for Social, Cultural, and Recreational Services	110,583	0	0	0	0	110,583
Restricted for Highways/Public Works	0	0	3,182,131	0	0	3,182,131
Restricted for Capital Projects	0	0	0	0	699,315	699,315
Restricted for Hybrid Retirement Stabilization Funds	53,722	0	0	0	0	53,722
Committed:						
Committed for General Government	918,809	0	0	0	0	918,809
Committed for Public Health and Welfare	795,000	0	0	0	41,555	836,555
Committed for Other Operations	0	6,941,278	0	0	0	6,941,278
Committed for Debt Service	0	0	0	9,664,583	0	9,664,583
Assigned:						
Assigned for General Government	5,475	0	0	0	0	5,475

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES (Cont.)</u>						
Assigned (Cont.):						
Assigned for Finance	\$ 9,931	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,931
Assigned for Administration of Justice	14,467	0	0	0	0	14,467
Assigned for Public Safety	42,966	0	0	0	0	42,966
Assigned for Other Operations	340,337	0	0	0	0	340,337
Unassigned	5,670,124	0	0	0	0	5,670,124
Total Fund Balances	<u>\$ 9,134,283</u>	<u>\$ 6,941,278</u>	<u>\$ 3,182,131</u>	<u>\$ 9,684,747</u>	<u>\$ 1,427,650</u>	<u>\$ 30,370,089</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 22,321,704</u>	<u>\$ 6,941,278</u>	<u>\$ 5,846,524</u>	<u>\$ 12,453,431</u>	<u>\$ 3,272,803</u>	<u>\$ 50,835,740</u>

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

Exhibit C-2

Jefferson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 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)		\$ 30,370,089
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,672,777	
Add: construction in progress	451,427	
Add: buildings and improvements net of accumulated depreciation	16,779,952	
Add: other capital assets net of accumulated depreciation	3,201,213	
Add: infrastructure net of accumulated depreciation	<u>76,367,740</u>	98,473,109
(2) An internal service fund is used by management to charge the cost of employee dental and vision programs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		15,496
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$ (12,653,983)	
Less: bonds payable	(53,645,000)	
Add: bonds to be paid by nursing home for the primary government	6,145,000	
Add: deferred charge on refunding	128,752	
Less: unamortized premium on debt	(1,146,536)	
Less: accrued interest on bonds and other loans	(205,789)	
Less: compensated absences payable	(373,384)	
Less: other postemployment benefits liability	<u>(708,029)</u>	(62,458,969)
(4) 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 and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 2,071,027	
Less: deferred inflows of resources related to pensions	(847,020)	
Add: deferred outflows of resources related to OPEB	59,239	
Less: deferred inflows of resources related to OPEB	<u>(101,701)</u>	1,181,545
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - public employee legacy pension plan	\$ 2,228,193	
Add: net pension asset - public employee hybrid retirement plan	<u>32,294</u>	2,260,487
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,615,646</u>
Net position of governmental activities (Exhibit A)		<u>\$ 72,457,403</u>

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

Exhibit C-3

Jefferson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds				Nonmajor	Total	
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds		Governmental Funds
<u>Revenues</u>							
Local Taxes	\$ 13,351,621	\$ 0	\$ 2,465,375	\$ 6,845,366	\$ 2,223,343	\$ 24,885,705	
Licenses and Permits	403,933	0	0	0	0	403,933	
Fines, Forfeitures, and Penalties	483,904	0	0	0	40,611	524,515	
Charges for Current Services	3,581,986	0	140,413	0	759,308	4,481,707	
Other Local Revenues	721,110	758,676	89	1,228,927	19,080	2,727,882	
Fees Received From County Officials	1,966,679	0	0	0	0	1,966,679	
State of Tennessee	1,954,086	0	2,421,092	0	109,903	4,485,081	
Federal Government	856,289	0	0	447,426	422,055	1,725,770	
Other Governments and Citizens Groups	144,147	0	0	0	0	144,147	
Total Revenues	\$ 23,463,755	\$ 758,676	\$ 5,026,969	\$ 8,521,719	\$ 3,574,300	\$ 41,345,419	
<u>Expenditures</u>							
Current:							
General Government	\$ 2,597,618	\$ 0	\$ 0	\$ 0	\$ 196	\$ 2,597,814	
Finance	2,090,289	7,567	0	0	778,285	2,876,141	
Administration of Justice	1,645,397	0	0	0	0	1,645,397	
Public Safety	7,810,604	0	0	0	53,104	7,863,708	
Public Health and Welfare	5,529,997	0	0	0	1,840,304	7,370,301	
Social, Cultural, and Recreational Services	671,128	0	0	0	0	671,128	
Agriculture and Natural Resources	152,357	0	0	0	0	152,357	
Other Operations	1,315,981	0	0	0	0	1,315,981	
Highways	0	0	4,539,619	0	0	4,539,619	
Debt Service:							
Principal on Debt	0	0	0	4,428,127	0	4,428,127	
Interest on Debt	0	0	0	3,011,603	0	3,011,603	
Other Debt Service	0	0	0	134,102	0	134,102	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 160,000	\$ 0	\$ 0	\$ 0	\$ 1,786,000	\$ 1,946,000
Total Expenditures	\$ 21,973,371	\$ 7,567	\$ 4,539,619	\$ 7,573,832	\$ 4,457,889	\$ 38,552,278
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,490,384	\$ 751,109	\$ 487,350	\$ 947,887	\$ (883,589)	\$ 2,793,141
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 38,553	\$ 0	\$ 3,911	\$ 0	\$ 0	\$ 42,464
Transfers In	0	0	0	512,355	399,390	911,745
Transfers Out	(811,745)	0	0	0	(100,000)	(911,745)
Total Other Financing Sources (Uses)	\$ (773,192)	\$ 0	\$ 3,911	\$ 512,355	\$ 299,390	\$ 42,464
Net Change in Fund Balances	\$ 717,192	\$ 751,109	\$ 491,261	\$ 1,460,242	\$ (584,199)	\$ 2,835,605
Fund Balance, July 1, 2018	8,417,091	6,190,169	2,690,870	8,224,505	2,011,849	27,534,484
Fund Balance, June 30, 2019	\$ 9,134,283	\$ 6,941,278	\$ 3,182,131	\$ 9,684,747	\$ 1,427,650	\$ 30,370,089

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

Jefferson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 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)		\$ 2,835,605
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,053,618	
Less: current-year depreciation expense	<u>(2,979,979)</u>	(926,361)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase (decrease) net position.		
Add: assets donated and capitalized		1,072,875
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 2,615,646	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(3,203,022)</u>	(587,376)
(4) The issuance of long-term debt (e.g., bonds, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Add: change in unamortized premium on debt issues	\$ 227,911	
Add: principal payments on bonds	2,385,000	
Add: principal payments on other loans	2,043,127	
Less: change in deferred amounts on refunding debt	(50,447)	
Less: contributions from Nursing Home for bond	<u>(260,000)</u>	4,345,591
(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	\$ 9,230	
Change in compensated absences payable	(3,688)	
Change in net OPEB liability	38,285	
Change in net pension asset/liability	571,658	
Change in deferred outflows related to pensions	7,018	
Change in deferred inflows related to pensions	35,229	
Change in deferred outflows related to OPEB	44,404	
Change in deferred inflows related to OPEB	<u>(67,155)</u>	634,981

(Continued)

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

(6) Internal service funds are used by management to charge the cost of employee dental and vision benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.	<u>\$ (20,250)</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 7,355,065</u></u>

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

Exhibit C-5

Jefferson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 13,351,621	\$ 0	\$ 0	\$ 13,351,621	\$ 12,797,499	\$ 12,797,499	\$ 554,122
Licenses and Permits	403,933	0	0	403,933	363,000	363,000	40,933
Fines, Forfeitures, and Penalties	483,904	0	0	483,904	358,700	358,700	125,204
Charges for Current Services	3,581,986	0	0	3,581,986	3,545,108	3,558,344	23,642
Other Local Revenues	721,110	0	0	721,110	743,930	835,738	(114,628)
Fees Received From County Officials	1,966,679	0	0	1,966,679	1,728,000	1,728,000	238,679
State of Tennessee	1,954,086	0	0	1,954,086	2,034,161	1,934,925	19,161
Federal Government	856,289	0	0	856,289	579,303	687,521	168,768
Other Governments and Citizens Groups	144,147	0	0	144,147	162,300	162,300	(18,153)
Total Revenues	\$ 23,463,755	\$ 0	\$ 0	\$ 23,463,755	\$ 22,312,001	\$ 22,426,027	\$ 1,037,728
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 249,796	\$ 0	\$ 0	\$ 249,796	\$ 290,906	\$ 311,306	\$ 61,510
Board of Equalization	2,461	0	0	2,461	3,775	3,775	1,314
County Mayor/Executive	234,514	0	0	234,514	269,828	269,828	35,314
Election Commission	336,744	0	50	336,794	367,258	367,258	30,464
Register of Deeds	316,765	0	1,496	318,261	320,850	320,850	2,589
Codes Compliance	115,924	0	0	115,924	117,970	117,970	2,046
County Buildings	995,476	(2,000)	3,929	997,405	1,027,968	1,028,852	31,447
Other Facilities	336,039	0	0	336,039	403,468	403,468	67,429
Other General Administration	0	0	0	0	2,500	2,500	2,500
Preservation of Records	9,899	0	0	9,899	10,300	11,561	1,662
<u>Finance</u>							
Accounting and Budgeting	693,862	0	0	693,862	734,427	737,496	43,634
Property Assessor's Office	532,635	0	0	532,635	555,017	570,017	37,382
County Trustee's Office	71,436	0	0	71,436	77,045	77,045	5,609
County Clerk's Office	120,750	0	0	120,750	130,429	135,029	14,279
Data Processing	132,670	(173)	0	132,497	150,009	160,009	27,512
Other Finance	538,936	0	0	538,936	614,991	614,991	76,055

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>							
Circuit Court	\$ 744,948	\$ 0	\$ 321	\$ 745,269	\$ 761,934	\$ 784,654	\$ 39,385
General Sessions Court	292,002	0	0	292,002	298,516	299,016	7,014
Drug Court	30,144	0	0	30,144	39,500	39,500	9,356
Chancery Court	233,088	0	371	233,459	231,632	237,719	4,260
Juvenile Court	257,622	0	0	257,622	273,854	277,154	19,532
Other Administration of Justice	1,600	0	0	1,600	3,500	3,500	1,900
Victim Assistance Programs	85,993	0	0	85,993	111,175	111,175	25,182
<u>Public Safety</u>							
Sheriff's Department	3,981,749	(3,231)	2,324	3,980,842	4,219,094	4,219,190	238,348
Wheel Tax Officer	16,338	0	0	16,338	19,336	19,336	2,998
Administration of the Sexual Offender Registry	12,930	0	0	12,930	20,000	20,000	7,070
Jail	2,754,839	0	21,621	2,776,460	2,869,345	2,939,345	162,885
Workhouse	326,532	0	0	326,532	386,250	366,250	39,718
Inspection and Regulation	71,387	0	0	71,387	80,270	80,270	8,883
Public Safety Grants Program	27,000	0	0	27,000	32,500	32,500	5,500
Other Public Safety	619,829	0	0	619,829	619,829	619,829	0
<u>Public Health and Welfare</u>							
Local Health Center	296,908	0	644	297,552	347,940	350,440	52,888
Rabies and Animal Control	112,281	0	880	113,161	132,512	132,245	19,084
Ambulance/Emergency Medical Services	4,945,531	0	9,181	4,954,712	4,821,805	5,051,124	96,412
Sanitation Education/Information	68,021	0	316	68,337	69,835	73,125	4,788
Other Public Health and Welfare	107,256	0	0	107,256	113,952	113,952	6,696
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	211,734	0	0	211,734	224,679	224,679	12,945
Libraries	459,394	0	15	459,409	454,235	478,556	19,147
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	112,795	0	0	112,795	113,269	113,269	474
Soil Conservation	39,562	0	0	39,562	40,295	40,295	733

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Veterans' Services	\$ 39,256	\$ 0	\$ 0	\$ 39,256	\$ 43,683	\$ 43,683	\$ 4,427
Contributions to Other Agencies	1,276,725	0	0	1,276,725	1,266,601	1,286,601	9,876
<u>Capital Projects</u>							
Other General Government Projects	0	0	0	0	0	118,000	118,000
Education Capital Projects	160,000	0	0	160,000	0	160,000	0
Total Expenditures	\$ 21,973,371	\$ (5,404)	\$ 41,148	\$ 22,009,115	\$ 22,672,282	\$ 23,367,362	\$ 1,358,247
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,490,384	\$ 5,404	\$ (41,148)	\$ 1,454,640	\$ (360,281)	\$ (941,335)	\$ 2,395,975
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 38,553	\$ 0	\$ 0	\$ 38,553	\$ 0	\$ 37,401	\$ 1,152
Transfers In	0	0	0	0	826,944	0	0
Transfers Out	(811,745)	0	0	(811,745)	(806,053)	(811,745)	0
Total Other Financing Sources	\$ (773,192)	\$ 0	\$ 0	\$ (773,192)	\$ 20,891	\$ (774,344)	\$ 1,152
Net Change in Fund Balance	\$ 717,192	\$ 5,404	\$ (41,148)	\$ 681,448	\$ (339,390)	\$ (1,715,679)	\$ 2,397,127
Fund Balance, July 1, 2018	8,417,091	(5,404)	0	8,411,687	8,766,004	8,766,004	(354,317)
Fund Balance, June 30, 2019	\$ 9,134,283	\$ 0	\$ (41,148)	\$ 9,093,135	\$ 8,426,614	\$ 7,050,325	\$ 2,042,810

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

Exhibit C-6

Jefferson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 758,676	\$ 754,000	\$ 754,000	\$ 4,676
Total Revenues	\$ 758,676	\$ 754,000	\$ 754,000	\$ 4,676
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 7,567	\$ 7,600	\$ 7,600	\$ 33
Total Expenditures	\$ 7,567	\$ 7,600	\$ 7,600	\$ 33
Excess (Deficiency) of Revenues Over Expenditures	\$ 751,109	\$ 746,400	\$ 746,400	\$ 4,709
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (826,944)	\$ 0	\$ 0
Total Other Financing Sources	\$ 0	\$ (826,944)	\$ 0	\$ 0
Net Change in Fund Balance	\$ 751,109	\$ (80,544)	\$ 746,400	\$ 4,709
Fund Balance, July 1, 2018	6,190,169	6,190,169	6,190,169	0
Fund Balance, June 30, 2019	\$ 6,941,278	\$ 6,109,625	\$ 6,936,569	\$ 4,709

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

Exhibit C-7

Jefferson County, Tennessee
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Highway/Public Works Fund
 For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,465,375	\$ 0	\$ 0	\$ 2,465,375	\$ 2,428,600	\$ 2,428,600	\$ 36,775
Charges for Current Services	140,413	0	0	140,413	55,000	55,000	85,413
Other Local Revenues	89	0	0	89	0	0	89
State of Tennessee	2,421,092	0	0	2,421,092	1,982,308	1,982,308	438,784
Federal Government	0	0	0	0	61,858	61,858	(61,858)
Total Revenues	\$ 5,026,969	\$ 0	\$ 0	\$ 5,026,969	\$ 4,527,766	\$ 4,527,766	\$ 499,203
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 268,567	\$ 0	\$ 2,470	\$ 271,037	\$ 297,162	\$ 296,562	\$ 25,525
Highway and Bridge Maintenance	2,369,945	0	50,998	2,420,943	2,414,933	2,480,683	59,740
Operation and Maintenance of Equipment	836,616	0	125,322	961,938	1,011,929	1,042,894	80,956
Quarry Operations	712,392	(16,083)	0	696,309	792,453	755,002	58,693
Asphalt Plant Operations	52,984	0	0	52,984	32,600	55,050	2,066
Other Charges	109,121	0	0	109,121	103,185	118,185	9,064
Employee Benefits	129,994	0	0	129,994	129,993	129,994	0
Capital Outlay	60,000	0	0	60,000	91,662	91,662	31,662
Total Expenditures	\$ 4,539,619	\$ (16,083)	\$ 178,790	\$ 4,702,326	\$ 4,873,917	\$ 4,970,032	\$ 267,706
Excess (Deficiency) of Revenues Over Expenditures	\$ 487,350	\$ 16,083	\$ (178,790)	\$ 324,643	\$ (346,151)	\$ (442,266)	\$ 766,909
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 3,911	\$ 0	\$ 0	\$ 3,911	\$ 0	\$ 3,911	\$ 0
Total Other Financing Sources	\$ 3,911	\$ 0	\$ 0	\$ 3,911	\$ 0	\$ 3,911	\$ 0

(Continued)

Exhibit C-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 491,261	\$ 16,083	\$ (178,790)	\$ 328,554	\$ (346,151)	\$ (438,355)	\$ 766,909
Fund Balance, July 1, 2018	2,690,870	(16,083)	0	2,674,787	2,076,605	2,076,605	598,182
Fund Balance, June 30, 2019	\$ 3,182,131	\$ 0	\$ (178,790)	\$ 3,003,341	\$ 1,730,454	\$ 1,638,250	\$ 1,365,091

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

Exhibit D-1

Jefferson County, Tennessee
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 25	\$ 0
Equity in Pooled Cash and Investments	1,906,052	19,045
Accounts Receivable	113,976	0
Allowance for Uncollectibles	(5,000)	0
Due from Other Funds	68,703	0
Total Current Assets	<u>\$ 2,083,756</u>	<u>\$ 19,045</u>
Noncurrent Assets:		
Restricted Assets	\$ 3,157	\$ 0
Net Pension Asset	65,288	0
Capital Assets:		
Assets Not Depreciated:		
Land	510,430	0
Construction in Progress	365,943	0
Assets Net of Accumulated Depreciation:		
Landfill Facilities and Development	45,581	0
Buildings and Improvements	126,580	0
Machinery and Equipment	1,652,818	0
Total Noncurrent Assets	<u>\$ 2,769,797</u>	<u>\$ 0</u>
Total Assets	<u>\$ 4,853,553</u>	<u>\$ 19,045</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 10,400	\$ 0
Pension Changes in Assumptions	16,771	0
Pension Contributions After Measurement Date	32,898	0
OPEB Changes in Assumptions	1,996	0
OPEB Contributions After Measurement Date	884	0
Total Deferred Outflows of Resources	<u>\$ 62,949</u>	<u>\$ 0</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 4,835	\$ 3,549
Accrued Payroll	10,570	0
Payroll Deductions Payable	1,663	0

(Continued)

Exhibit D-1

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

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>LIABILITIES (Cont.)</u>		
Current Liabilities (Cont.):		
Retainage Payable	\$ 3,128	\$ 0
Due to Other Funds	426,151	0
Due to State of Tennessee	271	0
Current Portion of Long-term Liabilities - Other	122,396	0
Total Current Liabilities	<u>\$ 569,014</u>	<u>\$ 3,549</u>
Noncurrent Liabilities:		
Due in More Than One Year - Other	\$ 4,745,648	\$ 0
Total Noncurrent Liabilities	<u>\$ 4,745,648</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 5,314,662</u>	<u>\$ 3,549</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 18,844	\$ 0
Pension Changes in Investment Earnings	5,276	0
OPEB Changes in Experience	3,597	0
OPEB Changes in Assumptions	1,347	0
Total Deferred Inflows of Resources	<u>\$ 29,064</u>	<u>\$ 0</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 2,701,353	\$ 0
Net Position - Restricted for Pensions	68,445	0
Unrestricted	<u>(3,197,022)</u>	<u>15,496</u>
Total Net Position	<u>\$ (427,224)</u>	<u>\$ 15,496</u>

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

Exhibit D-2

Jefferson County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
	_____	_____
<u>Operating Revenues</u>		
Tipping Fees	\$ 874,969	\$ 0
Commercial and Industrial Waste Collection Charges	823,940	0
Sale of Recycled Materials	273,827	0
Miscellaneous Refunds	44,436	0
State of Tennessee	46,763	0
Self-Insurance Premiums/Contributions	0	161,711
Total Operating Revenues	<u>\$ 2,063,935</u>	<u>\$ 161,711</u>
<u>Operating Expenses</u>		
<u>Cost of Sales and Services</u>		
Supervisor/Director	\$ 32,764	\$ 0
Accountants/Bookkeepers	38,010	0
Part-time Personnel	15,002	0
Longevity Pay	6,650	0
Overtime	34,308	0
Laborers	319,544	0
Board and Committee Members Fees	4,120	0
Social Security	27,463	0
Pensions	45,257	0
Life Insurance	921	0
Medical Insurance	104,312	0
Dental Insurance	1,020	0
Unemployment Compensation	2,298	0
Employer Medicare	6,423	0
Engineering Services	38,372	0
Evaluation and Testing	24,872	0
Janitorial Services	770	0
Maintenance Agreements	742	0
Maintenance and Repair Services - Equipment	93,813	0
Postal Charges	70	0
Rentals	5,704	0
Travel	1,692	0
Contracts for Development Costs	19,058	0
Other Contracted Services	25,933	0
Crushed Stone	35,251	0
Diesel Fuel	160,986	0
Gasoline	19,522	0
Lubricants	20,814	0

(Continued)

Exhibit D-2

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

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>Operating Expenses (Cont.)</u>		
<u>Cost of Sales and Services (Cont.)</u>		
Office Supplies	\$ 2,293	\$ 0
Pipe	873	0
Small Tools	1,799	0
Uniforms	6,045	0
Utilities	10,992	0
Other Supplies and Materials	10,343	0
Building and Contents Insurance	1,940	0
Liability Insurance	2,267	0
Trustee's Commission	17,381	0
Vehicle and Equipment Insurance	6,510	0
Workers' Compensation Insurance	30,713	0
Depreciation	246,815	0
Surcharge	25,378	0
Landfill Closure/Postclosure Care Costs	65,243	0
Other Charges	8,214	0
Solid Waste Equipment	49,887	0
Handling Charges and Administrative Costs	0	16,601
Other Self-Insured Claims	0	165,360
Total Operating Expenses	<u>\$ 1,572,384</u>	<u>\$ 181,961</u>
Operating Income (Loss)	<u>\$ 491,551</u>	<u>\$ (20,250)</u>
<u>Nonoperating Revenues (Expenses)</u>		
Gain on Sale of Capital Assets	\$ 14,288	\$ 0
Investment Income	152	0
Interest on Internal Loan	(5,862)	0
Total Nonoperating Revenues (Expenses)	<u>\$ 8,578</u>	<u>\$ 0</u>
Change in Net Position	\$ 500,129	\$ (20,250)
Net Position, July 1, 2018	<u>(927,353)</u>	<u>35,746</u>
Net Position, June 30, 2019	<u>\$ (427,224)</u>	<u>\$ 15,496</u>

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

Jefferson County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>Cash Flows from Operating Activities</u>		
Receipts from Customers and Users	\$ 1,777,977	\$ 0
Receipts from Recycled Materials	273,827	0
Receipts from Other State Revenues	46,763	0
Receipts for Self-Insurance Premiums	0	161,711
Payments to Employees and Board Members	(453,055)	0
Payments for Fringe Benefits	(181,113)	0
Payments to Suppliers	(418,818)	0
Payments to Others	(208,903)	(38,773)
Payments for Claims	0	(167,204)
Payments for Administrative Costs	0	(16,601)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 836,678</u>	<u>\$ (60,867)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition and Construction of Capital Assets	\$ (330,075)	\$ 0
Proceeds from Sale of Capital Assets	146,216	0
Principal Paid on Internal Loan	(160,000)	0
Interest Paid on Internal Loan	(5,862)	0
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (349,721)</u>	<u>\$ 0</u>
<u>Cash Flows from Investing Activities</u>		
Contributions to Pension Stabilization Reserve Trust	\$ (3,005)	\$ 0
Net Cash Provided by (Used In) Investing Activities	<u>\$ (3,005)</u>	<u>\$ 0</u>
Increase (Decrease) in Cash	\$ 486,957	\$ (60,867)
Cash, July 1, 2018	<u>1,422,125</u>	<u>79,912</u>
Cash, June 30, 2019	<u>\$ 1,909,082</u>	<u>\$ 19,045</u>

(Continued)

Exhibit D-3

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

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
	<u>Fund</u>	<u>Fund</u>
<u>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ 491,551	\$ (20,250)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	246,815	0
Changes in Deferred Outflows for Pensions	18,040	0
Changes in Deferred Inflows for Pensions	(8,737)	0
Changes in Deferred Outflows for OPEB	(2,130)	0
Changes in Deferred Inflows for OPEB	3,198	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Net Pension Asset/Liability	(2,151)	0
(Increase) Decrease in Accounts Receivable	38,250	0
(Increase) Decrease in Due from Other Governments	1,990	0
(Increase) Decrease in Due from Other Funds	(5,608)	0
Increase (Decrease) in Operating Accounts Payable	(8,586)	0
Increase (Decrease) in Due to Component Units	0	(38,773)
Increase (Decrease) in Claims Payable	0	(1,844)
Increase (Decrease) in Accrued Payroll	364	0
Increase (Decrease) in Payroll Deductions Payable	1,663	0
Increase (Decrease) in Retainage Payable	3,128	0
Increase (Decrease) in Due to State of Tennessee	(29)	0
Increase (Decrease) in Landfill Closure/Postclosure Care Cost	65,243	0
Increase (Decrease) in Compensated Absences	(3,021)	0
Increase (Decrease) in OPEB Liability	(3,302)	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ 836,678</u>	<u>\$ (60,867)</u>
<u>Reconciliation of Cash With Statement of Net Position</u>		
Cash Per Net Position	\$ 25	\$ 0
Equity in Pooled Cash and Investments Per Net Position	<u>1,906,052</u>	<u>19,045</u>
Cash, June 30, 2019	<u>\$ 1,906,077</u>	<u>\$ 19,045</u>
<u>Schedule of Noncash Investing Activities</u>		
Gain on Investments of Pension Stabilization Reserve Trust	\$ 152	\$ 0

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

Exhibit E-1

Jefferson County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,030,458
Equity in Pooled Cash and Investments	9,555
Accounts Receivable	65,338
Due from Other Governments	977,401
Property Taxes Receivable	1,486,974
Allowance for Uncollectible Property Taxes	<u>(72,654)</u>
Total Assets	<u>\$ 4,497,072</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,401,276
Due to Litigants, Heirs, and Others	<u>2,095,796</u>
Total Liabilities	<u>\$ 4,497,072</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Jefferson County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Jefferson County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the school department are included in this report as listed in the table of contents. Complete financial statements of the Jefferson County Nursing Home and the Jefferson County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

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

Related Organization – The Jefferson County Industrial Development Board is a related organization of Jefferson County. The county mayor nominates, and the Jefferson County Commission confirms the board members, but the county's accountability for the organization does not extend beyond making these appointments.

B. Government-wide and Fund Financial Statements

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

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

Jefferson County issues all debt for the discretely presented Jefferson County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2019.

Separate financial statements are provided for governmental funds, proprietary funds (internal service and enterprise), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Jefferson County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Jefferson County reports two proprietary funds, an enterprise fund and an internal service fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a

single column on the fund financial statements. The internal service fund and fiduciary funds in total are reported in single columns by fund type.

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

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

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

Jefferson County reports the following major governmental funds:

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

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

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

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

Jefferson County reports the following major proprietary fund:

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

Additionally, Jefferson County reports the following fund types:

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

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

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

The discretely presented Jefferson County School Department reports the following major governmental funds:

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.

Education Capital Projects Fund – This fund is used to account for financial resources to be used in the acquisition or construction of capital assets.

Additionally, the Jefferson County School Department reports the following fund types:

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

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

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

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

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

1. Deposits and Investments

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

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer’s Investment Pool; 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 Jefferson County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Jefferson County and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. 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 Pool complied with accounting principles generally accepted in the United State of America. All other investments are reported at fair value. Other than the pension stabilization trust discussed in Note IV.A., no investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

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

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is

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

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

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

Most payables are disaggregated on the face of the financial statements. The Claims and Judgments payable account totaling \$61,524 is discussed in Note V.B. Risk Financing Activities. Retainage payable represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

3. Prepaid Items

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

4. Restricted Assets

Restricted assets consist of amounts held in two separate pension stabilization trusts by the Tennessee Consolidated Retirement System (TCRS) for the benefit of Jefferson County's Public Employee Retirement Plan and the discretely presented Jefferson County School Department's Teacher Retirement Plan. The purpose of these trusts is

to accumulate funds to provide stabilization (smoothing) of retirement costs to the county and 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 Jefferson County and the Jefferson County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, Jefferson County and the Jefferson County School Department have not withdrawn any funds from the trusts to pay pension costs. Trust documents provide that the funds are not subject to the claims of general creditors of Jefferson County or the Jefferson School Department.

5. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and the business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the enterprise fund is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Landfill Facilities and Development	5 - 40
Buildings and Improvements	15 - 40
Machinery and Equipment	3 - 15
Other Capital Assets	5 - 25
Infrastructure	99

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources, (expense/expenditure) until then. The primary government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are the deferred charge on refunding, pension changes in experience, pension changes in assumptions, pension changes in proportion, pension contributions after the measurement date, OPEB changes in assumptions, OPEB changes in proportion, and OPEB 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/or the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, pension changes in proportion, OPEB changes in experience, OPEB changes in assumptions, and various receivables for revenues which do not meet the availability criteria in governmental funds.

7. Compensated Absences

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

It is the school department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay are accrued when incurred in the government-wide financial statements. A liability for vacation and sick pay is reported in the governmental funds only if amounts have matured, for example, as a

result of employee resignations and retirements. The school department offers teachers a financial incentive for accumulated sick leave. This incentive is available to all teachers who leave the school department in good standing with at least ten consecutive years of service. The incentive amount is \$25 for each accumulated day of sick leave. During the 2018-19 year, 12 employees received this incentive. The financial statements of this report reflect expenditures of \$37,462 in the General Purpose School Fund for the accumulated sick leave incentive payments.

8. Long-term Debt and Long-term Obligations

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

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

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

9. Net Position and Fund Balance

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

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

As of June 30, 2019, Jefferson County had \$59,873,983 in outstanding debt for capital purposes for the discretely presented Jefferson County School Department and the discretely presented Jefferson County Nursing Home. This debt is a liability of Jefferson County, but the capital assets acquired are reported in the financial statements of the component units. Therefore, Jefferson County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission or the finance director makes assignments for the general government. The Board of Education makes assignments for the school department. Assigned fund balance in the primary government's General Fund consists of amounts assigned for encumbrances (\$41,148), amounts appropriated for use in the 2019-20 budget (\$340,337) and various assignments for smaller amounts totaling \$31,691. Assigned fund balance in the school department's General Purpose School Fund consists primarily of amounts assigned for encumbrances (\$40,904), student safety (\$42,650) and textbooks (\$125,000).

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

10. Minimum Fund Balance Policy

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

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

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

E. Pension Plans

Primary Government

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

Discretely Presented Jefferson County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

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 Jefferson County. For this purpose, Jefferson County recognizes benefit payments when due and payable in accordance with benefit terms. Jefferson County's OPEB plan is not administered through a trust.

Discretely Presented Jefferson 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 Jefferson 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 Jefferson County School Department

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

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

Primary Government

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

Discretely Presented Jefferson County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except for the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted and the capital project funds (except for the General Capital Projects

Fund), which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

At June 30, 2019, Jefferson County and the discretely presented school department reported significant encumbrances in the following budgeted funds:

<u>Funds</u>	<u>Amount</u>
Primary Government:	
General	\$ 41,148
Highway/Public Works	178,790
Nonmajor Governmental	435,744
School Department:	
General Purpose School	40,904

B. Net Position Deficit

The county's Solid Waste Disposal Fund had a deficit of \$427,224 in total net position and a deficit of \$3,197,022 in unrestricted net position at June 30, 2019. Further details related to liabilities recorded in this fund are disclosed in Note V.F. Landfill Closure/Postclosure Care Costs.

C. School Cafeteria Investigation

Christina Morris, the former cafeteria manager at Patriot Academy in Dandridge, Tennessee, was indicted by the Jefferson County Grand Jury on January 6, 2020, on one count of theft over \$1,000 and one count of official misconduct. The indictments were the result of an investigation by the Tennessee Comptroller's Office, Division of Investigations. An investigative report was issued by the Comptroller of the Treasury, Division of Investigations on January 17, 2020. The report reflected two findings. The investigative report can be found at www.comptroller.tn.gov/ia.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2019, Jefferson County had the following investment carried at amortized cost using a Stable Net Asset Value. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Jefferson County and the discretely presented Jefferson County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Weighted Average Maturities (days)</u>	<u>Amortized Cost</u>
State Treasurer's Investment Pool	1 to 86	\$ 2,256,606

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Jefferson County has no investment policy that would further limit its investment choices. As of June 30, 2019, Jefferson County's investment in the State Treasurer's Investment Pool was unrated.

TCRS Stabilization Trust

Legal Provisions. Jefferson County's Public Employee Hybrid Retirement Plan and the discretely presented Jefferson County School Department's Teacher Hybrid Retirement Plan are members of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The County and the school department have placed funds into the irrevocable trusts 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 county or the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. Jefferson County and the Jefferson 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 fair value 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, Jefferson County's Public Employee Hybrid Retirement Plan had the following investments held by the trust on its behalf.

Primary Government:

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 17,632
Developed Market International Equity	N/A	N/A	7,963
Emerging Market International Equity	N/A	N/A	2,275
U.S. Fixed Income	N/A	N/A	11,376
Real Estate	N/A	N/A	5,688
Short-term Securities	N/A	N/A	569
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	11,376
Total			\$ 56,879

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Cost
					NAV
U.S. Equity	\$ 17,632	\$ 17,632	\$ 0	\$ 0	0
Developed Market					
International Equity	7,963	7,963	0	0	0
Emerging Market					
International Equity	2,275	2,275	0	0	0
U.S. Fixed Income	11,376	0	11,376	0	0
Real Estate	5,688	0	0	5,688	0
Short-term Securities	569	0	569	0	0
Private Equity and Strategic Lending	11,376	0	0	0	11,376
Total	\$ 56,879	\$ 27,870	\$ 11,945	\$ 5,688	11,376

School Department:

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 6,061
Developed Market International Equity	N/A	N/A	2,737
Emerging Market International Equity	N/A	N/A	782
U.S. Fixed Income	N/A	N/A	3,911
Real Estate	N/A	N/A	1,955
Short-term Securities	N/A	N/A	196
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	3,911
Total			\$ 19,553

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Cost
U.S. Equity	\$ 6,061	\$ 6,061	\$ 0	\$ 0	0
Developed Market					
International Equity	2,737	2,737	0	0	0
Emerging Market					
International Equity	782	782	0	0	0
U.S. Fixed Income	3,911	0	3,911	0	0
Real Estate	1,955	0	0	1,955	0
Short-term Securities	196	0	196	0	0
Private Equity and Strategic Lending	3,911	0	0	0	3,911
Total	\$ 19,553	\$ 9,580	\$ 4,107	\$ 1,955	3,911

At June 30, 2019, the discretely presented Jefferson County School Department's Teacher Hybrid Retirement Plan 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	\$ 32,033
Developed Market International Equity	N/A	N/A	14,466
Emerging Market International Equity	N/A	N/A	4,133
U.S. Fixed Income	N/A	N/A	20,667
Real Estate	N/A	N/A	10,333
Short-term Securities	N/A	N/A	1,033
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	20,667
Total			\$ 103,332

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	\$ 32,033	\$ 32,033	\$ 0	\$ 0	0
Developed Market					
International Equity	14,466	14,466	0	0	0
Emerging Market					
International Equity	4,133	4,133	0	0	0
U.S. Fixed Income	20,667	0	20,667	0	0
Real Estate	10,333	0	0	10,333	0
Short-term Securities	1,033	0	1,033	0	0
Private Equity and Strategic Lending	20,667	0	0	0	20,667
Total	\$ 103,332	\$ 50,632	\$ 21,700	\$ 10,333	20,667

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 Jefferson 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 Jefferson 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. Jefferson 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 Jefferson 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	\$ 1,672,777	\$ 0	\$ 0	\$ 1,672,777
Construction in Progress	671,021	369,245	(588,839)	451,427
Total Capital Assets Not Depreciated	\$ 2,343,798	\$ 369,245	\$ (588,839)	\$ 2,124,204
Capital Assets Depreciated:				
Buildings and Improvements	\$ 23,340,665	\$ 1,552,392	\$ 0	\$ 24,893,057
Machinery and Equipment	11,196,330	720,820	(309,047)	11,608,103
Infrastructure	117,116,242	1,072,875	0	118,189,117
Total Capital Assets Depreciated	\$ 151,653,237	\$ 3,346,087	\$ (309,047)	\$ 154,690,277
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 7,346,569	\$ 766,536	\$ 0	\$ 8,113,105
Machinery and Equipment	7,715,754	1,000,183	(309,047)	8,406,890
Infrastructure	40,608,117	1,213,260	0	41,821,377
Total Accumulated Depreciation	\$ 55,670,440	\$ 2,979,979	\$ (309,047)	\$ 58,341,372
Total Capital Assets Depreciated, Net	\$ 95,982,797	\$ 366,108	\$ 0	\$ 96,348,905
Governmental Activities Capital Assets, Net	\$ 98,326,595	\$ 735,353	\$ (588,839)	\$ 98,473,109

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

Governmental Activities:

General Government	\$	109,928
Finance		26,305
Administration of Justice		417,764
Public Safety		380,073
Public Health and Welfare		691,991
Social, Cultural, and Recreational Services		5,527
Agriculture and Natural Resources		6,653
Highways/Public Works		<u>1,341,738</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u>2,979,979</u>

Business-type Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 510,430	\$ 0	\$ 0	\$ 510,430
Construction in Progress	<u>332,026</u>	<u>101,069</u>	<u>(67,152)</u>	<u>365,943</u>
Total Capital Assets Not Depreciated	<u>\$ 842,456</u>	<u>\$ 101,069</u>	<u>\$ (67,152)</u>	<u>\$ 876,373</u>
Capital Assets Depreciated:				
Landfill Facilities and Development	\$ 142,024	\$ 0	\$ 0	\$ 142,024
Buildings and Improvements	592,063	67,152	0	659,215
Machinery and Equipment	<u>4,357,953</u>	<u>229,006</u>	<u>(159,915)</u>	<u>4,427,044</u>
Total Capital Assets Depreciated	<u>\$ 5,092,040</u>	<u>\$ 296,158</u>	<u>\$ (159,915)</u>	<u>\$ 5,228,283</u>
Less Accumulated Depreciation For:				
Landfill Facilities and Development	\$ 93,032	\$ 3,411	\$ 0	\$ 96,443
Buildings and Improvements	524,536	8,099	0	532,635
Machinery and Equipment	<u>2,566,908</u>	<u>235,305</u>	<u>(27,987)</u>	<u>2,774,226</u>
Total Accumulated Depreciation	<u>\$ 3,184,476</u>	<u>\$ 246,815</u>	<u>\$ (27,987)</u>	<u>\$ 3,403,304</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,907,564</u>	<u>\$ 49,343</u>	<u>\$ (131,928)</u>	<u>\$ 1,824,979</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,750,020</u>	<u>\$ 150,412</u>	<u>\$ (199,080)</u>	<u>\$ 2,701,352</u>

Depreciation expense totaling \$246,815 was charged to the Solid Waste Disposal Fund.

Discretely Presented Jefferson County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 1,492,550	\$ 0	\$ 0	\$ 1,492,550
Construction in Progress	3,378,906	441,231	(3,378,906)	441,231
Total Capital Assets Not Depreciated	\$ 4,871,456	\$ 441,231	\$ (3,378,906)	\$ 1,933,781
Capital Assets Depreciated:				
Buildings and Improvements	\$ 93,994,016	\$ 3,711,136	\$ 0	\$ 97,705,152
Machinery and Equipment	2,844,755	409,024	0	3,253,779
Other Capital Assets	6,453,730	329,561	(480,651)	6,302,640
Total Capital Assets Depreciated	\$ 103,292,501	\$ 4,449,721	\$ (480,651)	\$ 107,261,571
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 30,764,519	\$ 2,681,340	\$ 0	\$ 33,445,859
Machinery and Equipment	2,177,013	200,901	0	2,377,914
Other Capital Assets	3,931,116	446,599	(462,755)	3,914,960
Total Accumulated Depreciation	\$ 36,872,648	\$ 3,328,840	\$ (462,755)	\$ 39,738,733
Total Capital Assets Depreciated, Net	\$ 66,419,853	\$ 1,120,881	\$ (17,896)	\$ 67,522,838
Governmental Activities Capital Assets, Net	\$ 71,291,309	\$ 1,562,112	\$ (3,396,802)	\$ 69,456,619

Depreciation expense was charged to functions of the discretely presented school department as follows:

Governmental Activities:

Instruction	\$ 2,804,531
Support Services	446,599
Operation of Non-instructional Services	<u>77,710</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,328,840</u>

C. Construction Commitments

At June 30, 2019, the Solid Waste Disposal Enterprise Fund had an uncompleted contract of approximately \$436,671 for the closure of a landfill cell. Funding for these future expenditures is expected to be received from tipping fees.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,889
"	"	245
General Debt Service	Solid Waste Disposal (enterprise)	426,151
Nonmajor governmental	General	4,427
Solid Waste Disposal (enterprise)	Nonmajor governmental	68,703
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	2,858

The amount due to the General Debt Service Fund from the Solid Waste Disposal Fund represents the balance of an interfund loan totaling \$710,200. Due to early payments having been made on the loan, none of the balance is due within one year.

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Component Unit:		
School Department:	Primary Government:	
Nonmajor governmental	General	\$ 5,098

The amount reflected as due to the discretely presented school department's nonmajor governmental fund from the primary government's General Fund represents revenues posted to the wrong fund by the trustee's office. The entire balance was repaid subsequent to the fiscal year end.

The government-wide Statement of Net Position also reports \$6,145,000 as due from the discretely presented Jefferson County Nursing Home to the governmental activities of the primary government. This amount represents general obligation debt issued by the county, which is being retired by the nursing home. See Note VI.F. for further information about this debt.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2019, consisted of the following amounts:

Primary Government:

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 482,355	\$ 329,390
Nonmajor governmental funds	30,000	70,000
Total	<u>\$ 512,355</u>	<u>\$ 399,390</u>

Transfers to the General Debt Service Fund represent interest rebates for the QSCB bond (\$482,355) and litigation tax appropriated for payment of Justice Center debt (\$30,000). Transfers from the General Fund to the nonmajor governmental funds (\$329,390) and transfers between nonmajor governmental funds (\$70,000) represent litigation tax appropriated for capital expenditures.

Discretely Presented Jefferson County School Department:

Transfers Out	Transfers In	
	General Purpose School Fund	Education Capital Projects Fund
General Purpose School Fund	\$ 0	\$ 2,400,000
Nonmajor governmental funds	75,212	0
Total	\$ 75,212	\$ 2,400,000

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

The General Purpose School Fund transferred \$2,400,000 to the Education Capital Projects Fund for the Jefferson County High School Athletic Field renovations. The School Federal Projects Fund transferred \$75,212 to the General Purpose School Fund for the payment of indirect costs.

E. Long-term Debt

Primary Government

General Obligation Bonds and Other Loans

Jefferson 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. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds outstanding were issued for original terms of up to 30 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 - Jefferson 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. In addition, other loans were issued to refund other debt. Other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Other loans outstanding were issued for original terms of up to 18 years. Repayment terms are generally structured with increasing amounts

of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds and other loans 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	2.54 to 2.9 %	6-1-36	\$ 26,685,000	\$ 23,800,000
General Obligation Refunding Bonds	1 to 5	6-1-37	17,225,000	13,845,000
General Obligation - Recovery Zone Economic Development Bonds	3.69	6-1-40	16,000,000	16,000,000
Direct Borrowing and Direct Placement:				
Other Loans - Refunding	Variable	6-1-26	13,305,000	6,155,000
Other Loans - Qualified School Construction Bonds	0 (1)	8-1-27	10,595,000	5,416,296
Other Loans - Energy Efficient Schools Initiative	2.5	3-1-24	2,506,325	1,082,687

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

In prior years, Jefferson County entered into loan agreements with the Blount County Public Building Authority. The following table summarizes those loan agreements outstanding as of June 30, 2019:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-19	Interest Type	Interest Rates as of 6-30-19	Other Fees on Variable Rate Debt
<u>Blount County Public Building Authority</u> Local Government Public Improvement Bond - Refunding (E-3-D)	13,305,000 \$	6,155,000	Variable	2.48%	.28%

The variable rate Blount County Public Building Authority loan is repayable at an interest rate that is a tax-exempt variable rate determined monthly by the remarketing agent. In addition, the county pays various other fees (trustee, debt remarketing, administrative, etc.) in connection with the variable rate loan. The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2019, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 2,875,000	\$ 2,207,592	\$ 5,082,592
2021	2,985,000	2,087,742	5,072,742
2022	2,995,000	1,973,742	4,968,742
2023	3,105,000	1,856,542	4,961,542
2024	1,370,000	1,734,517	3,104,517
2025-2029	8,520,000	8,174,374	16,694,374
2030-2034	10,550,000	7,008,895	17,558,895
2035-2039	16,795,000	4,874,133	21,669,133
2040	4,450,000	294,813	4,744,813
Total	\$ 53,645,000	\$ 30,212,350	\$ 83,857,350

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2020	\$ 1,733,491	\$ 696,094	\$ 26,008	\$ 2,455,593
2021	1,788,988	669,547	23,573	2,482,108
2022	1,844,628	641,628	20,995	2,507,251
2023	1,900,400	612,326	18,275	2,531,001
2024	1,895,739	581,655	15,412	2,492,806
2025-2028	3,490,737	1,634,391	32,264	5,157,392
Total	\$ 12,653,983	\$ 4,835,641	\$ 136,527	\$ 17,626,151

There is \$9,684,747 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,044, based on the 2010 federal census. Total debt per capita, including bonds, other loans, and unamortized debt premiums, totaled \$1,312 based on the 2010 federal census.

Changes in Long-term Debt

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

Governmental Activities:

	Bonds	Other Loans - Direct Placement
Balance, July 1, 2018	\$ 56,030,000	\$ 14,697,110
Additions	0	0
Reductions	(2,385,000)	(2,043,127)
Balance, June 30, 2019	<u>\$ 53,645,000</u>	<u>\$ 12,653,983</u>
Balance Due Within One Year	<u>\$ 2,875,000</u>	<u>\$ 1,733,491</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 66,298,983
Less: Balance Due Within One Year - Debt	(4,608,491)
Add: Unamortized Premium on Debt	<u>1,146,536</u>
Noncurrent Liabilities - Due in More Than One Year -Debt - Exhibit A	<u>\$ 62,837,028</u>

F. Long-term Obligations

Changes in Long-term Obligations

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

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2018	\$ 746,314	\$ 369,696
Additions	63,416	497,908
Reductions	(101,701)	(494,220)
Balance, June 30, 2019	<u>\$ 708,029</u>	<u>\$ 373,384</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 261,369</u>

Analysis of Other Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2019	\$ 1,081,413
Less: Balance Due Within One Year - Other	<u>(261,369)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 820,044</u>

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

Solid Waste Disposal Fund (enterprise fund)

Changes in Long-term Obligations

Long-term obligations activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2019, was as follows:

Business-type Activities:

	Compensated Absences	Other Postemployment Absences	Closure/ Postclosure Care Costs
Balance, July 1, 2018	\$ 15,994	\$ 37,720	\$ 4,755,410
Additions	13,856	1,642	165,234
Reductions	<u>(16,877)</u>	<u>(4,944)</u>	<u>(99,991)</u>
Balance, June 30, 2019	<u>\$ 12,973</u>	<u>\$ 34,418</u>	<u>\$ 4,820,653</u>
Balance Due Within One Year	<u>\$ 3,218</u>	<u>\$ 0</u>	<u>\$ 119,178</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2019	\$ 4,868,044
Less: Balance Due Within One Year - Other	<u>(122,396)</u>
Noncurrent Liabilities - Other - Due in More Than One Year - Exhibit A	<u>\$ 4,745,648</u>

Discretely Presented Jefferson County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Jefferson County School Department for the year ended June 30, 2019, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>	<u>Termination Benefits</u>
Balance, July 1, 2018	\$ 669,747	\$ 272,714
Additions	199,299	10,765
Reductions	<u>(145,777)</u>	<u>(143,533)</u>
Balance, June 30, 2019	<u>\$ 723,269</u>	<u>\$ 139,946</u>
Balance Due Within One Year	<u>\$ 153,730</u>	<u>\$ 89,708</u>

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2018	\$ 16,139,260
Additions	1,479,134
Reductions	<u>(2,316,791)</u>
Balance, June 30, 2019	<u>\$ 15,301,603</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2019	\$ 16,164,818
Less: Balance Due Within One Year - Other	<u>(243,438)</u>
Noncurrent Liabilities - Other - Due in More Than One Year - Exhibit A	<u>\$ 15,921,380</u>

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

G. Pledges of Future Revenues

In August 2008, the citizens of Jefferson County voted to increase the local option sales tax from 2.25 to 2.75 percent. The county pledged all additional sales tax collections generated from the half-cent increase in the unincorporated areas of the county and half of the additional sales tax collections in the cities within the county to be used for the reduction and retirement of school indebtedness. Jefferson County had outstanding debt for school purposes of \$53,728,983 at June 30, 2019. That debt carries the general obligation pledge of the government in addition to the specific pledge of the one-half cent sales tax revenue.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Jefferson County School Department. These payments are made by the state to the Local Education Group Insurance Plan. The plan is 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 for the year ended June 30, 2019, were \$291,227. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Internal Financing

In-lieu-of issuing debt with financial institutions, Jefferson County chose to internally finance various projects with idle county funds. During the prior year, the county loaned \$710,200 of idle funds under Capital Outlay Note, Series 2017 from the General Debt Service Fund to the Solid Waste Disposal Fund to purchase equipment. The balance of \$426,151 due on the Capital Outlay Note, Series 2017 is reflected as Due from Other Funds in the General Debt Service Fund and as Due to Other Funds in the Solid Waste Disposal Fund.

Internally Reported Interfund Notes Receivable/Payable

	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date
<u>Due to General Debt Service</u>					
<u>Fund from Solid Waste</u>					
<u>Disposal Fund</u>					
Capital Outlay					
Note - Series 2017					
(Landfill)	\$ 710,200	1.00	%	12-15-17	6-01-21
				Paid and/or	
	Outstanding	Issued		Matured	Outstanding
	7-1-18	During		During	6-30-19
		Period		Period	
<u>Due to General Debt Service</u>					
<u>Fund from Solid Waste</u>					
<u>Disposal Fund</u>					
Capital Outlay					
Note - Series 2017					
(Landfill)	\$ 586,151	\$ 0	\$	(160,000)	\$ 426,151
Total	\$ 586,151	\$ 0	\$	(160,000)	\$ 426,151

V. OTHER INFORMATION

A. Risk Management

Jefferson County and the discretely presented Jefferson County School Department are exposed to risks related to general liability, property, casualty, and workers' compensation. The county and the school department decided it was more economically feasible to join public entity risk pools as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county and the school department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and the school department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Jefferson County joined the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-

governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

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

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

Employee Insurance - Dental and Vision Funds

	Beginning of Fiscal Year Liability	Current-Year Claims and Estimates	Payments	Balance at Fiscal Year-end
<u>Primary Government</u>				
2017-2018	\$ 4,455	\$ 158,531	\$ 157,593	\$ 5,393
2018-2019	5,393	165,360	167,204	3,549
<u>Discretely Presented</u>				
<u>School Department</u>				
2017-2018	37,233	453,648	448,655	42,226
2018-2019	42,226	460,180	481,087	21,319

B. Risk Financing Activities

Jefferson County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for workers' compensation insurance for one or more policy years in 1996-97, 1997-98, and 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded specific amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance Insurance Company has left the LOGIC members exposed to significant claim liabilities for their policy years. The LOGIC board of directors has assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. As of June 30, 2019, Jefferson County has an outstanding assessment of \$61,524, which was due June 30, 2012. Jefferson County has recorded a liability for this amount in the General Fund. However, Jefferson County disputes the claim and has not yet paid the assessment.

C. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 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, Jefferson 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.

D. Contingent Liabilities

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

E. Changes in Administration

On July 1, 2018, Sherry Finchum left the Office of Director of Schools and was succeeded by Dr. Shane Johnston.

On August 31, 2018, Alan Palmieri left the Office of County Mayor and was succeeded by Mark Potts; Ginger Franklin left the Office of Trustee and was succeeded by Jennifer Hall; Bud McCoig left the Office of Sheriff and was succeeded by Jeff Coffey; and Penny Murphy left the Office of Circuit/General Sessions Courts Clerk and was succeeded by Kevin Poe.

F. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require Jefferson County to place a final cover on its sanitary landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after

closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Disposal Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,820,653 reported as landfill closure and postclosure care liability at June 30, 2019, represents the cumulative amount reported to date based on the use of 51 percent of the estimated capacity of the operating Patterson Landfill site (\$3,967,218) and postclosure care costs for the Highway 92 landfill site, which closed in 1993 (\$853,435). The amounts reported as closure/postclosure liability at June 30, 2019, are based on what it would cost to perform all closure and postclosure care costs in 2019. The county will recognize the remaining estimated costs of closure and postclosure as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The county expects to close the Patterson Landfill site in the year 2032.

G. Joint Ventures

Primary Government

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

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District: Sevier, Jefferson, Grainger, and Cocke counties and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Jefferson County made no contributions to the DTF for the year ended June 30, 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
Fourth Judicial District
125 Court Avenue, Suite 301
Sevierville, TN 37862

Discretely Presented School Department

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

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

Administrative Office:

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

H. Jointly Governed Organizations

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a Board of Directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice-chairman, secretary, and treasurer of the Board of Directors, along with the center manager, as an ex officio member, is in charge of the daily operations of

the center. The county does not have any ongoing financial interest or responsibility beyond its initial investment.

In October 2012, amended and restated formation documents were filed with the Secretary of State's Office for the Jefferson Health Care Foundation (formerly the Jefferson Memorial Foundation, Inc.). Previously, St. Mary's Health System, which leased hospital operations from the county and Jefferson City, was the sole member of the foundation and provided oversight of certain funds held to benefit community health programs in the city and county. The hospital is jointly owned by the county and Jefferson City as discussed in Note V.G. With the change in the formation documents, the county and city became the sole members of the foundation. A board, with three members appointed by the county and three members appointed by the city, now oversees the foundation funds.

I. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Jefferson County and the discretely presented Jefferson County Nursing Home with membership in the TCRS prior to July 1, 2016, as well as non-certified employees of the discretely presented Jefferson County School Department with membership in TCRS prior to July 1, 2017, are provided a defined benefit pension plan through the Public Employee Legacy Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The Public Employee Legacy Pension Plan is closed to new membership. The primary government employees comprise 52.05 percent, the non-certified employees of the discretely presented School Department comprise 30.64 percent, and employees of the discretely presented Jefferson County Nursing Home comprise 17.31 percent of the plan based on contribution data. Employees of Jefferson County and the discretely presented Jefferson County Nursing Home with membership in the TCRS after July 1, 2016, as well as non-certified employees of the discretely presented Jefferson County School Department with membership in TCRS after July 1, 2017, are provided with pensions through a legally separate plan, referred to as the Public Employee Hybrid Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 31.56 percent, the non-certified employees of the discretely presented school department comprise 8.17 percent, and employees of the discretely presented Jefferson County Nursing Home comprise 60.27 percent of the hybrid 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.

Public Employee Legacy Pension Plan

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

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	470
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	509
Active Employees	629
Total	1,608

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are noncontributory. Jefferson County elected to make employer contributions at a rate higher than the minimum rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contribution for Jefferson County was \$2,164,216 based on a rate of 11.00 percent of covered payroll. The minimum rate established by the Board of Trustees was 8.54 percent of covered payroll. By law, employer contributions are required to be paid. The

TCRS may intercept Jefferson County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Jefferson County's net pension liability (asset) was measured as of June 30, 2018, and the total pension liability 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 Jefferson County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 75,050,576	\$ 78,409,029	\$ (3,358,453)
Changes for the Year:			
Service Cost	\$ 1,750,833	\$ 0	\$ 1,750,833
Interest	5,450,972	0	5,450,972
Differences Between Expected and Actual Experience	774,712	0	774,712
Changes in Assumptions	0	0	0
Contributions-Employer	0	2,601,406	(2,601,406)
Contributions-Employees	0	0	0
Net Investment Income	0	6,479,765	(6,479,765)
Benefit Payments, Including Refunds of Employee Contributions	(3,231,190)	(3,231,190)	0
Administrative Expense	0	(60,448)	60,448
Other Changes	0	0	0
Net Changes	<u>\$ 4,745,327</u>	<u>\$ 5,789,533</u>	<u>\$ (1,044,206)</u>
Balance, June 30, 2018	<u>\$ 79,795,903</u>	<u>\$ 84,198,562</u>	<u>\$ (4,402,659)</u>

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	52.05%	\$ 41,533,768	\$ 43,825,352	\$ (2,291,584)
School Department	30.64%	24,449,465	25,798,439	(1,348,975)
Nursing Home	17.31%	13,812,671	14,574,771	(762,100)
Total		<u>\$ 79,795,903</u>	<u>\$ 84,198,562</u>	<u>\$ (4,402,659)</u>

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 6,109,627	\$ (4,402,659)	\$ (13,142,414)

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

Pension Expense. For the year ended June 30, 2019, Jefferson County recognized pension expense of \$1,156,390.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Jefferson County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 639,584	\$ 1,308,734
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	363,410
Changes in Assumptions	1,164,790	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	2,164,216	N/A
Total	<u>\$ 3,968,590</u>	<u>\$ 1,672,144</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	\$ 2,090,945	\$ 870,351
School Department	1,184,828	512,345
Nursing Home	<u>692,817</u>	<u>289,448</u>
Total	<u>\$ 3,968,590</u>	<u>\$ 1,672,144</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	\$ 577,036
2021	(28,291)
2022	(496,095)
2023	79,577
2024	0
Thereafter	0

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

Payable to the Pension Plan

At June 30, 2019, Jefferson County and the discretely presented school department reported a payable of \$80,750 and \$121,662, respectively, for the outstanding amount of contributions due to the pension plan at year end.

Public Employee Hybrid Retirement Plan

Plan Description. As previously noted, Employees of Jefferson County and the discretely presented Jefferson County Nursing Home with membership in the TCRS after July 1, 2016, as well as non-certified employees of the discretely presented Jefferson County School Department with membership in TCRS after July 1, 2017, are provided

with pensions through a legally separate plan, referred to as the Public Employee Hybrid Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 31.56 percent, the non-certified employees of the discretely presented school department comprise 8.17 percent, and employees of the discretely presented Jefferson County Nursing Home comprise 60.27 percent of the hybrid plan based on contribution data.

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 in which the member's age and service credits total 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 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.

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	0
Inactive Employees Entitled to But Not Yet Receiving Benefits	46
Active Employees	157
Total	203

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Jefferson County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation and statutory provisions. 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 Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of Jefferson County if the required employer contributions are not remitted. The actuarial determined rate of employer contributions for the year was 1.10 percent of covered payroll. Employer contributions for the year ended June 30, 2019, to the Retirement Plan were \$68,856. In addition, employer contributions of \$132,177 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). Jefferson County’s net pension liability (asset) was measured at June 30, 2018, and the total pension liability 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	5.69	%	31	%
Developed Market				
International Equity	5.29		14	
Emerging Market				
International Equity	6.36		4	
Private Equity and				
Strategic Lending	5.79		20	
U.S. Fixed Income	2.01		20	
Real Estate	4.32		10	
Short-term Securities	0.00		1	
Total			100	%

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 39,240	\$ 67,000	\$ (27,760)
Changes for the Year:			
Service Cost	\$ 139,363	\$ 0	\$ 139,363
Interest	12,830	0	12,830
Differences Between Expected and Actual Experience	76,487	0	76,487
Changes in Assumptions	0	0	0
Contributions-Employer	0	135,124	(135,124)
Contributions-Employees	0	168,905	(168,905)
Net Investment Income	0	17,532	(17,532)
Benefit Payments, Including Refunds of Employee Contributions	(3,275)	(3,275)	0
Administrative Expense	0	(12,304)	12,304
Other Changes	0	0	0
Net Changes	\$ 225,405	\$ 305,982	\$ (80,577)
Balance, June 30, 2018	\$ 264,645	\$ 372,982	\$ (108,337)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	31.56%	\$ 83,522	\$ 117,713	\$ (34,191)
School Department	8.17%	21,621	30,473	(8,851)
Nursing Home	60.27%	159,502	224,796	(65,295)
Total		\$ 264,645	\$ 372,982	\$ (108,337)

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ (31,896)	\$ (108,337)	\$ (163,597)

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

Pension Expense. For the year ended June 30, 2019, Jefferson County recognized (negative) pension expense of (\$11,910).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Jefferson County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 67,988	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,502
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	68,856	N/A
Total	\$ 136,844	\$ 2,502

- (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	\$ 40,152	\$ 790
School Department	12,690	204
Nursing Home	84,002	1,508
Total	<u>\$ 136,844</u>	<u>\$ 2,502</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	\$ 7,812
2021	7,812
2022	7,812
2023	8,055
2024	8,499
Thereafter	25,497

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

Payable to the Pension Plan

At June 30, 2019, Jefferson County and the discretely presented school department reported a payable of \$6,623 and \$5,832, respectively, for the outstanding amount of contributions due to the pension plan at year end.

Discretely Presented Jefferson County School Department

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Jefferson County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at 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 \$92,398, which is 1.94 percent of covered payroll. In addition, employer contributions of \$98,116, 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 (\$198,123) 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 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 .436848 percent. The proportion as of June 30, 2017, was .377859 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of \$66,715.

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	\$ 11,221	\$ 7,891
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	11,191
Changes in Assumptions	9,347	0
Changes in Proportion of Net Pension Liability (Asset)	2,681	14,365
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	92,398	N/A
Total	<u>\$ 115,647</u>	<u>\$ 33,447</u>

The school department's employer contributions of \$92,398, 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	\$ (2,396)
2021	(2,751)
2022	(4,346)
2023	(1,421)
2024	69
Thereafter	645

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 Real Estate	5.79	20
	2.01	20
	4.32	10
Short-term Securities	0.00	1
Total		100 %

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 30,630	\$ (198,123)	\$ (366,659)

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

Payable to the Pension Plan

At June 30, 2019, the Jefferson County School Department reported a payable of \$47,215 for the outstanding amount of contributions due to the pension plan at year end.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Jefferson County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at 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 Jefferson County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$2,454,981, 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 (\$2,398,281) 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 .68154 percent. The proportion measured at June 30, 2017, was .687309 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$625,244).

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
	<u> </u>	<u> </u>
Difference Between Expected and Actual Experience	\$ 484,774	\$ 3,235,471
Changes in Assumptions	1,416,437	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	521,966
Changes in Proportion of Net Pension Liability (Asset)	199,590	15,735
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	<u>2,454,981</u>	<u>N/A</u>
Total	<u>\$ 4,555,782</u>	<u>\$ 3,773,172</u>

The school department's employer contributions of \$2,454,981 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in 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	\$ 555,667
2021	(704,621)
2022	(1,297,759)
2023	(225,659)
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%) or one percentage point higher (8.25%) than the current rate:

School Department's		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	6.25%	7.25%	8.25%

Net Pension Liability \$ 18,487,464 \$ (2,398,281) \$ (19,678,326)

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

Payable to the Pension Plan

At June 30, 2019, the Jefferson County School Department reported a payable of \$590,783 for the outstanding amount of contributions due to the pension plan at year end.

2. Deferred Compensation

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

Teachers hired by the school department after July 1, 2014, employees of the primary government hired after July 1, 2016, and non-certified employees of the school department hired after July 1, 2017, are required to participate in hybrid pension plans 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 employers contribute five percent of each eligible employee's salary into their deferred compensation plan. In addition, employees are required to contribute a minimum of two percent of their salaries into these deferred compensation plans, unless they opt out of the employee portion. During the year the primary government and its employees contributed \$87,914 and \$24,749,

respectively, and the school department and its employees contributed \$40,676 and \$38,879, respectively, to the 401(k) portion of the hybrid agent pension plan. The school department contributed \$246,399 and teachers contributed \$138,671 to the 401(k) portion of the hybrid cost-sharing plan.

J. Other Postemployment Benefits (OPEB)

Jefferson County primary government, the discretely presented Jefferson County Nursing Home, and the discretely presented Jefferson County School Department provide OPEB benefits to their retirees through state administered public entity risk pools. 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.

Retirees of the primary government and the discretely presented Jefferson County Nursing Home are provided healthcare under the Local Government Plan (LGP) until they reach Medicare eligibility. Likewise, the school department provides healthcare benefits to its employees under the closed Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of Jefferson County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the school department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The total OPEB liability for each plan was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2108 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.62%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.75% for the 2019 calendar year, and gradually decreasing over 32 years to an ultimate trend rate of 3.53 percent with an amount added to approximate the effect of the excise tax (.28% for LGP and .32% for LEP)
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.62 percent, based on the daily rate of Fidelity's 20-year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2018, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of the measurement date of June 30, 2018. The assumed initial costs and premium amounts were revised to reflect rates adopted for the 2019 plan year. The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4 percent to 6.75 percent.

Local Government OPEB Plan (Primary Government and Discretely Presented Jefferson County Nursing Home)

Plan Description. Employees of the primary government and the Jefferson County Nursing Home are provided with pre-65 retiree health insurance benefits through the Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP.

Benefits Provided. Jefferson County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with *Tennessee Code Annotated (TCA) 8-27-701* establishes and amends the benefit terms of the LGP. 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 LGP, 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 the retiree premiums. The primary government and the Jefferson County Nursing Home do not provide a direct subsidy for retirees and are subject only to the implicit subsidy.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

	Primary Government
Inactive Employees or Beneficiaries Currently Receiving Benefits	3
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	443
Total	<u>446</u>

Employees of Jefferson County primary government comprise 68.17 percent of the plan and employees of the discretely presented Jefferson County Nursing Home comprise 31.83 percent of the plan. An insurance committee, created in accordance with *TCA 8-27-701*, establishes the required payments to the LGP

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. For the fiscal year ended June 30, 2019, the county paid \$27,962 to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	Primary Government 68.1716%	Jefferson County Nursing Home 31.8284%	Total
Balance July 1, 2017	\$ 784,034	\$ 266,668	\$ 1,050,702
Changes for the Year:			
Service Cost	\$ 52,144	\$ 24,346	\$ 76,490
Interest	27,102	12,654	39,756
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	(87,280)	(40,750)	(128,030)
Changes in Assumption and Other Inputs	48,439	22,615	71,054
Change in Proportion Benefit Payments	(67,754)	67,754	0
Benefit Payments	(14,238)	(6,648)	(20,886)
Net Changes	<u>\$ (41,587)</u>	<u>\$ 79,971</u>	<u>\$ 38,384</u>
Balance June 30, 2018	<u>\$ 742,447</u>	<u>\$ 346,639</u>	<u>\$ 1,089,086</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB expense of \$103,911. At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Primary Government:	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 77,582
Changes of Assumptions/Inputs	43,056	29,063
Benefits Paid After the Measurement Date of June 30, 2018	<u>19,063</u>	<u>0</u>
Total	<u>\$ 62,119</u>	<u>\$ 106,645</u>

Jefferson County Nursing Home:	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 36,222
Changes of Assumptions/Inputs	20,103	13,569
Benefits Paid After the Measurement Date of June 30, 2018	<u>8,900</u>	<u>0</u>
Total	<u>\$ 29,003</u>	<u>\$ 49,791</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>Primary Government</u>	<u>Jefferson County Nursing Home</u>
2020	\$ (8,409)	\$ (3,926)
2021	(8,409)	(3,926)
2022	(8,409)	(3,926)
2023	(8,409)	(3,926)
2024	(8,409)	(3,926)
Thereafter	(21,543)	(10,059)

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate as well as what the OPEB liability would be if it was

calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.62%	Current Discount Rates 3.62%	1% Increase 4.62%
Primary Government	\$ 803,647	\$ 742,447	\$ 685,138
Jefferson County Nursing Home	375,239	346,639	319,905
Total OPEB Liability	\$ 1,178,886	\$ 1,089,086	\$ 1,005,043

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.75 to 2.81%	Current Trend Rate 6.75 to 3.81%	1% Increase 7.75 to 4.81%
Primary Government	\$ 653,748	\$ 742,447	847,399
Jefferson County Nursing Home	305,248	346,639	395,669
Total OPEB Liability	\$ 958,996	\$ 1,089,086	\$ 1,243,068

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

Plan Description. Employees of the Jefferson 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 Jefferson 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. Jefferson County School Department provides a direct subsidy for retirees with at least 10 consecutive years of service with Jefferson County and who also have either a minimum of 30 years of service in TCRS or are at least age 60. The subsidy ranges from \$245 to \$612 per month depending on years of service, classification, and the coverage selected. 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>
Inactive Employees or Beneficiaries Currently Receiving Benefits	79
Inactive Employees Entitled to But Not Yet Receiving Benefits	3
Active Employees	697
Active Employees Not Eligible for Future Benefits	<u>43</u>
Total	<u><u>822</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 \$751,004 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Jefferson County School Department</u>	<u>State of TN</u>	<u>Total OPEB Liability</u>
	78.3359%	21.6641%	
Balance July 1, 2017	\$ 16,139,260	\$ 4,527,696	\$ 20,666,956
Changes for the Year:			
Service Cost	\$ 892,526	\$ 246,831	\$ 1,139,357
Interest	594,371	164,375	758,746
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	(1,925,024)	(532,373)	(2,457,397)
Changes in Assumption and Other Inputs	322,824	89,278	412,102
Change in Proportion Benefit Payments	(772,739)	(213,704)	(986,443)
Net Changes	<u>\$ (837,657)</u>	<u>\$ (295,978)</u>	<u>\$ (1,133,635)</u>
Balance June 30, 2018	<u>\$ 15,301,603</u>	<u>\$ 4,231,718</u>	<u>\$ 19,533,321</u>

The Jefferson 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 Jefferson 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 \$340,934 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Jefferson County School Department's proportionate share of the collective OPEB liability was 78.3359 percent and the State of Tennessee's share was 21.6641 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 \$1,594,353, which includes expenses funded by subsidies provided by the state. 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	\$ 1,728,593
Changes of Assumptions/Inputs	289,883	588,198
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	39,322	0
Benefits Paid After the Measurement Date of June 30, 2018	<u>751,004</u>	<u>0</u>
Total	<u>\$ 1,080,209</u>	<u>\$ 2,316,791</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:

Year Ending June 30	School Department
2020	\$ (233,477)
2021	(233,477)
2022	(233,477)
2023	(233,477)
2024	(233,477)
Thereafter	(820,199)

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

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

<u>Discount Rate</u>	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
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Proportionate Share of the Collective Total OPEB Liability	\$ 16,386,249	\$ 15,301,603	\$ 14,271,804
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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>	1% Decrease 5.75 to 2.85%	Current Rates 6.75 to 3.85%	1% Increase 7.75 to 4.85%
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Proportionate Share of the Collective Total OPEB Liability	\$ 13,669,971	\$ 15,301,603	\$ 17,223,754
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K. Termination Benefits

The school department offers an early retirement incentive program in accordance with contract provisions. The plan is available to employees who have earned 21 years of verified teaching experience and have a minimum of ten years employment in the Jefferson County School System. The plan gives teachers who meet the above requirements \$10,000 divided into three equal payments. During the 2018-19 year, 40 employees participated in the program. The financial statements of this report reflect expenditures of \$143,533 in the General Purpose School Fund for the retirement incentive payments. A nondiscounted long-term liability of \$139,946 is reflected on the government-wide Statement of Net Position for retirement incentives. Of that amount, \$89,708 is due within one year.

L. Office of Central Accounting, Budgeting, and Purchasing

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

M. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. The finance director serves as the purchasing agent for Jefferson County. All purchase orders are issued by the Finance Department. Purchases exceeding \$25,000 for the Office of County Mayor and the Office of Road Superintendent are required to be competitively bid and purchases exceeding \$10,000 for the discretely presented school department are required to be competitively bid.

N. Subsequent Events

On September 16, 2019, Jefferson County approved a resolution to issue General Obligation Bonds, not to exceed \$11 million, for the construction of a nursing home facility in the city of White Pine. These bonds had not been issued as of the date of this report.

On October 21, 2019, Jefferson County approved a resolution to issue \$850,000 Interfund Capital Outlay Notes for landfill facilities. These notes had not been issued as of the date of this report.

On November 11, 2019, Jefferson County issued \$400,000 Interfund Capital Outlay Notes for EMS facilities construction and renovations.

On December 5, 2019, the Jefferson County Board of Education voted to increase the threshold requiring competitive bids for the discretely presented school department to \$25,000.

VI. OTHER NOTES – DISCRETELY PRESENTED JEFFERSON COUNTY NURSING HOME

A. Summary of Significant Accounting Policies

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

nursing home. Therefore, the nursing home is a discrete component unit of Jefferson County for financial reporting purposes.

1. Basis of Presentation

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

2. Inventories

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

3. Cash, Cash Equivalents, and Investments

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

The nursing home's policies limit deposits and investments to those instruments allowed by applicable state laws. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the nursing home's agent in the nursing home's name or by the federal reserve banks acting as third party agents. State statutes authorize the nursing home to invest in bonds, notes, or treasury bills of the United States government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities; and the State Treasurer's Investment Pool. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction.

All of the nursing home's cash and cash equivalents are insured or collateralized by the Tennessee Bank Collateral Pool or collateralized by securities held by the financial institutions' trust department in the nursing home's name.

4. **Fair Value Measurements**

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). The nursing home has certificates of deposit totaling \$200,000, and net pension asset of \$827,395, as of June 30, 2019, which would be classified as Level 2 under the hierarchy above. The nursing home did not have any fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2019. See note VI.G for additional specific fair value disclosures related to the Stabilization Reserve Trust.

Financial Assets

Excluding the amounts held in the stabilization reserve trust, the carrying amount of financial assets, consisting of cash and cash equivalents, certificates of deposit, patient accounts receivable, prepaid expenses, accounts payable, accrued expenses and current portion due to primary government approximate their fair value due to their relatively short maturities. Non-current due to primary government is carried at amortized cost, which approximates fair value.

Nonfinancial Assets

The nursing home's nonfinancial assets, which include property and equipment, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur, or if an annual impairment test is required and the nursing home is required to evaluate the nonfinancial instrument for impairment, a resulting asset impairment would require that the nonfinancial asset be recorded at the fair value. During the year ended June 30, 2019, the nursing home did not measure any nonfinancial assets at fair value or recognize any amounts in the Statements of Activities related to changes in fair value for nonfinancial assets.

5. Property and Equipment

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

6. Patient Service Revenue

The nursing home has agreements with third-party payors that provide for payments to the nursing home at amounts different from its established rates. Payment arrangements include prospectively determined per-diem rates per day and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient service revenue is net of contractual adjustments of approximately \$587,000 for the year ended June 30, 2019.

7. Operating Activities

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

8. Pension Plan

For purposes of measuring the stabilization reserve trust, net pension asset, deferred outflows of resources and deferred inflows of resources related to the pension, and pension expense, information about the fiduciary net position of the nursing home's participation in the Stabilization Reserve Trust, the Public Employee Retirement Plan and the Public Employee Pension Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the nursing home's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Stabilization Reserve Trust, the Public Employee Retirement Plan and the Public Employee Pension Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Stabilization Reserve Trust,

the Public Employee Retirement Plan and the Public Employee Retirement Plan of the TCRS. Investments are reported at fair value. See Note VI.G. for further information related to the stabilization reserve trust.

9. Deferred Outflows/Inflows of Resources

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

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

10. Compensated Absences

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

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

11. Risk Management

The nursing home is exposed to various risks of loss from medical malpractice; torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. Commercial insurance is purchased for claims arising from such matters.

12. Net Position

All resources that are not restricted by donors are included in unrestricted net position. Resources temporarily restricted by donors for specific purposes are reported as a restricted component of net position - expendable. When specific purposes are achieved, either through passage of a stipulated time or the purpose for restriction is accomplished, they are classified to unrestricted net position and reported in the Statement of Revenues, Expenses, and Changes in Net Position. Resources temporarily restricted by donors for additions to land, buildings, and equipment are initially reported as a restricted component of net position - expendable and are transferred to unrestricted net position when expended. Donor-imposed restrictions, which stipulate that the resources be maintained permanently, are reported as a restricted component of net position – unexpendable. Investment income for the restricted component of net position - unexpendable is classified as either a restricted component of net position – expendable or unrestricted based on the intent of the donor. As of June 30, 2019, the nursing home had restricted component of net position – expendable of \$827,395, relating to the net pension asset, as well as restricted component of net position – expendable designated for employee scholarships as discussed in VI.B. As of June 30, 2019, there were no restricted components of net position - unexpendable.

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

13. Income Taxes

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

14. Long-lived Assets

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

management's estimate of the recoverability of these assets.

15. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

16. Performance Indicator

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

17. Adoption of New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 85, Omnibus 2017. This statement addresses practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses accounting and financial reporting issues related to the blending of a component unit, goodwill, fair value measurement and application, and postemployment benefits. This accounting standard is effective for financial statements for fiscal years beginning after June 15, 2017. Therefore, the nursing home adopted this standard at the beginning of fiscal year 2018.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective clauses. This accounting standard is effective for financial statements for fiscal years beginning after June 15, 2018. Therefore, the nursing home adopted this standard at the beginning of fiscal year 2019.

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

B. Restricted Assets

Cash in the employee scholarship fund is available to provide scholarships to qualifying employees. Certain donations received are designated to be used for higher education of employees. Deposits to the fund come from private donations and monthly interest earned. The only withdrawals made are to award scholarships to qualifying employees. Scholarships awarded are subject to board approval. One employee received a \$500 scholarship during the year ended June 30, 2019.

Investments held in the stabilization reserve trust will be utilized for employees benefits to be paid in the future. The stabilization reserve trust is a separate legal trust outside the nursing home's control which is more fully described in Note VI.G.

C. Third-party Reimbursement Programs

The nursing home receives revenue under various third-party reimbursement programs, which include Medicare, Medicaid, and other third-party payors. Contractual adjustments under third-party reimbursement programs represent the difference between the nursing home's billings at its established rates and the amounts reimbursed by third-party payors. They also include any differences between estimated third-party reimbursement settlements for prior years and subsequent tentative or final settlements. There were no adjustments to revenue resulting from tentative or final settlements to estimated reimbursement amounts for the year ended June 30, 2019.

1. Medicare

The nursing home is paid for substantially all services rendered to Medicare program beneficiaries for skilled nursing care under prospectively determined case-mix rates. Those rates vary according to a classification system that is based on a medical assessment of the rehabilitation needed, extent of services needed, and other factors. The patient is often responsible for a portion of the fee. For the patient portion of fees not collected after normal collection efforts with the filing of an annual cost report, the nursing home was reimbursed 65 percent for such uncollected fees.

2. Medicaid/TennCare

Effective July 1, 2018, the Medicaid/TennCare program reimbursed the nursing home at a single prospective rate (per diem) for both skilled nursing and routine nursing care services rendered to Medicaid/TennCare beneficiaries. The single prospective rate considers the facility specific direct costs, fair rental value of the physical assets, quality and case mix.

3. Commercial Payors

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

4. Credit Concentrations

The nursing home grants credit to patients and generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies. At June 30, 2019, the nursing home had net receivables from the federal government (Medicare) of approximately \$253,000 and from Medicaid of approximately \$540,000. Medicare comprised 20 percent and Medicaid comprised 53 percent of net patient service revenue for the year ended June 30, 2019.

D. Inventories

A summary of inventories as of June 30, 2019, was as follows:

Food	\$ 14,025
Medical Supplies	8,810
Housekeeping Supplies	3,075
Maintenance Supplies	<u>2,509</u>
Total	<u>\$ 28,419</u>

E. Property and Equipment

The net investment in capital assets as of June 30, 2019, is as follows:

Property and Equipment, Net	\$ 6,696,141
Current Portion of Long-term Debt	(265,000)
Long-term Debt, Excluding Current Portion	<u>(5,880,000)</u>
Total	<u>\$ 551,141</u>

The major classifications and changes in property and equipment as of and for the year ended June 30, 2019, are as follows:

	Balance			Balance
	7-1-18	Increases	Decreases	6-30-19
Land	\$ 7,181	\$ 0	\$ 0	\$ 7,181
Land Improvements	257,453	6,537	0	263,990
Building and Improvements	9,898,780	144,292	0	10,043,072
Machinery and Equipment	1,987,081	28,402	0	2,015,483
Transportation Equipment	100,166	0	0	100,166
Construction in Progress	0	15,910	0	15,910
Total	\$ 12,250,661	\$ 195,141	\$ 0	\$ 12,445,802
Less Allowance for Depreciation and Amortization:				
Land Improvements	\$ (140,987)	\$ (16,299)	\$ 0	\$ (157,286)
Buildings and Improvements	(3,712,465)	(232,980)	0	(3,945,445)
Machinery and Equipment	(1,434,164)	(112,600)	0	(1,546,764)
Transportation Equipment	(100,166)	0	0	(100,166)
Total	\$ (5,387,782)	\$ (361,879)	\$ 0	\$ (5,749,661)
Total	\$ 6,862,879	\$ (166,738)	\$ 0	\$ 6,696,141

F. Due to Primary Government

A schedule of changes in the nursing home's long-term debt to the government of Jefferson County, Tennessee, related to bond issues as of and for the year ended June 30, 2019, is as follows:

	Balance			Amounts	
	7-1-18	Additions	Reductions	Balance 6-30-19	Due Within One Year
General Obligation					
Refunding Bonds - 2014	\$ 2,420,000	\$ 0	\$ (245,000)	\$ 2,175,000	\$ 250,000
General Obligation					
Refunding Bonds - 2016	3,985,000	0	(15,000)	3,970,000	15,000
Total	\$ 6,405,000	\$ 0	\$ (260,000)	\$ 6,145,000	\$ 265,000

Jefferson County, Tennessee, issued \$4,285,000 General Obligation Refunding Bonds, Series 2014, dated May 15, 2014, to be used to call certain bond issuances outstanding by the county. The bonds are direct general obligations of Jefferson County, Tennessee, payable from ad valorem taxes levied upon all taxable property within Jefferson County without limitation as to rate or amount. The full faith and credit of Jefferson County, Tennessee, is irrevocably pledged to pay principal, redemption premiums, if any, and interest on the bonds. However, because the debt was incurred specifically for the addition to the nursing home, the bond transactions are reported on the nursing home's financial statements as obligations to the county. \$2,540,000 of the Series 2014

proceeds was assigned to be used to call a portion of a certain previous bond issuance obligation on June 1, 2016. The nursing home recorded an initial liability to the county of \$2,760,000 related to the Series 2014 bond issue comprised of the initial \$2,540,000 and \$220,000 of prefunded interest payments. The remaining \$1,525,000 of proceeds from Series 2014 relate to county uses other than the nursing home and are not an obligation of the nursing home.

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

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

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

A summary of future maturities and interest of long-term debt due to the county related to Series 2014 and Series 2016 bond obligations as of June 30, 2019, is as follows:

Fiscal Year Ending June 30	Series 2016 Principal	Series 2014 Principal	Estimated Interest	Total Payments
2020	\$ 15,000	\$ 250,000	\$ 150,000	\$ 415,000
2021	15,000	255,000	144,000	414,000
2022	20,000	260,000	139,000	419,000
2023	20,000	270,000	133,000	423,000
2024	20,000	275,000	127,000	422,000
2025-2029	750,000	865,000	519,000	2,134,000
2030-2034	1,875,000	0	318,000	2,193,000
2035-2037	1,255,000	0	70,000	1,325,000
Total	\$ 3,970,000	\$ 2,175,000	\$ 1,600,000	\$ 7,745,000

G. Pension Plan

1. Public Employee Retirement Plan

General information about the pension plan

Plan Description. Employees of the nursing home, as a component unit of Jefferson County, with membership in the TCRS after July 1, 2016, are provided with a pension through a legally separate plan, referred to as the Public Employee Retirement Plan (the "Hybrid Plan"), an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated ("TCA") Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at:

[https://www.treasury.tn.gov/Retirement/Boards-and-governance/Reporting-and-Investment Policies](https://www.treasury.tn.gov/Retirement/Boards-and-governance/Reporting-and-Investment-Policies)

Benefits Provided. Tennessee Code Annotated Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Hybrid Plan's benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. Members of the Hybrid Plan 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 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

plus any accumulated interest. Moreover, there are defined cost controls and unfunded liability controls for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out by law. Employees in the Hybrid Plan contribute five percent of their salary. In addition, the component units of Jefferson County make employer contributions at the contribution rate set by the Board of Trustees as determined by actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees is reached. For the year ended June 30, 2019, employer contributions by the nursing home for the Hybrid Plan were \$43,026 based on a rate of 1.94 percent of covered payroll. An additional 2.06 percent of covered payroll is submitted to the stabilization reserve trust discussed later in this note. By law, employer contributions are required to be paid. The TCRS may intercept Jefferson County's state shared taxes if required employer contributions are not remitted. The employer 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.

In addition, the nursing home is required to contribute 5 percent of covered payroll to the defined contribution portion of the Hybrid Plan to an individual employee account held by TCRS. Benefit terms, including contribution requirements are established and may be amended by TCRS. Employees are enrolled upon eligibility to make a 2 percent contribution to the defined contribution portion of the Hybrid Plan. Employees are permitted to make changes to the defined contribution portion of the Hybrid Plan by filing a form with TCRS and are permitted to make contributions up to applicable Internal Revenue Code limits. For the year ended June 30, 2019, employee contributions totaled approximately \$97,000. Employees are immediately vested in their own contributions and earnings on those contributions.

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

Pension liabilities. As of June 30, 2019, the Hybrid Plan reported a net pension asset of \$65,295 for its proportionate share of the net pension asset. The net pension assets were measured as of June 30, 2018, and the total pension liability used to calculate the net pension assets was determined by an actuarial valuation as of the measurement dates. As of June 30, 2019, the nursing home's proportion of the net pension asset

in the Hybrid Plan was based on the nursing home's active participants as of June 30, 2018, relative to the active participants of all component units of Jefferson County as of June 30, 2018. At the June 30, 2018, measurement date, the nursing home's proportion in the Hybrid Plan was 60.27 percent.

Pension expense. The total hybrid plan pension asset 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 percent
Salary Increases	Graded Salary Ranges from 8.72 to 3.44 Percent Based on Age, Including Inflation, Averaging 4.00 Percent
Investment Rate of Return	7.25 Percent, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25 Percent

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 of July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Change in assumptions

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; and decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent. Graded salary ranges used in the 2017 measurement was 8.75 to 3.45 percent based on age.

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 historical 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 investment 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 weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	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 three factors described above.

Discount rate

The discount rate that was used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all component units of Jefferson County will be made at the actuarially determined contribution rate pursuant to the actuarial valuation 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 Nursing Home's Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the nursing home's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the nursing home's proportionate share of the net position 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Nursing Home's Proportionate Share of the Net Position Liability (Asset)	\$ (19,224)	\$ (65,295)	\$ (98,600)

Pension plan fiduciary net position

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

Pension expense

For the year ended June 30, 2019, the nursing home recognized pension expense of \$10,768 related to the Hybrid Plan.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2019, the nursing home reported deferred outflows of resources related to the hybrid plan pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 40,976	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,508
Nursing Home's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	43,026	0
Total	<u>\$ 84,002</u>	<u>\$ 1,508</u>

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

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

Year Ending June 30	Amount
2020	\$ 4,708
2021	4,708
2022	4,708
2023	4,855
2024	5,122
Thereafter	15,367

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

Payable to the Hybrid Plan

The nursing home reported a payable of \$6,789 for the outstanding amount of contributions to the hybrid plan required at the year ended June 30, 2019.

2. Public Employee Legacy Pension Plan

General information about the pension plan

Employees of the nursing home with membership in the TCRS before July 1, 2016, were provided a defined benefit pension plan ("Legacy Plan"), an agent multiple-employer pension plan administered by the TCRS. The Legacy Plan closed to new membership on June 30, 2016, but will continue to provide benefits to existing members and retirees. The TCRS was created by state statute under 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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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

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

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees covered under the Legacy Plan do not make contributions to their account; instead the component units of Jefferson County make employer contributions at the contribution rate set by the Board of Trustees as determined by actuarial valuation. For the year ended June 30, 2019, employer contributions for the nursing home related to the Legacy Plan were \$380,480 based on a rate of 11.00 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Jefferson County's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Asset

At June 30, 2019, the nursing home reported an asset of \$762,100 for its proportionate share of the net pension asset. The net pension assets were measured as of June 30, 2018, and the total pension liability used

to calculate the net pension assets was determined by an actuarial valuation as of the measurement date. As of June 30, 2019, the nursing home's proportion of the net pension asset in the Legacy Plan was based on the nursing home's active participants as of June 30, 2018, relative to the active participants of all component units of Jefferson County as of June 30, 2018, relative to the active participants of all component units of Jefferson County as of June 30, 2017. At the June 30, 2018, measurement date, the nursing home's proportion in the legacy plan was 17.31 percent.

Actuarial Assumptions

The total legacy plan pension asset 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 percent
Salary Increases	Graded Salary Ranges from 8.72 to 3.44 Percent Based on Age, Including Inflation, Averaging 4.00 Percent
Investment Rate of Return	7.25 Percent, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25 Percent

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 of July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Change in assumptions

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; and decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent. Graded salary ranges used in the 2017 measurement was 8.75 to 3.45 percent based on age.

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 historical 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 investment 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 weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	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 three factors described above.

Discount Rate. The discount rate that was used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all component units of Jefferson County will be made at the actuarially determined contribution rate pursuant to the actuarial valuation accordance with the pension 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 and to cover administrative expenses. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Nursing Home's Proportionate Share of the Net Position Liability (Asset)	\$ 1,057,576	\$ (762,100)	\$ (2,274,952)

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

Pension Expense. For the year ended June 30, 2019, the nursing home recognized pension expense of \$354,873.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the nursing home reported deferred outflows of resources and deferred inflows of resources related to the Legacy Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,712	\$ 226,542
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	62,906
Changes in assumptions	201,625	0
Nursing Home's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	380,480	0
Total	<u>\$ 692,817</u>	<u>\$ 289,448</u>

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

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

Year Ending June 30	Amount
2020	\$ 99,885
2021	(4,897)
2022	(85,874)
2023	13,775
2024	0
Thereafter	0

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

Payable to the Legacy Plan

The nursing home reported a payable of \$52,320 for the outstanding amount of contributions to the legacy plan required at the year ended June 30, 2019.

TCRS Stabilization Trust

Legal Provisions. As of June 30, 2019, the nursing home is a member of the TCRS Stabilization Trust. The nursing home has placed funds into the irrevocable trust as authorized by statute under 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 nursing home.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The nursing home 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 in the Stabilization Reserve Trust 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 fair value. 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 nursing home 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	\$ 19,348
Developed Market International Equity	N/A	N/A	8,738
Emerging Market International Equity	N/A	N/A	2,497
U.S. Fixed Income	N/A	N/A	12,483
Real Estate	N/A	N/A	6,241
Short-term Securities	N/A	N/A	624
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	<u>12,483</u>
Total			<u><u>\$ 62,414</u></u>

Investment by Fair Value Level	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)*	
				NAV
U.S. Equity	\$ 19,348	\$ 0	\$ 0	0
Developed Market International Equity	8,738	0	0	0
Emerging Market International Equity	2,497	0	0	0
U.S. Fixed Income	0	12,483	0	0
Real Estate	0	0	6,241	0
Short-term Securities	0	624	0	0
Private Equity and Strategic Lending	0	0	0	12,483
Total	<u>\$ 30,583</u>	<u>\$ 13,107</u>	<u>\$ 6,241</u>	<u>12,483</u>

* Due to the small amount of the Level 3 investments held in the Stabilization Reserve Trust and the fact that the nursing home may not impose restrictions or influence on the types of investment held in the SRT and the fact the SRT financial statements are publicly available, the nursing home has not presented a rollforward of Level 3 investments in these financial statements.

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 nursing home 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 nursing home 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. The nursing home 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 nursing home to pay retirement benefits of employees.

For further information concerning the nursing home'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>.

H. Commitments and Contingencies

The nursing home leases various equipment under short-term operating lease agreements. Rent expense totaled \$5,032 in 2019.

Health Care Industry

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

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid/TennCare fraud and abuse. Recently, government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as repayments for patient services previously billed. Management believes the nursing home is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

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

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

Health Care Reform

The health care industry in the United States is subject to fundamental changes due to ongoing health care reform efforts and related political, economic and regulatory influences. Notably, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "Affordable Care Act") resulted in expanded health care coverage to millions of previously uninsured people beginning in 2014 and has resulted in significant changes to the U.S. healthcare care system. To help fund this expansion, the Affordable Care Act outlines certain reduction in Medicare reimbursements for various health care providers as well as certain other changes to Medicare payment methodologies. This comprehensive health care legislation has resulted and will continue to result in extensive rulemaking by regulatory authorities, and also may be altered, amended, repealed, or replaced.

It is difficult to predict the full impact of the Affordable Care Act due to the complexity of the law and implementing regulations, as well as the nursing home's inability to foresee how CMS and other participants in the health care industry will respond to the choices available to them under the law. The nursing home also cannot accurately predict whether any new or pending legislative proposals will be adopted or, if adopted, what effect, if any, these proposals would have on the nursing home's business. Similarly, while the nursing home can anticipate that some of the rulemaking that will be promulgated by regulatory authorities will affect the nursing home's business and the manner in which the nursing home is reimbursed by the federal health care programs, the nursing home cannot accurately predict today the impact of those regulations on the nursing home's business. The provisions of the legislation and other regulations implementing the provisions of the Affordable Care Act or any amended or replacement legislation may increase costs, decrease revenues, expose the nursing home to expanded liability or require the nursing home to revise the ways in which it conducts business.

I. Functional Expenses

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

	<u>2019</u>
Healthcare Services	\$ 10,705,722
General and Administrative	<u>2,224,732</u>
Total	<u>\$ 12,930,454</u>

J. Subsequent Event

During July 2019, the nursing home purchased land in White Pine, Tennessee, at a cost of approximately \$289,000 as a result of the Board of Directors expressed desire to expand services into that community. The nursing home received approval of a certificate of need for the construction of a thirty bed facility by the Health Services Development Agency on December 11, 2019, and has secured support from the Jefferson County Commission to move forward with the project if the certificate of need is approved.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 1,554,834	\$ 1,614,607	\$ 1,695,967	\$ 1,721,279	\$ 1,750,833
Interest	4,567,501	4,844,096	5,033,759	5,305,216	5,450,972
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual and Expected Experience	118,884	(1,189,172)	(204,390)	(1,215,221)	774,712
Changes in Assumptions	0	0	0	1,747,186	0
Benefit Payments, Including Refunds of Employee Contributions	(2,398,853)	(2,827,268)	(2,816,811)	(3,045,640)	(3,231,190)
Net Change in Total Pension Liability	\$ 3,842,366	\$ 2,442,263	\$ 3,708,525	\$ 4,512,820	\$ 4,745,327
Total Pension Liability, Beginning	60,544,602	64,386,968	66,829,231	70,537,756	75,050,576
Total Pension Liability, Ending (a)	\$ 64,386,968	\$ 66,829,231	\$ 70,537,756	\$ 75,050,576	\$ 79,795,903
Plan Fiduciary Net Position					
Contributions - Employer	\$ 3,039,363	\$ 3,246,821	\$ 3,350,948	\$ 2,725,637	\$ 2,601,406
Contributions - Employee	0	0	92	0	0
Net Investment Income	9,346,723	2,041,119	1,824,088	8,002,705	6,479,765
Benefit Payments, Including Refunds of Employee Contributions	(2,398,853)	(2,827,268)	(2,816,811)	(3,045,640)	(3,231,190)
Administrative Expense	(28,821)	(37,241)	(54,813)	(58,595)	(60,448)
Net Change in Plan Fiduciary Net Position	\$ 9,958,412	\$ 2,423,431	\$ 2,303,504	\$ 7,624,107	\$ 5,789,533
Plan Fiduciary Net Position, Beginning	56,099,575	66,057,987	68,481,418	70,784,922	78,409,029
Plan Fiduciary Net Position, Ending (b)	\$ 66,057,987	\$ 68,481,418	\$ 70,784,922	\$ 78,409,029	\$ 84,198,562
Net Pension Liability (Asset), Ending (a - b)	\$ (1,671,019)	\$ (1,652,187)	\$ (247,166)	\$ (3,358,453)	\$ (4,402,659)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.60%	102.47%	100.35%	104.47%	105.52%
Covered Payroll	\$ 20,577,990	\$ 20,773,012	\$ 21,439,198	\$ 21,580,655	\$ 20,597,038
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(8.12%)	(7.95%)	(1.15%)	(15.56%)	(21.38%)

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

Note: Data presented includes employees of the primary government and the discretely presented Jefferson County Nursing Home hired prior to July 1, 2016, along with non-certified employees of the discretely presented Jefferson County School Department hired prior to July 1, 2017.

Exhibit F-2

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

	2017	2018
Total Pension Liability		
Service Cost	\$ 0	\$ 139,363
Interest	0	12,830
Changes in Benefit Terms	39,240	0
Differences Between Actual and Expected Experience	0	76,487
Changes in Assumptions	0	0
Benefit Payments, Including Refunds of Employee Contributions	0	(3,275)
Net Change in Total Pension Liability	\$ 39,240	\$ 225,405
Total Pension Liability, Beginning	0	39,240
Total Pension Liability, Ending (a)	\$ 39,240	\$ 264,645
Plan Fiduciary Net Position		
Contributions - Employer	\$ 30,158	\$ 135,124
Contributions - Employee	37,698	168,905
Net Investment Income	3,592	17,532
Benefit Payments, Including Refunds of Employee Contributions	0	(3,275)
Administrative Expense	(4,448)	(12,304)
Net Change in Plan Fiduciary Net Position	\$ 67,000	\$ 305,982
Plan Fiduciary Net Position, Beginning	0	67,000
Plan Fiduciary Net Position, Ending (b)	\$ 67,000	\$ 372,982
Net Pension Liability (Asset), Ending (a - b)	\$ (27,760)	\$ (108,337)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	170.74%	140.94%
Covered Payroll	\$ 768,974	\$ 3,378,091
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(3.61%)	(3.21%)

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

Note: Data presented includes employees of the primary government and the discretely presented Jefferson County Nursing Home hired after July 1, 2016, along with non-certified employees of the discretely presented Jefferson County School Department hired after July 1, 2017.

Exhibit F-3

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

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 3,039,363	\$ 3,246,821	\$ 3,350,948	\$ 1,855,936	\$ 1,758,987	\$ 1,681,251
Less Contributions in Relation to the Actuarially Determined Contribution	(3,039,363)	(3,246,821)	(3,350,948)	(2,725,637)	(2,601,406)	(2,164,216)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (869,701)	\$ (842,419)	\$ (482,965)
Covered Payroll	\$ 20,577,990	\$ 20,773,012	\$ 21,439,198	\$ 21,580,655	\$ 20,597,038	\$ 19,686,784
Contributions as a Percentage of Covered Payroll	14.77%	15.63%	15.63%	12.63%	12.63%	10.99%

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

Note: Data presented includes employees of the primary government and the discretely presented Jefferson County Nursing Home hired prior to July 1, 2016, along with non-certified employees of the discretely presented Jefferson County School Department hired prior to July 1, 2017.

Exhibit F-4

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

	<u>2017</u>	<u>2018</u>	<u>2019*</u>
Actuarially Required Contribution	\$ 8,689	\$ 43,578	\$ 49,694
Less Contributions in Relation to the Actuarially Required Contribution	(30,158)	(135,124)	(68,856)
Contribution Deficiency (Excess)	<u>\$ (21,469)</u>	<u>\$ (91,546)</u>	<u>\$ (19,162)</u>
Covered Payroll	\$ 768,974	\$ 3,378,091	\$ 4,517,633
Contributions as a Percentage of Covered Payroll	3.92%	4.00%	1.52%

* - In FY 2019 the county and school department placed the actuarially determined contribution rate (1.1%) of covered payroll into the pension plan and placed \$54,148 and \$18,613, respectively, into the Pension Stabilization Reserve Trust. The nursing home placed 1.94% of its covered payroll into the plan and \$59,416 into the Pension Stabilization Reserve Trust.

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

Note: Data presented includes employees of the primary government and the discretely presented Jefferson County Nursing Home hired after July 1, 2016, along with non-certified employees of the discretely presented Jefferson County School Department hired after July 1, 2017.

Exhibit F-5

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

	2015	2016	2017	2018	2019*
Contractually Required Contribution	\$ 41,727	\$ 66,355	\$ 99,201	\$ 152,701	\$ 92,398
Less Contributions in Relation to the Contractually Required Contribution	(41,727)	(66,355)	(99,201)	(152,701)	(92,398)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 1,043,164	\$ 1,658,879	\$ 2,480,011	\$ 3,817,542	\$ 4,762,800
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 (1.94%) of covered payroll into the pension plan and placed \$98,116 into the Pension Stabilization Reserve Trust.

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

Exhibit F-6

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

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 2,253,165	\$ 2,221,444	\$ 2,203,806	\$ 2,196,360	\$ 2,166,973	\$ 2,454,981
Less Contributions in Relation to the Contractually Required Contribution	(2,253,165)	(2,221,444)	(2,203,806)	(2,196,360)	(2,166,973)	(2,454,981)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 25,373,474	\$ 24,573,523	\$ 24,378,346	\$ 24,296,000	\$ 23,865,314	\$ 23,473,479
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.

Exhibit F-7

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.502068%	0.377012%	0.377859%	0.436848%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (20,198)	\$ (39,248)	\$ (99,692)	\$ (198,123)
Covered Payroll	\$ 1,043,164	\$ 1,658,879	\$ 2,480,011	\$ 3,817,542
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 F-8

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

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.646459%	0.656431%	0.675339%	0.687309%	0.681540%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (105,047)	\$ 268,896	\$ 4,220,496	\$ (224,876)	\$ (2,398,281)
Covered Payroll	\$ 25,373,475	\$ 24,573,523	\$ 24,378,346	\$ 24,296,000	\$ 23,865,314
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.

Exhibit F-9

Jefferson County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plan
For the Fiscal Year Ended June 30

	2017	2018
Total OPEB Liability		
Service Cost	\$ 81,150	\$ 76,490
Interest	31,577	39,756
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(128,030)
Changes in Assumptions or Other Inputs	(54,640)	71,054
Benefit Payments	(15,261)	(20,886)
Net Change in Total OPEB Liability	\$ 42,826	\$ 38,384
Total OPEB Liability, Beginning	1,007,876	1,050,702
Total OPEB Liability, Ending	\$ 1,050,702	\$ 1,089,086
Covered Employee Payroll	\$ N/A	\$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A

Notes:

Note 1: Data presented includes primary government and the discretely presented Jefferson County Nursing Home.

Note 2: Ten years of data will be presented when available.

Note 3: Changes in assumptions.

(a) The following are the discount rates used in each period:

2016 2.92%

2017 3.56%

2018 3.62%

(b) The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4% to 6.75%.

Note 4: Covered employee payroll for the discretely presented nursing home was not available for 2018 or 2019. Covered employee payroll for the primary government was \$11,220,139 & \$11,693,014, respectively.

Note 5: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

	2017	2018
Total OPEB Liability		
Service Cost	\$ 1,224,010	\$ 1,139,357
Interest	625,299	758,746
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(2,457,397)
Changes in Assumptions or Other Inputs	(940,958)	412,102
Benefit Payments	(863,451)	(986,443)
Net Change in Total OPEB Liability	\$ 44,900	\$ (1,133,635)
Total OPEB Liability, Beginning	20,622,056	20,666,956
Total OPEB Liability, Ending	\$ 20,666,956	\$ 19,533,321
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 4,527,696	\$ 4,231,718
Employer Proportionate Share of the Total OPEB Liability	16,139,260	15,301,603
Covered Employee Payroll	\$ 30,941,444	\$ 30,811,826
Net OPEB Liability as a Percentage of Covered Employee Payroll	52.16%	49.66%

Notes:

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

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2016 2.92%

2017 3.56%

2018 3.62%

(b) The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4% to 6.75%.

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

JEFFERSON 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 Adjustment	2.25%

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

Capital Projects Fund

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

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

Other Capital Projects Fund – The Other Capital Projects Fund was used during the year to account for expenditures of a water line project funded by a Community Development Block Grant.

Exhibit G-1

Jefferson County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 163,681	\$ 163,681
Equity in Pooled Cash and Investments	11,954	8,637	559,610	69,550	0	649,751
Accounts Receivable	0	0	2,685	358	339	3,382
Due from Other Governments	0	0	0	0	0	0
Due from Other Funds	0	0	0	0	0	0
Property Taxes Receivable	0	0	1,803,978	0	0	1,803,978
Allowance for Uncollectible Property Taxes	0	0	(81,252)	0	0	(81,252)
Total Assets	\$ 11,954	\$ 8,637	\$ 2,285,021	\$ 69,908	\$ 164,020	\$ 2,539,540
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 1,300	\$ 1,179	\$ 10,311	\$ 0	\$ 12,790
Accrued Payroll	0	0	9,133	0	0	9,133
Payroll Deductions Payable	0	0	3,174	0	0	3,174
Due to Other Funds	0	0	68,703	0	1,889	70,592
Due to State of Tennessee	0	0	596	0	0	596
Total Liabilities	\$ 0	\$ 1,300	\$ 82,785	\$ 10,311	\$ 1,889	\$ 96,285
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 1,685,071	\$ 0	\$ 0	\$ 1,685,071
Deferred Delinquent Property Taxes	0	0	29,849	0	0	29,849
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 1,714,920	\$ 0	\$ 0	\$ 1,714,920

(Continued)

Exhibit G-1

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

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 11,954	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,954
Restricted for Finance	0	0	0	0	162,131	162,131
Restricted for Administration of Justice	0	7,337	0	0	0	7,337
Restricted for Public Safety	0	0	0	59,597	0	59,597
Restricted for Public Health and Welfare	0	0	445,761	0	0	445,761
Restricted for Capital Projects	0	0	0	0	0	0
Committed:						
Committed for Public Health and Welfare	0	0	41,555	0	0	41,555
Total Fund Balances	<u>\$ 11,954</u>	<u>\$ 7,337</u>	<u>\$ 487,316</u>	<u>\$ 59,597</u>	<u>\$ 162,131</u>	<u>\$ 728,335</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,954</u>	<u>\$ 8,637</u>	<u>\$ 2,285,021</u>	<u>\$ 69,908</u>	<u>\$ 164,020</u>	<u>\$ 2,539,540</u>

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	General Capital Projects	Other Capital Projects	Total	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 163,681
Equity in Pooled Cash and Investments	684,993	1,442	686,435	1,336,186
Accounts Receivable	332	0	332	3,714
Due from Other Governments	37,048	0	37,048	37,048
Due from Other Funds	4,427	0	4,427	4,427
Property Taxes Receivable	10,565	0	10,565	1,814,543
Allowance for Uncollectible Property Taxes	(5,544)	0	(5,544)	(86,796)
Total Assets	\$ 731,821	\$ 1,442	\$ 733,263	\$ 3,272,803
<u>LIABILITIES</u>				
Accounts Payable	\$ 28,281	\$ 1,442	\$ 29,723	\$ 42,513
Accrued Payroll	0	0	0	9,133
Payroll Deductions Payable	0	0	0	3,174
Due to Other Funds	245	0	245	70,837
Due to State of Tennessee	0	0	0	596
Total Liabilities	\$ 28,526	\$ 1,442	\$ 29,968	\$ 126,253
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 1,685,071
Deferred Delinquent Property Taxes	3,980	0	3,980	33,829
Total Deferred Inflows of Resources	\$ 3,980	\$ 0	\$ 3,980	\$ 1,718,900

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	General Capital Projects	Other Capital Projects	Total	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for General Government	\$ 0	\$ 0	\$ 0	\$ 11,954
Restricted for Finance	0	0	0	162,131
Restricted for Administration of Justice	0	0	0	7,337
Restricted for Public Safety	0	0	0	59,597
Restricted for Public Health and Welfare	0	0	0	445,761
Restricted for Capital Projects	699,315	0	699,315	699,315
Committed:				
Committed for Public Health and Welfare	0	0	0	41,555
Total Fund Balances	<u>\$ 699,315</u>	<u>\$ 0</u>	<u>\$ 699,315</u>	<u>\$ 1,427,650</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 731,821</u>	<u>\$ 1,442</u>	<u>\$ 733,263</u>	<u>\$ 3,272,803</u>

Exhibit G-2

Jefferson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>						
Local Taxes	\$ 55,379	\$ 13,307	\$ 1,849,029	\$ 0	\$ 0	\$ 1,917,715
Fines, Forfeitures, and Penalties	0	0	0	40,611	0	40,611
Charges for Current Services	0	0	0	0	759,308	759,308
Other Local Revenues	0	0	1,668	359	17,053	19,080
State of Tennessee	0	0	23,025	0	0	23,025
Federal Government	0	0	0	0	0	0
Total Revenues	\$ 55,379	\$ 13,307	\$ 1,873,722	\$ 40,970	\$ 776,361	\$ 2,759,739
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 196	\$ 196
Finance	560	135	0	0	777,590	778,285
Public Safety	0	16,746	0	36,358	0	53,104
Public Health and Welfare	0	0	1,840,304	0	0	1,840,304
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 560	\$ 16,881	\$ 1,840,304	\$ 36,358	\$ 777,786	\$ 2,671,889
Excess (Deficiency) of Revenues Over Expenditures	\$ 54,819	\$ (3,574)	\$ 33,418	\$ 4,612	\$ (1,425)	\$ 87,850
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	(100,000)	0	0	0	0	(100,000)
Total Other Financing Sources (Uses)	\$ (100,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (100,000)

(Continued)

Exhibit G-2

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

	Special Revenue Funds					Total
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
Net Change in Fund Balances	\$ (45,181)	\$ (3,574)	\$ 33,418	\$ 4,612	\$ (1,425)	\$ (12,150)
Fund Balance, July 1, 2018	57,135	10,911	453,898	54,985	163,556	740,485
Fund Balance, June 30, 2019	\$ 11,954	\$ 7,337	\$ 487,316	\$ 59,597	\$ 162,131	\$ 728,335

(Continued)

Exhibit G-2

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>				
Local Taxes	\$ 305,628	\$ 0	\$ 305,628	\$ 2,223,343
Fines, Forfeitures, and Penalties	0	0	0	40,611
Charges for Current Services	0	0	0	759,308
Other Local Revenues	0	0	0	19,080
State of Tennessee	86,878	0	86,878	109,903
Federal Government	0	422,055	422,055	422,055
Total Revenues	\$ 392,506	\$ 422,055	\$ 814,561	\$ 3,574,300
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 0	\$ 196
Finance	0	0	0	778,285
Public Safety	0	0	0	53,104
Public Health and Welfare	0	0	0	1,840,304
Capital Projects	1,363,945	422,055	1,786,000	1,786,000
Total Expenditures	\$ 1,363,945	\$ 422,055	\$ 1,786,000	\$ 4,457,889
Excess (Deficiency) of Revenues Over Expenditures	\$ (971,439)	\$ 0	\$ (971,439)	\$ (883,589)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 399,390	\$ 0	\$ 399,390	\$ 399,390
Transfers Out	0	0	0	(100,000)
Total Other Financing Sources (Uses)	\$ 399,390	\$ 0	\$ 399,390	\$ 299,390

(Continued)

Exhibit G-2

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Projects	Other Capital Projects	Total	
Net Change in Fund Balances	\$ (572,049)	\$ 0	\$ (572,049)	\$ (584,199)
Fund Balance, July 1, 2018	1,271,364	0	1,271,364	2,011,849
Fund Balance, June 30, 2019	\$ 699,315	\$ 0	\$ 699,315	\$ 1,427,650

Exhibit G-3

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 55,379	\$ 68,500	\$ 68,500	\$ (13,121)
Total Revenues	\$ 55,379	\$ 68,500	\$ 68,500	\$ (13,121)
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 560	\$ 600	\$ 600	\$ 40
Total Expenditures	\$ 560	\$ 600	\$ 600	\$ 40
Excess (Deficiency) of Revenues Over Expenditures	\$ 54,819	\$ 67,900	\$ 67,900	\$ (13,081)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ 0
Total Other Financing Sources	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ 0
Net Change in Fund Balance	\$ (45,181)	\$ (32,100)	\$ (32,100)	\$ (13,081)
Fund Balance, July 1, 2018	57,135	57,135	57,135	0
Fund Balance, June 30, 2019	\$ 11,954	\$ 25,035	\$ 25,035	\$ (13,081)

Exhibit G-4

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Law Library Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 13,307	\$ 0	\$ 13,307	\$ 14,250	\$ 14,250	\$ (943)
Total Revenues	\$ 13,307	\$ 0	\$ 13,307	\$ 14,250	\$ 14,250	\$ (943)
<u>Expenditures</u>						
<u>Finance</u>						
Other Finance	\$ 135	\$ 0	\$ 135	\$ 125	\$ 175	\$ 40
<u>Public Safety</u>						
Jail	16,746	(1,361)	15,385	16,194	16,144	759
Total Expenditures	\$ 16,881	\$ (1,361)	\$ 15,520	\$ 16,319	\$ 16,319	\$ 799
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,574)	\$ 1,361	\$ (2,213)	\$ (2,069)	\$ (2,069)	\$ (144)
Net Change in Fund Balance	\$ (3,574)	\$ 1,361	\$ (2,213)	\$ (2,069)	\$ (2,069)	\$ (144)
Fund Balance, July 1, 2018	10,911	(1,361)	9,550	10,911	10,911	(1,361)
Fund Balance, June 30, 2019	\$ 7,337	\$ 0	\$ 7,337	\$ 8,842	\$ 8,842	\$ (1,505)

Exhibit G-5

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures/ (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,849,029	\$ 0	\$ 1,849,029	\$ 1,823,000	\$ 1,823,000	\$ 26,029
Other Local Revenues	1,668	0	1,668	0	0	1,668
State of Tennessee	23,025	0	23,025	0	23,025	0
Total Revenues	\$ 1,873,722	\$ 0	\$ 1,873,722	\$ 1,823,000	\$ 1,846,025	\$ 27,697
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Waste Pickup	\$ 1,840,304	\$ 116	\$ 1,840,420	\$ 1,961,938	\$ 1,984,963	\$ 144,543
Total Expenditures	\$ 1,840,304	\$ 116	\$ 1,840,420	\$ 1,961,938	\$ 1,984,963	\$ 144,543
Excess (Deficiency) of Revenues Over Expenditures	\$ 33,418	\$ (116)	\$ 33,302	\$ (138,938)	\$ (138,938)	\$ 172,240
Net Change in Fund Balance	\$ 33,418	\$ (116)	\$ 33,302	\$ (138,938)	\$ (138,938)	\$ 172,240
Fund Balance, July 1, 2018	453,898	0	453,898	453,898	453,898	0
Fund Balance, June 30, 2019	\$ 487,316	\$ (116)	\$ 487,200	\$ 314,960	\$ 314,960	\$ 172,240

Exhibit G-6

Jefferson County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Drug Control Fund
 For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 40,611	\$ 0	\$ 0	\$ 40,611	\$ 39,800	\$ 39,800	\$ 811
Other Local Revenues	359	0	0	359	0	0	359
Total Revenues	\$ 40,970	\$ 0	\$ 0	\$ 40,970	\$ 39,800	\$ 39,800	\$ 1,170
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 36,358	\$ (2,739)	\$ 693	\$ 34,312	\$ 70,000	\$ 70,000	\$ 35,688
Total Expenditures	\$ 36,358	\$ (2,739)	\$ 693	\$ 34,312	\$ 70,000	\$ 70,000	\$ 35,688
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,612	\$ 2,739	\$ (693)	\$ 6,658	\$ (30,200)	\$ (30,200)	\$ 36,858
Net Change in Fund Balance	\$ 4,612	\$ 2,739	\$ (693)	\$ 6,658	\$ (30,200)	\$ (30,200)	\$ 36,858
Fund Balance, July 1, 2018	54,985	(2,739)	0	52,246	52,246	52,246	0
Fund Balance, June 30, 2019	\$ 59,597	\$ 0	\$ (693)	\$ 58,904	\$ 22,046	\$ 22,046	\$ 36,858

Exhibit G-7

Jefferson County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Capital Projects Fund
 For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 305,628	\$ 0	\$ 0	\$ 305,628	\$ 246,300	\$ 246,300	\$ 59,328
State of Tennessee	86,878	0	0	86,878	0	274,042	(187,164)
Federal Government	0	0	0	0	217,000	0	0
Total Revenues	\$ 392,506	\$ 0	\$ 0	\$ 392,506	\$ 463,300	\$ 520,342	\$ (127,836)
<u>Expenditures</u>							
<u>Capital Projects</u>							
Public Safety Projects	\$ 87,945	\$ 0	\$ 0	\$ 87,945	\$ 114,800	\$ 171,842	\$ 83,897
Public Health and Welfare Projects	52,475	(11,805)	123,134	163,804	217,000	217,000	53,196
Agriculture and Natural Resources Projects	0	0	54,866	54,866	52,500	55,490	624
Other General Government Projects	1,223,525	(792,001)	256,935	688,459	504,420	1,720,892	1,032,433
Total Expenditures	\$ 1,363,945	\$ (803,806)	\$ 434,935	\$ 995,074	\$ 888,720	\$ 2,165,224	\$ 1,170,150
Excess (Deficiency) of Revenues Over Expenditures	\$ (971,439)	\$ 803,806	\$ (434,935)	\$ (602,568)	\$ (425,420)	\$ (1,644,882)	\$ 1,042,314
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 399,390	\$ 0	\$ 0	\$ 399,390	\$ 399,390	\$ 399,390	\$ 0
Total Other Financing Sources	\$ 399,390	\$ 0	\$ 0	\$ 399,390	\$ 399,390	\$ 399,390	\$ 0
Net Change in Fund Balance	\$ (572,049)	\$ 803,806	\$ (434,935)	\$ (203,178)	\$ (26,030)	\$ (1,245,492)	\$ 1,042,314
Fund Balance, July 1, 2018	1,271,364	(803,806)	0	467,558	467,558	1,687,020	(1,219,462)
Fund Balance, June 30, 2019	\$ 699,315	\$ 0	\$ (434,935)	\$ 264,380	\$ 441,528	\$ 441,528	\$ (177,148)

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,845,366	\$ 6,487,418	\$ 6,487,418	\$ 357,948
Other Local Revenues	1,228,927	536,597	536,597	692,330
Federal Government	447,426	0	447,426	0
Total Revenues	\$ 8,521,719	\$ 7,024,015	\$ 7,471,441	\$ 1,050,278
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,220,000	\$ 1,220,000	\$ 1,220,000	\$ 0
Education	3,208,127	3,208,128	3,208,128	1
<u>Interest on Debt</u>				
General Government	326,849	512,338	494,338	167,489
Education	2,684,754	2,246,081	2,693,507	8,753
<u>Other Debt Service</u>				
General Government	134,102	125,110	143,110	9,008
Total Expenditures	\$ 7,573,832	\$ 7,311,657	\$ 7,759,083	\$ 185,251
Excess (Deficiency) of Revenues Over Expenditures	\$ 947,887	\$ (287,642)	\$ (287,642)	\$ 1,235,529
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 512,355	\$ 506,663	\$ 506,663	\$ 5,692
Total Other Financing Sources	\$ 512,355	\$ 506,663	\$ 506,663	\$ 5,692
Net Change in Fund Balance	\$ 1,460,242	\$ 219,021	\$ 219,021	\$ 1,241,221
Fund Balance, July 1, 2018	8,224,505	7,531,618	7,531,618	692,887
Fund Balance, June 30, 2019	\$ 9,684,747	\$ 7,750,639	\$ 7,750,639	\$ 1,934,108

Fiduciary Funds

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

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

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

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

Exhibit I-1

Jefferson County, Tennessee
 Combining Statement of Fiduciary Assets and Liabilities
 Fiduciary Funds
 June 30, 2019

	Agency Funds			Total
	Cities - Sales Tax	Cities - Property Tax	Constitu - tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,030,458	\$ 2,030,458
Equity in Pooled Cash and Investments	0	9,555	0	9,555
Accounts Receivable	0	0	65,338	65,338
Due from Other Governments	977,401	0	0	977,401
Property Taxes Receivable	0	1,486,974	0	1,486,974
Allowance for Uncollectible Property Taxes	0	(72,654)	0	(72,654)
Total Assets	<u>\$ 977,401</u>	<u>\$ 1,423,875</u>	<u>\$ 2,095,796</u>	<u>\$ 4,497,072</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 977,401	\$ 1,423,875	\$ 0	\$ 2,401,276
Due to Litigants, Heirs, and Others	0	0	2,095,796	2,095,796
Total Liabilities	<u>\$ 977,401</u>	<u>\$ 1,423,875</u>	<u>\$ 2,095,796</u>	<u>\$ 4,497,072</u>

Exhibit I-2

Jefferson 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	\$ 5,532,021	\$ 5,532,021	\$ 0
Due from Other Governments	1,000,268	977,401	1,000,268	977,401
Total Assets	\$ 1,000,268	\$ 6,509,422	\$ 6,532,289	\$ 977,401
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,000,268	\$ 6,509,422	\$ 6,532,289	\$ 977,401
Total Liabilities	\$ 1,000,268	\$ 6,509,422	\$ 6,532,289	\$ 977,401
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 15,898	\$ 1,378,419	\$ 1,384,762	\$ 9,555
Property Taxes Receivable	1,236,674	1,486,974	1,236,674	1,486,974
Allowance for Uncollectible Property Taxes	(39,905)	(72,654)	(39,905)	(72,654)
Total Assets	\$ 1,212,667	\$ 2,792,739	\$ 2,581,531	\$ 1,423,875
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,212,667	\$ 2,792,739	\$ 2,581,531	\$ 1,423,875
Total Liabilities	\$ 1,212,667	\$ 2,792,739	\$ 2,581,531	\$ 1,423,875
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,147,154	\$ 12,999,618	\$ 13,116,314	\$ 2,030,458
Accounts Receivable	41,532	65,338	41,532	65,338
Total Assets	\$ 2,188,686	\$ 13,064,956	\$ 13,157,846	\$ 2,095,796
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,188,686	\$ 13,064,956	\$ 13,157,846	\$ 2,095,796
Total Liabilities	\$ 2,188,686	\$ 13,064,956	\$ 13,157,846	\$ 2,095,796

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,147,154	\$ 12,999,618	\$ 13,116,314	\$ 2,030,458
Equity in Pooled Cash and Investments	15,898	6,910,440	6,916,783	9,555
Accounts Receivable	41,532	65,338	41,532	65,338
Due from Other Governments	1,000,268	977,401	1,000,268	977,401
Property Taxes Receivable	1,236,674	1,486,974	1,236,674	1,486,974
Allowance for Uncollectible Property Taxes	(39,905)	(72,654)	(39,905)	(72,654)
Total Assets	<u>\$ 4,401,621</u>	<u>\$ 22,367,117</u>	<u>\$ 22,271,666</u>	<u>\$ 4,497,072</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,212,935	\$ 9,302,161	\$ 9,113,820	\$ 2,401,276
Due to Litigants, Heirs, and Others	2,188,686	13,064,956	13,157,846	2,095,796
Total Liabilities	<u>\$ 4,401,621</u>	<u>\$ 22,367,117</u>	<u>\$ 22,271,666</u>	<u>\$ 4,497,072</u>

Jefferson County School Department

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

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

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

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

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

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

Exhibit J-1

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 37,558,585	\$ 52,153	\$ 3,230,546	\$ 170,000	\$ (34,105,886)
Support Services	22,129,785	93,535	702,454	0	(21,333,796)
Operation of Non-instructional Services	4,342,089	1,132,676	3,522,117	0	312,704
Total Governmental Activities	\$ 64,030,459	\$ 1,278,364	\$ 7,455,117	\$ 170,000	\$ (55,126,978)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 10,633,231
Local Option Sales Taxes					5,577,040
Mixed Drink Tax					32,578
Grants and Contributions Not Restricted for Specific Programs					40,607,792
Unrestricted Investment Income					8,081
Gain on Investments					6,156
Miscellaneous					13,441
Gain on Disposal of Capital Assets					12,883
Total General Revenues					\$ 56,891,202
Change in Net Position					\$ 1,764,224
Net Position, July 1, 2018					65,324,894
Net Position, June 30, 2019					\$ 67,089,118

Exhibit J-2

Jefferson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Jefferson County School Department
June 30, 2019

	Major Funds		Nonmajor	Total
	General	Education	Funds	
	Purpose	Capital	Other	
	School	Projects	Governmental	Governmental
			Funds	Funds
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 8,385,790	\$ 2,907,198	\$ 2,022,139	\$ 13,315,127
Accounts Receivable	57,280	0	486	57,766
Due from Other Governments	1,574,082	0	851,518	2,425,600
Due from Other Funds	0	0	2,858	2,858
Due from Primary Government	0	0	5,098	5,098
Property Taxes Receivable	12,002,070	0	0	12,002,070
Allowance for Uncollectible Property Taxes	(506,658)	0	0	(506,658)
Restricted Assets	122,885	0	0	122,885
Total Assets	<u>\$ 21,635,449</u>	<u>\$ 2,907,198</u>	<u>\$ 2,882,099</u>	<u>\$ 27,424,746</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 181,542	\$ 268	\$ 441	\$ 182,251
Accrued Payroll	343,066	0	0	343,066
Payroll Deductions Payable	4,648,542	0	580,204	5,228,746
Contracts Payable	0	944,167	0	944,167
Retainage Payable	0	49,693	0	49,693
Due to Other Funds	2,858	0	0	2,858
Total Liabilities	<u>\$ 5,176,008</u>	<u>\$ 994,128</u>	<u>\$ 580,645</u>	<u>\$ 6,750,781</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 11,277,012	\$ 0	\$ 0	\$ 11,277,012
Deferred Delinquent Property Taxes	173,125	0	0	173,125
Other Deferred/Unavailable Revenue	613,341	0	0	613,341
Total Deferred Inflows of Resources	<u>\$ 12,063,478</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,063,478</u>

(Continued)

Exhibit J-2

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 289,578	\$ 0	\$ 1,551,454	\$ 1,841,032
Restricted for Hybrid Retirement Stabilization Funds	122,885	0	0	122,885
Committed:				
Committed for Education	480,449	0	750,000	1,230,449
Committed for Capital Projects	158,155	1,913,070	0	2,071,225
Assigned:				
Assigned for Education	238,883	0	0	238,883
Unassigned	3,106,013	0	0	3,106,013
Total Fund Balances	<u>\$ 4,395,963</u>	<u>\$ 1,913,070</u>	<u>\$ 2,301,454</u>	<u>\$ 8,610,487</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,635,449</u>	<u>\$ 2,907,198</u>	<u>\$ 2,882,099</u>	<u>\$ 27,424,746</u>

Exhibit J-3

Jefferson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Jefferson County School Department
June 30, 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 J-2)		\$ 8,610,487
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,492,550	
Add: construction in progress	441,231	
Add: buildings and improvements net of accumulated depreciation	64,259,293	
Add: machinery and equipment net of accumulated depreciation	875,865	
Add: other capital assets net of accumulated depreciation	<u>2,387,680</u>	69,456,619
(2) An internal service fund is used by management to charge the cost of employee dental and vision benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		132,937
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (723,269)	
Less: termination benefits payable	(139,946)	
Less: other postemployment benefits liability	<u>(15,301,603)</u>	(16,164,818)
(4) 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 and OPEB expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 5,868,947	
Less: deferred inflows of resources related to pensions	(4,319,168)	
Add: deferred outflows of resources related to OPEB	1,080,209	
Less: deferred inflows of resources related to OPEB	<u>(2,316,791)</u>	313,197
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds:		
Add: net pension asset - public employee pension plan	\$ 1,348,975	
Add: net pension asset - public employee hybrid pension plan	8,851	
Add: net pension asset - teacher hybrid retirement plan	198,123	
Add: net pension asset - teacher legacy pension plan	<u>2,398,281</u>	3,954,230
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>786,466</u>
Net position of governmental activities (Exhibit A)		<u>\$ 67,089,118</u>

Exhibit J-4

Jefferson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2019

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 16,376,433	\$ 0	\$ 0	\$ 16,376,433
Licenses and Permits	2,831	0	0	2,831
Charges for Current Services	329,058	0	949,306	1,278,364
Other Local Revenues	30,403	0	8,375	38,778
State of Tennessee	40,477,162	0	32,203	40,509,365
Federal Government	88,457	0	7,205,583	7,294,040
Other Governments and Citizens Groups	280,667	0	0	280,667
Total Revenues	<u>\$ 57,585,011</u>	<u>\$ 0</u>	<u>\$ 8,195,467</u>	<u>\$ 65,780,478</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 33,350,533	\$ 0	\$ 2,954,986	\$ 36,305,519
Support Services	21,367,580	0	1,408,302	22,775,882
Operation of Non-Instructional Services	1,101,770	0	3,660,096	4,761,866
Capital Outlay	169,575	0	0	169,575
Capital Projects	0	1,903,832	0	1,903,832
Total Expenditures	<u>\$ 55,989,458</u>	<u>\$ 1,903,832</u>	<u>\$ 8,023,384</u>	<u>\$ 65,916,674</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,595,553</u>	<u>\$ (1,903,832)</u>	<u>\$ 172,083</u>	<u>\$ (136,196)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 43,868	\$ 737,509	\$ 213	\$ 781,590
Transfers In	75,212	2,400,000	0	2,475,212
Transfers Out	(2,400,000)	0	(75,212)	(2,475,212)
Total Other Financing Sources (Uses)	<u>\$ (2,280,920)</u>	<u>\$ 3,137,509</u>	<u>\$ (74,999)</u>	<u>\$ 781,590</u>

(Continued)

Exhibit J-4

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Funds</u>	
Net Change in Fund Balances	\$ (685,367)	\$ 1,233,677	\$ 97,084	\$ 645,394
Fund Balance, July 1, 2018	5,081,330	679,393	2,204,370	7,965,093
Fund Balance, June 30, 2019	\$ 4,395,963	\$ 1,913,070	\$ 2,301,454	\$ 8,610,487

Jefferson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 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 J-4)		\$ 645,394
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,512,046	
Less: current-year depreciation expense	<u>(3,328,840)</u>	(1,816,794)
(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		(17,896)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 786,466	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(834,851)</u>	(48,385)
(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	\$ (53,522)	
Change in termination benefits	132,768	
Change in net pension asset/liability	2,629,179	
Change in deferred outflows related to pensions	(50,205)	
Change in deferred inflows related to pensions	861,970	
Change in OPEB liability	837,657	
Change in deferred outflows related to OPEB	316,128	
Change in deferred inflows related to OPEB	<u>(1,656,201)</u>	3,017,774
(5) Internal service funds are used by management to charge the cost of employee dental and vision benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>(15,869)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,764,224</u>

Exhibit J-6

Jefferson County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Jefferson County School Department
June 30, 2019

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 350,899	\$ 1,671,240	\$ 2,022,139
Accounts Receivable	0	486	486
Due from Other Governments	851,518	0	851,518
Due from Other Funds	2,858	0	2,858
Due from Primary Government	5,098	0	5,098
Total Assets	<u>\$ 1,210,373</u>	<u>\$ 1,671,726</u>	<u>\$ 2,882,099</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 441	\$ 441
Payroll Deductions Payable	460,373	119,831	580,204
Total Liabilities	<u>\$ 460,373</u>	<u>\$ 120,272</u>	<u>\$ 580,645</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 1,551,454	\$ 1,551,454
Committed:			
Committed for Education	750,000	0	750,000
Total Fund Balances	<u>\$ 750,000</u>	<u>\$ 1,551,454</u>	<u>\$ 2,301,454</u>
Total Liabilities and Fund Balances	<u>\$ 1,210,373</u>	<u>\$ 1,671,726</u>	<u>\$ 2,882,099</u>

Exhibit J-7

Jefferson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2019

	Special Revenue Funds		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 949,306	\$ 949,306
Other Local Revenues	0	8,375	8,375
State of Tennessee	0	32,203	32,203
Federal Government	4,512,381	2,693,202	7,205,583
Total Revenues	\$ 4,512,381	\$ 3,683,086	\$ 8,195,467
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,954,986	\$ 0	\$ 2,954,986
Support Services	1,408,302	0	1,408,302
Operation of Non-Instructional Services	73,881	3,586,215	3,660,096
Total Expenditures	\$ 4,437,169	\$ 3,586,215	\$ 8,023,384
Excess (Deficiency) of Revenues Over Expenditures	\$ 75,212	\$ 96,871	\$ 172,083
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 213	\$ 213
Transfers Out	(75,212)	0	(75,212)
Total Other Financing Sources (Uses)	\$ (75,212)	\$ 213	\$ (74,999)
Net Change in Fund Balances	\$ 0	\$ 97,084	\$ 97,084
Fund Balance, July 1, 2018	750,000	1,454,370	2,204,370
Fund Balance, June 30, 2019	\$ 750,000	\$ 1,551,454	\$ 2,301,454

Exhibit J-8

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Jefferson County School Department
General Purpose School Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 16,376,433	\$ 0	\$ 0	\$ 16,376,433	\$ 15,746,500	\$ 15,746,500	\$ 629,933
Licenses and Permits	2,831	0	0	2,831	2,400	2,400	431
Charges for Current Services	329,058	0	0	329,058	242,963	302,963	26,095
Other Local Revenues	30,403	0	0	30,403	1,000	11,850	18,553
State of Tennessee	40,477,162	0	0	40,477,162	40,143,296	40,727,118	(249,956)
Federal Government	88,457	0	0	88,457	78,525	82,339	6,118
Other Governments and Citizens Groups	280,667	0	0	280,667	60,000	252,315	28,352
Total Revenues	\$ 57,585,011	\$ 0	\$ 0	\$ 57,585,011	\$ 56,274,684	\$ 57,125,485	\$ 459,526
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 27,872,157	\$ (63,200)	\$ 4,800	\$ 27,813,757	\$ 28,671,720	\$ 28,312,217	\$ 498,460
Alternative Instruction Program	199,211	0	0	199,211	219,611	219,811	20,600
Special Education Program	3,512,058	0	0	3,512,058	3,605,032	3,705,275	193,217
Career and Technical Education Program	1,767,107	0	0	1,767,107	1,690,404	1,969,086	201,979
<u>Support Services</u>							
Attendance	254,885	0	0	254,885	255,732	255,732	847
Health Services	725,795	0	0	725,795	788,636	771,301	45,506
Other Student Support	1,656,647	0	3,034	1,659,681	1,788,010	1,940,760	281,079
Regular Instruction Program	2,195,089	0	0	2,195,089	2,249,951	2,261,665	66,576
Alternative Instruction Program	122,868	0	0	122,868	125,670	125,670	2,802
Special Education Program	502,573	0	0	502,573	586,160	597,283	94,710
Career and Technical Education Program	280,188	0	0	280,188	317,952	298,187	17,999
Technology	1,571,261	0	1	1,571,262	1,530,575	1,609,424	38,162
Other Programs	291,227	0	0	291,227	0	291,227	0
Board of Education	669,509	0	0	669,509	716,216	728,045	58,536
Director of Schools	331,486	0	0	331,486	366,670	381,170	49,684
Office of the Principal	3,495,214	0	0	3,495,214	3,461,529	3,580,697	85,483
Fiscal Services	405,480	0	0	405,480	405,480	405,480	0

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Human Services/Personnel	\$ 139,355	\$ 0	\$ 0	\$ 139,355	\$ 142,030	\$ 142,030	\$ 2,675
Operation of Plant	4,666,817	0	2,622	4,669,439	4,671,874	4,730,554	61,115
Maintenance of Plant	1,458,900	(34,591)	15,899	1,440,208	1,469,547	1,473,545	33,337
Transportation	2,600,286	0	219	2,600,505	2,608,596	2,695,264	94,759
<u>Operation of Non-Instructional Services</u>							
Community Services	307,663	0	0	307,663	214,697	313,383	5,720
Early Childhood Education	794,107	0	2,613	796,720	772,993	796,734	14
<u>Capital Outlay</u>							
Regular Capital Outlay	169,575	(9,250)	11,716	172,041	200,000	209,250	37,209
Total Expenditures	\$ 55,989,458	\$ (107,041)	\$ 40,904	\$ 55,923,321	\$ 56,859,085	\$ 57,813,790	\$ 1,890,469
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,595,553	\$ 107,041	\$ (40,904)	\$ 1,661,690	\$ (584,401)	\$ (688,305)	\$ 2,349,995
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 43,868	\$ 0	\$ 0	\$ 43,868	\$ 0	\$ 13,539	\$ 30,329
Transfers In	75,212	0	0	75,212	90,435	90,435	(15,223)
Transfers Out	(2,400,000)	0	0	(2,400,000)	0	(2,400,000)	0
Total Other Financing Sources	\$ (2,280,920)	\$ 0	\$ 0	\$ (2,280,920)	\$ 90,435	\$ (2,296,026)	\$ 15,106
Net Change in Fund Balance	\$ (685,367)	\$ 107,041	\$ (40,904)	\$ (619,230)	\$ (493,966)	\$ (2,984,331)	\$ 2,365,101
Fund Balance, July 1, 2018	5,081,330	(107,041)	0	4,974,289	5,064,918	5,064,918	(90,629)
Fund Balance, June 30, 2019	\$ 4,395,963	\$ 0	\$ (40,904)	\$ 4,355,059	\$ 4,570,952	\$ 2,080,587	\$ 2,274,472

Exhibit J-9

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Jefferson County School Department
School Federal Projects Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 4,512,381	\$ 4,142,853	\$ 4,972,575	\$ (460,194)
Total Revenues	\$ 4,512,381	\$ 4,142,853	\$ 4,972,575	\$ (460,194)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,700,988	\$ 1,431,654	\$ 1,767,439	\$ 66,451
Special Education Program	1,165,867	1,225,729	1,282,755	116,888
Career and Technical Education Program	88,131	83,108	91,816	3,685
<u>Support Services</u>				
Health Services	52,083	23,901	54,920	2,837
Other Student Support	603,762	215,422	615,586	11,824
Regular Instruction Program	230,816	507,926	260,158	29,342
Special Education Program	443,525	399,192	566,168	122,643
Career and Technical Education Program	4,097	4,500	6,293	2,196
Board of Education	346	0	592	246
Transportation	73,673	74,232	176,265	102,592
<u>Operation of Non-Instructional Services</u>				
Food Service	488	0	668	180
Community Services	73,393	101,784	73,398	5
Total Expenditures	\$ 4,437,169	\$ 4,067,448	\$ 4,896,058	\$ 458,889
Excess (Deficiency) of Revenues Over Expenditures	\$ 75,212	\$ 75,405	\$ 76,517	\$ (1,305)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (75,212)	\$ (75,405)	\$ (76,517)	\$ 1,305
Total Other Financing Sources	\$ (75,212)	\$ (75,405)	\$ (76,517)	\$ 1,305
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2018	750,000	750,000	750,000	0
Fund Balance, June 30, 2019	\$ 750,000	\$ 750,000	\$ 750,000	\$ 0

Exhibit J-10

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Jefferson County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 949,306	\$ 1,024,500	\$ 1,024,500	\$ (75,194)
Other Local Revenues	8,375	5,100	5,100	3,275
State of Tennessee	32,203	32,000	32,000	203
Federal Government	2,693,202	2,705,940	2,705,940	(12,738)
Total Revenues	<u>\$ 3,683,086</u>	<u>\$ 3,767,540</u>	<u>\$ 3,767,540</u>	<u>\$ (84,454)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,586,215	\$ 4,537,077	\$ 4,537,290	\$ 951,075
Total Expenditures	<u>\$ 3,586,215</u>	<u>\$ 4,537,077</u>	<u>\$ 4,537,290</u>	<u>\$ 951,075</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 96,871</u>	<u>\$ (769,537)</u>	<u>\$ (769,750)</u>	<u>\$ 866,621</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 213	\$ 0	\$ 213	\$ 0
Total Other Financing Sources	<u>\$ 213</u>	<u>\$ 0</u>	<u>\$ 213</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 97,084	\$ (769,537)	\$ (769,537)	\$ 866,621
Fund Balance, July 1, 2018	<u>1,454,370</u>	<u>769,537</u>	<u>769,537</u>	<u>684,833</u>
Fund Balance, June 30, 2019	<u>\$ 1,551,454</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,551,454</u>

Exhibit J-11

Jefferson County, Tennessee
Statement of Net Position - Proprietary Fund
Discretely Presented Jefferson County School Department
June 30, 2019

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance - Dental and Vision Fund <hr/>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 18,583
Equity in Pooled Cash and Investments	<u>135,673</u>
Total Assets	<u>\$ 154,256</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Other Current Liabilities	\$ 21,319
Total Liabilities	<u>\$ 21,319</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 132,937</u>
Total Net Position	<u>\$ 132,937</u>

Exhibit J-12

Jefferson County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Jefferson County School Department
Proprietary Fund
For the Year Ended June 30, 2019

	Governmental Activities - Internal Service Fund
	Employee Insurance - Dental and Vision Fund
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 476,420
Total Operating Revenues	<u>\$ 476,420</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 32,109
Other Self-Insured Claims	460,180
Total Operating Expenses	<u>\$ 492,289</u>
Operating Income (Loss)	<u>\$ (15,869)</u>
Change in Net Position	\$ (15,869)
Net Position, July 1, 2018	<u>148,806</u>
Net Position, June 30, 2019	<u><u>\$ 132,937</u></u>

Exhibit J-13

Jefferson County, Tennessee
Statement of Cash Flows
Discretely Presented Jefferson County School Department
Proprietary Fund
For the Year Ended June 30, 2019

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance - Dental and Vision Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 515,193
Payments for Claims	(481,087)
Payments for Administrative Costs	(32,109)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,997</u>
Increase (Decrease) in Cash	\$ 1,997
Cash, July 1, 2018	<u>152,259</u>
Cash, June 30, 2019	<u><u>\$ 154,256</u></u>
<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (15,869)
Adjustment to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Decrease (Increase) in Due from Primary Government	38,773
Increase (Decrease) in Accounts Payable	(20,907)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 1,997</u></u>
<u>Reconciliation of Cash With Statement of Net Position</u>	
Cash Per Net Position	\$ 18,583
Equity in Pooled Cash and Investments Per Net Position	<u>135,673</u>
Cash, June 30, 2019	<u><u>\$ 154,256</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Paid and/or Matured During Period	Outstanding 6-30-19
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Local Government Public Improvement (E-3-D) - Refunding	\$ 13,305,000	Variable	7-31-08	6-1-26	\$ 6,985,000	\$ 830,000	\$ 6,155,000
Local Government Public Improvement (V-G-1) - Refunding	13,740,000	4 to 5 %	12-10-08	6-1-19	340,000	340,000	0
Qualified School Construction Bonds	10,595,000	0 (1)	10-7-10	8-1-27	6,077,407	661,111	5,416,296
Energy Efficient Schools Initiative Loan, Series 2011	2,506,325	2.5	11-2-11	3-1-24	1,294,703	212,016	1,082,687
Total Payable through General Debt Service Fund					<u>\$ 14,697,110</u>	<u>\$ 2,043,127</u>	<u>\$ 12,653,983</u>
Total Other Loans Payable					<u>\$ 14,697,110</u>	<u>\$ 2,043,127</u>	<u>\$ 12,653,983</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Bonds - Series 2010- RZEDB	16,000,000	3.69	12-10-10	6-1-40	\$ 16,000,000	\$ 0	\$ 16,000,000
General Obligation Bonds - Series 2012	9,900,000	2.62	9-10-12	6-1-36	8,800,000	325,000	8,475,000
General Obligation Bonds - Series 2013	9,995,000	2.54	4-10-13	6-1-36	8,970,000	335,000	8,635,000
General Obligation Refunding Bonds - Series 2014	4,285,000	1.45	5-15-14	6-1-27	2,820,000	375,000	2,445,000
General Obligation Bonds - Series 2015	6,790,000	2.9	4-1-15	6-1-36	6,740,000	50,000	6,690,000
General Obligation Refunding Bonds - Series 2016	4,215,000	2.51	5-13-16	6-1-37	3,985,000	15,000	3,970,000
General Obligation Refunding Bonds - Series 2017	8,725,000	1 to 5	10-27-17	6-1-23	8,715,000	1,285,000	7,430,000
Total Payable through General Debt Service Fund					<u>\$ 56,030,000</u>	<u>\$ 2,385,000</u>	<u>\$ 53,645,000</u>
Total Bonds Payable					<u>\$ 56,030,000</u>	<u>\$ 2,385,000</u>	<u>\$ 53,645,000</u>

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

Exhibit K-2

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

Year Ending June 30	Other Loans			Total
	Principal	Interest (1)	Other Fees	
2020	\$ 1,733,491	\$ 696,094	\$ 26,008	\$ 2,455,593
2021	1,788,988	669,547	23,573	2,482,108
2022	1,844,628	641,628	20,995	2,507,251
2023	1,900,400	612,326	18,275	2,531,001
2024	1,895,739	581,655	15,412	2,492,806
2025	1,766,112	549,702	12,407	2,328,221
2026	936,112	520,458	9,259	1,465,829
2027	726,190	513,645	8,476	1,248,311
2028	62,323	50,586	2,122	115,031
Total	\$ 12,653,983	\$ 4,835,641	\$ 136,527	\$ 17,626,151

Year Ending June 30	Bonds		Total
	Principal	Interest	
2020	\$ 2,875,000	\$ 2,207,592	\$ 5,082,592
2021	2,985,000	2,087,742	5,072,742
2022	2,995,000	1,973,742	4,968,742
2023	3,105,000	1,856,542	4,961,542
2024	1,370,000	1,734,517	3,104,517
2025	1,410,000	1,705,742	3,115,742
2026	1,675,000	1,676,142	3,351,142
2027	1,730,000	1,638,624	3,368,624
2028	1,825,000	1,597,910	3,422,910
2029	1,880,000	1,555,956	3,435,956
2030	1,955,000	1,510,111	3,465,111
2031	2,035,000	1,459,222	3,494,222
2032	2,100,000	1,405,375	3,505,375
2033	2,185,000	1,348,087	3,533,087
2034	2,275,000	1,286,100	3,561,100
2035	2,370,000	1,217,338	3,587,338
2036	2,445,000	1,145,688	3,590,688
2037	3,480,000	1,071,825	4,551,825
2038	4,175,000	857,938	5,032,938
2039	4,325,000	581,344	4,906,344
2040	4,450,000	294,813	4,744,813
Total	\$ 53,645,000	\$ 30,212,350	\$ 83,857,350

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

Exhibit K-3

Jefferson County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	QSCB Tax Rebate	\$ 412,355
"	General Capital Projects	Litigation tax for Capital Expenditures	399,390
Courthouse and Jail Maintenance Fund	General Debt Service	Debt Service on Justice Center	<u>100,000</u>
Total Transfers Primary Government			<u>\$ 911,745</u>
<u>DISCRETELY PRESENTED JEFFERSON COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Education Capital Projects	Capital Expenditures	\$ 2,400,000
School Federal Projects	General Purpose School	Indirect Costs	<u>75,212</u>
Total Transfers Discretely Presented Jefferson County School Department			<u>\$ 2,475,212</u>

Exhibit K-4

Jefferson County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Alan Palmieri (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	\$ 16,471	\$ 100,000	Hartford Fire Insurance Company
Mark Potts (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	82,356	100,000	"
Road Superintendent	Section 8-24-102, <i>TCA</i>	94,122	100,000	"
Director of Schools	State Board of Education and County Board of Education	126,000 (1)	100,000	"
Trustee:				
Ginger Franklin (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	14,261	2,465,195	"
Jennifer B. Hall (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	71,305	2,465,195	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	86,316 (2)	50,000	"
Finance Director	County Commission	86,907 (3)	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	85,566	100,000	"
Circuit and General Sessions Courts Clerk:				
Penny Murphy (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	14,261	100,000	"
Kevin Poe (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	71,305	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	85,566	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	85,566	100,000	"
Sheriff:				
Bud McCoig (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	15,687	100,000	"
Jeff Coffey (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	78,435	100,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			400,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			400,000	"

(1) Includes career ladder supplement of \$1,000.

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

(3) Includes longevity of \$400.

Exhibit K-5

Jefferson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2019

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 10,300,005	\$ 0	\$ 0	\$ 1,735,957	\$ 0	\$ 0
Trustee's Collections - Prior Year	202,514	0	0	37,972	0	0
Trustee's Collections - Bankruptcy	414	0	0	76	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	281,064	0	0	52,700	0	0
Interest and Penalty	52,413	0	0	9,538	0	0
Pickup Taxes	33,317	0	0	5,694	0	0
Payments in-Lieu-of Taxes - Local Utilities	19,560	0	0	3,297	0	0
Payments in-Lieu-of Taxes - Other	4,639	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	1,078,474	0	0	0	0	0
Hotel/Motel Tax	423,809	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	119,346	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	13,307	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	149,660	55,379	0	0	0	0
Business Tax	497,412	0	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	22,515	0	0	3,795	0	0
Wholesale Beer Tax	166,383	0	0	0	0	0
Interstate Telecommunications Tax	96	0	0	0	0	0
Total Local Taxes	\$ 13,351,621	\$ 55,379	\$ 13,307	\$ 1,849,029	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 1,416	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	86,742	0	0	0	0	0
<u>Permits</u>						
Beer Permits	1,222	0	0	0	0	0
Building Permits	216,257	0	0	0	0	0
Other Permits	98,296	0	0	0	0	0
Total Licenses and Permits	\$ 403,933	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 58,325	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	11,358	0	0	0	0	0
Drug Control Fines	0	0	0	0	6,944	0
Drug Court Fees	3,510	0	0	0	0	0
Jail Fees	2,812	0	0	0	0	0
DUI Treatment Fines	142	0	0	0	0	0
Data Entry Fee - Circuit Court	3,774	0	0	0	0	0
Courtroom Security Fee	4	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	166,786	0	0	0	0	0
Fines for Littering	66	0	0	0	0	0
Officers Costs	73,160	0	0	0	0	0
Game and Fish Fines	1,563	0	0	0	0	0
Drug Control Fines	0	0	0	0	17,133	0
Drug Court Fees	16,604	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Jail Fees	\$ 47,858	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
DUI Treatment Fines	9,887	0	0	0	0	0
Data Entry Fee - General Sessions Court	24,232	0	0	0	0	0
Courtroom Security Fee	2,088	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	5,003	0	0	0	0	0
Officers Costs	7,122	0	0	0	0	0
Data Entry Fee - Juvenile Court	860	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,212	0	0	0	0	0
Data Entry Fee - Chancery Court	7,472	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Victims Assistance Assessments	34,841	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	16,534	0
Other Fines, Forfeitures, and Penalties	5,225	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 483,904	\$ 0	\$ 0	\$ 0	\$ 40,611	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 3,410,657	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	4,052	0	0	0	0	0
<u>Fees</u>						
Copy Fees	862	0	0	0	0	0
Library Fees	34,236	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Other Special Revenue
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Telephone Commissions	\$ 79,086	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	187	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	18,518	0	0	0	0	0
Data Processing Fee - Sheriff	9,691	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	13,852	0	0	0	0	0
Data Processing Fee - County Clerk	1,125	0	0	0	0	0
Subscription and Document Retrieval Fee - Circuit	8,835	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	885	0	0	0	0	0
Total Charges for Current Services	\$ 3,581,986	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 2,580	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,676
Lease/Rentals	7,201	0	0	0	0	752,000
Commissary Sales	40,945	0	0	0	0	0
Sale of Maps	15	0	0	0	0	0
Sale of Recycled Materials	3,772	0	0	0	0	0
Miscellaneous Refunds	170,850	0	0	0	359	0
Expenditure Credits	567	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	1,300	0	0	1,668	0	0
Sale of Property	5,101	0	0	0	0	0
Contributions and Gifts	81,737	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 407,042	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 721,110	\$ 0	\$ 0	\$ 1,668	\$ 359	\$ 758,676
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 218,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	706,631	0	0	0	0	0
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	194,321	0	0	0	0	0
General Sessions Court Clerk	392,066	0	0	0	0	0
Clerk and Master	140,529	0	0	0	0	0
Juvenile Court Clerk	30,799	0	0	0	0	0
Register	259,788	0	0	0	0	0
Sheriff	24,545	0	0	0	0	0
Total Fees Received From County Officials	\$ 1,966,679	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 10,260	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	11,562	0	0	0	0	0
Solid Waste Grants	0	0	0	23,025	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	27,600	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	126,981	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Other Special Revenue
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
State Aid Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Litter Program	52,428	0	0	0	0	0
<u>Other State Revenues</u>						
Vehicle Certificate of Title Fees	10,835	0	0	0	0	0
State Revenue Sharing - Telecommunications	54,579	0	0	0	0	0
Contracted Prisoner Boarding	1,635,036	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	0	0	0	0	0	0
Other State Revenues	9,641	0	0	0	0	0
Total State of Tennessee	\$ 1,954,086	\$ 0	\$ 0	\$ 23,025	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Civil Defense Reimbursement	39,150	0	0	0	0	0
Homeland Security Grants	27,000	0	0	0	0	0
Medicaid	99,592	0	0	0	0	0
Other Federal through State	173,674	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Tax Credit Bond Rebate	482,355	0	0	0	0	0
Other Direct Federal Revenue	34,518	0	0	0	0	0
Total Federal Government	\$ 856,289	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 143,746	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Other</u>						
Other	401	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 144,147</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
Total	<u>\$ 23,463,755</u>	<u>\$ 55,379</u>	<u>\$ 13,307</u>	<u>\$ 1,873,722</u>	<u>\$ 40,970</u>	<u>\$ 758,676</u>

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 2,314,614	\$ 2,546,073	\$ 231,457	\$ 0	\$ 17,128,106
Trustee's Collections - Prior Year	0	50,629	55,692	27,846	0	374,653
Trustee's Collections - Bankruptcy	0	101	111	47	0	749
Circuit Clerk/Clerk and Master Collections - Prior Years	0	70,266	77,292	38,646	0	519,968
Interest and Penalty	0	12,720	13,993	5,463	0	94,127
Pickup Taxes	0	7,591	8,351	1,223	0	56,176
Payments in-Lieu-of Taxes - Local Utilities	0	4,395	4,835	440	0	32,527
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	4,639
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	1,484,784	0	0	2,563,258
Hotel/Motel Tax	0	0	0	0	0	423,809
Wheel Tax	0	0	2,355,081	0	0	2,355,081
Litigation Tax - General	0	0	0	0	0	119,346
Litigation Tax - Special Purpose	0	0	0	0	0	13,307
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	205,039
Business Tax	0	0	0	0	0	497,412
Adequate Facilities/Development Tax	0	0	293,589	0	0	293,589
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	5,059	5,565	506	0	37,440
Wholesale Beer Tax	0	0	0	0	0	166,383
Interstate Telecommunications Tax	0	0	0	0	0	96
Total Local Taxes	\$ 0	\$ 2,465,375	\$ 6,845,366	\$ 305,628	\$ 0	\$ 24,885,705

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,416
Cable TV Franchise	0	0	0	0	0	86,742
<u>Permits</u>						
Beer Permits	0	0	0	0	0	1,222
Building Permits	0	0	0	0	0	216,257
Other Permits	0	0	0	0	0	98,296
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	403,933
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	58,325
Officers Costs	0	0	0	0	0	11,358
Drug Control Fines	0	0	0	0	0	6,944
Drug Court Fees	0	0	0	0	0	3,510
Jail Fees	0	0	0	0	0	2,812
DUI Treatment Fines	0	0	0	0	0	142
Data Entry Fee - Circuit Court	0	0	0	0	0	3,774
Courtroom Security Fee	0	0	0	0	0	4
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	166,786
Fines for Littering	0	0	0	0	0	66
Officers Costs	0	0	0	0	0	73,160
Game and Fish Fines	0	0	0	0	0	1,563
Drug Control Fines	0	0	0	0	0	17,133
Drug Court Fees	0	0	0	0	0	16,604

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service	Capital Projects Funds		Total
	Constitu - tional - Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Jail Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	47,858
DUI Treatment Fines	0	0	0	0	0	9,887
Data Entry Fee - General Sessions Court	0	0	0	0	0	24,232
Courtroom Security Fee	0	0	0	0	0	2,088
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	5,003
Officers Costs	0	0	0	0	0	7,122
Data Entry Fee - Juvenile Court	0	0	0	0	0	860
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	1,212
Data Entry Fee - Chancery Court	0	0	0	0	0	7,472
<u>Judicial District Drug Program</u>						
Victims Assistance Assessments	0	0	0	0	0	34,841
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	16,534
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	5,225
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	524,515
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,410,657
Other General Service Charges	0	140,413	0	0	0	144,465
<u>Fees</u>						
Copy Fees	0	0	0	0	0	862
Library Fees	0	0	0	0	0	34,236

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service	Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	Fund General Debt Service	General Capital Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Telephone Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 79,086
Vending Machine Collections	0	0	0	0	0	187
Constitutional Officers' Fees and Commissions	759,308	0	0	0	0	759,308
Data Processing Fee - Register	0	0	0	0	0	18,518
Data Processing Fee - Sheriff	0	0	0	0	0	9,691
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	13,852
Data Processing Fee - County Clerk	0	0	0	0	0	1,125
Subscription and Document Retrieval Fee - Circuit	0	0	0	0	0	8,835
Vehicle Insurance Coverage and Reinstatement Fees	0	0	0	0	0	885
Total Charges for Current Services	\$ 759,308	\$ 140,413	\$ 0	\$ 0	\$ 0	\$ 4,481,707
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 17,053	\$ 0	\$ 808,278	\$ 0	\$ 0	\$ 834,587
Lease/Rentals	0	0	0	0	0	759,201
Commissary Sales	0	0	0	0	0	40,945
Sale of Maps	0	0	0	0	0	15
Sale of Recycled Materials	0	0	0	0	0	3,772
Miscellaneous Refunds	0	0	0	0	0	171,209
Expenditure Credits	0	89	0	0	0	656
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	2,968
Sale of Property	0	0	0	0	0	5,101
Contributions and Gifts	0	0	0	0	0	81,737

(Continued)

Exhibit K-5

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

	<u>Special Revenue Funds</u>		<u>Debt Service</u>	<u>Capital Projects Funds</u>		
	<u>Constitu -</u>	<u>Highway /</u>	<u>General</u>	<u>General</u>	<u>Other</u>	
	<u>Officers -</u>	<u>Public</u>	<u>Debt</u>	<u>Capital</u>	<u>Capital</u>	
	<u>Fees</u>	<u>Works</u>	<u>Service</u>	<u>Projects</u>	<u>Projects</u>	<u>Total</u>
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 0	\$ 0	\$ 420,649	\$ 0	\$ 0	\$ 827,691
Total Other Local Revenues	\$ 17,053	\$ 89	\$ 1,228,927	\$ 0	\$ 0	\$ 2,727,882
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 218,000
Trustee	0	0	0	0	0	706,631
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	194,321
General Sessions Court Clerk	0	0	0	0	0	392,066
Clerk and Master	0	0	0	0	0	140,529
Juvenile Court Clerk	0	0	0	0	0	30,799
Register	0	0	0	0	0	259,788
Sheriff	0	0	0	0	0	24,545
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,966,679
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,260
Aging Programs	0	0	0	0	0	11,562
Solid Waste Grants	0	0	0	0	0	23,025
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	27,600
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	126,981

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
State Aid Program	\$ 0	\$ 74,769	\$ 0	\$ 0	\$ 0	\$ 74,769
Litter Program	0	0	0	0	0	52,428
<u>Other State Revenues</u>						
Vehicle Certificate of Title Fees	0	0	0	0	0	10,835
State Revenue Sharing - Telecommunications	0	0	0	0	0	54,579
Contracted Prisoner Boarding	0	0	0	0	0	1,635,036
Gasoline and Motor Fuel Tax	0	2,309,230	0	0	0	2,309,230
Petroleum Special Tax	0	37,093	0	0	0	37,093
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	0	0	41,475	0	41,475
Other State Revenues	0	0	0	45,403	0	55,044
Total State of Tennessee	\$ 0	\$ 2,421,092	\$ 0	\$ 86,878	\$ 0	\$ 4,485,081
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 422,055	\$ 422,055
Civil Defense Reimbursement	0	0	0	0	0	39,150
Homeland Security Grants	0	0	0	0	0	27,000
Medicaid	0	0	0	0	0	99,592
Other Federal through State	0	0	0	0	0	173,674
<u>Direct Federal Revenue</u>						
Tax Credit Bond Rebate	0	0	447,426	0	0	929,781
Other Direct Federal Revenue	0	0	0	0	0	34,518
Total Federal Government	\$ 0	\$ 0	\$ 447,426	\$ 0	\$ 422,055	\$ 1,725,770

(Continued)

Exhibit K-5

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

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>		
	<u>Constitu -</u>	<u>Highway /</u>	<u>General</u>	<u>General</u>	<u>Other</u>	
	<u>Officers -</u>	<u>Public</u>	<u>Debt</u>	<u>Capital</u>	<u>Capital</u>	
	<u>Fees</u>	<u>Works</u>	<u>Service</u>	<u>Projects</u>	<u>Projects</u>	<u>Total</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	143,746
<u>Other</u>						
Other	0	0	0	0	0	401
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	144,147
Total	\$ 776,361	\$ 5,026,969	\$ 8,521,719	\$ 392,506	\$ 422,055	\$ 41,345,419

Exhibit K-6

Jefferson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 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	\$ 10,068,548	\$ 0	\$ 0	\$ 10,068,548
Trustee's Collections - Prior Year	220,235	0	0	220,235
Trustee's Collections - Bankruptcy	441	0	0	441
Circuit Clerk/Clerk and Master Collections - Prior Years	305,657	0	0	305,657
Interest and Penalty	55,333	0	0	55,333
Pickup Taxes	33,023	0	0	33,023
Payments in-Lieu-of Taxes - T.V.A.	14,405	0	0	14,405
Payments in-Lieu-of Taxes - Local Utilities	21,152	0	0	21,152
<u>County Local Option Taxes</u>				
Local Option Sales Tax	5,603,052	0	0	5,603,052
Mixed Drink Tax	32,578	0	0	32,578
<u>Statutory Local Taxes</u>				
Bank Excise Tax	22,009	0	0	22,009
Total Local Taxes	<u>\$ 16,376,433</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,376,433</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,831	\$ 0	\$ 0	\$ 2,831
Total Licenses and Permits	<u>\$ 2,831</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,831</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 446,439	\$ 446,439
Lunch Payments - Adults	0	0	35,876	35,876

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Income from Breakfast	\$ 0	\$ 0	\$ 88,105	\$ 88,105
A la Carte Sales	0	0	374,721	374,721
Receipts from Individual Schools	145,688	0	0	145,688
Community Service Fees - Children	183,370	0	0	183,370
Other Charges for Services	0	0	4,165	4,165
Total Charges for Current Services	<u>\$ 329,058</u>	<u>\$ 0</u>	<u>\$ 949,306</u>	<u>\$ 1,278,364</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 6,156	\$ 0	\$ 8,081	\$ 14,237
Sale of Recycled Materials	2,716	0	0	2,716
Miscellaneous Refunds	9,840	0	0	9,840
<u>Nonrecurring Items</u>				
Sale of Equipment	0	0	294	294
Damages Recovered from Individuals	175	0	0	175
Contributions and Gifts	11,100	0	0	11,100
<u>Other Local Revenues</u>				
Other Local Revenues	416	0	0	416
Total Other Local Revenues	<u>\$ 30,403</u>	<u>\$ 0</u>	<u>\$ 8,375</u>	<u>\$ 38,778</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 291,227	\$ 0	\$ 0	\$ 291,227

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 37,167,331	\$ 0	\$ 0	\$ 37,167,331
Early Childhood Education	796,712	0	0	796,712
School Food Service	0	0	32,203	32,203
Other State Education Funds	469,951	0	0	469,951
Coordinated School Health	110,000	0	0	110,000
Family Resource Centers	89,508	0	0	89,508
Career Ladder Program	129,196	0	0	129,196
<u>Other State Revenues</u>				
Income Tax	199,168	0	0	199,168
Beer Tax	17,959	0	0	17,959
Alcoholic Beverage Tax	91,411	0	0	91,411
State Revenue Sharing - T.V.A.	1,055,684	0	0	1,055,684
Other State Grants	18,020	0	0	18,020
Safe Schools	40,995	0	0	40,995
Total State of Tennessee	\$ 40,477,162	\$ 0	\$ 32,203	\$ 40,509,365
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,805,268	\$ 1,805,268
USDA - Commodities	0	0	242,696	242,696
Breakfast	0	0	641,037	641,037
USDA - Other	0	0	4,201	4,201
Vocational Education - Basic Grants to States	0	127,201	0	127,201
Title I Grants to Local Education Agencies	0	1,987,109	0	1,987,109

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Special Education - Grants to States	\$ 23,814	\$ 1,639,314	\$ 0	\$ 1,663,128
Special Education Preschool Grants	0	54,888	0	54,888
English Language Acquisition Grants	0	37,930	0	37,930
Eisenhower Professional Development State Grants	0	164,850	0	164,850
Other Federal through State	0	501,089	0	501,089
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	64,643	0	0	64,643
Total Federal Government	<u>\$ 88,457</u>	<u>\$ 4,512,381</u>	<u>\$ 2,693,202</u>	<u>\$ 7,294,040</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 160,000	\$ 0	\$ 0	\$ 160,000
<u>Other</u>				
Other	120,667	0	0	120,667
Total Other Governments and Citizens Groups	<u>\$ 280,667</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 280,667</u>
Total	<u>\$ 57,585,011</u>	<u>\$ 4,512,381</u>	<u>\$ 3,683,086</u>	<u>\$ 65,780,478</u>

Exhibit K-7

Jefferson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2019

General Fund

General Government

County Commission

Medical Personnel	\$	37,927	
Clerical Personnel		6,906	
Board and Committee Members Fees		82,375	
Social Security		5,607	
Pensions		892	
Life Insurance		18	
Medical Insurance		1,947	
Dental Insurance		45	
Employer Medicare		1,311	
Advertising		8,476	
Audit Services		19,535	
Dues and Memberships		7,406	
Legal Services		20,497	
Other Contracted Services		44,563	
Office Supplies		668	
Other Charges		739	
Land		9,734	
Office Equipment		750	
Other Equipment		400	
Total County Commission			\$ 249,796

Board of Equalization

Board and Committee Members Fees	\$	2,461	
Total Board of Equalization			2,461

County Mayor/Executive

County Official/Administrative Officer	\$	98,827	
Part-time Personnel		1,824	
Longevity Pay		2,400	
Other Salaries and Wages		63,270	
Social Security		10,100	
Pensions		17,784	
Life Insurance		173	
Medical Insurance		23,660	
Dental Insurance		525	
Unemployment Compensation		95	
Employer Medicare		2,362	
Advertising		275	
Communication		328	
Dues and Memberships		1,500	
Legal Services		1,488	
Pauper Burials		3,000	
Travel		321	
Gasoline		979	
Office Supplies		1,239	
Other Charges		4,291	
Office Equipment		73	
Total County Mayor/Executive			234,514

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

Supervisor/Director	\$	77,009	
Clerical Personnel		64,236	
Part-time Personnel		12,702	
Longevity Pay		1,700	
Election Commission		9,860	
Election Workers		47,368	
Social Security		10,328	
Pensions		15,724	
Life Insurance		220	
Medical Insurance		33,754	
Dental Insurance		540	
Unemployment Compensation		150	
Employer Medicare		2,416	
Advertising		4,745	
Communication		3,388	
Data Processing Services		9,400	
Dues and Memberships		4,350	
Maintenance Agreements		17,441	
Postal Charges		3,824	
Printing, Stationery, and Forms		2,476	
Travel		11,005	
Other Contracted Services		240	
Office Supplies		2,986	
Data Processing Equipment		882	
Total Election Commission			\$ 336,744

Register of Deeds

County Official/Administrative Officer	\$	85,566	
Clerical Personnel		118,985	
Part-time Personnel		16,883	
Longevity Pay		2,200	
Social Security		13,572	
Pensions		22,143	
Life Insurance		291	
Medical Insurance		31,516	
Dental Insurance		720	
Unemployment Compensation		211	
Employer Medicare		3,174	
Data Processing Services		13,480	
Dues and Memberships		595	
Maintenance Agreements		1,730	
Travel		3,558	
Data Processing Supplies		1,773	
Office Supplies		187	
Other Charges		181	
Total Register of Deeds			316,765

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance

Supervisor/Director	\$	50,239	
Clerical Personnel		29,699	
Longevity Pay		2,700	
Social Security		5,072	
Pensions		9,087	
Life Insurance		146	
Medical Insurance		15,758	
Dental Insurance		360	
Unemployment Compensation		84	
Employer Medicare		1,186	
Communication		649	
Gasoline		844	
Other Charges		100	
Total Codes Compliance			\$ 115,924

County Buildings

Supervisor/Director	\$	44,258	
Custodial Personnel		73,108	
Maintenance Personnel		94,101	
Longevity Pay		6,000	
Overtime Pay		1,305	
Social Security		13,062	
Pensions		23,568	
Life Insurance		436	
Medical Insurance		58,766	
Dental Insurance		1,080	
Unemployment Compensation		296	
Employer Medicare		3,055	
Communication		21,850	
Maintenance Agreements		101,849	
Maintenance and Repair Services - Buildings		180,351	
Pest Control		6,725	
Postal Charges		48,294	
Rentals		33,216	
Other Contracted Services		9,078	
Custodial Supplies		10,855	
Diesel Fuel		178	
Electricity		126,153	
Gasoline		9,149	
Natural Gas		33,697	
Office Supplies		3,157	
Uniforms		4,624	
Water and Sewer		26,990	
Building and Contents Insurance		48,050	
Vehicle and Equipment Insurance		2,190	
Other Charges		9,547	
Office Equipment		488	
Total County Buildings			995,476

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities

Supervisor/Director	\$	41,010	
Mechanic(s)		54,580	
Longevity Pay		2,200	
Overtime Pay		2,179	
In-service Training		574	
Social Security		6,074	
Pensions		9,789	
Life Insurance		207	
Medical Insurance		23,994	
Dental Insurance		330	
Unemployment Compensation		126	
Employer Medicare		1,420	
Communication		2,811	
Other Contracted Services		1,234	
Gasoline		4,049	
Office Supplies		1,200	
Tires and Tubes		55,746	
Uniforms		3,476	
Vehicle Parts		117,707	
Other Charges		820	
Data Processing Equipment		1,931	
Other Equipment		4,582	
Total Other Facilities			\$ 336,039

Preservation of Records

Maintenance and Repair Services - Office Equipment	\$	2,803	
Office Supplies		3,354	
Other Supplies and Materials		1,261	
Data Processing Equipment		2,481	
Total Preservation of Records			9,899

Finance

Accounting and Budgeting

Assistant(s)	\$	24,467	
Supervisor/Director		86,507	
Deputy(ies)		25,452	
Longevity Pay		9,800	
Overtime Pay		219	
Other Salaries and Wages		316,978	
Social Security		26,534	
Pensions		46,993	
Life Insurance		750	
Medical Insurance		106,149	
Dental Insurance		1,845	
Unemployment Compensation		571	
Employer Medicare		6,206	
Communication		3,057	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Maintenance Agreements	\$	21,509	
Travel		537	
Other Contracted Services		7,305	
Data Processing Supplies		3,604	
Office Supplies		2,342	
Other Charges		907	
Data Processing Equipment		1,465	
Office Equipment		665	
Total Accounting and Budgeting			\$ 693,862

Property Assessor's Office

County Official/Administrative Officer	\$	86,316	
Assessment Personnel		221,990	
Part-time Personnel		25,751	
Longevity Pay		5,700	
Social Security		19,836	
Pensions		34,541	
Life Insurance		487	
Medical Insurance		61,323	
Dental Insurance		1,065	
Unemployment Compensation		294	
Employer Medicare		4,639	
Audit Services		2,636	
Data Processing Services		24,448	
Maintenance Agreements		4,024	
Postal Charges		11,966	
Travel		903	
Other Contracted Services		192	
Gasoline		1,431	
Office Supplies		986	
Other Supplies and Materials		849	
Other Charges		278	
Motor Vehicles		22,980	
Total Property Assessor's Office			532,635

County Trustee's Office

Life Insurance	\$	267	
Medical Insurance		35,108	
Dental Insurance		570	
Unemployment Compensation		355	
Communication		1,823	
Data Processing Services		10,143	
Legal Notices, Recording, and Court Costs		508	
Maintenance Agreements		17,596	
Travel		865	
Office Supplies		3,630	
Other Charges		56	
Data Processing Equipment		515	
Total County Trustee's Office			71,436

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Life Insurance	\$	609	
Medical Insurance		67,164	
Dental Insurance		1,590	
Unemployment Compensation		931	
Communication		3,604	
Dues and Memberships		640	
Maintenance Agreements		19,786	
Travel		1,633	
Office Supplies		15,884	
Other Charges		379	
Data Processing Equipment		8,530	
Total County Clerk's Office			\$ 120,750

Data Processing

Supervisor/Director	\$	57,452	
Longevity Pay		900	
Social Security		3,650	
Pensions		6,419	
Life Insurance		73	
Medical Insurance		7,380	
Dental Insurance		180	
Unemployment Compensation		42	
Employer Medicare		854	
Communication		635	
Travel		636	
Other Contracted Services		45,385	
Gasoline		1,032	
Office Supplies		35	
Other Supplies and Materials		72	
Other Charges		1,224	
Data Processing Equipment		1,897	
Other Equipment		4,804	
Total Data Processing			132,670

Other Finance

Legal Notices, Recording, and Court Costs	\$	119	
Liability Insurance		78,939	
Premiums on Corporate Surety Bonds		18,967	
Trustee's Commission		289,438	
Workers' Compensation Insurance		6,675	
Tax Relief Program		144,798	
Total Other Finance			538,936

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	85,566	
Clerical Personnel		336,223	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Part-time Personnel	\$	6,800	
Longevity Pay		11,400	
Jury and Witness Expense		6,458	
Social Security		26,006	
Pensions		46,613	
Life Insurance		795	
Medical Insurance		93,513	
Dental Insurance		1,935	
Unemployment Compensation		503	
Employer Medicare		6,082	
Communication		7,760	
Legal Notices, Recording, and Court Costs		35	
Maintenance Agreements		31,886	
Postal Charges		6,069	
Internet Connectivity		9,108	
Travel		1,501	
Other Contracted Services		35,675	
Data Processing Supplies		19,678	
Office Supplies		9,078	
Other Charges		746	
Data Processing Equipment		702	
Office Equipment		816	
Total Circuit Court			\$ 744,948

General Sessions Court

County Official/Administrative Officer	\$	167,333	
Secretary(ies)		41,711	
Longevity Pay		1,500	
Other Per Diem and Fees		20,261	
Social Security		10,640	
Pensions		23,126	
Life Insurance		146	
Medical Insurance		16,503	
Dental Insurance		360	
Unemployment Compensation		42	
Employer Medicare		3,014	
Communication		767	
Dues and Memberships		805	
Maintenance Agreements		808	
Postal Charges		92	
Travel		2,505	
Library Books/Media		934	
Office Supplies		1,441	
Other Charges		14	
Total General Sessions Court			292,002

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court

Contracts with Government Agencies	\$ 30,144	
Total Drug Court		\$ 30,144

Chancery Court

County Official/Administrative Officer	\$ 85,566	
Deputy(ies)	74,563	
Longevity Pay	1,500	
Social Security	9,636	
Pensions	17,032	
Life Insurance	157	
Medical Insurance	23,138	
Dental Insurance	540	
Unemployment Compensation	84	
Employer Medicare	2,253	
Communication	216	
Dues and Memberships	260	
Maintenance Agreements	9,595	
Travel	80	
Office Supplies	1,100	
Other Equipment	7,368	
Total Chancery Court		233,088

Juvenile Court

Youth Service Officer(s)	\$ 114,011	
Attendants	39,461	
Longevity Pay	5,700	
In-service Training	600	
Social Security	9,017	
Pensions	17,509	
Life Insurance	293	
Medical Insurance	35,529	
Dental Insurance	540	
Unemployment Compensation	168	
Employer Medicare	2,109	
Communication	6,775	
Contracts with Government Agencies	3,810	
Data Processing Services	2,652	
Dues and Memberships	120	
Maintenance Agreements	4,795	
Postal Charges	147	
Travel	2,270	
Drug Treatment	427	
Gasoline	1,234	
Law Enforcement Supplies	190	
Office Supplies	4,483	
Uniforms	183	
Other Supplies and Materials	5,599	
Total Juvenile Court		257,622

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Evaluation and Testing	\$ 1,600	
Total Other Administration of Justice		\$ 1,600

Victim Assistance Programs

Other Salaries and Wages	\$ 34,092	
Social Security	2,081	
Pensions	3,068	
Life Insurance	73	
Medical Insurance	7,879	
Dental Insurance	180	
Unemployment Compensation	42	
Employer Medicare	487	
Communication	939	
Postal Charges	110	
Travel	1,425	
Remittance of Revenue Collected	34,674	
Office Supplies	650	
Data Processing Equipment	293	
Total Victim Assistance Programs		85,993

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 94,122
Assistant(s)	173,138
Deputy(ies)	1,322,686
Detective(s)	297,131
Secretary(ies)	29,197
Part-time Personnel	242,679
Longevity Pay	18,000
Overtime Pay	35,627
In-service Training	30,940
Social Security	139,328
Pensions	147,176
Life Insurance	3,723
Medical Insurance	434,192
Dental Insurance	7,334
Unemployment Compensation	3,779
Employer Medicare	32,585
Other Fringe Benefits	80,651
Communication	70,078
Data Processing Services	520
Dues and Memberships	3,015
Maintenance Agreements	28,371
Maintenance and Repair Services - Equipment	7,450
Maintenance and Repair Services - Vehicles	41,120
Postal Charges	2,456
Rentals	2,486

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Travel	\$	9,586	
Other Contracted Services		9,143	
Gasoline		187,646	
Instructional Supplies and Materials		408	
Office Supplies		14,175	
Uniforms		20,807	
Liability Insurance		57,802	
Vehicle and Equipment Insurance		26,033	
Workers' Compensation Insurance		122,999	
Other Charges		2,127	
Data Processing Equipment		6,887	
Motor Vehicles		214,156	
Other Equipment		62,196	
Total Sheriff's Department			\$ 3,981,749

Wheel Tax Officer

Part-time Personnel	\$	13,888	
Social Security		861	
Unemployment Compensation		42	
Employer Medicare		201	
Office Supplies		1,028	
Office Equipment		318	
Total Wheel Tax Officer			16,338

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	3,400	
Other Equipment		9,530	
Total Administration of the Sexual Offender Registry			12,930

Jail

Medical Personnel	\$	64,564	
Guards		997,836	
Cafeteria Personnel		56,269	
Part-time Personnel		109,412	
Longevity Pay		12,600	
Overtime Pay		1,122	
In-service Training		3,419	
Social Security		79,733	
Pensions		112,501	
Life Insurance		2,628	
Medical Insurance		280,070	
Dental Insurance		5,045	
Unemployment Compensation		2,474	
Employer Medicare		18,603	
Other Fringe Benefits		72,686	
Medical and Dental Services		247,838	
Other Contracted Services		3,420	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Custodial Supplies	\$	41,830	
Electricity		146,140	
Food Supplies		317,491	
Natural Gas		38,385	
Uniforms		5,873	
Water and Sewer		56,696	
Building and Contents Insurance		44,157	
Other Charges		12,023	
Other Equipment		22,024	
Total Jail			\$ 2,754,839

Workhouse

Guards	\$	186,393	
Longevity Pay		400	
Social Security		12,184	
Pensions		16,370	
Life Insurance		485	
Medical Insurance		50,340	
Dental Insurance		505	
Unemployment Compensation		428	
Employer Medicare		2,850	
Other Fringe Benefits		13,356	
Electricity		22,085	
Natural Gas		5,007	
Water and Sewer		16,129	
Total Workhouse			326,532

Inspection and Regulation

Supervisor/Director	\$	45,870	
Longevity Pay		700	
Social Security		2,653	
Pensions		5,123	
Life Insurance		73	
Medical Insurance		11,274	
Dental Insurance		180	
Unemployment Compensation		42	
Employer Medicare		620	
Communication		653	
Dues and Memberships		310	
Printing, Stationery, and Forms		236	
Travel		63	
Gasoline		2,943	
Instructional Supplies and Materials		235	
Office Supplies		412	
Total Inspection and Regulation			71,387

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Public Safety Grants Program

Other Equipment	\$ 27,000	
Total Public Safety Grants Program		\$ 27,000

Other Public Safety

Contributions	\$ 619,829	
Total Other Public Safety		619,829

Public Health and Welfare

Local Health Center

Clerical Personnel	\$ 131,772	
Part-time Personnel	31,505	
Longevity Pay	1,000	
Social Security	9,941	
Pensions	12,727	
Life Insurance	336	
Medical Insurance	32,310	
Dental Insurance	645	
Unemployment Compensation	390	
Employer Medicare	2,325	
Communication	5,387	
Contracts with Government Agencies	33,438	
Travel	6,558	
Drugs and Medical Supplies	399	
Instructional Supplies and Materials	913	
Utilities	22,327	
Other Charges	4,935	
Total Local Health Center		296,908

Rabies and Animal Control

Longevity Pay	\$ 2,000	
Other Salaries and Wages	59,457	
Social Security	3,493	
Pensions	7,187	
Life Insurance	146	
Medical Insurance	20,415	
Dental Insurance	360	
Unemployment Compensation	84	
Employer Medicare	817	
Other Fringe Benefits	3,878	
Communication	2,755	
Travel	84	
Gasoline	8,647	
Vehicle and Equipment Insurance	172	
Workers' Compensation Insurance	1,842	
Other Equipment	944	
Total Rabies and Animal Control		112,281

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Assistant(s)	\$	219,910	
Supervisor/Director		68,068	
Medical Personnel		4,000	
Clerical Personnel		84,300	
Attendants		1,555,638	
Part-time Personnel		247,505	
Longevity Pay		42,300	
Overtime Pay		376,748	
Other Salaries and Wages		9,400	
In-service Training		2,800	
Social Security		163,457	
Pensions		265,325	
Life Insurance		3,282	
Medical Insurance		399,791	
Dental Insurance		6,210	
Unemployment Compensation		2,665	
Employer Medicare		38,228	
Other Fringe Benefits		113,302	
Communication		39,223	
Data Processing Services		8,845	
Maintenance Agreements		28,765	
Maintenance and Repair Services - Equipment		14,715	
Postal Charges		8,277	
Travel		601	
Other Contracted Services		97,723	
Diesel Fuel		136,939	
Drugs and Medical Supplies		201,226	
Office Supplies		6,696	
Uniforms		19,585	
Other Supplies and Materials		8,302	
Building and Contents Insurance		6,338	
Liability Insurance		7,349	
Refunds		13,872	
Vehicle and Equipment Insurance		23,986	
Workers' Compensation Insurance		210,296	
Other Charges		19,368	
Data Processing Equipment		6,156	
Furniture and Fixtures		6,436	
Motor Vehicles		325,600	
Other Equipment		152,304	
Total Ambulance/Emergency Medical Services			\$ 4,945,531

Sanitation Education/Information

Guards	\$	36,430
Longevity Pay		1,100
Social Security		2,318
Pensions		4,128

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Life Insurance	\$	73	
Medical Insurance		7,879	
Dental Insurance		180	
Unemployment Compensation		42	
Employer Medicare		542	
Gasoline		3,254	
Instructional Supplies and Materials		11,835	
Other Supplies and Materials		129	
Vehicle and Equipment Insurance		111	
Total Sanitation Education/Information			\$ 68,021

Other Public Health and Welfare

Supervisor/Director	\$	38,010	
Longevity Pay		3,000	
Other Salaries and Wages		30,110	
Social Security		4,417	
Pensions		7,823	
Life Insurance		121	
Medical Insurance		15,758	
Dental Insurance		360	
Unemployment Compensation		84	
Employer Medicare		1,033	
Communication		897	
Postal Charges		156	
Travel		123	
Gasoline		2,623	
Office Supplies		605	
Chemicals		876	
Refunds		350	
Office Equipment		910	
Total Other Public Health and Welfare			107,256

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Assistant(s)	\$	94,498	
Supervisor/Director		37,360	
Salary Supplements		5,000	
Longevity Pay		2,400	
Social Security		8,215	
Pensions		12,155	
Life Insurance		386	
Medical Insurance		45,218	
Dental Insurance		885	
Unemployment Compensation		359	
Employer Medicare		1,921	
Communication		535	
Maintenance Agreements		116	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Travel	\$	1,693	
Office Supplies		543	
Other Charges		45	
Office Equipment		405	
Total Senior Citizens Assistance			\$ 211,734

Libraries

Librarians	\$	211,655	
Part-time Personnel		63,922	
Longevity Pay		4,400	
Social Security		16,668	
Pensions		22,023	
Life Insurance		530	
Medical Insurance		71,511	
Dental Insurance		1,260	
Unemployment Compensation		603	
Employer Medicare		3,898	
Communication		3,788	
Contracts with Private Agencies		480	
Maintenance and Repair Services - Equipment		4,151	
Travel		1,309	
Instructional Supplies and Materials		1,278	
Library Books/Media		23,526	
Office Supplies		4,217	
Periodicals		2,654	
Utilities		3,367	
Other Supplies and Materials		994	
Other Charges		12,248	
Other Equipment		4,912	
Total Libraries			459,394

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	69,171	
Part-time Personnel		1,000	
Social Security		4,229	
Pensions		9,356	
Medical Insurance		7,729	
Unemployment Compensation		26	
Employer Medicare		974	
Other Fringe Benefits		1,641	
Communication		4,287	
Dues and Memberships		305	
Maintenance Agreements		898	
Travel		6,989	
Electricity		2,299	
Instructional Supplies and Materials		1,400	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Natural Gas	\$	1,419	
Water and Sewer		304	
Workers' Compensation Insurance		137	
Other Charges		631	
Total Agricultural Extension Service			\$ 112,795

Soil Conservation

Secretary(ies)	\$	25,230	
Longevity Pay		300	
Social Security		1,574	
Pensions		2,808	
Life Insurance		73	
Medical Insurance		7,879	
Dental Insurance		180	
Unemployment Compensation		42	
Employer Medicare		368	
Dues and Memberships		360	
Travel		748	
Total Soil Conservation			39,562

Other Operations

Veterans' Services

Supervisor/Director	\$	31,777	
Social Security		1,970	
Pensions		2,860	
Life Insurance		37	
Unemployment Compensation		42	
Employer Medicare		461	
Communication		1,081	
Office Supplies		579	
Other Charges		449	
Total Veterans' Services			39,256

Contributions to Other Agencies

Contributions	\$	1,276,725	
Total Contributions to Other Agencies			1,276,725

Capital Projects

Education Capital Projects

Contributions	\$	160,000	
Total Education Capital Projects			160,000

Total General Fund \$ 21,973,371

(Continued)

Exhibit K-7

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

Courthouse and Jail Maintenance Fund

Finance

Other Finance

Trustee's Commission

\$ 560

Total Other Finance

\$ 560

Total Courthouse and Jail Maintenance Fund

\$ 560

Law Library Fund

Finance

Other Finance

Trustee's Commission

\$ 135

Total Other Finance

\$ 135

Public Safety

Jail

Library Books/Media

\$ 16,746

Total Jail

16,746

Total Law Library Fund

16,881

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Supervisor/Director

\$ 32,764

Part-time Personnel

23,966

Longevity Pay

10,550

Overtime Pay

27,227

Other Salaries and Wages

350,788

Social Security

27,129

Pensions

43,739

Life Insurance

950

Medical Insurance

115,198

Dental Insurance

1,170

Unemployment Compensation

2,526

Employer Medicare

6,345

Contracts with Private Agencies

9,600

Maintenance and Repair Services - Vehicles

53,663

Rentals

6,686

Travel

500

Disposal Fees

758,106

Crushed Stone

239

Diesel Fuel

31,409

Gasoline

5,692

Lubricants

7,492

Office Supplies

900

Tires and Tubes

28,303

Uniforms

3,529

Utilities

17,126

Other Supplies and Materials

11,480

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Building and Contents Insurance	\$	222	
Liability Insurance		308	
Trustee's Commission		36,566	
Vehicle and Equipment Insurance		19,511	
Workers' Compensation Insurance		42,558	
Other Charges		4,626	
Building Improvements		39,015	
Solid Waste Equipment		120,421	
Total Waste Pickup			\$ 1,840,304

Total Solid Waste/Sanitation Fund \$ 1,840,304

Drug Control Fund

Public Safety

Drug Enforcement

Veterinary Services	\$	11,593	
Other Contracted Services		11,252	
Animal Food and Supplies		2,647	
Law Enforcement Supplies		4,354	
Trustee's Commission		428	
Other Charges		5,084	
Other Equipment		1,000	
Total Drug Enforcement			\$ 36,358

Total Drug Control Fund 36,358

Other Special Revenue Fund

Finance

Other Finance

Trustee's Commission	\$	7,567	
Total Other Finance			\$ 7,567

Total Other Special Revenue Fund 7,567

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	196	
Total Register of Deeds			\$ 196

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	261,893	
Total County Trustee's Office			261,893

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	515,697	
Total County Clerk's Office			515,697

Total Constitutional Officers - Fees Fund 777,786

(Continued)

Exhibit K-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	94,122	
Accountants/Bookkeepers		48,966	
Clerical Personnel		26,036	
Longevity Pay		1,500	
Board and Committee Members Fees		17,520	
Social Security		11,685	
Pensions		18,654	
Life Insurance		201	
Medical Insurance		20,864	
Dental Insurance		180	
Unemployment Compensation		60	
Employer Medicare		2,733	
Communication		8,875	
Data Processing Services		88	
Dues and Memberships		3,404	
Legal Services		25	
Legal Notices, Recording, and Court Costs		622	
Postal Charges		447	
Other Contracted Services		4,978	
Office Supplies		2,563	
Other Charges		4,524	
Office Equipment		520	
Total Administration			\$ 268,567

Highway and Bridge Maintenance

Laborers	\$	1,029,096	
Longevity Pay		31,700	
Overtime Pay		115,954	
Social Security		71,320	
Pensions		118,172	
Life Insurance		2,228	
Medical Insurance		265,847	
Dental Insurance		4,232	
Unemployment Compensation		764	
Employer Medicare		16,680	
Rentals		840	
Asphalt - Liquid		642,317	
Other Road Materials		9,877	
Pipe - Metal		13,869	
Road Signs		19,932	
Uniforms		15,596	
Other Supplies and Materials		11,521	
Total Highway and Bridge Maintenance			2,369,945

Operation and Maintenance of Equipment

Mechanic(s)	\$	203,861	
Longevity Pay		4,200	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Overtime Pay	\$	41,326	
Social Security		14,985	
Pensions		27,433	
Life Insurance		439	
Medical Insurance		50,516	
Dental Insurance		360	
Unemployment Compensation		126	
Employer Medicare		3,505	
Maintenance and Repair Services - Equipment		186,586	
Diesel Fuel		63,321	
Gasoline		97,489	
Lubricants		29,362	
Natural Gas		75,886	
Tires and Tubes		33,130	
Water and Sewer		361	
Other Supplies and Materials		3,730	
Total Operation and Maintenance of Equipment			\$ 836,616

Quarry Operations

Laborers	\$	262,006	
Longevity Pay		5,500	
Overtime Pay		50,364	
Social Security		18,237	
Pensions		31,732	
Life Insurance		614	
Medical Insurance		80,264	
Dental Insurance		988	
Unemployment Compensation		253	
Employer Medicare		4,265	
Explosive and Drilling Services		60,546	
Maintenance and Repair Services - Equipment		29,283	
Electricity		148,897	
Other Charges		19,443	
Total Quarry Operations			712,392

Asphalt Plant Operations

Maintenance and Repair Services - Equipment	\$	52,984	
Total Asphalt Plant Operations			52,984

Other Charges

Building and Contents Insurance	\$	8,174	
Liability Insurance		8,451	
Trustee's Commission		73,586	
Vehicle and Equipment Insurance		18,910	
Total Other Charges			109,121

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Workers' Compensation Insurance	\$ 129,994	
Total Employee Benefits		\$ 129,994

Capital Outlay

Bridge Construction	\$ 60,000	
Total Capital Outlay		<u>60,000</u>

Total Highway/Public Works Fund			\$ 4,539,619
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General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 390,000	
Principal on Other Loans	830,000	
Total General Government		\$ 1,220,000

Education

Principal on Bonds	\$ 1,995,000	
Principal on Other Loans	1,213,127	
Total Education		3,208,127

Interest on Debt

General Government

Interest on Bonds	\$ 162,788	
Interest on Other Loans	164,061	
Total General Government		326,849

Education

Interest on Bonds	\$ 2,128,154	
Interest on Other Loans	556,600	
Total Education		2,684,754

Other Debt Service

General Government

Trustee's Commission	\$ 101,046	
Other Debt Service	33,056	
Total General Government		<u>134,102</u>

Total General Debt Service Fund			7,573,832
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General Capital Projects Fund

Capital Projects

Public Safety Projects

Building Improvements	\$ 87,945	
Total Public Safety Projects		\$ 87,945

(Continued)

Exhibit K-7

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Health and Welfare Projects

Building Improvements	\$ 52,475	
Total Public Health and Welfare Projects		\$ 52,475

Other General Government Projects

Trustee's Commission	\$ 6,448	
Building Improvements	1,090,475	
Data Processing Equipment	126,602	
Total Other General Government Projects		<u>1,223,525</u>

Total General Capital Projects Fund		\$ 1,363,945
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Other Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Engineering Services	\$ 96,275	
Other Contracted Services	26,000	
Other Construction	299,780	
Total Public Health and Welfare Projects		<u>\$ 422,055</u>

Total Other Capital Projects Fund		<u>422,055</u>
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Total Governmental Funds - Primary Government		<u>\$ 38,552,278</u>
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Exhibit K-8

Jefferson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 18,623,055	
Career Ladder Program	72,880	
Educational Assistants	78,600	
Longevity Pay	1,992	
Other Salaries and Wages	188,404	
Certified Substitute Teachers	118,037	
Non-certified Substitute Teachers	395,564	
Social Security	1,133,511	
Pensions	1,802,842	
Life Insurance	29,966	
Medical Insurance	3,667,243	
Dental Insurance	78,105	
Employer Medicare	267,353	
Other Contracted Services	180,817	
Instructional Supplies and Materials	257,052	
Textbooks - Electronic	323,059	
Textbooks - Bound	85,506	
Other Supplies and Materials	98	
Fee Waivers	150,000	
Other Charges	4,002	
Regular Instruction Equipment	414,071	
Total Regular Instruction Program		\$ 27,872,157

Alternative Instruction Program

Teachers	\$ 125,751	
Educational Assistants	12,484	
Longevity Pay	569	
Social Security	8,341	
Pensions	14,590	
Life Insurance	284	
Medical Insurance	29,327	
Dental Insurance	676	
Employer Medicare	1,951	
Instructional Supplies and Materials	3,650	
Other Supplies and Materials	1,152	
Other Equipment	436	
Total Alternative Instruction Program		199,211

Special Education Program

Teachers	\$ 1,911,689
Career Ladder Program	5,000
Homebound Teachers	10,143
Educational Assistants	154,911
Speech Pathologist	398,435
Other Salaries and Wages	3,700
Social Security	146,589

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Pensions	\$	248,078	
Life Insurance		4,562	
Medical Insurance		553,018	
Dental Insurance		12,428	
Employer Medicare		34,429	
Instructional Supplies and Materials		18,195	
Other Charges		1,215	
Special Education Equipment		9,666	
Total Special Education Program			\$ 3,512,058

Career and Technical Education Program

Teachers	\$	1,258,509	
Career Ladder Program		4,000	
Certified Substitute Teachers		2,970	
Non-certified Substitute Teachers		6,150	
Social Security		75,247	
Pensions		128,977	
Life Insurance		1,859	
Medical Insurance		211,538	
Dental Insurance		5,157	
Employer Medicare		17,634	
Instructional Supplies and Materials		51,700	
Vocational Instruction Equipment		3,366	
Total Career and Technical Education Program			1,767,107

Support Services

Attendance

Supervisor/Director	\$	84,459	
Career Ladder Program		3,550	
Other Salaries and Wages		106,393	
Social Security		8,980	
Pensions		16,401	
Life Insurance		220	
Medical Insurance		27,748	
Dental Insurance		460	
Employer Medicare		2,695	
Travel		718	
Other Supplies and Materials		967	
In Service/Staff Development		1,995	
Other Equipment		299	
Total Attendance			254,885

Health Services

Supervisor/Director	\$	99,706	
Medical Personnel		322,699	
Secretary(ies)		32,366	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Longevity Pay	\$	6,021	
Other Salaries and Wages		15,245	
Social Security		27,766	
Pensions		44,605	
Life Insurance		1,092	
Medical Insurance		118,754	
Dental Insurance		2,513	
Employer Medicare		6,674	
Postal Charges		400	
Travel		3,059	
Other Supplies and Materials		34,920	
In Service/Staff Development		3,411	
Other Charges		326	
Health Equipment		2,800	
Other Equipment		3,438	
Total Health Services			\$ 725,795

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		1,001,721	
Other Salaries and Wages		10,659	
Social Security		60,063	
Pensions		100,726	
Life Insurance		1,597	
Medical Insurance		207,318	
Dental Insurance		5,035	
Employer Medicare		14,047	
Evaluation and Testing		33,806	
Travel		5,745	
Other Contracted Services		158,786	
Other Supplies and Materials		20,407	
In Service/Staff Development		8,363	
Other Charges		11,527	
Other Equipment		13,847	
Total Other Student Support			1,656,647

Regular Instruction Program

Supervisor/Director	\$	184,110
Career Ladder Program		3,000
Librarians		594,129
Instructional Computer Personnel		75,457
Secretary(ies)		36,386
Clerical Personnel		49,187
Longevity Pay		5,187
Other Salaries and Wages		545,630
Social Security		87,980

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Pensions	\$	155,120	
Life Insurance		2,042	
Medical Insurance		253,560	
Dental Insurance		4,929	
Employer Medicare		20,576	
Communication		439	
Travel		8,854	
Other Contracted Services		13,116	
Other Supplies and Materials		18,289	
In Service/Staff Development		105,495	
Other Charges		29,253	
Other Equipment		2,350	
Total Regular Instruction Program			\$ 2,195,089

Alternative Instruction Program

Supervisor/Director	\$	66,171	
Secretary(ies)		17,254	
Longevity Pay		323	
Social Security		5,000	
Pensions		8,855	
Life Insurance		146	
Medical Insurance		16,493	
Dental Insurance		398	
Employer Medicare		1,169	
Communication		2,086	
Travel		1,000	
Other Contracted Services		1,833	
Office Supplies		2,000	
Other Equipment		140	
Total Alternative Instruction Program			122,868

Special Education Program

Supervisor/Director	\$	92,461	
Career Ladder Program		1,005	
Psychological Personnel		58,610	
Assessment Personnel		27,720	
Longevity Pay		2,326	
Other Salaries and Wages		152,633	
Social Security		18,606	
Pensions		30,809	
Life Insurance		366	
Medical Insurance		46,204	
Dental Insurance		1,149	
Employer Medicare		4,753	
Communication		1,828	
Travel		6,071	
Other Contracted Services		58,032	
Total Special Education Program			502,573

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Career and Technical Education Program

Supervisor/Director	\$	147,422	
Career Ladder Program		1,000	
Secretary(ies)		28,328	
Longevity Pay		1,240	
Social Security		10,126	
Pensions		18,777	
Life Insurance		218	
Medical Insurance		31,116	
Dental Insurance		686	
Employer Medicare		2,368	
Communication		669	
Maintenance and Repair Services - Equipment		579	
Travel		25,155	
Other Contracted Services		4,471	
Other Supplies and Materials		1,220	
In Service/Staff Development		4,239	
Other Charges		253	
Other Equipment		2,321	
Total Career and Technical Education Program			\$ 280,188

Technology

Instructional Computer Personnel	\$	61,131	
Secretary(ies)		13,132	
Longevity Pay		4,200	
Other Salaries and Wages		376,619	
Social Security		26,907	
Pensions		48,702	
Life Insurance		728	
Medical Insurance		79,978	
Dental Insurance		2,273	
Employer Medicare		6,293	
Communication		2,710	
Internet Connectivity		107,031	
Other Contracted Services		4,840	
Software		223,579	
Other Supplies and Materials		39,835	
In Service/Staff Development		11,241	
Other Equipment		562,062	
Total Technology			1,571,261

Other Programs

On-behalf Payments to OPEB	\$	291,227	
Total Other Programs			291,227

Board of Education

Board and Committee Members Fees	\$	8,100	
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(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Social Security	\$	428	
Unemployment Compensation		14,200	
Employer Medicare		117	
Audit Services		19,480	
Dues and Memberships		16,957	
Legal Services		31,309	
Travel		4,289	
Other Contracted Services		3,250	
Trustee's Commission		344,338	
Workers' Compensation Insurance		223,731	
In Service/Staff Development		1,135	
Other Charges		2,175	
Total Board of Education			\$ 669,509

Director of Schools

County Official/Administrative Officer	\$	125,000	
Career Ladder Program		1,000	
Secretary(ies)		66,092	
Longevity Pay		2,100	
Social Security		11,081	
Pensions		20,616	
Life Insurance		207	
Medical Insurance		42,718	
Dental Insurance		649	
Employer Medicare		2,591	
Communication		23,835	
Postal Charges		2,861	
Travel		2,809	
Other Contracted Services		22,562	
Office Supplies		2,712	
Other Supplies and Materials		3,403	
In Service/Staff Development		1,250	
Total Director of Schools			331,486

Office of the Principal

Principals	\$	826,059	
Career Ladder Program		8,000	
Assistant Principals		825,017	
Secretary(ies)		576,884	
Clerical Personnel		118,762	
Longevity Pay		23,153	
Social Security		139,071	
Pensions		248,613	
Life Insurance		4,076	
Medical Insurance		530,959	
Dental Insurance		11,760	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Employer Medicare	\$	32,525	
Communication		26,195	
Travel		686	
Other Contracted Services		101,000	
Other Supplies and Materials		22,454	
Total Office of the Principal			\$ 3,495,214

Fiscal Services

Other Charges	\$	405,480	
Total Fiscal Services			405,480

Human Services/Personnel

Supervisor/Director	\$	60,611	
Secretary(ies)		37,640	
Longevity Pay		2,600	
Social Security		5,819	
Pensions		11,094	
Life Insurance		146	
Medical Insurance		18,083	
Dental Insurance		460	
Employer Medicare		1,361	
Advertising		190	
Dues and Memberships		239	
Other Supplies and Materials		221	
In Service/Staff Development		891	
Total Human Services/Personnel			139,355

Operation of Plant

Supervisor/Director	\$	80,059	
Guards		77,194	
Secretary(ies)		13,132	
Custodial Personnel		906,559	
Longevity Pay		29,540	
Other Salaries and Wages		28,558	
Social Security		65,919	
Pensions		116,928	
Life Insurance		3,417	
Medical Insurance		385,336	
Dental Insurance		8,943	
Employer Medicare		15,417	
Other Contracted Services		432,518	
Custodial Supplies		188,235	
Electricity		1,484,579	
Natural Gas		215,227	
Water and Sewer		144,986	
Building and Contents Insurance		433,607	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

In Service/Staff Development	\$	2,109	
Other Charges		12,111	
Plant Operation Equipment		22,443	
Total Operation of Plant			\$ 4,666,817

Maintenance of Plant

Secretary(ies)	\$	16,765	
Maintenance Personnel		405,143	
Longevity Pay		9,200	
Social Security		26,038	
Pensions		45,742	
Life Insurance		943	
Medical Insurance		87,416	
Dental Insurance		2,504	
Employer Medicare		6,090	
Communication		8,101	
Maintenance and Repair Services - Buildings		103,976	
Maintenance and Repair Services - Equipment		111,998	
Other Contracted Services		278,175	
Other Supplies and Materials		338,228	
Other Charges		666	
Maintenance Equipment		17,915	
Total Maintenance of Plant			1,458,900

Transportation

Supervisor/Director	\$	64,168	
Mechanic(s)		155,935	
Bus Drivers		1,184,867	
Clerical Personnel		37,808	
Longevity Pay		4,358	
Other Salaries and Wages		42,455	
Social Security		87,375	
Pensions		50,741	
Life Insurance		556	
Medical Insurance		61,274	
Dental Insurance		1,821	
Employer Medicare		21,551	
Communication		4,381	
Contracts with Public Carriers		2,000	
Maintenance and Repair Services - Vehicles		39,027	
Medical and Dental Services		8,951	
Travel		193	
Other Contracted Services		22,648	
Diesel Fuel		239,819	
Garage Supplies		4,718	
Gasoline		66,831	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Lubricants	\$	13,892	
Tires and Tubes		32,427	
Vehicle Parts		152,136	
Other Supplies and Materials		4,421	
In Service/Staff Development		1,011	
Other Charges		1,447	
Transportation Equipment		293,475	
Total Transportation			\$ 2,600,286

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	90,365	
Assessment Personnel		64,080	
Other Salaries and Wages		76,895	
Social Security		14,338	
Pensions		11,334	
Life Insurance		141	
Medical Insurance		16,391	
Dental Insurance		443	
Employer Medicare		3,353	
Communication		1,249	
Travel		170	
Other Contracted Services		2,232	
Food Supplies		13,077	
Other Supplies and Materials		9,792	
Other Charges		2,350	
Other Equipment		1,453	
Total Community Services			307,663

Early Childhood Education

Teachers	\$	311,894	
Clerical Personnel		4,994	
Educational Assistants		135,400	
Longevity Pay		4,767	
Other Salaries and Wages		502	
Social Security		26,266	
Pensions		43,565	
Life Insurance		1,107	
Medical Insurance		112,763	
Dental Insurance		3,225	
Employer Medicare		6,143	
Contracts with Other Public Agencies		46,815	
Travel		291	
Other Contracted Services		1,950	
Instructional Supplies and Materials		51,522	
Indirect Cost		4,679	

(Continued)

Exhibit K-8

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Early Childhood Education (Cont.)</u>		
In Service/Staff Development	\$ 5,176	
Other Charges	16,394	
Other Equipment	16,654	
Total Early Childhood Education		\$ 794,107
<u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Building Improvements	\$ 169,575	
Total Regular Capital Outlay		<u>169,575</u>
Total General Purpose School Fund		\$ 55,989,458
<u>School Federal Projects Fund</u>		
<u>Instruction</u>		
<u>Regular Instruction Program</u>		
Teachers	\$ 160,464	
Educational Assistants	695,838	
Other Salaries and Wages	30,383	
Certified Substitute Teachers	832	
Non-certified Substitute Teachers	4,350	
Social Security	50,661	
Pensions	80,635	
Life Insurance	3,778	
Medical Insurance	449,768	
Dental Insurance	9,336	
Employer Medicare	11,848	
Instructional Supplies and Materials	116,406	
Other Supplies and Materials	2,627	
Other Charges	5,610	
Regular Instruction Equipment	78,452	
Total Regular Instruction Program		\$ 1,700,988
<u>Special Education Program</u>		
Teachers	\$ 48,500	
Educational Assistants	555,172	
Other Salaries and Wages	25,046	
Non-certified Substitute Teachers	4,830	
Social Security	36,135	
Pensions	63,803	
Life Insurance	2,924	
Medical Insurance	332,014	
Dental Insurance	7,745	
Employer Medicare	8,305	
Instructional Supplies and Materials	48,020	
Other Supplies and Materials	8,255	
Other Charges	738	
Special Education Equipment	24,380	
Total Special Education Program		1,165,867

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program

Instructional Supplies and Materials	\$	11,352	
Other Supplies and Materials		11,157	
Vocational Instruction Equipment		65,622	
Total Career and Technical Education Program			\$ 88,131

Support Services

Health Services

Other Salaries and Wages	\$	38,069	
Social Security		2,350	
Pensions		2,642	
Life Insurance		73	
Medical Insurance		7,479	
Dental Insurance		230	
Employer Medicare		550	
Other Contracted Services		690	
Total Health Services			52,083

Other Student Support

Bus Drivers	\$	438	
Other Salaries and Wages		359,276	
Social Security		21,142	
Pensions		37,644	
Life Insurance		551	
Medical Insurance		63,957	
Dental Insurance		1,734	
Employer Medicare		4,945	
Travel		24,970	
Other Supplies and Materials		48,387	
In Service/Staff Development		17,713	
Other Charges		19,168	
Other Equipment		3,837	
Total Other Student Support			603,762

Regular Instruction Program

Supervisor/Director	\$	24,300	
Clerical Personnel		31,965	
Other Salaries and Wages		89,652	
Certified Substitute Teachers		2,640	
Non-certified Substitute Teachers		7,162	
Social Security		8,183	
Pensions		12,444	
Life Insurance		110	
Medical Insurance		13,714	
Dental Insurance		344	
Employer Medicare		2,174	
Other Contracted Services		17,867	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Supplies and Materials	\$	960	
In Service/Staff Development		19,301	
Total Regular Instruction Program			\$ 230,816

Special Education Program

Supervisor/Director	\$	45,647	
Psychological Personnel		160,893	
Clerical Personnel		18,552	
Other Salaries and Wages		52,751	
Social Security		15,878	
Pensions		26,098	
Life Insurance		439	
Medical Insurance		54,212	
Dental Insurance		997	
Employer Medicare		3,713	
Travel		678	
Other Contracted Services		24,884	
Other Supplies and Materials		15,628	
In Service/Staff Development		19,645	
Other Charges		3,510	
Total Special Education Program			443,525

Career and Technical Education Program

In Service/Staff Development	\$	4,097	
Total Career and Technical Education Program			4,097

Board of Education

Criminal Investigation of Applicants - TBI	\$	346	
Total Board of Education			346

Transportation

Bus Drivers	\$	46,566	
Other Salaries and Wages		13,837	
Social Security		3,745	
Pensions		1,846	
Employer Medicare		876	
Diesel Fuel		6,803	
Total Transportation			73,673

Operation of Non-Instructional Services

Food Service

Food Supplies	\$	488	
Total Food Service			488

Community Services

Teachers	\$	38,986	
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(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Educational Assistants	\$	8,894	
Other Salaries and Wages		4,890	
Social Security		3,262	
Pensions		4,422	
Employer Medicare		755	
Instructional Supplies and Materials		6,177	
In Service/Staff Development		4,566	
Other Charges		1,441	
Total Community Services			\$ 73,393

Total School Federal Projects Fund \$ 4,437,169

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	50,524	
Accountants/Bookkeepers		77,444	
Cafeteria Personnel		1,039,285	
Longevity Pay		17,900	
Other Salaries and Wages		3,812	
In-service Training		587	
Social Security		70,960	
Pensions		78,486	
Life Insurance		2,488	
Medical Insurance		254,246	
Dental Insurance		6,019	
Employer Medicare		16,703	
Communication		4,217	
Maintenance and Repair Services - Equipment		91,526	
Transportation - Other than Students		5,744	
Travel		2,924	
Other Contracted Services		154,944	
Food Supplies		1,313,381	
Office Supplies		6,086	
USDA - Commodities		242,696	
Other Supplies and Materials		122,722	
In Service/Staff Development		9,696	
Food Service Equipment		13,825	
Total Food Service			\$ 3,586,215

Total Central Cafeteria Fund 3,586,215

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	24,359	
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(Continued)

Exhibit K-8

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

<u>Education Capital Projects Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Education Capital Projects (Cont.)</u>		
Other Contracted Services	\$ 1,479,227	
Building Construction	148,499	
Food Service Equipment	9,647	
Other Equipment	242,100	
Total Education Capital Projects	<u>1,903,832</u>	\$ <u>1,903,832</u>
Total Education Capital Projects Fund		\$ <u>1,903,832</u>
Total Governmental Funds - Jefferson County School Department		\$ <u>65,916,674</u>

Exhibit K-9

Jefferson County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2019

	Cities - Sales Tax	Cities - Property Tax	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,335,728	\$ 1,335,728
Trustee's Collections - Prior Years	0	21,053	21,053
Trustee's Collections - Bankruptcy	0	77	77
Circuit/Clerk and Master Collections - Prior Years	0	15,313	15,313
Interest and Penalty	0	5,558	5,558
Local Option Sales Tax	5,532,021	0	5,532,021
Pickup Taxes	0	690	690
Total Cash Receipts	<u>\$ 5,532,021</u>	<u>\$ 1,378,419</u>	<u>\$ 6,910,440</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 5,476,701	\$ 1,357,361	\$ 6,834,062
Trustee's Commission	55,320	27,401	82,721
Total Cash Disbursements	<u>\$ 5,532,021</u>	<u>\$ 1,384,762</u>	<u>\$ 6,916,783</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ (6,343)	\$ (6,343)
Cash Balance, July 1, 2018	0	15,898	15,898
Cash Balance, June 30, 2019	<u>\$ 0</u>	<u>\$ 9,555</u>	<u>\$ 9,555</u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Jefferson County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 21, 2020. Our report includes a reference to other auditors who audited the financial statements of the Jefferson County Nursing Home, as described in our report on Jefferson County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the

accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the following deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be material weaknesses: 2019-001 and 2019-002.

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. We consider the following deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be significant deficiencies: 2019-003 and 2019-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-004.

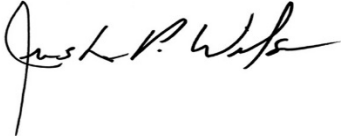
Jefferson County's Responses to the Findings

Jefferson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Jefferson County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 21, 2020

JPW/tg



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Jefferson County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jefferson County's major federal programs for the year ended June 30, 2019. Jefferson County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the 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 Jefferson County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes

examining, on a test basis, evidence about Jefferson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Jefferson County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Jefferson County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jefferson County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jefferson County's internal control over compliance.

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

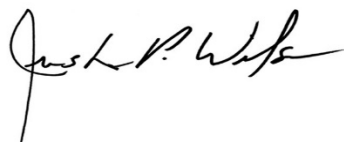
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Jefferson County's basic financial statements. We issued our report thereon dated February 21, 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 21, 2020

JPW/tg

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	\$ 641,037
National School Lunch Program	10.555	N/A	1,809,469 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Non-Cash Assistance)	10.555	N/A	242,696 (5)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-1959104	52,148
Total U.S. Department of Agriculture			<u>\$ 2,745,350</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)	\$ 422,055
Total U.S. Department of Housing and Urban Development			<u>\$ 422,055</u>
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration:			
Crime Victim Assistance	16.575	(3)	\$ 43,433
Total U.S. Department of Justice			<u>\$ 43,433</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-19-THS139	\$ 4,328
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	34101-17619	8,630
Total U.S. Department of Transportation			<u>\$ 12,958</u>
U.S. Institute of Museum and Library Services:			
Passed-through State Library and Archives:			
Grants to States	45.310	N/A	\$ 1,500
Total U.S. Institute of Museum and Library Services			<u>\$ 1,500</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 1,987,109
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	1,653,132
Special Education - Preschool Grants	84.173	N/A	54,888
Career and Technical Education - Basic Grants to States	84.048	N/A	127,201
Twenty-first Century Community Learning Centers	84.287	N/A	73,749
Special Education - State Personnel Development	84.323	N/A	9,996
English Language Acquisition State Grants	84.365	N/A	37,930
Improving Teacher Quality State Grants	84.367	N/A	164,850
Student Support and Academic Enrichment Program	84.424	N/A	156,706
Total U.S. Department of Education			<u>\$ 4,265,561</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Aging Cluster: (4)			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	(3)	\$ 26,215
Passed-through State Department of Human Services:			
CCDF Cluster: (4)			
Child Care and Development Block Grant	93.575	(3)	54,283

(Continued)

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services (Cont.):			
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-1959104	\$ 1,737
Family Planning Services	93.217	GG-1959104	12,239
National State Based Tobacco Control Programs	93.305	GG-1959104	290
Medicaid Cluster: (4)			
Medical Assistance Program	93.778	GG-1959104	23,021
Maternal and Child Health Services Block Grant to the States	93.994	GG-1959104	13,091
Total U.S. Department of Health and Human Services			<u>\$ 130,876</u>
Executive Office of the President:			
Passed-through Laurel County, Kentucky Fiscal Court:			
High Intensity Drug Trafficking Areas Program	95.001	(3)	\$ 4,901
Total Executive Office of the President			<u>\$ 4,901</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	\$ 39,150
Homeland Security Grant Program	97.067	(3)	27,000
Total U.S. Department of Homeland Security			<u>\$ 66,150</u>
Total Expenditures of Federal Grants			<u>\$ 7,692,784</u>
<u>State Grants</u>			
Juvenile Justice - State Commission on Children and Youth	N/A	(3)	\$ 10,260
Aging Program - East Tennessee Human Resource Agency	N/A	219-113	11,562
Law Enforcement Training - State Department of Safety	N/A	(3)	27,600
Health Department Program - State Department of Health	N/A	GG-1959104	126,981
Litter Program - State Department of Transportation	N/A	(3)	52,428
Solid Waste Grant - State Department of Environment and Conservation	N/A	(3)	23,025
Special Needs Capital Health Department Grant - State Department of Health	N/A	GG-18-58843-00	41,475
Court Security Grant Program - Administrative Office of the Courts	N/A	(3)	45,403
Coordinated School Health Program - State Department of Education	N/A	(3)	110,000
Family Resource Centers - State Department of Education	N/A	(3)	89,508
Safe Schools Act - State Department of Education	N/A	(3)	40,995
Early Childhood Education - State Department of Education	N/A	(3)	796,712
Read to be Ready Summer Literacy - State Department of Education	N/A	(3)	216,351
Read to be Ready Coaching Network - State Department of Education	N/A	(3)	9,065
State Aid Program - State Department of Transportation	N/A	(3)	74,769
Training Opportunities for the Public (TOP) - Tennessee Secretary of State	N/A	(3)	1,000
Transition School to Work Program - State Department of Human Services	N/A	(3)	18,020
Pre-K Entry Grant - State Department of Education	N/A	(3)	350
Total State Grants			<u>\$ 1,695,504</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Jefferson County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total is \$2,693,202; Special Education Cluster total is \$1,708,020; Aging Cluster total is \$26,215; CCDF Cluster total is \$54,283; Medicaid Cluster total is \$23,021.
- (5) Total for CFDA No. 10.555 is \$2,052,165.

Jefferson 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 Jefferson 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
2018	274	2018-001	The Solid Waste Disposal Fund had a Deficit in Unrestricted Net Position	N/A	Not Corrected - See Explanation on Corrective Action Plan
2018	275	2018-002	Jefferson County has a Material Recurring Audit Finding	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

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

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

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Federal Awards:

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

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

JEFFERSON COUNTY

FINDING 2019-001

THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION

(Internal Control – Material Weakness Under *Government Auditing Standards*)

The Solid Waste Disposal Fund had a deficit of \$3,197,022 in unrestricted net position at June 30, 2019, a decrease of \$543,488 from the previous year. This deficit primarily resulted from the recognition of liabilities in the financial statements for closure and postclosure care costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. The \$4,820,653 reported as landfill closure and postclosure care liability at June 30, 2019, represents the cumulative amount reported to date based on 51 percent of the estimated capacity of the Patterson Landfill Site (\$3,967,218) and postclosure care costs of the Highway 92 Landfill Site (\$853,435). Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency exists because management failed to implement their corrective action plan to correct the finding noted in the prior-year audit report and results in inadequate financing to fund the liability.

RECOMMENDATION

County officials should develop and implement a plan that would fund the deficit in unrestricted net position.

MANAGEMENT'S RESPONSE – SOLID WASTE DIRECTOR

We concur with this finding. The sanitation department, finance department and audit committee have all been seeking a resolution of this deficit.

FINDING 2019-002

**JEFFERSON COUNTY HAS A MATERIAL RECURRING
AUDIT FINDING**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

Jefferson County has a material audit finding that has been reported in its annual reports for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
2019-001, 2018-002 2017-002, 2016-004	The Solid Waste Disposal Fund had a deficit in unrestricted net position

The recurring nature of the above-noted finding indicates that management is unable to address the deficiency. Jefferson County has established an audit committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Jefferson County should work with its audit committee to correct the above-noted material weakness in internal control.

MANAGEMENT’S RESPONSE – SOLID WASTE DIRECTOR

We concur with this finding. The sanitation department, finance department and audit committee have all been seeking a resolution of this deficit.

OFFICE OF FINANCE DIRECTOR

FINDING 2019-003

**THE FINANCE DEPARTMENT HAD DEFICIENCIES IN
THE MAINTENANCE OF CAPITAL ASSET RECORDS**

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

The finance department maintains capital asset records for both the county, including the Solid Waste Enterprise Fund, and the school department in accordance with county policies. Our examination revealed that donations and construction-in-progress valued at \$1,106,875 were not recognized in the capital asset records and assets totaling \$1,044,442 that had previously been disposed of were still reflected, along with related accumulated depreciation of \$757,466. Additionally, the Solid Waste Enterprise Fund reflected duplicated assets totaling \$776,830 and related accumulated depreciation of \$82,398 at June 30, 2019. Due to a software issue, current-year depreciation expense was not properly calculated. The reports provided by client had net understated current-year depreciation expense of approximately \$1,818,544 for the county, \$44,642 for the Solid Waste Enterprise Fund, and \$1,544,402 for the school department. After auditors brought this issue to the client’s attention, they contacted the software vendor to make needed corrections. These deficiencies resulted in

capital assets being understated by approximately \$62,433 and accumulated depreciation being overstated by approximately \$745,632. Also, due to the noted duplications, capital assets and accumulated depreciation of the Solid Waste Enterprise Fund were overstated by \$776,830 and \$82,398, respectively. Generally accepted accounting principles require accountability for all assets owned by the county, such as equipment, vehicles, buildings, and infrastructure. These deficiencies can be attributed to a lack of management oversight. We provided management with audit adjustments, which they accepted to properly present capital assets in the financial statements of this report. Without accurate capital assets records, the county cannot adequately control its assets.

RECOMMENDATION

The finance department should maintain accurate capital assets records for all county and school department owned assets as required by generally accepted accounting principles.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur with this finding. The finance department has corrected the errors and established procedures to prevent future material errors.

OFFICE OF TRUSTEE

FINDING 2019-004

EXCESS FEES WERE NOT REPORTED AND PAID TO THE COUNTY IN COMPLIANCE WITH STATE STATUTES

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that excess fees were properly remitted to the county, we examined the dates when excess fees were remitted, and the amount of excess fees retained by the office at the end of each quarter. Section 8-22-104 *Tennessee Code Annotated*, requires excess fees to be reported and paid to the county quarterly and authorizes the clerk to retain sufficient fees to operate the office for three months. Excess fees retained by the office exceeded statutory limits for all but one quarter covered by our examination. The office paid excess fees to the county on ten occasions during the year, but still retained excess fee amounts in excess of statutory limits by amounts ranging from \$5,772 to \$89,339. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

The trustee should report and pay excess fees to the county in compliance with state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

I concur with this finding. In this fiscal year, the office has had a change in administration and changes in staff. We strive daily to manage and properly maintain county financial

records and comply with state statutes. Toward this effort, we will work to train management and staff to ensure this deficiency does not happen again.

OFFICE OF SHERIFF – FORMER SHERIFF BUD MCCOIG

FINDING 2019-005

THE SHERIFF’S OFFICE HAD DEFICIENCIES IN THE RECORDING AND MANAGING OF SEIZED CASH
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

During our examination, auditors became aware of a newly opened bank account maintained by the current sheriff for seized cash. The current sheriff opened this bank account to deposit cash discovered in the evidence room that was apparently seized during the previous administration. Some of the cash discovered did not have any identifying information noted such as a case number, date seized, or from whom it was seized. As of June 30, 2019, \$11,501.55 had been discovered in the evidence room and deposited to the bank account. An additional \$3,597.36 was discovered through November 30, 2019. The failure to adequately inventory and deposit seized cash is the result of a lack of management oversight and increases the risk of loss.

RECOMMENDATION

Seized cash should be deposited into the bank account until a final disposition is made by the courts.

MANAGEMENT’S RESPONSE – CURRENT SHERIFF JEFF COFFEY

We concur with the finding and are at the present time practicing corrective action. We have had a change in administration and our current evidence custodians are conducting an internal audit of the evidence room. The custodians are reviewing prior cases and evidence for cash money. When cash money is found or presently turned in as evidence, it is forwarded to the Chief Deputy, Ronny Coleman, and then deposited within three working days into a designated bank account. The Jefferson County Sheriff’s Office has implemented the internal controls and segregation of duties to comply with the proper accounting requirements.

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.

Jefferson 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
<u>OFFICE OF SOLID WASTE DIRECTOR</u>		
2019-001, 2019-002	The Solid Waste Disposal Fund had a Deficit in Unrestricted Net Position and as a result, Jefferson County has a Material Recurring Audit Finding	295
<u>OFFICE OF FINANCE DIRECTOR</u>		
2019-003	The Finance Department had Deficiencies in the Maintenance of Capital Asset Records	296
<u>OFFICE OF TRUSTEE</u>		
2019-004	Excess Fees were not Reported and Paid to the County in Compliance with State Statutes	298
<u>OFFICE OF SHERIFF - CURRENT SHERIFF JEFF COFFEY</u>		
2019-005	The Sheriff's Office had Deficiencies in the Recording and Managing of Seized Cash	299



Jefferson County Sanitation Department

P.O. Box 127, Dandridge, TN 37725



Corrective Action Plan

FINDING: THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION

Response and Corrective Action Plan Prepared by:

David Gaut, Solid Waste Director

Person Responsible for Implementing the Corrective Action:

David Gaut, Solid Waste Director and Audit Committee

Anticipated Completion Date of Corrective Action:

Undetermined

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

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

Planned Corrective Action:

The calculations for the life of the landfill are being reviewed by TDEC currently. The new estimated life adjusts our capacity to 35%. This adjustment should decrease our closure and post-closure liability. Combined with continued positive cash flow, the deficit should continue to decrease annually.

Signature:



JEFFERSON COUNTY

FINANCE DEPARTMENT

1244 Gay Street
PO Box 1749
Dandridge, TN 37725
Phone (865) 397-4922
Fax (865) 397-4537

February 14, 2020

Corrective Action Plan

FINDING: THE FINANCE DEPARTMENT HAD DEFICIENCIES IN THE MAINTENANCE OF CAPITAL ASSET RECORDS

Response and Corrective Action Plan Prepared by:

Langdon Potts, Finance Director

Person Responsible for Implementing the Corrective Action:

Langdon Potts, Finance Director

Anticipated Completion Date of Corrective Action:

February 13, 2020

Repeat Finding:

No

Description of Deficiencies:

- a. In 2017-2018 the Jefferson County Finance Department converted to a Local Government software module for fixed assets. We had previously used Excel spreadsheets and Sage. The conversion was a process where each individual asset was manually entered into the new system. Assets totaling \$1,044,422 that were disposed in 2016-2017 and added back to fixed assets in error during the conversion. This resulted in an overstatement of depreciation of \$757,466.
- b. Four assets totaling \$776,830 for the Solid Waste Enterprise Fund were duplicated during the conversion process. This resulted in an overstatement of depreciation of \$82,398.
- c. Several roads were donated to the county for a total value of \$1,010,422 plus the final two months of work for a bridge project for \$34,000 were not added to capital assets for the County Highway Department.
- d. The new software under calculated depreciation on several assets resulting in an understatement totaling \$3,415,838.

Planned Corrective Action:

- a. The assets that were added back in error have been removed from our asset database.
- b. The assets that were duplicated in error have been removed from our asset database.
- c. The Highway Director and Finance Director have established a communication process for additions and deletions of county roads.
- d. The Finance Department has established a process to verify the total asset and depreciation amounts for each fund to prevent further material errors.

The county did not mismanage or lose control of any assets as a result of these accounting errors.

A handwritten signature in black ink, appearing to read 'Langdon Potts', is written over a printed name.

Langdon Potts
Finance Director
Jefferson County



JENNIFER BOLING HALL
TRUSTEE OF JEFFERSON COUNTY
P.O. BOX 38
DANDRIDGE, TN 37725

TELEPHONE: (865) 397-2101
FAX: (865) 471-1939
trustee@jeffersoncountyttn.gov

Corrective Action Plan

FINDING: EXCESS FEES WERE NOT REPORTED AND PAID TO THE COUNTY IN COMPLIANCE WITH STATE STATUTES

Response and Corrective Action Plan Prepared by:
Jennifer Hall, Trustee

Person Responsible for Implementing the Corrective Action:
Jennifer Hall, Trustee

Anticipated Completion Date of Corrective Action:
Date 2/12/2020

Repeat Finding:
No

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

Planned Corrective Action:
Procedures have been implemented to ensure that excess fee amounts are transferred each month to be in compliance with State Statutes.

Signature: _____

Jennifer Hall



JEFFERSON COUNTY SHERIFF'S OFFICE

Jeff Coffey
Sheriff

Corrective Action Plan

FINDING: THE SHERIFF'S OFFICE HAD DEFICIENCIES IN THE RECORDING AND MANAGING OF SEIZED CASH

Response and Corrective Action Plan Prepared by:
Jeff Coffey, Sheriff

Person Responsible for Implementing the Corrective Action:
Jeff Coffey, Sheriff

Anticipated Completion Date of Corrective Action:
Currently practicing Corrective Action

Repeat Finding:
No

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

Planned Corrective Action:

Evidence custodians will continue to conduct an internal audit of the evidence room and review prior cases and evidence for cash money. Evidence custodians will submit all cash money found to the Chief Deputy where it will be deposited into the designated bank account within three days.