

# **ANNUAL FINANCIAL REPORT**

## **JEFFERSON COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2020**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**JEFFERSON COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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

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

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

***JAKE ROGERS***  
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***GREG BRUSH, CISA***  
***State Auditors***

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

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## JEFFERSON COUNTY, TENNESSEE

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

Annual Financial Report  
Jefferson County, Tennessee  
For the Year Ended June 30, 2020

### ***Scope***

We have audited the basic financial statements of Jefferson County as of and for the year ended June 30, 2020.

### ***Results***

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

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

### ***Findings***

The following are summaries of the audit findings:

#### **JEFFERSON COUNTY**

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

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#### **OFFICE OF FINANCE DIRECTOR**

- ◆ The finance department had deficiencies in the maintenance of capital asset records.
  - ◆ The county's bid threshold was not in compliance with state statute.
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## INTRODUCTORY SECTION

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## Jefferson County Officials

### June 30, 2020

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#### **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	Edna Shurden Langley
Randy Bales	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
Todd Kesterson	Glen Warren

#### **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

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## FINANCIAL SECTION

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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, 2020, 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, 2020, 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***

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

Accounting principles generally accepted in the United States of America require that the schedules of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedules 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 other information such as the introductory section 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.

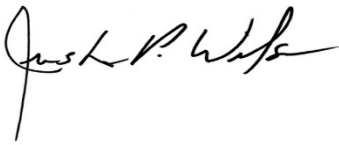
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jefferson County School Department (a discretely presented component unit), schedule 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 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,

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

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 22, 2020

JPW/tg

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## BASIC FINANCIAL STATEMENTS

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Exhibit A

Jefferson County, Tennessee  
Statement of Net Position  
June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Jefferson County School Department	Jefferson County Nursing Home
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 319,286	\$ 25	\$ 319,311	\$ 13,653	\$ 2,812,831
Equity in Pooled Cash and Investments	31,874,868	2,658,060	34,532,928	15,740,898	0
Inventories	0	0	0	0	45,631
Accounts Receivable	1,273,507	138,444	1,411,951	140,470	1,490,649
Allowance for Uncollectibles	(371,052)	(5,000)	(376,052)	0	(167,412)
Due from Other Governments	1,606,085	0	1,606,085	2,476,629	0
Due from Component Units	5,880,000	0	5,880,000	0	0
Internal Balances	959,683	(959,683)	0	0	0
Property Taxes Receivable	19,844,873	0	19,844,873	11,214,459	0
Allowance for Uncollectible Property Taxes	(771,760)	0	(771,760)	(444,100)	0
Prepaid Expenses	0	0	0	0	18,651
Restricted Assets:					
Amounts Accumulated for Pension Benefits	118,538	6,897	125,435	264,205	107,889
Other Restricted Assets	0	0	0	0	13,810
Net Pension Asset - Public Employee Legacy Pension Plan	2,839,571	89,838	2,929,409	1,607,267	967,663
Net Pension Asset - Public Employee Hybrid Retirement Plan	27,163	1,568	28,731	10,963	66,127
Net Pension Asset - Teacher Retirement Plan	0	0	0	263,258	0
Net Pension Asset - Teacher Legacy Pension Plan	0	0	0	7,207,249	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,672,777	510,430	2,183,207	1,492,550	299,101
Construction in Progress	308,661	1,406,613	1,715,274	0	312,311
Assets Net of Accumulated Depreciation:					
Landfill Facilities and Development	0	42,171	42,171	0	0
Buildings and Improvements	16,673,590	117,049	16,790,639	64,069,225	6,169,911
Machinery and Equipment	3,737,519	1,538,015	5,275,534	757,349	362,023
Other Capital Assets	0	0	0	2,298,394	4,700
Infrastructure	77,101,253	0	77,101,253	0	0
Total Assets	\$ 163,094,562	\$ 5,544,427	\$ 168,638,989	\$ 107,112,469	\$ 12,503,885

(Continued)



Exhibit A

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

	Primary Government			Component Units	
	Governmental	Business-type		Jefferson	Jefferson
	Activities	Activities	Total	School	Nursing
				Department	Home
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred Charge on Refunding	\$ 117,479	\$ 0	\$ 117,479	\$ 0	\$ 0
Pension Changes in Experience	257,931	8,634	266,565	504,868	125,870
Pension Changes in Assumptions	450,667	14,258	464,925	1,235,450	153,577
Pension Changes in Proportion	0	0	0	124,419	0
Pension Contributions After Measurement Date	1,153,338	37,846	1,191,184	3,088,527	499,752
OPEB Changes in Assumptions	72,493	3,094	75,587	240,922	0
OPEB Changes in Proportion	0	0	0	34,854	0
OPEB Contributions After Measurement Date	25,369	1,083	26,452	544,536	0
Total Deferred Outflows of Resources	\$ 2,077,277	\$ 64,915	\$ 2,142,192	\$ 5,773,576	\$ 779,199
<u>LIABILITIES</u>					
Accounts Payable	\$ 237,523	\$ 28,174	\$ 265,697	\$ 172,334	\$ 181,875
Accrued Payroll	55,420	16,196	71,616	374,612	134,010
Payroll Deductions Payable	210,386	2,185	212,571	6,124,522	39,000
Accrued Leave - Current	0	0	0	0	155,743
Contracts Payable	0	399,546	399,546	0	0
Claims and Judgments Payable	61,524	0	61,524	0	0
Accrued Interest Payable	187,941	0	187,941	0	11,827
Due to Primary Government	0	0	0	0	5,880,000
Due to the State of Tennessee	22,971	238	23,209	0	0
Estimated Third-party Payor Settlements	0	0	0	0	75,567
Unearned/Unavailable Revenue	0	0	0	0	370,546
Other Current Liabilities	128,440	0	128,440	0	68,842
Noncurrent Liabilities:					
Due Within One Year - Debt	4,628,988	0	4,628,988	0	0
Due Within One Year - Other	295,804	125,445	421,249	229,675	0
Due in More Than One Year - Debt	58,195,236	0	58,195,236	0	0
Due in More Than One Year - Other	843,992	4,780,478	5,624,470	10,760,414	0
Total Liabilities	\$ 64,868,225	\$ 5,352,262	\$ 70,220,487	\$ 17,661,557	\$ 6,917,410

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental	Business-type		Jefferson	Jefferson
	Activities	Activities	Total	School	Nursing
				Department	Home
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 18,734,290	\$ 0	\$ 18,734,290	\$ 10,571,492	\$ 0
Deferred Credit on Refunding	248,134	0	248,134	0	0
Pension Changes in Experience	523,070	16,549	539,619	4,744,358	178,250
Pension Changes in Investment Earnings	537,268	17,016	554,284	2,374,378	184,490
Pension Changes in Proportion	0	0	0	49,784	0
OPEB Changes in Experience	268,646	11,467	280,113	4,506,183	0
OPEB Changes in Proportion	0	0	0	927,936	0
OPEB Changes in Assumptions	27,682	1,182	28,864	1,150,459	0
Total Deferred Inflows of Resources	<u>\$ 20,339,090</u>	<u>\$ 46,214</u>	<u>\$ 20,385,304</u>	<u>\$ 24,324,590</u>	<u>\$ 362,740</u>
 <u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 93,918,045	\$ 3,614,278	\$ 97,532,323	\$ 68,617,518	\$ 1,263,346
Restricted for:					
General Government	1,134,749	0	1,134,749	0	0
Finance	168,485	0	168,485	0	0
Administration of Justice	502,020	0	502,020	0	0
Public Safety	200,213	0	200,213	0	0
Public Health and Welfare	401,978	0	401,978	0	0
Social, Cultural, and Recreational Services	96,583	0	96,583	0	0
Highway/Public Works	3,785,703	0	3,785,703	0	0
Debt Service	41,048	0	41,048	0	0
Education	0	0	0	1,586,583	0
Capital Projects	110,948	0	110,948	0	0
Other Purposes	0	0	0	0	13,810
Pensions	2,985,272	98,303	3,083,575	9,352,942	1,141,679
Unrestricted	<u>(23,380,520)</u>	<u>(3,501,715)</u>	<u>(26,882,235)</u>	<u>(8,657,145)</u>	<u>3,584,099</u>
Total Net Position	<u>\$ 79,964,524</u>	<u>\$ 210,866</u>	<u>\$ 80,175,390</u>	<u>\$ 70,899,898</u>	<u>\$ 6,002,934</u>

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

Exhibit B

Jefferson County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2020

					Net (Expense) Revenue and Changes in Net Position						
								Component Units			
					Primary Government			Jefferson County School Department	Jefferson County Nursing Home		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total				
Primary Government:											
Governmental Activities:											
General Government	\$ 3,500,533	\$ 735,546	\$ 25,102	\$ 9,837	\$ (2,730,048)	\$ 0	\$ (2,730,048)	\$ 0	\$ 0		
Finance	2,982,198	2,118,682	0	0	(863,516)	0	(863,516)	0	0		
Administration of Justice	2,206,666	974,018	58,803	0	(1,173,845)	0	(1,173,845)	0	0		
Public Safety	8,950,584	1,608,721	145,715	46,984	(7,149,164)	0	(7,149,164)	0	0		
Public Health and Welfare	7,686,290	3,093,672	938,836	340,939	(3,312,843)	0	(3,312,843)	0	0		
Social, Cultural, and Recreational Services	739,848	79,419	210,913	2,000	(447,516)	0	(447,516)	0	0		
Agriculture and Natural Resources	151,193	0	0	0	(151,193)	0	(151,193)	0	0		
Highways	6,098,330	12,648	4,314,264	592,846	(1,178,572)	0	(1,178,572)	0	0		
Education	24,145	0	0	0	(24,145)	0	(24,145)	0	0		
Interest on Long-term Debt	3,225,997	0	0	0	(3,225,997)	0	(3,225,997)	0	0		
Total Governmental Activities	\$ 35,565,784	\$ 8,622,706	\$ 5,693,633	\$ 992,606	\$ (20,256,839)	\$ 0	\$ (20,256,839)	\$ 0	\$ 0		
Business-type Activities:											
Solid Waste Disposal	\$ 1,453,135	\$ 2,063,992	\$ 21,908	\$ 0	\$ 0	\$ 632,765	\$ 632,765	\$ 0	\$ 0		
Total Business-type Activities	\$ 1,453,135	\$ 2,063,992	\$ 21,908	\$ 0	\$ 0	\$ 632,765	\$ 632,765	\$ 0	\$ 0		
Total Primary Government	\$ 37,018,919	\$ 10,686,698	\$ 5,715,541	\$ 992,606	\$ (20,256,839)	\$ 632,765	\$ (19,624,074)	\$ 0	\$ 0		
Component Units:											
Jefferson County School Department	\$ 63,510,251	\$ 998,700	\$ 7,386,422	\$ 24,145	\$ 0	\$ 0	\$ 0	\$ (55,100,984)	\$ 0		
Jefferson County Nursing Home	13,032,236	14,091,459	0	0	0	0	0	0	1,059,223		
Total Component Units	\$ 76,542,487	\$ 15,090,159	\$ 7,386,422	\$ 24,145	\$ 0	\$ 0	\$ 0	\$ (55,100,984)	\$ 1,059,223		

(Continued)

Exhibit B

Jefferson County, Tennessee  
Statement of Activities (Cont.)

					Net (Expense) Revenue and Changes in Net Position				
								Component Units	
								Jefferson	Jefferson
								County	County
								School	Nursing
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Department	Home
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 16,146,609	\$ 0	\$ 16,146,609	\$ 11,090,029	\$ 0
Property Taxes Levied for Debt Service					2,740,163	0	2,740,163	0	0
Local Option Sales Taxes					2,937,095	0	2,937,095	6,155,975	0
Hotel/Motel Tax					415,168	0	415,168	0	0
Wheel Tax					2,407,551	0	2,407,551	0	0
Litigation Tax - General					96,390	0	96,390	0	0
Litigation Tax - Special Purpose					10,667	0	10,667	0	0
Litigation Tax - Jail, Workhouse, or Courthouse					165,140	0	165,140	0	0
Business Tax					503,755	0	503,755	0	0
Mixed Drink Tax					0	0	0	29,197	0
Adequate Facilities Tax					392,349	0	392,349	0	0
Wholesale Beer Tax					183,193	0	183,193	0	0
Grants and Contributions Not Restricted to Specific Programs					909,871	0	909,871	41,552,444	0
Unrestricted Investment Income					751,744	0	751,744	7,771	5,493
Gain on Investments					3,784	218	4,002	8,258	3,739
Gain on Disposal of Capital Assets					0	5,107	5,107	19,655	0
Miscellaneous					100,481	0	100,481	48,435	0
Total General Revenues					\$ 27,763,960	\$ 5,325	\$ 27,769,285	\$ 58,911,764	\$ 9,232
Change in Net Position									
Net Position, July 1, 2019					\$ 7,507,121	\$ 638,090	\$ 8,145,211	\$ 3,810,780	\$ 1,068,455
Net Position, June 30, 2020									
					72,457,403	(427,224)	72,030,179	67,089,118	4,934,479
Net Position, June 30, 2020									
					\$ 79,964,524	\$ 210,866	\$ 80,175,390	\$ 70,899,898	\$ 6,002,934

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, 2020

	Major Funds				Nonmajor Funds	
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 162,226	\$ 0	\$ 0	\$ 0	\$ 157,060	\$ 319,286
Equity in Pooled Cash and Investments	10,140,049	7,694,922	3,386,192	9,654,384	956,072	31,831,619
Accounts Receivable	1,247,758	0	9,315	10,536	5,898	1,273,507
Allowance for Uncollectibles	(371,052)	0	0	0	0	(371,052)
Due from Other Governments	594,329	0	473,798	537,958	0	1,606,085
Due from Other Funds	2,111	0	0	1,410,551	116,806	1,529,468
Property Taxes Receivable	12,338,643	0	2,552,822	2,836,469	2,116,939	19,844,873
Allowance for Uncollectible Property Taxes	(483,013)	0	(99,934)	(111,038)	(77,775)	(771,760)
Restricted Assets	118,538	0	0	0	0	118,538
Total Assets	<u>\$ 23,749,589</u>	<u>\$ 7,694,922</u>	<u>\$ 6,322,193</u>	<u>\$ 14,338,860</u>	<u>\$ 3,275,000</u>	<u>\$ 55,380,564</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 205,882	\$ 0	\$ 23,004	\$ 0	\$ 2,773	\$ 231,659
Accrued Payroll	0	0	42,711	0	12,709	55,420
Payroll Deductions Payable	197,302	0	8,787	0	4,297	210,386
Claims and Judgments Payable	61,524	0	0	0	0	61,524
Due to Other Funds	0	0	0	116,806	452,979	569,785
Due to State of Tennessee	22,387	0	103	0	481	22,971
Other Current Liabilities	128,440	0	0	0	0	128,440
Total Liabilities	<u>\$ 615,535</u>	<u>\$ 0</u>	<u>\$ 74,605</u>	<u>\$ 116,806</u>	<u>\$ 473,239</u>	<u>\$ 1,280,185</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 11,642,023	\$ 0	\$ 2,408,694	\$ 2,676,327	\$ 2,007,246	\$ 18,734,290

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>						
Deferred Delinquent Property Taxes	\$ 178,558	\$ 0	\$ 36,943	\$ 41,048	\$ 26,681	\$ 283,230
Other Deferred/Unavailable Revenue	741,773	0	185,458	381,192	0	1,308,423
Total Deferred Inflows of Resources	\$ 12,562,354	\$ 0	\$ 2,631,095	\$ 3,098,567	\$ 2,033,927	\$ 20,325,943
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 1,112,318	\$ 0	\$ 0	\$ 0	\$ 22,431	\$ 1,134,749
Restricted for Finance	12,975	0	0	0	155,510	168,485
Restricted for Administration of Justice	499,998	0	0	0	2,022	502,020
Restricted for Public Safety	154,386	0	0	0	45,827	200,213
Restricted for Public Health and Welfare	6,670	0	0	0	383,034	389,704
Restricted for Social, Cultural, and Recreational Services	96,583	0	0	0	0	96,583
Restricted for Highways/Public Works	0	0	3,616,493	0	0	3,616,493
Restricted for Capital Projects	0	0	0	0	110,948	110,948
Restricted for Hybrid Retirement Stabilization Funds	118,538	0	0	0	0	118,538
Committed:						
Committed for General Government	1,028,106	0	0	0	0	1,028,106
Committed for Public Health and Welfare	795,000	0	0	0	48,062	843,062
Committed for Other Operations	0	7,694,922	0	0	0	7,694,922
Committed for Debt Service	0	0	0	11,123,487	0	11,123,487
Committed for Capital Projects	18,508	0	0	0	0	18,508
Assigned:						
Assigned for General Government	5,358	0	0	0	0	5,358
Assigned for Finance	8,509	0	0	0	0	8,509
Assigned for Administration of Justice	6,266	0	0	0	0	6,266

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES (Cont.)</u>						
Assigned (Cont.):						
Assigned for Public Safety	\$ 72,928	\$ 0	\$ 0	\$ 0	\$ 0	\$ 72,928
Assigned for Public Health and Welfare	33,796	0	0	0	0	33,796
Assigned for Social, Cultural, and Recreational Services	2,593	0	0	0	0	2,593
Assigned for Other Operations	842	0	0	0	0	842
Unassigned	6,598,326	0	0	0	0	6,598,326
Total Fund Balances	<u>\$ 10,571,700</u>	<u>\$ 7,694,922</u>	<u>\$ 3,616,493</u>	<u>\$ 11,123,487</u>	<u>\$ 767,834</u>	<u>\$ 33,774,436</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,749,589</u>	<u>\$ 7,694,922</u>	<u>\$ 6,322,193</u>	<u>\$ 14,338,860</u>	<u>\$ 3,275,000</u>	<u>\$ 55,380,564</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, 2020

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)		\$ 33,774,436
(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	308,661	
Add: buildings and improvements net of accumulated depreciation	16,673,590	
Add: machinery and equipment net of accumulated depreciation	3,737,519	
Add: infrastructure net of accumulated depreciation	<u>77,101,253</u>	99,493,800
(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.		37,385
(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	\$ (10,920,492)	
Less: bonds payable	(49,575,000)	
Add: bonds to be paid by nursing home for the primary government	5,880,000	
Add: deferred charge on refunding	117,479	
Less: deferred credit on refunding	(248,134)	
Less: unamortized premium on debt	(2,328,732)	
Less: accrued interest on bonds and other loans	(187,941)	
Less: compensated absences payable	(422,578)	
Less: other postemployment benefits liability	<u>(717,218)</u>	(58,402,616)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 1,861,936	
Less: deferred inflows of resources related to pensions	(1,060,338)	
Add: deferred outflows of resources related to OPEB	97,862	
Less: deferred inflows of resources related to OPEB	<u>(296,328)</u>	603,132
(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	\$ 2,839,571	
Add: net pension asset - public employee hybrid retirement plan	<u>27,163</u>	2,866,734
(6) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>1,591,653</u>
Net position of governmental activities (Exhibit A)		<u>\$ 79,964,524</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, 2020

	Major Funds				Nonmajor Funds	
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<b>Revenues</b>						
Local Taxes	\$ 14,539,682	\$ 0	\$ 2,488,167	\$ 7,191,574	\$ 1,869,029	\$ 26,088,452
Licenses and Permits	459,753	0	0	0	0	459,753
Fines, Forfeitures, and Penalties	347,774	0	0	0	22,143	369,917
Charges for Current Services	3,610,504	0	34,554	0	784,020	4,429,078
Other Local Revenues	744,093	761,231	0	1,145,900	23,398	2,674,622
Fees Received From County Officials	1,844,280	0	0	0	0	1,844,280
State of Tennessee	1,773,383	0	2,963,942	0	175,565	4,912,890
Federal Government	1,124,697	0	0	224,429	12,750	1,361,876
Other Governments and Citizens Groups	199,603	0	0	0	635	200,238
<b>Total Revenues</b>	<b>\$ 24,643,769</b>	<b>\$ 761,231</b>	<b>\$ 5,486,663</b>	<b>\$ 8,561,903</b>	<b>\$ 2,887,540</b>	<b>\$ 42,341,106</b>
<b>Expenditures</b>						
Current:						
General Government	\$ 2,588,096	\$ 0	\$ 0	\$ 0	\$ 416	\$ 2,588,512
Finance	2,148,411	7,587	0	0	813,838	2,969,836
Administration of Justice	1,777,952	0	0	0	0	1,777,952
Public Safety	8,206,845	0	0	0	52,785	8,259,630
Public Health and Welfare	5,716,166	0	0	0	1,872,307	7,588,473
Social, Cultural, and Recreational Services	669,169	0	0	0	0	669,169
Agriculture and Natural Resources	145,098	0	0	0	0	145,098
Other Operations	1,312,787	0	0	0	0	1,312,787
Highways	0	0	5,056,644	0	0	5,056,644
Debt Service:						
Principal on Debt	0	0	0	4,608,491	0	4,608,491
Interest on Debt	0	0	0	2,866,310	0	2,866,310
Other Debt Service	0	0	0	342,121	0	342,121

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 132,539	\$ 0	\$ 0	\$ 0	\$ 908,010	\$ 1,040,549
Total Expenditures	\$ 22,697,063	\$ 7,587	\$ 5,056,644	\$ 7,816,922	\$ 3,647,356	\$ 39,225,572
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,946,706	\$ 753,644	\$ 430,019	\$ 744,981	\$ (759,816)	\$ 3,115,534
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 0	\$ 0	\$ 0	\$ 15,225,000	\$ 0	\$ 15,225,000
Premiums on Debt Sold	0	0	0	1,410,718	0	1,410,718
Insurance Recovery	73,281	0	4,343	0	0	77,624
Transfers In	0	0	0	482,570	133,500	616,070
Transfers Out	(582,570)	0	0	0	(33,500)	(616,070)
Payments to Refunded Debt Escrow Agent	0	0	0	(16,424,529)	0	(16,424,529)
Total Other Financing Sources (Uses)	\$ (509,289)	\$ 0	\$ 4,343	\$ 693,759	\$ 100,000	\$ 288,813
Net Change in Fund Balances	\$ 1,437,417	\$ 753,644	\$ 434,362	\$ 1,438,740	\$ (659,816)	\$ 3,404,347
Fund Balance, July 1, 2019	9,134,283	6,941,278	3,182,131	9,684,747	1,427,650	30,370,089
Fund Balance, June 30, 2020	\$ 10,571,700	\$ 7,694,922	\$ 3,616,493	\$ 11,123,487	\$ 767,834	\$ 33,774,436

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, 2020

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 3,404,347
(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	\$ 1,728,045	
Less: current-year depreciation expense	<u>(2,615,195)</u>	(887,150)
(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	\$ 1,943,168	
Less: book value of capital assets disposed	<u>(35,327)</u>	1,907,841
(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, 2020	\$ 1,591,653	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(2,615,646)</u>	(1,023,993)
(4) The issuance of long-term debt (e.g., bonds, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: change in unamortized premium on debt issues	\$ (1,182,196)	
Add: principal payments on bonds	2,875,000	
Add: principal payments on other loans	1,733,491	
Add: bond principal refunded	16,420,000	
Less: bond refunding proceeds	(15,225,000)	
Less: change in deferred amounts on refunding debt	(259,407)	
Less: contributions from nursing home for bond	<u>(265,000)</u>	4,096,888
(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	\$ 17,848	
Change in compensated absences payable	(49,194)	
Change in net OPEB liability	(9,189)	
Change in net pension asset/liability	606,247	
Change in deferred outflows related to pensions	(209,091)	
Change in deferred inflows related to pensions	(213,318)	
Change in deferred outflows related to OPEB	38,624	
Change in deferred inflows related to OPEB	<u>(194,628)</u>	(12,701)

(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>\$ 21,889</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 7,507,121</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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 14,539,682	\$ 0	\$ 0	\$ 14,539,682	\$ 13,688,139	\$ 13,688,139	\$ 851,543
Licenses and Permits	459,753	0	0	459,753	363,000	363,000	96,753
Fines, Forfeitures, and Penalties	347,774	0	0	347,774	378,200	378,200	(30,426)
Charges for Current Services	3,610,504	0	0	3,610,504	3,341,108	3,353,283	257,221
Other Local Revenues	744,093	0	0	744,093	596,586	717,296	26,797
Fees Received From County Officials	1,844,280	0	0	1,844,280	1,808,000	1,808,000	36,280
State of Tennessee	1,773,383	0	0	1,773,383	2,073,600	2,113,490	(340,107)
Federal Government	1,124,697	0	0	1,124,697	738,168	844,031	280,666
Other Governments and Citizens Groups	199,603	0	0	199,603	142,000	142,000	57,603
Total Revenues	\$ 24,643,769	\$ 0	\$ 0	\$ 24,643,769	\$ 23,128,801	\$ 23,407,439	\$ 1,236,330
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 227,047	\$ 0	\$ 0	\$ 227,047	\$ 245,201	\$ 245,201	\$ 18,154
Board of Equalization	950	0	0	950	2,000	2,000	1,050
County Mayor/Executive	261,906	0	1,957	263,863	267,469	277,469	13,606
Election Commission	300,320	(50)	333	300,603	337,434	337,434	36,831
Register of Deeds	324,996	(1,496)	0	323,500	324,461	325,008	1,508
Codes Compliance	125,273	0	0	125,273	131,889	131,342	6,069
County Buildings	987,225	(3,929)	0	983,296	970,121	998,930	15,634
Other Facilities	351,927	0	0	351,927	391,993	391,993	40,066
Preservation of Records	8,452	0	0	8,452	10,500	10,500	2,048
<u>Finance</u>							
Accounting and Budgeting	740,500	0	0	740,500	740,623	742,874	2,374
Property Assessor's Office	520,260	0	0	520,260	534,588	535,338	15,078
County Trustee's Office	71,906	0	683	72,589	77,477	77,477	4,888
County Clerk's Office	170,509	0	146	170,655	131,549	199,648	28,993
Data Processing	145,981	0	0	145,981	148,903	148,903	2,922
Other Finance	499,255	0	0	499,255	579,600	562,663	63,408

(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 7/1/2019	Add: Encumbrances 6/30/2020	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	\$ 828,617	\$ (321)	\$ 0	\$ 828,296	\$ 780,760	\$ 910,836	\$ 82,540
General Sessions Court	344,938	0	67	345,005	300,983	400,982	55,977
Drug Court	23,246	0	0	23,246	37,000	37,000	13,754
Chancery Court	233,893	(371)	0	233,522	239,346	239,346	5,824
Juvenile Court	252,798	0	0	252,798	281,490	281,490	28,692
Other Administration of Justice	13,750	0	0	13,750	3,500	13,750	0
Victim Assistance Programs	80,710	0	0	80,710	111,175	111,175	30,465
<u>Public Safety</u>							
Sheriff's Department	4,039,737	(2,324)	868	4,038,281	4,281,343	4,295,486	257,205
Wheel Tax Officer	18,110	0	0	18,110	19,341	19,341	1,231
Administration of the Sexual Offender Registry	9,115	0	0	9,115	20,000	20,000	10,885
Jail	3,103,667	(21,621)	612	3,082,658	2,842,229	3,164,977	82,319
Workhouse	323,426	0	0	323,426	368,021	368,021	44,595
Inspection and Regulation	76,024	0	855	76,879	81,440	86,939	10,060
Public Safety Grants Program	0	0	0	0	16,000	16,000	16,000
Other Public Safety	636,766	0	0	636,766	619,829	636,766	0
<u>Public Health and Welfare</u>							
Local Health Center	296,246	(644)	0	295,602	337,414	337,414	41,812
Rabies and Animal Control	116,464	(880)	655	116,239	132,118	132,118	15,879
Ambulance/Emergency Medical Services	5,111,413	(9,181)	8,056	5,110,288	5,235,532	5,292,532	182,244
Sanitation Education/Information	62,715	(316)	0	62,399	70,303	70,303	7,904
Other Public Health and Welfare	129,328	0	85	129,413	135,128	135,128	5,715
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	205,491	0	0	205,491	215,574	215,574	10,083
Libraries	463,678	(15)	2,593	466,256	447,941	499,549	33,293
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	104,325	0	0	104,325	117,586	117,586	13,261
Soil Conservation	40,773	0	0	40,773	41,005	41,005	232

(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 7/1/2019	Add: Encumbrances 6/30/2020	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	\$ 41,970	\$ 0	\$ 842	\$ 42,812	\$ 44,046	\$ 44,046	\$ 1,234
Contributions to Other Agencies	1,266,468	0	0	1,266,468	1,254,564	1,266,848	380
COVID-19 Grant C	4,349	0	0	4,349	0	4,349	0
<u>Capital Projects</u>							
Other General Government Projects	108,394	0	0	108,394	0	118,000	9,606
Education Capital Projects	24,145	0	0	24,145	0	24,145	0
Total Expenditures	\$ 22,697,063	\$ (41,148)	\$ 17,752	\$ 22,673,667	\$ 22,927,476	\$ 23,887,486	\$ 1,213,819
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 1,946,706	\$ 41,148	\$ (17,752)	\$ 1,970,102	\$ 201,325	\$ (480,047)	\$ 2,450,149
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 73,281	\$ 0	\$ 0	\$ 73,281	\$ 0	\$ 72,902	\$ 379
Transfers Out	(582,570)	0	0	(582,570)	(651,663)	(657,570)	75,000
Total Other Financing Sources	\$ (509,289)	\$ 0	\$ 0	\$ (509,289)	\$ (651,663)	\$ (584,668)	\$ 75,379
Net Change in Fund Balance							
Fund Balance, July 1, 2019	\$ 1,437,417	\$ 41,148	\$ (17,752)	\$ 1,460,813	\$ (450,338)	\$ (1,064,715)	\$ 2,525,528
	9,134,283	(41,148)	0	9,093,135	8,500,000	8,500,000	593,135
Fund Balance, June 30, 2020							
	\$ 10,571,700	\$ 0	\$ (17,752)	\$ 10,553,948	\$ 8,049,662	\$ 7,435,285	\$ 3,118,663

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 761,231	\$ 754,000	\$ 754,000	\$ 7,231
Total Revenues	\$ 761,231	\$ 754,000	\$ 754,000	\$ 7,231
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 7,587	\$ 9,500	\$ 9,500	\$ 1,913
Total Expenditures	\$ 7,587	\$ 9,500	\$ 9,500	\$ 1,913
Excess (Deficiency) of Revenues Over Expenditures	\$ 753,644	\$ 744,500	\$ 744,500	\$ 9,144
Net Change in Fund Balance	\$ 753,644	\$ 744,500	\$ 744,500	\$ 9,144
Fund Balance, July 1, 2019	6,941,278	6,941,278	6,941,278	0
Fund Balance, June 30, 2020	\$ 7,694,922	\$ 7,685,778	\$ 7,685,778	\$ 9,144

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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,488,167	\$ 0	\$ 0	\$ 2,488,167	\$ 2,414,299	\$ 2,414,299	\$ 73,868
Charges for Current Services	34,554	0	0	34,554	55,000	55,000	(20,446)
State of Tennessee	2,963,942	0	0	2,963,942	1,982,308	1,982,308	981,634
Federal Government	0	0	0	0	61,858	61,858	(61,858)
Total Revenues	\$ 5,486,663	\$ 0	\$ 0	\$ 5,486,663	\$ 4,513,465	\$ 4,513,465	\$ 973,198
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 277,019	\$ (2,470)	\$ 0	\$ 274,549	\$ 300,350	\$ 300,350	\$ 25,801
Highway and Bridge Maintenance	2,792,742	(50,998)	206	2,741,950	2,387,407	2,791,312	49,362
Operation and Maintenance of Equipment	960,085	(125,322)	500	835,263	1,056,293	1,182,667	347,404
Quarry Operations	690,755	0	220	690,975	808,434	774,642	83,667
Asphalt Plant Operations	56,243	0	0	56,243	32,600	56,393	150
Other Charges	109,006	0	0	109,006	107,892	117,892	8,886
Employee Benefits	131,294	0	0	131,294	131,294	131,294	0
Capital Outlay	39,500	0	0	39,500	91,662	91,662	52,162
Total Expenditures	\$ 5,056,644	\$ (178,790)	\$ 926	\$ 4,878,780	\$ 4,915,932	\$ 5,446,212	\$ 567,432
Excess (Deficiency) of Revenues Over Expenditures	\$ 430,019	\$ 178,790	\$ (926)	\$ 607,883	\$ (402,467)	\$ (932,747)	\$ 1,540,630
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 4,343	\$ 0	\$ 0	\$ 4,343	\$ 0	\$ 2,312	\$ 2,031
Total Other Financing Sources	\$ 4,343	\$ 0	\$ 0	\$ 4,343	\$ 0	\$ 2,312	\$ 2,031
Net Change in Fund Balance	\$ 434,362	\$ 178,790	\$ (926)	\$ 612,226	\$ (402,467)	\$ (930,435)	\$ 1,542,661
Fund Balance, July 1, 2019	3,182,131	(178,790)	0	3,003,341	3,182,131	3,182,131	(178,790)
Fund Balance, June 30, 2020	\$ 3,616,493	\$ 0	\$ (926)	\$ 3,615,567	\$ 2,779,664	\$ 2,251,696	\$ 1,363,871

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, 2020

	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	2,658,060	43,249
Accounts Receivable	138,444	0
Allowance for Uncollectibles	(5,000)	0
Due from Other Funds	156,468	0
Total Current Assets	<u>\$ 2,947,997</u>	<u>\$ 43,249</u>
Noncurrent Assets:		
Restricted Assets	\$ 6,897	\$ 0
Net Pension Asset	91,406	0
Capital Assets:		
Assets Not Depreciated:		
Land	510,430	0
Construction in Progress	1,406,613	0
Assets Net of Accumulated Depreciation:		
Landfill Facilities and Development	42,171	0
Buildings and Improvements	117,049	0
Machinery and Equipment	1,538,015	0
Total Noncurrent Assets	<u>\$ 3,712,581</u>	<u>\$ 0</u>
Total Assets	<u>\$ 6,660,578</u>	<u>\$ 43,249</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 8,634	\$ 0
Pension Changes in Assumptions	14,258	0
Pension Contributions After Measurement Date	37,846	0
OPEB Changes in Assumptions	3,094	0
OPEB Contributions After Measurement Date	1,083	0
Total Deferred Outflows of Resources	<u>\$ 64,915</u>	<u>\$ 0</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 28,174	\$ 5,864
Accrued Payroll	16,196	0
Payroll Deductions Payable	2,185	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.):		
Contracts Payable	\$ 399,546	\$ 0
Due to Other Funds	1,116,151	0
Due to State of Tennessee	238	0
Current Portion of Long-term Liabilities - Other	125,445	0
Total Current Liabilities	<u>\$ 1,687,935</u>	<u>\$ 5,864</u>
Noncurrent Liabilities:		
Due in More Than One Year - Other	\$ 4,780,478	\$ 0
Total Noncurrent Liabilities	<u>\$ 4,780,478</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 6,468,413</u>	<u>\$ 5,864</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 16,549	\$ 0
Pension Changes in Investment Earnings	17,016	0
OPEB Changes in Experience	11,467	0
OPEB Changes in Assumptions	1,182	0
Total Deferred Inflows of Resources	<u>\$ 46,214</u>	<u>\$ 0</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 3,614,278	\$ 0
Net Position - Restricted for Pensions	98,303	0
Unrestricted	<u>(3,501,715)</u>	<u>37,385</u>
Total Net Position	<u>\$ 210,866</u>	<u>\$ 37,385</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, 2020

	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	\$ 774,419	\$ 0
Commercial and Industrial Waste Collection Charges	1,023,590	0
Sale of Recycled Materials	221,217	0
Miscellaneous Refunds	44,766	0
State of Tennessee	21,908	0
Self-Insurance Premiums/Contributions	0	170,054
Total Operating Revenues	<u>\$ 2,085,900</u>	<u>\$ 170,054</u>
<u>Operating Expenses</u>		
<u>Cost of Sales and Services</u>		
Supervisor/Director	\$ 33,676	\$ 0
Accountants/Bookkeepers	39,068	0
Part-time Personnel	17,191	0
Longevity Pay	7,300	0
Overtime	54,779	0
Laborers	308,673	0
Board and Committee Members Fees	4,320	0
Social Security	31,268	0
Pensions	31,870	0
Life Insurance	976	0
Medical Insurance	111,593	0
Dental Insurance	1,127	0
Unemployment Compensation	1,805	0
Employer Medicare	7,313	0
Data Processing Services	950	0
Engineering Services	8,291	0
Evaluation and Testing	38,893	0
Janitorial Services	1,301	0
Maintenance Agreements	653	0
Maintenance and Repair Services - Equipment	64,966	0
Postal Charges	64	0
Rentals	6,566	0
Travel	1,060	0
Contracts for Development Costs	15,459	0
Other Contracted Services	37,256	0
Crushed Stone	29,939	0
Diesel Fuel	105,597	0
Gasoline	13,886	0
Lubricants	15,612	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	\$ 2,436	\$ 0
Small Tools	3,890	0
Tires and Tubes	284	0
Uniforms	5,907	0
Utilities	11,623	0
Other Supplies and Materials	13,988	0
Building and Contents Insurance	1,959	0
Liability Insurance	2,290	0
Trustee's Commission	17,075	0
Vehicle and Equipment Insurance	6,575	0
Workers' Compensation Insurance	31,200	0
Depreciation	252,181	0
Surcharge	41,337	0
Landfill Closure/Postclosure Care Costs	41,847	0
Other Charges	10,253	0
Office Equipment	1,638	0
Solid Waste Equipment	8,476	0
Handling Charges and Administrative Costs	0	16,787
Other Self-Insured Claims	0	131,378
Total Operating Expenses	\$ 1,444,411	\$ 148,165
Operating Income (Loss)	\$ 641,489	\$ 21,889
<u>Nonoperating Revenues (Expenses)</u>		
Gain on Sale of Capital Assets	\$ 5,107	\$ 0
Investment Income	218	0
Interest on Internal Loan	(8,724)	0
Total Nonoperating Revenues (Expenses)	\$ (3,399)	\$ 0
Change in Net Position	\$ 638,090	\$ 21,889
Net Position, July 1, 2019	(427,224)	15,496
Net Position, June 30, 2020	\$ 210,866	\$ 37,385

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, 2020

	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	\$ 1,730,543	\$ 0
Receipts from Recycled Materials	221,217	0
Receipts from Other State Revenues	21,908	0
Receipts for Self-Insurance Premiums	0	170,054
Payments to Employees and Board Members	(459,544)	0
Payments for Fringe Benefits	(200,170)	0
Payments to Suppliers	(94,800)	0
Payments to Others	15,100	0
Payments for Claims	0	(129,063)
Payments for Administrative Costs	0	(16,787)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,234,254</u>	<u>\$ 24,204</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition and Construction of Capital Assets	\$ (1,298,570)	\$ 0
Proceeds from Sale of Capital Assets	138,570	0
Proceeds of Internal Loan	850,000	0
Principal Paid on Internal Loan	(160,000)	0
Interest Paid on Internal Loan	(8,724)	0
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (478,724)</u>	<u>\$ 0</u>
<u>Cash Flows from Investing Activities</u>		
Contributions to Pension Stabilization Reserve Trust	\$ (3,522)	\$ 0
Net Cash Provided by (Used In) Investing Activities	<u>\$ (3,522)</u>	<u>\$ 0</u>
Increase (Decrease) in Cash	\$ 752,008	\$ 24,204
Cash, July 1, 2019	<u>1,906,077</u>	<u>19,045</u>
Cash, June 30, 2020	<u><u>\$ 2,658,085</u></u>	<u><u>\$ 43,249</u></u>

(Continued)

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

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ 641,489	\$ 21,889
Adjustments to Reconcile Net Operating Income (Loss)		
to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	252,181	0
Changes in Deferred Outflows for Pensions	(669)	0
Changes in Deferred Inflows for Pensions	9,445	0
Changes in Deferred Outflows for OPEB	(1,297)	0
Changes in Deferred Inflows for OPEB	7,704	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Net Pension Asset/Liability	(26,118)	0
(Increase) Decrease in Accounts Receivable	(24,467)	0
(Increase) Decrease in Due from Other Funds	(87,765)	0
Increase (Decrease) in Operating Accounts Payable	23,339	0
Increase (Decrease) in Claims Payable	0	2,315
Increase (Decrease) in Accrued Payroll	5,626	0
Increase (Decrease) in Payroll Deductions Payable	522	0
Increase (Decrease) in Retainage Payable	(3,128)	0
Increase (Decrease) in Contracts Payable	399,546	0
Increase (Decrease) in Due to State of Tennessee	(33)	0
Increase (Decrease) in Landfill Closure/Postclosure Care Cost	41,847	0
Increase (Decrease) in Compensated Absences	(163)	0
Increase (Decrease) in OPEB Liability	(3,805)	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,234,254</u>	<u>\$ 24,204</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>2,658,060</u>	<u>43,249</u>
Cash, June 30, 2020	<u>\$ 2,658,085</u>	<u>\$ 43,249</u>
<u>Schedule of Noncash Investing Activities</u>		
Gain on Investments of Pension Stabilization Reserve Trust	\$ 218	\$ 0

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

Exhibit E

Jefferson County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,690,186
Equity in Pooled Cash and Investments	3,110
Accounts Receivable	107,639
Due from Other Governments	1,105,061
Property Taxes Receivable	1,479,586
Allowance for Uncollectible Property Taxes	<u>(59,485)</u>
Total Assets	<u>\$ 4,326,097</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,528,272
Due to Litigants, Heirs, and Others	<u>1,797,825</u>
Total Liabilities	<u>\$ 4,326,097</u>

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



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## JEFFERSON COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**JEFFERSON COUNTY, TENNESSEE**  
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**JEFFERSON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020.

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 fund:

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

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

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

**Capital Projects Fund** – This Education Capital Projects fund is 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 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.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund 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 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 Intermediate Term Investment Fund complied with accounting principles generally accepted in the United State of America. Jefferson County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

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 2.05 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 balance in the account Other Current Liabilities totaling \$128,440 in the governmental activities Statement of Net Position for the primary government represents the remaining balance in the retirement clearing account. The Claims and Judgments payable

account totaling \$61,524 is discussed in Note V.B. Risk Financing Activities.

**3. 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 County School Department.

**4. Capital Assets**

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

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

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

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

Property, plant, equipment, and infrastructure of the primary government and the discretely presented school department are

depreciated using the straight-line method over the following estimated useful lives:

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

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources, (expense/expenditure) until then. The 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 the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, the deferred credit on refunding, pension changes in experience, pension changes in investment earnings, pension changes in proportion, OPEB changes in experience, OPEB changes in proportion, OPEB changes in assumptions, and various receivables for revenues which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. Compensated Absences**

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

It is the school department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay 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 2019-20 year, 12 employees received this incentive. The financial statements of this report reflect expenditures of \$36,642 in the General Purpose School Fund for the accumulated sick leave incentive payments.

**7. 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.

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

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

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

As of June 30, 2020, Jefferson County had \$49,180,492 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 (\$17,752), sheriff's vehicles (\$70,593), ambulance purchase (\$25,000), and various assignments for smaller amounts totaling \$16,947. Assigned fund balance in the school department's General Purpose School Fund consists primarily of amounts assigned for encumbrances (\$73,796), student safety (\$71,865), ACT (\$34,798), and for the Jefferson County High School field (\$30,000).

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

to specific purposes within the General and General Purpose School funds.

**9. Minimum Fund Balance Policy**

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

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

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

**E. Pension Plans**

**Primary Government**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Jefferson County’s participation in the Public Employee Legacy Pension 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 Pension 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 Pension 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, 2020, Jefferson County and Jefferson County School Department reported the following encumbrances:

<u>Funds</u>	<u>Amount</u>
Primary Government:	
Major Funds:	
General	\$ 17,752
Highway/Public Works	926
Nonmajor Fund:	
Drug Control	304
School Department:	
Major Fund:	
General Purpose School	73,796

**B. Net Position Deficit**

The county's Solid Waste Disposal Fund had a deficit of \$3,501,715 in unrestricted net position at June 30, 2020. Further details related to liabilities recorded in this fund are disclosed in Note V.D. Landfill Closure/Postclosure Care Costs.

**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, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2020, 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.

Investment	Weighted Average Maturities (days)	Amortized Cost
State Treasurer's Investment Pool	1 to 105	\$ 2,825,821

**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, 2020, Jefferson County's investment in the State Treasurer's Investment Pool was unrated.

Further information concerning the legal provisions, investment policies, investment types, and credit risks for the State Treasurer's Investment Pool and the State Treasurer's Intermediate Term Investment Fund can be obtained by reviewing the State of Tennessee Consolidated Annual Financial Report at <https://www.tn.gov/finance/rd-doa/fa-accfin-cafr.html>.

### **TCRS Stabilization Trust**

**Legal Provisions.** Jefferson County's Public Employee Hybrid Retirement Plan and the discretely presented Jefferson County School Department's Teacher 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. 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 of investments and interest and dividend income. Interest income is recognized when earned. 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, 2020, 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 where fair value is measured using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

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, 2020, 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	\$ 38,885
Developed Market International Equity	N/A	N/A	17,561
Emerging Market International Equity	N/A	N/A	5,017
U.S. Fixed Income	N/A	N/A	25,087
Real Estate	N/A	N/A	12,544
Short-term Securities	N/A	N/A	1,254
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>25,087</u>
Total			<u><u>\$ 125,435</u></u>

		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Investment by Fair Value Level	Fair Value 6-30-20				
U.S. Equity	\$ 38,885	\$ 38,885	\$ 0	\$ 0	\$ 0
Developed Market International Equity	17,561	17,561	0	0	0
Emerging Market International Equity	5,017	5,017	0	0	0
U.S. Fixed Income	25,087	0	25,087	0	0
Real Estate	12,544	0	0	12,544	0
Short-term Securities	1,254	0	1,254	0	0
Private Equity and Strategic Lending	25,087	0	0	0	25,087
Total	<u>\$ 125,435</u>	<u>\$ 61,463</u>	<u>\$ 26,341</u>	<u>\$ 12,544</u>	<u>\$ 25,087</u>



**Discretely Presented Jefferson County School Department:**

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 12,363
Developed Market International Equity	N/A	N/A	5,584
Emerging Market International Equity	N/A	N/A	1,595
U.S. Fixed Income	N/A	N/A	7,976
Real Estate	N/A	N/A	3,988
Short-term Securities	N/A	N/A	399
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>7,976</u>
Total			<u><u>\$ 39,881</u></u>

Investment by Fair Value Level	Fair Value Measurements Using					NAV
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
U.S. Equity	\$ 12,363	\$ 12,363	\$ 0	\$ 0	\$ 0	0
Developed Market International Equity	5,584	5,584	0	0	0	0
Emerging Market International Equity	1,595	1,595	0	0	0	0
U.S. Fixed Income	7,976	0	7,976	0	0	0
Real Estate	3,988	0	0	3,988	0	0
Short-term Securities	399	0	399	0	0	0
Private Equity and Strategic Lending	<u>7,976</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,976</u>
Total	<u><u>\$ 39,881</u></u>	<u><u>\$ 19,542</u></u>	<u><u>\$ 8,375</u></u>	<u><u>\$ 3,988</u></u>	<u><u>\$ 7,976</u></u>	

At June 30, 2020, the discretely presented Jefferson County School Department's Teacher 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	\$ 69,541
Developed Market International Equity	N/A	N/A	31,405
Emerging Market International Equity	N/A	N/A	8,973
U.S. Fixed Income	N/A	N/A	44,865
Real Estate	N/A	N/A	22,432
Short-term Securities	N/A	N/A	2,243
NAV - Private Equity and Strategic Lending	N/A	N/A	44,865
Total			<u>\$ 224,324</u>

		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Investment by Fair Value Level	Fair Value 6-30-20				
U.S. Equity	\$ 69,541	\$ 69,541	\$ 0	\$ 0	0
Developed Market International Equity	31,405	31,405	0	0	0
Emerging Market International Equity	8,973	8,973	0	0	0
U.S. Fixed Income	44,865	0	44,865	0	0
Real Estate	22,432	0	0	22,432	0
Short-term Securities	2,243	0	2,243	0	0
Private Equity and Strategic Lending	44,865	0	0	0	44,865
Total	<u>\$ 224,324</u>	<u>\$ 109,919</u>	<u>\$ 47,108</u>	<u>\$ 22,432</u>	<u>\$ 44,865</u>

**Risks and Uncertainties.** The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The 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/2020/ag19091.pdf>.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2020, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance				Balance
	7-1-19	Increases	Decreases		6-30-20
Capital Assets Not Depreciated:					
Land	\$ 1,672,777	\$ 0	\$ 0	\$	1,672,777
Construction in Progress	451,427	107,493	(250,259)		308,661
Total Capital Assets					
Not Depreciated	\$ 2,124,204	\$ 107,493	\$ (250,259)	\$	1,981,438
Capital Assets Depreciated:					
Buildings and Improvements	\$ 24,893,057	\$ 668,503	\$ 0	\$	25,561,560
Machinery and Equipment	11,608,103	1,202,308	(1,068,938)		11,741,473
Infrastructure	118,189,117	1,943,168	0		120,132,285
Total Capital Assets					
Depreciated	\$ 154,690,277	\$ 3,813,979	\$ (1,068,938)	\$	157,435,318
Less Accumulated					
Depreciation For:					
Buildings and Improvements	\$ 8,113,105	\$ 774,865	\$ 0	\$	8,887,970
Machinery and Equipment	8,406,890	630,675	(1,033,611)		8,003,954
Infrastructure	41,821,377	1,209,655	0		43,031,032
Total Accumulated					
Depreciation	\$ 58,341,372	\$ 2,615,195	\$ (1,033,611)	\$	59,922,956
Total Capital Assets					
Depreciated, Net	\$ 96,348,905	\$ 1,198,784	\$ (35,327)	\$	97,512,362
Governmental Activities					
Capital Assets, Net	\$ 98,473,109	\$ 1,306,277	\$ (285,586)	\$	99,493,800

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

**Governmental Activities:**

General Government	\$	115,556
Finance		20,471
Administration of Justice		442,237
Public Safety		303,143
Public Health and Welfare		425,657
Social, Cultural, and Recreational Services		5,527
Agriculture and Natural Resources		7,672
Highways/Public Works		<u>1,294,932</u>

Total Depreciation Expense - Governmental Activities	\$	<u><u>2,615,195</u></u>
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**Business-type Activities:**

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 510,430	\$ 0	\$ 0	\$ 510,430
Construction in Progress	365,943	1,040,670	0	1,406,613
Total Capital Assets Not Depreciated	<u>\$ 876,373</u>	<u>\$ 1,040,670</u>	<u>\$ 0</u>	<u>\$ 1,917,043</u>
Capital Assets Depreciated:				
Landfill Facilities and Development	\$ 142,024	\$ 0	\$ 0	\$ 142,024
Buildings and Improvements	659,215	0	0	659,215
Machinery and Equipment	4,427,044	257,900	(155,707)	4,529,237
Total Capital Assets Depreciated	<u>\$ 5,228,283</u>	<u>\$ 257,900</u>	<u>\$ (155,707)</u>	<u>\$ 5,330,476</u>
Less Accumulated Depreciation For:				
Landfill Facilities and Development	\$ 96,443	\$ 3,410	\$ 0	\$ 99,853
Buildings and Improvements	532,635	9,531	0	542,166
Machinery and Equipment	2,774,226	239,240	(22,244)	2,991,222
Total Accumulated Depreciation	<u>\$ 3,403,304</u>	<u>\$ 252,181</u>	<u>\$ (22,244)</u>	<u>\$ 3,633,241</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,824,979</u>	<u>\$ 5,719</u>	<u>\$ (133,463)</u>	<u>\$ 1,697,235</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,701,352</u>	<u>\$ 1,046,389</u>	<u>\$ (133,463)</u>	<u>\$ 3,614,278</u>

Depreciation expense totaling \$252,181 was charged to the Solid Waste Disposal Fund.

**Discretely Presented Jefferson County School Department**

**Governmental Activities:**

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 1,492,550	\$ 0	\$ 0	\$ 1,492,550
Construction in Progress	441,231	1,171,530	(1,612,761)	0
Total Capital Assets Not Depreciated	<u>\$ 1,933,781</u>	<u>\$ 1,171,530</u>	<u>\$ (1,612,761)</u>	<u>\$ 1,492,550</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 97,705,152	\$ 2,124,354	\$ 0	\$ 99,829,506
Machinery and Equipment	3,253,779	45,398	(5,522)	3,293,655
Other Capital Assets	6,302,640	272,598	(264,622)	6,310,616
Total Capital Assets Depreciated	<u>\$ 107,261,571</u>	<u>\$ 2,442,350</u>	<u>\$ (270,144)</u>	<u>\$ 109,433,777</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 33,445,859	\$ 2,314,422	\$ 0	\$ 35,760,281
Machinery and Equipment	2,377,914	163,914	(5,522)	2,536,306
Other Capital Assets	3,914,960	349,162	(251,900)	4,012,222
Total Accumulated Depreciation	<u>\$ 39,738,733</u>	<u>\$ 2,827,498</u>	<u>\$ (257,422)</u>	<u>\$ 42,308,809</u>
Total Capital Assets Depreciated, Net	<u>\$ 67,522,838</u>	<u>\$ (385,148)</u>	<u>\$ (12,722)</u>	<u>\$ 67,124,968</u>
Governmental Activities Capital Assets, Net	<u>\$ 69,456,619</u>	<u>\$ 786,382</u>	<u>\$ (1,625,483)</u>	<u>\$ 68,617,518</u>

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

**Governmental Activities:**

Instruction	\$ 2,400,626
Support Services	349,162
Operation of Non-instructional Services	<u>77,710</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,827,498</u>

**C. Construction Commitments**

At June 30, 2020, the Solid Waste Disposal Enterprise Fund had an uncompleted contract of approximately \$21,029 for the construction of a new 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, 2020, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 2,111
General Debt Service	Solid Waste Disposal (enterprise)	1,116,151
"	Nonmajor governmental	294,400
Nonmajor governmental	General Debt Service	116,806
Solid Waste Disposal (enterprise)	Nonmajor governmental	156,468
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	10,037
Nonmajor governmental	"	18,971

The amount due to the General Debt Service Fund from the Capital Projects Fund (nonmajor governmental fund) and Solid Waste Disposal Fund totaling \$294,400 and \$1,116,151, respectively, represents the balances of interfund loans. The remaining balance of one interfund loan totaling \$266,151 will be repaid in June 2021, and \$195,000 is due within one year on the remaining interfund loans. The amount of the loans not expected to be liquidated within one year is \$949,400. See note IV.I. for further details about these internal loans.

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.

The government-wide Statement of Net Position also reports \$5,880,000 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, 2020, consisted of the following amounts:

#### Primary Government:

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 482,570	\$ 100,000
Nonmajor governmental funds	0	33,500
Total	<u>\$ 482,570</u>	<u>\$ 133,500</u>

Transfers to the General Debt Service Fund represent interest rebates for the QSCB bond (\$482,570). Transfers from the General Fund to the nonmajor governmental funds (\$100,000) and transfers between nonmajor governmental funds (\$33,500) represent litigation tax appropriated for capital expenditures.

#### Discretely Presented Jefferson County School Department:

Transfers Out	Transfers In	
	General Purpose School Fund	Purpose
Nonmajor governmental funds	<u>\$ 86,554</u>	Indirect Costs
Total	<u>\$ 86,554</u>	

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



**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, 2020, 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, 2020, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2020, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-20
General Obligation Bonds	2.9	%	6-1-36	\$ 6,790,000	\$ 6,640,000
General Obligation Refunding Bonds	1 to 5		6-1-37	32,450,000	26,935,000
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	5,300,000
Other Loans - Qualified School Construction Bonds	0	(1)	8-1-27	10,595,000	4,755,185
Other Loans - Energy Efficient Schools Initiative	2.5		3-1-24	2,506,325	865,307

(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, 2020:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-20	Interest Type	Interest Rates as of 6-30-20	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	\$ 5,300,000	Variable	0.69%	.29%

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, 2020, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 2,840,000	\$ 2,210,745	\$ 5,050,745
2022	2,840,000	2,088,357	4,928,357
2023	2,955,000	1,956,256	4,911,256
2024	1,340,000	1,818,031	3,158,031
2025	1,385,000	1,766,007	3,151,007
2026-2030	8,985,000	7,901,541	16,886,541
2031-2035	10,540,000	6,449,834	16,989,834
2036-2040	18,690,000	3,936,944	22,626,944
Total	\$ 49,575,000	\$ 28,127,715	\$ 77,702,715

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2021	\$ 1,788,988	\$ 574,612	\$ 23,926	\$ 2,387,526
2022	1,844,628	562,903	21,287	2,428,818
2023	1,900,400	550,709	18,504	2,469,613
2024	1,895,739	538,038	15,574	2,449,351
2025	1,766,112	524,983	12,499	2,303,594
2026-2028	1,724,625	1,079,764	19,876	2,824,265
Total	<u>\$ 10,920,492</u>	<u>\$ 3,831,009</u>	<u>\$ 111,666</u>	<u>\$ 14,863,167</u>

There is \$11,123,487 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$964, based on the 2010 federal census. Total debt per capita, including bonds, other loans, and unamortized debt premiums, totaled \$1,222 based on the 2010 federal census.

#### Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2020, was as follows:

##### Governmental Activities:

	Bonds	Other Loans - Direct Placement
Balance, July 1, 2019	\$ 53,645,000	\$ 12,653,983
Additions	15,225,000	0
Reductions	(19,295,000)	(1,733,491)
Balance, June 30, 2020	<u>\$ 49,575,000</u>	<u>\$ 10,920,492</u>
Balance Due Within One Year	<u>\$ 2,840,000</u>	<u>\$ 1,788,988</u>

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

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 60,495,492
Less: Balance Due Within One Year - Debt	(4,628,988)
Add: Unamortized Premium on Debt	<u>2,328,732</u>
Noncurrent Liabilities - Due in More Than One Year -Debt - Exhibit A	<u>\$ 58,195,236</u>

### Current Refunding

On June 5, 2020, Jefferson County refunded series 2012 and 2013 general obligation bond issues. The county issued \$15,225,000 of general obligation refunding bonds to provide resources to retire the bonds, and as a result, the liability has been removed from the county's long-term debt. Because of the refunding, total debt service payments over the next 16 years will be reduced by \$1,072,042, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$828,041 was obtained.

### **F. Long-term Obligations**

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2020, was as follows:

Governmental Activities:	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2019	\$ 708,029	\$ 373,384
Additions	305,517	529,201
Reductions	(296,328)	(480,007)
Balance, June 30, 2020	<u>\$ 717,218</u>	<u>\$ 422,578</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 295,804</u>

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

Total Noncurrent Liabilities - Other, June 30, 2020	\$ 1,139,796
Less: Balance Due Within One Year - Other	<u>(295,804)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 843,992</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, 2020, was as follows:

Business-type Activities:

	Compensated Absences	Other Postemployment Absences	Closure/ Postclosure Care Costs
Balance, July 1, 2019	\$ 12,973	\$ 34,418	\$ 4,820,653
Additions	15,336	8,843	150,599
Reductions	(15,499)	(12,648)	(108,752)
Balance, June 30, 2020	<u>\$ 12,810</u>	<u>\$ 30,613</u>	<u>\$ 4,862,500</u>
Balance Due Within One Year	<u>\$ 3,526</u>	<u>\$ 0</u>	<u>\$ 121,919</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2020	\$ 4,905,923
Less: Balance Due Within One Year - Other	<u>(125,445)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 4,780,478</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, 2020, was as follows:

Governmental Activities:

	Compensated Absences	Termination Benefits
Balance, July 1, 2019	\$ 723,269	\$ 139,946
Additions	58,004	136,357
Reductions	(117,334)	(132,768)
Balance, June 30, 2020	<u>\$ 663,939</u>	<u>\$ 143,535</u>
Balance Due Within One Year	<u>\$ 136,378</u>	<u>\$ 93,297</u>

	Other Postemployment Benefits
Balance, July 1, 2019	\$ 15,301,603
Additions	1,465,590
Reductions	(6,584,578)
Balance, June 30, 2020	<u>\$ 10,182,615</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2020	\$ 10,990,089
Less: Balance Due Within One Year - Other	<u>(229,675)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 10,760,414</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 \$49,180,492 at June 30, 2020. That debt carries the general obligation pledge of the government in addition to the specific pledge of the

one-half cent sales tax revenue. Revenues generated by the one-half cent sales tax increase amounted to \$1,603,731 for the year.

**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, 2020, 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. During the current year, the county loaned \$400,000 of idle funds under Capital Outlay Note, Series 2019 from the General Debt Service Fund to the General Capital Projects Fund to purchase equipment. The county also loaned \$850,000 of idle funds under Capital Outlay Note, Series 2019 from the General Debt Service Fund to the Solid Waste Disposal Fund for the construction of a new landfill cell. The balances of \$266,151 due on the Capital Outlay Note, Series 2017, \$294,400 due on the Capital Outlay Note, Series 2019, and \$850,000 on Capital Outlay Note, Series 2019 are reflected as Due from Other Funds in the General Debt Service Fund and as Due to Other Funds in the Capital Projects Fund and 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
Capital Outlay					
Note - Series 2019					
(Landfill)	\$ 850,000	1.00 %		5-8-20	6-01-23
<u>Due to General Debt Service</u>					
<u>Fund from General Capital Projects</u>					
<u>Fund</u>					
Capital Outlay					
Note - Series 2019					
(EMS Equipment)	\$ 400,000	1.00 %		11-15-19	6-01-23
	Outstanding	Issued	Paid and/or		
	7-1-19	During	Matured		Outstanding
		Period	During		6-30-20
<u>Due to General Debt Service</u>					
<u>Fund from Solid Waste</u>					
<u>Disposal Fund</u>					
Capital Outlay					
Note - Series 2017					
(Landfill)	\$ 426,151	\$ 0	\$ (160,000)	\$	266,151
Capital Outlay					
Note - Series 2019					
(Landfill)	0	850,000	0		850,000
<u>Due to General Debt Service</u>					
<u>Fund from General Capital Projects</u>					
<u>Fund</u>					
Capital Outlay					
Note - Series 2019					
(EMS Equipment)	0	400,000	(105,600)		294,400
Total	\$ 426,151	\$ 1,250,000	\$ (265,600)	\$	1,410,551



## 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>					
2018-2019	\$	5,393	\$ 165,360	\$ 167,204	\$ 3,549
2019-2020		3,549	131,378	129,063	5,864
<u>Discretely Presented School Department</u>					
2018-2019		42,226	460,180	481,087	21,319
2019-2020		21,319	430,650	428,241	23,728

**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, 2020, 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. 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.

**D. 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 \$4,862,500 reported as landfill closure and postclosure care liability at June 30, 2020, represents the cumulative amount reported to date based on the use of 52 percent of the estimated capacity of the operating Patterson Landfill site (\$4,117,817) and postclosure care costs for the Highway 92 landfill site, which closed in 1993 (\$744,683). The amounts reported as closure/postclosure liability at June 30, 2020, are based on what it would cost to perform all closure and postclosure care costs in 2020. 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.

**E. 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, 2020 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

**F. 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.E. 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.

**G. 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 53.22 percent, the non-certified employees of the discretely presented school department comprise 29.2 percent, and employees of the discretely

presented Jefferson County Nursing Home comprise 17.58 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 27.15 percent, the non-certified employees of the discretely presented school department comprise 10.36 percent, and employees of the discretely presented Jefferson County Nursing Home comprise 62.49 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](http://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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	487
Inactive Employees Entitled to But Not Yet Receiving Benefits	500
Active Employees	568
Total	<u><u>1,555</u></u>

*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, 2020, the employer contribution for Jefferson County was \$2,077,879 based on a rate of 11.00 percent of covered payroll. The minimum rate established by the Board of Trustees was 8.40 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, 2019, 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, 2019, 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, 2019, 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 asset 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 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 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, 2018	\$ 79,795,903	\$ 84,198,562	\$ (4,402,659)
Changes for the Year:			
Service Cost	\$ 1,622,160	\$ 0	\$ 1,622,160
Interest	5,774,338	0	5,774,338
Differences Between Expected and Actual Experience	(175,002)	0	(175,002)
Contributions-Employer	0	2,160,542	(2,160,542)
Contributions-Employees	0	(1,557)	1,557
Net Investment Income	0	6,215,906	(6,215,906)
Benefit Payments, Including Refunds of Employee Contributions	(3,544,047)	(3,544,047)	0
Administrative Expense	0	(51,716)	51,716
Net Changes	\$ 3,677,449	\$ 4,779,128	\$ (1,101,679)
Balance, June 30, 2019	\$ 83,473,352	\$ 88,977,690	\$ (5,504,338)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	53.22%	\$ 44,424,518	\$ 47,353,927	\$ (2,929,409)
School Department	29.20%	24,374,219	25,981,485	(1,607,267)
Nursing Home	17.58%	14,674,615	15,642,278	(967,663)
Total		\$ 83,473,352	\$ 88,977,690	\$ (5,504,338)

*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 (Asset)	\$ 5,412,560	\$ (5,504,338)	\$ (14,585,649)

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

*Pension Expense.* For the year ended June 30, 2020, Jefferson County recognized pension expense of \$1,906,777.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, 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	\$ 464,828	\$ 1,013,939
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,040,165
Changes in Assumptions	873,592	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	<u>2,077,879</u>	<u>N/A</u>
Total	<u>\$ 3,416,299</u>	<u>\$ 2,054,104</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” 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	\$ 1,847,282	\$ 1,093,195
School Department	971,105	599,798
Nursing Home	<u>597,912</u>	<u>361,111</u>
Total	<u>\$ 3,416,299</u>	<u>\$ 2,054,104</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
2021	\$ (96,010)
2022	(563,814)
2023	11,858
2024	(67,719)
2025	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, 2020, Jefferson reported a payable of \$4,624 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 27.15 percent, the non-certified employees of the discretely presented school department comprise 10.36 percent, and employees of the discretely presented Jefferson County Nursing Home comprise 62.49 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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	1
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	109
Active Employees	199
Total	<u>309</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. 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 1.90 percent of covered payroll. Employer contributions for the year ended June 30, 2020, to the Retirement Plan were \$213,389. In addition, employer contributions of \$125,314 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, 2019, 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, 2019, 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, 2019, 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 asset 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 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 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, 2018	\$ 264,645	\$ 372,982	\$ (108,337)
Changes for the Year:			
Service Cost	\$ 263,258	\$ 0	\$ 263,258
Interest	37,911	0	37,911
Differences Between Expected and Actual Experience	12,762	0	12,762
Contributions-Employer	0	52,168	(52,168)
Contributions-Employees	0	237,131	(237,131)
Net Investment Income	0	37,595	(37,595)
Benefit Payments, Including Refunds of Employee Contributions	(9,994)	(9,994)	0
Administrative Expense	0	(15,480)	15,480
Net Changes	\$ 303,937	\$ 301,420	\$ 2,517
Balance, June 30, 2019	\$ 568,582	\$ 674,402	\$ (105,820)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	27.15%	\$ 154,370	\$ 183,100	\$ (28,730)
School Department	10.36%	58,905	69,868	(10,963)
Nursing Home	62.49%	355,307	421,434	(66,127)
Total		\$ 568,582	\$ 674,402	\$ (105,820)

*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 (Asset)	\$ 42,707	\$ (105,820)	\$ (214,571)

### **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions**

*Pension Expense.* For the year ended June 30, 2020, Jefferson County recognized pension expense of \$52,122.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, 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	\$ 70,656	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,607
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	213,389	N/A
Total	\$ 284,045	\$ 2,607

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” 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	\$ 75,392	\$ 708
School Department	27,366	270
Nursing Home	181,287	1,629
Total	<u>\$ 284,045</u>	<u>\$ 2,607</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
2021	\$ 9,209
2022	9,209
2023	9,452
2024	9,896
2025	10,094
Thereafter	20,188

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, 2020, Jefferson County reported a payable of \$482 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](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2020, to the Teacher Retirement Plan were \$116,074, which is 2.03 percent of covered payroll. In addition, employer contributions of \$114,038 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, 2020, the school department reported a liability (asset) of (\$263,258) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the school department's proportion was .466367 percent. The proportion as of June 30, 2018, was .436848 percent.

*Pension Expense.* For the year ended June 30, 2020, the school department recognized pension expense of \$80,637.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, 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	\$ 10,916	\$ 45,957
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	11,130
Changes in Assumptions	9,147	0
Changes in Proportion of Net Pension Liability (Asset)	2,413	25,619
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	116,074	N/A
Total	<u>\$ 138,550</u>	<u>\$ 82,706</u>

The school department's employer contributions of \$116,074, 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, 2021. 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
2021	\$ (7,562)
2022	(9,265)
2023	(6,143)
2024	(4,551)
2025	(4,097)
Thereafter	(28,613)

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, 2019, 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, 2019, 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 asset 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 asset 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 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%
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Net Pension Liability (Asset)      \$    83,410    \$ (263,258)    \$ (519,510)

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

### **Teacher Legacy Pension Plan**

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

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

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



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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Jefferson County School Department for the year ended June 30, 2020, to the Teacher Legacy Pension Plan were \$2,372,121, which is 10.63 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, 2020, the school department reported a liability (asset) of (\$7,207,249) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the school department's proportion was .700971 percent. The proportion measured at June 30, 2018, was .68154 percent.

*Pension Expense.* For the year ended June 30, 2020, the school department recognized pension expense of \$1,018,863.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, 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	\$ 350,903	\$ 4,402,331
Changes in Assumptions	971,214	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,059,250
Changes in Proportion of Net Pension Liability (Asset)	122,006	24,165
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	2,372,121	N/A
Total	<u>\$ 3,816,244</u>	<u>\$ 6,485,746</u>

The school department's employer contributions of \$2,372,121 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, 2021. 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
2021	\$ (1,413,540)
2022	(2,022,643)
2023	(918,710)
2024	(686,729)
2025	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, 2019, 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, 2019, 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 asset 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 asset 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 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%
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Net Pension Liability (Asset)      \$ 14,736,741    \$ (7,207,249)    \$ (24,663,084)

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

## 2. **Deferred Compensation**

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

Teachers hired 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 \$143,482 and \$28,761, respectively, and the school department and its employees contributed \$63,266 and \$42,682, respectively, to the 401(k) portion of the hybrid retirement plan. The school department contributed \$287,721 and teachers contributed \$185,752 to the 401(k) portion of the teacher retirement plan.

## H. 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.

### **OPEB Provided through State Administered Public Entity Risk Pools**

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, 2019, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2019, 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	2.20%
Salary Increases	Salary increases used in the July 1, 2018 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.51%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.03 for for pre-65 retirees in the 2019 calendar year, and gradually decreasing over a 10 year period to an ultimate trend rate of 4.5 percent.
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.51 percent, based on an average rating of AA/Aa as shown the Bond Buyer 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, 2019, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the 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 3.62 percent as of the beginning of the measurement period to 3.51 percent as of the measurement date of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2020 plan year was revised from 6.75 percent to 6.03 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, 2019, the following employees were covered by the benefit terms:

	<u>Primary Government</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	5
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	434
Total	<u><u>439</u></u>

Employees of Jefferson County primary government comprise 78.8 percent of the plan and employees of the discretely presented Jefferson County Nursing Home comprise 21.2 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, 2020, the county paid \$33,568 to the LGP for OPEB benefits as they came due.



Changes in the Total OPEB Liability

	Primary Government 78.8018%	Jefferson County Nursing Home 21.1982%	Total
Balance July 1, 2018	\$ 742,447	\$ 346,639	\$ 1,089,086
Changes for the Year:			
Service Cost	\$ 75,296	\$ 20,255	\$ 95,551
Interest	33,398	8,984	42,382
Difference between Expected and Actuarial Experience	(234,271)	(63,020)	(297,291)
Changes in Assumption and Other Inputs	37,223	10,013	47,236
Change in Proportion	115,773	(115,773)	0
Benefit Payments	(22,035)	(5,927)	(27,962)
Net Changes	\$ 5,384	\$ (145,468)	\$ (140,084)
Balance June 30, 2019	\$ 747,831	\$ 201,171	\$ 949,002

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, the plan recognized OPEB expense of \$90,772. At June 30, 2020, the plan 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	\$ 280,113
Changes of Assumptions/Inputs	75,588	28,864
Benefits Paid After the Measurement Date of June 30, 2019	26,452	0
Total	\$ 102,040	\$ 308,977

**Jefferson County Nursing Home:**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 75,352
Changes of Assumptions/Inputs	20,333	7,764
Benefits Paid After the Measurement Date of June 30, 2019	7,116	0
Total	<u>\$ 27,449</u>	<u>\$ 83,116</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	Primary Government	Jefferson County Nursing Home
2021	\$ (37,164)	\$ (9,997)
2022	(37,164)	(9,997)
2023	(37,164)	(9,997)
2024	(37,164)	(9,997)
2025	(37,164)	(9,997)
Thereafter	(47,570)	(12,797)

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 plan 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:

<u>Discount Rate</u>	Current		
	1%	Discount	1%
	Decrease	Rates	Increase
	2.51%	3.51%	4.51%
Primary Government	\$ 810,879	\$ 747,831	\$ 689,201
Jefferson County Nursing Home	218,131	201,171	185,399
Total OPEB Liability	<u>\$ 1,029,010</u>	<u>\$ 949,002</u>	<u>\$ 874,600</u>

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the total OPEB liability of the plan 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:

<u>Healthcare Cost Trend Rate</u>	Current		
	1%	Trend	1%
	Decrease	Rate	Increase
	5.03 to 3.5%	6.03 to 4.5%	7.03 to 5.5%
Primary Government	\$ 662,030	\$ 747,831	\$ 849,250
Jefferson County Nursing Home	178,090	201,171	228,453
Total OPEB Liability	<u>\$ 840,120</u>	<u>\$ 949,002</u>	<u>\$ 1,077,703</u>

#### **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 \$251 to \$627 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, 25 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, 2019, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	69
Inactive Employees Entitled to But Not Yet Receiving Benefits	4
Active Employees	<u>670</u>
Total	<u><u>743</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 \$544,536 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Share of Collective Liability		
	Jefferson County School Department 73.4518%	State of TN 26.5482%	Total OPEB Liability
Balance July 1, 2018	\$ 15,301,603	\$ 4,231,718	\$ 19,533,321
Changes for the Year:			
Service Cost	\$ 812,665	\$ 293,727	\$ 1,106,392
Interest	535,937	193,708	729,645
Changes in Benefit Terms	(580,786)	(209,918)	(790,704)
Difference between Expected and Actuarial Experience	(3,461,573)	(1,251,140)	(4,712,713)
Changes in Assumption and Other Inputs	(754,155)	(272,580)	(1,026,735)
Change in Proportion	(954,027)	954,027	0
Benefit Payments	(717,049)	(259,168)	(976,217)
Net Changes	\$ (5,118,988)	\$ (551,344)	\$ (5,670,332)
Balance June 30, 2019	\$ 10,182,615	\$ 3,680,374	\$ 13,862,989

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 employer's 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 \$138,357 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 73.4518 percent and the State of Tennessee's share was 26.5482 percent.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, the school department recognized OPEB expense of \$91,589, which includes expenses funded by subsidies provided by the state. At June 30, 2020, 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	\$ 4,506,183
Changes of Assumptions/Inputs	240,922	1,150,459
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	34,854	927,937
Benefits Paid After the Measurement Date of June 30, 2019	544,536	0
Total	<u>\$ 820,312</u>	<u>\$ 6,584,579</u>

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

<u>Year Ending June 30</u>	<u>School Department</u>
2021	\$ (814,584)
2022	(814,584)
2023	(814,584)
2024	(814,584)
2025	(814,584)
Thereafter	(2,235,883)

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

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

<u>Discount Rate</u>		Current	
	1%	Discount	1%
	Decrease	Rate	Increase
	2.51%	3.51%	4.51%

Proportionate Share of the Collective Total OPEB Liability	\$ 10,995,462	\$ 10,182,615	\$ 9,415,968
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*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>		Curent	
	1%	Rates	1%
	Decrease		Increase
	5.03 to 3.5%	6.03 to 4.5%	7.03 to 5.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 9,051,849	\$ 10,182,615	\$ 11,521,630
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#### **I. 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 2019-20 year, 37 employees participated in the program. The financial statements of this report reflect expenditures of \$132,768 in the General Purpose School Fund for the retirement incentive payments. A nondiscounted long-term liability of \$143,535 is reflected on the government-wide Statement of Net Position for retirement incentives. Of that amount, \$93,297 is due within one year.

**J. 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.

**K. 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. Jefferson County's policies require that purchases exceeding \$25,000 for the Office of County Mayor, Office of Road Superintendent and discretely presented school department be competitively bid. However, this policy is in conflict with state statutes that require bids for purchases in excess of \$10,000 unless a county has a full-time purchasing agent. Jefferson County does not have an employee who devotes their full-time attention to purchasing.

**L. Subsequent Event**

On September 14, 2020, Jefferson County approved a resolution to issue General Obligation Bonds, not to exceed \$8,675,000, for the construction of a nursing home facility in the city of White Pine. These bonds are further discussed in Note VI.J.

**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. The Governmental Accounting Standards Board *Accounting Standards Codification* is 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 \$204,891, and net pension asset of \$1,033,790, as of June 30, 2020, 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, 2020. 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, 2020, 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 \$385,000 for the year ended June 30, 2020.

During 2020, the nursing home received Provider Relief Funds directly from the U.S. Department of Health and Human Services in the amount of \$956,114, to be used for expenses incurred in preventing, preparing for, or responding to COVID-19 or to reimburse for lost revenues attributable to COVID-19. As of June 30, 2020, the nursing home earned \$585,568 of the funds which were spent on expenditures allowed under the program resulting in remaining deferred revenue of \$370,546.

**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, 2020, the nursing home had restricted component of net position – expendable of \$1,033,790, 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, 2020, 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. Events Occurring After Reporting Date**

The nursing home has evaluated events and transactions that occurred between June 30, 2020 and report date, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the 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, 2020.

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, 2020.

**1. Medicare**

Effective October 1, 2019 Medicare rates determined by the federal government for skilled nursing care are based on a Patient-Driven

Payment Model ("PDPM"). The PDPM focuses on the unique, individual needs, characteristics, and goals of each patient. Each patient is classified into a group based on criteria for each of five case-mix adjusted components (1) physical therapy (2) occupational therapy (3) speech language pathology (4) nursing care (5) non-therapy ancillary. Prior to October 1, 2019, Medicare rates were subject to the rehabilitation needed by the patient, the related cost of all providers participating in the program, with the wage component of the rate adjusted geographically based on the federal wage index.

For the patient portion of fees not collected after normal collection efforts with the filing of an annual cost report, the nursing home was reimbursed 65 percent for such uncollected fees.

**2. Medicaid/TennCare**

The Medicaid/TennCare program 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, 2020, the nursing home had net receivables from the federal government (Medicare) of approximately \$51,000 and from Medicaid of approximately \$326,000. Medicare comprised 17 percent and Medicaid comprised 48 percent of net patient service revenue for the year ended June 30, 2020.

**D. Inventories**

A summary of inventories as of June 30, 2020, was as follows:

Food	\$ 10,790
Medical Supplies	18,388
Housekeeping Supplies	6,868
Maintenance Supplies	<u>9,585</u>
Total	<u>\$ 45,631</u>

**E. Property and Equipment**

The net investment in capital assets as of June 30, 2020, is as follows:

Property and Equipment, Net	\$ 7,143,346
Current Portion of Long-term Debt	(270,000)
Long-term Debt, Excluding Current Portion	<u>(5,610,000)</u>
Total	<u>\$ 1,263,346</u>

The major classifications and changes in property and equipment as of and for the year ended June 30, 2020, are as follows:

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Land	\$ 7,181	\$ 291,920	\$ 0	\$ 299,101
Land Improvements	263,990	0	0	263,990
Building and Improvements	10,043,072	228,554	0	10,271,626
Machinery and Equipment	2,015,483	0	0	2,015,483
Transportation Equipment	100,166	0	0	100,166
Construction in Progress	15,910	296,401	0	312,311
Total	<u>\$ 12,445,802</u>	<u>\$ 816,875</u>	<u>\$ 0</u>	<u>\$ 13,262,677</u>
Less Allowance for Depreciation and Amortization:				
Land Improvements	\$ (157,286)	\$ (16,394)	\$ 0	\$ (173,680)
Buildings and Improvements	(3,945,445)	(246,580)	0	(4,192,025)
Machinery and Equipment	(1,546,764)	(106,696)	0	(1,653,460)
Transportation Equipment	(100,166)	0	0	(100,166)
Total	<u>\$ (5,749,661)</u>	<u>\$ (369,670)</u>	<u>\$ 0</u>	<u>\$ (6,119,331)</u>
Total	<u>\$ 6,696,141</u>	<u>\$ 447,205</u>	<u>\$ 0</u>	<u>\$ 7,143,346</u>

**F. Due to Primary Government**

A schedule of changes in the nursing home's long-term debt to the government of Jefferson County, Tennessee, related to bond issues as of and for the year ended June 30, 2020, is as follows:



	Balance			Amounts	
	7-1-19	Additions	Reductions	6-30-20	Due Within One Year
General Obligation					
Refunding Bonds - 2014	\$ 2,175,000	\$ 0	\$ (250,000)	\$ 1,925,000	\$ 255,000
General Obligation					
Refunding Bonds - 2016	3,970,000	0	(15,000)	3,955,000	15,000
Total	<u>\$ 6,145,000</u>	<u>\$ 0</u>	<u>\$ (265,000)</u>	<u>\$ 5,880,000</u>	<u>\$ 270,000</u>

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 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 \$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, 2020, is as follows:

Fiscal Year Ending June 30	Series 2016 Principal	Series 2014 Principal	Estimated Interest	Total Payments
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	20,000	280,000	120,000	420,000
2026-2030	1,085,000	585,000	480,000	2,150,000
2031-2035	1,925,000	0	271,850	2,196,850
2036-2037	850,000	0	35,200	885,200
Total	\$ 3,955,000	\$ 1,925,000	\$ 1,450,050	\$ 7,330,050

#### **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:

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

*Benefits Provided.* 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, 2020, employer contributions by the nursing home for the hybrid plan were \$137,134 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 five 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 two 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, 2020, employee contributions totaled approximately \$99,000. 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, 2020, the hybrid plan reported a net pension asset of \$66,127 for its proportionate share of the net pension asset. The net pension assets were measured as of June 30, 2019, 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, 2020, 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, 2019, relative to the active participants of all component units of Jefferson County as of June 30, 2019. At the June 30, 2019, measurement date, the nursing home's proportion in the hybrid plan was 62.49 percent.

*Pension expense.* The total hybrid plan pension asset as of the June 30, 2019, 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, 2019, 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

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	<u>1</u>
Total		<u><u>100</u></u> %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 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%) or one-percentage-point higher (8.25%) 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)	\$ 26,688	\$ (66,127)	\$ (134,085)

#### 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, 2020, the nursing home recognized pension expense of \$40,353 related to the hybrid plan.

#### Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2020, 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	\$ 44,153	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,629
Nursing Home's Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	137,134	0
Total	<u>\$ 181,287</u>	<u>\$ 1,629</u>

- (1) The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2019," 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
2021	\$ 5,755
2022	5,755
2023	5,907
2024	6,184
2025	5,308
Thereafter	12,616

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 \$12,893 for the outstanding amount of contributions to the hybrid plan required at the year ended June 30, 2020.

## 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, 2020, employer contributions for the nursing home related to the legacy plan were \$362,618 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, 2020, the nursing home reported an asset of \$967,663 for its proportionate share of the net pension asset. The net pension assets were measured as of June 30, 2019, 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, 2020, 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, 2019, relative to the active participants of all component units of Jefferson County as of June 30, 2019, relative to the active participants of all component units of Jefferson County as of June 30, 2019. At the June 30, 2019, measurement date, the nursing home's proportion in the legacy plan was 17.58 percent.

### **Actuarial Assumptions**

The total legacy plan pension asset as of the June 30, 2019, 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, 2019, 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

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:

<u>Asset Class</u>	<u>Percentage Long-term Expected Real Rate of Return</u>	<u>Percentage Target Allocations</u>
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	<u>1</u>
Total		<u><u>100</u></u> %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 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%) or one-percentage-point higher (8.25%) 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)	\$ 951,528	\$ (967,663)	\$ (2,564,157)

*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, 2020, the nursing home recognized pension expense of \$405,062.

## Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, 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	\$ 81,717	\$ 178,250
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	182,861
Changes in assumptions	153,577	0
Nursing Home's Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	362,618	0
Total	\$ 597,912	\$ 361,111

- (1) The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2019," 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
2021	\$ (16,879)
2022	(99,119)
2023	2,085
2024	(11,905)

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 \$36,198 for the outstanding amount of contributions to the legacy plan required at the year ended June 30, 2020.

## **TCRS Stabilization Trust**

**Legal Provisions.** As of June 30, 2020, 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, 2020, 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, 2020, 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	\$ 33,446
Developed Market International Equity	N/A	N/A	15,104
Emerging Market International Equity	N/A	N/A	4,316
U.S. Fixed Income	N/A	N/A	21,578
Real Estate	N/A	N/A	10,789
Short-term Securities	N/A	N/A	1,078
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>21,578</u>
Total			<u><u>\$ 107,889</u></u>

The following table summarizes the fair value disclosures and measurements for the nursing home's investments held by the TRGT on its behalf at June 30, 2020.

Fair Value Measurements as of June 30, 2020 using the following inputs					
	(Level 1)	(Level 2)	(Level 3)*	NAV	Total
U.S. Equity	\$ 33,446	\$ 0	\$ 0	\$ 0	\$ 33,446
Developed Market International Equity	15,104	0	0	0	15,104
Emerging Market International Equity	4,316	0	0	0	4,316
U.S. Fixed Income	0	21,578	0	0	21,578
Real Estate	0	0	10,789	0	10,789
Short-term Securities	0	1,078	0	0	1,078
NAV - Private Equity and Strategic Lending	0	0	0	21,578	21,578
Total Assets in the fair value hierarchy	<u><u>\$ 52,866</u></u>	<u><u>\$ 22,656</u></u>	<u><u>\$ 10,789</u></u>	<u><u>\$ 21,578</u></u>	<u><u>\$ 107,889</u></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/2020/ag18092.pdf>.

## **H. Commitments and Contingencies**

The nursing home leases various equipment under short-term operating lease agreements. Rent expense totaled \$5,132 in 2020.



## 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.

### Infectious Disease

The United States, as well as many other countries around the world, are experiencing an emerging infectious disease (COVID-19) outbreak, impacting individuals, governments, businesses and financial markets with unprecedented disruption and risk. While it is not possible to predict the future impacts of the outbreak on the nursing home's financial condition and results of operations, significant disruptions to key business drivers, such as patient

demand, availability of medical supplies and workforce are possible. Management continues to closely monitor the situation and developing strategies designed to mitigate such impacts.

The nursing home continues to be designated as an essential business by governmental bodies allowing the nursing home to continue its operations and provide services to patients. Management anticipates existing liquidity, continued demand for its services and a Paycheck Protection Program loan received after June 30, 2020, as described in Note VI.J. will allow operations to continue through the remainder of fiscal year 2021 and beyond.

#### **I. Functional Expenses**

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

	<u>2020</u>
Healthcare Services	\$ 10,574,237
General and Administrative	<u>2,308,139</u>
Total	<u><u>\$ 12,882,376</u></u>

#### **J. Subsequent Events**

Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration under the CARES Act on July 29, 2020. The principal amount of the PPP loan is subject to potential forgiveness if the nursing home satisfies certain requirements. The nursing home intends to apply for debt forgiveness under the terms of the CARES Act during the year ending June 30, 2021, and management anticipates the debt will be forgiven.

In November 2020, Jefferson County, Tennessee, issued \$7,750,000 General Obligation Bonds, Series 2020B ("Series 2020"), dated December 15, 2020 for the benefit of the nursing home to be used to fund construction of a thirty bed facility in White Pine, Tennessee. 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 nursing home's use and the nursing home has a legal obligation to repay the debt in full to the county, the bond transactions will be reported on the nursing home's financial statements as obligations to the county.

The Series 2020 coupon rates is set at 3% with interest payable in semi-annual payments on June 1 and December 1 and annual principal installments

ranging from \$100,000 to \$405,000 each June 1. The final principal installment is due June 1, 2050.

A summary of future maturities and interest of long-term debt due to the county related to Series 2020 bond obligations is as follows:

Fiscal Year Ending June 30	Series 2020 Principal	Estimated Interest	Total Payments
2021	\$ 0	\$ 223,000	\$ 223,000
2022	0	233,000	233,000
2023	100,000	231,000	331,000
2024	190,000	227,000	417,000
2025	195,000	221,000	416,000
2026-2030	1,060,000	1,012,000	2,072,000
2031-2035	1,225,000	841,000	2,066,000
2036-2040	1,420,000	643,000	2,063,000
2041-2045	1,650,000	413,000	2,063,000
2046-2050	1,910,000	146,000	2,056,000
Total	<u>\$ 7,750,000</u>	<u>\$ 4,190,000</u>	<u>\$ 11,940,000</u>

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## REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit F-1

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

	2014	2015	2016	2017	2018	2019
<b>Total Pension Liability</b>						
Service Cost	\$ 1,554,834	\$ 1,614,607	\$ 1,695,967	\$ 1,721,279	\$ 1,750,833	\$ 1,622,160
Interest	4,567,501	4,844,096	5,033,759	5,305,216	5,450,972	5,774,338
Differences Between Actual and Expected Experience	118,884	(1,189,172)	(204,390)	(1,215,221)	774,712	(175,002)
Changes in Assumptions	0	0	0	1,747,186	0	0
Benefit Payments, Including Refunds of Employee Contributions	(2,398,853)	(2,827,268)	(2,816,811)	(3,045,640)	(3,231,190)	(3,544,047)
Net Change in Total Pension Liability	\$ 3,842,366	\$ 2,442,263	\$ 3,708,525	\$ 4,512,820	\$ 4,745,327	\$ 3,677,449
Total Pension Liability, Beginning	60,544,602	64,386,968	66,829,231	70,537,756	75,050,576	79,795,903
Total Pension Liability, Ending (a)	\$ 64,386,968	\$ 66,829,231	\$ 70,537,756	\$ 75,050,576	\$ 79,795,903	\$ 83,473,352
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 3,039,363	\$ 3,246,821	\$ 3,350,948	\$ 2,725,637	\$ 2,601,406	\$ 2,160,542
Contributions - Employee	0	0	92	0	0	(1,557)
Net Investment Income	9,346,723	2,041,119	1,824,088	8,002,705	6,479,765	6,215,906
Benefit Payments, Including Refunds of Employee Contributions	(2,398,853)	(2,827,268)	(2,816,811)	(3,045,640)	(3,231,190)	(3,544,047)
Administrative Expense	(28,821)	(37,241)	(54,813)	(58,595)	(60,448)	(51,716)
Net Change in Plan Fiduciary Net Position	\$ 9,958,412	\$ 2,423,431	\$ 2,303,504	\$ 7,624,107	\$ 5,789,533	\$ 4,779,128
Plan Fiduciary Net Position, Beginning	56,099,575	66,057,987	68,481,418	70,784,922	78,409,029	84,198,562
Plan Fiduciary Net Position, Ending (b)	\$ 66,057,987	\$ 68,481,418	\$ 70,784,922	\$ 78,409,029	\$ 84,198,562	\$ 88,977,690
Net Pension Liability (Asset), Ending (a - b)	\$ (1,671,019)	\$ (1,652,187)	\$ (247,166)	\$ (3,358,453)	\$ (4,402,659)	\$ (5,504,338)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	102.60%	102.47%	100.35%	104.47%	105.52%	106.59%
Covered Payroll	\$ 20,577,990	\$ 20,773,012	\$ 21,439,198	\$ 21,580,655	\$ 20,597,038	\$ 19,461,275
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(8.12%)	(7.95%)	(1.15%)	(15.56%)	(21.38%)	(28.02%)

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	2019
<b>Total Pension Liability</b>			
Service Cost	\$ 0	\$ 139,363	\$ 263,258
Interest	0	12,830	37,911
Changes in Benefit Terms	39,240	0	0
Differences Between Actual and Expected Experience	0	76,487	12,762
Benefit Payments, Including Refunds of Employee Contributions	0	(3,275)	(9,994)
Net Change in Total Pension Liability	\$ 39,240	\$ 225,405	\$ 303,937
Total Pension Liability, Beginning	0	39,240	264,645
Total Pension Liability, Ending (a)	\$ 39,240	\$ 264,645	\$ 568,582
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 30,158	\$ 135,124	\$ 52,168
Contributions - Employee	37,698	168,905	237,131
Net Investment Income	3,592	17,532	37,595
Benefit Payments, Including Refunds of Employee Contributions	0	(3,275)	(9,994)
Administrative Expense	(4,448)	(12,304)	(15,480)
Net Change in Plan Fiduciary Net Position	\$ 67,000	\$ 305,982	\$ 301,420
Plan Fiduciary Net Position, Beginning	0	67,000	372,982
Plan Fiduciary Net Position, Ending (b)	\$ 67,000	\$ 372,982	\$ 674,402
Net Pension Liability (Asset), Ending (a - b)	\$ (27,760)	\$ (108,337)	\$ (105,820)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	170.74%	140.94%	118.61%
Covered Payroll	\$ 768,974	\$ 3,378,091	\$ 4,742,592
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(3.61%)	(3.21%)	(2.23%)

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 Legacy Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 3,039,363	\$ 3,246,821	\$ 3,350,948	\$ 1,855,936	\$ 1,758,987	\$ 1,677,366	\$ 1,586,518
Less Contributions in Relation to the Actuarially Determined Contribution	(3,039,363)	(3,246,821)	(3,350,948)	(2,725,637)	(2,601,406)	(2,160,542)	(2,077,879)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (869,701)	\$ (842,419)	\$ (483,176)	\$ (491,361)
Covered Payroll	\$ 20,577,990	\$ 20,773,012	\$ 21,439,198	\$ 21,580,655	\$ 20,597,038	\$ 19,641,275	\$ 18,887,115
Contributions as a Percentage of Covered Payroll	14.77%	15.63%	15.63%	12.63%	12.63%	11.00%	11.00%

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

Note: Data presented includes employees of the primary government and the discretely presented Jefferson County Nursing Home hired 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

	2017	2018	2019	2020
Actuarially Required Contribution	\$ 8,689	\$ 43,578	\$ 52,168	\$ 213,389
Less Contributions in Relation to the Actuarially Required Contribution	(30,158)	(135,124)	(52,168)	(213,389)
Contribution Deficiency (Excess)	<u>\$ (21,469)</u>	<u>\$ (91,546)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 768,974	\$ 3,378,091	\$ 4,742,592	\$ 4,246,223
Contributions as a Percentage of Covered Payroll	3.92%	4.00%	1.10%	5.03%

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	2020
Contractually Required Contribution	\$ 41,727	\$ 66,355	\$ 99,201	\$ 152,701	\$ 95,741	\$ 116,074
Less Contributions in Relation to the Contractually Required Contribution	(41,727)	(66,355)	(99,201)	(152,701)	(95,741)	(116,074)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 1,043,164	\$ 1,658,879	\$ 2,480,011	\$ 3,817,542	\$ 4,935,126	\$ 5,717,938
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%

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	2020
Contractually Required Contribution	\$ 2,253,165	\$ 2,221,444	\$ 2,203,806	\$ 2,196,360	\$ 2,166,973	\$ 2,458,579	\$ 2,372,121
Less Contributions in Relation to the Contractually Required Contribution	(2,253,165)	(2,221,444)	(2,203,806)	(2,196,360)	(2,166,973)	(2,458,579)	(2,372,121)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 25,373,474	\$ 24,573,523	\$ 24,378,346	\$ 24,296,000	\$ 23,865,314	\$ 23,504,594	\$ 22,315,369
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%

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	2019
School Department's Proportion of the Net Pension Liability/Asset	0.502068%	0.377012%	0.377859%	0.436848%	0.466367%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (20,198) \$	(39,248) \$	(99,692) \$	(198,123) \$	(263,258)
Covered Payroll	\$ 1,043,164 \$	1,658,879 \$	2,480,011 \$	3,817,542 \$	4,935,126
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)%	(5.33)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%	123.07%

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	2019
School Department's Proportion of the Net Pension Liability/Asset	0.646459%	0.656431%	0.675339%	0.687309%	0.681540%	0.700971%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (105,047)	\$ 268,896	\$ 4,220,496	\$ (224,876)	\$ (2,398,281)	\$ (7,207,249)
Covered Payroll	\$ 25,373,475	\$ 24,573,523	\$ 24,378,346	\$ 24,296,000	\$ 23,865,314	\$ 23,504,594
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)%	(30.66)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

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

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

	2017	2018	2019
<b>Total OPEB Liability</b>			
Service Cost	\$ 81,150	\$ 76,490	\$ 95,551
Interest	31,577	39,756	42,382
Differences Between Actual and Expected Experience	0	(128,030)	(297,291)
Changes in Assumptions or Other Inputs	(54,640)	71,054	47,236
Benefit Payments	(15,261)	(20,886)	(27,962)
Net Change in Total OPEB Liability	\$ 42,826	\$ 38,384	\$ (140,084)
Total OPEB Liability, Beginning	1,007,876	1,050,702	1,089,086
Total OPEB Liability, Ending	\$ 1,050,702	\$ 1,089,086	\$ 949,002
Nursing Home Share of the Total OPEB Liability	\$ 266,668	\$ 346,639	\$ 201,171
Primary Government Share of the Total OPEB Liability	784,034	742,447	747,831
Primary Government Covered Employee Payroll	\$ 11,220,139	\$ 11,693,014	\$ 11,704,504
Primary Government OPEB Liability as a Percentage of Covered Employee Payroll	6.99%	6.35%	6.39%

Note 1: The plan includes employees of the 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%
2019	3.51%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

For the 2019 plan year - from 5.4% to 6.75%.

For the 2020 plan year - from 6.75% to 6.03%.

Note 4: Covered employee payroll for the discretely presented nursing home was not available.

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	2019
<b>Total OPEB Liability</b>			
Service Cost	\$ 1,224,010	\$ 1,139,357	\$ 1,106,392
Interest	625,299	758,746	729,645
Changes in Benefit Terms	0	0	(790,704)
Differences Between Actual and Expected Experience	0	(2,457,397)	(4,712,713)
Changes in Assumptions or Other Inputs	(940,958)	412,102	(1,026,735)
Benefit Payments	(863,451)	(986,443)	(976,217)
Net Change in Total OPEB Liability	\$ 44,900	\$ (1,133,635)	\$ (5,670,332)
Total OPEB Liability, Beginning	20,622,056	20,666,956	19,533,321
Total OPEB Liability, Ending	<u>\$ 20,666,956</u>	<u>\$ 19,533,321</u>	<u>\$ 13,862,989</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 4,527,696	\$ 4,231,718	\$ 3,680,374
Employer Proportionate Share of the Total OPEB Liability	16,139,260	15,301,603	10,182,615
Covered Employee Payroll	\$ 30,941,444	\$ 30,811,826	\$ 32,956,348
Net OPEB Liability as a Percentage of Covered Employee Payroll	52.16%	49.66%	30.90%

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%
2019	3.51%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

For the 2019 plan year - from 5.4% to 6.75%.  
For the 2020 plan year - from 6.75% to 6.03%.

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, 2020**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018, 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.



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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

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

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

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

# Capital Projects Fund

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

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

Other Capital Projects 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, 2020

	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	\$ 157,060	\$ 157,060
Equity in Pooled Cash and Investments	22,431	3,413	595,859	45,827	0	667,530
Accounts Receivable	0	0	5,337	0	561	5,898
Due from Other Funds	0	0	0	0	0	0
Property Taxes Receivable	0	0	1,843,705	0	0	1,843,705
Allowance for Uncollectible Property Taxes	0	0	(72,174)	0	0	(72,174)
Total Assets	<u>\$ 22,431</u>	<u>\$ 3,413</u>	<u>\$ 2,372,727</u>	<u>\$ 45,827</u>	<u>\$ 157,621</u>	<u>\$ 2,602,019</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 1,391	\$ 1,382	\$ 0	\$ 0	\$ 2,773
Accrued Payroll	0	0	12,709	0	0	12,709
Payroll Deductions Payable	0	0	4,297	0	0	4,297
Due to Other Funds	0	0	156,468	0	2,111	158,579
Due to State of Tennessee	0	0	481	0	0	481
Total Liabilities	<u>\$ 0</u>	<u>\$ 1,391</u>	<u>\$ 175,337</u>	<u>\$ 0</u>	<u>\$ 2,111</u>	<u>\$ 178,839</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 1,739,613	\$ 0	\$ 0	\$ 1,739,613
Deferred Delinquent Property Taxes	0	0	26,681	0	0	26,681
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,766,294</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,766,294</u>

(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	\$ 22,431	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,431
Restricted for Finance	0	0	0	0	155,510	155,510
Restricted for Administration of Justice	0	2,022	0	0	0	2,022
Restricted for Public Safety	0	0	0	45,827	0	45,827
Restricted for Public Health and Welfare	0	0	383,034	0	0	383,034
Restricted for Capital Projects	0	0	0	0	0	0
Committed:						
Committed for Public Health and Welfare	0	0	48,062	0	0	48,062
Total Fund Balances	<u>\$ 22,431</u>	<u>\$ 2,022</u>	<u>\$ 431,096</u>	<u>\$ 45,827</u>	<u>\$ 155,510</u>	<u>\$ 656,886</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 22,431</u>	<u>\$ 3,413</u>	<u>\$ 2,372,727</u>	<u>\$ 45,827</u>	<u>\$ 157,621</u>	<u>\$ 2,602,019</u>

(Continued)

Exhibit G-1

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

	Capital Projects Fund	Total Nonmajor Governmental Funds
	General Capital Projects	
<u>ASSETS</u>		
Cash	\$ 0	\$ 157,060
Equity in Pooled Cash and Investments	288,542	956,072
Accounts Receivable	0	5,898
Due from Other Funds	116,806	116,806
Property Taxes Receivable	273,234	2,116,939
Allowance for Uncollectible Property Taxes	(5,601)	(77,775)
Total Assets	<u>\$ 672,981</u>	<u>\$ 3,275,000</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 2,773
Accrued Payroll	0	12,709
Payroll Deductions Payable	0	4,297
Due to Other Funds	294,400	452,979
Due to State of Tennessee	0	481
Total Liabilities	<u>\$ 294,400</u>	<u>\$ 473,239</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 267,633	\$ 2,007,246
Deferred Delinquent Property Taxes	0	26,681
Total Deferred Inflows of Resources	<u>\$ 267,633</u>	<u>\$ 2,033,927</u>

(Continued)

Exhibit G-1

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

	Capital Projects Fund	Total Nonmajor Governmental Funds
	General Capital Projects	
<u>FUND BALANCES</u>		
Restricted:		
Restricted for General Government	\$ 0	\$ 22,431
Restricted for Finance	0	155,510
Restricted for Administration of Justice	0	2,022
Restricted for Public Safety	0	45,827
Restricted for Public Health and Welfare	0	383,034
Restricted for Capital Projects	110,948	110,948
Committed:		
Committed for Public Health and Welfare	0	48,062
Total Fund Balances	<u>\$ 110,948</u>	<u>\$ 767,834</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 672,981</u>	<u>\$ 3,275,000</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, 2020

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total
<u>Revenues</u>						
Local Taxes	\$ 44,447	\$ 10,667	\$ 1,800,653	\$ 0	\$ 0	\$ 1,855,767
Fines, Forfeitures, and Penalties	0	0	0	22,143	0	22,143
Charges for Current Services	0	0	0	0	784,020	784,020
Other Local Revenues	0	367	0	0	23,031	23,398
State of Tennessee	0	0	15,434	0	0	15,434
Federal Government	0	0	0	0	0	0
Other Governments and Citizens Groups	0	0	0	635	0	635
Total Revenues	\$ 44,447	\$ 11,034	\$ 1,816,087	\$ 22,778	\$ 807,051	\$ 2,701,397
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 416	\$ 416
Finance	470	112	0	0	813,256	813,838
Public Safety	0	16,237	0	36,548	0	52,785
Public Health and Welfare	0	0	1,872,307	0	0	1,872,307
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 470	\$ 16,349	\$ 1,872,307	\$ 36,548	\$ 813,672	\$ 2,739,346
Excess (Deficiency) of Revenues Over Expenditures	\$ 43,977	\$ (5,315)	\$ (56,220)	\$ (13,770)	\$ (6,621)	\$ (37,949)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	(33,500)	0	0	0	0	(33,500)
Total Other Financing Sources (Uses)	\$ (33,500)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (33,500)

(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	\$ 10,477	\$ (5,315)	\$ (56,220)	\$ (13,770)	\$ (6,621)	\$ (71,449)
Fund Balance, July 1, 2019	11,954	7,337	487,316	59,597	162,131	728,335
Fund Balance, June 30, 2020	\$ 22,431	\$ 2,022	\$ 431,096	\$ 45,827	\$ 155,510	\$ 656,886

(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	\$ 13,262	\$ 0	\$ 13,262	\$ 1,869,029
Fines, Forfeitures, and Penalties	0	0	0	22,143
Charges for Current Services	0	0	0	784,020
Other Local Revenues	0	0	0	23,398
State of Tennessee	160,131	0	160,131	175,565
Federal Government	0	12,750	12,750	12,750
Other Governments and Citizens Groups	0	0	0	635
Total Revenues	\$ 173,393	\$ 12,750	\$ 186,143	\$ 2,887,540
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 0	\$ 416
Finance	0	0	0	813,838
Public Safety	0	0	0	52,785
Public Health and Welfare	0	0	0	1,872,307
Capital Projects	895,260	12,750	908,010	908,010
Total Expenditures	\$ 895,260	\$ 12,750	\$ 908,010	\$ 3,647,356
Excess (Deficiency) of Revenues Over Expenditures	\$ (721,867)	\$ 0	\$ (721,867)	\$ (759,816)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 133,500	\$ 0	\$ 133,500	\$ 133,500
Transfers Out	0	0	0	(33,500)
Total Other Financing Sources (Uses)	\$ 133,500	\$ 0	\$ 133,500	\$ 100,000

(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	\$ (588,367)	\$ 0	\$ (588,367)	\$ (659,816)
Fund Balance, July 1, 2019	699,315	0	699,315	1,427,650
Fund Balance, June 30, 2020	\$ 110,948	\$ 0	\$ 110,948	\$ 767,834

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 44,447	\$ 60,000	\$ 60,000	\$ (15,553)
Total Revenues	\$ 44,447	\$ 60,000	\$ 60,000	\$ (15,553)
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 470	\$ 700	\$ 700	\$ 230
Total Expenditures	\$ 470	\$ 700	\$ 700	\$ 230
Excess (Deficiency) of Revenues Over Expenditures	\$ 43,977	\$ 59,300	\$ 59,300	\$ (15,323)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (33,500)	\$ (58,500)	\$ (58,500)	\$ 25,000
Total Other Financing Sources	\$ (33,500)	\$ (58,500)	\$ (58,500)	\$ 25,000
Net Change in Fund Balance	\$ 10,477	\$ 800	\$ 800	\$ 9,677
Fund Balance, July 1, 2019	11,954	11,954	11,954	0
Fund Balance, June 30, 2020	\$ 22,431	\$ 12,754	\$ 12,754	\$ 9,677

## Exhibit G-4

Jefferson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Law Library Fund  
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 10,667	\$ 14,250	\$ 14,250	\$ (3,583)
Other Local Revenues	367	0	0	367
Total Revenues	<u>\$ 11,034</u>	<u>\$ 14,250</u>	<u>\$ 14,250</u>	<u>\$ (3,216)</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 112	\$ 200	\$ 200	\$ 88
<u>Public Safety</u>				
Jail	16,237	16,194	16,194	(43)
Total Expenditures	<u>\$ 16,349</u>	<u>\$ 16,394</u>	<u>\$ 16,394</u>	<u>\$ 45</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,315)</u>	<u>\$ (2,144)</u>	<u>\$ (2,144)</u>	<u>\$ (3,171)</u>
Net Change in Fund Balance	\$ (5,315)	\$ (2,144)	\$ (2,144)	\$ (3,171)
Fund Balance, July 1, 2019	<u>7,337</u>	<u>7,337</u>	<u>7,337</u>	<u>0</u>
Fund Balance, June 30, 2020	<u><u>\$ 2,022</u></u>	<u><u>\$ 5,193</u></u>	<u><u>\$ 5,193</u></u>	<u><u>\$ (3,171)</u></u>

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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,800,653	\$ 0	\$ 1,800,653	\$ 1,748,907	\$ 1,748,907	\$ 51,746
State of Tennessee	15,434	0	15,434	18,000	18,000	(2,566)
Total Revenues	\$ 1,816,087	\$ 0	\$ 1,816,087	\$ 1,766,907	\$ 1,766,907	\$ 49,180
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Waste Pickup	\$ 1,872,307	\$ (116)	\$ 1,872,191	\$ 1,900,677	\$ 1,900,677	\$ 28,486
Total Expenditures	\$ 1,872,307	\$ (116)	\$ 1,872,191	\$ 1,900,677	\$ 1,900,677	\$ 28,486
Excess (Deficiency) of Revenues Over Expenditures	\$ (56,220)	\$ 116	\$ (56,104)	\$ (133,770)	\$ (133,770)	\$ 77,666
Net Change in Fund Balance	\$ (56,220)	\$ 116	\$ (56,104)	\$ (133,770)	\$ (133,770)	\$ 77,666
Fund Balance, July 1, 2019	487,316	(116)	487,200	487,316	487,316	(116)
Fund Balance, June 30, 2020	\$ 431,096	\$ 0	\$ 431,096	\$ 353,546	\$ 353,546	\$ 77,550

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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 22,143	\$ 0	\$ 0	\$ 22,143	\$ 39,800	\$ 48,153	\$ (26,010)
Other Governments and Citizens Groups	635	0	0	635	0	0	635
Total Revenues	\$ 22,778	\$ 0	\$ 0	\$ 22,778	\$ 39,800	\$ 48,153	\$ (25,375)
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 36,548	\$ (693)	\$ 304	\$ 36,159	\$ 70,000	\$ 78,353	\$ 42,194
Total Expenditures	\$ 36,548	\$ (693)	\$ 304	\$ 36,159	\$ 70,000	\$ 78,353	\$ 42,194
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,770)	\$ 693	\$ (304)	\$ (13,381)	\$ (30,200)	\$ (30,200)	\$ 16,819
Net Change in Fund Balance	\$ (13,770)	\$ 693	\$ (304)	\$ (13,381)	\$ (30,200)	\$ (30,200)	\$ 16,819
Fund Balance, July 1, 2019	59,597	(693)	0	58,904	59,597	59,597	(693)
Fund Balance, June 30, 2020	\$ 45,827	\$ 0	\$ (304)	\$ 45,523	\$ 29,397	\$ 29,397	\$ 16,126

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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 13,262	\$ 0	\$ 13,262	\$ 26,448	\$ 26,448	\$ (13,186)
State of Tennessee	160,131	0	160,131	0	160,131	0
Total Revenues	\$ 173,393	\$ 0	\$ 173,393	\$ 26,448	\$ 186,579	\$ (13,186)
<u>Expenditures</u>						
<u>Capital Projects</u>						
Administration of Justice Projects	\$ 500,939	\$ 0	\$ 500,939	\$ 523,000	\$ 522,025	\$ 21,086
Public Safety Projects	66,041	0	66,041	0	74,800	8,759
Public Health and Welfare Projects	160,131	(123,134)	36,997	0	160,131	123,134
Agriculture and Natural Resources Projects	61,137	(54,866)	6,271	0	62,071	55,800
Other General Government Projects	107,012	(83,944)	23,068	168,500	395,683	372,615
Total Expenditures	\$ 895,260	\$ (261,944)	\$ 633,316	\$ 691,500	\$ 1,214,710	\$ 581,394
Excess (Deficiency) of Revenues Over Expenditures	\$ (721,867)	\$ 261,944	\$ (459,923)	\$ (665,052)	\$ (1,028,131)	\$ 568,208
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 133,500	\$ 0	\$ 133,500	\$ 533,500	\$ 533,500	\$ (400,000)
Total Other Financing Sources	\$ 133,500	\$ 0	\$ 133,500	\$ 533,500	\$ 533,500	\$ (400,000)
Net Change in Fund Balance	\$ (588,367)	\$ 261,944	\$ (326,423)	\$ (131,552)	\$ (494,631)	\$ 168,208
Fund Balance, July 1, 2019	699,315	(261,944)	437,371	699,315	699,315	(261,944)
Fund Balance, June 30, 2020	\$ 110,948	\$ 0	\$ 110,948	\$ 567,763	\$ 204,684	\$ (93,736)



# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit H

Jefferson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,191,574	\$ 6,543,616	\$ 6,543,616	\$ 647,958
Other Local Revenues	1,145,900	534,488	534,488	611,412
Federal Government	224,429	0	224,429	0
Total Revenues	<u>\$ 8,561,903</u>	<u>\$ 7,078,104</u>	<u>\$ 7,302,533</u>	<u>\$ 1,259,370</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,255,000	\$ 1,255,000	\$ 1,255,000	\$ 0
Education	3,353,491	3,353,491	3,353,491	0
<u>Interest on Debt</u>				
General Government	275,472	462,738	445,238	169,766
Education	2,590,838	2,148,170	2,597,027	6,189
<u>Other Debt Service</u>				
General Government	342,121	127,384	356,073	13,952
Total Expenditures	<u>\$ 7,816,922</u>	<u>\$ 7,346,783</u>	<u>\$ 8,006,829</u>	<u>\$ 189,907</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 744,981</u>	<u>\$ (268,679)</u>	<u>\$ (704,296)</u>	<u>\$ 1,449,277</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 15,225,000	\$ 0	\$ 15,225,000	\$ 0
Premiums on Debt Sold	1,410,718	0	1,410,718	0
Transfers In	482,570	609,663	609,663	(127,093)
Transfers Out	0	(400,000)	(400,000)	400,000
Payments to Refunded Debt Escrow Agent	(16,424,529)	0	(16,424,529)	0
Total Other Financing Sources	<u>\$ 693,759</u>	<u>\$ 209,663</u>	<u>\$ 420,852</u>	<u>\$ 272,907</u>
Net Change in Fund Balance	\$ 1,438,740	\$ (59,016)	\$ (283,444)	\$ 1,722,184
Fund Balance, July 1, 2019	<u>9,684,747</u>	<u>8,400,000</u>	<u>8,400,000</u>	<u>1,284,747</u>
Fund Balance, June 30, 2020	<u><u>\$ 11,123,487</u></u>	<u><u>\$ 8,340,984</u></u>	<u><u>\$ 8,116,556</u></u>	<u><u>\$ 3,006,931</u></u>

# Fiduciary Funds

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

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

Cities - Property Tax Fund – The Cities - Property Tax Fund is used to account for city property taxes levied by the 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, 2020

ASSETS

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

Total Assets

LIABILITIES

Due to Other Taxing Units  
 Due to Litigants, Heirs, and Others

Total Liabilities

Agency Funds			
Cities - Sales Tax	Cities - Property Tax	Constitu - tional Officers - Agency	Total
\$ 0	\$ 0	\$ 1,690,186	\$ 1,690,186
0	3,110	0	3,110
0	0	107,639	107,639
1,105,061	0	0	1,105,061
0	1,479,586	0	1,479,586
0	(59,485)	0	(59,485)
<hr/>			
\$ 1,105,061	\$ 1,423,211	\$ 1,797,825	\$ 4,326,097
<hr/>			
<hr/>			
\$ 1,105,061	\$ 1,423,211	\$ 0	\$ 2,528,272
0	0	1,797,825	1,797,825
<hr/>			
\$ 1,105,061	\$ 1,423,211	\$ 1,797,825	\$ 4,326,097
<hr/>			
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## Exhibit I-2

Jefferson County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 5,862,512	\$ 5,862,512	\$ 0
Due from Other Governments	977,401	1,105,061	977,401	1,105,061
Total Assets	\$ 977,401	\$ 6,967,573	\$ 6,839,913	\$ 1,105,061
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 977,401	\$ 6,967,573	\$ 6,839,913	\$ 1,105,061
Total Liabilities	\$ 977,401	\$ 6,967,573	\$ 6,839,913	\$ 1,105,061
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 9,555	\$ 1,469,213	\$ 1,475,658	\$ 3,110
Property Taxes Receivable	1,486,974	1,479,586	1,486,974	1,479,586
Allowance for Uncollectible Property Taxes	(72,654)	(59,485)	(72,654)	(59,485)
Total Assets	\$ 1,423,875	\$ 2,889,314	\$ 2,889,978	\$ 1,423,211
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,423,875	\$ 2,889,314	\$ 2,889,978	\$ 1,423,211
Total Liabilities	\$ 1,423,875	\$ 2,889,314	\$ 2,889,978	\$ 1,423,211
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,030,458	\$ 13,250,841	\$ 13,591,113	\$ 1,690,186
Accounts Receivable	65,338	107,639	65,338	107,639
Total Assets	\$ 2,095,796	\$ 13,358,480	\$ 13,656,451	\$ 1,797,825
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,095,796	\$ 13,358,480	\$ 13,656,451	\$ 1,797,825
Total Liabilities	\$ 2,095,796	\$ 13,358,480	\$ 13,656,451	\$ 1,797,825

(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	\$ 2,030,458	\$ 13,250,841	\$ 13,591,113	\$ 1,690,186
Equity in Pooled Cash and Investments	9,555	7,331,725	7,338,170	3,110
Accounts Receivable	65,338	107,639	65,338	107,639
Due from Other Governments	977,401	1,105,061	977,401	1,105,061
Property Taxes Receivable	1,486,974	1,479,586	1,486,974	1,479,586
Allowance for Uncollectible Property Taxes	(72,654)	(59,485)	(72,654)	(59,485)
Total Assets	<u>\$ 4,497,072</u>	<u>\$ 23,215,367</u>	<u>\$ 23,386,342</u>	<u>\$ 4,326,097</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,401,276	\$ 9,856,887	\$ 9,729,891	\$ 2,528,272
Due to Litigants, Heirs, and Others	2,095,796	13,358,480	13,656,451	1,797,825
Total Liabilities	<u>\$ 4,497,072</u>	<u>\$ 23,215,367</u>	<u>\$ 23,386,342</u>	<u>\$ 4,326,097</u>

# Jefferson County School Department

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

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

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

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

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

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, 2020

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	\$ 37,258,011	\$ 28,189	\$ 3,089,781	\$ 24,145	\$ (34,115,896)
Support Services	21,474,917	84,166	821,948	0	(20,568,803)
Operation of Non-instructional Services	4,777,323	886,345	3,474,693	0	(416,285)
Total Governmental Activities	<u>\$ 63,510,251</u>	<u>\$ 998,700</u>	<u>\$ 7,386,422</u>	<u>\$ 24,145</u>	<u>\$ (55,100,984)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 11,090,029
Local Option Sales Taxes					6,155,975
Mixed Drink Tax					29,197
Grants and Contributions Not Restricted for Specific Programs					41,552,444
Unrestricted Investment Income					7,771
Gain on Investments					8,258
Miscellaneous					48,435
Gain on Disposal of Capital Assets					19,655
Total General Revenues					<u>\$ 58,911,764</u>
Change in Net Position					\$ 3,810,780
Net Position, July 1, 2019					<u>67,089,118</u>
Net Position, June 30, 2020					<u>\$ 70,899,898</u>



## Exhibit J-2

Jefferson County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Jefferson County School Department  
 June 30, 2020

	Major Fund	Nonmajor Funds	
	General	Other	
	Purpose	Govern-	Total
	School	mental	Governmental
		Funds	Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 12,538,518	\$ 3,031,667	\$ 15,570,185
Accounts Receivable	126,919	13,551	140,470
Due from Other Governments	1,759,482	717,147	2,476,629
Due from Other Funds	10,037	18,971	29,008
Property Taxes Receivable	11,214,459	0	11,214,459
Allowance for Uncollectible Property Taxes	(444,100)	0	(444,100)
Restricted Assets	264,205	0	264,205
Total Assets	<u>\$ 25,469,520</u>	<u>\$ 3,781,336</u>	<u>\$ 29,250,856</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 146,870	\$ 1,736	\$ 148,606
Accrued Payroll	355,641	18,971	374,612
Payroll Deductions Payable	5,402,059	722,463	6,124,522
Due to Other Funds	0	29,008	29,008
Total Liabilities	<u>\$ 5,904,570</u>	<u>\$ 772,178</u>	<u>\$ 6,676,748</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 10,571,492	\$ 0	\$ 10,571,492
Deferred Delinquent Property Taxes	166,244	0	166,244
Other Deferred/Unavailable Revenue	704,979	0	704,979
Total Deferred Inflows of Resources	<u>\$ 11,442,715</u>	<u>\$ 0</u>	<u>\$ 11,442,715</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 248,796	\$ 1,337,787	\$ 1,586,583
Restricted for Hybrid Retirement Stabilization Funds	264,205	0	264,205
Committed:			
Committed for Education	157,859	750,000	907,859
Committed for Capital Projects	695,380	921,371	1,616,751
Assigned:			
Assigned for Education	250,673	0	250,673
Unassigned	6,505,322	0	6,505,322
Total Fund Balances	<u>\$ 8,122,235</u>	<u>\$ 3,009,158</u>	<u>\$ 11,131,393</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 25,469,520</u>	<u>\$ 3,781,336</u>	<u>\$ 29,250,856</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, 2020

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)		\$ 11,131,393
(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: buildings and improvements net of accumulated depreciation	64,069,225	
Add: machinery and equipment net of accumulated depreciation	757,349	
Add: other capital assets net of accumulated depreciation	<u>2,298,394</u>	68,617,518
(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.		160,638
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (663,939)	
Less: termination benefits payable	(143,535)	
Less: other postemployment benefits liability	<u>(10,182,615)</u>	(10,990,089)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 4,953,264	
Less: deferred inflows of resources related to pensions	(7,168,520)	
Add: deferred outflows of resources related to OPEB	820,312	
Less: deferred inflows of resources related to OPEB	<u>(6,584,578)</u>	(7,979,522)
(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	\$ 1,607,267	
Add: net pension asset - public employee hybrid retirement plan	10,963	
Add: net pension asset - teacher retirement plan	263,258	
Add: net pension asset - teacher legacy pension plan	<u>7,207,249</u>	9,088,737
(6) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>871,223</u>
Net position of governmental activities (Exhibit A)		<u>\$ 70,899,898</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, 2020

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 17,302,033	\$ 0	\$ 17,302,033
Licenses and Permits	2,261	0	2,261
Charges for Current Services	252,259	746,441	998,700
Other Local Revenues	32,277	28,238	60,515
State of Tennessee	41,711,758	31,380	41,743,138
Federal Government	89,834	7,112,259	7,202,093
Other Governments and Citizens Groups	36,605	24,145	60,750
Total Revenues	<u>\$ 59,427,027</u>	<u>\$ 7,942,463</u>	<u>\$ 67,369,490</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 33,646,114	\$ 2,976,114	\$ 36,622,228
Support Services	20,817,809	1,307,954	22,125,763
Operation of Non-Instructional Services	1,043,343	3,746,332	4,789,675
Capital Outlay	325,886	0	325,886
Capital Projects	0	1,139,011	1,139,011
Total Expenditures	<u>\$ 55,833,152</u>	<u>\$ 9,169,411</u>	<u>\$ 65,002,563</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,593,875</u>	<u>\$ (1,226,948)</u>	<u>\$ 2,366,927</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 45,843	\$ 108,136	\$ 153,979
Transfers In	86,554	0	86,554
Transfers Out	0	(86,554)	(86,554)
Total Other Financing Sources (Uses)	<u>\$ 132,397</u>	<u>\$ 21,582</u>	<u>\$ 153,979</u>
Net Change in Fund Balances	\$ 3,726,272	\$ (1,205,366)	\$ 2,520,906
Fund Balance, July 1, 2019	<u>4,395,963</u>	<u>4,214,524</u>	<u>8,610,487</u>
Fund Balance, June 30, 2020	<u>\$ 8,122,235</u>	<u>\$ 3,009,158</u>	<u>\$ 11,131,393</u>

Exhibit J-5

Jefferson County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Jefferson County School Department  
For the Year Ended June 30, 2020

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)		\$ 2,520,906
(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	\$ 2,001,119	
Less: current-year depreciation expense	<u>(2,827,498)</u>	(826,379)
(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		(12,722)
(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, 2020	\$ 871,223	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(786,466)</u>	84,757
(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	\$ 59,330	
Change in termination benefits	(3,589)	
Change in net pension asset/liability	5,134,507	
Change in deferred outflows related to pensions	(915,683)	
Change in deferred inflows related to pensions	(2,849,352)	
Change in OPEB liability	5,118,988	
Change in deferred outflows related to OPEB	(259,897)	
Change in deferred inflows related to OPEB	<u>(4,267,787)</u>	2,016,517
(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>27,701</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 3,810,780</u>

Exhibit J-6

Jefferson County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Jefferson County School Department  
June 30, 2020

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 611,109	\$ 1,499,687	\$ 2,110,796	\$ 920,871	\$ 3,031,667
Accounts Receivable	2	13,049	13,051	500	13,551
Due from Other Governments	717,147	0	717,147	0	717,147
Due from Other Funds	0	18,971	18,971	0	18,971
Total Assets	<u>\$ 1,328,258</u>	<u>\$ 1,531,707</u>	<u>\$ 2,859,965</u>	<u>\$ 921,371</u>	<u>\$ 3,781,336</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 799	\$ 937	\$ 1,736	\$ 0	\$ 1,736
Accrued Payroll	0	18,971	18,971	0	18,971
Payroll Deductions Payable	548,449	174,014	722,463	0	722,463
Due to Other Funds	29,008	0	29,008	0	29,008
Total Liabilities	<u>\$ 578,256</u>	<u>\$ 193,922</u>	<u>\$ 772,178</u>	<u>\$ 0</u>	<u>\$ 772,178</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 2	\$ 1,337,785	\$ 1,337,787	\$ 0	\$ 1,337,787
Committed:					
Committed for Education	750,000	0	750,000	0	750,000
Committed for Capital Projects	0	0	0	921,371	921,371
Total Fund Balances	<u>\$ 750,002</u>	<u>\$ 1,337,785</u>	<u>\$ 2,087,787</u>	<u>\$ 921,371</u>	<u>\$ 3,009,158</u>
Total Liabilities and Fund Balances	<u>\$ 1,328,258</u>	<u>\$ 1,531,707</u>	<u>\$ 2,859,965</u>	<u>\$ 921,371</u>	<u>\$ 3,781,336</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, 2020

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 746,441	\$ 746,441	\$ 0	\$ 746,441
Other Local Revenues	0	7,771	7,771	20,467	28,238
State of Tennessee	0	31,380	31,380	0	31,380
Federal Government	4,435,270	2,676,989	7,112,259	0	7,112,259
Other Governments and Citizens Groups	0	0	0	24,145	24,145
Total Revenues	\$ 4,435,270	\$ 3,462,581	\$ 7,897,851	\$ 44,612	\$ 7,942,463
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,976,114	\$ 0	\$ 2,976,114	\$ 0	\$ 2,976,114
Support Services	1,307,954	0	1,307,954	0	1,307,954
Operation of Non-Instructional Services	64,646	3,681,686	3,746,332	0	3,746,332
Capital Projects	0	0	0	1,139,011	1,139,011
Total Expenditures	\$ 4,348,714	\$ 3,681,686	\$ 8,030,400	\$ 1,139,011	\$ 9,169,411
Excess (Deficiency) of Revenues Over Expenditures	\$ 86,556	\$ (219,105)	\$ (132,549)	\$ (1,094,399)	\$ (1,226,948)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 5,436	\$ 5,436	\$ 102,700	\$ 108,136
Transfers Out	(86,554)	0	(86,554)	0	(86,554)
Total Other Financing Sources (Uses)	\$ (86,554)	\$ 5,436	\$ (81,118)	\$ 102,700	\$ 21,582

(Continued)

Exhibit J-7

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

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
Net Change in Fund Balances	\$ 2	\$ (213,669)	\$ (213,667)	\$ (991,699)	\$ (1,205,366)
Fund Balance, July 1, 2019	750,000	1,551,454	2,301,454	1,913,070	4,214,524
Fund Balance, June 30, 2020	\$ 750,002	\$ 1,337,785	\$ 2,087,787	\$ 921,371	\$ 3,009,158

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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 17,302,033	\$ 0	\$ 0	\$ 17,302,033	\$ 16,167,321	\$ 16,167,321	\$ 1,134,712
Licenses and Permits	2,261	0	0	2,261	2,400	2,400	(139)
Charges for Current Services	252,259	0	0	252,259	225,000	250,930	1,329
Other Local Revenues	32,277	0	0	32,277	500	4,000	28,277
State of Tennessee	41,711,758	0	0	41,711,758	40,777,301	41,585,544	126,214
Federal Government	89,834	0	0	89,834	78,525	82,126	7,708
Other Governments and Citizens Groups	36,605	0	0	36,605	15,000	28,100	8,505
Total Revenues	\$ 59,427,027	\$ 0	\$ 0	\$ 59,427,027	\$ 57,266,047	\$ 58,120,421	\$ 1,306,606
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 27,802,205	\$ (4,800)	\$ 0	\$ 27,797,405	\$ 28,342,679	\$ 28,773,942	\$ 976,537
Alternative Instruction Program	225,462	0	0	225,462	214,649	226,949	1,487
Special Education Program	3,498,906	0	0	3,498,906	3,632,919	3,636,520	137,614
Career and Technical Education Program	2,119,541	0	7,758	2,127,299	1,985,128	2,276,369	149,070
<u>Support Services</u>							
Attendance	262,892	0	0	262,892	292,396	292,396	29,504
Health Services	723,480	0	0	723,480	733,011	733,011	9,531
Other Student Support	1,856,010	(3,034)	0	1,852,976	1,711,821	2,062,082	209,106
Regular Instruction Program	2,235,625	0	250	2,235,875	2,410,965	2,456,768	220,893
Alternative Instruction Program	123,437	0	0	123,437	129,341	129,341	5,904
Special Education Program	510,023	0	0	510,023	596,100	596,100	86,077
Career and Technical Education Program	265,024	0	538	265,562	292,388	294,388	28,826
Technology	1,522,331	(1)	10,971	1,533,301	1,546,619	1,607,062	73,761
Other Programs	291,227	0	0	291,227	0	291,227	0
Board of Education	721,809	0	12,620	734,429	738,284	781,228	46,799
Director of Schools	327,307	0	0	327,307	351,502	351,502	24,195
Office of the Principal	3,314,744	0	0	3,314,744	3,589,352	3,576,266	261,522
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 7/1/2019	Add: Encumbrances 6/30/2020	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	\$ 141,901	\$ 0	\$ 0	\$ 141,901	\$ 154,838	\$ 154,838	\$ 12,937
Operation of Plant	4,480,143	(2,622)	18,893	4,496,414	4,768,046	4,776,146	279,732
Maintenance of Plant	1,228,871	(15,899)	22,652	1,235,624	1,534,301	1,539,518	303,894
Transportation	2,407,505	(219)	0	2,407,286	2,771,845	2,811,489	404,203
<u>Operation of Non-Instructional Services</u>							
Community Services	298,086	0	0	298,086	310,732	311,332	13,246
Early Childhood Education	745,257	(2,613)	114	742,758	764,247	746,499	3,741
<u>Capital Outlay</u>							
Regular Capital Outlay	325,886	(11,716)	0	314,170	706,589	941,776	627,606
Total Expenditures	\$ 55,833,152	\$ (40,904)	\$ 73,796	\$ 55,866,044	\$ 57,983,232	\$ 59,772,229	\$ 3,906,185
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,593,875	\$ 40,904	\$ (73,796)	\$ 3,560,983	\$ (717,185)	\$ (1,651,808)	\$ 5,212,791
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 45,843	\$ 0	\$ 0	\$ 45,843	\$ 0	\$ 14,869	\$ 30,974
Transfers In	86,554	0	0	86,554	106,989	87,058	(504)
Total Other Financing Sources	\$ 132,397	\$ 0	\$ 0	\$ 132,397	\$ 106,989	\$ 101,927	\$ 30,470
Net Change in Fund Balance	\$ 3,726,272	\$ 40,904	\$ (73,796)	\$ 3,693,380	\$ (610,196)	\$ (1,549,881)	\$ 5,243,261
Fund Balance, July 1, 2019	4,395,963	(40,904)	0	4,355,059	4,081,000	4,081,000	274,059
Fund Balance, June 30, 2020	\$ 8,122,235	\$ 0	\$ (73,796)	\$ 8,048,439	\$ 3,470,804	\$ 2,531,119	\$ 5,517,320

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 4,435,270	\$ 4,147,620	\$ 4,941,210	\$ (505,940)
Total Revenues	\$ 4,435,270	\$ 4,147,620	\$ 4,941,210	\$ (505,940)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,464,702	\$ 1,443,735	\$ 1,540,250	\$ 75,548
Special Education Program	1,288,901	1,183,784	1,543,646	254,745
Career and Technical Education Program	222,511	76,564	245,875	23,364
<u>Support Services</u>				
Health Services	55,172	57,614	57,668	2,496
Other Student Support	520,491	557,877	546,935	26,444
Regular Instruction Program	221,320	224,003	254,986	33,666
Special Education Program	384,355	376,647	433,285	48,930
Career and Technical Education Program	4,658	6,514	4,495	(163)
Transportation	121,958	62,962	136,157	14,199
<u>Operation of Non-Instructional Services</u>				
Food Service	18,971	0	18,971	0
Community Services	45,675	72,281	72,281	26,606
Total Expenditures	\$ 4,348,714	\$ 4,061,981	\$ 4,854,549	\$ 505,835
Excess (Deficiency) of Revenues Over Expenditures	\$ 86,556	\$ 85,639	\$ 86,661	\$ (105)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (86,554)	\$ (85,639)	\$ (86,661)	\$ 107
Total Other Financing Sources	\$ (86,554)	\$ (85,639)	\$ (86,661)	\$ 107
Net Change in Fund Balance	\$ 2	\$ 0	\$ 0	\$ 2
Fund Balance, July 1, 2019	750,000	750,000	750,000	0
Fund Balance, June 30, 2020	\$ 750,002	\$ 750,000	\$ 750,000	\$ 2

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 746,441	\$ 1,000,000	\$ 1,000,000	\$ (253,559)
Other Local Revenues	7,771	7,600	7,600	171
State of Tennessee	31,380	31,000	31,000	380
Federal Government	2,676,989	2,804,314	2,804,314	(127,325)
Total Revenues	<u>\$ 3,462,581</u>	<u>\$ 3,842,914</u>	<u>\$ 3,842,914</u>	<u>\$ (380,333)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	<u>\$ 3,681,686</u>	<u>\$ 4,502,728</u>	<u>\$ 4,508,164</u>	<u>\$ 826,478</u>
Total Expenditures	<u>\$ 3,681,686</u>	<u>\$ 4,502,728</u>	<u>\$ 4,508,164</u>	<u>\$ 826,478</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (219,105)</u>	<u>\$ (659,814)</u>	<u>\$ (665,250)</u>	<u>\$ 446,145</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	<u>\$ 5,436</u>	<u>\$ 0</u>	<u>\$ 5,436</u>	<u>\$ 0</u>
Total Other Financing Sources	<u>\$ 5,436</u>	<u>\$ 0</u>	<u>\$ 5,436</u>	<u>\$ 0</u>
Net Change in Fund Balance	<u>\$ (213,669)</u>	<u>\$ (659,814)</u>	<u>\$ (659,814)</u>	<u>\$ 446,145</u>
Fund Balance, July 1, 2019	<u>1,551,454</u>	<u>659,814</u>	<u>659,814</u>	<u>891,640</u>
Fund Balance, June 30, 2020	<u><u>\$ 1,337,785</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,337,785</u></u>

Exhibit J-11

Jefferson County, Tennessee  
Statement of Net Position - Proprietary Fund  
Discretely Presented Jefferson County School Department  
June 30, 2020

Governmental  
 Activities -  
 Internal  
 Service Fund  


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 Employee  
 Insurance -  
 Dental and  
 Vision  
 Fund  


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ASSETS

Current Assets:

Cash	\$ 13,653
Equity in Pooled Cash and Investments	170,713
Total Assets	<u>\$ 184,366</u>

LIABILITIES

Current Liabilities:

Other Current Liabilities	\$ 23,728
Total Liabilities	<u>\$ 23,728</u>

NET POSITION

Unrestricted	<u>\$ 160,638</u>
Total Net Position	<u><u>\$ 160,638</u></u>

Exhibit J-12

Jefferson County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Jefferson County School Department  
Proprietary Fund  
For the Year Ended June 30, 2020

	Governmental Activities - Internal Service Fund
	Employee Insurance - Dental and Vision Fund
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 489,555
Total Operating Revenues	<u>\$ 489,555</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 31,204
Other Self-Insured Claims	430,650
Total Operating Expenses	<u>\$ 461,854</u>
Operating Income (Loss)	<u>\$ 27,701</u>
Change in Net Position	\$ 27,701
Net Position, July 1, 2019	<u>132,937</u>
Net Position, June 30, 2020	<u><u>\$ 160,638</u></u>

Jefferson County, Tennessee  
Statement of Cash Flows  
Discretely Presented Jefferson County School Department  
Proprietary Fund  
For the Year Ended June 30, 2020

	Governmental Activities - Internal Service Fund
	Employee Insurance - Dental and Vision Fund
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 489,555
Payments for Claims	(428,241)
Payments for Administrative Costs	(31,204)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 30,110</u>
Increase (Decrease) in Cash	\$ 30,110
Cash, July 1, 2019	<u>154,256</u>
Cash, June 30, 2020	<u><u>\$ 184,366</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 27,701
Adjustment to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	<u>2,409</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 30,110</u></u>
<u>Reconciliation of Cash With Statement of Net Position</u>	
Cash Per Net Position	\$ 13,653
Equity in Pooled Cash and Investments Per Net Position	<u>170,713</u>
Cash, June 30, 2020	<u><u>\$ 184,366</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Jefferson County, Tennessee  
Schedule of Changes in Long-term Other Loans and Bonds  
For the Year Ended June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-19	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-20
<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	\$ 6,155,000	\$ 0	\$ 855,000	\$ 0	\$ 5,300,000
Qualified School Construction Bonds	10,595,000	0 (1)	10-7-10	8-1-27	5,416,296	0	661,111	0	4,755,185
Energy Efficient Schools Initiative Loan, Series 2011	2,506,325	2.5 %	11-2-11	3-1-24	1,082,687	0	217,380	0	865,307
Total Other Loans Payable through General Debt Service Fund					<u>\$ 12,653,983</u>	<u>\$ 0</u>	<u>\$ 1,733,491</u>	<u>\$ 0</u>	<u>\$ 10,920,492</u>

BONDS PAYABLE

<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	\$ 0	\$ 0	\$ 16,000,000
General Obligation Bonds - Series 2012	9,900,000	2.62	9-10-12	6-1-36	8,475,000	0	350,000	8,125,000	0
General Obligation Bonds - Series 2013	9,995,000	2.54	4-10-13	6-1-36	8,635,000	0	340,000	8,295,000	0
General Obligation Refunding Bonds - Series 2014	4,285,000	1.45	5-15-14	6-1-27	2,445,000	0	385,000	0	2,060,000
General Obligation Bonds - Series 2015	6,790,000	2.9	4-1-15	6-1-36	6,690,000	0	50,000	0	6,640,000
General Obligation Refunding Bonds - Series 2016	4,215,000	2.51	5-13-16	6-1-37	3,970,000	0	15,000	0	3,955,000
General Obligation Refunding Bonds - Series 2017	8,725,000	1 to 5	10-27-17	6-1-23	7,430,000	0	1,735,000	0	5,695,000
General Obligation Refunding Bonds - Series 2020	15,225,000	2 to 5	6-5-20	6-1-36	0	15,225,000	0	0	15,225,000
Total Bonds Payable through General Debt Service Fund					<u>\$ 53,645,000</u>	<u>\$ 15,225,000</u>	<u>\$ 2,875,000</u>	<u>\$ 16,420,000</u>	<u>\$ 49,575,000</u>

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



Exhibit K-2

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

Year Ending June 30	Other Loans			
	Principal	Interest (1)	Other Fees	Total
2021	\$ 1,788,988	\$ 574,612	\$ 23,926	\$ 2,387,526
2022	1,844,628	562,903	21,287	2,428,818
2023	1,900,400	550,709	18,504	2,469,613
2024	1,895,739	538,038	15,574	2,449,351
2025	1,766,112	524,983	12,499	2,303,594
2026	936,112	515,533	9,278	1,460,923
2027	726,190	513,645	8,476	1,248,311
2028	62,323	50,586	2,122	115,031
Total	\$ 10,920,492	\$ 3,831,009	\$ 111,666	\$ 14,863,167

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 2,840,000	\$ 2,210,745	\$ 5,050,745
2022	2,840,000	2,088,357	4,928,357
2023	2,955,000	1,956,256	4,911,256
2024	1,340,000	1,818,031	3,158,031
2025	1,385,000	1,766,007	3,151,007
2026	1,655,000	1,711,857	3,366,857
2027	1,710,000	1,649,014	3,359,014
2028	1,810,000	1,582,631	3,392,631
2029	1,865,000	1,514,832	3,379,832
2030	1,945,000	1,443,207	3,388,207
2031	2,015,000	1,387,519	3,402,519
2032	2,045,000	1,340,807	3,385,807
2033	2,105,000	1,292,532	3,397,532
2034	2,160,000	1,241,319	3,401,319
2035	2,215,000	1,187,657	3,402,657
2036	2,260,000	1,131,024	3,391,024
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	\$ 49,575,000	\$ 28,127,715	\$ 77,702,715

(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, 2020

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	QSCB Tax Rebate	\$ 482,570
"	General Capital Projects	Capital Expenditures	100,000
Courthouse and Jail Maintenance Fund	"	Capital Expenditures	<u>33,500</u>
Total Transfers Primary Government			<u>\$ 616,070</u>
<u>DISCRETELY PRESENTED JEFFERSON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect Costs	<u>\$ 86,554</u>
Total Transfers Discretely Presented Jefferson County School Department			<u>\$ 86,554</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, 2020

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 101,928	\$ 100,000	Hartford Fire Insurance Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	96,475	100,000	"
Director of Schools	State Board of Education and County Board of Education	128,500 (1)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	87,705	2,465,195	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	88,455 (2)	50,000	"
Finance Director	County Commission	88,737 (3)	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i> and Probate Court Judge	87,705 (4)	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	87,705	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	87,705	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	87,705	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	97,075 (5)	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 chief executive officer's supplement of \$1,000.  
(2) Includes a salary supplement of \$750 for training/certification incentive.  
(3) Includes longevity of \$500.  
(4) Does not include \$13,890 for special commissioner fees.  
(5) Includes a law enforcement training supplement of \$600.

Exhibit K-5

Jefferson County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2020

	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	\$ 11,258,437	\$ 0	\$ 0	\$ 1,682,289	\$ 0	\$ 0
Trustee's Collections - Prior Year	233,302	0	0	39,321	0	0
Trustee's Collections - Bankruptcy	677	0	0	110	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	322,203	0	0	54,304	0	0
Interest and Penalty	47,500	0	0	7,892	0	0
Pickup Taxes	22,379	0	0	3,560	0	0
Payments in-Lieu-of Taxes - Local Utilities	41,556	0	0	6,670	0	0
Payments in-Lieu-of Taxes - Other	52	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	1,253,837	0	0	0	0	0
Hotel/Motel Tax	415,168	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	96,390	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	10,667	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	120,691	44,447	0	0	0	0
Litigation Tax - Courthouse Security	2	0	0	0	0	0
Business Tax	503,755	0	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	40,540	0	0	6,507	0	0
Wholesale Beer Tax	183,193	0	0	0	0	0
Total Local Taxes	\$ 14,539,682	\$ 44,447	\$ 10,667	\$ 1,800,653	\$ 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	\$ 2,199	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	90,879	0	0	0	0	0
<u>Permits</u>						
Beer Permits	712	0	0	0	0	0
Building Permits	262,573	0	0	0	0	0
Other Permits	103,390	0	0	0	0	0
Total Licenses and Permits	<u>\$ 459,753</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 33,918	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	7,786	0	0	0	0	0
Drug Control Fines	0	0	0	0	1,395	0
Drug Court Fees	2,491	0	0	0	0	0
Jail Fees	1,994	0	0	0	0	0
DUI Treatment Fines	242	0	0	0	0	0
Data Entry Fee - Circuit Court	2,269	0	0	0	0	0
Courtroom Security Fee	6	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	106,120	0	0	0	0	0
Fines for Littering	48	0	0	0	0	0
Officers Costs	55,884	0	0	0	0	0
Game and Fish Fines	1,388	0	0	0	0	0
Drug Control Fines	0	0	0	0	12,395	0
Drug Court Fees	10,120	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	\$ 37,116	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
DUI Treatment Fines	10,393	0	0	0	0	0
Data Entry Fee - General Sessions Court	18,927	0	0	0	0	0
Courtroom Security Fee	1,835	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	4,259	0	0	0	0	0
Officers Costs	6,727	0	0	0	0	0
Data Entry Fee - Juvenile Court	776	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	781	0	0	0	0	0
Data Entry Fee - Chancery Court	6,426	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Victims Assistance Assessments	24,018	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	8,353	0
Other Fines, Forfeitures, and Penalties	14,250	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 347,774	\$ 0	\$ 0	\$ 0	\$ 22,143	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 3,452,233	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	4,345	0	0	0	0	0
<u>Fees</u>						
Copy Fees	834	0	0	0	0	0
Library Fees	12,819	0	0	0	0	0

(Continued)

## Exhibit K-5

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

		Special Revenue Funds				
		Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Telephone Commissions	\$ 90,459	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	172	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0
Data Processing Fee - Register	19,430	0	0	0	0	0
Data Processing Fee - Sheriff	7,569	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	8,400	0	0	0	0	0
Data Processing Fee - County Clerk	1,173	0	0	0	0	0
Subscription and Electronic Filing Fee - Circuit and General Sessions	11,370	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	1,700	0	0	0	0	0
Total Charges for Current Services	\$ 3,610,504	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 3,784	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,231
Lease/Rentals	7,201	0	0	0	0	752,000
Commissary Sales	37,894	0	0	0	0	0
Sale of Maps	25	0	0	0	0	0
E-Rate Funding	1,920	0	0	0	0	0
Miscellaneous Refunds	203,405	0	367	0	0	0
Expenditure Credits	1,888	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	13,900	0	0	0	0	0
Contributions and Gifts	67,850	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	\$ 406,226	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 744,093	\$ 0	\$ 367	\$ 0	\$ 0	\$ 761,231
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 181,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	757,000	0	0	0	0	0
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	108,619	0	0	0	0	0
General Sessions Court Clerk	314,625	0	0	0	0	0
Clerk and Master	146,897	0	0	0	0	0
Juvenile Court Clerk	22,590	0	0	0	0	0
Register	292,328	0	0	0	0	0
Sheriff	21,221	0	0	0	0	0
Total Fees Received From County Officials	\$ 1,844,280	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	11,562	0	0	0	0	0
Solid Waste Grants	0	0	0	15,434	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	39,000	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	144,512	0	0	0	0	0

(Continued)



## Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Aid Program	0	0	0	0	0	0
Litter Program	48,773	0	0	0	0	0
<u>Other State Revenues</u>						
Vehicle Certificate of Title Fees	11,794	0	0	0	0	0
State Revenue Sharing - Telecommunications	54,834	0	0	0	0	0
Contracted Prisoner Boarding	1,356,225	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	56,821	0	0	0	0	0
Other State Revenues	25,698	0	0	0	0	0
Total State of Tennessee	\$ 1,773,383	\$ 0	\$ 0	\$ 15,434	\$ 0	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	51,434	0	0	0	0	0
Medicaid	261,746	0	0	0	0	0
COVID-19 Grant #2	3,262	0	0	0	0	0
Other Federal through State	176,806	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Tax Credit Bond Rebate	482,570	0	0	0	0	0
COVID-19 Grant #6	93,841	0	0	0	0	0
Other Direct Federal Revenue	55,038	0	0	0	0	0
Total Federal Government	\$ 1,124,697	\$ 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	\$ 197,199	\$ 0	\$ 0	\$ 0	\$ 635	\$ 0
<u>Other</u>						
Other	2,404	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 199,603</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 635</u>	<u>\$ 0</u>
Total	<u>\$ 24,643,769</u>	<u>\$ 44,447</u>	<u>\$ 11,034</u>	<u>\$ 1,816,087</u>	<u>\$ 22,778</u>	<u>\$ 761,231</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
	Constitutional 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	\$ 2,329,327	\$ 2,588,148	\$ 0	\$ 0	\$ 17,858,201
Trustee's Collections - Prior Year	0	52,428	57,670	5,237	0	387,958
Trustee's Collections - Bankruptcy	0	151	167	5	0	1,110
Circuit Clerk/Clerk and Master Collections - Prior Years	0	72,405	79,646	7,241	0	535,799
Interest and Penalty	0	10,639	11,737	747	0	78,515
Pickup Taxes	0	4,973	5,526	32	0	36,470
Payments in-Lieu-of Taxes - Local Utilities	0	9,235	10,261	0	0	67,722
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	52
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	1,628,509	0	0	2,882,346
Hotel/Motel Tax	0	0	0	0	0	415,168
Wheel Tax	0	0	2,407,551	0	0	2,407,551
Litigation Tax - General	0	0	0	0	0	96,390
Litigation Tax - Special Purpose	0	0	0	0	0	10,667
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	165,138
Litigation Tax - Courthouse Security	0	0	0	0	0	2
Business Tax	0	0	0	0	0	503,755
Adequate Facilities/Development Tax	0	0	392,349	0	0	392,349
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	9,009	10,010	0	0	66,066
Wholesale Beer Tax	0	0	0	0	0	183,193
Total Local Taxes	\$ 0	\$ 2,488,167	\$ 7,191,574	\$ 13,262	\$ 0	\$ 26,088,452

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,199
Cable TV Franchise	0	0	0	0	0	90,879
<u>Permits</u>						
Beer Permits	0	0	0	0	0	712
Building Permits	0	0	0	0	0	262,573
Other Permits	0	0	0	0	0	103,390
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	459,753
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	33,918
Officers Costs	0	0	0	0	0	7,786
Drug Control Fines	0	0	0	0	0	1,395
Drug Court Fees	0	0	0	0	0	2,491
Jail Fees	0	0	0	0	0	1,994
DUI Treatment Fines	0	0	0	0	0	242
Data Entry Fee - Circuit Court	0	0	0	0	0	2,269
Courtroom Security Fee	0	0	0	0	0	6
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	106,120
Fines for Littering	0	0	0	0	0	48
Officers Costs	0	0	0	0	0	55,884
Game and Fish Fines	0	0	0	0	0	1,388
Drug Control Fines	0	0	0	0	0	12,395
Drug Court Fees	0	0	0	0	0	10,120

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Jail Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	37,116
DUI Treatment Fines	0	0	0	0	0	10,393
Data Entry Fee - General Sessions Court	0	0	0	0	0	18,927
Courtroom Security Fee	0	0	0	0	0	1,835
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	4,259
Officers Costs	0	0	0	0	0	6,727
Data Entry Fee - Juvenile Court	0	0	0	0	0	776
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	781
Data Entry Fee - Chancery Court	0	0	0	0	0	6,426
<u>Judicial District Drug Program</u>						
Victims Assistance Assessments	0	0	0	0	0	24,018
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	8,353
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	14,250
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	369,917
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,452,233
Other General Service Charges	0	34,554	0	0	0	38,899
<u>Fees</u>						
Copy Fees	0	0	0	0	0	834
Library Fees	0	0	0	0	0	12,819

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Telephone Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,459
Vending Machine Collections	0	0	0	0	0	172
Constitutional Officers' Fees and Commissions	770,130	0	0	0	0	770,130
Special Commissioner Fees/Special Master Fees	13,890	0	0	0	0	13,890
Data Processing Fee - Register	0	0	0	0	0	19,430
Data Processing Fee - Sheriff	0	0	0	0	0	7,569
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	8,400
Data Processing Fee - County Clerk	0	0	0	0	0	1,173
Subscription and Electronic Filing Fee - Circuit and General Sessions	0	0	0	0	0	11,370
Vehicle Insurance Coverage and Reinstatement Fees	0	0	0	0	0	1,700
Total Charges for Current Services	\$ 784,020	\$ 34,554	\$ 0	\$ 0	\$ 0	\$ 4,429,078
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 23,031	\$ 0	\$ 719,482	\$ 0	\$ 0	\$ 755,528
Lease/Rentals	0	0	0	0	0	759,201
Commissary Sales	0	0	0	0	0	37,894
Sale of Maps	0	0	0	0	0	25
E-Rate Funding	0	0	0	0	0	1,920
Miscellaneous Refunds	0	0	0	0	0	203,772
Expenditure Credits	0	0	0	0	0	1,888
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	13,900
Contributions and Gifts	0	0	0	0	0	67,850

(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>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 0	\$ 0	\$ 426,418	\$ 0	\$ 0	\$ 832,644
Total Other Local Revenues	\$ 23,031	\$ 0	\$ 1,145,900	\$ 0	\$ 0	\$ 2,674,622
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 181,000
Trustee	0	0	0	0	0	757,000
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	108,619
General Sessions Court Clerk	0	0	0	0	0	314,625
Clerk and Master	0	0	0	0	0	146,897
Juvenile Court Clerk	0	0	0	0	0	22,590
Register	0	0	0	0	0	292,328
Sheriff	0	0	0	0	0	21,221
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,844,280
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	0	0	0	0	0	11,562
Solid Waste Grants	0	0	0	0	0	15,434
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	39,000
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	144,512

(Continued)

Exhibit K-5

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

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Bridge Program	\$ 0	\$ 102,882	\$ 0	\$ 0	\$ 0	\$ 102,882
State Aid Program	0	489,964	0	0	0	489,964
Litter Program	0	0	0	0	0	48,773
<u>Other State Revenues</u>						
Vehicle Certificate of Title Fees	0	0	0	0	0	11,794
State Revenue Sharing - Telecommunications	0	0	0	0	0	54,834
Contracted Prisoner Boarding	0	0	0	0	0	1,356,225
Gasoline and Motor Fuel Tax	0	2,334,003	0	0	0	2,334,003
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	160,131	0	216,952
Other State Revenues	0	0	0	0	0	25,698
Total State of Tennessee	\$ 0	\$ 2,963,942	\$ 0	\$ 160,131	\$ 0	\$ 4,912,890
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,750	\$ 12,750
Civil Defense Reimbursement	0	0	0	0	0	51,434
Medicaid	0	0	0	0	0	261,746
COVID-19 Grant #2	0	0	0	0	0	3,262
Other Federal through State	0	0	0	0	0	176,806
<u>Direct Federal Revenue</u>						
Tax Credit Bond Rebate	0	0	224,429	0	0	706,999
COVID-19 Grant #6	0	0	0	0	0	93,841
Other Direct Federal Revenue	0	0	0	0	0	55,038
Total Federal Government	\$ 0	\$ 0	\$ 224,429	\$ 0	\$ 12,750	\$ 1,361,876

(Continued)



Exhibit K-5

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

	<u>Special Revenue Funds</u>		<u>Debt Service</u>	<u>Capital Projects Funds</u>		
	<u>Constitu -</u>	<u>Highway /</u>	<u>Fund</u>	<u>General</u>	<u>Other</u>	
	<u>Officers -</u>	<u>Public</u>	<u>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>
<hr/>						
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	197,834
<u>Other</u>						
Other	0	0	0	0	0	2,404
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>200,238</u>
Total	<u>\$ 807,051</u>	<u>\$ 5,486,663</u>	<u>\$ 8,561,903</u>	<u>\$ 173,393</u>	<u>\$ 12,750</u>	<u>\$ 42,341,106</u>

## Exhibit K-6

Jefferson County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Jefferson County School Department  
For the Year Ended June 30, 2020

	Special Revenue Funds			Capital Projects Fund	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 10,481,975	\$ 0	\$ 0	\$ 0	\$ 10,481,975
Trustee's Collections - Prior Year	228,061	0	0	0	228,061
Trustee's Collections - Bankruptcy	707	0	0	0	707
Circuit Clerk/Clerk and Master Collections - Prior Years	314,963	0	0	0	314,963
Interest and Penalty	47,800	0	0	0	47,800
Pickup Taxes	23,404	0	0	0	23,404
Payments in-Lieu-of Taxes - T.V.A.	11,081	0	0	0	11,081
Payments in-Lieu-of Taxes - Local Utilities	46,851	0	0	0	46,851
<u>County Local Option Taxes</u>					
Local Option Sales Tax	6,074,451	0	0	0	6,074,451
Mixed Drink Tax	29,197	0	0	0	29,197
<u>Statutory Local Taxes</u>					
Bank Excise Tax	43,543	0	0	0	43,543
Total Local Taxes	\$ 17,302,033	\$ 0	\$ 0	\$ 0	\$ 17,302,033
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,261	\$ 0	\$ 0	\$ 0	\$ 2,261
Total Licenses and Permits	\$ 2,261	\$ 0	\$ 0	\$ 0	\$ 2,261
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 342,387	\$ 0	\$ 342,387
Lunch Payments - Adults	0	0	28,678	0	28,678

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Education Capital Projects</u>	<u>Total</u>
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Income from Breakfast	\$ 0	\$ 0	\$ 71,398	\$ 0	\$ 71,398
A la Carte Sales	0	0	302,292	0	302,292
Receipts from Individual Schools	112,355	0	0	0	112,355
Community Service Fees - Children	139,904	0	0	0	139,904
Other Charges for Services	0	0	1,686	0	1,686
Total Charges for Current Services	<u>\$ 252,259</u>	<u>\$ 0</u>	<u>\$ 746,441</u>	<u>\$ 0</u>	<u>\$ 998,700</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 8,258	\$ 0	\$ 7,771	\$ 0	\$ 16,029
Sale of Materials and Supplies	87	0	0	0	87
Sale of Recycled Materials	1,765	0	0	0	1,765
Miscellaneous Refunds	4,121	0	0	20,467	24,588
<u>Nonrecurring Items</u>					
Sale of Equipment	17,191	0	0	0	17,191
Damages Recovered from Individuals	105	0	0	0	105
Contributions and Gifts	750	0	0	0	750
Total Other Local Revenues	<u>\$ 32,277</u>	<u>\$ 0</u>	<u>\$ 7,771</u>	<u>\$ 20,467</u>	<u>\$ 60,515</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 291,227	\$ 0	\$ 0	\$ 0	\$ 291,227
<u>State Education Funds</u>					
Basic Education Program	38,021,370	0	0	0	38,021,370

(Continued)

## Exhibit K-6

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

	Special Revenue Funds			Capital Projects Fund	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Early Childhood Education	\$ 766,324	\$ 0	\$ 0	\$ 0	\$ 766,324
School Food Service	0	0	31,380	0	31,380
Other State Education Funds	461,180	0	0	0	461,180
Coordinated School Health	106,238	0	0	0	106,238
Family Resource Centers	88,400	0	0	0	88,400
Career Ladder Program	92,381	0	0	0	92,381
<u>Other State Revenues</u>					
Income Tax	217,042	0	0	0	217,042
Beer Tax	18,175	0	0	0	18,175
Alcoholic Beverage Tax	96,899	0	0	0	96,899
State Revenue Sharing - T.V.A.	1,100,173	0	0	0	1,100,173
Other State Grants	150,000	0	0	0	150,000
Safe Schools	302,349	0	0	0	302,349
Total State of Tennessee	\$ 41,711,758	\$ 0	\$ 31,380	\$ 0	\$ 41,743,138
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,378,598	\$ 0	\$ 1,378,598
USDA - Commodities	0	0	230,583	0	230,583
Breakfast	0	0	453,567	0	453,567
USDA - Other	0	0	614,241	0	614,241
Vocational Education - Basic Grants to States	0	162,648	0	0	162,648
Title I Grants to Local Education Agencies	0	1,984,185	0	0	1,984,185
Special Education - Grants to States	23,601	1,781,076	0	0	1,804,677

(Continued)

## Exhibit K-6

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

	Special Revenue Funds			Capital Projects Fund	
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Special Education Preschool Grants	\$ 0	\$ 52,651	\$ 0	\$ 0	\$ 52,651
English Language Acquisition Grants	0	34,174	0	0	34,174
Eisenhower Professional Development State Grants	0	203,446	0	0	203,446
COVID-19 Grant #1	0	18,971	0	0	18,971
COVID-19 Grant #5	4,699	0	0	0	4,699
Other Federal through State	0	198,119	0	0	198,119
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	61,534	0	0	0	61,534
Total Federal Government	\$ 89,834	\$ 4,435,270	\$ 2,676,989	\$ 0	\$ 7,202,093
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 24,145	\$ 24,145
<u>Other</u>					
Other	36,605	0	0	0	36,605
Total Other Governments and Citizens Groups	\$ 36,605	\$ 0	\$ 0	\$ 24,145	\$ 60,750
Total	\$ 59,427,027	\$ 4,435,270	\$ 3,462,581	\$ 44,612	\$ 67,369,490

## Exhibit K-7

Jefferson County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2020

General FundGeneral GovernmentCounty Commission

Medical Personnel	\$	29,561	
Board and Committee Members Fees		80,750	
Social Security		4,951	
Employer Medicare		1,158	
Advertising		10,512	
Audit Services		19,535	
Dues and Memberships		8,853	
Legal Services		28,317	
Other Contracted Services		37,655	
Office Supplies		437	
Other Charges		2,160	
Data Processing Equipment		2,326	
Office Equipment		832	
Total County Commission			\$ 227,047

Board of Equalization

Board and Committee Members Fees	\$	950	
Total Board of Equalization			950

County Mayor/Executive

County Official/Administrative Officer	\$	101,928	
Part-time Personnel		7,198	
Longevity Pay		2,600	
Other Salaries and Wages		66,291	
Social Security		10,938	
Pensions		18,615	
Life Insurance		177	
Medical Insurance		23,170	
Dental Insurance		605	
Unemployment Compensation		85	
Employer Medicare		2,558	
Advertising		146	
Communication		247	
Dues and Memberships		956	
Pauper Burials		3,000	
Travel		4,202	
Office Supplies		1,370	
Other Charges		14,072	
Office Equipment		3,748	
Total County Mayor/Executive			261,906

Election Commission

Supervisor/Director	\$	78,934	
Clerical Personnel		65,521	
Part-time Personnel		11,808	
Longevity Pay		1,900	
Election Commission		7,125	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Workers	\$	22,289	
Social Security		9,960	
Pensions		16,099	
Life Insurance		220	
Medical Insurance		34,033	
Dental Insurance		624	
Unemployment Compensation		134	
Employer Medicare		2,330	
Advertising		4,412	
Communication		3,410	
Data Processing Services		4,700	
Dues and Memberships		1,250	
Maintenance Agreements		18,967	
Postal Charges		4,116	
Printing, Stationery, and Forms		455	
Travel		2,786	
Other Contracted Services		150	
Data Processing Supplies		1,415	
Office Supplies		4,280	
Data Processing Equipment		3,402	
Total Election Commission			\$ 300,320

Register of Deeds

County Official/Administrative Officer	\$	87,705	
Clerical Personnel		121,862	
Part-time Personnel		14,927	
Longevity Pay		2,300	
Social Security		13,563	
Pensions		22,636	
Life Insurance		267	
Medical Insurance		34,312	
Dental Insurance		832	
Unemployment Compensation		114	
Employer Medicare		3,172	
Data Processing Services		18,697	
Dues and Memberships		805	
Maintenance Agreements		1,592	
Travel		524	
Office Supplies		1,496	
Other Charges		192	
Total Register of Deeds			324,996

Codes Compliance

Supervisor/Director	\$	51,244	
Clerical Personnel		30,266	
Longevity Pay		2,800	
Social Security		5,188	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance (Cont.)

Pensions	\$	9,274	
Life Insurance		146	
Medical Insurance		15,888	
Dental Insurance		416	
Unemployment Compensation		56	
Employer Medicare		1,213	
Communication		650	
Other Contracted Services		6,900	
Gasoline		812	
Office Supplies		420	
Total Codes Compliance			\$ 125,273

County Buildings

Supervisor/Director	\$	45,143	
Custodial Personnel		66,055	
Maintenance Personnel		96,538	
Longevity Pay		6,000	
Social Security		12,671	
Pensions		23,004	
Life Insurance		430	
Medical Insurance		58,053	
Dental Insurance		1,233	
Unemployment Compensation		196	
Employer Medicare		2,963	
Communication		19,734	
Janitorial Services		14,190	
Maintenance Agreements		98,409	
Maintenance and Repair Services - Buildings		194,486	
Maintenance and Repair Services - Vehicles		3,582	
Pest Control		7,765	
Postal Charges		47,692	
Other Contracted Services		11,570	
Custodial Supplies		12,905	
Diesel Fuel		393	
Electricity		128,048	
Gasoline		8,217	
Natural Gas		30,672	
Office Supplies		1,753	
Uniforms		4,329	
Water and Sewer		29,968	
Building and Contents Insurance		48,531	
Vehicle and Equipment Insurance		2,212	
Other Charges		6,427	
Office Equipment		1,023	
Other Equipment		3,033	
Total County Buildings			987,225

(Continued)



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

General Fund (Cont.)

General Government (Cont.)

Other Facilities

Supervisor/Director	\$	45,900	
Mechanic(s)		51,820	
Longevity Pay		2,300	
Overtime Pay		4,104	
Bonus Payments		3,000	
In-service Training		60	
Social Security		6,467	
Pensions		11,275	
Life Insurance		220	
Medical Insurance		27,711	
Dental Insurance		416	
Unemployment Compensation		84	
Employer Medicare		1,512	
Communication		3,150	
Other Contracted Services		1,874	
Gasoline		5,782	
Office Supplies		1,249	
Tires and Tubes		44,363	
Uniforms		1,624	
Vehicle Parts		132,057	
Other Charges		968	
Other Equipment		5,991	
Total Other Facilities			\$ 351,927

Preservation of Records

Maintenance and Repair Services - Office Equipment	\$	2,704	
Office Supplies		3,927	
Data Processing Equipment		1,821	
Total Preservation of Records			8,452

Finance

Accounting and Budgeting

Assistant(s)	\$	45,533	
Supervisor/Director		88,237	
Deputy(ies)		52,840	
Part-time Personnel		1,265	
Longevity Pay		8,100	
Other Salaries and Wages		293,525	
In-service Training		220	
Social Security		27,547	
Pensions		50,770	
Life Insurance		799	
Medical Insurance		114,743	
Dental Insurance		2,065	
Unemployment Compensation		341	
Employer Medicare		6,442	
Communication		3,596	

(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	\$	24,928	
Travel		275	
Other Contracted Services		6,016	
Data Processing Supplies		1,831	
Office Supplies		2,993	
Other Charges		754	
Data Processing Equipment		6,103	
Furniture and Fixtures		1,477	
Office Equipment		100	
Total Accounting and Budgeting			\$ 740,500

Property Assessor's Office

County Official/Administrative Officer	\$	88,455	
Assessment Personnel		224,973	
Part-time Personnel		18,027	
Longevity Pay		4,700	
Social Security		20,072	
Pensions		34,409	
Life Insurance		475	
Medical Insurance		55,739	
Dental Insurance		1,203	
Unemployment Compensation		224	
Employer Medicare		4,694	
Audit Services		23,109	
Data Processing Services		25,328	
Maintenance Agreements		3,933	
Postal Charges		1,095	
Travel		817	
Other Contracted Services		742	
Gasoline		1,254	
Office Supplies		946	
Other Supplies and Materials		1,306	
Other Charges		305	
Data Processing Equipment		970	
Furniture and Fixtures		7,169	
Office Equipment		315	
Total Property Assessor's Office			520,260

County Trustee's Office

Life Insurance	\$	267	
Medical Insurance		34,707	
Dental Insurance		624	
Unemployment Compensation		95	
Communication		1,839	
Data Processing Services		10,159	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		544	

(Continued)

## Exhibit K-7

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

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

Maintenance Agreements	\$	18,166	
Travel		249	
Office Supplies		2,498	
Other Charges		64	
Data Processing Equipment		1,978	
Furniture and Fixtures		566	
Total County Trustee's Office			\$ 71,906

County Clerk's Office

Life Insurance	\$	729	
Medical Insurance		84,945	
Dental Insurance		1,880	
Unemployment Compensation		365	
Communication		3,733	
Dues and Memberships		545	
Maintenance Agreements		19,867	
Rentals		1,375	
Travel		813	
Office Supplies		13,088	
Other Charges		436	
Data Processing Equipment		27,516	
Furniture and Fixtures		15,217	
Total County Clerk's Office			170,509

Data Processing

Supervisor/Director	\$	58,601	
Longevity Pay		1,000	
Social Security		3,725	
Pensions		6,556	
Life Insurance		73	
Medical Insurance		7,440	
Dental Insurance		208	
Unemployment Compensation		28	
Employer Medicare		871	
Communication		648	
Travel		671	
Other Contracted Services		55,702	
Gasoline		1,000	
Other Supplies and Materials		81	
Other Charges		1,566	
Data Processing Equipment		2,861	
Other Equipment		4,950	
Total Data Processing			145,981

Other Finance

Legal Notices, Recording, and Court Costs	\$	34	
Other Contracted Services		4,035	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Finance (Cont.)Other Finance (Cont.)

Liability Insurance	\$	35,532	
Premiums on Corporate Surety Bonds		300	
Trustee's Commission		293,126	
Workers' Compensation Insurance		30	
Tax Relief Program		165,998	
Land		200	
Total Other Finance			\$ 499,255

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	87,705	
Clerical Personnel		379,706	
Part-time Personnel		10,821	
Longevity Pay		10,400	
Jury and Witness Expense		6,485	
Social Security		29,141	
Pensions		50,641	
Life Insurance		841	
Medical Insurance		100,736	
Dental Insurance		2,345	
Unemployment Compensation		395	
Employer Medicare		6,815	
Communication		7,411	
Maintenance Agreements		33,977	
Postal Charges		5,977	
Internet Connectivity		9,568	
Travel		668	
Other Contracted Services		56,430	
Data Processing Supplies		4,236	
Office Supplies		8,885	
Other Charges		635	
Data Processing Equipment		14,083	
Office Equipment		716	
Total Circuit Court			828,617

General Sessions Court

County Official/Administrative Officer	\$	171,037	
Secretary(ies)		42,840	
Longevity Pay		1,500	
Other Salaries and Wages		23,686	
Other Per Diem and Fees		20,666	
Social Security		12,402	
Pensions		25,812	
Life Insurance		187	
Medical Insurance		20,590	
Dental Insurance		427	
Unemployment Compensation		62	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Employer Medicare	\$	3,393	
Communication		733	
Dues and Memberships		607	
Maintenance Agreements		926	
Rentals		11,600	
Travel		2,987	
Other Contracted Services		40	
Library Books/Media		891	
Office Supplies		3,877	
Other Charges		675	
Total General Sessions Court			\$ 344,938

Drug Court

Contracts with Government Agencies	\$	23,246	
Total Drug Court			23,246

Chancery Court

County Official/Administrative Officer	\$	87,705	
Deputy(ies)		76,055	
Longevity Pay		1,500	
Social Security		9,771	
Pensions		17,417	
Life Insurance		157	
Medical Insurance		23,328	
Dental Insurance		624	
Unemployment Compensation		56	
Employer Medicare		2,285	
Advertising		1,380	
Communication		243	
Dues and Memberships		260	
Maintenance Agreements		10,094	
Travel		349	
Office Supplies		2,669	
Total Chancery Court			233,893

Juvenile Court

Youth Service Officer(s)	\$	116,292	
Attendants		32,535	
Longevity Pay		4,300	
In-service Training		800	
Social Security		8,679	
Pensions		16,492	
Life Insurance		271	
Medical Insurance		31,967	
Dental Insurance		556	
Unemployment Compensation		109	
Employer Medicare		2,030	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Communication	\$	6,295	
Contracts with Government Agencies		11,100	
Data Processing Services		3,400	
Dues and Memberships		120	
Maintenance Agreements		4,961	
Postal Charges		94	
Travel		2,071	
Drug Treatment		437	
Gasoline		728	
Law Enforcement Supplies		174	
Office Supplies		3,996	
Uniforms		170	
Other Supplies and Materials		4,928	
Other Charges		293	
Total Juvenile Court			\$ 252,798

Other Administration of Justice

Evaluation and Testing	\$	13,750	
Total Other Administration of Justice			13,750

Victim Assistance Programs

Other Salaries and Wages	\$	37,596	
Social Security		2,297	
Pensions		3,384	
Life Insurance		73	
Medical Insurance		7,944	
Dental Insurance		341	
Unemployment Compensation		28	
Employer Medicare		537	
Communication		1,250	
Postal Charges		220	
Travel		2,241	
Remittance of Revenue Collected		24,018	
Office Supplies		586	
Other Charges		195	
Total Victim Assistance Programs			80,710

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	97,075	
Assistant(s)		192,743	
Deputy(ies)		1,351,018	
Detective(s)		358,628	
Secretary(ies)		29,781	
Part-time Personnel		217,316	
Longevity Pay		21,900	
Overtime Pay		31,065	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

In-service Training	\$	37,425	
Social Security		146,349	
Pensions		162,397	
Life Insurance		3,854	
Medical Insurance		441,062	
Dental Insurance		8,313	
Unemployment Compensation		2,101	
Employer Medicare		34,227	
Other Fringe Benefits		74,855	
Communication		71,753	
Data Processing Services		520	
Dues and Memberships		2,829	
Maintenance Agreements		30,546	
Maintenance and Repair Services - Equipment		3,453	
Maintenance and Repair Services - Vehicles		28,117	
Medical and Dental Services		10	
Postal Charges		2,831	
Rentals		351	
Travel		10,709	
Other Contracted Services		8,679	
Gasoline		169,273	
Instructional Supplies and Materials		568	
Library Books/Media		255	
Office Supplies		9,174	
Uniforms		68,419	
Liability Insurance		58,381	
Vehicle and Equipment Insurance		26,294	
Workers' Compensation Insurance		124,229	
Other Charges		5,248	
Motor Vehicles		129,615	
Other Equipment		78,374	
Total Sheriff's Department			\$ 4,039,737

Wheel Tax Officer

Part-time Personnel	\$	14,147	
Social Security		877	
Unemployment Compensation		28	
Employer Medicare		205	
Office Supplies		1,400	
Office Equipment		1,453	
Total Wheel Tax Officer			18,110

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	3,050	
Other Equipment		6,065	
Total Administration of the Sexual Offender Registry			9,115

(Continued)

## Exhibit K-7

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

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

Medical Personnel	\$	33,666	
Guards		1,051,615	
Cafeteria Personnel		61,411	
Part-time Personnel		110,465	
Longevity Pay		13,000	
Overtime Pay		897	
In-service Training		2,851	
Social Security		81,409	
Pensions		119,135	
Life Insurance		2,641	
Medical Insurance		282,180	
Dental Insurance		5,554	
Unemployment Compensation		1,765	
Employer Medicare		19,039	
Other Fringe Benefits		59,242	
Medical and Dental Services		336,761	
Other Contracted Services		211,452	
Custodial Supplies		40,959	
Electricity		144,912	
Food Supplies		310,735	
Natural Gas		39,068	
Uniforms		10,474	
Water and Sewer		64,326	
Building and Contents Insurance		44,599	
Other Charges		11,068	
Other Equipment		44,443	
Total Jail			\$ 3,103,667

Workhouse

Guards	\$	183,763	
Longevity Pay		800	
Overtime Pay		236	
Social Security		11,820	
Pensions		17,817	
Life Insurance		466	
Medical Insurance		50,521	
Dental Insurance		525	
Unemployment Compensation		235	
Employer Medicare		2,764	
Other Fringe Benefits		11,031	
Electricity		21,402	
Natural Gas		3,756	
Water and Sewer		18,290	
Total Workhouse			323,426

Inspection and Regulation

Supervisor/Director	\$	46,788	
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(Continued)



## Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Inspection and Regulation (Cont.)

Longevity Pay	\$	800	
Social Security		2,985	
Pensions		5,235	
Life Insurance		58	
Medical Insurance		7,944	
Dental Insurance		208	
Unemployment Compensation		28	
Employer Medicare		698	
Communication		650	
Dues and Memberships		310	
Printing, Stationery, and Forms		464	
Travel		83	
Gasoline		2,715	
Office Supplies		536	
Refunds		6,522	
Total Inspection and Regulation			\$ 76,024

Other Public Safety

Contributions	\$	636,766	
Total Other Public Safety			636,766

Public Health and WelfareLocal Health Center

Clerical Personnel	\$	130,706	
Part-time Personnel		38,771	
Longevity Pay		900	
Social Security		10,339	
Pensions		13,925	
Life Insurance		305	
Medical Insurance		26,623	
Dental Insurance		654	
Unemployment Compensation		227	
Employer Medicare		2,418	
Communication		5,805	
Contracts with Government Agencies		34,742	
Travel		4,035	
Utilities		20,190	
Workers' Compensation Insurance		800	
Other Charges		5,806	
Total Local Health Center			296,246

Rabies and Animal Control

Longevity Pay	\$	1,300	
Other Salaries and Wages		59,688	
Social Security		3,395	
Pensions		6,935	
Life Insurance		140	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Medical Insurance	\$	19,962	
Dental Insurance		397	
Unemployment Compensation		56	
Employer Medicare		794	
Other Fringe Benefits		3,626	
Communication		2,128	
Gasoline		8,726	
Uniforms		198	
Vehicle and Equipment Insurance		174	
Workers' Compensation Insurance		1,861	
Other Equipment		7,084	
Total Rabies and Animal Control			\$ 116,464

Ambulance/Emergency Medical Services

Assistant(s)	\$	224,125
Supervisor/Director		69,429
Medical Personnel		3,000
Clerical Personnel		88,518
Attendants		1,666,991
Part-time Personnel		154,420
Longevity Pay		43,600
Overtime Pay		471,548
Other Salaries and Wages		9,952
Social Security		171,714
Pensions		285,645
Life Insurance		3,373
Medical Insurance		403,301
Dental Insurance		7,496
Unemployment Compensation		1,739
Employer Medicare		40,159
Other Fringe Benefits		121,640
Communication		36,485
Data Processing Services		15,128
Maintenance Agreements		22,570
Maintenance and Repair Services - Equipment		13,550
Postal Charges		7,945
Travel		660
Other Contracted Services		123,879
Diesel Fuel		109,119
Drugs and Medical Supplies		224,334
Office Supplies		7,655
Uniforms		21,822
Other Supplies and Materials		6,781
Building and Contents Insurance		6,401
Liability Insurance		7,423
Refunds		10,503
Vehicle and Equipment Insurance		24,226

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Workers' Compensation Insurance	\$	212,399	
Other Charges		8,749	
Data Processing Equipment		11,976	
Furniture and Fixtures		4,713	
Motor Vehicles		383,782	
Other Equipment		84,663	
Total Ambulance/Emergency Medical Services			\$ 5,111,413

Sanitation Education/Information

Guards	\$	36,932	
Longevity Pay		1,200	
Social Security		2,355	
Pensions		4,195	
Life Insurance		73	
Medical Insurance		7,944	
Dental Insurance		208	
Unemployment Compensation		28	
Employer Medicare		551	
Communication		50	
Gasoline		4,056	
Instructional Supplies and Materials		4,626	
Other Supplies and Materials		385	
Vehicle and Equipment Insurance		112	
Total Sanitation Education/Information			62,715

Other Public Health and Welfare

Supervisor/Director	\$	55,367	
Longevity Pay		3,000	
Other Salaries and Wages		30,713	
Social Security		5,529	
Pensions		9,799	
Life Insurance		121	
Medical Insurance		15,888	
Dental Insurance		416	
Unemployment Compensation		56	
Employer Medicare		1,293	
Communication		813	
Postal Charges		110	
Travel		150	
Gasoline		2,475	
Office Supplies		965	
Chemicals		780	
Refunds		515	
Office Equipment		1,000	
Other Equipment		338	
Total Other Public Health and Welfare			129,328

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Assistant(s)	\$	95,230	
Supervisor/Director		36,066	
Salary Supplements		4,600	
Longevity Pay		1,100	
Social Security		8,104	
Pensions		12,948	
Life Insurance		359	
Medical Insurance		40,525	
Dental Insurance		813	
Unemployment Compensation		198	
Employer Medicare		1,895	
Communication		574	
Maintenance Agreements		154	
Travel		883	
Office Supplies		600	
Vehicle and Equipment Insurance		902	
Other Charges		40	
Office Equipment		500	
Total Senior Citizens Assistance			\$ 205,491

Libraries

Librarians	\$	216,348	
Part-time Personnel		49,697	
Longevity Pay		3,000	
Social Security		15,735	
Pensions		21,645	
Life Insurance		546	
Medical Insurance		69,146	
Dental Insurance		1,422	
Unemployment Compensation		406	
Employer Medicare		3,680	
Communication		4,185	
Contracts with Private Agencies		480	
Maintenance and Repair Services - Equipment		4,141	
Travel		663	
Instructional Supplies and Materials		87	
Library Books/Media		27,844	
Office Supplies		2,484	
Periodicals		2,500	
Utilities		3,073	
Other Supplies and Materials		3,105	
Other Charges		27,023	
Other Equipment		6,468	
Total Libraries			463,678

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	65,241	
Social Security		3,946	
Pensions		8,438	
Medical Insurance		5,747	
Unemployment Compensation		19	
Employer Medicare		921	
Other Fringe Benefits		2,727	
Communication		5,375	
Dues and Memberships		225	
Maintenance Agreements		898	
Printing, Stationery, and Forms		890	
Travel		4,634	
Electricity		2,360	
Instructional Supplies and Materials		499	
Natural Gas		1,251	
Water and Sewer		319	
Workers' Compensation Insurance		120	
Other Charges		715	
Total Agricultural Extension Service			\$ 104,325

Soil Conservation

Secretary(ies)	\$	25,928	
Longevity Pay		400	
Social Security		1,623	
Pensions		2,896	
Life Insurance		73	
Medical Insurance		7,944	
Dental Insurance		208	
Unemployment Compensation		28	
Employer Medicare		380	
Dues and Memberships		360	
Travel		933	
Total Soil Conservation			40,773

Other Operations

Veterans' Services

Supervisor/Director	\$	32,727	
Longevity Pay		300	
Social Security		2,048	
Pensions		2,957	
Life Insurance		37	
Unemployment Compensation		28	
Employer Medicare		479	
Communication		1,137	
Travel		493	
Office Supplies		944	
Other Charges		73	
Data Processing Equipment		747	
Total Veterans' Services			41,970

(Continued)

## Exhibit K-7

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

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

Contributions	\$ 1,266,468	
Total Contributions to Other Agencies		\$ 1,266,468

COVID-19 Grant C

Other Supplies and Materials	\$ 4,349	
Total COVID-19 Grant C		4,349

Capital ProjectsOther General Government Projects

Building Improvements	\$ 108,394	
Total Other General Government Projects		108,394

Education Capital Projects

Contributions	\$ 24,145	
Total Education Capital Projects		24,145

Total General Fund		\$ 22,697,063
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Courthouse and Jail Maintenance FundFinanceOther Finance

Trustee's Commission	\$ 470	
Total Other Finance		\$ 470

Total Courthouse and Jail Maintenance Fund		470
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Law Library FundFinanceOther Finance

Trustee's Commission	\$ 112	
Total Other Finance		\$ 112

Public SafetyJail

Library Books/Media	\$ 16,237	
Total Jail		16,237

Total Law Library Fund		16,349
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Solid Waste/Sanitation FundPublic Health and WelfareWaste Pickup

Supervisor/Director	\$ 33,676
Part-time Personnel	31,752
Longevity Pay	9,600
Overtime Pay	38,382
Other Salaries and Wages	361,228

(Continued)

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.)

Social Security	\$	28,682	
Pensions		45,757	
Life Insurance		981	
Medical Insurance		122,382	
Dental Insurance		2,046	
Unemployment Compensation		2,137	
Employer Medicare		6,708	
Contracts with Private Agencies		9,600	
Maintenance and Repair Services - Vehicles		106,728	
Rentals		7,928	
Travel		75	
Disposal Fees		815,281	
Diesel Fuel		37,619	
Gasoline		4,307	
Lubricants		10,117	
Tires and Tubes		29,553	
Uniforms		4,870	
Utilities		16,911	
Other Supplies and Materials		9,649	
Building and Contents Insurance		224	
Liability Insurance		311	
Trustee's Commission		35,356	
Vehicle and Equipment Insurance		19,511	
Workers' Compensation Insurance		42,984	
Other Charges		6,228	
Solid Waste Equipment		31,724	
Total Waste Pickup			\$ 1,872,307

Total Solid Waste/Sanitation Fund \$ 1,872,307

Drug Control Fund

Public Safety

Drug Enforcement

Veterinary Services	\$	1,495	
Other Contracted Services		6,948	
Animal Food and Supplies		4,748	
Law Enforcement Supplies		4,697	
Trustee's Commission		222	
Other Charges		3,186	
Other Equipment		15,252	
Total Drug Enforcement			\$ 36,548

Total Drug Control Fund 36,548

(Continued)

## Exhibit K-7

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

Other Special Revenue FundFinanceOther Finance

Trustee's Commission	\$ 7,587	
Total Other Finance		\$ 7,587

Total Other Special Revenue Fund \$ 7,587

Constitutional Officers - Fees FundGeneral GovernmentRegister of Deeds

Constitutional Officers' Operating Expenses	\$ 416	
Total Register of Deeds		\$ 416

FinanceCounty Trustee's Office

Constitutional Officers' Operating Expenses	\$ 253,806	
Total County Trustee's Office		253,806

County Clerk's Office

Special Commissioner Fees/Special Master Fees	\$ 13,890	
Constitutional Officers' Operating Expenses	545,560	
Total County Clerk's Office		559,450

Total Constitutional Officers - Fees Fund 813,672

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 96,475	
Accountants/Bookkeepers	49,946	
Clerical Personnel	24,870	
Longevity Pay	1,500	
Board and Committee Members Fees	17,520	
Social Security	11,811	
Pensions	18,050	
Life Insurance	214	
Medical Insurance	21,752	
Dental Insurance	378	
Unemployment Compensation	75	
Employer Medicare	2,762	
Communication	9,226	
Data Processing Services	176	
Dues and Memberships	3,404	
Legal Services	1,332	
Legal Notices, Recording, and Court Costs	610	
Postal Charges	289	
Travel	428	
Other Contracted Services	4,365	
Office Supplies	2,793	

(Continued)



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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Other Charges	\$	5,678	
Office Equipment		3,365	
Total Administration			\$ 277,019

Highway and Bridge Maintenance

Laborers	\$	1,037,198	
Longevity Pay		32,300	
Overtime Pay		106,074	
Social Security		71,302	
Pensions		121,600	
Life Insurance		2,192	
Medical Insurance		267,082	
Dental Insurance		4,651	
Unemployment Compensation		756	
Employer Medicare		16,675	
Rentals		1,456	
Asphalt - Liquid		975,196	
Other Road Materials		85,027	
Pipe - Metal		24,689	
Road Signs		19,988	
Uniforms		11,812	
Other Supplies and Materials		14,744	
Total Highway and Bridge Maintenance			2,792,742

Operation and Maintenance of Equipment

Mechanic(s)	\$	200,766	
Longevity Pay		4,600	
Overtime Pay		48,225	
Social Security		15,406	
Pensions		27,316	
Life Insurance		433	
Medical Insurance		48,678	
Dental Insurance		234	
Unemployment Compensation		147	
Employer Medicare		3,603	
Maintenance and Repair Services - Equipment		183,963	
Diesel Fuel		41,764	
Gasoline		74,935	
Lubricants		29,653	
Natural Gas		64,295	
Tires and Tubes		33,852	
Water and Sewer		370	
Other Supplies and Materials		7,196	
Other Equipment		174,649	
Total Operation and Maintenance of Equipment			960,085

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations

Laborers	\$	258,623	
Longevity Pay		5,500	
Overtime Pay		45,216	
Social Security		17,746	
Pensions		29,549	
Life Insurance		608	
Medical Insurance		81,984	
Dental Insurance		1,300	
Unemployment Compensation		265	
Employer Medicare		4,150	
Explosive and Drilling Services		62,528	
Maintenance and Repair Services - Equipment		25,162	
Electricity		147,037	
Other Charges		11,087	
Total Quarry Operations			\$ 690,755

Asphalt Plant Operations

Maintenance and Repair Services - Equipment	\$	51,043	
Other Contracted Services		5,200	
Total Asphalt Plant Operations			56,243

Other Charges

Building and Contents Insurance	\$	8,256	
Liability Insurance		8,536	
Trustee's Commission		73,114	
Vehicle and Equipment Insurance		19,100	
Total Other Charges			109,006

Employee Benefits

Workers' Compensation Insurance	\$	131,294	
Total Employee Benefits			131,294

Capital Outlay

Bridge Construction	\$	39,500	
Total Capital Outlay			39,500

Total Highway/Public Works Fund \$ 5,056,644

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	400,000	
Principal on Other Loans		855,000	
Total General Government			\$ 1,255,000

Education

Principal on Bonds	\$	2,475,000	
Principal on Other Loans		878,491	
Total Education			3,353,491

(Continued)

## Exhibit K-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 154,987	
Interest on Other Loans	120,485	
Total General Government		\$ 275,472

Education

Interest on Bonds	\$ 2,052,604	
Interest on Other Loans	538,234	
Total Education		2,590,838

Other Debt Service

General Government

Trustee's Commission	\$ 104,977	
Underwriter's Discount	74,837	
Other Debt Issuance Charges	136,352	
Other Debt Service	25,955	
Total General Government		342,121

Total General Debt Service Fund \$ 7,816,922

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Interest on Notes	\$ 2,400	
Administration Equipment	476,514	
Building Improvements	22,025	
Total Administration of Justice Projects		\$ 500,939

Public Safety Projects

Building Improvements	\$ 66,041	
Total Public Safety Projects		66,041

Public Health and Welfare Projects

Building Improvements	\$ 160,131	
Total Public Health and Welfare Projects		160,131

Agriculture and Natural Resources Projects

Building Improvements	\$ 61,137	
Total Agriculture and Natural Resources Projects		61,137

Other General Government Projects

Trustee's Commission	\$ 300	
Building Improvements	105,900	
Data Processing Equipment	812	
Total Other General Government Projects		107,012

Total General Capital Projects Fund 895,260

(Continued)

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

<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Health and Welfare Projects</u>			
Other Contracted Services	\$	12,750	
Total Public Health and Welfare Projects			\$ 12,750
Total Other Capital Projects Fund			\$ 12,750
Total Governmental Funds - Primary Government			\$ 39,225,572

## 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, 2020

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 18,532,037	
Career Ladder Program	65,831	
Educational Assistants	107,845	
Longevity Pay	2,063	
Other Salaries and Wages	153,310	
Certified Substitute Teachers	69,327	
Non-certified Substitute Teachers	284,161	
Social Security	1,111,953	
Pensions	1,709,947	
Life Insurance	29,095	
Medical Insurance	3,672,677	
Dental Insurance	79,266	
Employer Medicare	263,241	
Retirement - Hybrid Stabilization	133,063	
Other Contracted Services	158,148	
Instructional Supplies and Materials	328,245	
Textbooks - Electronic	115,984	
Textbooks - Bound	529,823	
Fee Waivers	150,000	
Other Charges	7,044	
Regular Instruction Equipment	299,145	
Total Regular Instruction Program		\$ 27,802,205

Alternative Instruction Program

Teachers	\$ 147,932	
Educational Assistants	12,290	
Longevity Pay	640	
Social Security	9,663	
Pensions	17,147	
Life Insurance	304	
Medical Insurance	31,359	
Dental Insurance	768	
Employer Medicare	2,260	
Instructional Supplies and Materials	2,128	
Other Supplies and Materials	971	
Total Alternative Instruction Program		225,462

Special Education Program

Teachers	\$ 1,920,994	
Career Ladder Program	5,000	
Homebound Teachers	4,316	
Educational Assistants	154,377	
Speech Pathologist	401,931	
Other Salaries and Wages	2,490	
Social Security	146,736	
Pensions	227,825	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	4,503	
Medical Insurance		552,924	
Dental Insurance		13,026	
Employer Medicare		34,489	
Instructional Supplies and Materials		18,195	
Other Supplies and Materials		1,328	
Other Charges		797	
Special Education Equipment		9,975	
Total Special Education Program			\$ 3,498,906

Career and Technical Education Program

Teachers	\$	1,472,308	
Career Ladder Program		2,000	
Non-certified Substitute Teachers		2,550	
Social Security		88,099	
Pensions		143,193	
Life Insurance		2,074	
Medical Insurance		234,229	
Dental Insurance		5,808	
Employer Medicare		20,614	
Maintenance and Repair Services - Equipment		750	
Instructional Supplies and Materials		72,014	
Vocational Instruction Equipment		75,902	
Total Career and Technical Education Program			2,119,541

Support Services

Attendance

Supervisor/Director	\$	90,792	
Career Ladder Program		3,550	
Other Salaries and Wages		108,520	
Social Security		9,448	
Pensions		17,368	
Life Insurance		220	
Medical Insurance		27,988	
Dental Insurance		488	
Employer Medicare		2,816	
Travel		517	
Other Supplies and Materials		336	
In Service/Staff Development		849	
Total Attendance			262,892

Health Services

Supervisor/Director	\$	102,330	
Medical Personnel		339,354	
Secretary(ies)		32,370	
Longevity Pay		7,929	

(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.)

Other Salaries and Wages	\$	14,157	
Social Security		29,865	
Pensions		44,710	
Life Insurance		1,075	
Medical Insurance		110,426	
Dental Insurance		2,646	
Employer Medicare		6,984	
Postal Charges		400	
Travel		2,442	
Other Supplies and Materials		14,717	
In Service/Staff Development		3,388	
Health Equipment		8,462	
Other Equipment		2,225	
Total Health Services			\$ 723,480

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		992,800	
Other Salaries and Wages		3,688	
Social Security		60,096	
Pensions		90,072	
Life Insurance		1,624	
Medical Insurance		196,424	
Dental Insurance		5,191	
Employer Medicare		14,055	
Evaluation and Testing		8,383	
Travel		4,994	
Other Contracted Services		431,233	
Other Supplies and Materials		15,695	
In Service/Staff Development		8,936	
Other Charges		11,749	
Other Equipment		9,070	
Total Other Student Support			1,856,010

Regular Instruction Program

Supervisor/Director	\$	229,543	
Career Ladder Program		1,333	
Librarians		575,148	
Instructional Computer Personnel		77,684	
Secretary(ies)		37,110	
Clerical Personnel		42,577	
Longevity Pay		3,981	
Other Salaries and Wages		594,374	
Social Security		92,526	
Pensions		158,521	
Life Insurance		2,064	

(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.)

Medical Insurance	\$	253,260	
Dental Insurance		5,465	
Employer Medicare		21,630	
Communication		626	
Travel		6,661	
Other Contracted Services		12,136	
Other Supplies and Materials		17,021	
In Service/Staff Development		69,455	
Other Charges		32,937	
Other Equipment		1,573	
Total Regular Instruction Program			\$ 2,235,625

Alternative Instruction Program

Supervisor/Director	\$	68,331	
Secretary(ies)		17,599	
Longevity Pay		404	
Social Security		5,299	
Pensions		9,244	
Life Insurance		146	
Medical Insurance		14,980	
Dental Insurance		244	
Employer Medicare		1,239	
Communication		1,931	
Travel		249	
Other Contracted Services		1,512	
Office Supplies		1,997	
Other Equipment		262	
Total Alternative Instruction Program			123,437

Special Education Program

Supervisor/Director	\$	97,075	
Career Ladder Program		1,000	
Psychological Personnel		53,663	
Medical Personnel		112,921	
Assessment Personnel		25,200	
Longevity Pay		3,215	
Other Salaries and Wages		43,809	
Social Security		18,414	
Pensions		31,754	
Life Insurance		365	
Medical Insurance		50,882	
Dental Insurance		1,223	
Employer Medicare		4,672	
Communication		1,731	
Contracts with Other Public Agencies		13,470	
Contracts with Private Agencies		3,712	

(Continued)



## Exhibit K-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Special Education Program (Cont.)

Travel	\$	5,112	
Other Contracted Services		41,805	
Total Special Education Program			\$ 510,023

Career and Technical Education Program

Supervisor/Director	\$	151,069	
Career Ladder Program		1,000	
Secretary(ies)		29,145	
Longevity Pay		1,240	
Social Security		10,506	
Pensions		19,507	
Life Insurance		219	
Medical Insurance		29,970	
Dental Insurance		733	
Employer Medicare		2,457	
Communication		781	
Maintenance and Repair Services - Equipment		700	
Travel		3,748	
Other Contracted Services		9,090	
Other Supplies and Materials		2,758	
In Service/Staff Development		1,961	
Other Charges		140	
Total Career and Technical Education Program			265,024

Technology

Instructional Computer Personnel	\$	62,354	
Secretary(ies)		13,394	
Longevity Pay		5,400	
Other Salaries and Wages		346,838	
Social Security		25,423	
Pensions		43,895	
Life Insurance		637	
Medical Insurance		73,628	
Dental Insurance		2,111	
Employer Medicare		5,946	
Communication		275	
Internet Connectivity		98,683	
Other Contracted Services		13,096	
Software		238,166	
Other Supplies and Materials		39,922	
In Service/Staff Development		4,828	
Other Equipment		547,735	
Total Technology			1,522,331

Other Programs

On-behalf Payments to OPEB	\$	291,227	
Total Other Programs			291,227

(Continued)

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

Board and Committee Members Fees	\$	25,200	
Social Security		1,339	
Unemployment Compensation		48,105	
Employer Medicare		365	
Audit Services		19,500	
Dues and Memberships		15,871	
Legal Services		27,380	
Travel		6,403	
Other Contracted Services		3,250	
Trustee's Commission		372,074	
Workers' Compensation Insurance		197,879	
In Service/Staff Development		3,407	
Other Charges		1,036	
Total Board of Education			\$ 721,809

Director of Schools

County Official/Administrative Officer	\$	127,500	
Career Ladder Program		1,000	
Secretary(ies)		68,484	
Longevity Pay		2,200	
Overtime Pay		665	
Social Security		11,721	
Pensions		21,508	
Life Insurance		214	
Medical Insurance		39,397	
Dental Insurance		709	
Employer Medicare		2,741	
Communication		25,175	
Postal Charges		3,938	
Travel		2,582	
Other Contracted Services		11,664	
Office Supplies		3,376	
Other Supplies and Materials		3,673	
In Service/Staff Development		760	
Total Director of Schools			327,307

Office of the Principal

Principals	\$	746,598	
Career Ladder Program		6,500	
Assistant Principals		775,753	
Secretary(ies)		591,494	
Clerical Personnel		129,952	
Longevity Pay		25,131	
Social Security		131,796	
Pensions		235,910	
Life Insurance		3,910	

(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.)

Medical Insurance	\$	485,883	
Dental Insurance		12,234	
Employer Medicare		31,374	
Communication		26,222	
Travel		431	
Other Contracted Services		101,000	
Other Supplies and Materials		10,556	
Total Office of the Principal			\$ 3,314,744

Fiscal Services

Other Charges	\$	405,480	
Total Fiscal Services			405,480

Human Services/Personnel

Supervisor/Director	\$	61,823	
Secretary(ies)		38,332	
Longevity Pay		2,700	
Social Security		5,841	
Pensions		11,314	
Life Insurance		146	
Medical Insurance		18,266	
Dental Insurance		486	
Employer Medicare		1,366	
Advertising		125	
Dues and Memberships		219	
Travel		240	
Other Supplies and Materials		70	
In Service/Staff Development		973	
Total Human Services/Personnel			141,901

Operation of Plant

Supervisor/Director	\$	35,722	
Guards		79,543	
Secretary(ies)		13,394	
Custodial Personnel		897,239	
Longevity Pay		29,908	
Overtime Pay		1,325	
Other Salaries and Wages		29,130	
Social Security		62,878	
Pensions		107,018	
Life Insurance		3,314	
Medical Insurance		389,982	
Dental Insurance		9,298	
Employer Medicare		14,596	
Other Contracted Services		418,853	
Custodial Supplies		165,500	

(Continued)

## Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Electricity	\$	1,377,764	
Natural Gas		223,927	
Water and Sewer		142,628	
Building and Contents Insurance		434,529	
In Service/Staff Development		199	
Other Charges		4,354	
Motor Vehicles		31,500	
Plant Operation Equipment		7,542	
Total Operation of Plant			\$ 4,480,143

Maintenance of Plant

Secretary(ies)	\$	17,100	
Maintenance Personnel		379,076	
Longevity Pay		8,700	
Social Security		24,413	
Pensions		40,544	
Life Insurance		898	
Medical Insurance		84,844	
Dental Insurance		2,522	
Employer Medicare		5,709	
Communication		8,898	
Maintenance and Repair Services - Buildings		97,649	
Maintenance and Repair Services - Equipment		139,111	
Other Contracted Services		146,349	
Other Supplies and Materials		245,657	
Other Charges		3,019	
Maintenance Equipment		24,382	
Total Maintenance of Plant			1,228,871

Transportation

Supervisor/Director	\$	68,740	
Mechanic(s)		118,731	
Bus Drivers		1,185,510	
Clerical Personnel		38,186	
Longevity Pay		4,092	
Other Salaries and Wages		43,906	
Social Security		84,937	
Pensions		45,358	
Life Insurance		412	
Medical Insurance		53,776	
Dental Insurance		1,568	
Employer Medicare		20,992	
Communication		4,329	
Contracts with Public Carriers		2,000	
Maintenance and Repair Services - Vehicles		117,878	
Medical and Dental Services		8,544	

(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.)

Other Contracted Services	\$	43,094	
Diesel Fuel		164,999	
Garage Supplies		852	
Gasoline		43,988	
Lubricants		5,091	
Tires and Tubes		42,424	
Vehicle Parts		100,456	
Other Supplies and Materials		2,766	
In Service/Staff Development		390	
Other Charges		1,142	
Transportation Equipment		203,344	
Total Transportation			\$ 2,407,505

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	81,402	
Longevity Pay		300	
Other Salaries and Wages		151,297	
Social Security		14,195	
Pensions		10,954	
Life Insurance		143	
Medical Insurance		16,731	
Dental Insurance		475	
Employer Medicare		3,320	
Communication		1,221	
Travel		51	
Food Supplies		9,883	
Other Supplies and Materials		7,514	
In Service/Staff Development		575	
Other Charges		25	
Total Community Services			298,086

Early Childhood Education

Teachers	\$	370,793	
Clerical Personnel		4,761	
Educational Assistants		150,136	
Longevity Pay		3,700	
Other Salaries and Wages		292	
Social Security		30,934	
Pensions		47,035	
Life Insurance		1,197	
Medical Insurance		112,054	
Dental Insurance		3,298	
Employer Medicare		7,235	
Travel		50	
Other Contracted Services		1,858	

(Continued)

## Exhibit K-8

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

General Purpose School Fund (Cont.)Operation of Non-Instructional Services (Cont.)Early Childhood Education (Cont.)

Instructional Supplies and Materials	\$	3,275	
In Service/Staff Development		4,431	
Other Charges		4,208	
Total Early Childhood Education			\$ 745,257

Capital OutlayRegular Capital Outlay

Other Contracted Services	\$	2,100	
Building Improvements		323,786	
Total Regular Capital Outlay			325,886

Total General Purpose School Fund \$ 55,833,152

School Federal Projects FundInstructionRegular Instruction Program

Educational Assistants	\$	709,725	
Other Salaries and Wages		29,458	
Social Security		40,578	
Pensions		70,590	
Life Insurance		3,807	
Medical Insurance		438,050	
Dental Insurance		9,854	
Employer Medicare		9,490	
Instructional Supplies and Materials		75,388	
Other Supplies and Materials		1,849	
Regular Instruction Equipment		75,913	
Total Regular Instruction Program			\$ 1,464,702

Special Education Program

Teachers	\$	105,571	
Educational Assistants		570,072	
Speech Pathologist		14,553	
Other Salaries and Wages		21,204	
Non-certified Substitute Teachers		812	
Social Security		41,285	
Pensions		64,239	
Life Insurance		2,983	
Medical Insurance		341,527	
Dental Insurance		7,408	
Employer Medicare		9,510	
Contracts with Other Public Agencies		12,551	
Contracts with Private Agencies		26,566	
Instructional Supplies and Materials		50,676	
Other Supplies and Materials		8,798	
Special Education Equipment		11,146	
Total Special Education Program			1,288,901

(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

Other Salaries and Wages	\$	600	
Social Security		37	
Pensions		64	
Employer Medicare		9	
Instructional Supplies and Materials		27,390	
Other Supplies and Materials		44,307	
Vocational Instruction Equipment		150,104	
Total Career and Technical Education Program			\$ 222,511

Support Services

Health Services

Other Salaries and Wages	\$	41,851	
Social Security		2,585	
Pensions		2,942	
Life Insurance		67	
Medical Insurance		6,897	
Dental Insurance		226	
Employer Medicare		604	
Total Health Services			55,172

Other Student Support

Bus Drivers	\$	850	
Other Salaries and Wages		338,429	
Social Security		19,570	
Pensions		34,635	
Life Insurance		515	
Medical Insurance		64,193	
Dental Insurance		1,716	
Employer Medicare		4,577	
Travel		9,193	
Other Contracted Services		1,119	
Other Supplies and Materials		9,955	
In Service/Staff Development		19,245	
Other Charges		16,494	
Total Other Student Support			520,491

Regular Instruction Program

Supervisor/Director	\$	39,732	
Clerical Personnel		16,892	
Other Salaries and Wages		88,396	
Certified Substitute Teachers		360	
Non-certified Substitute Teachers		1,200	
Social Security		8,684	
Pensions		15,296	
Life Insurance		165	
Medical Insurance		25,310	

(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.)

Dental Insurance	\$	655	
Employer Medicare		2,054	
Other Contracted Services		5,974	
In Service/Staff Development		16,602	
Total Regular Instruction Program			\$ 221,320

Special Education Program

Psychological Personnel	\$	173,663	
Medical Personnel		53,261	
Clerical Personnel		18,080	
Other Salaries and Wages		22,625	
Social Security		16,006	
Pensions		23,601	
Life Insurance		357	
Medical Insurance		38,156	
Dental Insurance		740	
Employer Medicare		3,743	
Travel		257	
Other Contracted Services		2,375	
Other Supplies and Materials		10,516	
In Service/Staff Development		20,975	
Total Special Education Program			384,355

Career and Technical Education Program

In Service/Staff Development	\$	4,658	
Total Career and Technical Education Program			4,658

Transportation

Bus Drivers	\$	36,717	
Other Salaries and Wages		14,365	
Social Security		3,226	
Pensions		1,812	
Employer Medicare		838	
Transportation Equipment		65,000	
Total Transportation			121,958

Operation of Non-Instructional Services

Food Service

Other Salaries and Wages	\$	16,900	
Social Security		1,030	
Pensions		796	
Employer Medicare		245	
Total Food Service			18,971

Community Services

Teachers	\$	29,909	
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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	\$	3,242	
Other Salaries and Wages		4,350	
Social Security		2,311	
Pensions		3,369	
Employer Medicare		541	
Instructional Supplies and Materials		350	
In Service/Staff Development		1,603	
Total Community Services			\$ 45,675

Total School Federal Projects Fund \$ 4,348,714

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	51,534	
Accountants/Bookkeepers		77,460	
Cafeteria Personnel		1,054,230	
Longevity Pay		19,973	
Other Salaries and Wages		5,211	
In-service Training		920	
Social Security		72,042	
Pensions		78,582	
Life Insurance		2,471	
Medical Insurance		259,147	
Dental Insurance		6,154	
Employer Medicare		16,958	
Communication		3,725	
Maintenance and Repair Services - Equipment		100,194	
Transportation - Other than Students		7,378	
Travel		3,601	
Other Contracted Services		166,736	
Food Supplies		1,331,897	
Office Supplies		7,731	
USDA - Commodities		230,583	
Other Supplies and Materials		132,907	
In Service/Staff Development		914	
Food Service Equipment		51,338	
Total Food Service			\$ 3,681,686

Total Central Cafeteria Fund 3,681,686

Education Capital Projects FundCapital ProjectsEducation Capital Projects

Architects	\$	153,170	
Other Contracted Services		941,640	
Building Improvements		44,201	
Total Education Capital Projects			\$ 1,139,011

Total Education Capital Projects Fund 1,139,011

Total Governmental Funds - Jefferson County School Department \$ 65,002,563

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, 2020

	Cities - Sales Tax	Cities - Property Tax	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,376,463	\$ 1,376,463
Trustee's Collections - Prior Years	0	46,395	46,395
Trustee's Collections - Bankruptcy	0	391	391
Circuit/Clerk and Master Collections - Prior Years	0	37,995	37,995
Interest and Penalty	0	7,969	7,969
Local Option Sales Tax	5,862,512	0	5,862,512
Total Cash Receipts	<u>\$ 5,862,512</u>	<u>\$ 1,469,213</u>	<u>\$ 7,331,725</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 5,803,887	\$ 1,446,661	\$ 7,250,548
Trustee's Commission	58,625	28,997	87,622
Total Cash Disbursements	<u>\$ 5,862,512</u>	<u>\$ 1,475,658</u>	<u>\$ 7,338,170</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ (6,445)	\$ (6,445)
Cash Balance, July 1, 2019	0	9,555	9,555
Cash Balance, June 30, 2020	<u>\$ 0</u>	<u>\$ 3,110</u>	<u>\$ 3,110</u>

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

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

Independent Auditor's Report

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, 2020, 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 December 22, 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) as a basis for designing 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 have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

*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: 2020-001 and 2020-002.

*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 deficiency, described in the accompanying Schedule of Findings and Questioned Costs, to be a significant deficiency: 2020-003.

## **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 financial statements. 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 2020-004.

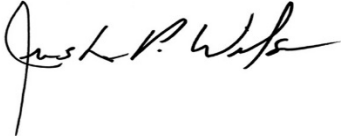
## **Jefferson County's Responses to the Findings**

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,

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

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 22, 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, 2020. 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, 2020.

### **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.

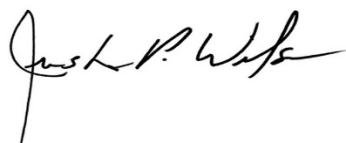
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



## 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, 2020, and the related notes to the financial statements, which collectively comprise Jefferson County's basic financial statements. We issued our report thereon dated December 22, 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

December 22, 2020

JPW/tg

Jefferson County, Tennessee, and the Jefferson County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (7)  
For the Year-Ended June 30, 2020

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed-through to Subrecipients (8)	Expenditures
U.S. Department of Agriculture:				
Passed-through State Department of Education:				
Child Nutrition Cluster: (4)				
School Breakfast Program	10.553	N/A	\$ 0	\$ 453,567 (5)
COVID 19 - School Breakfast Program	10.553	N/A	0	233,079 (5)
National School Lunch Program	10.555	N/A	0	1,388,952 (5)
COVID 19 - National School Lunch Program	10.555	N/A	0	370,808 (5)
Passed-through State Department of Agriculture:				
Child Nutrition Cluster: (4)				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	0	230,583 (5)
Passed Through State Department of Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-20-63769	0	42,875
Total U.S. Department of Agriculture				<u>\$ 2,719,864</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)	0	\$ 12,750
Total U.S. Department of Housing and Urban Development				<u>\$ 12,750</u>
U.S. Department of Justice:				
Direct Program:				
Bulletproof Vest Partnership Program	16.607	N/A	0	\$ 13,125
Passed-through State Commission on Children and Youth:				
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(3)	0	2,025
Passed-through State Department of Finance and Administration:				
Crime Victim Assistance	16.575	(3)	0	47,778
Total U.S. Department of Justice				<u>\$ 62,928</u>
U.S. Department of Labor:				
Passed-through State Department of Labor and Workforce Development:				
COVID 19 - Unemployment Insurance	17.225	N/A	0	\$ 4,699
Total U.S. Department of Labor				<u>\$ 4,699</u>
U.S. Department of Transportation:				
Passed-through State Department of Transportation:				
Alcohol Open Container Requirements	20.607	(6)	0	\$ 5,674
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	(3)	12,284	12,284
Total U.S. Department of Transportation				<u>\$ 17,958</u>
U.S. Institute of Museum and Library Services:				
Passed-through State Library and Archives:				
Grants to States	45.310	(3)	0	\$ 1,517
Total U.S. Institute of Museum and Library Services				<u>\$ 1,517</u>
U.S. Department of Education:				
Passed-through State Department of Education:				
Title 1 Grants to Local Educational Agencies	84.010	N/A	0	\$ 1,984,185
Special Education Cluster: (4)				
Special Education-Grants to States	84.027	N/A	0	1,804,677
Special Education - Preschool Grants	84.173	N/A	0	52,651
Career and Technical Education - Basic Grants to States	84.048	N/A	0	253,946
Twenty-first Century Community Learning Centers	84.287	N/A	0	47,035
English Language Acquisition State Grants	84.365	N/A	0	34,174
Improving Teacher Quality State Grants	84.367	N/A	0	203,446
Student Support and Academic Enrichment Program	84.424	N/A	0	59,784
COVID 19 - Education Stabilization Fund	84.425	N/A	0	18,971
Total U.S. Department of Education				<u>\$ 4,458,869</u>
U.S. Election Assistance Commission:				
Passed-through Tennessee Secretary of State:				
Help America Vote Act Requirements Payments	90.401	N/A	0	\$ 1,837
Total U.S. Election Assistance Commission				<u>\$ 1,837</u>

(Continued)

Jefferson County, Tennessee, and the Jefferson County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (7) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed-through to Subrecipients (8)	Expenditures
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)	\$ 0	\$ 39,239
Passed-through State Department of Health: Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-20-63769	0	118
Family Planning Services	93.217	GG-20-63769	0	5,918
Medicaid Cluster: (4) Medical Assistance Program	93.778	GG-20-63769	0	17,934
Maternal and Child Health Services Block Grant to the States	93.994	GG-20-63769	0	17,565
Total U.S. Department of Health and Human Services				<u>\$ 80,774</u>
U.S. Department of Homeland Security: Passed-through State Department of Military: Emergency Management Performance Grants	97.042	34101-02419	0	\$ 39,150
Total U.S. Department of Homeland Security				<u>\$ 39,150</u>
Total Expenditures of Federal Grants				<u><u>\$ 7,400,346</u></u>

		Contract Number	
<u>State Grants</u>			
Juvenile Justice - State Commission on Children and Youth	N/A	(3)	\$ 9,000
Aging Program - East Tennessee Human Resource Agency	N/A	219-113	11,562
Law Enforcement Training - State Department of Safety	N/A	(3)	39,000
Health Department Program - State Department of Health	N/A	GG-20-63769	144,512
Litter Program - State Department of Transportation	N/A	(3)	48,773
Used Oil Grant - State Department of Environment and Conservation	N/A	(3)	15,434
Waste Tire Grant - State Department of Environment and Conservation	N/A	(3)	21,908
Special Needs Capital Health Department Grant - State Department of Health	N/A	GG-18-58843-00	160,131
Safe Baby Grant Program - Administrative Office of the Courts	N/A	(3)	13,953
COVID 19 - PPE - State Department of Military	N/A	(3)	1,087
Coordinated School Health Program - State Department of Education	N/A	(3)	106,238
Family Resource Centers - State Department of Education	N/A	(3)	88,400
Safe Schools Act - State Department of Education	N/A	(3)	118,079
School Safety Grant - State Department of Education	N/A	(3)	184,270
Early Childhood Education - State Department of Education	N/A	(3)	766,324
State Aid Program - State Department of Transportation	N/A	(3)	489,964
Training Opportunities for the Public (TOP) Grant - Department of Economic and and Community Development	N/A	(3)	2,000
Project Diabetes - State Department of Education	N/A	(3)	150,000
Total State Grants			<u><u>\$ 2,370,635</u></u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
(2) Jefferson County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.  
(3) Information not available.  
(4) Child Nutrition Cluster total \$2,676,989; Special Education Cluster total \$1,857,328;  
Aging Cluster total \$39,239; Medicaid Cluster total \$17,934.  
(5) CFDA Totals: CFDA No. 10.553 \$686,646; CFDA No. 10.555 \$1,990,343.  
(6) Z-19-THS139: \$669; Z-20-THS121: \$5,005.  
(7) For the year ended June 30, 2020, Jefferson County received donated PPE valued at \$4,349 (\$3,262 federal and \$1,087 state) from  
the Tennessee Department of Military. These donations were unaudited.  
(8) SUBRECIPIENTS

Program Title	Federal CFDA Number	Amount Provided to Subrecipient	Subrecipient
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	\$12,284	Jefferson City Fire Department

Jefferson County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2020

*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, 2020.

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

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>JEFFERSON COUNTY</u></b>					
2019	289	2019-001	The Solid Waste Disposal Fund had a Deficit in Unrestricted Net Position	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	290	2019-002	Jefferson County has a Material Recurring Audit Finding	N/A	Not Corrected - See Explanation on Corrective Action Plan
<b><u>OFFICE OF FINANCE DIRECTOR</u></b>					
2019	290	2019-003	The Finance Department had Deficiencies in the Maintenance of Capital Asset Records	N/A	Not Corrected - See Explanation on Corrective Action Plan
<b><u>OFFICE OF TRUSTEE</u></b>					
2019	291	2019-004	Excess Fees Were Not Reported and Paid to the County in Compliance With State Statues	N/A	Corrected
<b><u>OFFICE OF SHERIFF - FORMER SHERIFF BUD MCCOIG</u></b>					
2019	292	2019-005	The Sheriff's Office had Deficiencies in the Recording and Managing of Seized Cash	N/A	Corrected

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

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

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**JEFFERSON COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2020**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

1. Our report on the financial statements of Jefferson County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **YES**
  - \* Significant deficiency identified? **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: 84.010      Title I Grants to Local Education  
Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses 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 2020-001**

#### **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 \$3,501,715 in unrestricted net position at June 30, 2020, an increase of \$304,693 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 \$4,862,500 reported as landfill closure and postclosure care liability at June 30, 2020, represents the cumulative amount reported to date based on 52 percent of the estimated capacity of the Patterson Landfill Site (\$4,117,817) and postclosure care costs of the Highway 92 Landfill Site (\$744,683). 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**

No formal management's response was submitted. However, explanation to the finding is included in the Corrective Action Plan.

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**FINDING 2020-002**

**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>
2020-001, 2019-001, 2018-002	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**

No formal management’s response was submitted. However, explanation to the finding is included in the Corrective Action Plan.

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**OFFICE OF FINANCE DIRECTOR**

**FINDING 2020-003**

**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 the county records reflected duplicate assets totaling \$107,907,271 and related accumulated depreciation of \$40,315,633 on June 30, 2020. After the auditor brought this issue to management’s attention, the software vendor was contacted to make needed corrections. 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 and management’s failure to implement their corrective action plan. We provided management with audit adjustments, which they accepted to properly present capital assets in the financial statements of this report. Without accurate capital asset records, the county and school department cannot adequately control their 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

No formal management's response was submitted. However, explanation to the finding is included in the Corrective Action Plan.

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## FINDING 2020-004

### **THE COUNTY'S BID THRESHOLD WAS NOT IN COMPLIANCE WITH STATE STATUTE** (Noncompliance Under *Government Auditing Standards*)

Jefferson County operates under the County Financial Management System of 1981, which provides for all purchases exceeding \$10,000 to be competitively bid. Section 12-3-1212, *Tennessee Code Annotated*, allows for counties having "centralized purchasing authority with a full-time purchasing agent" to increase its bid threshold to an amount not to exceed \$25,000. Jefferson County raised its bid threshold to \$25,000. However, since the county does not have a full-time purchasing agent, the county is not eligible to raise its bid threshold.

## RECOMMENDATION

To raise the county's bid threshold to \$25,000, the finance director could appoint a deputy to serve as the full-time purchasing agent or the Financial Management Committee could establish a separate purchasing department; otherwise, the finance department should solicit bids for all purchases expected to exceed \$10,000 as provided by the County Financial Management System of 1981.

## MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

No formal management's response was submitted. However, explanation to the finding is included in the Corrective Action Plan.

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### **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, 2020.

**Jefferson County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2020**

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

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

2020-001, 2020-002	The Solid Waste Disposal Fund had a Deficit in Unrestricted Net Position and as a result, Jefferson County has a Material Recurring Audit Finding	275
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**OFFICE OF FINANCE DIRECTOR**

2020-003	The Finance Department had Deficiencies in the Maintenance of Capital Asset Records	276
2020-004	The County's Bid Threshold was not in Compliance with State Statute	277

**AUDITOR'S COMMENTS ON FINANCE DIRECTOR'S CORRECTIVE ACTION PLAN**

2020-004	The County's Bid Threshold was not in Compliance with State Statute	278
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**JEFFERSON COUNTY SANITATION DEPARTMENT**  
P.O. Box 127, DANDRIDGE, TN 37725



Corrective Action Plan

November 16, 2020

**FINDING:**

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

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

**Person Responsible for Implementing the Corrective Action:**  
David Gaut, Solid Waste Director and Audit Committee

**Anticipated Completion Date of Corrective Action:**  
On-Going

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
In fiscal year 2019, Jefferson County Board of Commissioners established a \$500,000.00 committed reserve in General Fund #101 to satisfy part of the closure/post closure liability.

On August 15, 2019, Mayor Mark Potts and Finance Director Langdon Potts signed an amendment of Contract in Lieu of Performance Bonds with the Tennessee Department of Environment and Conservation for proper operation and closure and/or post closure of the Jefferson County Sanitary Landfill for permits #DML450000046 Cell B, DML450000046 Cell C, SNL450000066 and SNL450000241. This document allows the Commissioner of Environment and Conservation to collect up to \$9,612,052.53 from any funds being disbursed or to be disbursed from Jefferson County as a financial assurance for said property operation, closure and post closure as authorized by the Jefferson County Board of Commissioners.

On June 29, 2020, the Jefferson County Board of Commissioners passed Resolution 2020-19 establishing Special Revenue Fund Committed Reserves rules for the benefit of Jefferson County, Tennessee beginning March 24, 2020. This resolution committed nearly \$8,000,000.00 as "Committed for Other Purposes" that may only be used for a.) To supplement the annual budget reducing the need to raise tax rates or cut services during an economic downturn when revenues are declining, b.) To satisfy the Landfill #207 closure/post closure liability, c.) To provide relief caused by a natural disaster, or d.) For temporary operation of a hospital located in Jefferson County in the event the current tenant does not renew the lease agreement.

**Planned Corrective Action:**  
The re-permitting is complete. Therefore the closure and post-closure liability should be reduced. The positive cash flow has helped decrease the deficit but could not eliminate the deficit in one fiscal year.

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: \_\_\_\_\_

*David Gaut*

Date: \_\_\_\_\_

*11-16-20*



# JEFFERSON COUNTY

## FINANCE DEPARTMENT

1244 Gay Street  
PO Box 1749  
Dandridge, TN 37725  
Phone (865) 397-4922  
Fax (865) 397-4537

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### 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

**Person Responsible for Implementing the Corrective Action:**  
Langdon Potts, Finance Director

**Anticipated Completion Date of Corrective Action:**  
November 16, 2020

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:** All corrections were made except a duplication of one asset for \$48,050.00 and related accumulation of \$5,096.70 before pre-audit in May 2020. After the pre-audit the two duplicate assets for \$107,859,211 and related accumulation of \$41,400,509.04 were inadvertently added back to the sub-ledger. Corrections to the sub-ledger were made on October 22, 2020.

**Planned Corrective Action:**  
A more thorough quarterly review process has been put in place.

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Signature: \_\_\_\_\_

*Langdon Potts*

Date: \_\_\_\_\_

*11/16/20*



# JEFFERSON COUNTY

## FINANCE DEPARTMENT

1244 Gay Street  
PO Box 1749  
Dandridge, TN 37725  
Phone (865) 397-4922  
Fax (865) 397-4537

### Corrective Action Plan

#### **FINDING: BID LIMIT NOT IN COMPLIANCE WITH STATUTES**

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

**Person Responsible for Implementing the Corrective Action:**  
Langdon Potts, Finance Director

**Anticipated Completion Date of Corrective Action:**  
No Action Required.

T.C.A. 12-3-1212. Resolution or ordinance to increase threshold amount for requiring public advertisement and competitive bidding "Notwithstanding any charter provision, private act, or other law to the contrary, any county, municipality, utility district, LEA in accordance with § 49-2-203(a), or other local governmental entity having centralized purchasing authority with a full-time purchasing agent is authorized, by resolution or ordinance of its governing body, to increase the threshold over which public advertisement and sealed competitive bids or proposals are required to an amount not to exceed twenty-five thousand dollars (\$25,000) for nonemergency, nonproprietary purchases."

Resolutions 2018-29, 2019-28 and 2020-24 were approved by the Jefferson County Board of Commissioners increasing the bid limit to an amount not to exceed \$25,000.00.

Since July 17, 2006, Jefferson County has operated under the County Financial Management System of 1981 T.C.A. 5-21-118. "Director as purchasing agent — Optional purchasing department" clearly states that the director is the purchasing agent.

(a) The director or a deputy appointed by the director shall serve as the county purchasing agent and shall assist the committee in developing policies and procedures for implementing an economical and efficient purchasing system.

(b) The following shall be the responsibility of the director: (1) The contract, purchase, or any obligation of the county for supplies, material, equipment, contractual services, rental of machinery, buildings, or equipment, transfer of materials, supplies, and equipment between county offices or agencies; (2) Supervision of storeroom or warehouse; (3) Contracts for building construction and the purchase of land; (4) Public sale of all surplus materials, equipment, buildings and land; and (5) Any other created obligation of the county.

(c) (1) Upon the recommendation of the committee and approval of the county legislative body or as authorized by the county legislative body, a separate purchasing department may be established with a person hired as purchasing agent for the county. (2) In the event a separate purchasing department is established and a purchasing agent is hired, all duties and responsibilities relative to purchasing shall be removed from the director.

T.C.A. 12-3-1212 does not indicate that this position must be a separate person or position. Jefferson County clearly meets the statute and does not believe this should be a finding.

**Repeat Finding:**  
No

**Planned Corrective Action:**  
No Action Required.

Signature: \_\_\_\_\_

Date: 11/16/2020

## AUDITOR'S COMMENTS ON FINANCE DIRECTOR'S CORRECTIVE ACTION PLAN

### FINDING 2020-004

### **BID LIMIT NOT IN COMPLIANCE WITH STATUTES**

Jefferson County operates under the County Financial Management System of 1981. We concur with the finance director that he serves as the county purchasing agent unless a deputy is appointed by the director or a separate purchasing department has been established as provided for in Section 5-21-118, *Tennessee Code Annotated (TCA)*. Currently, Jefferson County has not established a separate purchasing department and the finance director has not appointed a deputy to serve as the purchasing agent. We also concur, that Section 5-21-120, *TCA*, allows the Financial Management Committee to increase the dollar limit when formal competitive bids are required but the amount shall not exceed the amount as authorized by state law for the highway and education departments. The bid amount authorized for the highway department and education department is \$10,000.

Section 12-3-1212, *TCA*, provides that a “local governmental entity having centralized purchasing authority with a full-time purchasing agent is authorized, by resolution or ordinance of its governing body, to increase the threshold over which public advertisement and sealed competitive bids or proposals are required to an amount not to exceed twenty-five thousand dollars (\$25,000) for nonemergency, nonproprietary purchases.” Since the finance director is serving as the purchasing agent and given the other duties he is required to perform as the finance director, he cannot be a “full-time purchasing agent” as required by Section 12-3-1212, *TCA*. Therefore, the finance director should appoint a deputy to serve as the purchasing agent, the Financial Management Committee should establish a separate purchasing department, or the finance department should solicit bids for all purchases expected to exceed \$10,000.