

Financial Statements

TOWN OF JACKSBORO, TENNESSEE

Year Ended June 30, 2022

TABLE OF CONTENTS

	<u>Page Nos.</u>
INDEPENDENT ACCOUNTANTS' AUDIT REPORT	1-4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5-10
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	11-12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	16-17
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18-19
Statement of Revenue, Expenditures and Changes in Fund Balance - Actual and Budget - General Fund	20-27
Statement of Revenue, Expenditures and Changes in Fund Balance - Actual and Budget - State Street Aid Fund	28
Statement of Revenue, Expenditures and Changes in Fund Balance - Actual and Budget - Drug Fund	29
Notes to the Financial Statements	30-52

TABLE OF CONTENTS
(continued)

	<u>Page Nos.</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Changes in Net Pension Liability(Asset)	53-56
Pension Contributions	57-59
Changes in Total OPEB Liability	60-61
SUPPLEMENTARY INFORMATION	
Investments	62
General Governmental Revenue by Source - Last Ten Years	63-64
General Governmental Expenditures by Function - Last Ten Years	65-66
Long-Term Debt Requirements	67
Changes in Long-Term Debt by Individual Issue	68-69
Lease Obligations, Principal and Interest Requirements by Fiscal Year	70
Changes in Lease Obligations	71-72
Expenditures of Federal Awards and State Financial Assistance	73
OTHER INFORMATION	
Principal Officials	74
INTERNAL CONTROL AND COMPLIANCE	
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	75-76
Summary Schedule of Prior Year Findings	77

INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Mayor and Aldermen
Town of Jacksboro, Tennessee
Jacksboro, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Town of Jacksboro, Tennessee as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Jacksboro, Tennessee's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Town of Jacksboro, Tennessee as of June 30, 2022, the respective changes in its financial position and the respective budgetary comparisons of the general fund, state street aid fund and police drug fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Jacksboro, Tennessee and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Jacksboro, Tennessee's ability to continue as a going concern within twelve months beyond the date that the financial statements, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Jacksboro, Tennessee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Jacksboro, Tennessee's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 to 10, the schedule of changes in net pension liability(asset) on pages 53 to 56, the schedule of pension contributions on page 57 to 59 and the schedule of changes in total OPEB liability on pages 60 to 61 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other information we obtained during our audit of the 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Town of Jacksboro, Tennessee's financial statements. The accompanying information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedules of investments, general governmental revenue by source – last ten years, general governmental expenditures by function – last ten years, long-term debt requirements, changes in long-term debt by individual issue, lease obligations, principal and interest requirements by fiscal year, changes in lease obligations and expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the schedule of principal officials but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2023 on our consideration of Town of Jacksboro, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Town of Jacksboro, Tennessee'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 Town of Jacksboro, Tennessee's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Mitchell Emert & Hill".

February 13, 2023

The Town of Jacksboro

Post Office Box 75

Telephone (423)562-9312

Jacksboro, Tennessee 37757

Management's Discussion and Analysis For the Year Ended June 30, 2022

The management of Town of Jacksboro, Tennessee (the Town) presents this management's discussion and analysis (MD&A) of the Town's financial condition and results of operations for the fiscal year ended June 30, 2022. This information should be read in conjunction with the accompanying financial statements.

This MD&A also presents an overview of the Town, also known as the primary government. The government-wide financial statements include only the primary government, which is the total reporting entity.

Financial Highlights

The following are key financial highlights:

- The assets of the Town were more than its liabilities at June 30, 2022 by \$5,090,642 (\$4,730,034 in 2021).
- The Town's net position increased by \$539,202 (\$523,519 in 2021) or 12 percent during the year ended June 30, 2022 (13 percent in 2021).
- At June 30, 2022 the Town's governmental funds reported combined ending fund balances of \$2,707,347, an increase of \$400,364 for the year ended June 30, 2022. At June 30, 2021 the Town's governmental funds reported combined ending fund balances of \$2,306,982, an increase of \$348,105. At June 30, 2022 \$2,399,748 (\$2,058,841 in 2021) of the total fund balance was unreserved and available for ongoing operations.
- At June 30, 2022 the unassigned fund balance of the general fund was \$2,399,748 (\$2,058,841 in 2021) or 131 percent (101 percent in 2021) of general fund expenditures. This demonstrates the Town's fiscal discipline and will help meet unexpected emergencies and other uncertainties the Town may face during the course of everyday operations.

Overview of the Financial Statements

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

Government-Wide Financial Statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all the Town's assets and liabilities with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements report functions of the Town that are principally supported by taxes and intergovernmental revenue (governmental activities). The governmental activities of the Town include the following:

- General government
- Public safety
- Highways and Streets
- Solid waste collection and disposal

The government-wide financial statements can be found on pages 11 to 13 of this report.

Fund Financial Statements - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are governmental funds.

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

By doing so, readers may better understand the long-term impact of the Town’s near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenue, expenditures and changes in fund balances for the general fund, state street aid fund, and drug fund. To demonstrate compliance with the budget, budgetary comparison statements have been provided for all major funds and are presented on pages 20 to 29.

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

Internal Control and Compliance Section - This includes the auditors’ report on the Town’s internal controls and compliance.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The Town’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$5,090,642 at June 30, 2022.

By far, the largest portion of the Town’s net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate long-term debt. At June 30, 2022 and 2021 the Town’s statement of net position consisted of the following:

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets	\$ 3,278,430	\$ 2,651,182
Capital assets, net of accumulated depreciation	1,504,067	1,786,874
Other assets	<u>1,051,040</u>	<u>660,802</u>
	5,833,537	5,098,858
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	259,113	196,060
Deferred outflows related to other postemployment benefits	<u>7,874</u>	<u>7,577</u>
	<u>266,987</u>	<u>203,637</u>
	<u>\$ 6,100,524</u>	<u>\$ 5,302,495</u>

	<u>2022</u>	<u>2021</u>
LIABILITIES		
Current liabilities	\$ 83,912	\$ 85,021
Other liabilities	38,642	43,001
Long-term liabilities	<u>100,504</u>	<u>154,532</u>
	223,058	282,554
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	548,228	269,384
Deferred grant revenue	210,913	0
Deferred inflows related to other postemployment benefits	<u>27,683</u>	<u>20,523</u>
	786,824	289,907
 NET POSITION		
Net investment in capital assets	1,349,535	1,580,328
Restricted	1,327,633	877,938
Unrestricted	<u>2,413,473</u>	<u>2,271,768</u>
	<u>5,090,642</u>	<u>4,730,034</u>
	<u>\$ 6,100,524</u>	<u>\$ 5,302,495</u>

A portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position may be used to meet the obligations to employees and creditors and to help fund next year's budget.

Following is a summary of financial activities for the Town during the fiscal year:

	<u>2022</u>	<u>2021</u>
REVENUE		
Program Revenue:		
Fees, fines and charges for services	\$ 140,110	\$ 156,118
Operating grants and contributions	271,979	237,985
General Revenue:		
Local taxes	1,396,348	1,334,566
Beer tax	119,063	129,183
Cable T.V. franchise tax	33,364	32,604
Intergovernmental	290,456	249,027
Insurance recoveries	0	52,178
Miscellaneous	<u>26,002</u>	<u>41,976</u>
	2,277,322	2,233,637

EXPENSES

General government	445,674	430,725
Public safety	844,960	758,231
Highways and streets	386,941	447,634
Sanitation	<u>60,546</u>	<u>73,529</u>
	<u>1,738,120</u>	<u>1,710,119</u>
Increase in net position	539,202	523,519
Net position at the beginning of the year	4,730,034	4,206,514
	Restatement	
	<u>(178,594)</u>	<u>0</u>
	<u>4,551,440</u>	<u>4,206,514</u>
Net position at the end of the year	<u>\$ 5,090,642</u>	<u>\$ 4,730,034</u>

During the year ended June 30, 2022, governmental activities increased the Town's net position by \$539,202 (\$523,519 in 2021) mostly due to increased local taxes and operating grant revenue. Public safety expenses increased due to increased salaries and depreciation expense.

The Town's main sources of revenue are from local option sales tax, beer tax, cable TV franchise tax, and local and state-shared taxes, which consist of tax revenue shared by the State of Tennessee. The Town does not levy a property tax.

Capital Assets

The Town's investment in capital assets as of June 30, 2022 was \$1,504,067 (\$1,786,875 in 2021) net of accumulated depreciation.

	<u>2022</u>	<u>2021</u>
Land	\$ 261,500	\$ 261,500
Buildings	418,409	437,687
Infrastructure	148,035	160,724
Equipment	161,705	187,739
Vehicles	<u>514,418</u>	<u>739,224</u>
	<u>\$ 1,504,067</u>	<u>\$ 1,786,875</u>

The major capital assets additions during the year ended June 30, 2022 were the purchase of vehicles in the amount of \$64,963. Additional information on capital assets can be found in Note D to the financial statements.

Debt Administration

At June 30, 2022 the governmental funds had outstanding long-term debt of \$73,800 (\$82,900 in 2021) consisting of a Capital Outlay Note. During the year ended June 30, 2022, the Town retired \$9,400 (\$9,100 in 2021) of long-term debt.

At June 30, 2022 the governmental funds had outstanding long-term leases of \$132,747 (\$173,805 in 2021) consisting of a Capital Lease. During the year ended June 30, 2022, the Town retired \$42,614 (\$41,058 in 2021) of long-term leases.

Additional information can be found in Note E and I to the financial statements.

Financial Analysis of the Town's Funds

As previously discussed, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund's fund balance increased by \$340,147 during the year ended June 30, 2022 mostly due to increased sales tax revenue. The general fund's fund balance increased by \$370,338 during the year ended June 30, 2021.

Budgetary Highlights

During the year ended June 30, 2022, final amended budgeted revenue for the general fund increased approximately \$173,273 to account for an increase in anticipated local option sales tax revenue. The original budgeted expenditures for the general fund were increased by approximately \$229,227 to account for increases in anticipated budgeted expenditures throughout various accounts.

The original budget for the for the state street aid and drug fund for the year ended June 30, 2022 was not amended.

Economic Factors and Next Year's Budgets and Rates

The Board of Mayor and Aldermen approved the budget for the year ending June 30, 2023. The estimated revenue and appropriations did not vary significantly from the budget for the year ended June 30, 2022.

Requests for Information

This MD&A and accompanying financial statements and notes are designed to provide our citizens, employees, creditors and regulatory agencies with an overview of the Town's finances. If you have any questions or need additional information, you may contact:

Emma Caldwell, Recorder
Town of Jacksboro, Tennessee
P.O. Box 75
Jacksboro, TN 37757
Telephone 423-562-9312

TOWN OF JACKSBORO, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 2,568,292
Certificates of deposit	348,847
Taxes receivable	276,413
Prepaid expenses	31,005
Due from other governments	53,873
Capital assets not being depreciated	261,500
Capital assets being depreciated, net of accumulated depreciation	1,242,567
Net pension asset	<u>1,051,040</u>
	<u>5,833,537</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	259,113
Deferred outflows related to other postemployment benefits	<u>7,874</u>
	<u>266,987</u>
	<u>\$ 6,100,524</u>

See the accompanying notes to the financial statements.

	<u>Governmental Activities</u>
LIABILITIES	
Accounts payable	\$ 3,150
Accrued expenses	26,734
Current portion of long-term debt	9,800
Long-term debt, net of current portion	54,600
Current portion of long-term leases	44,229
Long-term leases, net of current portion	45,904
Net other postemployment benefits liability	<u>38,642</u>
	223,058
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	548,228
Deferred grant revenue	210,913
Deferred inflows related to other postemployment benefits	<u>27,683</u>
	786,824
NET POSITION	
Net investment in capital assets	1,349,535
Restricted:	
Recreation	4,124
Shop With A Cop	50,041
Street improvements	177,565
Drug enforcement	44,863
Pension	1,051,040
Unrestricted	<u>2,413,474</u>
	<u>5,090,642</u>
	<u>\$ 6,100,524</u>

TOWN OF JACKSBORO, TENNESSEE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense)</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Change In Net Position</u>
Governmental Activities:				
General government	\$ 445,674	\$ 59,201	\$ 176,360	\$ (210,113)
Public safety	844,960	31,935	11,522	(801,503)
Highways and streets	386,941	0	84,097	(302,844)
Sanitation	<u>60,546</u>	<u>48,970</u>	<u>0</u>	<u>(11,576)</u>
Total governmental activities	<u>\$ 1,738,120</u>	<u>\$ 140,106</u>	<u>\$ 271,979</u>	<u>(1,326,035)</u>
General Revenue:				
Taxes:				
In-lieu of tax payments-Housing authority				2,118
Local option sales tax				1,394,230
Wholesale beer tax				119,063
Cable TV franchise tax				33,364
Intergovernmental				290,456
CJUC reimbursements				9,270
Interest earnings				544
Miscellaneous				<u>16,192</u>
Total general revenue				<u>1,865,237</u>
				CHANGE IN NET POSITION 539,202
NET POSITION AT THE BEGINNING OF THE YEAR, as restated				<u>4,551,440</u>
				NET POSITION AT THE END OF THE YEAR <u>\$ 5,090,642</u>

See the accompanying notes to the financial statements.

TOWN OF JACKSBORO, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2022

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
ASSETS				
Cash	\$ 2,345,657	\$ 177,772	\$ 44,863	\$ 2,568,292
Certificates of deposit	348,847	0	0	348,847
Taxes receivable	262,441	13,973	0	276,413
Prepaid expenses	31,005	0	0	31,005
Due from other governments	53,873	0	0	53,873
	<u>\$ 3,041,823</u>	<u>\$ 191,745</u>	<u>\$ 44,863</u>	<u>\$ 3,278,429</u>
LIABILITIES				
Accounts payable	\$ 2,944	\$ 207	\$ 0	\$ 3,150
Other accrued liabilities	26,734	0	0	26,734
	<u>29,677</u>	<u>207</u>	<u>0</u>	<u>29,884</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred state shared and local taxes	316,314	13,973	0	330,286
Deferred grant revenue	210,913	0	0	210,913
	<u>527,227</u>	<u>13,973</u>	<u>0</u>	<u>541,199</u>
FUND BALANCES				
Nonspendable	31,005	0	0	31,005
Restricted	54,166	177,565	44,863	276,594
Unrestricted:				
Unassigned	2,399,748	0	0	2,399,748
	<u>2,484,919</u>	<u>177,565</u>	<u>44,863</u>	<u>2,707,347</u>
	<u>\$ 3,041,823</u>	<u>\$ 191,745</u>	<u>\$ 44,863</u>	<u>\$ 3,278,429</u>

See the accompanying notes to the financial statements.

TOWN OF JACKSBORO, TENNESSEE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2022

Total Fund Balance - Governmental Funds	\$ 2,707,347
Capital assets used in governmental activities are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	1,504,067
Net postemployment assets and liabilities, and the related deferred outflows and deferred inflows, are reported in the statement of net position; however, they are not current financial resources, therefore, they are not reported in the governmental funds balance sheet.	
Net postemployment benefit liability	(38,642)
Deferred outflows of resources	7,874
Deferred inflows of resources	(27,683)
Net pension assets and liabilities, and the related deferred outflows and deferred inflows are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	
Net pension asset	1,051,040
Deferred outflows of resources	259,113
Deferred inflows of resources	(548,228)
Long-term debt and leases are not due in the current period and, therefore, are not reported in the governmental funds balance sheet	(154,532)
Some of the Town's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures; therefore, they are reported as deferred revenue in the governmental funds balance sheet.	<u>330,286</u>
Net Position of Governmental Activities	<u>\$ 5,090,642</u>

See the accompanying notes to the financial statements.

TOWN OF JACKSBORO, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year Ended June 30, 2022

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
REVENUE				
Taxes:				
In-lieu of tax payments-				
Housing authority	\$ 2,118	\$ 0	\$ 0	\$ 2,118
Local option sales tax	1,369,540	0	0	1,369,540
Wholesale beer tax	127,728	0	0	127,728
Cable TV franchise tax	33,364	0	0	33,364
Intergovernmental	435,695	79,376	0	515,071
Fines and court costs	28,121	0	3,559	31,680
Licenses and permits	8,757	0	0	8,757
Charges for services	99,669	0	0	99,669
Donations	44,438	0	0	44,438
Interest	544	0	0	544
CJUC reimbursements	9,270	0	0	9,270
Miscellaneous	16,050	0	0	16,050
	<u>2,175,293</u>	<u>79,376</u>	<u>3,559</u>	<u>2,258,228</u>
TOTAL REVENUE				
EXPENDITURES				
Current:				
General government	439,954	0	0	439,954
Public safety	856,767	0	0	856,767
Highways and streets	360,265	22,718	0	382,983
Sanitation	53,500	0	0	53,500
Capital outlay	64,963	0	0	64,963
Debt service	59,697	0	0	59,697
	<u>1,835,146</u>	<u>22,718</u>	<u>0</u>	<u>1,857,864</u>
TOTAL EXPENDITURES				

See the accompanying notes to the financial statements.

TOWN OF JACKSBORO, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

(continued)

Year Ended June 30, 2022

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Totals</u>
NET CHANGES IN FUND BALANCES	340,147	56,658	3,559	400,364
FUND BALANCES AT THE BEGINNING OF THE YEAR	<u>2,144,772</u>	<u>120,907</u>	<u>41,303</u>	<u>2,306,982</u>
FUND BALANCES AT THE END OF THE YEAR	<u>\$ 2,484,919</u>	<u>\$ 177,565</u>	<u>\$ 44,863</u>	<u>\$ 2,707,347</u>

TOWN OF JACKSBORO, TENNESSEE

**RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2022

Net Changes in Fund Balances	\$ 400,364
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Acquisition of capital assets	64,963
Depreciation expense	(169,175)
<p>Retirement contributions made after the actuarial measurement date are an expenditure in the governmental funds, but increase deferred outflows for governmental activities.</p>	
	27,844
<p>Revenue reported in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds financial statements:</p>	
Deferred tax revenue - June 30, 2021	(311,193)
Deferred tax revenue - June 30, 2022	330,286
<p>Other postemployment benefit payments made subsequent to the measurement date but before the end of the Town's measurement period are an expenditure in the governmental funds but increase deferred outflows for governmental activities</p>	
	(2)
<p>Other postemployment income, expense and changes in proportionate share do not require the use of current financial resources; therefore, they are not reported in the statement of revenue, expenditures and changes in fund balances of governmental funds</p>	
	(2,502)

See the accompanying notes to the financial statements.

TOWN OF JACKSBORO, TENNESSEE

**RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

(continued)

Year Ended June 30, 2022

Pension plan income and expense reported in the statement of activities does not result in current financial resources or require the use of current financial resources; therefore, they are not reported in the statement of revenue, expenditures and changes in fund balances of governmental funds.	146,603
Repayment of long-term debt and leases is an expenditure in the governmental funds, but reduces long-term debt and leases for governmental activities.	<u>52,014</u>
Change in Net Position of Governmental Activities	<u>\$ 539,202</u>

TOWN OF JACKSBORO, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		Over (Under)
REVENUE				
Taxes:				
In-lieu of tax payments-				
Housing authority	\$ 2,000	\$ 2,000	\$ 2,118	\$ 118
Local option sales tax	1,175,000	1,348,273	1,369,540	21,267
Wholesale beer tax	100,000	100,000	127,728	27,728
Cable TV franchise tax	33,700	33,700	33,364	(336)
	<u>1,310,700</u>	<u>1,483,973</u>	<u>1,532,749</u>	<u>48,776</u>
Intergovernmental:				
State sales tax	185,000	185,000	252,416	67,416
State income tax	8,000	8,000	10,666	2,666
State gas inspection	4,000	4,000	4,173	173
State beer tax	1,000	1,000	1,053	53
State telecommunications tax	150	150	0	(150)
TVA in-lieu of tax	17,900	17,900	23,943	6,043
Direct appropriation grant	0	0	37,516	37,516
Police grants	5,400	5,400	4,322	(1,078)
American Rescue Plan grant	0	0	94,405	94,405
State police supplement	7,200	7,200	7,200	0
	<u>228,650</u>	<u>228,650</u>	<u>435,695</u>	<u>207,045</u>
Fines and court costs:				
City court	50,000	50,000	28,121	(21,879)

See the accompanying notes to the financial statements.

TOWN OF JACKSBORO, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2022

	Budget		Actual	Variance Over (Under)
	Original	Final		
Licenses and permits:				
Building permits	1,500	1,500	6,507	5,007
Beer permits	750	750	750	0
Fireworks permits	0	0	1,500	1,500
	<u>2,250</u>	<u>2,250</u>	<u>8,757</u>	<u>6,507</u>
Charges for services:				
Garbage collection fees	47,000	47,000	48,970	1,970
Police reports	400	400	255	(145)
Library charges	2,100	2,100	645	(1,455)
Hydrant fee	47,000	47,000	49,799	2,799
	<u>96,500</u>	<u>96,500</u>	<u>99,669</u>	<u>3,169</u>
Other revenue:				
Donations	10,700	10,700	44,438	33,738
Interest earnings	0	0	544	544
CJUC reimbursements	15,050	15,050	9,270	(5,780)
Miscellaneous	26,343	26,343	16,050	(10,293)
	<u>52,093</u>	<u>52,093</u>	<u>70,302</u>	<u>18,209</u>
TOTAL REVENUE	1,740,193	1,913,466	2,175,293	261,827

TOWN OF JACKSBORO, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		Over (Under)
EXPENDITURES				
General government:				
Salaries	98,220	98,220	113,273	15,053
Payroll taxes	9,316	9,316	9,889	573
Retirement	3,000	3,000	2,717	(283)
Health insurance	31,000	31,610	29,743	(1,867)
Workers' compensation	300	300	152	(148)
Postage	800	800	548	(252)
Legal ads	1,000	1,000	863	(137)
Audit	12,100	12,100	12,100	0
Surety bonds	400	400	205	(195)
Other insurance	21,220	22,289	27,579	5,290
Office supplies	4,725	4,725	3,230	(1,495)
Professional services	0	33,454	24,425	(9,029)
Utilities	38,000	39,860	32,186	(7,674)
	<u>220,080</u>	<u>257,073</u>	<u>256,910</u>	<u>(163)</u>
Administration of justice:				
Salaries-Town attorney/judge	13,774	13,774	12,900	(874)
Janitorial department:				
Salaries	3,934	3,934	4,252	318
Supplies	800	800	392	(408)
	<u>4,734</u>	<u>4,734</u>	<u>4,644</u>	<u>(90)</u>

TOWN OF JACKSBORO, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		Over (Under)
Police department:				
Salaries	218,187	218,187	288,548	70,361
Payroll taxes	16,691	16,691	22,074	5,383
Health insurance	65,000	65,000	53,443	(11,557)
Retirement	8,000	9,971	9,118	(853)
Workers' compensation	15,000	15,000	11,050	(3,950)
Employee education and training	1,000	1,010	1,009	(1)
Office supplies and equipment	3,019	27,560	28,143	583
Uniforms	2,500	2,688	2,687	(1)
Gas, oil and grease	15,000	23,540	23,539	(1)
Motor vehicle repairs	7,400	7,600	6,812	(788)
Tires and tubes	3,500	3,500	1,823	(1,677)
Surety bonds	300	300	184	(116)
Insurance	14,000	14,000	9,887	(4,113)
Radio and radar repair	1,000	1,000	0	(1,000)
NCIC computer rental	3,600	3,600	2,700	(900)
Litigation tax	6,000	6,000	2,970	(3,030)
	<u>380,198</u>	<u>415,648</u>	<u>463,987</u>	<u>48,339</u>

TOWN OF JACKSBORO, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		Over (Under)
Highways and streets:				
Salaries	135,085	135,085	134,902	(183)
Payroll taxes	10,334	10,334	10,320	(14)
Retirement	4,500	6,116	5,070	(1,046)
Health insurance	96,821	100,303	91,201	(9,102)
Workers' compensation	18,000	18,000	10,050	(7,950)
Uniforms	2,184	2,459	2,142	(317)
Truck repairs	2,500	4,604	4,604	0
Equipment repairs	2,000	3,238	3,237	(1)
Tire and tubes	2,000	2,000	1,789	(211)
Freight	50	50	30	(20)
Insurance	4,500	4,500	3,273	(1,227)
Gas, oil and grease	6,500	10,734	8,646	(2,088)
Street repair	115,500	115,500	27,638	(87,862)
Utilities	22,000	31,012	29,896	(1,116)
Street signs and posts	1,000	2,990	2,488	(502)
Miscellaneous equipment and supplies	6,000	24,700	24,980	280
	<u>428,974</u>	<u>471,625</u>	<u>360,265</u>	<u>(111,360)</u>

TOWN OF JACKSBORO, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		Over (Under)
Fire department:				
Salaries	238,562	238,562	266,282	27,720
Payroll taxes	18,250	18,250	20,371	2,121
Retirement	6,000	8,736	7,793	(943)
Health insurance	60,000	74,147	71,659	(2,488)
Workers' compensation	11,611	11,611	6,471	(5,140)
Training	250	250	0	(250)
Small equipment	12,000	12,000	702	(11,298)
Radio repairs	500	500	0	(500)
Cleaning supplies	850	1,250	1,276	26
Gas, oil and grease	2,500	3,000	2,976	(24)
Vehicle repairs	2,000	2,000	234	(1,766)
Insurance	9,000	9,000	7,603	(1,397)
Uniforms	2,667	2,667	1,571	(1,096)
Tires and tubes	1,000	1,000	0	(1,000)
Miscellaneous	2,500	5,600	5,842	242
	<u>367,690</u>	<u>388,573</u>	<u>392,779</u>	<u>4,206</u>
Sanitation:				
Salaries	48,300	41,300	33,985	(7,315)
Payroll taxes	2,700	2,700	2,914	214
Retirement	1,800	1,800	1,191	(609)
Workers' compensation	4,000	4,000	0	(4,000)
Insurance	4,400	4,400	2,855	(1,545)
Office supplies	800	800	632	(168)
Gas, oil and grease	4,000	7,600	7,555	(45)
Vehicle repairs	1,000	4,400	4,368	(32)
Tires and tubes	1,000	1,000	0	(1,000)
	<u>68,000</u>	<u>68,000</u>	<u>53,500</u>	<u>(14,500)</u>

TOWN OF JACKSBORO, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		Over (Under)
Other general government:				
Salaries-library	57,246	57,246	60,828	3,582
Payroll taxes	4,379	4,379	4,653	274
Retirement	1,920	2,174	1,955	(219)
Building inspector	5,375	5,375	5,400	25
Planning commission	470	470	780	310
Donations	2,500	2,500	2,250	(250)
Health insurance	17,500	17,570	17,569	(1)
Workers' compensation	1,500	1,500	767	(733)
ETDD planning service	0	0	3,713	3,713
Library supplies	2,000	2,000	516	(1,484)
Animal and pest control	780	780	589	(191)
Utilities	9,000	9,000	6,610	(2,390)
Vaccines and drug testing	2,400	2,400	798	(1,602)
Economic and community development	5,100	5,100	5,050	(50)
Shop With A Cop	10,000	38,100	38,094	(6)
Building repairs	5,000	5,000	4,995	(5)
Travel	1,000	1,000	0	(1,000)
Recreation repairs	5,143	5,587	1,444	(4,143)
UT Lifestar	0	0	715	715
Miscellaneous	9,625	20,125	8,775	(11,350)
	<u>140,938</u>	<u>180,306</u>	<u>165,500</u>	<u>(14,806)</u>

TOWN OF JACKSBORO, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

(continued)

Year Ended June 30, 2022

	Budget		Actual	Variance Over (Under)
	Original	Final		
Debt service	59,944	59,944	59,697	(247)
Capital outlay	11,081	64,963	64,963	0
TOTAL EXPENDITURES	<u>1,695,413</u>	<u>1,924,640</u>	<u>1,835,146</u>	<u>(89,494)</u>
NET CHANGE IN FUND BALANCE	44,780	(11,174)	340,147	351,321
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>11,174</u>	<u>2,144,772</u>	<u>2,133,598</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 44,780</u>	<u>\$ 0</u>	<u>\$ 2,484,919</u>	<u>\$ 2,484,919</u>

TOWN OF JACKSBORO, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
STATE STREET AID FUND**

Year Ended June 30, 2022

	<u>Budget</u>			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
REVENUE				
Intergovernmental:				
State motor vehicle fuel tax	\$ 68,000	\$ 68,000	\$ 79,376	\$ 11,376
EXPENDITURES				
Salaries	48,900	48,900	20,999	(27,901)
Payroll taxes	1,800	1,800	1,719	(81)
Street repair	16,000	16,000	0	(16,000)
Gravel and asphalt	1,000	1,000	0	(1,000)
Operating supplies	200	200	0	(200)
	<u>67,900</u>	<u>67,900</u>	<u>22,718</u>	<u>(45,182)</u>
NET CHANGE IN FUND BALANCE	100	100	56,658	56,558
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>120,907</u>	<u>120,907</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 177,565</u>	<u>\$ 177,465</u>

See the accompanying notes to the financial statements.

TOWN OF JACKSBORO, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
DRUG FUND**

Year Ended June 30, 2022

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Drug related fines	\$ 45,353	\$ 45,353	\$ 3,559	\$ (41,794)
EXPENDITURES				
Drug enforcement	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
NET CHANGE IN FUND BALANCE	35,353	35,353	3,559	(31,794)
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>41,303</u>	<u>41,303</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 35,353</u>	<u>\$ 35,353</u>	<u>\$ 44,863</u>	<u>\$ 9,508</u>

See the accompanying notes to the financial statements.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

NOTE A - DESCRIPTION OF ORGANIZATION

Town of Jacksboro, Tennessee (the Town) was incorporated on April 4, 1968 under the provisions of Sections 6-101 to 6-134 of the Tennessee Code Annotated. The Town operates under a Board of Mayor and Aldermen form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, public library, planning and zoning, and general administrative services.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town, for financial reporting purposes, includes all funds relevant to the operations of Town of Jacksboro, Tennessee. The financial statements presented herein do not include agencies that have been formed under applicable state laws, or separate and distinct units of government apart from Town of Jacksboro, Tennessee. As of June 30, 2022 and for the year then ended, the Town had no discretely presented component units which were required to be included in these financial statements.

Government-wide and fund financial statements

The government-wide financial statements, which consist of the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the Town. As a general rule, the effect of interfund activities has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

The Town reports the following major governmental funds:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *state street aid fund* is used to account for the Town's share of motor vehicle fuel tax revenue that is legally restricted to the maintenance of streets within the Town's boundaries.

The *drug fund* is used to account for costs associated with drug investigation and control and officers' training.

The Town had no internal service funds or fiduciary funds as of or for the year ended June 30, 2022.

The effects of interfund activity have been eliminated for the government-wide financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting reporting purposes into the following three net position groups:

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Net Investment in Capital Assets

This category includes capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Net investment in capital assets at June 30, 2022 has been calculated as follows:

Capital assets	\$ 3,298,516
Accumulated depreciation	(1,794,448)
Principal balance on long-term leases	(90,133)
Principal balance on long-term debt	<u>(64,400)</u>
	<u>\$ 1,349,535</u>

Restricted

This category includes net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the Town pursuant to those stipulations or that expire by the passage of time. Net position within the governmental activities is classified as restricted because its use is limited to pensions. Net position of the state street aid fund is classified as restricted net position because its use is limited to street improvements. Net position of the drug fund is classified as restricted net position because its use is limited to drug investigation and control and officers' training. Net position is also restricted for amounts collected for Shop with a Cop. Certain assets of the general fund are restricted by the donor to be used for recreation projects. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted

This category includes net position that is not subject to externally imposed stipulations and that does not meet the definition of "Restricted" or "Net Investment in Capital Assets". Unrestricted net position may be designated for specific purposes by action of management or the Board of Mayor and Aldermen or may otherwise be limited by contractual agreements with outside parties.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Fund Balances

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

Nonspendable Fund Balances

Fund balances reported as nonspendable in the accompanying financial statements represent amounts for prepaid expenses or inventory.

Restricted Fund Balances

Fund balances reported as restricted in the accompanying financial statements represent amounts restricted to specific purposes by externally imposed restrictions or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balances

Fund balances reported as committed in the accompanying financial statements represent amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Board of Mayor and Aldermen commits resources for specific purposes by passing ordinances.

Assigned Fund Balances

Fund balances reported as assigned in the accompanying financial statements represent amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by the Board of Mayor and Aldermen.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Unassigned Fund Balance

In accordance with generally accepted accounting principles, the general fund is the only fund of the Town that reports amounts for unassigned fund balance. This classification represents fund balance that is not nonspendable and has not been committed to specific purposes within the general fund.

The Town would typically use restricted resources first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Budgets and Budgetary Accounting

The Board of Mayor and Aldermen is required to adopt, by ordinance, total budget appropriations by line item for all funds. The Town's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP). All budget amendments must be approved by the Board of Mayor and Aldermen. Unused appropriations lapse at the end of the year.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities columns on the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost equal to or greater than the following amounts:

Land	\$ 2,500
Buildings	10,000
Improvements other than buildings	5,000
Equipment	3,000
Infrastructure	10,000
Construction in progress	Tied to asset class

Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at estimated fair value on the date donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 10 to 50 years.

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

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Pension

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

NOTE C - CASH AND INVESTMENTS

Investments that have maturities of three months or less at the date of purchase are classified as cash equivalents. Cash represents money on deposit in various banks. Cash and investments are stated at cost, which approximates market value. Carrying amounts at June 30, 2022 were as follows:

Bank deposits (checking and savings accounts)	\$ 2,568,292
Certificates of deposit	<u>348,847</u>
	<u>\$ 2,917,139</u>

State of Tennessee law authorizes the Town to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the Tennessee Department of Treasury Local Government Investment Pool (LGIP). The LGIP contains investments in certificates of deposits, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee 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.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

All cash balances at June 30, 2022 were entirely insured through the FDIC or the State of Tennessee Bank Collateral Pool.

NOTE D - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 was as follows:

	<u>Balance</u> <u>7/1/21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/22</u>
Governmental Activities:				
<u>Capital assets not being depreciated</u>				
Land	\$ 261,500	\$ 0	\$ 0	\$ 261,500
<u>Capital assets being depreciated</u>				
Equipment	611,466	0	0	611,466
Buildings	785,477	0	0	785,477
Infrastructure	253,775	0	0	253,775
Leased vehicles	393,234	0	0	393,234
Vehicles	<u>928,102</u>	<u>64,963</u>	<u>0</u>	<u>993,065</u>
	2,972,054	64,963	0	3,037,017
<u>Accumulated depreciation</u>				
Equipment	(423,727)	(26,034)	0	(449,761)
Buildings	(347,789)	(19,278)	0	(367,067)
Infrastructure	(93,051)	(12,689)	0	(105,740)
Leased vehicles	(317,864)	(39,323)	0	(357,188)
Vehicles	<u>(442,842)</u>	<u>(71,851)</u>	<u>0</u>	<u>(514,693)</u>
	<u>(1,625,273)</u>	<u>(169,175)</u>	<u>0</u>	<u>(1,794,448)</u>
	<u>\$ 1,608,281</u>	<u>\$ (104,212)</u>	<u>\$ 0</u>	<u>\$ 1,504,067</u>

Beginning accumulated depreciation has been restated to correct the accumulated depreciation of the leased vehicles in accordance with *Governmental Accounting Standards Board* Statement No. 87.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Depreciation expense is charged to the various governmental functions as follows:

General government	\$ 24,779
Public safety	94,200
Highways and streets	35,696
Solid waste collection and disposal	<u>14,500</u>
	<u>\$ 169,175</u>

NOTE E - LONG-TERM DEBT

Long-term debt at June 30, 2022 consisted of the following:

Governmental Activities:

Capital Outlay Note, Series 2017, secured by a garbage truck, due in annual installments of principal of varying amounts and semiannual installments of interest at 3.84%	\$ 64,400
Less current maturities	<u>(9,800)</u>
	<u>\$ 54,600</u>

Maturities of long-term debt as of June 30, 2022 were as follows:

Governmental Activities:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 9,800	\$ 2,285	\$ 12,085
2024	10,100	1,903	12,003
2025	10,500	1,507	12,007
2026	10,900	1,096	11,996
2027	11,300	670	11,970
2028	<u>11,800</u>	<u>227</u>	<u>12,027</u>
	<u>\$ 64,400</u>	<u>\$ 7,688</u>	<u>\$ 72,088</u>

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Changes in long-term debt for the year ended June 30, 2022 were as follows:

	<u>Balance</u> <u>7/1/21</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/22</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Capital Outlay Notes	\$ 73,800	\$ 0	\$ 9,400	\$ 64,400	\$ 9,800

Interest cost incurred for the ended June 30, 2022 was \$2,653 all of which was charged to interest expense and is included as a direct general government expense on the statement of activities.

All debt issues are secured by a pledge of net revenue, the ad valorem property taxes of the Town or equipment.

NOTE F - LONG-TERM LEASES

Long-term leases at June 30, 2022 consisted of the following:

Governmental Activities:

Capital lease, secured by a fire truck, due in annual installments of \$47,644 including interest at 3.63%	\$ 90,133
Less current maturities	<u>(44,229)</u>
	<u>\$ 45,904</u>

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Maturities of long-term leases as of June 30, 2022 were as follows:

Governmental Activities:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 44,229	\$ 3,415	\$ 47,644
2024	<u>45,904</u>	<u>1,739</u>	<u>47,643</u>
	<u>\$ 90,133</u>	<u>\$ 5,154</u>	<u>\$ 95,287</u>

Changes in long-term leases for the year ended June 30, 2022 were as follows:

<u>Balance 7/1/21</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 6/30/22</u>	<u>Amounts Due Within One Year</u>
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Governmental Activities:

Capital lease	\$ 132,747	\$ 0	\$ 42,614	\$ 90,133	\$ 44,229
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The capital lease is not renewable and the Town will acquire the equipment at the end of the lease. Interest cost incurred for the ended June 30, 2022 was \$5,030 all of which was charged to interest expense and is included as a direct general government expense on the statement of activities.

NOTE G - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in the Tennessee Municipal League Risk Management Pool (the Pool) and pays an annual premium to the Pool for its workers' compensation, and general liability insurance coverage. The pooling agreement allows the Pool to make additional assessments or refund surplus revenues to the Town. It is not possible to estimate the amount of such additional assessments or refunds. The Town carries commercial insurance for all other risks of loss, including destruction of property and employee dishonesty bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

NOTE H - PENSION PLAN

Plan Description

Employees of the Town are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at 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 60 with 5 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 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd 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 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than 1 ½ percent. A 1 percent COLA is granted if the CPI change is between 1½ percent and 1 percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	31
Active employees	<u>20</u>
	<u>54</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 5% of salary. The Town makes employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022 the Actuarially Determined Contribution (ADC) for the Town was \$27,844 based on a rate of 3.60% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Town'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 Liability(Asset)

The Town's net pension liability(asset) was measured as of June 30, 2021, and the total pension liability(asset) used to calculate net pension liability(asset) was determined by an actuarial valuation as of that date.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

The total pension liability as of June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.0%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125%

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

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of Assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.5% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified the mortality 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, 2020 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 from each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25%. 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:

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31.00%
Developed market international equity	5.37	14.00
Emerging market international equity	6.09	4.00
Private equity and strategic lending	6.57	20.00
U.S. fixed income	1.20	20.00
Real estate	4.38	10.00
Short-term securities	0.00	<u>1.00</u>
		<u>100.00%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the future capital market projections, historical market returns and expected inflation rate, as described above.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 the Town 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.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Changes in Net Pension Liability(Asset)

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability(Asset) <u>(a) – (b)</u>
Changes for the year ended June 30, 2021:			
Increase(decrease):			
Service cost	\$ 46,936	\$ 0	\$ 46,936
Interest	121,206	0	121,206
Differences between expected and actual experience	(13,625)	0	(13,625)
Changes in assumptions	112,238	0	112,238
Contributions - employer	0	25,745	(25,745)
Contributions - employees	0	35,757	(35,757)
Net investment income	0	597,328	(597,328)
Benefit payments, including refunds of employee contributions	(29,854)	(29,854)	0
Administrative expense	<u>0</u>	<u>(1,837)</u>	<u>1,837</u>
Net changes for the year ended June 30, 2021	236,901	627,139	(390,238)
Balances at June 30, 2020	<u>1,639,797</u>	<u>2,300,599</u>	<u>(660,802)</u>
Balances at June 30, 2021	<u>\$ 1,876,698</u>	<u>\$ 2,927,738</u>	<u>\$ (1,051,040)</u>

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Sensitivity of the Net Pension Liability(Asset) to Changes in the Discount Rate

The following presents the net pension liability(asset) of the Town calculated using the discount rate of 6.75%, as well as what the net pension liability(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease <u>5.75%</u>	Current Discount Rate <u>6.75%</u>	1% Increase <u>7.75%</u>
Net pension liability(asset)	\$ (736,007)	\$ (1,051,040)	\$ (1,304,706)

Negative Pension Expense

For the year ended June 30, 2022, the Town recognized negative pension expense of \$146,458.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 114,768	\$ 229,256
Net difference between projected and actual earnings on pension plan investments	0	318,972
Changes in assumptions	116,501	0
Contributions subsequent to the measurement date of June 30, 2021	<u>27,844</u>	<u>not applicable</u>
Totals	<u>\$ 259,113</u>	<u>\$ 548,228</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2021,” will be recognized as a reduction(increase) to net pension liability(asset) in the following measurement period.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

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 <u>June 30:</u>	
2023	\$ (100,404)
2024	(83,602)
2025	(76,317)
2026	(86,317)
2027	2,305
Thereafter	27,372

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

NOTE I - RESTATEMENT

Governmental Accounting Standards Board Statement No. 87 requires that leased assets be depreciated over the shorter of the lease term or the useful life of the asset. The leased asset discussed in Note F was being depreciated over a term of 20 years but should be depreciated over the lease term of 10 years. Net position at June 30, 2021 has been restated to correct the accumulated depreciation of the leased asset:

	<u>Governmental Activities</u>
Balance at June 30, 2021, as originally reported	\$ 4,730,034
Correct accumulated depreciation	<u>(178,594)</u>
Balance at June 30, 2021, as restated	<u>\$ 4,551,440</u>

As a result of the restatement, the change in net position for the year ended June 30, 2021 should have been \$19,662 lower than originally reported.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

NOTE J – OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

Employees of the Town are provided with pre-65 retiree health insurance benefits through the closed Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP.

Benefits Provided

The Town offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA Sec. 8-27-701 establishes and amends the benefit terms of the LGOP. 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 LGOP 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 LGOP is 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.

Employees Covered by Benefit Terms

At the measurement date of July 1, 2021, the following employees were covered by the benefit terms:

Active employees

18

An insurance committee, created in accordance with TCA Sec. 8-27-701, establishes the required payments to the LGOP 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, 2022, the Town reported \$(2) in OPEB benefit payments to the LGOP.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4%.
Healthcare cost trend rates	7.36% for pre-65 in 2021, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 7.32% for post-65 in 2021, decreasing annually over a 8 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2021 valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. 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 PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and 14% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a general distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Discount Rate

The discount rate used to measure the total OPEB liability was 2.16%. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Changes in Net OPEB Liability(Asset)

	Total OPEB Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net OPEB Liability/(Asset) <u>(a) – (b)</u>
Changes for the year ended June 30, 2022:			
Increase(decrease):			
Service cost	\$ 4,368	\$ 0	\$ 4,368
Interest	1,047	0	1,047
Changes of benefit terms	0	0	0
Differences between expected and actual actual experience	1,441	0	1,441
Change in assumptions	(11,217)	0	(11,217)
Benefit payments	<u>2</u>	<u>0</u>	<u>2</u>
Net changes for the year ended June 30, 2022	(4,359)	0	(4,359)
Balances at June 30, 2021	<u>43,001</u>	<u>0</u>	<u>43,001</u>
Balances at June 30, 2022	<u>\$ 38,642</u>	<u>\$ 0</u>	<u>\$ 38,642</u>

Changes of Assumptions

The discount rate was changed from 2.21% as of the beginning of the measurement period to 2.16% as of June 30, 2021. This change of assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Sensitivity of the Net OPEB Liability(Asset) to Changes in the Discount Rate

The following presents the total OPEB liability related to the plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease <u>1.16%</u>	Current Discount Rate <u>2.16%</u>	1% Increase <u>3.16%</u>
Total OPEB liability	\$ 42,669	\$ 38,642	\$ 34,896

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Trend Rate

The following presents the total OPEB liability related to the plan, as well as what the total OPEB liability would be if it were calculated using the healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (6.36%/6.32% <u>decreasing to 3.50%</u>)	Current Trend Rate (7.36%/7.32% <u>decreasing to 4.50%</u>)	1% Increase (8.36%/8.32% <u>decreasing to 5.50%</u>)
Total OPEB liability	\$ 32,896	\$ 38,642	\$ 45,581

OPEB Expense

For the year ended June 30, 2022, the Town recognized OPEB expense of \$2,502.

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the other postemployment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 1,290	\$ 16,172
Changes of assumptions	6,586	11,511
Employer payments subsequent to the measurement date of June 30, 2021	<u>(2)</u>	<u>0</u>
	<u>\$ 7,874</u>	<u>\$ 27,683</u>

The amount shown above for “Employer payments subsequent to the measurement date of June 30, 2021” will be recognized as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	
2023	\$ (2,193)
2024	(2,193)
2025	(2,193)
2026	(2,193)
2027	(2,913)
Thereafter	(5,242)

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

TOWN OF JACKSBORO, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2022

NOTE K - JOINT VENTURE

The Town is a participant in a joint venture with Town of Caryville, Tennessee for the operation of the Caryville-Jacksboro Utilities Commission (the Commission). The Commission was established to operate, maintain, extend and improve the water system and sewer system for the two towns and the adjacent areas. Each town appoints one of the governing board members who oversee the operations, and those two members appoint a third member.

The Town and Town of Caryville, Tennessee have an equal interest in the Commission's assets, liabilities, and equity (as well as a residual interest). Summarized financial information as of June 30, 2022 for the Commission is as follows:

Assets:	
Current	\$ 1,806,355
Restricted	1,151,907
Capital Assets	31,599,264
Deferred Outflows of Resources	<u>9,036</u>
	<u>\$ 34,566,562</u>
Liabilities:	
Current	\$ 2,087,291
Long-term	5,455,469
Deferred Inflows of Resources	34,227
Net position	<u>26,989,575</u>
	<u>\$ 34,566,562</u>

For the year ended June 30, 2022, the Commission reported operating revenue of \$6,554,255 and change in net position of \$1,431,856. Complete financial statements for the Commission may be obtained from the Commission's administrative office (P.O. Box 121, Jacksboro, Tennessee; telephone 423-562-9776).

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF JACKSBORO, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET)

June 30, 2022

	Measurement Date at June 30,		
	2021	2020	2019
<u>Total pension liability</u>			
Service cost	\$ 46,936	\$ 40,713	\$ 48,465
Interest	121,206	104,669	97,352
Changes in benefit terms	0	0	0
Differences between actual and expected experience	(13,625)	110,452	(9,790)
Change of assumptions	112,238	0	0
Benefit payments, including refunds of employee contributions	(29,854)	(38,064)	(16,645)
Net change in total pension liability	236,901	217,770	119,382
Total pension liability - beginning	1,639,797	1,422,027	1,302,645
Total pension liability - ending (a)	1,876,698	1,639,797	1,422,027
<u>Plan fiduciary net position</u>			
Contributions - employer	25,745	24,061	22,673
Contributions - employee	35,757	33,418	31,490
Net investment income	597,328	108,305	149,473
Benefit payments, including refunds of employee contributions	(29,854)	(38,064)	(16,645)
Administrative expense	(1,837)	(1,883)	(1,799)
Net change in plan fiduciary net position	627,139	125,837	185,192
Plan fiduciary net position - beginning	2,300,599	2,174,762	1,989,570
Plan fiduciary net position - ending (b)	2,927,738	2,300,599	2,174,762
Net pension liability(asset) - ending (a) - (b)	\$ (1,051,040)	\$ (660,802)	\$ (752,735)

See the accompanying independent accountants' audit report.

Measurement Date at June 30,				
2018	2017	2016	2015	2014
\$ 49,635	\$ 49,470	\$ 46,148	\$ 37,836	\$ 47,699
108,502	96,480	91,505	90,478	92,870
0	0	0	0	0
(289,549)	57,725	(27,312)	(58,483)	(116,703)
0	33,464	0	0	0
<u>(25,765)</u>	<u>(28,489)</u>	<u>(66,164)</u>	<u>(62,744)</u>	<u>(29,058)</u>
(157,177)	208,650	44,177	7,087	(5,192)
1,459,822	1,251,172	1,206,995	1,199,908	1,205,100
<u>1,302,645</u>	<u>1,459,822</u>	<u>1,251,172</u>	<u>1,206,995</u>	<u>1,199,908</u>
22,148	22,376	42,725	39,842	48,191
30,761	31,078	30,431	28,377	29,242
151,522	183,344	41,433	46,519	212,069
(25,765)	(28,489)	(66,164)	(62,744)	(29,058)
<u>(1,951)</u>	<u>(1,625)</u>	<u>(1,493)</u>	<u>(923)</u>	<u>(739)</u>
176,715	206,684	46,932	51,071	259,705
<u>1,812,855</u>	<u>1,606,171</u>	<u>1,559,239</u>	<u>1,508,168</u>	<u>1,248,463</u>
<u>1,989,570</u>	<u>1,812,855</u>	<u>1,606,171</u>	<u>1,559,239</u>	<u>1,508,168</u>
<u>\$ (686,925)</u>	<u>\$ (353,033)</u>	<u>\$ (354,999)</u>	<u>\$ (352,244)</u>	<u>\$ (308,260)</u>

TOWN OF JACKSBORO, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET)

(continued)

June 30, 2022

	Measurement Date at June 30,		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Plan fiduciary net position as a percentage of total net pension liability	156.00%	140.30%	152.93%
Covered employee payroll	\$ 715,141	\$ 668,369	\$ 629,802
Net pension liability(asset) as a percentage of covered employee payroll	(146.97)%	(98.87)%	(119.52)%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Changes of Assumptions

In 2021, amounts reported as changes of assumptions resulted from charges to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions result from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

Measurement Date at June 30,				
<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
152.73%	124.18%	128.37%	129.18%	125.69%
\$ 615,212	\$ 621,559	\$ 608,614	\$ 567,547	\$ 584,843
(111.66)%	(56.80)%	(58.33)%	(62.06)%	(52.71)%

TOWN OF JACKSBORO, TENNESSEE

PENSION CONTRIBUTIONS

June 30, 2022

	Year Ended June 30,		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 0	\$ 0	\$ 0
Contributions in relation to the actuarially determined contribution	<u>(27,844)</u>	<u>(25,745)</u>	<u>(25,744)</u>
Contribution deficiency(excess)	<u>\$ (27,844)</u>	<u>\$ (25,745)</u>	<u>\$ (25,744)</u>
Covered employee payroll	\$ 849,961	\$ 715,141	\$ 715,111
Contributions as a percentage of covered employee payroll	3.28%	3.60%	3.60%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

See the accompanying independent accountants' audit report.

		Year Ended June 30,			
<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 21,287	\$ 20,856	\$ 23,376	\$ 42,725	\$ 39,842	\$ 48,191
<u>(22,673)</u>	<u>(22,148)</u>	<u>(23,376)</u>	<u>(42,725)</u>	<u>(39,842)</u>	<u>(48,191)</u>
<u>\$ (1,386)</u>	<u>\$ (1,292)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 629,802	\$ 615,212	\$ 621,559	\$ 608,614	\$ 567,547	\$ 584,843
3.60%	3.60%	3.76%	7.02%	7.02%	8.24%

TOWN OF JACKSBORO, TENNESSEE

PENSION CONTRIBUTIONS

(continued)

June 30, 2022

Notes to Pension Contributions

Valuation date: Actuarially determined contribution rates for the year ended June 30, 2022 were calculated based on the June 30, 2020 actuarial valuation.

Methods and assumptions used to determined 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	2.50%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
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

Changes of Assumptions

In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

TOWN OF JACKSBORO, TENNESSEE

CHANGES IN TOTAL OPEB LIABILITY

June 30, 2022

	Measurement Date at June 30,	
	2022	2021
<u>Total OPEB liability</u>		
Service cost	\$ 4,368	\$ 3,993
Interest	1,047	1,542
Changes of benefit terms	0	0
Differences between actual and expected experience	1,441	(7,608)
Changes in assumptions	(11,217)	5,131
Benefit payments	2	(4)
Net change in total OPEB liability	(4,359)	3,054
Total OPEB liability - beginning	43,001	39,947
	<u>\$ 38,642</u>	<u>\$ 43,001</u>
 Total OPEB liability - ending		
Covered employee payroll	857,320	668,369
Net OPEB liability(asset) as a percentage of covered employee payroll	4.51%	6.43%

Notes to Changes in Total OPEB Liability

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No 75 related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See the accompanying independent accountants' audit report.

Measurement Date		
at June 30,		
2020	2019	2018
\$ 4,165	\$ 3,760	\$ 4,400
1,883	1,587	1,400
0	0	0
(15,209)	(489)	0
1,516	2,587	(2,805)
(538)	(310)	0
<u>(8,183)</u>	<u>7,135</u>	<u>2,995</u>
<u>48,130</u>	<u>40,995</u>	<u>38,000</u>
<u>\$ 39,947</u>	<u>\$ 48,130</u>	<u>\$ 40,995</u>
668,104	629,803	629,803
5.98%	7.64%	6.51%

SUPPLEMENTARY INFORMATION

TOWN OF JACKSBORO, TENNESSEE

INVESTMENTS

June 30, 2022

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
<u>General Fund</u>			
Certificate of deposit	0.25%	6/26/23	\$ 257,305
Certificate of deposit	0.15%	8/29/22	34,349
Certificate of deposit	0.15%	9/5/23	11,507
Certificate of deposit	0.10%	1/12/23	11,088
Certificate of deposit	0.15%	8/7/23	11,573
Certificate of deposit	0.15%	11/5/23	11,452
Certificate of deposit	0.15%	7/24/23	<u>11,573</u>
			<u>\$ 348,847</u>

See the accompanying independent accountants' audit report.

TOWN OF JACKSBORO, TENNESSEE

GENERAL GOVERNMENTAL REVENUE BY SOURCE -
LAST TEN YEARS

<u>Year Ended</u> <u>June 30:</u>	<u>Taxes</u>	<u>Intergovernmental</u>	<u>Charges for</u> <u>Services</u>	<u>Fines and</u> <u>court costs</u>
2022	\$ 1,532,750	\$ 515,071	\$ 99,673	\$ 31,680
2021	1,494,969	351,649	99,727	38,136
2020	1,339,750	345,665	105,263	42,437
2019	1,301,661	476,664	88,732	61,196
2018	1,284,291	491,688	94,478	46,927
2017	1,297,451	505,632	92,485	59,168
2016	1,251,727	547,869	91,782	74,401
2015	1,238,629	442,302	92,428	42,238
2014	1,218,631	428,410	55,139	49,483
2013	1,231,560	223,343	3,845	55,820

See the accompanying independent accountants' audit report.

Licenses and permits	Other	Totals
\$ 8,757	\$ 70,298	\$ 2,258,228
5,180	145,908	2,135,569
3,998	61,562	1,898,675
4,540	77,092	2,009,885
5,536	108,632	2,031,552
8,000	69,006	2,031,741
4,919	61,589	2,032,286
2,948	61,691	1,880,235
3,664	36,600	1,791,927
3,538	72,266	1,590,372

TOWN OF JACKSBORO, TENNESSEE

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION -
LAST TEN YEARS**

<u>Year Ended June 30:</u>	<u>General administration</u>	<u>Administration of justice</u>	<u>Police department</u>	<u>Fire department</u>
2022	\$ 422,411	\$ 12,900	\$ 463,987	\$ 392,779
2021	362,444	12,300	411,742	338,390
2020	387,299	12,300	392,810	336,938
2019	552,443	12,300	376,527	320,233
2018	554,689	12,300	348,315	333,412
2017	584,874	12,300	422,538	297,684
2016	598,641	12,301	403,539	325,801
2015	376,549	12,302	380,649	316,030
2014	319,573	12,282	400,642	319,657
2013	322,678	11,735	407,160	319,667

See the accompanying independent accountants' audit report.

<u>Streets</u>	<u>Janitorial</u>	<u>Sanitation</u>	<u>Capital outlay</u>	<u>Debt service</u>	<u>Totals</u>
\$ 382,983	\$ 4,644	\$ 53,500	\$ 64,963	\$ 59,697	\$ 1,857,864
328,616	4,289	64,145	183,550	59,753	1,765,231
384,851	3,931	57,806	41,047	68,546	1,685,527
341,574	4,114	60,756	194,676	76,289	1,938,913
318,791	4,035	58,554	156,129	69,035	1,855,260
398,327	3,784	58,504	56,023	65,716	1,899,750
364,157	3,688	62,477	13,581	65,716	1,849,902
384,571	4,327	73,902	291,539	65,716	1,905,584
336,843	4,692	61,889	609,429	18,072	2,083,079
248,776	6,278	60,324	188,536	18,072	1,583,226

TOWN OF JACKSBORO, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

June 30, 2022

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Capital Outlay Note, Series 2017			
Year Ending <u>June 30:</u>			
2023	\$ 9,800	\$ 2,285	\$ 12,085
2024	10,100	1,903	12,003
2025	10,500	1,507	12,007
2026	10,900	1,096	11,996
2027	11,300	670	11,970
2028	<u>11,800</u>	<u>227</u>	<u>12,027</u>
	<u>\$ 64,400</u>	<u>\$ 7,688</u>	<u>\$ 72,088</u>

See the accompanying independent accountants' audit report.

TOWN OF JACKSBORO, TENNESSEE

CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

June 30, 2022

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>Governmental Activities</u>			
Capital Outlay Note, Series 2017	100,000	3.84	8/11/2017

See the accompanying independent accountant's audit report.

<u>Last Maturity Date</u>	<u>Outstanding 7/1/2021</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding 6/30/2022</u>
8/1/2027	\$ 73,800	\$ 0	\$ 9,400	\$ 0	\$ 64,400

TOWN OF JACKSBORO, TENNESSEE

**LEASE OBLIGATIONS, PRINCIPAL AND
INTEREST REQUIREMENTS BY FISCAL YEAR**

June 30, 2022

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Capital Lease			
Year Ending			
<u>June 30:</u>			
2023	\$ 44,229	\$ 3,415	\$ 47,644
2024	<u>45,904</u>	<u>1,739</u>	<u>47,643</u>
	<u>\$ 90,133</u>	<u>\$ 5,154</u>	<u>\$ 95,287</u>

See the accompanying independent accountants' audit report.

TOWN OF JACKSBORO, TENNESSEE

CHANGES IN LEASE OBLIGATIONS

June 30, 2022

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>Governmental Activities</u>			
Capital Lease	\$ 393,234	3.63%	9/1/2013

See the accompanying independent accountant's audit report.

<u>Last Maturity Date</u>	<u>Outstanding 7/1/2021</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Remeasurements</u>	<u>Outstanding 6/30/2022</u>
7/1/2023	\$ 132,747	\$ 0	\$ 42,614	\$ 0	\$ 90,133

TOWN OF JACKSBORO, TENNESSEE

**EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

June 30, 2022

<u>Federal Grantor/ Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>Federal Awards</u>			
U.S. Department of Treasury/TN Department of Finance and Administration	21.027	N/A	\$ 94,405
U.S. Department of Transportation/ Tennessee Department of Transportation	20.607	Z22THS136	4,322
<u>State Financial Assistance</u>			
TN Department of Finance and Administration	N/A	N/A	<u>37,516</u>
Total Federal Awards and State Financial Assistance			<u>\$ 136,243</u>

NOTE 1 – BASIS OF PRESENTATION

This schedule summarizes the expenditures of Town of Jacksboro, Tennessee under programs of federal and state governments for the year ended June 30, 2022. The schedule is presented using the modified accrual basis of accounting. Because this schedule presents only a selected portion of the operations of Town of Jacksboro, Tennessee, it is not intended and does not present the net position or changes in net position of Town of Jacksboro, Tennessee.

See the accompanying independent accountants' audit report.

OTHER INFORMATION

TOWN OF JACKSBORO, TENNESSEE

PRINCIPAL OFFICIALS

June 30, 2022

Shayne Green, Mayor
Geraldine Starrett, Vice Mayor
James Snodgrass, Alderman
Eugene Stevens, Alderman
Brian Osborn, Alderman
Emma Caldwell, City Recorder
Joel Parks, CPA, CMFO

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

INDEPENDENT ACCOUNTANTS' 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*

Board of Mayor and Aldermen
Town of Jacksboro, Tennessee
Jacksboro, Tennessee

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 of America, the financial statements of the governmental activities and each major fund of Town of Jacksboro, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Jacksboro, Tennessee's basic financial statements, and have issued our report thereon dated February 13, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Jacksboro, Tennessee's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Jacksboro, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Jacksboro, Tennessee's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Jacksboro, Tennessee's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Town of Jacksboro, Tennessee's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Jacksboro, Tennessee's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mitchell Emert + Hill". The signature is written in a cursive, flowing style.

February 13, 2023

TOWN OF JACKSBORO, TENNESSEE

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2022

There were no findings reported in the prior year.