
ANNUAL FINANCIAL REPORT JACKSON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2009



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**ANNUAL FINANCIAL REPORT
JACKSON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2009**

***DEPARTMENT OF AUDIT
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Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT
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Assistant to the Comptroller***

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State Auditors***

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

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Audit Highlights
Annual Financial Report
Jackson County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Jackson County as of and for the year ended June 30, 2009.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include one component unit, which had not been audited. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in nine findings and recommendations, which we have reviewed with Jackson County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The General Fund required material audit adjustments for proper financial statement presentation.
- ◆ Expenditures and encumbrances exceeded appropriations approved by the County Commission in several major appropriation categories (the legal level of control) of the General and General Debt Service funds.
- ◆ The office did not have documentation on file to support vacation, sick, or compensatory leave for general government employees.

OFFICE OF CLERK AND MASTER

- ◆ At June 30, 2009, the execution docket trial balance did not reconcile with general ledger accounts by \$3,216.
 - ◆ The clerk and master did not post short-term accounts activity to the accounting records.
-

OFFICE OF SHERIFF

- ◆ The office did not deposit some funds to the bank account within three days of collection as required by state statute.
-

OTHER FINDINGS

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately in the Offices of County Mayor, Road Superintendent, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.
- ◆ The Industrial Development Board of the County of Jackson, Tennessee, a component unit of Jackson County, was not audited as required by state statute.

INTRODUCTORY SECTION

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Jackson County Officials

June 30, 2009

Officials

Charlie Hix, County Mayor
Edward Anderson, Road Superintendent
Joe Barlow, Director of Schools
Vernon Ragland, Trustee
Kim Hammock, Assessor of Property
Belinda Ward, County Clerk
Aaron Thomas, Circuit and General Sessions Courts Clerk
Sherrie Osborne, Clerk and Master
Kim Barham, Register
Charles Collier, Sheriff

Board of County Commissioners

Charlie Hix, County Mayor, Chairman	
Scott Allen	Charles Hopkins
John Cason	Michael Loftis
Kenneth Craighead	Willard Mayberry
Danny Davis	Billy Myers
Joey Denson	Johnny Pippin
James Evins	Jeff Smallwood
Pat Forkum	Jack Smith
Bruce Hawkins	Wayne Wiley
Richard Head	Kimberly Young

Board of Education

Mark Brown, Chairman
Tim Bowman
James Robert Childress
Jeff Lynn
Dewey Mabery
Sandra Ragland

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FINANCIAL SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

January 29, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Jackson County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jackson County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jackson County Emergency Communications District, which represent 1.5 percent and 2.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jackson County Emergency Communications District is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

The financial statements of the Industrial Development Board of the County of Jackson, Tennessee, a component unit requiring discrete presentation, had not been audited as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Industrial Development Board of the County of Jackson, Tennessee, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, based on our audit and the report of other auditors, except for the effects of not including the financial statements of the Industrial Development Board of the County of Jackson, Tennessee, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Jackson County, Tennessee, as of June 30, 2009, and the results of operations of the aggregate discretely presented component units, for the year ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson County, Tennessee, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2010, on our consideration of Jackson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Jackson County has adopted Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

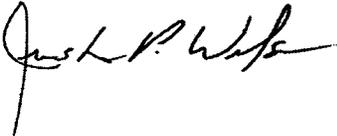
The management of Jackson County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison, pension, and other postemployment benefits information on pages 69 through 77 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted

principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jackson County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jackson County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Jackson County, Tennessee
Statement of Net Assets
June 30, 2009

	Primary Government Governmental Activities	Component Units	
		Jackson County School Department	Jackson County Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 7,781	\$ 0	\$ 0
Equity in Pooled Cash and Investments	2,188,659	5,428,104	0
Inventories	0	36,187	0
Accounts Receivable	194,128	58	94
Allowance for Uncollectibles	(63,446)	0	0
Due from Other Governments	340,417	268,648	27,381
Prepaid Items	0	0	6,837
Property Taxes Receivable	2,767,416	1,716,091	0
Allowance for Uncollectible Property Taxes	(77,326)	(47,955)	0
Capital Assets:			
Assets Not Depreciated:			
Land	364,836	173,658	2,500
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	5,909,878	9,136,958	126,199
Other Capital Assets	772,114	672,041	109,314
Infrastructure	13,697,845	0	0
Total Assets	<u>\$ 26,102,302</u>	<u>\$ 17,383,790</u>	<u>\$ 272,325</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 11,803	\$ 8,423	\$ 509
Accrued Payroll	0	1,374	3,870
Payroll Deductions Payable	11,659	0	0
Cash Overdraft	0	0	28,592
Accrued Interest Payable	27,514	0	1,784
Deferred Revenue - Current Property Taxes	2,553,768	1,583,643	0
Noncurrent Liabilities:			
Due Within One Year	702,138	164,000	46,852
Due in More Than One Year	6,198,812	5,363,395	87,509
Total Liabilities	<u>\$ 9,505,694</u>	<u>\$ 7,120,835</u>	<u>\$ 169,116</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 16,083,723	\$ 4,559,657	\$ 103,650
Restricted for:			
Debt Service	1,456,891	0	0
Solid Waste/Sanitation	44,584	0	0
Drug Control	2,421	0	0
Highway/Public Works	545,357	0	0
Capital Projects	67,900	0	0
School Federal Projects	0	154,207	0
Central Cafeteria	0	336,739	0
Basic Education Program	0	2,601,899	0
Other Purposes	59,049	699,315	0
Unrestricted	(1,663,317)	1,911,138	(441)
Total Net Assets	<u>\$ 16,596,608</u>	<u>\$ 10,262,955</u>	<u>\$ 103,209</u>

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

Exhibit B

Jackson County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units	
						Jackson County School Department	Jackson County Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 604,338	\$ 70,039	\$ 85,257	\$ 0	\$ (449,042)	\$ 0	\$ 0
Finance	290,162	219,270	22,974	0	(47,918)	0	0
Administration of Justice	438,851	203,991	9,000	0	(225,860)	0	0
Public Safety	1,875,962	751,403	109,186	0	(1,015,373)	0	0
Public Health and Welfare	1,066,964	529,238	30,466	0	(507,260)	0	0
Social, Cultural, and Recreational Services	93,389	0	13,391	0	(79,998)	0	0
Agriculture and Natural Resources	83,830	0	0	0	(83,830)	0	0
Other Operations	1,345,001	12,620	0	557,050	(775,331)	0	0
Highways/Public Works	2,046,753	59,343	1,378,183	166,890	(442,337)	0	0
Interest on Long-term Debt	223,685	0	0	0	(223,685)	0	0
Other Debt Service	1,153	6,603	301,190	0	306,640	0	0
Total Governmental Activities	\$ 8,070,088	\$ 1,852,507	\$ 1,949,647	\$ 723,940	\$ (3,543,994)	\$ 0	\$ 0
Total Primary Government	\$ 8,070,088	\$ 1,852,507	\$ 1,949,647	\$ 723,940	\$ (3,543,994)	\$ 0	\$ 0
Component Units:							
Jackson County School Department	\$ 13,908,502	\$ 284,293	\$ 2,641,355	\$ 46	\$ 0	\$ (10,977,808)	\$ 0
Emergency Communications District	342,081	103,857	94,821	0	0	0	(143,403)
Total Component Units	\$ 14,245,583	\$ 388,150	\$ 2,736,176	\$ 46	\$ 0	\$ (10,977,808)	\$ (143,403)

(Continued)

Exhibit B

Jackson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Program Revenues		Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Jackson County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 2,557,708	\$ 1,651,377	\$ 0
Property Taxes Levied for Debt Service				2,399	0	0
Local Option Sales Taxes				144,342	561,168	0
Wheel Tax				0	172,463	0
Business Tax				29,699	0	0
Mineral Severance Tax				24,918	0	0
Wholesale Beer Tax				72,597	0	0
Litigation Tax - General				18,266	0	0
Other Local Taxes				13,413	1,731	0
Grants and Contributions Not Restricted to Specific Programs				367,826	8,955,419	172,989
Unrestricted Investment Earnings				197,964	0	134
Sale of Land/Equipment				35,490	705	0
Gain on Sale/Disposal of Capital Assets				0	142,854	0
Miscellaneous				40,534	28,491	0
Total General Revenues				\$ 3,505,156	\$ 11,514,208	\$ 173,123
Insurance Recovery				\$ 7,913	\$ 90,735	\$ 0
Change in Net Assets				\$ (30,925)	\$ 627,135	\$ 29,720
Net Assets, July 1, 2008				16,627,533	9,635,820	73,489
Net Assets, June 30, 2009				\$ 16,596,608	\$ 10,262,955	\$ 103,209

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

Jackson County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2009

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other		
					Governmental Funds	Governmental Funds	
\$	0 \$	0 \$	0 \$	0 \$	7,781 \$	0	7,781
Equity in Pooled Cash and Investments	981,712	36,474	264,954	834,866	70,653	48	2,188,659
Accounts Receivable	182,623	0	11,156	301	0	0	194,128
Allowance for Uncollectibles	(63,446)	0	0	0	0	0	(63,446)
Due from Other Governments	80,348	0	260,069	0	0	0	340,417
Due from Other Funds	7,829	0	0	648,856	0	0	656,685
Property Taxes Receivable	2,154,081	420,504	192,831	0	0	0	2,767,416
Allowance for Uncollectible Property Taxes	(60,195)	(11,750)	(5,381)	0	0	0	(77,326)
Total Assets	\$ 3,282,952	\$ 445,228	\$ 723,629	\$ 1,484,023	\$ 78,482	\$ 0	\$ 6,014,314

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable
 Payroll Deductions Payable
 Due to Other Funds
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues
 Total Liabilities

Fund Balances
 Reserved for Encumbrances
 Reserved for Alcohol and Drug Treatment
 Reserved for Litigation Tax - Jail, Workhouse, or Courthouse
 Reserved for Sexual Offender Registration
 Reserved for Courtroom Security
 Reserved for Computer System - Register
 Reserved for Automation Purposes - General Sessions Court

\$	0 \$	11,803 \$	0 \$	0 \$	0 \$	0 \$	11,803
10,536	791	0	0	0	332	0	11,659
648,856	0	0	0	7,829	0	0	656,685
1,987,828	388,050	177,890	0	0	0	0	2,553,768
101,253	19,766	9,130	0	0	0	0	130,149
128,827	0	123,080	0	0	0	0	251,907
\$ 2,877,300	\$ 420,410	\$ 310,100	\$ 0	\$ 8,161	\$ 0	\$ 0	\$ 3,615,971

\$	190,750 \$	0 \$	0 \$	0 \$	0 \$	0 \$	190,750
3,876	0	0	0	0	0	0	3,876
1,938	0	0	0	0	0	0	1,938
2,663	0	0	0	0	0	0	2,663
646	0	0	0	0	0	0	646
13,504	0	0	0	0	0	0	13,504
411	0	0	0	0	0	0	411

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
\$	147	0	0	0	0	0	147
	34,496	0	0	0	0	0	34,496
	1,368	0	0	0	0	0	1,368
	155,853	0	0	0	0	0	155,853
	0	24,818	413,529	0	2,421	0	440,768
	0	0	0	1,484,023	0	0	1,484,023
	0	0	0	0	67,900	0	67,900
\$	405,652	24,818	413,529	1,484,023	70,321	\$	2,398,343
\$	3,282,952	445,228	723,629	1,484,023	78,482	\$	6,014,314

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances (Cont.)</u>
Reserved for Automation Purposes - Chancery Court
Reserved for Automation Purposes - Sheriff
Reserved for Automation Purposes - County Clerk
Unreserved, Reported In:
General Fund
Special Revenue Funds
Debt Service Funds
Capital Projects Funds
Total Fund Balances
Total Liabilities and Fund Balances

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

Exhibit C-2

Jackson County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	2,398,343
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	364,836	
Add: infrastructure net of accumulated depreciation		13,697,845	
Add: buildings and improvements net of accumulated depreciation		5,909,878	
Add: other capital assets net of accumulated depreciation		<u>772,114</u>	20,744,673
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(2,295,700)	
Less: notes payable		(386,250)	
Less: other loans payable		(4,219,000)	
Less: accrued interest on bonds, notes, other loans, and capital leases		<u>(27,514)</u>	(6,928,464)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>382,056</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 16,596,608</u>

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

Jackson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
Revenues							
Local Taxes	\$ 2,257,748	\$ 385,470	\$ 201,834	\$ 7,257	\$ 0	\$ 0	\$ 2,852,309
Licenses and Permits	1,615	0	0	0	0	0	1,615
Fines, Forfeitures, and Penalties	44,270	0	0	0	30,742	0	75,012
Charges for Current Services	563,565	0	0	0	117	0	563,682
Other Local Revenues	289,228	18,494	95,915	6,603	23,620	0	433,860
Fees Received from County Officials	378,067	0	0	0	0	0	378,067
State of Tennessee	745,786	2,947	1,541,071	360,000	0	0	2,649,804
Federal Government	662,725	0	0	0	0	0	662,725
Other Governments and Citizens Groups	59,163	0	0	301,190	0	0	360,353
Total Revenues	\$ 5,002,167	\$ 406,911	\$ 1,838,820	\$ 675,050	\$ 54,479	\$ 0	\$ 7,977,427
Expenditures							
Current:							
General Government	\$ 563,577	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 563,577
Finance	290,045	0	0	0	117	0	290,162
Administration of Justice	438,851	0	0	0	0	0	438,851
Public Safety	1,690,603	0	0	0	52,085	0	1,742,688
Public Health and Welfare	642,971	399,158	0	0	5,032	0	1,047,161
Social, Cultural, and Recreational Services	92,674	0	0	0	0	0	92,674
Agriculture and Natural Resources	83,830	0	0	0	0	0	83,830
Other Operations	1,278,291	7,831	0	134	37,738	0	1,323,994
Highways	34,254	0	1,792,496	0	0	0	1,826,750
Debt Service:							
Principal on Debt	0	0	52,000	471,195	0	0	523,195
Interest on Debt	0	0	4,494	219,115	0	0	223,609
Other Debt Service	0	0	0	1,153	0	0	1,153
Total Expenditures	\$ 5,115,096	\$ 406,989	\$ 1,848,990	\$ 691,597	\$ 94,972	\$ 0	\$ 8,157,544
Excess (Deficiency) of Revenues Over Expenditures	\$ (112,929)	\$ (78)	\$ (10,170)	\$ (16,547)	\$ (40,493)	\$ (180,217)	
Other Financing Sources (Uses)							
Insurance Recovery	\$ 0	\$ 0	\$ 7,913	\$ 0	\$ 0	\$ 0	\$ 7,913
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 7,913	\$ 0	\$ 0	\$ 0	\$ 7,913
Net Change in Fund Balances	\$ (112,929)	\$ (78)	\$ (2,257)	\$ (16,547)	\$ (40,498)	\$ (172,304)	
Fund Balance, July 1, 2008	518,581	24,896	415,786	1,500,570	110,814	0	2,570,647
Fund Balance, June 30, 2009	\$ 405,652	\$ 24,818	\$ 413,529	\$ 1,484,023	\$ 70,321	\$ 0	\$ 2,398,343

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

Exhibit C-4

Jackson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (172,304)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Less: current year depreciation expense		(429,001)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on sale/disposal of capital assets	\$ (6,562)	
Less: decrease in revenue for the sale/insurance recovery of disposed assets	<u>(11,625)</u>	(18,187)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 382,056	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(316,608)</u>	65,448
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on notes	\$ 187,495	
Add: principal payments on bonds	196,700	
Add: principal payments on other loans	<u>139,000</u>	523,195
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest on bonds	\$ (1,981)	
Change in accrued interest on notes	<u>1,905</u>	<u>(76)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (30,925)</u>

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

Exhibit D

Jackson County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 793,100
Accounts Receivable	310
Due from Other Governments	<u>49,148</u>
Total Assets	<u>\$ 842,558</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 49,148
Due to Litigants, Heirs, and Others	<u>793,410</u>
Total Liabilities	<u>\$ 842,558</u>

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

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JACKSON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Jackson County is a public municipal corporation governed by an elected 18-member board. As required by GAAP, these financial statements present Jackson County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Jackson County School Department operates the public school system in the county, and the voters of Jackson County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Jackson County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Jackson County, and the Jackson County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Industrial Development Board of the County of Jackson, Tennessee, promotes industrial development in the county to provide employment for its citizens. The County Commission appoints all seven members of the board. The county also services debt on behalf of the board. The primary funding for the board is lease payments for industrial buildings. An annual audit has not been performed on the board for the year ended June 30, 2009.

The Jackson County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. The Industrial Development Board of the County of Jackson, Tennessee, has not published audited financial statements for the year. The Jackson County Emergency Communications District's financial statements are published as a separate report. Complete financial statements of the Jackson County Emergency Communications District and the Industrial Development Board of the County of Jackson, Tennessee, can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

Industrial Development Board of the County of Jackson, Tennessee
P.O. Box 617
Gainesboro, TN 38562

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other

items not properly included among program revenues are reported instead as general revenues.

Jackson County issues all debt for the discretely presented Jackson County School Department.

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

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

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

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

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

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

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

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

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

Jackson County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This fund accounts for transactions relating to the disposal of Jackson County’s solid waste.

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

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

Additionally, Jackson County reports the following fund types:

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

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

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

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

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

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Jackson County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Jackson County and the School

Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.5 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for

uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Inventories

Inventories of the School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital Assets

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

5. Compensated Absences

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

The School Department's general policy does not allow employees to accumulate earned but unused vacation leave benefits beyond year-end. The School Department does allow employees to accumulate an unlimited amount of unused sick leave; however, the granting of sick leave has no guaranteed payment attached, and therefore, is not required to be accrued or recorded.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

7. Net Assets and Fund Equity

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

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

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$59,049, with the primary restriction being for automation purposes in the Sheriff's Office (\$34,496). For the discretely presented School Department, the account balance in Restricted for Other Purposes totals \$699,315 and consists primarily of a restriction for wheel tax revenues (\$681,261).

As of June 30, 2009, Jackson County had \$2,240,000 in outstanding debt for capital purposes for the discretely presented Jackson County School Department. This debt is a liability of Jackson County, but the capital assets acquired are reported in the financial statements of the

School Department. Therefore, Jackson County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Jackson County School Department

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

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

Primary Government

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

Discretely Presented Jackson County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted and the Community Development/Industrial Parks Fund (capital projects fund), which adopts project length budgets. All annual appropriations lapse at fiscal year end.

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

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

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

B. Prior-year Cash Shortage

The Sheriff's Department had a cash shortage of \$1,866 at June 30, 2008. This cash shortage resulted from not properly accounting for funds received from the county's Drug Control Fund for undercover drug operations during the period July 1, 2006, through June 30, 2007. This shortage occurred during the administration of the previous sheriff, and no payments were made toward liquidating the cash shortage during the prior or current audit period. The district attorney general and the county mayor each stated that they have no intention of pursuing this matter further; therefore, this shortage does not appear in the financial statements of this report.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the following funds' major appropriation categories (the legal level of control):

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
General Sessions Court	\$ 8,037
Housing and Urban Development	190,750
Employee Benefits	4,540
Litter and Trash Collection	17
Debt Service:	
Principal on Debt - General Government	20,615
Other Debt Service - Education	233

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with

collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

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

The county had no pooled or nonpooled investments as of June 30, 2009.

B. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 382,336	\$ 0	\$ (17,500)	\$ 364,836
Total Capital Assets Not Depreciated	\$ 382,336	\$ 0	\$ (17,500)	\$ 364,836

Governmental Activities (Cont.):

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,948,689	\$ 0	\$ 0	\$ 6,948,689
Infrastructure	15,845,757	0	0	15,845,757
Other Capital Assets	2,118,756	0	(13,750)	2,105,006
Total Capital Assets Depreciated	\$ 24,913,202	\$ 0	\$ (13,750)	\$ 24,899,452
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 894,717	\$ 144,094	\$ 0	\$ 1,038,811
Infrastructure	2,007,979	139,933	0	2,147,912
Other Capital Assets	1,200,981	144,974	(13,063)	1,332,892
Total Accumulated Depreciation	\$ 4,103,677	\$ 429,001	\$ (13,063)	\$ 4,519,615
Total Capital Assets Depreciated, Net	\$ 20,809,525	\$ (429,001)	\$ (687)	\$ 20,379,837
Governmental Activities Capital Assets, Net	\$ 21,191,861	\$ (429,001)	\$ (18,187)	\$ 20,744,673

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

Governmental Activities:

General Government	\$ 34,261
Public Safety	133,212
Public Health and Welfare	19,803
Social, Cultural, and Recreational Services	715
Other Operations	21,007
Highways/Public Works	<u>220,003</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 429,001</u>

Discretely Presented Jackson County School Department

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 173,658	\$ 0	\$ 0	\$ 173,658
Total Capital Assets Not Depreciated	\$ 173,658	\$ 0	\$ 0	\$ 173,658
Capital Assets Depreciated:				
Buildings and Improvements	\$ 12,473,905	\$ 0	\$ (238,675)	\$ 12,235,230
Other Capital Assets	910,758	254,646	(149,086)	1,016,318
Total Capital Assets Depreciated	\$ 13,384,663	\$ 254,646	\$ (387,761)	\$ 13,251,548
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 2,866,546	\$ 257,831	\$ (26,105)	\$ 3,098,272
Other Capital Assets	390,795	71,937	(118,455)	344,277
Total Accumulated Depreciation	\$ 3,257,341	\$ 329,768	\$ (144,560)	\$ 3,442,549
Total Capital Assets Depreciated, Net	\$ 10,127,322	\$ (75,122)	\$ (243,201)	\$ 9,808,999
Governmental Activities Capital Assets, Net	\$ 10,300,980	\$ (75,122)	\$ (243,201)	\$ 9,982,657

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

Governmental Activities:

Instruction	\$ 257,831
Support Services	<u>71,937</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 329,768</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 7,829
General Debt Service	General	648,856

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amount:

Discretely Presented Jackson County School Department

	<u>Transfer In</u>
	General Purpose School Fund
<u>Transfer Out</u>	
Nonmajor governmental funds	\$ 88,184

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

D. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 40 years for bonds, up to nine years for notes, and up to 25 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2009, will be retired from the General Debt Service and Highway/Public Works funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds	3.342 to 5 %	\$ 3,876,000	\$ 2,295,700
Capital Outlay Notes	3.5 to 5.4	1,145,832	386,250
Other Loans	variable	4,700,000	4,219,000

In prior years, Jackson County entered into two separate loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned Jackson County \$3,500,000 and \$1,200,000, respectively, for jail construction. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2009, the variable interest rate for these loans was .32 percent and other fees totaled approximately .2 percent (letter of credit), .08 percent (remarketing), and a trustee fee of \$85 per month.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2009, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 356,237	\$ 18,949	\$ 375,186
2011	30,013	1,546	31,559
Total	\$ 386,250	\$ 20,495	\$ 406,745

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2010	\$ 144,000	\$ 13,501	\$ 13,853	\$ 171,354
2011	149,000	13,040	13,450	175,490
2012	154,000	12,563	13,033	179,596
2013	159,000	12,070	12,602	183,672
2014	165,000	11,562	12,156	188,718
2015-2019	915,000	49,504	53,516	1,018,020
2020-2024	1,083,000	33,837	39,807	1,156,644
2025-2029	1,288,000	15,248	23,542	1,326,790
2030-2031	162,000	784	2,726	165,510
Total	\$ 4,219,000	\$ 162,109	\$ 184,685	\$ 4,565,794

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 201,900	\$ 109,588	\$ 311,488
2011	212,100	100,594	312,694
2012	216,400	90,937	307,337
2013	221,700	80,838	302,538
2014	241,900	70,385	312,285
2015-2019	1,201,700	170,090	1,371,790
Total	\$ 2,295,700	\$ 622,432	\$ 2,918,132

There is \$1,484,023 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$209, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$628, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
Balance, July 1, 2008	\$ 2,492,400	\$ 573,745	\$ 4,358,000
Deductions	(196,700)	(187,495)	(139,000)
Balance, June 30, 2009	\$ 2,295,700	\$ 386,250	\$ 4,219,000
Balance Due Within One Year	\$ 201,900	\$ 356,237	\$ 144,000

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 6,900,950
Less: Balance Due Within One Year	<u>(702,138)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 6,198,812</u></u>

Discretely Presented Jackson County School Department

Other Loans

The county issues other loans on behalf of the School Department to provide funds for the acquisition and construction of major capital facilities.

Other loans are direct obligations and pledge the full faith and credit of the government. The other loan outstanding was issued for an original term of 28 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The other loan included in long-term debt as of June 30, 2009, will be retired from the General Purpose School Fund.

The other loan outstanding as of June 30, 2009, is as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-09</u>
Other Loan	variable	\$ 6,300,000	\$ 5,423,000

In a prior year, Jackson County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$6,300,000 to the School Department for construction of a middle school. This loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the School Department pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2009, the variable interest rate was .48 percent, and other fees totaled approximately .25 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal, and a trustee fee of \$85 per month.

The annual requirements to amortize the other loan outstanding as of June 30, 2009, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2010	\$ 164,000	\$ 26,030	\$ 18,916	\$ 208,946
2011	172,000	25,243	18,375	215,618
2012	181,000	24,418	17,807	223,225
2013	190,000	23,549	17,210	230,759
2014	199,000	22,637	16,583	238,220
2015-2019	1,156,000	97,848	72,370	1,326,218
2020-2024	1,477,000	67,176	51,283	1,595,459
2025-2029	1,884,000	28,007	24,356	1,936,363
Total	<u>\$ 5,423,000</u>	<u>\$ 314,908</u>	<u>\$ 236,900</u>	<u>\$ 5,974,808</u>

Debt per capita totaled \$494, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Jackson County School Department for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Other Loans	Other Postemployment Benefits
Balance, July 1, 2008	\$ 5,579,000	\$ 44,395
Additions	0	88,199
Deductions	(156,000)	(28,199)
Balance, June 30, 2009	<u>\$ 5,423,000</u>	<u>\$ 104,395</u>
Balance Due Within One Year	<u>\$ 164,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 5,527,395
Less: Balance Due Within One Year	<u>(164,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,363,395</u>

E. On-Behalf Payments – Discretely Presented Jackson County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Jackson County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2009, were \$34,986 and \$7,354, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

F. Short-term Debt

Jackson County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet operating expenditures coming due before current tax collections. Short-term debt activity for the year ended June 30, 2009, was as follows:

	Balance 7-1-08		Issued		Paid		Balance 6-30-09
Tax Anticipation Notes	\$ 0	\$	400,000	\$	(400,000)	\$	0

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

The Jackson County general government (excluding the Highway Department) joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county pays annual premiums to the TN-RMT for its workers’

compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Jackson County does not provide health insurance for its employees.

Discretely Presented Jackson County School Department

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

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Jackson County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Jackson County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of

Jackson County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Jackson County could have endowment investments in subsequent years.

C. Subsequent Events

On July 13, 2009, the Highway Department issued capital outlay notes totaling \$150,000 for road repairs and improvements.

On December 15, 2009, the county entered into a loan agreement with the Tennessee Municipal Bond Fund. Under this agreement, the fund provided \$3,765,000 to the county for refinancing outstanding bonds (\$2,240,000) and for school renovations (\$1,525,000).

D. Contingent Liabilities

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

E. Change in Administration

On September 3, 2008, Kenneth Bean left the Office of Sheriff and was succeeded by Charles Collier.

F. Jointly Governed Organization

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

G. Retirement Commitments

Employees

Plan Description

Employees of Jackson County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the

age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Jackson County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs.

Funding Policy

Jackson County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 6.48 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Jackson County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, Jackson County's annual pension cost of \$227,927 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Jackson County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was 17 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	\$227,927	100%	\$0
6-30-08	242,222	100	0
6-30-07	206,209	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 92.75 percent funded. The actuarial accrued liability for benefits was \$4.95 million, and the actuarial value of assets was \$4.59 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.36 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.59 million, and the ratio of the UAAL to the covered payroll was 13.81 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

The School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service.

Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2009, 2008, and 2007, were \$400,687, \$388,377, and \$355,584, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for teachers. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive

Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for retirees ranges from 55 to 75 percent based on the years of service. During the year ended June 30, 2009, the discretely presented Jackson County School Department contributed \$28,199 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<u> </u>
ARC	\$ 88,146
Interest on the NPO	1,997
Adjustment to the ARC	(1,944)
Annual OPEB cost	<u>\$ 88,199</u>
Amount of contribution	(28,199)
Increase/decrease in NPO	<u>\$ 60,000</u>
Net OPEB obligation, 7-1-08	<u>44,395</u>
Net OPEB obligation, 6-30-09	<u><u>\$ 104,395</u></u>

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 84,489	47	% \$ 44,395
6-30-09	"	88,199	32	104,395

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	Local Education Group Plan
Actuarial valuation date	7-1-07
Actuarial accrued liability (AAL)	\$ 965,813
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 965,813
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 3,511,306
UAAL as a % of covered payroll	28%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2007, actuarial valuation, the projected unit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

Chapter 111, Private Acts of 1951, as amended, and Section 54-7-113, TCA (Uniform Road Law), govern purchasing procedures for the Road Department. Chapter 111, Private Acts of 1951, directs the road superintendent to make necessary purchases and to file a report with the County Commission for all purchases exceeding \$1,000. Provisions of the Uniform Road Law require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

VI. OTHER NOTES – DISCRETELY PRESENTED JACKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Organization

The Jackson County E-911 Emergency Communications District was established on October 1, 1990, to provide an enhanced level of 911 service for Jackson County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Jackson

County, and the Jackson County County Commission appoints the board of directors. The district must file a budget with Jackson County each year. Any bond issued by the district is subject to approval by Jackson County.

B. Summary of Significant Accounting Policies

The district presents its financial statements on the accrual basis and according to Governmental Accounting Standards Board (GASB) Statement No. 20, follows pronouncements of the Financial Accounting Standards Board (FASB) issued before November 30, 1989, unless they conflict with or contradict GASB guidance. After November 30, 1989, the district follows GASB guidance only and does not follow any FASB guidance issued after that date.

Capital assets are depreciated over their useful lives using the straight-line method. All assets purchased under \$5,000 are expensed unless otherwise stated by management. Depreciation begins when the capital assets are placed in service. Depreciation is summarized as follows:

<u>Assets</u>	<u>Estimated Useful Life Years</u>	<u>Depreciation Expense</u>
Buildings and Improvements	40	\$ 3,824
Other Capital Assets	5-12	<u>30,239</u>
		<u>\$ 34,063</u>

The budget is compiled and brought before the board for approval. The board approves any amendments.

Major Source of Revenue

The major sources of operating revenue are emergency telephone and wireless surcharges and revenue from the State Emergency Communications Board Operational Funding Program. Nonoperating revenue consists of grants and reimbursements from the State Emergency Communications Board and contributions from primary and other governments.

Budgeting, Budgetary Control, and Budgetary Reporting

An annual budget using the modified accrual basis of accounting is prepared and adopted each year. The budget for the year ended June 30, 2009, was approved by the board before the fiscal year began. Certain changes in expenditure allocations of the budget were addressed and approved by the board. Revenues are considered to be available for unrestricted use unless specifically restricted by the donor or grantor, thus the board may reapply

budgeted resources from one use to another without special approval for unrestricted funds.

C. Cash and Investments

Tennessee Code Annotated (TCA), requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

The following is a schedule of cash accounts at June 30, 2009:

Checking	\$	(28,643)
Payroll Checking		<u>51</u>
Total Cash	\$	<u>(28,592)</u>

At June 30, 2009, the carrying amount of the district's cash deposits was a cash overdraft of \$28,592. The district's deposit accounts are covered up to \$250,000 by the FDIC. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, TCA.

D. Insurance Risk

The district has bonds covering the chairman, vice-chairman, secretary, and treasurer totaling \$50,000 at June 30, 2009. The district also holds a workers' compensation policy and a liability policy covering property theft, damage, and public liability. There have been no claims that exceeded coverage as of June 30, 2009.

E. Capital Assets

The following is a schedule of capital assets at June 30, 2009:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	\$ 2,500	\$ 0	\$ 2,500
Total Capital Assets Not Depreciated	<u>\$ 2,500</u>	<u>\$ 0</u>	<u>\$ 2,500</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 152,968	\$ 0	\$ 152,968
Other Capital Assets	773,011	53,043	826,054
Total Capital Assets Depreciated	<u>\$ 925,979</u>	<u>\$ 53,043</u>	<u>\$ 979,022</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 22,945	\$ 3,824	\$ 26,769
Other Capital Assets	686,502	30,239	716,741
Total Accumulated Depreciation	<u>\$ 709,447</u>	<u>\$ 34,063</u>	<u>\$ 743,510</u>
Total Capital Assets Depreciated, Net	<u>\$ 216,532</u>	<u>\$ 18,980</u>	<u>\$ 235,512</u>
Governmental Activities Capital Assets, Net	<u>\$ 219,032</u>	<u>\$ 18,980</u>	<u>\$ 238,012</u>

F. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

G. Long-term Liabilities

Lease payable at June 30, 2009, is a capital lease with Marlin Financial & Leasing Corporation. Terms of the lease agreement are 54 payments of \$5,529.53 beginning July 18, 2003, with an interest rate of 5.85 percent. The last payment should have been January 18, 2009; however, the district renegotiated the lease agreement for lower payments of \$4,455.81 over a longer period of time. The annual requirement for long-term debt outstanding at June 30, 2009, is as follows:

Year Ending June 30	Lease		
	Principal	Interest	Total
2010	\$ 46,853	\$ 6,617	\$ 53,470
2011	49,668	3,802	53,470
2012	37,841	902	38,743
Total	\$ 134,362	\$ 11,321	\$ 145,683

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Capital Lease</u>
Balance, July 1, 2008	\$ 170,421
Deductions	<u>(36,059)</u>
Balance, June 30, 2009	<u>\$ 134,362</u>

H. Compensated Absences

There were no compensated absences payable at June 30, 2009.

I. Calculation of Invested in Capital Assets

Net Book Value	\$ 238,012
Less: Current and Noncurrent Debt	<u>(134,362)</u>
Invested in Net Assets, Net of Related Debt	<u>\$ 103,650</u>

J. Budgetary Information

As stated in Note VI. A., the district must file a budget with Jackson County each year, which must be legally adopted by the county. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the program level as well as the object level.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit E-1

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Revenues						
Local Taxes	\$ 2,257,748	\$ 0	\$ 2,257,748	\$ 2,250,378	\$ 2,250,378	\$ 7,370
Licenses and Permits	1,615	0	1,615	2,000	2,000	(385)
Fines, Forfeitures, and Penalties	44,270	0	44,270	43,150	43,150	1,120
Charges for Current Services	563,565	0	563,565	570,500	578,573	(15,008)
Other Local Revenues	289,228	0	289,228	324,000	347,572	(58,344)
Fees Received from County Officials	378,067	0	378,067	377,000	377,600	467
State of Tennessee	745,786	0	745,786	655,217	764,503	(18,717)
Federal Government	662,725	0	662,725	13,000	619,394	43,331
Other Governments and Citizens Groups	59,163	0	59,163	0	1,000	58,163
Total Revenues	\$ 5,002,167	\$ 0	\$ 5,002,167	\$ 4,235,245	\$ 4,984,170	\$ 17,997
Expenditures						
General Government						
County Commission	\$ 37,459	\$ 0	\$ 37,459	\$ 45,804	\$ 45,804	\$ 8,345
Board of Equalization	750	0	750	808	808	58
Beer Board	110	0	110	200	200	90
Budget and Finance Committee	400	0	400	646	646	246
Other Boards and Committees	0	0	0	431	431	431
County Mayor/Executive	137,513	0	137,513	138,615	138,615	1,102
County Attorney	5,395	0	5,395	5,895	5,895	500
Election Commission	131,181	0	131,181	141,559	141,559	10,378
Register of Deeds	88,561	0	88,561	92,815	92,815	4,254
County Buildings	162,208	0	162,208	136,806	180,029	17,821
Finance						
Property Assessor's Office	87,662	0	87,662	91,668	91,668	4,006

Exhibit E-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
Reappraisal Program	\$ 13,977	\$ 0	\$ 13,977	\$ 7,796	\$ 14,246	\$ 269
County Trustee's Office	79,856	0	79,856	99,408	99,408	19,552
County Clerk's Office	108,550	0	108,550	96,647	108,686	136
<u>Administration of Justice</u>						
Circuit Court	162,354	0	162,354	158,275	167,099	4,745
General Sessions Court	119,263	0	119,263	111,226	111,226	(8,037)
Chancery Court	87,253	0	87,253	88,499	89,583	2,330
Juvenile Court	28,194	0	28,194	28,417	28,417	223
Judicial Commissioners	37,209	0	37,209	37,535	37,535	326
Other Administration of Justice	4,578	0	4,578	10,400	10,400	5,822
<u>Public Safety</u>						
Sheriff's Department	685,826	0	685,826	593,285	749,457	63,631
Administration of the Sexual Offender Registry	749	0	749	500	1,000	251
Jail	927,310	0	927,310	834,654	966,768	39,458
Fire Prevention and Control	22,000	0	22,000	22,000	22,000	0
Other Emergency Management	50,295	0	50,295	52,300	52,300	2,005
Other Public Safety	4,423	0	4,423	5,000	5,000	577
<u>Public Health and Welfare</u>						
Local Health Center	33,927	0	33,927	34,263	34,263	336
Ambulance/Emergency Medical Services	587,033	0	587,033	595,569	595,569	8,536
Crippled Children Services	900	0	900	900	900	0
Regional Mental Health Center	5,811	0	5,811	4,760	5,811	0
Appropriation to State	15,300	0	15,300	15,300	15,300	0

(Continued)

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services</u>						
<u>Adult Activities</u>						
Senior Citizens Assistance	\$ 19,277	\$ 0	\$ 19,277	\$ 17,302	\$ 19,280	\$ 3
Libraries	21,047	0	21,047	17,302	21,085	38
<u>Agriculture and Natural Resources</u>	52,350	0	52,350	52,453	52,453	103
<u>Agriculture Extension Service</u>	43,334	0	43,334	43,392	43,876	542
<u>Soil Conservation</u>	40,496	0	40,496	36,510	40,593	97
<u>Other Operations</u>	5,964	0	5,964	7,500	7,500	1,536
Industrial Development	557,050	190,750	747,800	0	557,050	(190,750)
Housing and Urban Development	0	0	0	500	500	500
Other Economic and Community Development	6,375	0	6,375	7,000	8,920	2,545
Airport	287,234	0	287,234	276,900	344,676	57,442
Other Charges	13,904	0	13,904	21,665	14,853	949
Contributions to Other Agencies	120,303	0	120,303	120,000	115,763	(4,540)
Employee Benefits	287,461	0	287,461	230,000	287,505	44
Miscellaneous						
<u>Highways</u>	34,254	0	34,254	34,237	34,237	(17)
Litter and Trash Collection	\$ 5,115,096	\$ 190,750	\$ 5,305,846	\$ 4,316,742	\$ 5,361,729	\$ 55,883
Total Expenditures						
Excess (Deficiency) of Revenues Over Expenditures	\$ (112,929)	\$ (190,750)	\$ (303,679)	\$ (81,497)	\$ (377,559)	\$ 73,880
Net Change in Fund Balance	\$ (112,929)	\$ (190,750)	\$ (303,679)	\$ (81,497)	\$ (377,559)	\$ 73,880
Fund Balance, July 1, 2008	518,581	0	518,581	391,959	391,959	126,622
Fund Balance, June 30, 2009	\$ 405,652	\$ (190,750)	\$ 214,902	\$ 310,462	\$ 14,400	\$ 200,502

Exhibit E-2

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 385,470	\$ 389,164	\$ 389,164	\$ (3,694)
Other Local Revenues	18,494	5,500	5,500	12,994
State of Tennessee	2,947	0	0	2,947
Total Revenues	<u>\$ 406,911</u>	<u>\$ 394,664</u>	<u>\$ 394,664</u>	<u>\$ 12,247</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 231,807	\$ 245,480	\$ 237,397	\$ 5,590
Convenience Centers	167,351	161,949	170,032	2,681
<u>Other Operations</u>				
Other Charges	7,831	8,000	8,000	169
Total Expenditures	<u>\$ 406,989</u>	<u>\$ 415,429</u>	<u>\$ 415,429</u>	<u>\$ 8,440</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (78)</u>	<u>\$ (20,765)</u>	<u>\$ (20,765)</u>	<u>\$ 20,687</u>
Net Change in Fund Balance	\$ (78)	\$ (20,765)	\$ (20,765)	\$ 20,687
Fund Balance, July 1, 2008	24,896	44,551	44,551	(19,655)
Fund Balance, June 30, 2009	<u>\$ 24,818</u>	<u>\$ 23,786</u>	<u>\$ 23,786</u>	<u>\$ 1,032</u>

Exhibit E-3

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 201,834	\$ 196,146	\$ 196,146	\$ 5,688
Other Local Revenues	95,915	68,500	97,150	(1,235)
State of Tennessee	1,541,071	1,358,836	1,525,726	15,345
Total Revenues	<u>\$ 1,838,820</u>	<u>\$ 1,623,482</u>	<u>\$ 1,819,022</u>	<u>\$ 19,798</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 124,442	\$ 135,426	\$ 135,426	\$ 10,984
Highway and Bridge Maintenance	1,145,706	933,520	1,228,123	82,417
Operation and Maintenance of Equipment	353,043	467,500	402,500	49,457
Other Charges	53,886	64,700	69,550	15,664
Employee Benefits	94,782	112,500	104,500	9,718
Capital Outlay	20,637	27,700	29,700	9,063
<u>Principal on Debt</u>				
Highways and Streets	52,000	57,000	52,000	0
<u>Interest on Debt</u>				
Highways and Streets	4,494	0	5,000	506
Total Expenditures	<u>\$ 1,848,990</u>	<u>\$ 1,798,346</u>	<u>\$ 2,026,799</u>	<u>\$ 177,809</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (10,170)</u>	<u>\$ (174,864)</u>	<u>\$ (207,777)</u>	<u>\$ 197,607</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 7,913	\$ 0	\$ 7,913	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 7,913</u>	<u>\$ 0</u>	<u>\$ 7,913</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (2,257)	\$ (174,864)	\$ (199,864)	\$ 197,607
Fund Balance, July 1, 2008	<u>415,786</u>	<u>250,826</u>	<u>250,826</u>	<u>164,960</u>
Fund Balance, June 30, 2009	<u>\$ 413,529</u>	<u>\$ 75,962</u>	<u>\$ 50,962</u>	<u>\$ 362,567</u>

Exhibit E-4

Jackson County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Jackson County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-09	7-1-07	\$ 4,591	\$ 4,950	359	92.75 %	\$ 2,599	13.81 %
6-30-08	7-1-07	4,591	4,950	359	92.75	2,599	13.81

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the 2007-08 fiscal year; therefore, data is only presented for two years.

Exhibit E-5

Jackson County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Jackson County School Department
June 30, 2009

Local Education Group Plan

(Dollar amounts in thousands)

Fiscal Year Ended *	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-08	7-1-07	\$ 0	\$ 922	\$ 922	0	% \$ 3,445	27%
6-30-09	7-1-07	0	922	922	0	3,445	27

* Data only available for two years.

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JACKSON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the major appropriation categories (the legal level of control) of the General Fund noted below. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
General Sessions Court	\$ 8,037
Housing and Urban Development	190,750
Employee Benefits	4,540
Litter and Trash Collection	17

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

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Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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

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

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects.

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

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Exhibit F-1

Jackson County, Tennessee
 Combining Balance Sheet
Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total	Community Development/Industrial Park		
\$	0	7,781	7,781	0	0	7,781
	2,753	0	2,753	67,900		70,653
	0	48	48	0		48
\$	2,753	7,829	10,582	67,900		78,482

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Total Assets

LIABILITIES AND FUND BALANCES

Liabilities
 Payroll Deductions Payable
 Due to Other Funds
 Total Liabilities

Fund Balances
 Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

\$	332	0	332	0	0	332
	0	7,829	7,829	0		7,829
\$	332	7,829	8,161	0	0	8,161
\$	2,421	0	2,421	67,900		70,321
\$	2,421	0	2,421	67,900		70,321
\$	2,753	7,829	10,582	67,900		78,482

Exhibit F-2

Jackson County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2009

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total	Community Development/ Industrial Park	Total	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties Charges for Current Services	\$ 30,742	\$ 0	\$ 30,742	\$ 0	\$ 30,742	
Other Local Revenues	0	117	117	0	117	
Total Revenues	\$ 30,742	\$ 117	\$ 30,859	\$ 23,620	\$ 23,620	\$ 54,479
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 117	\$ 117	\$ 0	\$ 117	
Public Safety	52,085	0	52,085	0	52,085	
Public Health and Welfare	5,032	0	5,032	0	5,032	
Other Operations	0	0	0	37,738	37,738	
Total Expenditures	\$ 57,117	\$ 117	\$ 57,234	\$ 37,738	\$ 37,738	\$ 94,972
Excess (Deficiency) of Revenues Over Expenditures	\$ (26,375)	\$ 0	\$ (26,375)	\$ (14,118)	\$ (40,493)	
Net Change in Fund Balances Fund Balance, July 1, 2008	\$ (26,375)	\$ 0	\$ (26,375)	\$ (14,118)	\$ (40,493)	
Fund Balance, June 30, 2009	28,796	0	28,796	82,018	110,814	
	\$ 2,421	\$ 0	\$ 2,421	\$ 67,900	\$ 70,321	

Exhibit F-3

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 30,742	\$ 33,500	\$ 45,962	\$ (15,220)
Federal Government	0	2,500	2,500	(2,500)
Other Governments and Citizens Groups	0	2,500	2,500	(2,500)
Total Revenues	<u>\$ 30,742</u>	<u>\$ 38,500</u>	<u>\$ 50,962</u>	<u>\$ (20,220)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 52,085	\$ 43,860	\$ 53,322	\$ 1,237
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	5,032	2,500	5,500	468
Total Expenditures	<u>\$ 57,117</u>	<u>\$ 46,360</u>	<u>\$ 58,822</u>	<u>\$ 1,705</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (26,375)</u>	<u>\$ (7,860)</u>	<u>\$ (7,860)</u>	<u>\$ (18,515)</u>
Net Change in Fund Balance	\$ (26,375)	\$ (7,860)	\$ (7,860)	\$ (18,515)
Fund Balance, July 1, 2008	28,796	50,700	50,700	(21,904)
Fund Balance, June 30, 2009	<u>\$ 2,421</u>	<u>\$ 42,840</u>	<u>\$ 42,840</u>	<u>\$ (40,419)</u>

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Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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Exhibit G

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,257	\$ 9,100	\$ 9,100	\$ (1,843)
Other Local Revenues	6,603	7,500	7,500	(897)
State of Tennessee	360,000	360,000	360,000	0
Other Governments and Citizens Groups	301,190	301,190	301,190	0
Total Revenues	\$ 675,050	\$ 677,790	\$ 677,790	\$ (2,740)
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 134	\$ 4,500	\$ 4,500	\$ 4,366
<u>Principal on Debt</u>				
General Government	286,195	265,580	265,580	(20,615)
Education	185,000	185,000	185,000	0
<u>Interest on Debt</u>				
General Government	102,925	178,084	178,084	75,159
Education	116,190	116,190	116,190	0
<u>Other Debt Service</u>				
General Government	410	500	500	90
Education	743	510	510	(233)
Total Expenditures	\$ 691,597	\$ 750,364	\$ 750,364	\$ 58,767
Excess (Deficiency) of Revenues Over Expenditures	\$ (16,547)	\$ (72,574)	\$ (72,574)	\$ 56,027
Net Change in Fund Balance	\$ (16,547)	\$ (72,574)	\$ (72,574)	\$ 56,027
Fund Balance, July 1, 2008	1,500,570	1,621,271	1,621,271	(120,701)
Fund Balance, June 30, 2009	\$ 1,484,023	\$ 1,548,697	\$ 1,548,697	\$ (64,674)

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Fiduciary Funds

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

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

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

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Exhibit H-1

Jackson County, Tennessee

Combining Statement of Fiduciary Assets and Liabilities

Fiduciary Funds

June 30, 2009

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 793,100	\$ 793,100
Accounts Receivable	0	310	310
Due from Other Governments	49,148	0	49,148
Total Assets	<u>\$ 49,148</u>	<u>\$ 793,410</u>	<u>\$ 842,558</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 49,148	\$ 0	\$ 49,148
Due to Litigants, Heirs, and Others	0	793,410	793,410
Total Liabilities	<u>\$ 49,148</u>	<u>\$ 793,410</u>	<u>\$ 842,558</u>

Exhibit H-2

Jackson County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 318,555	\$ 318,555	\$ 0
Due from Other Governments	54,814	49,148	54,814	49,148
Total Assets	\$ 54,814	\$ 367,703	\$ 373,369	\$ 49,148
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 54,814	\$ 367,703	\$ 373,369	\$ 49,148
Total Liabilities	\$ 54,814	\$ 367,703	\$ 373,369	\$ 49,148
Constitutional Officers - Agency Fund				
<u>Assets</u>				
Cash	\$ 853,550	\$ 3,168,200	\$ 3,228,650	\$ 793,100
Investments	20,451	0	20,451	0
Accounts Receivable	310	0	0	310
Cash Shortage	1,866	0	1,866	0
Total Assets	\$ 876,177	\$ 3,168,200	\$ 3,250,967	\$ 793,410
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 876,177	\$ 3,168,200	\$ 3,250,967	\$ 793,410
Total Liabilities	\$ 876,177	\$ 3,168,200	\$ 3,250,967	\$ 793,410
Totals - All Agency Funds				
<u>Assets</u>				
Cash	\$ 853,550	\$ 3,168,200	\$ 3,228,650	\$ 793,100
Equity in Pooled Cash and Investments	0	318,555	318,555	0
Investments	20,451	0	20,451	0
Accounts Receivable	310	0	0	310
Due from Other Governments	54,814	49,148	54,814	49,148
Cash Shortage	1,866	0	1,866	0
Total Assets	\$ 930,991	\$ 3,535,903	\$ 3,624,336	\$ 842,558
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 54,814	\$ 367,703	\$ 373,369	\$ 49,148
Due to Litigants, Heirs, and Others	876,177	3,168,200	3,250,967	793,410
Total Liabilities	\$ 930,991	\$ 3,535,903	\$ 3,624,336	\$ 842,558

Jackson County School Department

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

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

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

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

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Exhibit I-1

Jackson County, Tennessee
 Statement of Activities
 Discretely Presented Jackson County School Department
 For the Year Ended June 30, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Instruction	\$ 8,054,863	\$ 0	\$ 1,660,518	\$ (6,394,345)
Support Services	4,174,182	2,550	54,483	(4,117,149)
Operation of Non-Instructional Services	1,269,796	281,743	926,354	(61,653)
Other Debt Service	404,661	0	0	(404,661)
Total Governmental Activities	\$ 13,903,502	\$ 284,293	\$ 2,641,355	\$ (10,977,808)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,651,377
Local Option Sales Taxes				561,168
Wheel Tax				172,463
Other Local Taxes				1,731
Grants and Contributions Not Restricted to Specific Programs				8,955,419
Miscellaneous				28,491
Sale of Equipment				705
Gain on Sale/Disposal of Capital Assets				142,854
Total General Revenues				<u>\$ 11,514,208</u>
Insurance Recovery				\$ 90,735
Change in Net Assets				\$ 627,135
Net Assets, July 1, 2008				<u>9,635,820</u>
Net Assets, June 30, 2009				<u><u>\$ 10,262,955</u></u>

Exhibit I-2

Jackson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Jackson County School Department
June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General	Other	Total
	Purpose	Govern-	Govern-
	School	mental	mental
	School	Funds	Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 5,032,923	\$ 395,181	\$ 5,428,104
Inventories	0	36,187	36,187
Accounts Receivable	58	0	58
Due from Other Governments	200,647	68,001	268,648
Property Taxes Receivable	1,716,091	0	1,716,091
Allowance for Uncollectible Property Taxes	(47,955)	0	(47,955)
Total Assets	\$ 6,901,764	\$ 499,369	\$ 7,401,133
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 0	\$ 8,423	\$ 8,423
Accrued Payroll	1,374	0	1,374
Deferred Revenue - Current Property Taxes	1,583,643	0	1,583,643
Deferred Revenue - Delinquent Property Taxes	80,665	0	80,665
Other Deferred Revenues	46,375	0	46,375
Total Liabilities	\$ 1,712,057	\$ 8,423	\$ 1,720,480
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 493,834	\$ 3,728	\$ 497,562
Reserved for Inventory	0	36,187	36,187
Other Local Education Reserves	681,261	0	681,261
Reserved for Career Ladder - Extended Contract	18,054	0	18,054
Reserved for Basic Education Program	2,601,899	0	2,601,899
Reserved for Title I Grants to Local Education Agencies	0	47,187	47,187
Reserved for Innovative Education Program Strategies	0	2,788	2,788
Reserved for Special Education - Grants to States	0	72,393	72,393
Other Federal Reserves	0	28,111	28,111
Unreserved, Reported In:			
General Fund	1,394,659	0	1,394,659
Special Revenue Funds	0	300,552	300,552
Total Fund Balances	\$ 5,189,707	\$ 490,946	\$ 5,680,653
Total Liabilities and Fund Balances	\$ 6,901,764	\$ 499,369	\$ 7,401,133

Exhibit I-3

Jackson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Jackson County School Department
June 30, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	5,680,653
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	173,658	
Add: buildings and improvements net of accumulated depreciation		9,136,958	
Add: other capital assets net of accumulated depreciation		<u>672,041</u>	9,982,657
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other loans payable	\$	(5,423,000)	
Less: other postemployment benefits obligations		<u>(104,395)</u>	(5,527,395)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
Add: other deferred revenues			<u>127,040</u>
Net assets of governmental activities (Exhibit A)		\$	<u>10,262,955</u>

Exhibit I-4

Jackson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 2,325,397	\$ 0	\$ 2,325,397
Licenses and Permits	988	0	988
Charges for Current Services	20,750	260,241	280,991
Other Local Revenues	50,808	1,032	51,840
State of Tennessee	9,057,412	0	9,057,412
Federal Government	488,572	1,968,131	2,456,703
Total Revenues	\$ 11,943,927	\$ 2,229,404	\$ 14,173,331
<u>Expenditures</u>			
Current:			
Instruction	\$ 6,524,779	\$ 936,880	\$ 7,461,659
Support Services	4,066,663	290,228	4,356,891
Operation of Non-Instructional Services	437,792	777,521	1,215,313
Capital Outlay	275,373	0	275,373
Debt Service:			
Principal on Debt	156,000	0	156,000
Interest on Debt	83,844	0	83,844
Other Debt Service	320,817	0	320,817
Total Expenditures	\$ 11,865,268	\$ 2,004,629	\$ 13,869,897
Excess (Deficiency) of Revenues Over Expenditures	\$ 78,659	\$ 224,775	\$ 303,434
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 474,815	\$ 0	\$ 474,815
Transfers In	88,184	0	88,184
Transfers Out	0	(88,184)	(88,184)
Total Other Financing Sources (Uses)	\$ 562,999	\$ (88,184)	\$ 474,815
Net Change in Fund Balances	\$ 641,658	\$ 136,591	\$ 778,249
Fund Balance, July 1, 2008	4,548,049	354,355	4,902,404
Fund Balance, June 30, 2009	\$ 5,189,707	\$ 490,946	\$ 5,680,653

Exhibit I-5

Jackson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 778,249
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 254,646	
Less: current year depreciation expense	<u>(329,768)</u>	(75,122)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Add: gain on sale/disposal of capital assets	\$ 142,854	
Less: decrease in revenue and other sources for disposal of capital assets	<u>(386,055)</u>	(243,201)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 127,040	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(55,831)</u>	71,209
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Add: principal payments on bonds		156,000
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits obligations		<u>(60,000)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 627,135</u>

Exhibit I-6

Jackson County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Jackson County School Department
June 30, 2009

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 140,584	\$ 254,597	\$ 395,181
Inventories	0	36,187	36,187
Due from Other Governments	13,681	54,320	68,001
Total Assets	\$ 154,265	\$ 345,104	\$ 499,369
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 58	\$ 8,365	\$ 8,423
Total Liabilities	\$ 58	\$ 8,365	\$ 8,423
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 3,728	\$ 0	\$ 3,728
Reserved for Inventory	0	36,187	36,187
Reserved for Title I Grants to Local Education Agencies	47,187	0	47,187
Reserved for Innovative Education Program Strategies	2,788	0	2,788
Reserved for Special Education - Grants to States	72,393	0	72,393
Other Federal Reserves	28,111	0	28,111
Unreserved	0	300,552	300,552
Total Fund Balances	\$ 154,207	\$ 336,739	\$ 490,946
Total Liabilities and Fund Balances	\$ 154,265	\$ 345,104	\$ 499,369

Exhibit I-7

Jackson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2009

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 260,241	\$ 260,241
Other Local Revenues	280	752	1,032
Federal Government	1,351,689	616,442	1,968,131
Total Revenues	<u>\$ 1,351,969</u>	<u>\$ 877,435</u>	<u>\$ 2,229,404</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 936,880	\$ 0	\$ 936,880
Support Services	290,228	0	290,228
Operation of Non-Instructional Services	0	777,521	777,521
Total Expenditures	<u>\$ 1,227,108</u>	<u>\$ 777,521</u>	<u>\$ 2,004,629</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 124,861</u>	<u>\$ 99,914</u>	<u>\$ 224,775</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (28,184)	\$ (60,000)	\$ (88,184)
Total Other Financing Sources (Uses)	<u>\$ (28,184)</u>	<u>\$ (60,000)</u>	<u>\$ (88,184)</u>
Net Change in Fund Balances	\$ 96,677	\$ 39,914	\$ 136,591
Fund Balance, July 1, 2008	57,530	296,825	354,355
Fund Balance, June 30, 2009	<u>\$ 154,207</u>	<u>\$ 336,739</u>	<u>\$ 490,946</u>

Exhibit I-8

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Jackson County School Department
General Purpose School Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,325,397	\$ 0	\$ 0	\$ 2,325,397	\$ 2,286,328	\$ 2,286,328	\$ 39,069
Licenses and Permits	988	0	0	988	1,173	1,173	(185)
Charges for Current Services	20,750	0	0	20,750	20,000	20,000	750
Other Local Revenues	50,808	0	0	50,808	31,300	31,300	19,508
State of Tennessee	9,057,412	0	0	9,057,412	8,968,247	9,017,644	39,768
Federal Government	488,572	0	0	488,572	476,520	494,308	(5,736)
Total Revenues	\$ 11,943,927	\$ 0	\$ 0	\$ 11,943,927	\$ 11,783,568	\$ 11,850,753	\$ 93,174
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 5,253,951	\$ (218,039)	\$ 1,500	\$ 5,037,412	\$ 5,351,722	\$ 5,372,279	\$ 334,867
Alternative Instruction Program	42,624	0	0	42,624	44,107	44,107	1,483
Special Education Program	700,986	0	0	700,986	734,122	734,122	33,136
Vocational Education Program	469,898	0	0	469,898	502,482	502,482	32,584
Adult Education Program	57,320	(383)	214	57,151	54,649	62,374	5,223
<u>Support Services</u>							
Attendance	86,406	0	0	86,406	93,376	93,376	6,970
Health Services	181,272	(18,324)	2,853	165,801	185,181	185,181	19,380
Other Student Support	202,761	(5,236)	0	197,525	198,387	198,387	862
Regular Instruction Program	469,399	(487)	0	468,912	586,074	572,574	103,662
Special Education Program	119,567	0	0	119,567	126,131	126,131	6,564
Vocational Education Program	13,364	0	0	13,364	15,573	15,573	2,209
Adult Programs	31,126	0	0	31,126	26,700	36,763	5,637
Other Programs	42,340	0	0	42,340	0	42,340	0

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 320,040	\$ (2,500)	\$ 2,500	\$ 320,040	\$ 255,709	\$ 335,709	\$ 15,669
Director of Schools	101,481	(142)	0	101,339	108,767	108,767	7,428
Office of the Principal	565,434	0	0	565,434	590,207	590,207	24,773
Fiscal Services	197,891	0	203	198,094	203,772	203,772	5,678
Operation of Plant	728,787	(12,221)	6,776	723,342	856,233	856,233	132,891
Maintenance of Plant	177,439	(6,600)	9,818	180,657	191,516	221,516	40,859
Transportation	829,356	(65,910)	1,217	764,663	882,587	882,587	117,924
<u>Operation of Non-Instructional Services</u>							
Food Service	69,122	0	0	69,122	71,763	71,763	2,641
Community Services	51,339	0	0	51,339	53,723	53,723	2,384
Early Childhood Education	317,331	(19,480)	2,593	300,444	300,447	300,447	3
<u>Capital Outlay</u>							
Regular Capital Outlay	275,373	(48,342)	466,160	693,191	400,000	750,000	56,809
<u>Principal on Debt</u>							
Education	156,000	0	0	156,000	156,000	156,000	0
<u>Interest on Debt</u>							
Education	83,844	0	0	83,844	278,950	278,950	195,106
<u>Other Debt Service</u>							
Education	320,817	0	0	320,817	326,190	326,190	5,373
Total Expenditures	\$ 11,865,268	\$ (397,664)	\$ 493,834	\$ 11,961,438	\$ 12,594,368	\$ 13,121,553	\$ 1,160,115
Excess (Deficiency) of Revenues Over Expenditures	\$ 78,659	\$ 397,664	\$ (493,834)	\$ (17,511)	\$ (810,800)	\$ (1,270,800)	\$ 1,253,289

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 474,815	\$ 0	\$ 0	\$ 474,815	\$ 0	\$ 400,000	\$ 74,815
Transfers In	88,184	0	0	88,184	81,000	81,000	7,184
Transfers Out	0	0	0	0	(68,409)	(8,409)	8,409
Total Other Financing Sources (Uses)	\$ 562,999	\$ 0	\$ 0	\$ 562,999	\$ 12,591	\$ 472,591	\$ 90,408
Net Change in Fund Balance	\$ 641,658	\$ 397,664	\$ (493,834)	\$ 545,488	\$ (798,209)	\$ (798,209)	\$ 1,343,697
Fund Balance, July 1, 2008	4,548,049	(397,664)	0	4,150,385	2,307,984	2,307,984	1,842,401
Fund Balance, June 30, 2009	\$ 5,189,707	\$ 0	\$ (493,834)	\$ 4,695,873	\$ 1,509,775	\$ 1,509,775	\$ 3,186,098

Exhibit I-9

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Jackson County School Department
School Federal Projects Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Other Local Revenues	\$ 280	\$ 0	\$ 0	\$ 280	\$ 0	\$ 0	\$ 280
Federal Government	1,351,689	0	0	1,351,689	1,644,541	1,777,075	(425,386)
Total Revenues	\$ 1,351,969	\$ 0	\$ 0	\$ 1,351,969	\$ 1,644,541	\$ 1,777,075	\$ (425,106)
Expenditures							
Instruction							
Regular Instruction Program	\$ 566,400	\$ (1,946)	\$ 0	\$ 564,454	\$ 632,469	\$ 659,256	\$ 94,802
Special Education Program	299,285	(501)	0	298,784	442,731	508,983	210,199
Vocational Education Program	71,195	(25,195)	0	46,000	48,141	46,000	0
Support Services							
Health Services	1,671	(225)	0	1,446	0	1,485	39
Other Student Support	12,298	0	0	12,298	6,593	12,298	0
Regular Instruction Program	195,319	(840)	3,728	198,207	294,878	297,694	99,487
Special Education Program	80,182	(80)	0	80,102	97,587	127,751	47,649
Vocational Education Program	758	(1,694)	0	(936)	1,400	757	1,693
Total Expenditures	\$ 1,227,108	\$ (30,481)	\$ 3,728	\$ 1,200,355	\$ 1,523,799	\$ 1,654,224	\$ 453,869
Excess (Deficiency) of Revenues Over Expenditures	\$ 124,861	\$ 30,481	\$ (3,728)	\$ 151,614	\$ 120,742	\$ 122,851	\$ 28,763
Other Financing Sources (Uses)							
Transfers Out	\$ (28,184)	\$ 0	\$ 0	\$ (28,184)	\$ (120,741)	\$ (124,336)	\$ 96,152
Total Other Financing Sources (Uses)	\$ (28,184)	\$ 0	\$ 0	\$ (28,184)	\$ (120,741)	\$ (124,336)	\$ 96,152
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 96,677	\$ 30,481	\$ (3,728)	\$ 123,430	\$ 1	\$ (1,485)	\$ 124,915
	57,530	(30,481)	0	27,049	0	1,485	25,564
Fund Balance, June 30, 2009	\$ 154,207	\$ 0	\$ (3,728)	\$ 150,479	\$ 1	\$ 0	\$ 150,479

Exhibit I-10

Jackson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Jackson County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 260,241	\$ 310,000	\$ 310,000	\$ (49,759)
Other Local Revenues	752	2,000	2,000	(1,248)
Federal Government	616,442	660,000	660,000	(43,558)
Total Revenues	<u>\$ 877,435</u>	<u>\$ 972,000</u>	<u>\$ 972,000</u>	<u>\$ (94,565)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 777,521	\$ 937,823	\$ 937,823	\$ 160,302
Total Expenditures	<u>\$ 777,521</u>	<u>\$ 937,823</u>	<u>\$ 937,823</u>	<u>\$ 160,302</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 99,914</u>	<u>\$ 34,177</u>	<u>\$ 34,177</u>	<u>\$ 65,737</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 39,914	\$ (25,823)	\$ (25,823)	\$ 65,737
Fund Balance, July 1, 2008	296,825	25,823	25,823	271,002
Fund Balance, June 30, 2009	<u>\$ 336,739</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 336,739</u>

MISCELLANEOUS SCHEDULES

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Exhibit J-1

Jackson County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Jackson County School Department
For the Year Ended June 30, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Paid and/or Matured		
						During Period	Outstanding 6-30-09	
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Courthouse Renovation	\$ 340,000	3.5 %	4-9-01	4-9-10	\$ 78,615	\$ 38,254	\$ 40,361	
Garbage Truck and Dumpsters	170,144	4	6-18-04	6-17-09	36,775	36,775	0	
Jail Construction	300,000	5.4	3-1-07	3-1-10	266,667	33,333	233,334	
Bridge Repair	85,688	5.15	9-6-07	9-6-10	85,688	27,133	58,555	
Total Payable through General Debt Service Fund					\$ 467,745	\$ 135,495	\$ 332,250	
<u>Payable through Highway/Public Works Fund</u>								
Street and Road Improvements	250,000	4.24	5-26-05	5-1-10	\$ 106,000	\$ 52,000	\$ 54,000	
Total Notes Payable					\$ 573,745	\$ 187,495	\$ 386,250	
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Construction	3,500,000	Variable	8-9-04	5-25-29	\$ 3,185,000	\$ 111,000	\$ 3,074,000	
Jail Construction	1,200,000	Variable	10-23-06	5-25-31	1,173,000	28,000	1,145,000	
Total Other Loans Payable					\$ 4,358,000	\$ 139,000	\$ 4,219,000	

(Continued)

Exhibit J-1

Jackson County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Jackson County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Paid and/or Matured During Period	Outstanding 6-30-09
<u>PRIMARY GOVERNMENT (CONT.)</u>							
<u>BONDS PAYABLE</u>							
Payable through General Debt Service Fund							
Industrial Park (F.H.A.)	\$ 110,000	5 %	8-29-1975	1-1-15	\$ 37,900	\$ 4,700	\$ 33,200
Public Works (F.H.A.)	26,000	5	4-28-1978	1-1-18	11,500	1,000	10,500
Recreational Facility (F.H.A.)	115,000	3.342	8-21-1981	1-1-11	18,000	6,000	12,000
School	1,200,000	4.2 to 5	3-12-1998	6-1-18	855,000	70,000	785,000
School	2,425,000	3.6 to 4.9	5-1-1999	4-1-19	1,570,000	115,000	1,455,000
Total Bonds Payable					\$ 2,492,400	\$ 196,700	\$ 2,295,700

DISCRETELY PRESENTED JACKSON COUNTY
SCHOOL DEPARTMENT

OTHER LOANS PAYABLE
Payable through General Purpose School Fund
School Construction

	6,300,000	Variable	3-5-01	5-25-29	\$ 5,579,000	\$ 156,000	\$ 5,423,000
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Exhibit J-2

Jackson County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Jackson County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 356,237	\$ 18,949	\$ 375,186
2011	30,013	1,546	31,559
Total	\$ 386,250	\$ 20,495	\$ 406,745

Year Ending June 30	Other Loans			Total
	Principal	Interest	Fees	
2010	\$ 144,000	\$ 13,501	\$ 13,853	\$ 171,354
2011	149,000	13,040	13,450	175,490
2012	154,000	12,563	13,033	179,596
2013	159,000	12,070	12,602	183,672
2014	165,000	11,562	12,156	188,718
2015	171,000	11,034	11,694	193,728
2016	177,000	10,486	11,216	198,702
2017	183,000	9,920	10,720	203,640
2018	189,000	9,334	10,208	208,542
2019	195,000	8,730	9,678	213,408
2020	202,000	8,106	9,132	219,238
2021	209,000	7,459	8,567	225,026
2022	216,000	6,790	7,982	230,772
2023	224,000	6,099	7,377	237,476
2024	232,000	5,382	6,750	244,132
2025	240,000	4,640	6,100	250,740
2026	248,000	3,872	5,428	257,300
2027	257,000	3,079	4,734	264,813
2028	267,000	2,256	4,014	273,270
2029	276,000	1,402	3,266	280,668
2030	79,000	518	1,473	80,991
2031	83,000	266	1,252	84,518
Total	\$ 4,219,000	\$ 162,109	\$ 184,685	\$ 4,565,794

(Continued)

Exhibit J-2

Jackson County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Jackson County School Department (Cont.)

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 201,900	\$ 109,588	\$ 311,488
2011	212,100	100,594	312,694
2012	216,400	90,937	307,337
2013	221,700	80,838	302,538
2014	241,900	70,385	312,285
2015	247,200	58,815	306,015
2016	256,500	46,875	303,375
2017	261,500	34,410	295,910
2018	266,500	21,575	288,075
2019	170,000	8,415	178,415
Total	\$ 2,295,700	\$ 622,432	\$ 2,918,132

DISCRETELY PRESENTED JACKSON COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loans			
	Principal	Interest	Fees	Total
2010	\$ 164,000	\$ 26,030	\$ 18,916	\$ 208,946
2011	172,000	25,243	18,375	215,618
2012	181,000	24,418	17,807	223,225
2013	190,000	23,549	17,210	230,759
2014	199,000	22,637	16,583	238,220
2015	209,000	21,682	15,926	246,608
2016	220,000	20,678	15,236	255,914
2017	231,000	19,622	14,510	265,132
2018	242,000	18,514	13,748	274,262
2019	254,000	17,352	12,950	284,302
2020	267,000	16,133	12,111	295,244
2021	281,000	14,851	11,230	307,081
2022	295,000	13,503	10,303	318,806
2023	309,000	12,086	9,329	330,415
2024	325,000	10,603	8,310	343,913
2025	341,000	9,043	7,237	357,280
2026	358,000	7,406	6,112	371,518
2027	376,000	5,688	4,931	386,619
2028	395,000	3,883	3,690	402,573
2029	414,000	1,987	2,386	418,373
Total	\$ 5,423,000	\$ 314,908	\$ 236,900	\$ 5,974,808

Exhibit J-3

Jackson County, Tennessee
Schedule of Transfers
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 28,184
Central Cafeteria	General Purpose School	Supervisor's salary	<u>60,000</u>
Total Transfers Discretely Presented Jackson County School Department			<u>\$ 88,184</u>

Exhibit J-4

Jackson County, Tennessee
 Schedule of Salaries and Official Bonds of Principal Officials
 Primary Government and Discretely Presented Jackson County School Department
 For the Year Ended June 30, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 60,350	\$ 25,000	Western Surety Company
Road Superintendent	Section 8-24-102, <u>TCA</u> , and Jackson County Commission	61,272 (1)	100,000	"
Director of Schools	State Board of Education and Jackson County Board of Education	74,610 (2)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	52,251	375,400	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	52,251	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	52,251	25,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	52,251	25,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	52,251 (3)	25,000	"
Register	Section 8-24-102, <u>TCA</u>	52,251	15,000	"
Sheriff:				
Kenneth Bean (7-1-08 through 9-3-08)	Section 8-24-102, <u>TCA</u>	11,974	25,000	"
Charles Collier (9-4-08 through 6-30-09)	Section 8-24-102, <u>TCA</u>	45,503 (4)	25,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes an additional appropriation of \$3,795.
- (2) Includes a chief executive officer supplement of \$1,000.
- (3) Does not include special commissioner fees of \$7,748.
- (4) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

Jackson County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2009

	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total	
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers Fees	Highway / Public Works	Debt Service Fund					Community Development / Industrial Park
						General	Debt Service				
Local Taxes											
<u>County Property Taxes</u>											
Current Property Tax	\$ 1,860,544	\$ 363,278	\$ 0	\$ 0	\$ 166,535	\$ 0	\$ 0	\$ 0	\$ 2,390,357		
Trustee's Collections - Prior Year	60,379	12,583	0	0	5,770	4,718	0	0	83,450		
Circuit/Clerk & Master Collections - Prior Years	17,007	4,754	0	0	2,399	1,792	0	0	25,952		
Interest and Penalty	11,692	2,437	0	0	1,104	747	0	0	15,980		
<u>County Local Option Taxes</u>											
Local Option Sales Tax	144,342	0	0	0	0	0	0	0	144,342		
Litigation Tax - General	18,266	0	0	0	0	0	0	0	18,266		
Litigation Tax - Special Purpose	1,976	0	0	0	0	0	0	0	1,976		
Litigation Tax - Jail, Workhouse, or Courthouse	10,209	0	0	0	0	0	0	0	10,209		
Business Tax	29,699	0	0	0	0	0	0	0	29,699		
Mineral Severance Tax	0	0	0	0	24,918	0	0	0	24,918		
Other County Local Option Taxes	17,426	0	0	0	0	0	0	0	17,426		
<u>Statutory Local Taxes</u>											
Bank Excise Tax	12,383	2,418	0	0	1,108	0	0	0	15,909		
Wholesale Beer Tax	72,597	0	0	0	0	0	0	0	72,597		
Interstate Telecommunications Tax	1,228	0	0	0	0	0	0	0	1,228		
Total Local Taxes	\$ 2,257,748	\$ 385,470	\$ 0	\$ 0	\$ 201,834	\$ 7,257	\$ 0	\$ 0	\$ 2,852,309		
<u>Licenses and Permits</u>											
Beer Permits	\$ 1,615	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,615		
Total Licenses and Permits	\$ 1,615	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,615		
<u>Fines, Forfeitures, and Penalties</u>											
Circuit Court											
Fines	\$ 6,220	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,220		
Officers Costs	180	0	0	0	0	0	0	0	180		
Data Entry Fee - Circuit Court	428	0	0	0	0	0	0	0	428		
General Sessions Court											
Fines	27,370	0	0	0	0	0	0	0	27,370		

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>General Sessions Court (Cont.)</u>								
Officers Costs	\$ 1,818	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,818
Game and Fish Fines	972	0	0	0	0	0	0	972
Drug Control Fines	0	0	493	0	0	0	0	493
DUI Treatment Fines	3,915	0	0	0	0	0	0	3,915
Data Entry Fee - General Sessions Court	1,970	0	0	0	0	0	0	1,970
Courtroom Security Fee	459	0	0	0	0	0	0	459
<u>Chancery Court</u>								
Officers Costs	293	0	0	0	0	0	0	293
Data Entry Fee - Chancery Court	422	0	0	0	0	0	0	422
<u>Other Courts - In-county</u>								
Drug Control Fines	0	0	18,625	0	0	0	0	18,625
<u>Judicial District Drug Program</u>								
Courtroom Security Fee	48	0	0	0	0	0	0	48
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	225	0	11,624	0	0	0	0	11,849
Total Fines, Forfeitures, and Penalties	\$ 44,270	\$ 0	\$ 30,742	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,012
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 492,438	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	492,438
<u>Fees</u>								
Copy Fees	3,022	0	0	0	0	0	0	3,022
Telephone Commissions	12,784	0	0	0	0	0	0	12,784
Constitutional Officers' Fees and Commissions	0	0	0	117	0	0	0	117
Data Processing Fee - Register	4,912	0	0	0	0	0	0	4,912
Data Processing Fee - Sheriff	14,730	0	0	0	0	0	0	14,730
Sexual Offender Registration Fees - Sheriff	1,250	0	0	0	0	0	0	1,250
Data Processing Fee - County Clerk	1,369	0	0	0	0	0	0	1,369
<u>Education Charges</u>								
Tuition - Other	33,060	0	0	0	0	0	0	33,060
Total Charges for Current Services	\$ 563,565	\$ 0	\$ 0	\$ 117	\$ 0	\$ 0	\$ 0	\$ 563,682

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Highway / Public Works	Debt Service	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	General Development/ Industrial Park				
Other Local Revenues									
Recurring Items									
Investment Income	\$ 197,964	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 197,964
Lease/Rentals	12,250	0	0	0	0	6,603	12,620	0	31,473
Sale of Materials and Supplies	960	5,644	0	0	5,860	0	0	0	12,464
Commissary Sales	22,193	0	0	0	0	0	0	0	22,193
Sale of Gasoline	1,228	0	0	0	53,483	0	0	0	54,711
Sale of Recycled Materials	0	2,185	0	0	0	0	0	0	2,185
Miscellaneous Refunds	39,452	0	0	0	1,082	0	0	0	40,534
Nonrecurring Items									
Sale of Equipment	0	0	0	0	35,490	0	0	0	35,490
Sale of Property	0	0	0	0	0	0	11,000	0	11,000
Other Local Revenues									
Other Local Revenues	15,181	10,665	0	0	0	0	0	0	25,846
Total Other Local Revenues	\$ 289,228	\$ 18,494	\$ 0	\$ 0	\$ 95,915	\$ 6,603	\$ 23,620	\$ 0	\$ 433,860
Fees Received from County Officials									
Fees in-Lieu-of Salary									
County Clerk	\$ 69,735	0	0	0	0	0	0	0	69,735
Circuit Court Clerk	25,054	0	0	0	0	0	0	0	25,054
General Sessions Court Clerk	57,219	0	0	0	0	0	0	0	57,219
Clerk and Master	25,495	0	0	0	0	0	0	0	25,495
Register	47,280	0	0	0	0	0	0	0	47,280
Sheriff	5,235	0	0	0	0	0	0	0	5,235
Trustee	148,049	0	0	0	0	0	0	0	148,049
Total Fees Received from County Officials	\$ 378,067	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 378,067
State of Tennessee									
General Government Grants									
Juvenile Services Program	\$ 9,000	0	0	0	0	0	0	0	9,000
Aging Programs	13,391	0	0	0	0	0	0	0	13,391
Solid Waste Grants	0	2,947	0	0	0	0	0	0	2,947

(Continued)

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

	Special Revenue Funds						Debt Service Fund		Capital Projects Fund		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers Fees	Highway / Public Works	General	Debt Service	Community Development/Industrial Park			
								Development	Park		
State of Tennessee (Cont.)											
Public Safety Grants											
Law Enforcement Training Programs	\$ 7,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,800	
Health and Welfare Grants											
Health Department Programs	5,784	0	0	0	0	0	0	0	0	5,784	
Public Works Grants											
State Aid Program	0	0	0	0	166,890	0	0	0	0	166,890	
Litter Program	19,335	0	0	0	0	0	0	0	0	19,335	
Other State Revenues											
Flood Control	1,475	0	0	0	0	0	0	0	0	1,475	
Beer Tax	18,701	0	0	0	0	0	0	0	0	18,701	
Alcoholic Beverage Tax	24,443	0	0	0	0	0	0	0	0	24,443	
State Revenue Sharing - T.V.A.	307,583	0	0	0	0	0	0	0	0	307,583	
Child Support Collections	190	0	0	0	0	0	0	0	0	190	
Contracted Prisoner Boarding	308,806	0	0	0	0	360,000	0	0	0	668,806	
Gasoline and Motor Fuel Tax	0	0	0	0	1,365,360	0	0	0	0	1,365,360	
Petroleum Special Tax	0	0	0	0	8,821	0	0	0	0	8,821	
Reappraisal Program Reimbursement	5,548	0	0	0	0	0	0	0	0	5,548	
Registrar's Salary Supplement	14,912	0	0	0	0	0	0	0	0	14,912	
Other State Revenues	8,818	0	0	0	0	0	0	0	0	8,818	
Total State of Tennessee	\$ 745,786	\$ 2,947	\$ 0	\$ 0	\$ 1,541,071	\$ 360,000	\$ 0	\$ 0	\$ 2,649,804		
Federal Government											
Federal Through State											
Homeland Security Grants	\$ 43,223	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 43,223	
Other Federal through State	559,250	0	0	0	0	0	0	0	0	559,250	
Direct Federal Revenue											
Medicare	2,400	0	0	0	0	0	0	0	0	2,400	
Other Direct Federal Revenue	57,852	0	0	0	0	0	0	0	0	57,852	
Total Federal Government	\$ 662,725	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 662,725		
Other Governments and Citizens Groups											
Other Governments											
Contributions	\$ 59,163	\$ 0	\$ 0	\$ 0	\$ 0	\$ 301,190	\$ 0	\$ 0	\$ 0	\$ 360,353	
Total Other Governments and Citizens Groups	\$ 59,163	\$ 0	\$ 0	\$ 0	\$ 0	\$ 301,190	\$ 0	\$ 0	\$ 360,353		
Total	\$ 5,002,167	\$ 406,911	\$ 30,742	\$ 117	\$ 1,838,820	\$ 675,050	\$ 23,620	\$ 7,977,427			

Exhibit J-6

Jackson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,482,547	\$ 0	\$ 0	\$ 1,482,547
Trustee's Collections - Prior Year	57,420	0	0	57,420
Circuit/Clerk & Master Collections - Prior Years	20,569	0	0	20,569
Interest and Penalty	10,176	0	0	10,176
<u>County Local Option Taxes</u>				
Local Option Sales Tax	570,570	0	0	570,570
Wheel Tax	172,463	0	0	172,463
Other County Local Option Taxes	450	0	0	450
<u>Statutory Local Taxes</u>				
Bank Excise Tax	9,867	0	0	9,867
Interstate Telecommunications Tax	1,335	0	0	1,335
Total Local Taxes	\$ 2,325,397	\$ 0	\$ 0	\$ 2,325,397
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 988	\$ 0	\$ 0	\$ 988
Total Licenses and Permits	\$ 988	\$ 0	\$ 0	\$ 988
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 147,363	\$ 147,363
Lunch Payments - Adults	0	0	27,828	27,828
Income from Breakfast	0	0	53,670	53,670
A la carte Sales	0	0	31,380	31,380
Receipts from Individual Schools	20,750	0	0	20,750
Total Charges for Current Services	\$ 20,750	\$ 0	\$ 260,241	\$ 280,991
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 752	\$ 752
Lease/Rentals	2,550	0	0	2,550
Refund of Telecommunication & Internet Fees (E-Rate)	17,166	0	0	17,166
Miscellaneous Refunds	26,521	0	0	26,521
Expenditure Credits	0	234	0	234
<u>Nonrecurring Items</u>				
Sale of Equipment	2,680	0	0	2,680
Damages Recovered from Individuals	1,736	0	0	1,736
Contributions and Gifts	155	0	0	155
<u>Other Local Revenues</u>				
Other Local Revenues	0	46	0	46
Total Other Local Revenues	\$ 50,808	\$ 280	\$ 752	\$ 51,840
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 42,340	\$ 0	\$ 0	\$ 42,340
<u>State Education Funds</u>				
Basic Education Program	8,380,306	0	0	8,380,306
Early Childhood Education	300,447	0	0	300,447

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
School Food Service	\$ 9,465	\$ 0	\$ 0	\$ 9,465
Other State Education Funds	69,110	0	0	69,110
Career Ladder Program	84,111	0	0	84,111
Career Ladder - Extended Contract	21,200	0	0	21,200
<u>Other State Revenues</u>				
Other State Grants	145,357	0	0	145,357
Other State Revenues	5,076	0	0	5,076
Total State of Tennessee	\$ 9,057,412	\$ 0	\$ 0	\$ 9,057,412
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 406,671	\$ 406,671
Breakfast	0	0	198,594	198,594
USDA - Other	0	0	11,177	11,177
Adult Education State Grant Program	84,087	0	0	84,087
Vocational Education - Basic Grants to States	0	33,863	0	33,863
Title I Grants to Local Education Agencies	0	504,597	0	504,597
Special Education - Grants to States	4,485	432,552	0	437,037
Special Education Preschool Grants	0	15,331	0	15,331
Safe and Drug-Free Schools - State Grants	0	4,476	0	4,476
Rural Education	0	24,044	0	24,044
Eisenhower Professional Development State Grants	0	91,181	0	91,181
Job Training Partnership Act	0	24,208	0	24,208
Other Federal through State	400,000	221,437	0	621,437
Total Federal Government	\$ 488,572	\$ 1,351,689	\$ 616,442	\$ 2,456,703
Total	\$ 11,943,927	\$ 1,351,969	\$ 877,435	\$ 14,173,331

Exhibit J-7

Jackson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Other Per Diem and Fees	\$ 26,074	
Social Security	1,926	
Audit Services	4,801	
Dues and Memberships	2,695	
Travel	720	
Other Contracted Services	1,243	
Total County Commission		\$ 37,459

Board of Equalization

Board and Committee Members Fees	\$ 750	
Total Board of Equalization		750

Beer Board

Legal Notices, Recording, and Court Costs	\$ 110	
Total Beer Board		110

Budget and Finance Committee

Board and Committee Members Fees	\$ 400	
Total Budget and Finance Committee		400

County Mayor/Executive

County Official/Administrative Officer	\$ 60,350	
Accountants/Bookkeepers	34,446	
Clerical Personnel	20,081	
Social Security	8,788	
Communication	3,310	
Dues and Memberships	1,000	
Maintenance and Repair Services - Office Equipment	400	
Travel	838	
Office Supplies	3,697	
Data Processing Equipment	4,603	
Total County Mayor/Executive		137,513

County Attorney

County Official/Administrative Officer	\$ 5,012	
Social Security	383	
Total County Attorney		5,395

Election Commission

County Official/Administrative Officer	\$ 47,026	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Commission	\$ 25,879	
Election Workers	18,125	
In-Service Training	175	
Social Security	5,577	
Communication	904	
Legal Notices, Recording, and Court Costs	154	
Printing, Stationery, and Forms	13,937	
Travel	1,728	
Other Contracted Services	3,200	
Office Supplies	1,320	
Data Processing Equipment	1,916	
Voting Machines	11,240	
Total Election Commission		\$ 131,181

Register of Deeds

County Official/Administrative Officer	\$ 52,251	
Clerical Personnel	20,114	
Social Security	5,536	
Communication	1,527	
Data Processing Services	7,253	
Dues and Memberships	422	
Maintenance and Repair Services - Office Equipment	475	
Travel	240	
Office Supplies	743	
Total Register of Deeds		88,561

County Buildings

Custodial Personnel	\$ 17,958	
Other Salaries and Wages	22,954	
Social Security	3,130	
Communication	391	
Maintenance and Repair Services - Buildings	62,394	
Pest Control	1,465	
Custodial Supplies	4,343	
Electricity	38,410	
Natural Gas	11,163	
Total County Buildings		162,208

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 52,251	
Clerical Personnel	20,081	
Social Security	5,533	
Audit Services	767	
Communication	710	
Data Processing Services	5,436	
Dues and Memberships	824	
Travel	1,247	
Office Supplies	801	
Data Processing Equipment	12	
Total Property Assessor's Office		\$ 87,662

Reappraisal Program

Clerical Personnel	\$ 11,223	
In-Service Training	1,320	
Social Security	859	
Travel	555	
Office Supplies	20	
Total Reappraisal Program		13,977

County Trustee's Office

County Official/Administrative Officer	\$ 52,251	
Deputy(ies)	20,081	
Social Security	5,533	
Communication	444	
Dues and Memberships	427	
Travel	54	
Duplicating Supplies	65	
Office Supplies	1,001	
Total County Trustee's Office		79,856

County Clerk's Office

County Official/Administrative Officer	\$ 52,251
Deputy(ies)	31,264
Social Security	6,389
Communication	1,800
Data Processing Services	1,000
Printing, Stationery, and Forms	2,500
Travel	655
Office Supplies	3,484

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Data Processing Equipment	\$ 9,207	
Total County Clerk's Office		\$ 108,550

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 52,251	
Deputy(ies)	73,571	
Jury and Witness Fees	6,005	
Social Security	9,625	
Communication	3,852	
Printing, Stationery, and Forms	3,006	
Travel	1,000	
Office Supplies	5,451	
Data Processing Equipment	7,593	
Total Circuit Court		162,354

General Sessions Court

Judge(s)	\$ 79,758	
Secretary(ies)	19,950	
Social Security	7,628	
Communication	1,000	
Travel	710	
Office Supplies	1,346	
Other Equipment	8,871	
Total General Sessions Court		119,263

Chancery Court

County Official/Administrative Officer	\$ 52,251	
Deputy(ies)	21,088	
Jury and Witness Fees	205	
Social Security	5,610	
Communication	1,193	
Data Processing Services	4,532	
Dues and Memberships	387	
Maintenance and Repair Services - Office Equipment	46	
Printing, Stationery, and Forms	87	
Travel	381	
Office Supplies	1,473	
Total Chancery Court		87,253

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Youth Service Officer(s)	\$ 20,081	
Social Security	1,536	
Communication	1,478	
Other Contracted Services	5,000	
Office Supplies	99	
Total Juvenile Court		\$ 28,194

Judicial Commissioners

County Official/Administrative Officer	\$ 33,242	
In-Service Training	500	
Social Security	2,543	
Communication	306	
Travel	606	
Office Supplies	12	
Total Judicial Commissioners		37,209

Other Administration of Justice

County Official/Administrative Officer	\$ 1,800	
Clerical Personnel	1,200	
Social Security	230	
Maintenance and Repair Services - Vehicles	424	
Gasoline	188	
Other Supplies and Materials	66	
Vehicle and Equipment Insurance	670	
Total Other Administration of Justice		4,578

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 57,477
Supervisor/Director	26,778
Deputy(ies)	302,624
Secretary(ies)	23,737
School Resource Officer	67,630
In-Service Training	6,072
Social Security	36,955
Communication	19,878
Contracts with Government Agencies	5,407
Dues and Memberships	1,300
Maintenance and Repair Services - Equipment	10,385
Maintenance and Repair Services - Vehicles	22,431

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Printing, Stationery, and Forms	\$ 1,387	
Travel	3,550	
Equipment Parts - Light	15,858	
Gasoline	64,792	
Office Supplies	8,453	
Tires and Tubes	7,013	
Uniforms	4,099	
Total Sheriff's Department		\$ 685,826

Administration of the Sexual Offender Registry

Constitutional Officers' Operating Expenses	\$ 749	
Total Administration of the Sexual Offender Registry		749

Jail

Supervisor/Director	\$ 28,786	
Guards	437,036	
Cafeteria Personnel	51,577	
Social Security	41,890	
Medical and Dental Services	164,142	
Pest Control	1,625	
Custodial Supplies	17,219	
Electricity	36,901	
Food Preparation Supplies	6,097	
Food Supplies	100,887	
Prisoners Clothing	4,520	
Uniforms	3,562	
Water and Sewer	33,068	
Total Jail		927,310

Fire Prevention and Control

Contracts with Government Agencies	\$ 1,500	
Matching Share	20,500	
Total Fire Prevention and Control		22,000

Other Emergency Management

Communication	\$ 897	
Contributions	49,000	
Travel	11	
Gasoline	21	
Office Supplies	216	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Other Equipment	\$ 150	
Total Other Emergency Management		\$ 50,295

Other Public Safety

Other Supplies and Materials	\$ 4,423	
Total Other Public Safety		4,423

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 4,120	
Other Salaries and Wages	3,170	
In-Service Training	88	
Social Security	268	
Communication	3,267	
Maintenance and Repair Services - Buildings	6,273	
Travel	1,265	
Custodial Supplies	996	
Drugs and Medical Supplies	2,898	
Electricity	10,645	
Office Supplies	349	
Water and Sewer	588	
Total Local Health Center		33,927

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 38,323
Medical Personnel	372,897
Clerical Personnel	15,641
In-Service Training	8,043
Social Security	32,655
Communication	6,512
Laundry Service	3,000
Licenses	1,740
Maintenance and Repair Services - Equipment	6,368
Maintenance and Repair Services - Vehicles	18,482
Custodial Supplies	3,147
Diesel Fuel	22,328
Drugs and Medical Supplies	22,339
Electricity	11,388
Gasoline	124
Natural Gas	3,102

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Office Supplies	\$ 1,529	
Uniforms	4,267	
Data Processing Equipment	5,775	
Other Equipment	9,373	
Total Ambulance/Emergency Medical Services		\$ 587,033

Crippled Children Services

Contracts with Government Agencies	\$ 900	
Total Crippled Children Services		900

Regional Mental Health Center

Contributions	\$ 5,811	
Total Regional Mental Health Center		5,811

Appropriation to State

Contributions	\$ 15,300	
Total Appropriation to State		15,300

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$ 10,916	
Social Security	835	
Communication	450	
Maintenance and Repair Services - Buildings	533	
Office Supplies	136	
Utilities	6,407	
Total Adult Activities		19,277

Senior Citizens Assistance

Supervisor/Director	\$ 10,917	
Social Security	835	
Communication	437	
Maintenance and Repair Services - Buildings	490	
Office Supplies	85	
Utilities	8,283	
Total Senior Citizens Assistance		21,047

Libraries

Assistant(s)	\$ 10,682	
Supervisor/Director	20,081	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Data Processing Personnel	\$ 3,000	
Social Security	2,500	
Communication	1,600	
Dues and Memberships	350	
Maintenance Agreements	727	
Travel	1,000	
Custodial Supplies	1,045	
Library Books/Media	8,464	
Office Supplies	748	
Data Processing Equipment	2,153	
Total Libraries		\$ 52,350

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 19,740	
Secretary(ies)	5,388	
Social Security	765	
Extension Service Medicare	364	
State Retirement	2,499	
Communication	1,884	
Contracts with Private Agencies	10,120	
Travel	799	
Data Processing Equipment	1,775	
Total Agriculture Extension Service		43,334

Soil Conservation

Salary Supplements	\$ 37,618	
Social Security	2,878	
Total Soil Conservation		40,496

Other Operations

Industrial Development

Advertising	\$ 3,148	
Other Supplies and Materials	397	
Other Charges	2,419	
Total Industrial Development		5,964

Housing and Urban Development

Other Contracted Services	\$ 557,050	
Total Housing and Urban Development		557,050

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport

Maintenance and Repair Services - Buildings	\$ 4,742	
Electricity	1,633	
Total Airport		\$ 6,375

Other Charges

Liability Insurance	\$ 148,821	
Premiums on Corporate Surety Bonds	4,904	
Trustee's Commission	61,542	
Workers' Compensation Insurance	71,030	
Other Charges	937	
Total Other Charges		287,234

Contributions to Other Agencies

Contributions	\$ 13,904	
Total Contributions to Other Agencies		13,904

Employee Benefits

State Retirement	\$ 101,970	
Unemployment Compensation	18,333	
Total Employee Benefits		120,303

Miscellaneous

Contributions	\$ 100,000	
Legal Services	142,118	
Legal Notices, Recording, and Court Costs	2,201	
Postal Charges	14,924	
Other Contracted Services	5,000	
Other Charges	23,218	
Total Miscellaneous		287,461

Highways

Litter and Trash Collection

Guards	\$ 20,237	
Clerical Personnel	3,177	
Social Security	1,784	
Maintenance and Repair Services - Vehicles	1,682	
Gasoline	1,171	
Instructional Supplies and Materials	6,203	
Total Litter and Trash Collection		34,254

Total General Fund \$ 5,115,096

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$ 33,345	
Social Security	2,490	
Maintenance and Repair Services - Equipment	2,397	
Maintenance and Repair Services - Vehicles	22,149	
Contracts for Landfill Facilities	135,439	
Diesel Fuel	19,813	
Gasoline	2,486	
Tires and Tubes	6,773	
Other Supplies and Materials	2,985	
Motor Vehicles	3,400	
Solid Waste Equipment	530	
Total Waste Pickup		\$ 231,807

Convenience Centers

Guards	\$ 140,679	
Social Security	10,876	
State Retirement	1,757	
Communication	3,073	
Electricity	9,259	
Water and Sewer	1,707	
Total Convenience Centers		167,351

Other Operations

Other Charges

Trustee's Commission	\$ 7,831	
Total Other Charges		7,831

Total Solid Waste/Sanitation Fund \$ 406,989

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$ 34,284
In-Service Training	1,368
Social Security	2,629
State Retirement	985
Confidential Drug Enforcement Payments	2,000
Maintenance and Repair Services - Vehicles	6,794
Animal Food and Supplies	818
Gasoline	237

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Utilities	\$ 2,652	
Trustee's Commission	318	
Total Drug Enforcement		\$ 52,085

Public Health and Welfare

Alcohol and Drug Programs

Instructional Supplies and Materials	\$ 1,302	
Other Supplies and Materials	3,730	
Total Alcohol and Drug Programs		5,032

Total Drug Control Fund \$ 57,117

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 117	
Total County Trustee's Office		\$ 117

Total Constitutional Officers - Fees Fund 117

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 61,272	
Accountants/Bookkeepers	41,802	
State Retirement	6,679	
Dues and Memberships	2,242	
Maintenance and Repair Services - Office Equipment	6,766	
Postal Charges	424	
Printing, Stationery, and Forms	339	
Office Supplies	1,338	
Other Charges	3,580	
Total Administration		\$ 124,442

Highway and Bridge Maintenance

Foremen	\$ 44,515
Equipment Operators	132,872
Truck Drivers	22,752
Laborers	172,934
State Retirement	13,429

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Contracted Services	\$ 9,185	
Asphalt - Cold Mix	17,226	
Asphalt - Hot Mix	240,657	
Asphalt - Liquid	190,046	
Concrete	378	
Crushed Stone	261,585	
General Construction Materials	2,892	
Other Road Supplies	1,179	
Pipe	20,439	
Road Signs	13,245	
Structural Steel	31	
Wood Products	1,905	
Other Supplies and Materials	436	
Total Highway and Bridge Maintenance		\$ 1,145,706

Operation and Maintenance of Equipment

Mechanic(s)	\$ 99,630	
Nightwatchmen	33,106	
State Retirement	7,656	
Diesel Fuel	75,671	
Equipment and Machinery Parts	49,586	
Garage Supplies	1,671	
Gasoline	55,015	
Lubricants	7,401	
Small Tools	190	
Tires and Tubes	19,921	
Uniforms	939	
Other Supplies and Materials	2,257	
Total Operation and Maintenance of Equipment		353,043

Other Charges

Communication	\$ 3,351	
Electricity	3,223	
Natural Gas	6,581	
Water and Sewer	396	
Building and Contents Insurance	3,372	
Liability Insurance	7,322	
Premiums on Corporate Surety Bonds	50	
Trustee's Commission	17,484	
Vehicle and Equipment Insurance	12,107	
Total Other Charges		53,886

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$ 46,611	
Unemployment Compensation	5,732	
Workers' Compensation Insurance	<u>42,439</u>	
Total Employee Benefits		\$ 94,782

Capital Outlay

Engineering Services	\$ 2,232	
Communication Equipment	1,160	
Highway Equipment	3,895	
Motor Vehicles	<u>13,350</u>	
Total Capital Outlay		20,637

Principal on Debt

Highways and Streets

Principal on Notes	\$ <u>52,000</u>	
Total Highways and Streets		52,000

Interest on Debt

Highways and Streets

Interest on Notes	\$ <u>4,494</u>	
Total Highways and Streets		<u>4,494</u>

Total Highway/Public Works Fund \$ 1,848,990

General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ <u>134</u>	
Total Other Charges		\$ 134

Principal on Debt

General Government

Principal on Bonds	\$ 11,700	
Principal on Notes	135,495	
Principal on Other Loans	<u>139,000</u>	
Total General Government		286,195

Education

Principal on Bonds	\$ <u>185,000</u>	
Total Education		185,000

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 3,063	
Interest on Notes	23,088	
Interest on Other Loans	<u>76,774</u>	
Total General Government		\$ 102,925

Education

Interest on Bonds	\$ <u>116,190</u>	
Total Education		116,190

Other Debt Service

General Government

Other Debt Service	\$ 410	
Total General Government		410

Education

Other Debt Service	\$ 743	
Total Education		<u>743</u>

Total General Debt Service Fund \$ 691,597

Community Development/Industrial Park Fund

Other Operations

Industrial Development

Maintenance and Repair Services - Buildings	\$ 34,201	
Utilities	3,060	
Other Supplies and Materials	<u>351</u>	
Total Industrial Development		\$ 37,612

Other Charges

Trustee's Commission	\$ 126	
Total Other Charges		<u>126</u>

Total Community Development/Industrial Park Fund 37,738

Total Governmental Funds - Primary Government \$ 8,157,644

Exhibit J-8

Jackson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 3,378,578	
Career Ladder Program	52,775	
Career Ladder Extended Contracts	19,475	
Educational Assistants	76,674	
Other Salaries and Wages	240,643	
Certified Substitute Teachers	13,506	
Non-certified Substitute Teachers	63,286	
Social Security	224,597	
State Retirement	240,514	
Medical Insurance	285,312	
Unemployment Compensation	4,901	
Employer Medicare	52,535	
Other Fringe Benefits	8,800	
Other Contracted Services	18,312	
Instructional Supplies and Materials	52,389	
Textbooks	282,797	
Other Supplies and Materials	166,716	
Regular Instruction Equipment	72,141	
Total Regular Instruction Program		\$ 5,253,951

Alternative Instruction Program

Teachers	\$ 34,016	
Social Security	1,983	
State Retirement	2,184	
Medical Insurance	3,787	
Unemployment Compensation	45	
Employer Medicare	464	
Other Fringe Benefits	100	
Instructional Supplies and Materials	45	
Total Alternative Instruction Program		42,624

Special Education Program

Teachers	\$ 490,164
Career Ladder Program	1,000
Homebound Teachers	833
Educational Assistants	70,977
Certified Substitute Teachers	1,083
Non-certified Substitute Teachers	6,122
Social Security	33,115

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	35,687	
Medical Insurance		43,865	
Unemployment Compensation		940	
Employer Medicare		7,753	
Other Fringe Benefits		1,300	
Contracts with Private Agencies		7,300	
Instructional Supplies and Materials		498	
Other Supplies and Materials		349	
Total Special Education Program	\$		700,986

Vocational Education Program

Teachers	\$	261,687	
Career Ladder Program		1,960	
Certified Substitute Teachers		421	
Non-certified Substitute Teachers		7,690	
Social Security		16,146	
State Retirement		16,926	
Medical Insurance		16,173	
Unemployment Compensation		335	
Employer Medicare		3,776	
Other Fringe Benefits		700	
Maintenance and Repair Services - Equipment		217	
Instructional Supplies and Materials		6,452	
Other Supplies and Materials		1,308	
Other Charges		136,107	
Total Vocational Education Program			469,898

Adult Education Program

Teachers	\$	47,642	
Social Security		2,199	
State Retirement		2,277	
Medical Insurance		3,314	
Unemployment Compensation		65	
Employer Medicare		691	
Instructional Supplies and Materials		749	
Other Supplies and Materials		383	
Total Adult Education Program			57,320

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	48,643	
Career Ladder Program		1,000	
Clerical Personnel		22,070	
Social Security		4,332	
State Retirement		4,427	
Medical Insurance		3,314	
Unemployment Compensation		130	
Employer Medicare		1,013	
Other Fringe Benefits		100	
Travel		889	
Other Supplies and Materials		21	
Attendance Equipment		467	
Total Attendance			\$ 86,406

Health Services

Medical Personnel	\$	78,504	
Other Salaries and Wages		26,487	
Social Security		6,490	
State Retirement		6,804	
Unemployment Compensation		179	
Employer Medicare		1,518	
Other Fringe Benefits		200	
Postal Charges		800	
Printing, Stationery, and Forms		1,220	
Travel		2,486	
Drugs and Medical Supplies		263	
Other Supplies and Materials		50,179	
In Service/Staff Development		150	
Other Charges		346	
Health Equipment		5,646	
Total Health Services			181,272

Other Student Support

Career Ladder Program	\$	2,490	
Guidance Personnel		152,016	
Social Security		9,235	
State Retirement		9,919	
Medical Insurance		11,153	
Unemployment Compensation		152	

(Continued)

Exhibit J-8

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Other Student Support (Cont.)</u>		
Employer Medicare	\$	2,160
Other Fringe Benefits		300
Evaluation and Testing		14,907
Travel		429
Total Other Student Support		<u>202,761</u>
<u>Regular Instruction Program</u>		
Supervisor/Director	\$	116,022
Career Ladder Program		9,500
Librarians		160,703
Instructional Computer Personnel		48,643
Clerical Personnel		5,600
Other Salaries and Wages		32,836
Certified Substitute Teachers		60
Non-certified Substitute Teachers		2,006
Social Security		22,339
State Retirement		23,321
Medical Insurance		15,123
Unemployment Compensation		387
Employer Medicare		5,225
Other Fringe Benefits		800
Communication		500
Postal Charges		500
Printing, Stationery, and Forms		2,991
Travel		12,027
Library Books/Media		3,331
Other Supplies and Materials		3,064
In Service/Staff Development		4,421
Total Regular Instruction Program		<u>469,399</u>
<u>Special Education Program</u>		
Supervisor/Director	\$	59,645
Teachers		289
Career Ladder Program		4,000
Psychological Personnel		29,756
Social Security		5,327
State Retirement		6,015
Medical Insurance		11,017
Unemployment Compensation		81

(Continued)

Exhibit J-8

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Special Education Program (Cont.)</u>		
Employer Medicare	\$	1,246
Other Fringe Benefits		300
Travel		1,796
In Service/Staff Development		95
Total Special Education Program	\$	119,567
 <u>Vocational Education Program</u>		
Supervisor/Director	\$	11,309
Social Security		701
State Retirement		726
Employer Medicare		164
Travel		464
Total Vocational Education Program		13,364
 <u>Adult Programs</u>		
Supervisor/Director	\$	7,252
Clerical Personnel		18,616
Social Security		1,485
State Retirement		466
Unemployment Compensation		111
Employer Medicare		347
Communication		1,525
In Service/Staff Development		1,324
Total Adult Programs		31,126
 <u>Other Programs</u>		
On-Behalf Payments to OPEB	\$	42,340
Total Other Programs		42,340
 <u>Board of Education</u>		
Other Salaries and Wages	\$	7,500
Social Security		465
Life Insurance		8,392
Employer Medicare		109
Audit Services		2,500
Contributions		58,163
Dues and Memberships		6,149
Travel		684
Liability Insurance		85,594

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Premiums on Corporate Surety Bonds	\$	175	
Trustee's Commission		57,545	
Workers' Compensation Insurance		92,599	
In Service/Staff Development		165	
Total Board of Education			\$ 320,040

Director of Schools

County Official/Administrative Officer	\$	73,610	
Career Ladder Program		1,000	
Social Security		4,532	
State Retirement		4,790	
Medical Insurance		3,314	
Unemployment Compensation		45	
Employer Medicare		1,060	
Other Fringe Benefits		100	
Communication		5,677	
Postal Charges		873	
Travel		3,573	
Other Contracted Services		2,424	
Office Supplies		358	
In Service/Staff Development		125	
Total Director of Schools			101,481

Office of the Principal

Principals	\$	222,729	
Career Ladder Program		6,000	
Assistant Principals		86,658	
Secretary(ies)		69,428	
Clerical Personnel		54,396	
Social Security		25,473	
State Retirement		27,676	
Medical Insurance		25,790	
Unemployment Compensation		637	
Employer Medicare		6,042	
Other Fringe Benefits		600	
Communication		33,971	
Dues and Memberships		2,100	
Travel		1,972	
Other Contracted Services		858	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Office Supplies	\$	904	
Administration Equipment		200	
Total Office of the Principal			\$ 565,434

Fiscal Services

Supervisor/Director	\$	32,280	
Accountants/Bookkeepers		54,359	
Secretary(ies)		23,945	
Clerical Personnel		22,098	
Other Salaries and Wages		22,976	
Social Security		9,301	
State Retirement		9,755	
Unemployment Compensation		257	
Employer Medicare		2,249	
Travel		2,321	
Other Contracted Services		12,135	
Data Processing Supplies		2,851	
Office Supplies		470	
Administration Equipment		2,894	
Total Fiscal Services			197,891

Operation of Plant

Custodial Personnel	\$	203,076	
Social Security		12,536	
State Retirement		11,495	
Unemployment Compensation		736	
Employer Medicare		2,932	
Rentals		19,198	
Other Contracted Services		1,200	
Custodial Supplies		47,014	
Electricity		358,043	
Fuel Oil		31,025	
Natural Gas		13,658	
Water and Sewer		26,804	
Plant Operation Equipment		1,070	
Total Operation of Plant			728,787

Maintenance of Plant

Supervisor/Director	\$	35,943	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Salaries and Wages	\$	37,280	
Social Security		4,473	
State Retirement		3,838	
Unemployment Compensation		179	
Employer Medicare		1,046	
Maintenance and Repair Services - Buildings		19,808	
Maintenance and Repair Services - Equipment		5,274	
Travel		1,096	
Other Contracted Services		44,037	
Other Supplies and Materials		19,482	
Maintenance Equipment		4,983	
Total Maintenance of Plant			\$ 177,439

Transportation

Mechanic(s)	\$	16,940	
Bus Drivers		169,196	
Other Salaries and Wages		8,767	
Social Security		11,931	
State Retirement		6,267	
Unemployment Compensation		648	
Employer Medicare		2,791	
Contracts with Vehicle Owners		280,041	
Maintenance and Repair Services - Vehicles		12,232	
Travel		49	
Other Contracted Services		29,999	
Gasoline		62,032	
Lubricants		1,612	
Tires and Tubes		7,987	
Vehicle Parts		10,994	
Other Supplies and Materials		8,773	
Vehicle and Equipment Insurance		19,259	
Other Charges		592	
Transportation Equipment		179,246	
Total Transportation			829,356

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	54,139	
Career Ladder Program		1,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	3,022	
State Retirement		3,540	
Medical Insurance		6,569	
Unemployment Compensation		45	
Employer Medicare		707	
Other Fringe Benefits		100	
Total Food Service			\$ 69,122

Community Services

Supervisor/Director	\$	40,424	
Social Security		2,395	
State Retirement		2,595	
Medical Insurance		3,787	
Unemployment Compensation		42	
Employer Medicare		560	
Other Fringe Benefits		100	
Communication		415	
Travel		739	
Other Supplies and Materials		282	
Total Community Services			51,339

Early Childhood Education

Supervisor/Director	\$	18,000	
Teachers		102,083	
Educational Assistants		38,762	
Non-certified Substitute Teachers		1,804	
Social Security		9,540	
State Retirement		10,174	
Medical Insurance		6,989	
Unemployment Compensation		288	
Employer Medicare		2,231	
Other Fringe Benefits		300	
Communication		1,348	
Postal Charges		300	
Travel		5,203	
Other Supplies and Materials		98,957	
Other Charges		6,009	
Other Equipment		15,343	
Total Early Childhood Education			317,331

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 274,229	
Other Capital Outlay	1,144	
Total Regular Capital Outlay		\$ 275,373

Principal on Debt

Education

Principal on Other Loans	\$ 156,000	
Total Education		156,000

Interest on Debt

Education

Interest on Other Loans	\$ 83,844	
Total Education		83,844

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 301,190	
Other Debt Service	19,627	
Total Education		<u>320,817</u>

Total General Purpose School Fund \$ 11,865,268

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 279,892	
Educational Assistants	100,182	
Other Salaries and Wages	26,693	
Certified Substitute Teachers	596	
Non-certified Substitute Teachers	2,022	
Social Security	24,615	
State Retirement	25,636	
Medical Insurance	18,035	
Unemployment Compensation	769	
Employer Medicare	5,764	
Other Fringe Benefits	700	
Instructional Supplies and Materials	70,975	
Other Supplies and Materials	501	
Regular Instruction Equipment	10,020	
Total Regular Instruction Program		\$ 566,400

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	8,009	
Educational Assistants		184,413	
Speech Pathologist		30,127	
Other Salaries and Wages		6,881	
Social Security		14,071	
State Retirement		13,629	
Unemployment Compensation		807	
Employer Medicare		3,291	
Other Fringe Benefits		100	
Contracts with Other School Systems		5,894	
Contracts with Private Agencies		23,841	
Instructional Supplies and Materials		7,101	
Other Supplies and Materials		1,121	
Total Special Education Program			\$ 299,285

Vocational Education Program

Teachers	\$	17,524	
Other Salaries and Wages		1,129	
Social Security		1,146	
State Retirement		1,198	
Unemployment Compensation		27	
Employer Medicare		268	
Other Contracted Services		10,171	
Instructional Supplies and Materials		30,237	
Other Charges		1,624	
Vocational Instruction Equipment		7,871	
Total Vocational Education Program			71,195

Support Services

Health Services

Other Supplies and Materials	\$	1,671	
Total Health Services			1,671

Other Student Support

Travel	\$	6,342	
In Service/Staff Development		5,956	
Total Other Student Support			12,298

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	93,651	
Non-certified Substitute Teachers		1,194	
Social Security		5,888	
State Retirement		6,013	
Medical Insurance		4,966	
Unemployment Compensation		90	
Employer Medicare		1,377	
Communication		431	
Postal Charges		200	
Travel		22,012	
Other Contracted Services		5,575	
Library Books/Media		12,543	
Other Supplies and Materials		6,893	
In Service/Staff Development		30,023	
Other Charges		2,580	
Other Equipment		1,883	
Total Regular Instruction Program			\$ 195,319

Special Education Program

Psychological Personnel	\$	9,823	
Assessment Personnel		54,445	
Social Security		3,869	
State Retirement		4,126	
Medical Insurance		3,591	
Unemployment Compensation		54	
Employer Medicare		905	
Travel		2,786	
Other Supplies and Materials		293	
In Service/Staff Development		290	
Total Special Education Program			80,182

Vocational Education Program

In Service/Staff Development	\$	758	
Total Vocational Education Program			758

Total School Federal Projects Fund \$ 1,227,108

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	284,686	
Social Security		17,392	
State Retirement		16,640	
Unemployment Compensation		1,053	
Employer Medicare		4,068	
Communication		1,251	
Maintenance and Repair Services - Equipment		4,424	
Travel		4,369	
Other Contracted Services		7,160	
Food Supplies		361,260	
Other Supplies and Materials		47,759	
In Service/Staff Development		1,619	
Food Service Equipment		25,840	
Total Food Service			\$ 777,521

Total Central Cafeteria Fund \$ 777,521

Total Governmental Funds - Jackson County School Department \$ 13,869,897

Exhibit J-9

Jackson County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2009

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 318,555
Total Cash Receipts	<u>\$ 318,555</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 315,370
Trustee's Commission	3,185
Total Cash Disbursements	<u>\$ 318,555</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2008	<u>0</u>
 Cash Balance, June 30, 2009	 <u>\$ 0</u>

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SINGLE AUDIT SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

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

January 29, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Jackson County's basic financial statements and have issued our report thereon dated January 29, 2010. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Industrial Development Board of the County of Jackson, Tennessee, a discretely presented component unit, which had not been audited as of the date of this report. Also, our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Jackson County Emergency Communications District as described in our report on Jackson County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jackson County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jackson County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jackson County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 09.01, 09.03, 09.05, and 09.08.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Jackson County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 09.01 to be a material weakness.

Compliance and Other Matters

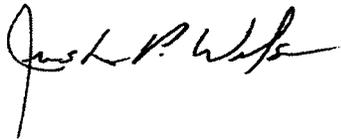
As part of obtaining reasonable assurance about whether Jackson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required

to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 09.02, 09.04, 09.06, and 09.09.

We consider item 09.07 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Jackson County in separate communications.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, County Commission, Board of Education, others within Jackson County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

January 29, 2010

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Jackson County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Jackson County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jackson County's management. Our responsibility is to express an opinion on Jackson County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jackson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We

believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Jackson County's compliance with those requirements.

In our opinion, Jackson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Jackson County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Jackson County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jackson County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

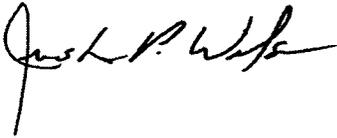
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County as of and for the year ended June 30, 2009, and have issued our report thereon dated January 29, 2010. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Industrial Development Board of the County of Jackson, Tennessee, a discretely presented component unit, which had not been audited as of the date of this report. Our audit was performed for the purpose of forming our opinions on the

financial statements that collectively comprise Jackson County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, County Commission, Board of Education, others within Jackson County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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Jackson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2009

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 198,594
National School Lunch Program	10.555	N/A	417,848 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	54,483 (3)
Total U.S. Department of Agriculture			<u>\$ 670,925</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants - State's Program	14.228	GG-08-25079-00	\$ 500,000
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	DG-09-24198-00	57,050
Total U.S. Department of Housing and Urban Development			<u>\$ 557,050</u>
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	<u>\$ 22,916</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 84,087
Passed-through State Department of Education:			
Title I Grant to Local Educational Agencies	84.010	N/A	468,878
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	377,783
Special Education - Preschool Grants	84.173	N/A	11,631
Career and Technical Education - Basic Grants to States	84.048	N/A	60,745
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	5,970
Fund for the Improvement of Education	84.215	N/A	1,670
Twenty-first Century Community Learning Centers	84.287	(2)	400,000
Education Technology State Grants	84.318	(2)	89,897
Reading First State Grants	84.357	(2)	219,655
Rural Education	84.358	N/A	23,972
Improving Teacher Quality State Grants	84.367	N/A	3,885
Total U.S. Department of Education			<u>\$ 1,748,173</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	Z-09-217196-00	<u>\$ 2,200</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	GG-08-24157-00	<u>\$ 43,223</u>
Total Expenditures of Federal Awards			<u>\$ 3,044,487</u>

(Continued)

Jackson County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

<u>Federal/Pass-through Agency/State Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>State Grants</u>			
Aging Program - Upper Cumberland Development District	N/A	(2)	\$ 13,391
Reappraisal Program - Comptroller of the Treasury	N/A	(2)	5,548
Litter Program - State Department of Transportation	N/A	(2)	19,335
Law Enforcement Training - State Department of Safety	N/A	(2)	7,800
Local Health Services Grant - State Department of Health	N/A	(2)	5,784
State Supplement Grant Program - State Commission on Children and Youth	N/A	(2)	9,000
Three Star Program - State Department of Economic and Community Development	N/A	(2)	1,500
Family Resource Center - State Department of Education	N/A	(2)	33,300
Safe Schools - State Department of Education	N/A	(2)	11,500
Lottery for Education - PreK - State Department of Education	N/A	(2)	300,447
Coordinated School Health Improvement - State Department of Education	N/A	(2)	105,000
Touching the Lives of Children - State Department of Education	N/A	(2)	7,057
Waste Tire Storage and Disposal - State Department of Environment and Conservation	N/A	(2)	<u>2,947</u>
Total State Grants			<u>\$ 522,609</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

(3) Total for CFDA No. 10.555 is \$472,331.

Jackson County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Jackson County, Tennessee, for the year ended June 30, 2008, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.01	166	The General Fund required material audit adjustments for the financial statements to be materially correct at year-end
08.02	166	Expenditures exceeded appropriations
08.03	167	Leave records were not on file to support payroll disbursements

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.06	169	The execution docket trial balance did not reconcile with general ledger accounts
08.08	170	The clerk and master did not post short-term account activity to the accounting records and did not reconcile short-term accounts with general ledger balances

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.11	171	The office did not deposit funds within three days of collection as required by state statute

OTHER FINDINGS

Finding Number	Page Number	Subject
08.12	172	A central system of accounting, budgeting, and purchasing had not been adopted
08.13	172	Duties were not segregated adequately in the Offices of County Mayor, Road Superintendent, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff
08.14	173	The Industrial Development Board of the County of Jackson, Tennessee, was not audited

JACKSON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Jackson County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit did not disclose any instances of noncompliance that are material to the financial statements of Jackson County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), Community Development Block Grants – State's Program (CFDA No. 14.228), and the Special Education Cluster: Special Education - Grants to States and the Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Jackson County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 09.01 THE GENERAL FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2009, certain general ledger account balances in the General Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Jackson County to have adequate controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Jackson County should have appropriate processes in place to ensure that its general ledgers are materially correct.

FINDING 09.02 EXPENDITURES AND ENCUMBRANCES EXCEEDED APPROPRIATIONS
(Noncompliance Under Government Auditing Standards)

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the following funds' major appropriation categories (the legal level of control):

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
General Sessions Court	\$ 8,037
Housing and Urban Development	190,750
Employee Benefits	4,540
Litter and Trash Collection	17
Debt Service:	
Principal on Debt - General Government	20,615
Other Debt Service - Education	233

Section 5-9-401, Tennessee Code Annotated states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." This deficiency exists because management failed to hold spending within limits authorized by the County Commission and failed to correct the finding noted in the prior-year audit report. This deficiency resulted in unauthorized expenditures.

RECOMMENDATION

County officials should ensure that expenditures and encumbrances are held within appropriations approved by the County Commission.

FINDING 09.03 **LEAVE RECORDS WERE NOT ON FILE TO SUPPORT PAYROLL DISBURSEMENTS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

Certain personnel policies adopted by various county officials permit employees to accumulate earned but unused vacation, sick, and compensatory leave. However, the County Mayor's Office did not have documentation on file to support leave for general government employees and could not provide us with accrued leave balances at June 30, 2009. Payroll disbursements for employees were made with the assumption that leave records are maintained by each department head. Sound business practices dictate that leave records of general government employees be centrally filed, and Governmental Accounting Standards Board Statement No. 34 requires that all leave should be accrued when incurred in the government-wide financial statements. However, the omission of these amounts was not considered to be material to the county's financial statements. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. The failure to maintain adequate documentation of accumulated leave weakens internal controls over the payroll process, increases the risks of improper payments, and prohibits the presentation of accrued leave balances in the financial statements.

RECOMMENDATION

The County Mayor's Office should maintain summary accrued leave information by account function for all county offices and departments of the general county government. These records should reflect the dollar value of the leave at the beginning of the year, amount earned, amount used, and the value of the leave at year end.

OFFICE OF CLERK AND MASTER

FINDING 09.04 **THE EXECUTION DOCKET TRIAL BALANCE DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS** (Noncompliance Under Government Auditing Standards)

At June 30, 2009, the clerk and master prepared a trial balance of execution docket cause balances as required by Section 18-2-104, Tennessee Code Annotated (TCA). However, this trial balance did not reconcile with the general ledger accounts by \$3,216. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-101, TCA. This statute provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The clerk and master should reconcile the trial balance of execution docket cause balances with the general ledger accounts. To comply with state statutes, the clerk and master should report and pay to the state Treasurer's Office any unclaimed funds held for more than one year.

FINDING 09.05 **THE CLERK AND MASTER DID NOT POST SHORT-TERM ACCOUNTS ACTIVITY TO THE ACCOUNTING RECORDS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

During the year examined, the clerk and master did not properly post short-term investment accounts activity to the general ledger and did not attempt to reconcile the bank statement balances of these short-term investment accounts with general ledger totals. As a result of not properly posting the activity of these accounts, the general ledger short-term investment accounts reflected on the accounting records were understated by \$49,143 at June 30, 2009. Sound business practices dictate that accounting records accurately reflect account and bank statement activity. This deficiency has been reported in previous audit reports and has not been corrected by management. We confirmed the balances of the short-term investment accounts held by the clerk and master and presented adjustments to

management for approval and posting. Therefore, the short-term investment accounts have been properly presented in the financial statements of this report.

RECOMMENDATION

Short-term investment accounts activity should be properly posted to the accounting records. Also, bank statements for these short-term investment accounts should be reconciled with the general ledger monthly, and any errors discovered should be corrected promptly.

OFFICE OF SHERIFF

FINDING 09.06 **COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS** (Noncompliance Under Government Auditing Standards)

The office did not deposit some funds to the bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. The delay in depositing funds weakens internal controls over collections and increases the risk of fraud and misappropriation.

RECOMMENDATION

The office should deposit funds within three days of collection as required by state statute.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 09.07 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED** (Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

RECOMMENDATION

County officials should consider adopting the County Financial Management System of 1981 or a private act that would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

FINDING 09.08

DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of County Mayor, Road Superintendent, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

FINDING 09.09

THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF JACKSON, TENNESSEE, WAS NOT AUDITED

(Noncompliance Under Government Auditing Standards)

An annual audit was not performed on the Industrial Development Board of the County of Jackson, Tennessee, a component unit of Jackson County. Section 9-3-211, Tennessee Code Annotated, requires an annual audit of each entity charged with the care and control of public funds. This deficiency exists because management failed to correct the finding noted in audit reports since 2006.

RECOMMENDATION

An annual audit of the Industrial Development Board of the County of Jackson, Tennessee, should be performed as required by state statute.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

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**JACKSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009**

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.