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# **ANNUAL FINANCIAL REPORT JACKSON COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2010**



**ANNUAL FINANCIAL REPORT**  
**JACKSON COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*DEPARTMENT OF AUDIT*  
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*Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT*  
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*State Auditors*

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

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***Audit Highlights***  
Annual Financial Report  
Jackson County, Tennessee  
For the Year Ended June 30, 2010

***Scope***

We have audited the basic financial statements of Jackson County as of and for the year ended June 30, 2010.

***Results***

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include two component units, 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 12 findings and recommendations, which we have reviewed with Jackson County management. Detailed findings, recommendations, and management's response are included in the Single Audit section of this report.

***Findings and Best Practice***

The following are summaries of the audit findings and best practice:

**OFFICE OF COUNTY MAYOR**

- ◆ The General Fund required material audit adjustments for proper financial statement presentation.
- ◆ Jackson County did not account for American Recovery and Reinvestment Act Grants separately from other county funds.
- ◆ Expenditures exceeded appropriations
- ◆ Leave records were not on file to support payroll disbursements.
- ◆ A \$200,000 capital outlay note was not issued in compliance with state statutes.

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**OFFICE OF ROAD SUPERINTENDENT**

- ◆ Appropriations exceeded estimated available funds in the Highway/Public Works Fund.
-

## **OFFICE OF CLERK AND MASTER**

- ◆ The execution docket trial balance did not reconcile with general ledger accounts.
  - ◆ The clerk and master did not post short-term investment account 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**

- ◆ Jackson County has a material recurring audit finding.
  - ◆ 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.
- 

## **BEST PRACTICE**

Jackson County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Jackson County.

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# INTRODUCTORY SECTION

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# Jackson County Officials

## June 30, 2010

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### **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**

Dewey Mabery, Chairman  
Mark Brown  
Tim Bowman  
James Robert Childress  
Jeff Lynn  
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  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

October 28, 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, 2010, 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 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 provides a reasonable basis for our opinions.

The financial statements of the Jackson County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Also, the Industrial Development Board of the County of Jackson, Tennessee, a component unit requiring discrete presentation, did not have audited financial statements. Accordingly, the aggregate discretely presented component

units financial statements referred to above do not include amounts for the Jackson County Emergency Communications District and 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, except for the effects of not including the financial statements of the Jackson County Emergency Communications District and 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, 2010, 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, 2010, 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 October 28, 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 the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

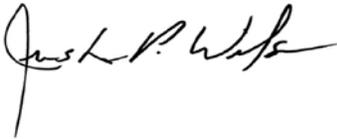
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 56 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental

Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Jackson County, Tennessee  
Statement of Net Assets  
June 30, 2010

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Jackson County School Department</u>
<u>ASSETS</u>		
Cash	\$ 7,406	\$ 0
Equity in Pooled Cash and Investments	2,692,670	5,708,581
Inventories	0	31,794
Accounts Receivable	232,972	0
Allowance for Uncollectibles	(78,537)	0
Due from Other Governments	402,559	244,460
Property Taxes Receivable	2,874,609	1,782,985
Allowance for Uncollectible Property Taxes	(106,507)	(66,096)
Capital Assets:		
Assets Not Depreciated:		
Land	364,836	173,658
Construction in Progress	108,085	90,916
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	5,765,784	9,264,546
Other Capital Assets	933,533	673,589
Infrastructure	13,863,642	0
Total Assets	<u>\$ 27,061,052</u>	<u>\$ 17,904,433</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 4,050
Accrued Payroll	0	815
Payroll Deductions Payable	38,456	0
Retainage Payable	2,822	0
Accrued Interest Payable	14,987	0
Deferred Revenue - Current Property Taxes	2,641,456	1,638,371
Noncurrent Liabilities:		
Due Within One Year	342,350	372,000
Due in More Than One Year	4,563,646	7,267,486
Total Liabilities	<u>\$ 7,603,717</u>	<u>\$ 9,282,722</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 16,129,884	\$ 2,776,803
Restricted for:		
Debt Service	1,522,377	0
Solid Waste/Sanitation	102,666	0
Drug Control	11,980	0
Highway/Public Works	600,033	0
Capital Projects	59,750	0
ARRA Grant #1 - Health Department	569,236	0
School Federal Projects	0	270,585
Central Cafeteria	0	332,091
Basic Education Program	0	2,764,676
Other Purposes	70,330	825,405
Unrestricted	<u>391,079</u>	<u>1,677,827</u>
Total Net Assets	<u>\$ 19,457,335</u>	<u>\$ 8,647,387</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, 2010

Functions/Programs	Program Revenues					Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Net (Expense) Revenue and Changes in	
						Component Unit	Component Unit
					Primary Government Total Governmental Activities	Jackson County School Department	
Primary Government:							
Governmental Activities:							
General Government	\$ 612,528	\$ 88,118	\$ 16,780	\$ 0	\$ (507,630)	\$ 0	\$ 0
Finance	302,783	218,064	18,651	0	(66,068)	0	0
Administration of Justice	465,760	184,166	9,000	0	(272,594)	0	0
Public Safety	1,960,901	790,813	18,786	0	(1,151,302)	0	0
Public Health and Welfare	945,349	503,234	31,410	652,730	242,025	0	0
Social, Cultural, and Recreational Services	96,264	0	1,000	0	(95,264)	0	0
Agriculture and Natural Resources	95,655	0	0	0	(95,655)	0	0
Other Operations	1,190,892	0	0	427,550	(763,342)	0	0
Highways/Public Works	2,023,196	56,084	1,415,947	308,203	(242,962)	0	0
Interest on Long-term Debt	99,849	0	2,375,108	0	2,275,259	0	0
Other Debt Service	23,890	0	0	0	(23,890)	0	0
Total Governmental Activities	\$ 7,817,067	\$ 1,840,479	\$ 3,886,682	\$ 1,388,483	\$ (701,423)	\$ 0	\$ 0
Total Primary Government	\$ 7,817,067	\$ 1,840,479	\$ 3,886,682	\$ 1,388,483	\$ (701,423)	\$ 0	\$ 0
Component Unit:							
Jackson County School Department	\$ 15,585,070	\$ 237,885	\$ 2,474,605	\$ 0	\$ 0	\$ (12,872,580)	\$ (12,872,580)
Total Component Unit	\$ 15,585,070	\$ 237,885	\$ 2,474,605	\$ 0	\$ 0	\$ (12,872,580)	\$ (12,872,580)

(Continued)

Exhibit B

Jackson County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in	
				Primary Government Total	Component Unit Jackson County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	1,611,351
Local Option Sales Taxes					493,085
Wheel Tax					173,940
Business Tax					0
Mineral Severance Tax					0
Wholesale Beer Tax					0
Litigation Tax - General					0
Other Local Taxes					1,268
Grants and Contributions Not Restricted to Specific Programs					8,913,749
Unrestricted Investment Earnings					0
Sale of Land/Equipment					1,974
Miscellaneous					61,645
Total General Revenues				\$	11,257,012
Change in Net Assets				\$	(1,615,568)
Net Assets, July 1, 2009					10,262,955
Net Assets, June 30, 2010				\$	8,647,387

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

Exhibit C-1

Jackson County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2010

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	
\$	0	0	0	0	7,406	\$ 7,406
Equity in Pooled Cash and Investments	1,327,182	83,153	321,765	888,508	72,062	2,692,670
Accounts Receivable	226,771	360	5,670	0	171	232,972
Allowance for Uncollectibles	(78,537)	0	0	0	0	(78,537)
Due from Other Governments	138,774	0	263,785	0	0	402,559
Due from Other Funds	7,577	0	0	648,856	0	656,433
Property Taxes Receivable	2,219,635	454,843	200,131	0	0	2,874,609
Allowance for Uncollectible Property Taxes	(82,283)	(16,805)	(7,419)	0	0	(106,507)
Total Assets	\$ 3,759,119	\$ 521,551	\$ 783,932	\$ 1,537,364	\$ 79,639	\$ 6,681,605

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

LIABILITIES AND FUND BALANCES

\$	37,191	933	0	0	332	\$ 38,456
Payroll Deductions Payable	2,822	0	0	0	0	2,822
Retainage Payable	648,856	0	0	0	7,577	656,433
Due to Other Funds	2,039,605	417,952	183,899	0	0	2,641,456
Deferred Revenue - Current Property Taxes	92,981	19,109	8,412	0	0	120,502
Deferred Revenue - Delinquent Property Taxes	113,258	0	123,080	0	0	236,338
Total Liabilities	\$ 2,934,713	\$ 437,994	\$ 315,391	\$ 0	\$ 7,909	\$ 3,696,007
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 171,975	0	0	0	0	\$ 171,975
Reserved for Alcohol and Drug Treatment	7,084	0	0	0	0	7,084
Reserved for Sexual Offender Registration	4,617	0	0	0	0	4,617
Reserved for Courtroom Security	657	0	0	0	0	657
Reserved for Computer System - Register	4,945	0	0	0	0	4,945
Reserved for Automation Purposes - Circuit Court	84	0	0	0	0	84
Reserved for Automation Purposes - General Sessions Court	589	0	0	0	0	589

(Continued)

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	Governmental Funds	
\$ 51,352 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	51,352
1,002	0	0	0	0	0	0	1,002
0	0	27,091	0	0	0	0	27,091
569,236	0	0	0	0	0	0	569,236
12,865	0	0	0	0	0	0	12,865
0	83,557	441,450	0	11,980	536,987	0	536,987
0	0	0	1,537,364	0	1,537,364	0	1,537,364
0	0	0	0	59,750	59,750	0	59,750
<u>\$ 824,406 \$</u>	<u>83,557 \$</u>	<u>468,541 \$</u>	<u>1,537,364 \$</u>	<u>71,730 \$</u>	<u>2,985,598</u>	<u>\$ 79,639 \$</u>	<u>6,681,605</u>
\$ 3,759,119 \$	521,551 \$	783,932 \$	1,537,364 \$	79,639 \$	6,681,605		

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Reserved for Automation Purposes - Sheriff	
Reserved for Automation Purposes - County Clerk	
Reserved for Capital Outlay	
Reserved for ARRA Grant #1 - Health Department	
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, 2010

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)		\$ 2,985,598
(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: construction in progress	108,085	
Add: infrastructure net of accumulated depreciation	5,765,784	
Add: buildings and improvements net of accumulated depreciation	13,863,642	
Add: other capital assets net of accumulated depreciation	<u>933,533</u>	21,035,880
(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	\$ (37,600)	
Less: notes payable	(793,396)	
Less: other loans payable	(4,075,000)	
Less: accrued interest on bonds, notes, other loans, and capital leases	<u>(14,987)</u>	(4,920,983)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>356,840</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 19,457,335</u></u>

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

Exhibit C-3

Jackson County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2010

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 2,301,291	\$ 411,155	\$ 205,387	\$ 2,923	\$ 0	\$ 0	\$ 2,920,756
Licenses and Permits	2,114	0	0	0	0	0	2,114
Fines, Forfeitures, and Penalties	39,007	0	0	0	0	25,257	64,264
Charges for Current Services	582,842	0	0	0	0	2,275	585,117
Other Local Revenues	206,039	17,939	61,181	12,152	0	11,719	309,030
Fees Received from County Officials	381,169	0	0	0	0	0	381,169
State of Tennessee	847,618	3,887	1,554,038	363,475	0	0	2,769,018
Federal Government	1,151,641	0	144,293	0	0	0	1,295,934
Other Governments and Citizens Groups	58,833	0	0	2,316,775	0	0	2,375,608
Total Revenues	\$ 5,570,554	\$ 432,981	\$ 1,964,899	\$ 2,695,325	\$ 0	\$ 39,251	\$ 10,703,010
<u>Expenditures</u>							
Current:							
General Government	\$ 575,663	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 575,663
Finance	302,783	0	0	0	0	0	302,783
Administration of Justice	463,485	0	0	0	0	2,275	465,760
Public Safety	1,805,330	0	0	0	0	16,167	1,821,497
Public Health and Welfare	759,028	574,764	0	0	0	0	1,333,792
Social, Cultural, and Recreational Services	95,552	0	0	0	0	0	95,552
Agriculture and Natural Resources	95,655	0	0	0	0	0	95,655
Other Operations	1,146,686	8,369	0	3,663	0	19,400	1,178,118
Highways	12,118	0	2,103,597	0	0	0	2,115,715
Debt Service:							
Principal on Debt	0	0	54,000	2,504,345	0	0	2,558,345
Interest on Debt	0	0	2,290	110,086	0	0	112,376
Other Debt Service	0	0	0	23,890	0	0	23,890
Capital Projects - Donated	0	0	0	0	2,356,906	0	2,356,906
Total Expenditures	\$ 5,256,300	\$ 583,133	\$ 2,159,887	\$ 2,641,984	\$ 2,356,906	\$ 37,842	\$ 13,036,052
Excess (Deficiency) of Revenues Over Expenditures	\$ 314,254	\$ (150,152)	\$ (194,988)	\$ 53,341	\$ (2,356,906)	\$ 1,409	\$ (2,333,042)

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Capital Projects	Other	Governmental Funds	
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 104,500	\$ 208,891	\$ 250,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 563,391
Other Loans Issued	0	0	0	0	2,356,906	0	0	2,356,906
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 104,500</u>	<u>\$ 208,891</u>	<u>\$ 250,000</u>	<u>\$ 0</u>	<u>\$ 2,356,906</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,920,297</u>
Net Change in Fund Balances	\$ 418,754	\$ 58,739	\$ 55,012	\$ 53,341	\$ 0	\$ 1,409	\$ 0	\$ 587,255
Fund Balance, July 1, 2009	405,652	24,818	413,529	1,484,023	0	70,321	0	2,398,343
Fund Balance, June 30, 2010	\$ 824,406	\$ 83,557	\$ 468,541	\$ 1,537,364	\$ 0	\$ 71,730	\$ 0	\$ 2,985,598

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, 2010

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)		\$	587,255
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: assets purchased and capitalized	\$	728,228	
Less: current year depreciation expense		<u>(437,021)</u>	291,207
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$	356,840	
Less: deferred delinquent property taxes and other deferred June 30, 2009		<u>(382,056)</u>	(25,216)
(3) 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	\$	156,245	
Add: principal payments on bonds		18,100	
Add: payment to refunding agent		2,240,000	
Add: principal payments on other loans		144,000	
Less: note proceeds		<u>(563,391)</u>	1,994,954
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest on bonds	\$	22,397	
Change in accrued interest on notes		<u>(9,870)</u>	<u>12,527</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ 2,860,727</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, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 552,486
Due from Other Governments	<u>46,125</u>
Total Assets	<u>\$ 598,611</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 46,125
Due to Litigants, Heirs, and Others	<u>552,486</u>
Total Liabilities	<u>\$ 598,611</u>

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

**JACKSON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**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 financial statements of the Jackson County Emergency Communications District were not available from other auditors in time for inclusion in this report.

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. The financial statements of the Industrial Development Board of the County of Jackson, Tennessee, were not audited.

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. Although required by GAAP, the financial statements of the Jackson County Emergency Communications District and the Industrial Development Board of the County of Jackson, Tennessee, were not available for inclusion, as previously mentioned. 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. Net debt issues totaling \$2,356,906 were contributed by the county to the School Department during the year ended June 30, 2010.

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.

**Other Capital Projects Fund** – This fund is used to account for other loan proceeds issued by the county and contributed to the School Department.

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 funds:

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

**Education Capital Projects Fund** – This fund is used to account for building construction and renovations in 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. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

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

Retainage payable in the General Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. This amount is held by the trustee as Equity in Pooled Cash and Investments in the General Fund.

**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 \$70,330, with the primary restriction being for automation purposes in the Sheriff's Office (\$51,352). For the discretely presented School Department, the account balance in Restricted for Other Purposes totals \$825,405 and consists primarily of a restriction for wheel tax revenues (\$805,201).

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 Park 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. Fund Deficit**

The Education Capital Projects Fund had a deficit of \$2,056,160 in unreserved fund balance as of June 30, 2010. This deficit resulted from the unperformed portion of a construction contract totaling \$2,145,500 being reserved as an encumbrance in the financial statements of this report. Funding for these future expenditures should be received subsequent to year-end.

**C. Expenditures Exceeded Appropriations**

Expenditures exceeded total appropriations approved by the County Commission in the Drug Control Fund by \$4,540.

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:	
County Buildings	\$ 9,075
Other Charges	2,825
Solid Waste/Sanitation:	
Other Charges	8,369
Debt Service:	
Other Charges	3,163

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

**D. Appropriations Exceeded Estimated Available Funds in the Highway/Public Works Fund**

The budget and subsequent amendments submitted to and approved by the County Commission for the Highway/Public Works Fund resulted in appropriations exceeding estimated available funding by \$3,139. Sound budgetary principles dictate that appropriations be held within estimated available funding. This budget deficiency was a result of underestimating the beginning budgeted fund balance by \$148,965.

**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 Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled or nonpooled investments as of June 30, 2010.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2010, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 364,836	\$ 0	\$ 364,836
Construction in Progress	0	108,085	108,085
Total Capital Assets Not Depreciated	<u>\$ 364,836</u>	<u>\$ 108,085</u>	<u>\$ 472,921</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 6,948,689	\$ 0	\$ 6,948,689
Infrastructure	15,845,757	306,752	16,152,509
Other Capital Assets	2,105,006	313,391	2,418,397
Total Capital Assets Depreciated	<u>\$ 24,899,452</u>	<u>\$ 620,143</u>	<u>\$ 25,519,595</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,038,811	\$ 144,094	\$ 1,182,905
Infrastructure	2,147,912	140,955	2,288,867
Other Capital Assets	1,332,892	151,972	1,484,864
Total Accumulated Depreciation	<u>\$ 4,519,615</u>	<u>\$ 437,021</u>	<u>\$ 4,956,636</u>
Total Capital Assets Depreciated, Net	<u>\$ 20,379,837</u>	<u>\$ 183,122</u>	<u>\$ 20,562,959</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,744,673</u>	<u>\$ 291,207</u>	<u>\$ 21,035,880</u>

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

**Governmental Activities:**

General Government	\$ 36,865
Public Safety	152,178
Public Health and Welfare	33,033
Social, Cultural, and Recreational Services	712
Highways/Public Works	<u>214,233</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 437,021</u></u>

**Discretely Presented Jackson County School Department**

**Governmental Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 173,658	\$ 0	\$ 173,658
Construction in Progress	0	90,916	90,916
Total Capital Assets Not Depreciated	<u>\$ 173,658</u>	<u>\$ 90,916</u>	<u>\$ 264,574</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 12,235,230	\$ 378,851	\$ 12,614,081
Other Capital Assets	1,016,318	72,902	1,089,220
Total Capital Assets Depreciated	<u>\$ 13,251,548</u>	<u>\$ 451,753</u>	<u>\$ 13,703,301</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 3,098,272	\$ 251,263	\$ 3,349,535
Other Capital Assets	344,277	71,354	415,631
Total Accumulated Depreciation	<u>\$ 3,442,549</u>	<u>\$ 322,617</u>	<u>\$ 3,765,166</u>
Total Capital Assets Depreciated, Net	<u>\$ 9,808,999</u>	<u>\$ 129,136</u>	<u>\$ 9,938,135</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 9,982,657</u></u>	<u><u>\$ 220,052</u></u>	<u><u>\$ 10,202,709</u></u>

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

**Governmental Activities:**

Instruction	\$ 251,263
Support Services	<u>71,354</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 322,617</u>

**C. Construction Commitment**

At June 30, 2010, the School Department had uncompleted construction contracts of approximately \$2,145,500 for school building projects. Funding for these future expenditures is expected to be received from other loan proceeds.

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

The composition of interfund balances as of June 30, 2010, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 7,577
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, 2010, consisted of the following amounts:

**Discretely Presented Jackson County School Department**

<u>Transfer Out</u>	<u>Transfers In</u>	
	General Purpose School Fund	Nonmajor Govern-mental Fund
Nonmajor governmental funds	\$ 82,803	\$ 0
General Purpose School Fund	0	125,000

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

**E. 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 six 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, 2010, 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, 2010, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
General Obligation Bonds	3.342 to 5 %	\$ 3,876,000	\$ 37,600
Capital Outlay Notes	3.38 to 5.15	1,539,079	793,396
Other Loans	variable	4,700,000	4,075,000

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, 2010, the variable interest rate for these loans was .44 percent and other fees totaled approximately .45 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, 2010, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 187,250	\$ 28,807	\$ 216,057
2012	161,751	21,618	183,369
2013	266,410	14,981	281,391
2014	100,683	6,900	107,583
2015	77,302	2,980	80,282
Total	<u>\$ 793,396</u>	<u>\$ 75,286</u>	<u>\$ 868,682</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 149,000	\$ 17,930	\$ 23,080	\$ 190,010
2012	154,000	17,275	22,306	193,581
2013	159,000	16,596	21,506	197,102
2014	165,000	15,897	20,681	201,578
2015	171,000	15,171	19,824	205,995
2016-2020	946,000	64,041	85,194	1,095,235
2021-2025	1,121,000	41,761	58,961	1,221,722
2026-2030	1,127,000	15,299	26,845	1,169,144
2031	83,000	365	1,418	84,783
Total	<u>\$ 4,075,000</u>	<u>\$ 204,335</u>	<u>\$ 279,815</u>	<u>\$ 4,559,150</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 6,100	\$ 1,890	\$ 7,990
2012	6,400	1,585	7,985
2013	6,700	1,265	7,965
2014	6,900	930	7,830
2015	7,000	585	7,585
2016-2018	4,500	450	4,950
Total	<u>\$ 37,600</u>	<u>\$ 6,705</u>	<u>\$ 44,305</u>

There is \$1,537,364 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$3, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$447, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
Balance, July 1, 2009	\$ 2,295,700	\$ 386,250	\$ 4,219,000
Additions	0	563,391	0
Deductions	(2,258,100)	(156,245)	(144,000)
Balance, June 30, 2010	<u>\$ 37,600</u>	<u>\$ 793,396</u>	<u>\$ 4,075,000</u>
Balance Due Within One Year	<u>\$ 6,100</u>	<u>\$ 187,250</u>	<u>\$ 149,000</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 4,905,996
Less: Balance Due Within One Year	<u>(342,350)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,563,646</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. In addition, other loans have been issued to refund school construction debt.

Other loans are direct obligations and pledge the full faith and credit of the government. The other loans outstanding were issued for original term of up to 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 loans included in long-term debt as of June 30, 2010, will be retired from the General Purpose School Fund.

Other loans outstanding as of June 30, 2010, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
Other Loans	variable	\$ 8,656,906	\$ 7,425,906

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, 2010, the variable interest rate was .52 percent, and other fees totaled approximately .3 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal, and a trustee fee of \$85 per month.

During the year examined, Jackson County entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee. This loan agreement provided for the authority to make \$3,765,000 available for loan to Jackson County on an as-needed basis for the refunding of two school bonds being paid by the General Debt Service Fund (\$2,240,000) and for various school construction and renovation projects. As of June 30, 2010, the county had borrowed \$2,356,906 of the available funds. 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, 2010, the variable interest rate was .52 percent, and other fees totaled approximately 1.4 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 loans outstanding as of June 30, 2010, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 372,000	\$ 38,615	\$ 54,094	\$ 464,709
2012	391,000	36,680	50,481	478,161
2013	405,000	34,647	46,685	486,332
2014	434,000	32,541	42,781	509,322
2015	449,000	30,283	38,547	517,830
2016-2020	2,280,906	114,159	123,594	2,518,659
2021-2025	1,551,000	65,095	52,668	1,668,763
2026-2029	1,543,000	20,545	19,093	1,582,638
Total	\$ 7,425,906	\$ 372,565	\$ 427,943	\$ 8,226,414

Debt per capita totaled \$804, 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, 2010, was as follows:

Governmental Activities:

	Other Loans	Other Postemployment Benefits
Balance, July 1, 2009	\$ 5,423,000	\$ 104,395
Additions	2,356,906	156,248
Deductions	(354,000)	(47,063)
Balance, June 30, 2010	<u>\$ 7,425,906</u>	<u>\$ 213,580</u>
Balance Due Within One Year	<u>\$ 372,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 7,639,486
Less: Balance Due Within One Year	<u>(372,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,267,486</u>

**F. 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 for the year ended June 30, 2010, were \$37,377. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**G. Short-term Debt**

Jackson County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General (\$350,000) and the Solid Waste/Sanitation (\$50,000) funds. 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, 2010, was as follows:

	Balance 7-1-09	Issued	Paid	Balance 6-30-10
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) is a member of 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 Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be reported as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Jackson County and the Jackson County School Department have no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Jackson County and the School Department may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the cost of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Jackson County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e. effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Jackson County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Jackson County may enter into derivative transactions in subsequent years.

**C. Subsequent Events**

On August 31, 2010, Charlie Hix left the Office of County Mayor and was succeeded by John Cason, Belinda Ward left the Office of County Clerk and was succeeded by Mary Jo White, Aaron Thomas left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Jeff Hardy, and Charles Collier left the Office of Sheriff and was succeeded by Brad Stafford.

From July 1, 2010, to October 1, 2010, Jackson County received other loan proceeds of \$789,648 under a previously approved \$3,765,000 loan agreement with the Public Building Authority of the City of Clarksville, Tennessee.

**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. 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.

**F. Retirement Commitments**

**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 <http://www.tn.gov/treasury/tcrs/PS/>.

### **Funding Policy**

Jackson County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 6.48 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2010, Jackson County's annual pension cost of \$233,895 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 post retirement 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. The 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, 2009, which established contribution rates effective July 1, 2010.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$233,895	100%	\$0
6-30-09	227,927	100	0
6-30-08	242,222	100	0

### Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 84.56 percent funded. The actuarial accrued liability for benefits was \$6.08 million, and the actuarial value of assets was \$5.14 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.94 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3.17 million, and the ratio of the UAAL to the covered payroll was 29.59 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year 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 Jackson County 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. Cost of living adjustments (COLA) are 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/Schools](http://www.tn.gov/treasury/tcrs/Schools).

### **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, 2010, 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, 2010, 2009, and 2008, were \$383,972, \$400,687, and \$388,377, respectively, equal to the required contributions for each year.

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

### **Plan Description**

The School Department participates in the state-administered Local Education Group Insurance Plan and Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for teachers and Section 8-27-701, TCA, for the Medicare Supplement. 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, 2010, the discretely presented Jackson County School Department contributed \$47,063 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 112,000	\$ 44,000
Interest on the NPO	4,698	0
Adjustment to the ARC	(4,450)	0
Annual OPEB cost	\$ 112,248	\$ 44,000
Amount of contribution	(46,763)	(300)
Increase/decrease in NPO	\$ 65,485	\$ 43,700
Net OPEB obligation, 7-1-09	104,395	0
Net OPEB obligation, 6-30-10	\$ 169,880	\$ 43,700

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
6-30-10	"	112,248	42	169,880
6-30-10	Medicare Supplement*	44,000	1	43,700

\* Data not available for two preceding years.

### Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 1,237,000	\$ 550,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,237,000	\$ 550,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 3,511,306	N/A
UAAL as a % of covered payroll	35%	N/A

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 multi-year 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, 2009, actuarial valuation, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses). The Local Education Plan had an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Medicare Supplement Plan was one percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. 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.

## **H. Purchasing Laws**

### Office of County Mayor

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

### Office of Road Superintendent

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

### Office of Director of Schools

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,301,291	\$ 0	\$ 0	\$ 2,301,291	\$ 2,279,242	\$ 2,279,242	\$ 22,049
Licenses and Permits	2,114	0	0	2,114	1,000	1,000	1,114
Fines, Forfeitures, and Penalties	39,007	0	0	39,007	39,930	39,930	(923)
Charges for Current Services	582,842	0	0	582,842	547,000	548,691	34,151
Other Local Revenues	206,039	0	0	206,039	243,100	297,942	(91,903)
Fees Received from County Officials	381,169	0	0	381,169	372,000	372,000	9,169
State of Tennessee	847,618	0	0	847,618	852,217	940,004	(92,386)
Federal Government	1,151,641	0	0	1,151,641	14,400	1,113,572	38,069
Other Governments and Citizens Groups	58,833	0	0	58,833	60,000	68,139	(9,306)
Total Revenues	\$ 5,570,554	\$ 0	\$ 0	\$ 5,570,554	\$ 4,408,889	\$ 5,660,520	\$ (89,966)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 37,569	\$ 0	\$ 0	\$ 37,569	\$ 42,104	\$ 42,604	\$ 5,035
Board of Equalization	1,200	0	0	1,200	750	1,200	0
Beer Board	316	0	0	316	200	316	0
Budget and Finance Committee	0	0	0	0	646	646	646
Other Boards and Committees	0	0	0	0	431	431	431
County Mayor/Executive	139,645	0	0	139,645	141,423	141,423	1,778
County Attorney	5,503	0	0	5,503	6,003	6,003	500
Election Commission	96,517	0	0	96,517	111,818	111,818	15,301
Register of Deeds	95,747	0	0	95,747	94,881	95,755	8
County Buildings	199,166	0	0	199,166	138,687	190,091	(9,075)
<u>Finance</u>							
Property Assessor's Office	88,533	0	0	88,533	93,713	92,462	3,929

(Continued)

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)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 9,046	\$ 0	\$ 0	\$ 9,046	\$ 7,796	\$ 9,047	1
County Trustee's Office	81,608	0	0	81,608	101,473	101,473	19,865
County Clerk's Office	123,596	0	0	123,596	125,078	125,380	1,784
<u>Administration of Justice</u>							
Circuit Court	162,842	0	0	162,842	166,954	166,954	4,112
General Sessions Court	115,123	0	0	115,123	115,817	115,817	694
Chancery Court	91,179	0	0	91,179	91,038	91,182	3
Juvenile Court	54,088	0	0	54,088	30,483	54,317	229
Judicial Commissioners	36,728	0	0	36,728	38,251	38,251	1,523
Other Administration of Justice	3,525	0	0	3,525	5,400	5,650	2,125
<u>Public Safety</u>							
Sheriff's Department	676,768	0	0	676,768	614,339	711,087	34,319
Administration of the Sexual Offender Registry	640	0	0	640	550	2,106	1,466
Jail	1,033,633	0	0	1,033,633	988,381	1,045,972	12,339
Fire Prevention and Control	22,000	0	0	22,000	22,000	22,000	0
Other Emergency Management	58,217	0	0	58,217	57,900	58,219	2
Other Public Safety	14,072	0	0	14,072	5,000	14,410	338
<u>Public Health and Welfare</u>							
Local Health Center	35,990	0	0	35,990	36,406	70,306	34,316
Ambulance/Emergency Medical Services	703,352	0	0	703,352	600,264	705,429	2,077
Crippled Children Services	900	0	0	900	900	900	0
Regional Mental Health Center	3,486	0	0	3,486	5,811	5,811	2,325
Appropriation to State	15,300	0	0	15,300	15,300	15,300	0

(Continued)

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)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	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>							
Adult Activities	\$ 19,799	\$ 0	\$ 0	\$ 19,799	\$ 17,537	\$ 20,027	\$ 228
Senior Citizens Assistance	18,137	0	0	18,137	17,537	18,582	445
Libraries	57,616	0	0	57,616	56,055	57,627	11
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	44,008	0	0	44,008	44,454	44,454	446
Soil Conservation	51,647	0	0	51,647	49,844	56,983	5,336
<u>Other Operations</u>							
Industrial Development	3,612	0	0	3,612	7,500	8,500	4,888
Housing and Urban Development	454,600	(190,750)	171,975	435,825	0	1,019,182	583,357
Other Economic and Community Development	0	0	0	0	500	500	500
Airport	3,002	0	0	3,002	7,000	7,000	3,998
Other Charges	320,399	0	0	320,399	284,078	317,574	(2,825)
Contributions to Other Agencies	30,219	0	0	30,219	28,665	30,219	0
Employee Benefits	130,145	0	0	130,145	140,000	130,145	0
ARRA Grant # 1	56,444	0	0	56,444	0	56,444	0
Miscellaneous	148,265	0	0	148,265	232,500	170,946	22,681
<u>Highways</u>							
Litter and Trash Collection	12,118	0	0	12,118	29,237	19,849	7,731
Total Expenditures	\$ 5,256,300	\$ (190,750)	\$ 171,975	\$ 5,237,525	\$ 4,574,704	\$ 6,000,392	\$ 762,867
Excess (Deficiency) of Revenues Over Expenditures	\$ 314,254	\$ 190,750	\$ (171,975)	\$ 333,029	\$ (165,815)	\$ (339,872)	\$ 672,901

(Continued)

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)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 104,500	\$ 0	\$ 0	\$ 104,500	\$ 0	\$ 104,500	\$ 0
Total Other Financing Sources (Uses)	\$ 104,500	\$ 0	\$ 0	\$ 104,500	\$ 0	\$ 104,500	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 418,754 405,652	\$ 190,750 (190,750)	\$ (171,975) 0	\$ 437,529 214,902	\$ (165,815) 366,872	\$ (235,372) 366,872	\$ 672,901 (151,970)
Fund Balance, June 30, 2010	\$ 824,406	\$ 0	\$ (171,975)	\$ 652,431	\$ 201,057	\$ 131,500	\$ 520,931

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 411,155	\$ 412,675	\$ 412,675	\$ (1,520)
Other Local Revenues	17,939	8,000	8,000	9,939
State of Tennessee	3,887	2,500	2,500	1,387
Total Revenues	<u>\$ 432,981</u>	<u>\$ 423,175</u>	<u>\$ 423,175</u>	<u>\$ 9,806</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 406,233	\$ 249,114	\$ 459,005	\$ 52,772
Convenience Centers	168,531	178,964	178,964	10,433
<u>Other Operations</u>				
Other Charges	8,369	0	0	(8,369)
Total Expenditures	<u>\$ 583,133</u>	<u>\$ 428,078</u>	<u>\$ 637,969</u>	<u>\$ 54,836</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (150,152)</u>	<u>\$ (4,903)</u>	<u>\$ (214,794)</u>	<u>\$ 64,642</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 208,891	\$ 0	\$ 209,891	\$ (1,000)
Total Other Financing Sources (Uses)	<u>\$ 208,891</u>	<u>\$ 0</u>	<u>\$ 209,891</u>	<u>\$ (1,000)</u>
Net Change in Fund Balance	\$ 58,739	\$ (4,903)	\$ (4,903)	\$ 63,642
Fund Balance, July 1, 2009	<u>24,818</u>	<u>35,209</u>	<u>35,209</u>	<u>(10,391)</u>
Fund Balance, June 30, 2010	<u>\$ 83,557</u>	<u>\$ 30,306</u>	<u>\$ 30,306</u>	<u>\$ 53,251</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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 205,387	\$ 200,721	\$ 200,721	\$ 4,666
Other Local Revenues	61,181	59,500	59,507	1,674
State of Tennessee	1,554,038	1,308,800	1,472,709	81,329
Federal Government	144,293	0	144,292	1
Total Revenues	<u>\$ 1,964,899</u>	<u>\$ 1,569,021</u>	<u>\$ 1,877,229</u>	<u>\$ 87,670</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 127,811	\$ 134,516	\$ 134,516	\$ 6,705
Highway and Bridge Maintenance	1,181,886	972,908	1,247,109	65,223
Operation and Maintenance of Equipment	355,883	418,700	420,200	64,317
Other Charges	52,221	64,600	64,600	12,379
Employee Benefits	98,005	105,000	105,000	6,995
Capital Outlay	287,791	272,500	366,500	78,709
<u>Principal on Debt</u>				
Highways and Streets	54,000	57,000	54,717	717
<u>Interest on Debt</u>				
Highways and Streets	2,290	0	2,290	0
Total Expenditures	<u>\$ 2,159,887</u>	<u>\$ 2,025,224</u>	<u>\$ 2,394,932</u>	<u>\$ 235,045</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (194,988)</u>	<u>\$ (456,203)</u>	<u>\$ (517,703)</u>	<u>\$ 322,715</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 250,000	\$ 250,000	\$ 250,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 55,012	\$ (206,203)	\$ (267,703)	\$ 322,715
Fund Balance, July 1, 2009	<u>413,529</u>	<u>264,564</u>	<u>264,564</u>	<u>148,965</u>
Fund Balance, June 30, 2010	<u>\$ 468,541</u>	<u>\$ 58,361</u>	<u>\$ (3,139)</u>	<u>\$ 471,680</u>

Exhibit E-4

Jackson County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Jackson County School Department  
June 30, 2010

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial 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	7-1-09	\$ 5,141	\$ 6,079	938	84.56 %	\$ 3,171	29.59 %
6-30-07	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 went into effect during the 2007 year; therefore, only the two most recent valuations are presented.

Exhibit E-5

Jackson County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Discretely Presented Jackson County School Department  
June 30, 2010

(Dollar amounts in thousands)

Plans	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)
Local Education Group	7-1-07	\$ 0	\$ 922	\$ 922	0%	\$ 3,445	27 %
"	7-1-09	0	1,237	1,237	0	3,511	35
Medicare Supplement	7-1-09	0	550	550	0	N/A	N/A

\*Data for three actuarial valuations will be presented when available.

**JACKSON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2010**

**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 EXCEEDED APPROPRIATIONS**

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

Fund/Major Category	Amount Overspent
General:	
County Buildings	\$ 9,075
Other Charges	2,825
Solid Waste/Sanitation:	
Other Charges	8,369

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

C. **APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDS IN THE HIGHWAY/PUBLIC WORKS FUND**

The budget and subsequent amendments submitted to and approved by the County Commission for the Highway/Public Works Fund resulted in appropriations exceeding estimated available funding by \$3,139. Sound budgetary principles dictate that appropriations be held within estimated available funding. This budget deficiency was a result of underestimating the beginning budgeted fund balance by \$148,965.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

## Capital Projects Fund

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

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

Exhibit F-1

Jackson County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2010

	Special Revenue Funds			Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees			Community Development/ Industrial Park		
\$	0 \$	7,406 \$	7,406 \$	0 \$	7,406		
	12,312	0	12,312	59,750	72,062		
	0	171	171	0	171		
\$	12,312 \$	7,577 \$	19,889 \$	59,750 \$	79,639		

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Accounts Receivable  
 Total Assets

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Payroll Deductions Payable	332 \$	0 \$	332 \$	0 \$	332
Due to Other Funds	0	7,577	7,577	0	7,577
Total Liabilities	332 \$	7,577 \$	7,909 \$	0 \$	7,909
<u>Fund Balances</u>					
Unreserved	11,980 \$	0 \$	11,980 \$	59,750 \$	71,730
Total Fund Balances	11,980 \$	0 \$	11,980 \$	59,750 \$	71,730
Total Liabilities and Fund Balances	12,312 \$	7,577 \$	19,889 \$	59,750 \$	79,639

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, 2010

	Special Revenue Funds			Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees			Community Development/Industrial Park		
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 25,257	\$ 0	\$ 25,257	\$ 0	\$ 25,257		
Charges for Current Services	0	2,275	2,275	0	2,275		
Other Local Revenues	469	0	469	11,250	11,719		
Total Revenues	\$ 25,726	\$ 2,275	\$ 28,001	\$ 11,250	\$ 39,251		
<u>Expenditures</u>							
Current:							
Administration of Justice	\$ 0	\$ 2,275	\$ 2,275	\$ 0	\$ 2,275		
Public Safety	16,167	0	16,167	0	16,167		
Other Operations	0	0	0	19,400	19,400		
Total Expenditures	\$ 16,167	\$ 2,275	\$ 18,442	\$ 19,400	\$ 37,842		
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,559	\$ 0	\$ 9,559	\$ (8,150)	\$ 1,409		
Net Change in Fund Balances	\$ 9,559	\$ 0	\$ 9,559	\$ (8,150)	\$ 1,409		
Fund Balance, July 1, 2009	2,421	0	2,421	67,900	70,321		
Fund Balance, June 30, 2010	\$ 11,980	\$ 0	\$ 11,980	\$ 59,750	\$ 71,730		

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 25,257	\$ 0	\$ 11,627	\$ 13,630
Other Local Revenues	469	0	0	469
Total Revenues	<u>\$ 25,726</u>	<u>\$ 0</u>	<u>\$ 11,627</u>	<u>\$ 14,099</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 16,167	\$ 0	\$ 11,627	\$ (4,540)
Total Expenditures	<u>\$ 16,167</u>	<u>\$ 0</u>	<u>\$ 11,627</u>	<u>\$ (4,540)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 9,559</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,559</u>
Net Change in Fund Balance	\$ 9,559	\$ 0	\$ 0	\$ 9,559
Fund Balance, July 1, 2009	2,421	0	0	2,421
Fund Balance, June 30, 2010	<u>\$ 11,980</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,980</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,923	\$ 0	\$ 0	\$ 2,923
Other Local Revenues	12,152	7,200	7,220	4,932
State of Tennessee	363,475	360,000	360,000	3,475
Other Governments and Citizens Groups	2,316,775	297,002	2,559,937	(243,162)
Total Revenues	<u>\$ 2,695,325</u>	<u>\$ 664,202</u>	<u>\$ 2,927,157</u>	<u>\$ (231,832)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 3,663	\$ 500	\$ 500	\$ (3,163)
<u>Principal on Debt</u>				
General Government	264,345	269,120	301,824	37,479
Education	2,240,000	190,000	2,430,000	190,000
<u>Interest on Debt</u>				
General Government	34,120	171,712	115,608	81,488
Education	75,966	107,002	129,467	53,501
<u>Other Debt Service</u>				
General Government	23,081	0	23,081	0
Education	809	0	809	0
Total Expenditures	<u>\$ 2,641,984</u>	<u>\$ 738,334</u>	<u>\$ 3,001,289</u>	<u>\$ 359,305</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 53,341</u>	<u>\$ (74,132)</u>	<u>\$ (74,132)</u>	<u>\$ 127,473</u>
Net Change in Fund Balance	\$ 53,341	\$ (74,132)	\$ (74,132)	\$ 127,473
Fund Balance, July 1, 2009	1,484,023	1,440,694	1,440,694	43,329
Fund Balance, June 30, 2010	<u>\$ 1,537,364</u>	<u>\$ 1,366,562</u>	<u>\$ 1,366,562</u>	<u>\$ 170,802</u>

# Fiduciary Funds

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

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

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.

Exhibit H-1

Jackson County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 552,486	\$ 552,486
Due from Other Governments	46,125	0	46,125
Total Assets	<u>\$ 46,125</u>	<u>\$ 552,486</u>	<u>\$ 598,611</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 46,125	\$ 0	\$ 46,125
Due to Litigants, Heirs, and Others	0	552,486	552,486
Total Liabilities	<u>\$ 46,125</u>	<u>\$ 552,486</u>	<u>\$ 598,611</u>

Exhibit H-2

Jackson County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 269,887	\$ 269,887	\$ 0
Due from Other Governments	49,148	46,125	49,148	46,125
Total Assets	<u>\$ 49,148</u>	<u>\$ 316,012</u>	<u>\$ 319,035</u>	<u>\$ 46,125</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 49,148	\$ 316,012	\$ 319,035	\$ 46,125
Total Liabilities	<u>\$ 49,148</u>	<u>\$ 316,012</u>	<u>\$ 319,035</u>	<u>\$ 46,125</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 793,100	\$ 2,779,630	\$ 3,020,244	\$ 552,486
Accounts Receivable	310	0	310	0
Total Assets	<u>\$ 793,410</u>	<u>\$ 2,779,630</u>	<u>\$ 3,020,554</u>	<u>\$ 552,486</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 793,410	\$ 2,779,630	\$ 3,020,554	\$ 552,486
Total Liabilities	<u>\$ 793,410</u>	<u>\$ 2,779,630</u>	<u>\$ 3,020,554</u>	<u>\$ 552,486</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 793,100	\$ 2,779,630	\$ 3,020,244	\$ 552,486
Equity in Pooled Cash and Investments	0	269,887	269,887	0
Accounts Receivable	310	0	310	0
Due from Other Governments	49,148	46,125	49,148	46,125
Total Assets	<u>\$ 842,558</u>	<u>\$ 3,095,642</u>	<u>\$ 3,339,589</u>	<u>\$ 598,611</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 49,148	\$ 316,012	\$ 319,035	\$ 46,125
Due to Litigants, Heirs, and Others	793,410	2,779,630	3,020,554	552,486
Total Liabilities	<u>\$ 842,558</u>	<u>\$ 3,095,642</u>	<u>\$ 3,339,589</u>	<u>\$ 598,611</u>

# Jackson County School Department

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

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations in the School Department.

Exhibit I-1

Jackson County, Tennessee  
 Statement of Activities  
 Discretely Presented Jackson County School Department  
 For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 6,973,296	\$ 27,164	\$ 1,275,678	\$ (5,670,454)
Support Services	1,283,951	206,431	991,891	(85,629)
Operation of Non-Instructional Services	4,924,547	4,290	207,036	(4,713,221)
Other Debt Service	2,403,276	0	0	(2,403,276)
Total Governmental Activities	\$ 15,585,070	\$ 237,885	\$ 2,474,605	\$ (12,872,580)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,611,351
Local Option Sales Taxes				493,085
Wheel Tax				173,940
Other Local Taxes				1,268
Grants and Contributions Not Restricted to Specific Programs				8,913,749
Miscellaneous				61,645
Sale of Equipment				1,974
Total General Revenues				\$ 11,257,012
Change in Net Assets				\$ (1,615,568)
Net Assets, July 1, 2009				10,262,955
Net Assets, June 30, 2010				\$ 8,647,387

Exhibit I-2

Jackson County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Jackson County School Department  
June 30, 2010

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
			<u>Other</u>	
<u>Purpose</u>	<u>Capital</u>	<u>Govern-</u>	<u>mental</u>	
<u>School</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 5,074,938	\$ 89,340	\$ 544,303	\$ 5,708,581
Inventories	0	0	31,794	31,794
Due from Other Governments	214,131	0	30,329	244,460
Property Taxes Receivable	1,782,985	0	0	1,782,985
Allowance for Uncollectible Property Taxes	(66,096)	0	0	(66,096)
	<u>\$ 7,005,958</u>	<u>\$ 89,340</u>	<u>\$ 606,426</u>	<u>\$ 7,701,724</u>
Total Assets				
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>	\$ 300	\$ 0	\$ 3,750	\$ 4,050
Accounts Payable	815	0	0	815
Accrued Payroll	1,638,371	0	0	1,638,371
Deferred Revenue - Current Property Taxes	74,946	0	0	74,946
Deferred Revenue - Delinquent Property Taxes	43,246	0	0	43,246
Other Deferred Revenues	<u>\$ 1,757,678</u>	<u>\$ 0</u>	<u>\$ 3,750</u>	<u>\$ 1,761,428</u>
Total Liabilities				
<u>Fund Balances</u>	\$ 185,095	\$ 2,145,500	\$ 14,620	\$ 2,345,215
Reserved for Encumbrances	0	0	31,794	31,794
Reserved for Inventory	805,201	0	0	805,201
Other Local Education Reserves	18,054	0	0	18,054
Reserved for Career Ladder - Extended Contract	2,150	0	0	2,150
Reserved for Career Ladder Program	2,764,676	0	0	2,764,676
Reserved for Basic Education Program	0	0	29,464	29,464
Reserved for Title I Grants to Local Education Agencies	0	0	2,763	2,763
Reserved for Innovative Education Program Strategies	0	0	63,174	63,174
Reserved for Special Education - Grants to States	0	0	160,564	160,564
Other Federal Reserves				
Unreserved, Reported In:	1,473,104	0	0	1,473,104
General Fund	0	0	300,297	300,297
Special Revenue Funds	0	(2,056,160)	0	(2,056,160)
Capital Projects Funds (Deficit)	<u>\$ 5,248,280</u>	<u>\$ 89,340</u>	<u>\$ 602,676</u>	<u>\$ 5,940,296</u>
Total Fund Balances				
	<u>\$ 7,005,958</u>	<u>\$ 89,340</u>	<u>\$ 606,426</u>	<u>\$ 7,701,724</u>
Total Liabilities and Fund Balances				

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, 2010

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)		\$	5,940,296
(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: construction in progress		90,916	
Add: buildings and improvements net of accumulated depreciation		9,264,546	
Add: other capital assets net of accumulated depreciation		<u>673,589</u>	10,202,709
(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	\$	(7,425,906)	
Add: deferred charges - debt issuance costs		25,676	
Less: other postemployment benefits liabilities		<u>(213,580)</u>	(7,613,810)
(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>118,192</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>8,647,387</u></u>

Exhibit I-4

Jackson County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Jackson County School Department  
For the Year Ended June 30, 2010

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
			<u>Other</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	
<u>Revenues</u>				
Local Taxes	\$ 2,288,492	\$ 0	\$ 0	\$ 2,288,492
Licenses and Permits	770	0	0	770
Charges for Current Services	27,164	0	205,997	233,161
Other Local Revenues	85,269	1,890	434	87,593
State of Tennessee	8,933,416	0	0	8,933,416
Federal Government	484,749	0	1,896,573	2,381,322
Other Governments and Citizens Groups	0	2,356,906	0	2,356,906
<b>Total Revenues</b>	<b>\$ 11,819,860</b>	<b>\$ 2,358,796</b>	<b>\$ 2,103,004</b>	<b>\$ 16,281,660</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 6,027,300	\$ 0	\$ 950,015	\$ 6,977,315
Support Services	4,105,677	0	251,737	4,357,414
Operation of Non-Instructional Services	398,636	0	831,719	1,230,355
Capital Outlay	670,880	0	0	670,880
Debt Service:				
Principal on Debt	354,000	0	0	354,000
Interest on Debt	33,159	0	0	33,159
Other Debt Service	129,438	2,266,355	0	2,395,793
Capital Projects	0	3,101	0	3,101
<b>Total Expenditures</b>	<b>\$ 11,719,090</b>	<b>\$ 2,269,456</b>	<b>\$ 2,033,471</b>	<b>\$ 16,022,017</b>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 100,770	\$ 89,340	\$ 69,533	\$ 259,643
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 82,803	\$ 0	\$ 125,000	\$ 207,803
Transfers Out	(125,000)	0	(82,803)	(207,803)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (42,197)</b>	<b>\$ 0</b>	<b>\$ 42,197</b>	<b>\$ 0</b>
Net Change in Fund Balances				
Fund Balance, July 1, 2009	\$ 5,189,707	\$ 89,340	\$ 111,730	\$ 5,680,653
Fund Balance, June 30, 2010	\$ 5,248,280	\$ 89,340	\$ 602,676	\$ 5,940,296

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, 2010

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)		\$ 259,643
<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	\$ 542,669	
Less: current year depreciation expense	<u>(322,617)</u>	220,052
<p>(2) 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, 2010	\$ 118,192	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(127,040)</u>	(8,848)
<p>(3) 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	\$ 354,000	
Add: deferred charges - debt issuance costs	25,676	
Less: other loan proceeds	<u>(2,356,906)</u>	(1,977,230)
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liabilities		<u>(109,185)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,615,568)</u>

Jackson County, Tennessee  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 Discretely Presented Jackson County School Department  
 June 30, 2010

	Special Revenue Funds			Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds	
\$	240,256 \$	304,047 \$	544,303	
	0	31,794	31,794	
	30,329	0	30,329	
\$	270,585 \$	335,841 \$	606,426	

ASSETS

Equity in Pooled Cash and Investments	
Inventories	
Due from Other Governments	
Total Assets	

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>			
Accounts Payable	0 \$	3,750 \$	3,750
Total Liabilities	0 \$	3,750 \$	3,750
<u>Fund Balances</u>			
Reserved for Encumbrances	14,620 \$	0 \$	14,620
Reserved for Inventory	0	31,794	31,794
Reserved for Title I Grants to Local Education Agencies	29,464	0	29,464
Reserved for Innovative Education Program Strategies	2,763	0	2,763
Reserved for Special Education - Grants to States	63,174	0	63,174
Other Federal Reserves	160,564	0	160,564
Unreserved	0	300,297	300,297
Total Fund Balances	270,585 \$	332,091 \$	602,676
Total Liabilities and Fund Balances	270,585 \$	335,841 \$	606,426

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, 2010

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 205,997	\$ 205,997
Other Local Revenues	0	434	434
Federal Government	1,215,933	680,640	1,896,573
Total Revenues	<u>\$ 1,215,933</u>	<u>\$ 887,071</u>	<u>\$ 2,103,004</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 950,015	\$ 0	\$ 950,015
Support Services	251,737	0	251,737
Operation of Non-Instructional Services	0	831,719	831,719
Total Expenditures	<u>\$ 1,201,752</u>	<u>\$ 831,719</u>	<u>\$ 2,033,471</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 14,181</u>	<u>\$ 55,352</u>	<u>\$ 69,533</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 125,000	\$ 0	\$ 125,000
Transfers Out	(22,803)	(60,000)	(82,803)
Total Other Financing Sources (Uses)	<u>\$ 102,197</u>	<u>\$ (60,000)</u>	<u>\$ 42,197</u>
Net Change in Fund Balances	\$ 116,378	\$ (4,648)	\$ 111,730
Fund Balance, July 1, 2009	154,207	336,739	490,946
Fund Balance, June 30, 2010	<u>\$ 270,585</u>	<u>\$ 332,091</u>	<u>\$ 602,676</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, 2010

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2009	Encumbrances 6/30/2010			Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 2,288,492	\$ 0	\$ 0	\$ 2,288,492	\$ 2,332,480	\$ 2,332,480	\$ (43,988)	
Licenses and Permits	770	0	0	770	950	950	(180)	
Charges for Current Services	27,164	0	0	27,164	20,000	20,000	7,164	
Other Local Revenues	85,269	0	0	85,269	46,000	47,000	38,269	
State of Tennessee	8,933,416	0	0	8,933,416	8,899,422	8,943,674	(10,258)	
Federal Government	484,749	0	0	484,749	475,253	485,924	(1,175)	
<b>Total Revenues</b>	<b>\$ 11,819,860</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,819,860</b>	<b>\$ 11,774,105</b>	<b>\$ 11,830,028</b>	<b>\$ (10,168)</b>	
<u>Expenditures</u>								
<u>Instruction</u>								
Regular Instruction Program	\$ 4,854,607	\$ (1,500)	\$ 75,341	\$ 4,928,448	\$ 5,374,451	\$ 5,391,734	\$ 463,286	
Alternative Instruction Program	42,345	0	0	42,345	44,218	44,218	1,873	
Special Education Program	602,970	0	0	602,970	730,237	715,037	112,067	
Vocational Education Program	464,775	0	0	464,775	507,814	507,814	43,039	
Adult Education Program	62,603	(214)	0	62,389	60,451	65,234	2,845	
<u>Support Services</u>								
Attendance	92,601	0	0	92,601	97,638	97,638	5,037	
Health Services	170,724	(2,852)	228	168,100	172,464	172,464	4,364	
Other Student Support	209,935	0	0	209,935	210,448	215,448	5,513	
Regular Instruction Program	455,346	0	0	455,346	589,408	572,605	117,259	
Special Education Program	135,434	0	0	135,434	124,954	140,154	4,720	
Vocational Education Program	13,350	0	0	13,350	15,200	15,200	1,850	
Adult Programs	23,292	0	0	23,292	20,580	26,714	3,422	
Other Programs	37,377	0	0	37,377	0	37,377	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:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2009	Encumbrances 6/30/2010			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Support Services (Cont.)</u>								
Board of Education	\$ 310,801	\$ (2,500)	\$ 2,500	\$ 310,801	\$ 257,192	\$ 315,525	\$ 4,724	
Director of Schools	103,867	0	537	104,404	111,672	111,672	7,268	
Office of the Principal	578,763	0	0	578,763	614,637	614,637	35,874	
Fiscal Services	204,513	(203)	0	204,310	224,580	224,580	20,270	
Operation of Plant	764,932	(6,776)	0	758,156	895,164	895,164	137,008	
Maintenance of Plant	230,982	(9,818)	1,627	222,791	204,464	256,918	34,127	
Transportation	773,760	(1,217)	1,250	773,793	820,930	836,930	63,137	
<u>Operation of Non-Instructional Services</u>								
Food Service	69,504	0	0	69,504	72,684	72,684	3,180	
Community Services	51,186	0	0	51,186	52,958	52,958	1,772	
Early Childhood Education	277,946	(2,593)	26,608	301,961	300,147	302,022	61	
<u>Capital Outlay</u>								
Regular Capital Outlay	670,880	(466,161)	77,004	281,723	325,000	325,000	43,277	
<u>Principal on Debt</u>								
Education	354,000	0	0	354,000	164,000	354,000	0	
Interest on Debt								
Education	33,159	0	0	33,159	271,150	271,150	237,991	
<u>Other Debt Service</u>								
Education	129,438	0	0	129,438	323,040	133,040	3,602	
Total Expenditures	\$ 11,719,090	\$ (493,834)	\$ 185,095	\$ 11,410,351	\$ 12,585,481	\$ 12,767,917	\$ 1,357,566	
Excess (Deficiency) of Revenues Over Expenditures	\$ 100,770	\$ 493,834	\$ (185,095)	\$ 409,509	\$ (811,376)	\$ (937,889)	\$ 1,347,398	

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 82,803	\$ 0	\$ 0	\$ 82,803	\$ 83,236	\$ 83,236	\$ (433)
Transfers Out	(125,000)	0	0	(125,000)	(60,000)	(127,667)	2,667
Total Other Financing Sources (Uses)	\$ (42,197)	\$ 0	\$ 0	\$ (42,197)	\$ 23,236	\$ (44,431)	\$ 2,234
Net Change in Fund Balance	\$ 58,573	\$ 493,834	\$ (185,095)	\$ 367,312	\$ (788,140)	\$ (982,320)	\$ 1,349,632
Fund Balance, July 1, 2009	5,189,707	(493,834)	0	4,695,873	2,586,758	2,586,758	2,109,115
Fund Balance, June 30, 2010	\$ 5,248,280	\$ 0	\$ (185,095)	\$ 5,063,185	\$ 1,798,618	\$ 1,604,438	\$ 3,458,747

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,215,933	\$ 0	\$ 0	\$ 1,215,933	\$ 2,207,478	\$ 2,216,980	\$ (1,001,047)
Total Revenues	\$ 1,215,933	\$ 0	\$ 0	\$ 1,215,933	\$ 2,207,478	\$ 2,216,980	\$ (1,001,047)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 533,115	\$ 0	\$ 9,352	\$ 542,467	\$ 714,831	\$ 740,703	\$ 198,236
Special Education Program	376,104	0	125	376,229	886,025	900,414	524,185
Vocational Education Program	40,796	0	0	40,796	40,042	40,796	0
<u>Support Services</u>							
Other Student Support	14,385	0	0	14,385	186,981	186,742	172,357
Regular Instruction Program	191,368	(3,728)	5,143	192,783	323,484	322,919	130,136
Special Education Program	44,714	0	0	44,714	126,235	112,035	67,321
Vocational Education Program	1,000	0	0	1,000	1,000	1,000	0
Transportation	270	0	0	270	16,237	16,506	16,236
Total Expenditures	\$ 1,201,752	\$ (3,728)	\$ 14,620	\$ 1,212,644	\$ 2,294,835	\$ 2,321,115	\$ 1,108,471
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,181	\$ 3,728	\$ (14,620)	\$ 3,289	\$ (87,357)	\$ (104,135)	\$ 107,424
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 125,000	\$ 0	\$ 0	\$ 125,000	\$ 100,904	\$ 170,340	\$ (45,340)
Transfers Out	(22,803)	0	0	(22,803)	(136,066)	(63,725)	40,922
Total Other Financing Sources (Uses)	\$ 102,197	\$ 0	\$ 0	\$ 102,197	\$ (35,162)	\$ 106,615	\$ (4,418)
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 116,378	\$ 3,728	\$ (14,620)	\$ 105,486	\$ (122,519)	\$ 2,480	\$ 103,006
Fund Balance, July 1, 2009	154,207	(3,728)	0	150,479	122,519	122,519	27,960
Fund Balance, June 30, 2010	\$ 270,585	\$ 0	\$ (14,620)	\$ 255,965	\$ 0	\$ 124,999	\$ 130,966

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 205,997	\$ 245,000	\$ 245,000	\$ (39,003)
Other Local Revenues	434	1,000	1,000	(566)
Federal Government	680,640	689,000	689,000	(8,360)
Total Revenues	<u>\$ 887,071</u>	<u>\$ 935,000</u>	<u>\$ 935,000</u>	<u>\$ (47,929)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 831,719	\$ 914,191	\$ 914,191	\$ 82,472
Total Expenditures	<u>\$ 831,719</u>	<u>\$ 914,191</u>	<u>\$ 914,191</u>	<u>\$ 82,472</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 55,352</u>	<u>\$ 20,809</u>	<u>\$ 20,809</u>	<u>\$ 34,543</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (60,000)	\$ (65,000)	\$ (65,000)	\$ 5,000
Total Other Financing Sources (Uses)	<u>\$ (60,000)</u>	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>	<u>\$ 5,000</u>
Net Change in Fund Balance	\$ (4,648)	\$ (44,191)	\$ (44,191)	\$ 39,543
Fund Balance, July 1, 2009	<u>336,739</u>	<u>44,191</u>	<u>44,191</u>	<u>292,548</u>
Fund Balance, June 30, 2010	<u>\$ 332,091</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 332,091</u>

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## 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, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-10
<b>PRIMARY GOVERNMENT</b>									
<b>NOTES PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Courthouse Renovation	\$ 340,000	3.5 %	4-9-01	4-9-10	\$ 40,361	\$ 0	\$ 40,361	\$ 0	0
Jail Construction (1)	300,000	3.39	3-1-07	3-1-13	233,334	0	33,334	0	200,000
Bridge Repair	85,688	5.15	9-6-07	9-6-10	58,555	0	28,550	0	30,005
Garbage Truck	208,891	3.75	10-22-09	10-22-14	0	208,891	0	0	208,891
Ambulance	104,500	3.39	3-29-10	3-29-13	0	104,500	0	0	104,500
Total Payable through General Debt Service Fund					\$ 332,250	\$ 313,391	\$ 102,245	\$ 0	\$ 543,396
<u>Payable through Highway/Public Works Fund</u>									
Street and Road Improvements	250,000	4.24	5-26-05	5-1-10	\$ 54,000	\$ 0	\$ 54,000	\$ 0	0
Street and Road Improvements	150,000	4	7-13-09	7-13-14	0	150,000	0	0	150,000
Street and Road Improvements	100,000	3.38	6-17-10	6-17-14	0	100,000	0	0	100,000
Total Payable through Highway/Public Works Fund					\$ 54,000	\$ 250,000	\$ 54,000	\$ 0	\$ 250,000
Total Notes Payable					\$ 386,250	\$ 563,391	\$ 156,245	\$ 0	\$ 793,396
<b>OTHER LOANS PAYABLE</b>									
<u>Payable through General Debt Service Fund</u>									
Jail Construction	3,500,000	Variable	8-9-04	5-25-29	\$ 3,074,000	\$ 0	\$ 114,000	\$ 0	\$ 2,960,000
Jail Construction	1,200,000	Variable	10-23-06	5-25-31	1,145,000	0	30,000	0	1,115,000
Total Other Loans Payable					\$ 4,219,000	\$ 0	\$ 144,000	\$ 0	\$ 4,075,000

(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 7-1-09	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-10
<b>PRIMARY GOVERNMENT (CONT.)</b>									
<b>BONDS PAYABLE</b>									
Payable through General Debt Service Fund									
Industrial Park (F.H.A.)	\$ 110,000	5 %	8-29-1975	1-1-15	\$ 33,200	0 \$	5,100 \$	0 \$	28,100
Public Works (F.H.A.)	26,000	5	4-28-1978	1-1-18	10,500	0	1,000	0	9,500
Recreational Facility (F.H.A.)	115,000	3.342	8-21-1981	6-30-10	12,000	0	12,000	0	0
School	1,200,000	4.2 to 5	3-12-1998	12-15-09	785,000	0	0	785,000	0
School	2,425,000	3.6 to 4.9	5-1-1999	12-15-09	1,455,000	0	0	1,455,000	0
Total Bonds Payable					\$ 2,295,700	0 \$	18,100 \$	2,240,000 \$	37,600

**DISCRETELY PRESENTED JACKSON COUNTY SCHOOL DEPARTMENT**

<b>OTHER LOANS PAYABLE</b>									
Payable through General Purpose School Fund									
School Construction	6,300,000	Variable	3-5-01	5-25-29	\$ 5,423,000	0 \$	164,000 \$	0 \$	5,259,000
Refunding/School Construction (2)	(3)	Variable	12-15-09	5-25-29	0	2,356,906	190,000	0	2,166,906
Total Other Loans Payable					\$ 5,423,000	\$ 2,356,906	\$ 354,000	\$ 0	\$ 7,425,906

(1) This note was extended during the current period. The original interest rate was 5.4% and the original maturity date was 3-1-10.

(2) This loan was issued to refinance school bonds payable through the General Debt Service Fund (\$2,240,000) and school construction projects (\$1,525,000).

(3) Total amount approved was \$3,765,000, of which \$1,408,094 remains available for draws as of June 30, 2010.

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
2011	\$ 187,250	\$ 28,807	\$ 216,057
2012	161,751	21,618	183,369
2013	266,410	14,981	281,391
2014	100,683	6,900	107,583
2015	77,302	2,980	80,282
Total	\$ 793,396	\$ 75,286	\$ 868,682

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 149,000	\$ 17,930	\$ 23,080	\$ 190,010
2012	154,000	17,275	22,306	193,581
2013	159,000	16,596	21,506	197,102
2014	165,000	15,897	20,681	201,578
2015	171,000	15,171	19,824	205,995
2016	177,000	14,419	18,936	210,355
2017	183,000	13,640	18,018	214,658
2018	189,000	12,834	17,070	218,904
2019	195,000	12,003	16,090	223,093
2020	202,000	11,145	15,080	228,225
2021	209,000	10,256	14,032	233,288
2022	216,000	9,337	12,951	238,288
2023	224,000	8,387	11,832	244,219
2024	232,000	7,401	10,673	250,074
2025	240,000	6,380	9,473	255,853
2026	248,000	5,324	8,232	261,556
2027	257,000	4,233	6,950	268,183
2028	267,000	3,102	5,622	275,724
2029	276,000	1,927	4,243	282,170
2030	79,000	713	1,798	81,511
2031	83,000	365	1,418	84,783
Total	\$ 4,075,000	\$ 204,335	\$ 279,815	\$ 4,559,150

(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			Total
	Principal	Interest		
2011	\$ 6,100	\$ 1,890	\$	7,990
2012	6,400	1,585		7,985
2013	6,700	1,265		7,965
2014	6,900	930		7,830
2015	7,000	585		7,585
2016	1,500	225		1,725
2017	1,500	150		1,650
2018	1,500	75		1,575
Total	\$ 37,600	\$ 6,705	\$	44,305

DISCRETELY PRESENTED JACKSON  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2011	\$ 372,000	\$ 38,615	\$ 54,094	\$ 464,709
2012	391,000	36,680	50,481	478,161
2013	405,000	34,647	46,685	486,332
2014	434,000	32,541	42,781	509,322
2015	449,000	30,283	38,547	517,830
2016	475,000	27,950	34,200	537,150
2017	491,000	25,480	29,590	546,070
2018	507,000	22,926	24,865	554,791
2019	534,000	20,290	20,023	574,313
2020	273,906	17,513	14,916	306,335
2021	281,000	16,089	12,777	309,866
2022	295,000	14,628	11,709	321,337
2023	309,000	13,094	10,588	332,682
2024	325,000	11,487	9,414	345,901
2025	341,000	9,797	8,180	358,977
2026	358,000	8,024	6,883	372,907
2027	376,000	6,162	5,523	387,685
2028	395,000	4,207	4,094	403,301
2029	414,000	2,152	2,593	418,745
Total	\$ 7,425,906	\$ 372,565	\$ 427,943	\$ 8,226,414

Exhibit J-3

Jackson County, Tennessee  
Schedule of Transfers  
Discretely Presented Jackson County School Department  
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 22,803
Central Cafeteria	General Purpose School	Supervisor's salary	60,000
General Purpose School	School Federal Projects	Operating funds	<u>125,000</u>
Total Transfers Discretely Presented Jackson County School Department			<u>\$ 207,803</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, 2010

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	75,141 (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	Section 8-24-102, <u>TCA</u>	57,477 (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 \$2,275.
- (4) Does not include a law enforcement training supplement of \$600.

Jackson County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

	Special Revenue Funds					Debt Service Fund		Capital Projects Fund	Total
	General	Waste / Sanitation	Drug Control	Constitutional Officers - Fees		Highway / Public Works	General Debt Service	Community Development/ Industrial/ Park	
				Officers - Fees	Public Works				
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 1,869,500	\$ 382,844	\$ 0	\$ 0	\$ 168,241	\$ 0	\$ 0	\$ 0	\$ 2,420,585
Trustee's Collections - Prior Year	88,991	17,379	0	0	8,368	17	0	0	114,755
Circuit/Clerk & Master Collections - Prior Years	37,611	7,749	0	0	3,256	2,906	0	0	51,522
Interest and Penalty	16,181	3,183	0	0	1,450	0	0	0	20,814
<u>County Local Option Taxes</u>									
Local Option Sales Tax	137,310	0	0	0	0	0	0	0	137,310
Litigation Tax - General	19,709	0	0	0	0	0	0	0	19,709
Litigation Tax - Jail, Workhouse, or Courthouse	8,639	0	0	0	0	0	0	0	8,639
Business Tax	20,725	0	0	0	0	0	0	0	20,725
Mineral Severance Tax	0	0	0	0	24,072	0	0	0	24,072
Other County Local Option Taxes	23,722	0	0	0	0	0	0	0	23,722
<u>Statutory Local Taxes</u>									
Bank Excise Tax	1,345	0	0	0	0	0	0	0	1,345
Wholesale Beer Tax	76,790	0	0	0	0	0	0	0	76,790
Interstate Telecommunications Tax	768	0	0	0	0	0	0	0	768
Total Local Taxes	\$ 2,301,291	\$ 411,155	\$ 0	\$ 0	\$ 205,387	\$ 2,923	\$ 0	\$ 0	\$ 2,920,756
<u>Licenses and Permits</u>									
Permits									
Beer Permits	\$ 2,114	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,114
Total Licenses and Permits	\$ 2,114	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,114
<u>Fines, Forfeitures, and Penalties</u>									
Circuit Court									
Fines	\$ 2,390	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,390
Officers Costs	24	0	0	0	0	0	0	0	24
Data Entry Fee - Circuit Court	48	0	0	0	0	0	0	0	48
General Sessions Court									
Fines	24,475	0	0	0	0	0	0	0	24,475
Officers Costs	1,083	0	0	0	0	0	0	0	1,083

(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	Development / Industrial Park	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>General Sessions Court (Cont.)</u>								
Game and Fish Fines	\$ 988	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	988
Drug Control Fines	0	0	1,511	0	0	0	0	1,511
DUI Treatment Fines	3,240	0	0	0	0	0	0	3,240
Data Entry Fee - General Sessions Court	2,068	0	0	0	0	0	0	2,068
Courtroom Security Fee	921	0	0	0	0	0	0	921
<u>Chancery Court</u>								
Officers Costs	486	0	0	0	0	0	0	486
Data Entry Fee - Chancery Court	590	0	0	0	0	0	0	590
<u>Other Courts - In-county</u>								
Drug Control Fines	0	0	11,071	0	0	0	0	11,071
Judicial District Drug Program	19	0	0	0	0	0	0	19
Courtroom Security Fee								
Other Fines, Forfeitures, and Penalties								
Proceeds from Confiscated Property	2,675	0	12,675	0	0	0	0	15,350
Total Fines, Forfeitures, and Penalties	\$ 39,007	\$ 0	\$ 25,257	\$ 0	\$ 0	\$ 0	\$ 0	\$ 64,264
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 516,910	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 516,910
Fees								
Copy Fees	2,539	0	0	0	0	0	0	2,539
Telephone Commissions	10,344	0	0	0	0	0	0	10,344
Vending Machine Collections	81	0	0	0	0	0	0	81
Special Commissioner Fees/Special Master Fees	0	0	0	2,275	0	0	0	2,275
Data Processing Fee - Register	4,218	0	0	0	0	0	0	4,218
Data Processing Fee - Sheriff	16,857	0	0	0	0	0	0	16,857
Sexual Offender Registration Fees - Sheriff	1,974	0	0	0	0	0	0	1,974
Data Processing Fee - County Clerk	735	0	0	0	0	0	0	735
<u>Education Charges</u>								
Tuition - Other	29,184	0	0	0	0	0	0	29,184
Total Charges for Current Services	\$ 582,842	\$ 0	\$ 0	\$ 2,275	\$ 0	\$ 0	\$ 0	\$ 585,117

(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	Debt Service Fund		Capital Projects Fund				
						General Debt	Development/Industrial	General Debt	Development/Industrial			
<u>Other Local Revenues</u>												
<u>Recurring Items</u>												
Investment Income	\$ 113,976	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 113,976
Lease/Rentals	12,550	0	0	0	0	12,124	0	11,250	0	0	0	35,924
Sale of Materials and Supplies	0	280	0	0	3,868	0	0	0	0	0	0	4,148
Commissary Sales	15,850	0	0	0	0	0	0	0	0	0	0	15,850
Sale of Gasoline	1,014	0	0	0	50,922	0	0	0	0	0	0	51,936
Sale of Recycled Materials	0	2,422	0	0	0	0	0	0	0	0	0	2,422
Miscellaneous Refunds	57,082	26	449	0	6,391	28	0	0	0	0	0	63,976
<u>Nonrecurring Items</u>												
Sale of Equipment	0	240	0	0	0	0	0	0	0	0	0	240
Damages Recovered from Individuals	184	0	0	0	0	0	0	0	0	0	0	184
Contributions and Gifts	100	0	20	0	0	0	0	0	0	0	0	120
<u>Other Local Revenues</u>												
Other Local Revenues	5,283	14,971	0	0	0	0	0	0	0	0	0	20,254
<b>Total Other Local Revenues</b>	<b>\$ 206,039</b>	<b>\$ 17,939</b>	<b>\$ 469</b>	<b>\$ 0</b>	<b>\$ 61,181</b>	<b>\$ 12,152</b>	<b>\$ 0</b>	<b>\$ 11,250</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 309,030</b>
<u>Fees Received from County Officials</u>												
<u>Fees in-Lieu-of Salary</u>												
County Clerk	\$ 68,429	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,429
Circuit Court Clerk	16,928	0	0	0	0	0	0	0	0	0	0	16,928
General Sessions Court Clerk	73,299	0	0	0	0	0	0	0	0	0	0	73,299
Clerk and Master	27,400	0	0	0	0	0	0	0	0	0	0	27,400
Register	43,242	0	0	0	0	0	0	0	0	0	0	43,242
Sheriff	2,971	0	0	0	0	0	0	0	0	0	0	2,971
Trustee	148,900	0	0	0	0	0	0	0	0	0	0	148,900
<b>Total Fees Received from County Officials</b>	<b>\$ 381,169</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 381,169</b>
<u>State of Tennessee</u>												
<u>General Government Grants</u>												
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	14,239	0	0	0	0	0	0	0	0	0	0	14,239

(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	Development / Industrial	Community	Park	Total		
										0 \$	0 \$	
<u>State of Tennessee (Cont.)</u>												
<u>General Government Grants (Cont.)</u>												
Solid Waste Grants	0	3,887	0	0	0	0	0	0	0	0	0	3,887
Public Safety Grants	5,400	0	0	0	0	0	0	0	0	0	0	5,400
Law Enforcement Training Programs	9,732	0	0	0	0	0	0	0	0	0	0	9,732
Health and Welfare Grants												
<u>Health Department Programs</u>												
Public Works Grants	0	0	0	0	163,910	0	0	0	0	0	0	163,910
State Aid Program	25,819	0	0	0	0	0	0	0	0	0	0	25,819
Litter Program												
<u>Other State Revenues</u>												
Flood Control	3,941	0	0	0	0	0	0	0	0	0	0	3,941
Income Tax	12,737	0	0	0	0	0	0	0	0	0	0	12,737
Beer Tax	17,778	0	0	0	0	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	25,216	0	0	0	0	0	0	0	0	0	0	25,216
State Revenue Sharing - T.V.A.	352,806	0	0	0	0	0	0	0	0	0	0	352,806
Contracted Prisoner Boarding	350,158	0	0	0	0	363,475	0	0	0	0	0	713,633
Gasoline and Motor Fuel Tax	0	0	0	0	1,381,307	0	0	0	0	0	0	1,381,307
Petroleum Special Tax	0	0	0	0	8,821	0	0	0	0	0	0	8,821
Reappraisal Program Reimbursement	4,412	0	0	0	0	0	0	0	0	0	0	4,412
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	0	0	0	16,380
Total State of Tennessee	\$ 847,618	\$ 3,887	\$ 0	\$ 0	\$ 1,554,038	\$ 363,475	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,769,018
<u>Federal Government</u>												
<u>Federal Through State</u>												
Community Development	27,050	0	0	0	0	0	0	0	0	0	0	27,050
Disaster Relief	0	0	0	0	144,293	0	0	0	0	0	0	144,293
ARRA Grant # 1	625,680	0	0	0	0	0	0	0	0	0	0	625,680
Other Federal through State	442,400	0	0	0	0	0	0	0	0	0	0	442,400
<u>Direct Federal Revenue</u>												
Police Service (Lake Area)	12,886	0	0	0	0	0	0	0	0	0	0	12,886
Medicare	400	0	0	0	0	0	0	0	0	0	0	400

(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	General Debt Service	Development / Industrial	Community Park	
Federal Government (Cont.)									
Direct Federal Revenue (Cont.)									
Other Direct Federal Revenue	\$ 43,225	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 43,225
Total Federal Government	\$ 1,151,641	\$ 0	\$ 0	\$ 0	\$ 1,44,293	\$ 0	\$ 0	\$ 0	\$ 1,295,934
Other Governments and Citizens Groups									
Other Governments Contributions	\$ 58,833	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,316,775	\$ 0	\$ 0	\$ 2,375,608
Total Other Governments and Citizens Groups	\$ 58,833	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,316,775	\$ 0	\$ 0	\$ 2,375,608
Total	\$ 5,570,554	\$ 432,981	\$ 25,726	\$ 2,275	\$ 1,964,899	\$ 2,695,325	\$ 11,250	\$ 10,703,010	

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, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,493,906	\$ 0	\$ 0	\$ 0	\$ 1,493,906
Trustee's Collections - Prior Year	78,331	0	0	0	78,331
Circuit/Clerk & Master Collections - Prior Years	31,924	0	0	0	31,924
Interest and Penalty	12,909	0	0	0	12,909
<u>County Local Option Taxes</u>					
Local Option Sales Tax	496,214	0	0	0	496,214
Wheel Tax	173,940	0	0	0	173,940
Other County Local Option Taxes	315	0	0	0	315
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	953	0	0	0	953
<b>Total Local Taxes</b>	<b>\$ 2,288,492</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,288,492</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 770	\$ 0	\$ 0	\$ 0	\$ 770
<b>Total Licenses and Permits</b>	<b>\$ 770</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 770</b>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 151,800	\$ 0	\$ 151,800
Lunch Payments - Adults	0	0	25,053	0	25,053
A la carte Sales	0	0	29,144	0	29,144
Receipts from Individual Schools	27,164	0	0	0	27,164
<b>Total Charges for Current Services</b>	<b>\$ 27,164</b>	<b>\$ 0</b>	<b>\$ 205,997</b>	<b>\$ 0</b>	<b>\$ 233,161</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 434	\$ 1,890	\$ 2,324
Lease/Rentals	2,400	0	0	0	2,400
Refund of Telecommunication & Internet Fees (E-Rate)	19,126	0	0	0	19,126
Miscellaneous Refunds	61,163	0	0	0	61,163
<u>Nonrecurring Items</u>					
Sale of Equipment	1,974	0	0	0	1,974
Damages Recovered from Individuals	482	0	0	0	482
Contributions and Gifts	124	0	0	0	124
<b>Total Other Local Revenues</b>	<b>\$ 85,269</b>	<b>\$ 0</b>	<b>\$ 434</b>	<b>\$ 1,890</b>	<b>\$ 87,593</b>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 37,377	\$ 0	\$ 0	\$ 0	\$ 37,377
<u>State Education Funds</u>					
Basic Education Program	8,022,037	0	0	0	8,022,037
Basic Education Program - ARRA	300,500	0	0	0	300,500
Early Childhood Education	302,022	0	0	0	302,022

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
School Food Service	\$ 9,229	\$ 0	\$ 0	\$ 0	\$ 9,229
Other State Education Funds	3,840	0	0	0	3,840
Coordinated School Health - ARRA	100,000	0	0	0	100,000
Internet Connectivity - ARRA	4,627	0	0	0	4,627
Family Resource Centers - ARRA	33,300	0	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	4,013	0	0	0	4,013
Career Ladder Program	88,602	0	0	0	88,602
Career Ladder - Extended Contract	4,917	0	0	0	4,917
Career Ladder - Extended Contract - ARRA	11,452	0	0	0	11,452
<u>Other State Revenues</u>					
Safe Schools - ARRA	11,500	0	0	0	11,500
Total State of Tennessee	\$ 8,933,416	\$ 0	\$ 0	\$ 0	\$ 8,933,416
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 427,187	\$ 0	\$ 427,187
Breakfast	0	0	219,803	0	219,803
USDA - Other	0	0	12,046	0	12,046
USDA Food Service Equipment Grant - ARRA	0	0	21,604	0	21,604
Adult Education State Grant Program	79,749	0	0	0	79,749
Vocational Education - Basic Grants to States	0	34,235	0	0	34,235
Title I Grants to Local Education Agencies	0	533,815	0	0	533,815
Special Education - Grants to States	0	410,410	0	0	410,410
Special Education Preschool Grants	0	10,440	0	0	10,440
Safe and Drug-free Schools - State Grants	0	3,091	0	0	3,091
Rural Education	0	33,296	0	0	33,296
Education for Homeless Children and Youth	0	557	0	0	557
Appalachian Regional Commission	5,000	0	0	0	5,000
Eisenhower Professional Development State Grants	0	84,618	0	0	84,618
Job Training Partnership Act	0	16,631	0	0	16,631
Other Federal through State	400,000	88,840	0	0	488,840
Total Federal Government	\$ 484,749	\$ 1,215,933	\$ 680,640	\$ 0	\$ 2,381,322
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 2,356,906	\$ 2,356,906
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 2,356,906	\$ 2,356,906
Total	\$ 11,819,860	\$ 1,215,933	\$ 887,071	\$ 2,358,796	\$ 16,281,660

Exhibit J-7

Jackson County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	21,325	
Social Security		1,631	
Audit Services		9,673	
Dues and Memberships		3,110	
Travel		1,155	
Other Contracted Services		675	
Total County Commission			\$ 37,569

Board of Equalization

Board and Committee Members Fees	\$	1,200	
Total Board of Equalization			1,200

Beer Board

Legal Notices, Recording, and Court Costs	\$	316	
Total Beer Board			316

County Mayor/Executive

County Official/Administrative Officer	\$	60,350	
Accountants/Bookkeepers		35,134	
Clerical Personnel		21,993	
Social Security		8,987	
Communication		2,948	
Maintenance and Repair Services - Office Equipment		238	
Travel		1,831	
Office Supplies		3,121	
Data Processing Equipment		5,043	
Total County Mayor/Executive			139,645

County Attorney

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

Election Commission

County Official/Administrative Officer	\$	47,026	
Part-time Personnel		10,040	
Election Commission		17,132	
Social Security		5,676	
Communication		942	
Legal Notices, Recording, and Court Costs		468	

(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.)

Printing, Stationery, and Forms	\$	4,022	
Travel		1,196	
Office Supplies		1,940	
Data Processing Equipment		2,025	
Voting Machines		6,050	
Total Election Commission			\$ 96,517

Register of Deeds

County Official/Administrative Officer	\$	52,251	
Clerical Personnel		21,993	
Social Security		5,680	
Communication		1,989	
Data Processing Services		12,436	
Dues and Memberships		327	
Office Supplies		1,056	
Data Processing Equipment		15	
Total Register of Deeds			95,747

County Buildings

Custodial Personnel	\$	17,684	
Other Salaries and Wages		23,921	
Social Security		3,171	
Communication		441	
Maintenance and Repair Services - Buildings		78,152	
Pest Control		1,550	
Custodial Supplies		5,845	
Electricity		39,698	
Natural Gas		7,896	
Other Supplies and Materials		1,038	
Building Improvements		19,770	
Total County Buildings			199,166

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	52,251	
Clerical Personnel		21,993	
Social Security		5,680	
Audit Services		4,656	
Communication		1,000	
Dues and Memberships		1,824	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Travel	\$	786	
Office Supplies		343	
Total Property Assessor's Office			\$ 88,533

Reappraisal Program

Clerical Personnel	\$	7,968	
Social Security		610	
Data Processing Services		200	
Travel		268	
Total Reappraisal Program			9,046

County Trustee's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		21,993	
Social Security		5,680	
Communication		468	
Dues and Memberships		437	
Travel		40	
Office Supplies		739	
Total County Trustee's Office			81,608

County Clerk's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		44,027	
Social Security		7,343	
Communication		1,404	
Data Processing Services		1,435	
Maintenance and Repair Services - Office Equipment		350	
Printing, Stationery, and Forms		2,044	
Travel		761	
Office Supplies		1,887	
Data Processing Equipment		12,094	
Total County Clerk's Office			123,596

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		75,436	
Jury and Witness Expense		7,971	
Social Security		9,768	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Communication	\$	2,349	
Printing, Stationery, and Forms		1,474	
Office Supplies		5,355	
Data Processing Equipment		8,044	
Other Equipment		194	
Total Circuit Court			\$ 162,842

General Sessions Court

Judge(s)	\$	82,789	
Secretary(ies)		21,440	
Social Security		7,967	
Communication		655	
Travel		510	
Office Supplies		1,762	
Total General Sessions Court			115,123

Chancery Court

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		22,440	
Social Security		5,714	
Communication		1,284	
Data Processing Services		5,732	
Dues and Memberships		562	
Printing, Stationery, and Forms		369	
Travel		649	
Office Supplies		2,035	
Data Processing Equipment		143	
Total Chancery Court			91,179

Juvenile Court

Youth Service Officer(s)	\$	21,993	
Social Security		1,682	
Communication		1,280	
Travel		100	
Other Contracted Services		28,834	
Office Supplies		199	
Total Juvenile Court			54,088

Judicial Commissioners

County Official/Administrative Officer	\$	33,559	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners (Cont.)

In-Service Training	\$	500	
Social Security		2,567	
Travel		31	
Office Supplies		71	
Total Judicial Commissioners			\$ 36,728

Other Administration of Justice

County Official/Administrative Officer	\$	2,050	
Clerical Personnel		1,200	
Social Security		249	
Gasoline		26	
Total Other Administration of Justice			3,525

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,477	
Supervisor/Director		32,441	
Deputy(ies)		342,790	
Secretary(ies)		23,000	
School Resource Officer		46,626	
In-Service Training		6,680	
Social Security		37,136	
Communication		14,463	
Contracts with Government Agencies		5,206	
Dues and Memberships		544	
Maintenance and Repair Services - Equipment		4,304	
Maintenance and Repair Services - Vehicles		10,742	
Printing, Stationery, and Forms		755	
Travel		1,680	
Equipment Parts - Light		6,409	
Gasoline		63,440	
Office Supplies		6,343	
Tires and Tubes		5,553	
Uniforms		5,122	
Other Equipment		6,057	
Total Sheriff's Department			676,768

Administration of the Sexual Offender Registry

Constitutional Officers' Operating Expenses	\$	640	
Total Administration of the Sexual Offender Registry			640

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Supervisor/Director	\$	29,710	
Guards		524,674	
Cafeteria Personnel		51,206	
In-Service Training		713	
Social Security		43,136	
Medical and Dental Services		196,453	
Pest Control		1,500	
Custodial Supplies		14,959	
Electricity		38,976	
Food Preparation Supplies		5,608	
Food Supplies		90,000	
Prisoners Clothing		3,198	
Uniforms		3,500	
Water and Sewer		30,000	
Total Jail			\$ 1,033,633

Fire Prevention and Control

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

Other Emergency Management

Communication	\$	1,074	
Contributions		53,900	
Travel		943	
Gasoline		500	
Office Supplies		760	
Other Equipment		1,040	
Total Other Emergency Management			58,217

Other Public Safety

Other Supplies and Materials	\$	14,072	
Total Other Public Safety			14,072

Public Health and Welfare

Local Health Center

Medical Personnel	\$	1,922	
Custodial Personnel		3,775	
Other Salaries and Wages		3,309	
Social Security		250	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Communication	\$	3,466	
Maintenance and Repair Services - Buildings		936	
Travel		294	
Custodial Supplies		962	
Drugs and Medical Supplies		8,895	
Electricity		9,497	
Office Supplies		1,959	
Water and Sewer		725	
Total Local Health Center			\$ 35,990

Ambulance/Emergency Medical Services

Supervisor/Director	\$	41,168	
Medical Personnel		388,460	
Clerical Personnel		17,002	
In-Service Training		4,409	
Social Security		34,124	
Communication		5,857	
Laundry Service		2,800	
Licenses		1,800	
Maintenance and Repair Services - Equipment		2,729	
Maintenance and Repair Services - Vehicles		21,232	
Custodial Supplies		2,908	
Diesel Fuel		17,846	
Drugs and Medical Supplies		29,649	
Electricity		11,976	
Natural Gas		4,582	
Office Supplies		2,066	
Uniforms		3,910	
Data Processing Equipment		3,891	
Motor Vehicles		104,500	
Other Equipment		2,443	
Total Ambulance/Emergency Medical Services			703,352

Crippled Children Services

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

Regional Mental Health Center

Contributions	\$	3,486	
Total Regional Mental Health Center			3,486

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State

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

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$ 11,135	
Social Security	852	
Communication	392	
Maintenance and Repair Services - Buildings	320	
Office Supplies	110	
Utilities	<u>6,990</u>	
Total Adult Activities		19,799

Senior Citizens Assistance

Supervisor/Director	\$ 11,135	
Social Security	852	
Communication	398	
Maintenance and Repair Services - Buildings	135	
Office Supplies	72	
Utilities	<u>5,545</u>	
Total Senior Citizens Assistance		18,137

Libraries

Assistant(s)	\$ 16,279	
Supervisor/Director	21,993	
Social Security	2,928	
Communication	1,241	
Dues and Memberships	454	
Travel	934	
Custodial Supplies	705	
Library Books/Media	9,163	
Office Supplies	585	
Data Processing Equipment	<u>3,334</u>	
Total Libraries		57,616

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 20,135
Secretary(ies)	5,496
Social Security	962

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Extension Service Medicare	\$	189	
State Retirement		2,551	
Communication		1,945	
Contracts with Private Agencies		10,120	
Travel		800	
Data Processing Equipment		1,810	
Total Agriculture Extension Service	\$		44,008

Soil Conservation

Salary Supplements	\$	47,977	
Social Security		3,670	
Total Soil Conservation			51,647

Other Operations

Industrial Development

Advertising	\$	256	
Other Supplies and Materials		1,538	
Other Charges		1,818	
Total Industrial Development			3,612

Housing and Urban Development

Other Contracted Services	\$	454,600	
Total Housing and Urban Development			454,600

Airport

Maintenance and Repair Services - Buildings	\$	828	
Electricity		2,174	
Total Airport			3,002

Other Charges

Liability Insurance	\$	175,541	
Premiums on Corporate Surety Bonds		776	
Trustee's Commission		58,368	
Workers' Compensation Insurance		85,262	
Other Charges		452	
Total Other Charges			320,399

Contributions to Other Agencies

Contributions	\$	30,219	
Total Contributions to Other Agencies			30,219

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

State Retirement	\$ 108,679	
Unemployment Compensation	21,466	
Total Employee Benefits		\$ 130,145

ARRA Grant # 1

Other Contracted Services	\$ 56,444	
Total ARRA Grant # 1		56,444

Miscellaneous

Contributions	\$ 100,000	
Legal Services	6,255	
Legal Notices, Recording, and Court Costs	1,461	
Postal Charges	16,631	
Other Contracted Services	7,000	
Other Charges	16,918	
Total Miscellaneous		148,265

Highways

Litter and Trash Collection

Guards	\$ 1,334	
Clerical Personnel	3,177	
Social Security	345	
Maintenance and Repair Services - Vehicles	1,276	
Gasoline	1,965	
Instructional Supplies and Materials	4,021	
Total Litter and Trash Collection		12,118

Total General Fund \$ 5,256,300

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$ 32,482	
Social Security	2,448	
Maintenance and Repair Services - Equipment	1,500	
Maintenance and Repair Services - Vehicles	13,177	
Contracts for Landfill Facilities	112,528	
Diesel Fuel	17,665	
Gasoline	4,394	
Tires and Tubes	10,000	

(Continued)

Exhibit J-7

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

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

Other Supplies and Materials	\$ 1,608	
Motor Vehicles	208,891	
Solid Waste Equipment	1,540	
Total Waste Pickup		\$ 406,233

Convenience Centers

Guards	\$ 142,516	
Social Security	10,903	
State Retirement	1,800	
Communication	3,200	
Electricity	7,862	
Water and Sewer	2,250	
Total Convenience Centers		168,531

Other Operations

Other Charges

Trustee's Commission	\$ 8,369	
Total Other Charges		8,369

Total Solid Waste/Sanitation Fund \$ 583,133

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$ 8,020	
In-Service Training	490	
Social Security	614	
State Retirement	205	
Confidential Drug Enforcement Payments	6,507	
Utilities	89	
Trustee's Commission	242	
Total Drug Enforcement		\$ 16,167

Total Drug Control Fund 16,167

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 2,275	
Total Chancery Court		\$ 2,275

Total Constitutional Officers - Fees Fund 2,275

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	61,272	
Accountants/Bookkeepers		42,667	
State Retirement		6,714	
Dues and Memberships		2,682	
Maintenance and Repair Services - Office Equipment		6,499	
Postal Charges		440	
Printing, Stationery, and Forms		2,693	
Office Supplies		912	
Other Charges		2,965	
Office Equipment		967	
Total Administration			\$ 127,811

Highway and Bridge Maintenance

Foremen	\$	45,411	
Equipment Operators		149,614	
Truck Drivers		31,558	
Laborers		183,984	
State Retirement		12,903	
Other Contracted Services		10,685	
Asphalt - Cold Mix		28,423	
Asphalt - Hot Mix		304,204	
Concrete		2,871	
Crushed Stone		369,822	
General Construction Materials		3,681	
Other Road Supplies		5,355	
Pipe		18,659	
Road Signs		8,095	
Structural Steel		2,472	
Wood Products		3,289	
Other Supplies and Materials		860	
Total Highway and Bridge Maintenance			1,181,886

Operation and Maintenance of Equipment

Mechanic(s)	\$	100,407	
Nightwatchmen		34,302	
State Retirement		7,035	
Diesel Fuel		77,756	
Equipment and Machinery Parts		49,323	
Garage Supplies		3,023	
Gasoline		59,337	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Lubricants	\$	8,141	
Tires and Tubes		12,592	
Uniforms		1,208	
Other Supplies and Materials		2,759	
Total Operation and Maintenance of Equipment			\$ 355,883

Other Charges

Communication	\$	3,458	
Electricity		2,976	
Natural Gas		5,152	
Water and Sewer		220	
Building and Contents Insurance		3,546	
Liability Insurance		4,692	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		17,726	
Vehicle and Equipment Insurance		14,101	
Total Other Charges			52,221

Employee Benefits

Social Security	\$	49,248	
Unemployment Compensation		8,770	
Workers' Compensation Insurance		39,987	
Total Employee Benefits			98,005

Capital Outlay

Engineering Services	\$	64,882	
Asphalt - Liquid		222,909	
Total Capital Outlay			287,791

Principal on Debt

Highways and Streets

Principal on Notes	\$	54,000	
Total Highways and Streets			54,000

Interest on Debt

Highways and Streets

Interest on Notes	\$	2,290	
Total Highways and Streets			2,290

Total Highway/Public Works Fund \$ 2,159,887

(Continued)

Exhibit J-7

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

General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 3,663	
Total Other Charges		\$ 3,663

Principal on Debt

General Government

Principal on Bonds	\$ 18,100	
Principal on Notes	102,245	
Principal on Other Loans	<u>144,000</u>	
Total General Government		264,345

Education

Principal on Bonds	<u>\$ 2,240,000</u>	
Total Education		2,240,000

Interest on Debt

General Government

Interest on Bonds	\$ 2,586	
Interest on Notes	15,630	
Interest on Other Loans	<u>15,904</u>	
Total General Government		34,120

Education

Interest on Bonds	<u>\$ 75,966</u>	
Total Education		75,966

Other Debt Service

General Government

Other Debt Service	<u>\$ 23,081</u>	
Total General Government		23,081

Education

Other Debt Service	<u>\$ 809</u>	
Total Education		<u>809</u>

Total General Debt Service Fund \$ 2,641,984

Community Development/Industrial Park Fund

Other Operations

Industrial Development

Maintenance and Repair Services - Buildings	\$ 990	
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(Continued)

Exhibit J-7

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

Community Development/Industrial Park Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Utilities	\$ 7,648	
Other Supplies and Materials	10,649	
Total Industrial Development		\$ 19,287

Other Charges

Trustee's Commission	\$ 113	
Total Other Charges		113

Total Community Development/Industrial Park Fund \$ 19,400

Other Capital Projects Fund

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 2,356,906	
Total Capital Projects Donated to School Department		\$ 2,356,906

Total Other Capital Projects Fund 2,356,906

Total Governmental Funds - Primary Government \$ 13,036,052

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, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	3,271,874	
Career Ladder Program		47,125	
Career Ladder Extended Contracts		13,350	
Homebound Teachers		1,358	
Educational Assistants		77,523	
Other Salaries and Wages		165,274	
Certified Substitute Teachers		6,126	
Non-certified Substitute Teachers		64,498	
Social Security		212,510	
State Retirement		228,370	
Medical Insurance		280,169	
Unemployment Compensation		6,314	
Employer Medicare		49,793	
Other Fringe Benefits		9,100	
Other Contracted Services		17,548	
Instructional Supplies and Materials		58,142	
Textbooks		136,188	
Other Supplies and Materials		144,237	
Regular Instruction Equipment		65,108	
Total Regular Instruction Program			\$ 4,854,607

Alternative Instruction Program

Teachers	\$	33,564	
Social Security		1,948	
State Retirement		2,155	
Medical Insurance		3,861	
Unemployment Compensation		60	
Employer Medicare		455	
Other Fringe Benefits		100	
Instructional Supplies and Materials		202	
Total Alternative Instruction Program			42,345

Special Education Program

Teachers	\$	362,574
Career Ladder Program		2,550
Homebound Teachers		2,280
Educational Assistants		67,780
Speech Pathologist		19,642
Certified Substitute Teachers		682

(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.)

Non-certified Substitute Teachers	\$	6,966	
Social Security		26,566	
State Retirement		28,304	
Medical Insurance		36,544	
Unemployment Compensation		1,023	
Employer Medicare		6,222	
Other Fringe Benefits		1,100	
Contracts with Other Public Agencies		512	
Contracts with Private Agencies		33,718	
Tuition		1,778	
Instructional Supplies and Materials		2,478	
Other Supplies and Materials		1,182	
Special Education Equipment		1,069	
Total Special Education Program			\$ 602,970

Vocational Education Program

Teachers	\$	246,985	
Career Ladder Program		1,950	
Certified Substitute Teachers		186	
Non-certified Substitute Teachers		7,434	
Social Security		15,000	
State Retirement		15,982	
Medical Insurance		20,037	
Unemployment Compensation		398	
Employer Medicare		3,508	
Other Fringe Benefits		600	
Maintenance and Repair Services - Equipment		99	
Instructional Supplies and Materials		6,994	
Other Supplies and Materials		1,570	
Other Charges		143,329	
Vocational Instruction Equipment		703	
Total Vocational Education Program			464,775

Adult Education Program

Teachers	\$	52,533
Social Security		2,240
State Retirement		2,320
Medical Insurance		3,849
Unemployment Compensation		60

(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.)

Adult Education Program (Cont.)

Employer Medicare	\$	776	
Instructional Supplies and Materials		<u>825</u>	
Total Adult Education Program	\$		62,603

Support Services

Attendance

Supervisor/Director	\$	48,354	
Career Ladder Program		1,000	
Clerical Personnel		22,521	
Social Security		4,325	
State Retirement		4,463	
Medical Insurance		3,849	
Unemployment Compensation		181	
Employer Medicare		1,011	
Other Fringe Benefits		100	
Travel		779	
Other Contracted Services		4,013	
Other Supplies and Materials		8	
Attendance Equipment		<u>1,997</u>	
Total Attendance			92,601

Health Services

Medical Personnel	\$	79,826	
Other Salaries and Wages		27,857	
Non-certified Substitute Teachers		479	
Social Security		6,106	
State Retirement		6,978	
Medical Insurance		12,214	
Unemployment Compensation		212	
Employer Medicare		1,428	
Other Fringe Benefits		200	
Communication		600	
Postal Charges		800	
Printing, Stationery, and Forms		1,497	
Travel		2,227	
Other Contracted Services		5,000	
Drugs and Medical Supplies		876	
Other Supplies and Materials		21,904	
In Service/Staff Development		120	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Other Charges	\$ 2,400	
Total Health Services		\$ 170,724

Other Student Support

Career Ladder Program	\$ 3,460	
Guidance Personnel	159,205	
Social Security	9,726	
State Retirement	10,443	
Medical Insurance	11,371	
Unemployment Compensation	202	
Employer Medicare	2,275	
Other Fringe Benefits	300	
Evaluation and Testing	10,420	
Travel	2,533	
Total Other Student Support		209,935

Regular Instruction Program

Supervisor/Director	\$ 114,867	
Career Ladder Program	9,500	
Librarians	159,837	
Instructional Computer Personnel	48,354	
Clerical Personnel	5,600	
Other Salaries and Wages	20,980	
Certified Substitute Teachers	124	
Non-certified Substitute Teachers	2,112	
Social Security	20,930	
State Retirement	22,404	
Medical Insurance	22,242	
Unemployment Compensation	497	
Employer Medicare	4,895	
Other Fringe Benefits	800	
Communication	500	
Postal Charges	500	
Printing, Stationery, and Forms	3,000	
Travel	11,331	
Library Books/Media	4,327	
Other Supplies and Materials	217	
In Service/Staff Development	1,510	
Other Equipment	819	
Total Regular Instruction Program		455,346

(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.)

Special Education Program

Supervisor/Director	\$	64,584	
Career Ladder Program		3,000	
Psychological Personnel		30,083	
Social Security		5,554	
State Retirement		6,224	
Medical Insurance		11,124	
Unemployment Compensation		106	
Employer Medicare		1,299	
Other Fringe Benefits		300	
Travel		2,115	
Other Supplies and Materials		727	
In Service/Staff Development		944	
Special Education Equipment		9,374	
Total Special Education Program			\$ 135,434

Vocational Education Program

Supervisor/Director	\$	11,309	
Social Security		701	
State Retirement		726	
Employer Medicare		164	
Travel		355	
Other Supplies and Materials		95	
Total Vocational Education Program			13,350

Adult Programs

Supervisor/Director	\$	7,106	
Clerical Personnel		12,217	
Social Security		1,058	
State Retirement		456	
Unemployment Compensation		135	
Employer Medicare		233	
Communication		1,537	
Travel		149	
In Service/Staff Development		401	
Total Adult Programs			23,292

Other Programs

On-Behalf Payments to OPEB	\$	37,377	
Total Other Programs			37,377

(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

Other Salaries and Wages	\$	7,500	
Social Security		465	
Life Insurance		8,976	
Employer Medicare		109	
Audit Services		2,500	
Contributions		58,333	
Dues and Memberships		6,229	
Travel		711	
Other Supplies and Materials		1,315	
Liability Insurance		86,113	
Premiums on Corporate Surety Bonds		177	
Trustee's Commission		57,720	
Workers' Compensation Insurance		80,393	
In Service/Staff Development		260	
Total Board of Education			\$ 310,801

Director of Schools

County Official/Administrative Officer	\$	74,141	
Career Ladder Extended Contracts		1,000	
Social Security		4,547	
State Retirement		4,824	
Medical Insurance		3,849	
Unemployment Compensation		58	
Employer Medicare		1,063	
Other Fringe Benefits		100	
Communication		5,519	
Postal Charges		718	
Travel		4,429	
Other Contracted Services		2,948	
Office Supplies		566	
In Service/Staff Development		105	
Total Director of Schools			103,867

Office of the Principal

Principals	\$	223,561
Career Ladder Program		5,995
Assistant Principals		87,341
Secretary(ies)		75,446
Clerical Personnel		57,122

(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.)

Social Security	\$	26,029	
State Retirement		28,315	
Medical Insurance		26,407	
Unemployment Compensation		884	
Employer Medicare		6,174	
Other Fringe Benefits		600	
Communication		34,548	
Dues and Memberships		2,500	
Travel		1,147	
Other Contracted Services		358	
Office Supplies		1,148	
In Service/Staff Development		725	
Other Charges		463	
Total Office of the Principal			\$ 578,763

Fiscal Services

Supervisor/Director	\$	33,368	
Accountants/Bookkeepers		55,990	
Secretary(ies)		24,663	
Clerical Personnel		24,827	
Other Salaries and Wages		18,239	
Social Security		9,304	
State Retirement		9,768	
Unemployment Compensation		381	
Employer Medicare		2,267	
Travel		4,186	
Other Contracted Services		13,311	
Data Processing Supplies		1,303	
Office Supplies		356	
Administration Equipment		6,550	
Total Fiscal Services			204,513

Operation of Plant

Custodial Personnel	\$	219,477	
Social Security		13,472	
State Retirement		12,358	
Unemployment Compensation		1,010	
Employer Medicare		3,151	
Rentals		18,505	

(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.)

Operation of Plant (Cont.)

Other Contracted Services	\$	1,200	
Custodial Supplies		70,651	
Electricity		343,967	
Fuel Oil		37,996	
Natural Gas		13,426	
Water and Sewer		26,454	
Plant Operation Equipment		3,265	
Total Operation of Plant			\$ 764,932

Maintenance of Plant

Supervisor/Director	\$	37,021	
Other Salaries and Wages		33,489	
Social Security		4,291	
State Retirement		3,844	
Unemployment Compensation		178	
Employer Medicare		1,004	
Maintenance and Repair Services - Buildings		20,995	
Maintenance and Repair Services - Equipment		1,785	
Travel		2,558	
Other Contracted Services		30,757	
Other Supplies and Materials		62,256	
Other Charges		5,329	
Maintenance Equipment		7,287	
Other Equipment		20,188	
Total Maintenance of Plant			230,982

Transportation

Mechanic(s)	\$	23,920	
Bus Drivers		174,452	
Other Salaries and Wages		14,845	
Social Security		13,077	
State Retirement		6,614	
Unemployment Compensation		893	
Employer Medicare		3,058	
Contracts with Vehicle Owners		285,640	
Maintenance and Repair Services - Vehicles		9,393	
Other Contracted Services		9,998	
Gasoline		62,213	
Lubricants		601	

(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.)

Transportation (Cont.)

Tires and Tubes	\$	15,449	
Vehicle Parts		62,077	
Other Supplies and Materials		9,110	
Vehicle and Equipment Insurance		18,903	
Other Charges		24,692	
Other Equipment		38,825	
Total Transportation			\$ 773,760

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	53,850	
Career Ladder Program		1,000	
Social Security		2,956	
State Retirement		3,521	
Medical Insurance		7,325	
Unemployment Compensation		60	
Employer Medicare		692	
Other Fringe Benefits		100	
Total Food Service			69,504

Community Services

Supervisor/Director	\$	40,135	
Social Security		2,371	
State Retirement		2,577	
Medical Insurance		3,861	
Unemployment Compensation		59	
Employer Medicare		555	
Other Fringe Benefits		100	
Communication		429	
Travel		913	
Other Supplies and Materials		186	
Total Community Services			51,186

Early Childhood Education

Supervisor/Director	\$	18,000
Teachers		101,777
Educational Assistants		38,782
Non-certified Substitute Teachers		3,418
Social Security		9,609

(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.)

Early Childhood Education (Cont.)

State Retirement	\$	10,063	
Medical Insurance		7,160	
Unemployment Compensation		404	
Employer Medicare		2,247	
Other Fringe Benefits		300	
Communication		1,345	
Postal Charges		300	
Travel		7,246	
Other Supplies and Materials		70,583	
Other Charges		<u>6,712</u>	
Total Early Childhood Education	\$		277,946

Capital Outlay

Regular Capital Outlay

Architects	\$	85,815	
Other Contracted Services		2,811	
Other Charges		4,950	
Building Construction		389,919	
Building Improvements		105,300	
Maintenance Equipment		9,183	
Transportation Equipment		<u>72,902</u>	
Total Regular Capital Outlay			670,880

Principal on Debt

Education

Principal on Other Loans	\$	<u>354,000</u>	
Total Education			354,000

Interest on Debt

Education

Interest on Other Loans	\$	<u>33,159</u>	
Total Education			33,159

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	76,775	
Other Debt Service		<u>52,663</u>	
Total Education			<u>129,438</u>

Total General Purpose School Fund \$ 11,719,090

(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

Instruction

Regular Instruction Program

Teachers	\$	300,530	
Educational Assistants		109,786	
Other Salaries and Wages		1,588	
Social Security		24,235	
State Retirement		25,687	
Medical Insurance		26,363	
Unemployment Compensation		1,065	
Employer Medicare		5,669	
Other Fringe Benefits		500	
Instructional Supplies and Materials		32,188	
Other Supplies and Materials		748	
Regular Instruction Equipment		4,756	
Total Regular Instruction Program			\$ 533,115

Special Education Program

Teachers	\$	82,062	
Educational Assistants		206,318	
Speech Pathologist		19,646	
Other Salaries and Wages		5,493	
Social Security		18,583	
State Retirement		18,623	
Medical Insurance		11,273	
Unemployment Compensation		1,306	
Employer Medicare		4,342	
Other Fringe Benefits		100	
Contracts with Private Agencies		855	
Instructional Supplies and Materials		250	
Other Supplies and Materials		6,977	
Other Charges		276	
Total Special Education Program			376,104

Vocational Education Program

Teachers	\$	13,255
Other Salaries and Wages		568
Social Security		713
State Retirement		888
Unemployment Compensation		63
Employer Medicare		167
Other Contracted Services		8,552

(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.)

Vocational Education Program (Cont.)

Instructional Supplies and Materials	\$	3,950	
Other Charges		1,622	
Vocational Instruction Equipment		11,018	
Total Vocational Education Program			\$ 40,796

Support Services

Other Student Support

Travel	\$	8,738	
In Service/Staff Development		961	
Other Charges		4,686	
Total Other Student Support			14,385

Regular Instruction Program

Supervisor/Director	\$	93,651	
Non-certified Substitute Teachers		983	
Social Security		5,874	
State Retirement		5,552	
Medical Insurance		6,154	
Unemployment Compensation		113	
Employer Medicare		1,374	
Travel		5,011	
Library Books/Media		17,575	
Other Supplies and Materials		29,283	
In Service/Staff Development		20,292	
Other Charges		90	
Other Equipment		5,416	
Total Regular Instruction Program			191,368

Special Education Program

Psychological Personnel	\$	10,027	
Assessment Personnel		14,849	
Other Salaries and Wages		6,499	
Social Security		1,914	
State Retirement		2,018	
Medical Insurance		891	
Unemployment Compensation		73	
Employer Medicare		448	
Travel		3,028	
Other Supplies and Materials		115	

(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.)

Special Education Program (Cont.)

In Service/Staff Development	\$	1,559	
Other Equipment		<u>3,293</u>	
Total Special Education Program			\$ 44,714

Vocational Education Program

In Service/Staff Development	\$	<u>1,000</u>	
Total Vocational Education Program			1,000

Transportation

Bus Drivers	\$	250	
Social Security		16	
Employer Medicare		<u>4</u>	
Total Transportation			<u>270</u>

Total School Federal Projects Fund \$ 1,201,752

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	309,557	
Social Security		18,927	
State Retirement		18,089	
Unemployment Compensation		1,415	
Employer Medicare		4,426	
Communication		1,292	
Maintenance and Repair Services - Equipment		5,931	
Travel		4,211	
Other Contracted Services		4,280	
Food Supplies		366,605	
Other Supplies and Materials		51,177	
In Service/Staff Development		1,628	
Food Service Equipment		<u>44,181</u>	
Total Food Service			<u>\$ 831,719</u>

Total Central Cafeteria Fund 831,719

(Continued)

Exhibit J-8

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

<u>Education Capital Projects Fund</u>			
<u>Other Debt Service</u>			
<u>Education</u>			
Other Debt Issuance Charges	\$	26,355	
Debt Service Contribution to Primary Government		<u>2,240,000</u>	
Total Education			\$ 2,266,355
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Building Construction	\$	<u>3,101</u>	
Total Education Capital Projects			<u>3,101</u>
Total Education Capital Projects Fund			<u>\$ 2,269,456</u>
Total Governmental Funds - Jackson County School Department			<u><u>\$ 16,022,017</u></u>

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, 2010

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 269,887
Total Cash Receipts	<u>\$ 269,887</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 267,188
Trustee's Commission	2,699
Total Cash Disbursements	<u>\$ 269,887</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2009	<u>0</u>
 Cash Balance, June 30, 2010	 <u><u>\$ 0</u></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

October 28, 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, 2010, which collectively comprise Jackson County's basic financial statements and have issued our report thereon dated October 28, 2010. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Jackson County Emergency Communications District, which were not available from other auditors as of the date of this report and the Industrial Development Board of the County of Jackson, Tennessee, whose financial statements were not audited. 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.

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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01 and 10.10.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.02, 10.04, 10.06, 10.08, and 10.11.

#### Compliance and Other Matters

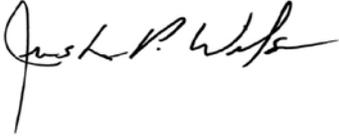
As part of obtaining reasonable assurance about whether Jackson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 10.03, 10.05, 10.07, 10.09, and 10.12.

We also noted certain matters that we reported to management of Jackson County in separate communications.

Jackson County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Jackson County's response and, accordingly, we express no opinion on the response.

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 at the beginning.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



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

October 28, 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, 2010. 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, 2010.

#### 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, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jackson County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 10.02 and 10.13. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

#### Schedule of Expenditures of Federal Awards

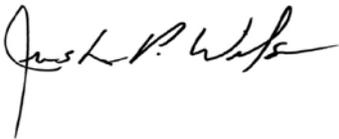
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County as of and for the year ended June 30, 2010, and have issued our report thereon dated October 28, 2010. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the

financial statements of the Jackson County Emergency Communications District, which were not available from other auditors as of the date of this report and the Industrial Development Board of the County of Jackson, Tennessee, whose financial statements were not audited. 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.

Jackson County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Jackson County's response and, accordingly, we express no opinion on the response.

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 fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Jackson County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2010

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	\$ 219,803
National School Lunch Program	10.555	N/A	439,233 (3) (4)
Child Nutrition Discretionary Grants Limited Availability, Recovery Act	10.579	N/A	21,604
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	<u>53,596 (4)</u>
Total U.S. Department of Agriculture			<u>\$ 734,236</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-10-31330-00	\$ 27,050
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-08-26	<u>427,550</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 454,600</u>
U.S. Department of the Interior - Bureau of Land Management			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 43,225</u>
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	<u>\$ 17,276</u>
U.S. Department of Transportation			
Passed through State Department of Transportation			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Z-09-214339-00	\$ 1,076
Alcohol Open Container Requirements	20.607	Z-10-220500-00	<u>12,774</u>
Total U.S. Department of Transportation			<u>\$ 13,850</u>
Appalachian Regional Commission			
Passed-through Tennessee Appalachian Center for Higher Education:			
Appalachian Area Development	23.002	(2)	<u>\$ 5,000</u>
Institute of Museum and Library Services:			
Passed through Tennessee Secretary of State:			
Grants to States	45.310	(2)	<u>\$ 1,000</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 79,749
Passed-through State Department of Education:			
Title I Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	482,003
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	59,929
Special Education Cluster:			
Special Education - Grants To States	84.027	N/A	275,010
Special Education - Grants to States, Recovery Act	84.391	N/A	142,699
Special Education - Preschool Grants	84.173	N/A	12,104
Special Education - Preschool Grants, Recovery Act	84.392	N/A	130

(Continued)

Jackson County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Special Education Cluster (Cont.):			
Career and Technical Education - Basic Grants to States	84.048	N/A	\$ 34,235
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	746
Twenty-first Century Community Learning Centers	84.287	(2)	400,000
Education Technology Cluster:			
Education Technology State Grants	84.318	(2)	5,103
Education Technology State Grants, Recovery Act	84.386	(2)	9,390
Reading First State Grants	84.357	(2)	90,400
Rural Education	84.358	N/A	33,182
Improving Teacher Quality State Grants	84.367	N/A	61,791
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	557
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	N/A	300,500
State Fiscal Stabilization Fund - Government Services Recovery Act	84.397	(5)	164,892
Total U.S. Department of Education			\$ 2,152,420
U.S. Department of Health and Human Services:			
Passed through State Department of Health:			
ARRA – Grants to Health Center Programs	93.703	GG-1030704-00	\$ 56,444
U.S. Department of Homeland Security:			
Passed through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 144,293
Total Expenditures of Federal Awards			\$ 3,622,344
<u>State Grants</u>			
		Contract Number	
Lottery for Education - PreK - State Department of Education	N/A	(2)	\$ 302,022
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	9,000
Aging Program - Upper Cumberland Development District	N/A	(2)	14,239
Law Enforcement Training - State Department of Safety	N/A	(2)	5,400
Local Health Services Grant - State Department of Health	N/A	(2)	9,732
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	4,412
Litter Program - State Department of Transportation	N/A	(2)	25,819
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	3,887
Total State Grants			\$ 374,511

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) National School Lunch Program (\$427,187), National School Snack Program (\$12,046).
- (4) Total for CFDA No. 10.555 is \$492,829.
- (5) Coordinated School Health (\$100,000), Internet Connectivity (\$4,627), Family Resource Centers (\$33,300), Statewide Student Management Systems (\$4,103), Career Ladder - Extended Contract (\$11,452), Safe Schools (\$11,500).

Jackson County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2010

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, 2009, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.01	168	The General Fund required material audit adjustments for the financial statements to be materially correct at year-end
09.02	168	Expenditures exceeded appropriations
09.03	169	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>
09.04	170	The execution docket trial balance did not reconcile with general ledger accounts
09.05	170	The clerk and master did not post short-term account activity to the accounting records

**OFFICE OF SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.06	171	The office did not deposit funds within three days of collection as required by state statute

## OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.08	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
09.09	172	The Industrial Development Board of the County of Jackson, Tennessee, was not audited



## 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. The county mayor provided a written response, which has been paraphrased in this report.

### OFFICE OF COUNTY MAYOR

#### FINDING 10.01      **THE GENERAL FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**

(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2010, 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 10.02      **JACKSON COUNTY DID NOT ACCOUNT FOR AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) GRANTS SEPARATELY FROM OTHER COUNTY FUNDS**

(Internal Control – Significant Deficiency Under Government Auditing Standards and OMB Circular A-133)

Jackson County comingled ARRA revenues and expenditures with other local, state, and federal funds. The U.S. Office of Management and Budget (OMB) Compliance Supplement requires grantees to agree to maintain records that identify adequately the source (i.e., revenues) and application (i.e., expenditures) of ARRA awards. Tennessee Office of Recovery Act Management (TRAM) Directive No. 2 requires county governments to account for ARRA grant awards and expenditures separately from other revenues and expenditures in the county's financial accounting system. This comingling of funds violates OMB's compliance requirements (and the grant agreement) and increases the risks of preparing

inaccurate reports required by ARRA. When ARRA grant requirements are not followed, the OMB can terminate the grants; suspend or debar the county from receiving grants; or, in serious cases, apply civil or criminal penalties. County officials stated they were unaware of the requirements. However, numerous informational meetings were held across the state, and various educational materials were distributed to local governments concerning ARRA requirements. We presented audit adjustments to management that they approved and posted to properly present ARRA revenues and expenditures in the financial statements in this report.

**RECOMMENDATION**

Jackson County should separate the source (revenue) and application (expenditure) of ARRA grant funds on the county’s accounting records.

**MANAGEMENT’S RESPONSE – COUNTY MAYOR**

We concur. This has been corrected for fiscal year 2010-2011. I assure you that the County Mayor’s Office will continue to maintain the revenue and expenditure records properly.

**FINDING 10.03**      **EXPENDITURES EXCEEDED APPROPRIATIONS**  
 (Noncompliance Under Government Auditing Standards)

Our audit revealed the following deficiencies in budget operations:

- A. Expenditures exceeded total appropriations approved by the County Commission in the Drug Control Fund by \$4,540.
- B. 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:	
County Buildings	\$ 9,075
Other Charges	2,825
Solid Waste/Sanitation:	
Other Charges	8,369
Debt Service:	
Other Charges	3,163

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.” These deficiencies exist 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. These deficiencies resulted in unauthorized expenditures.

#### RECOMMENDATION

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

---

#### FINDING 10.04      **LEAVE RECORDS WERE NOT ON FILE TO SUPPORT PAYROLL DISBURSEMENTS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

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 these employees and could not provide us with accrued leave balances at June 30, 2010. Leave records showing leave earned, used, and the balance are maintained by each department head; however, these records are not centrally filed. Sound business practices dictate that leave records of 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.

---

#### FINDING 10.05      **A CAPITAL OUTLAY NOTE WAS NOT ISSUED IN COMPLIANCE WITH STATE STATUTES** (Noncompliance Under Government Auditing Standards)

County officials issued a \$200,000 capital outlay note to refinance a 2007 capital outlay note for jail construction without the approval of the County Commission and the state Comptroller’s Office as required by Section 9-21-601, Tennessee Code Annotated (TCA). Also, county officials did not file a Report on Debt Obligations with the state Comptroller’s

Office as required by Section 9-21-151, TCA. This statute requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the cost of issuance. A Report on Debt Obligation was filed on August 23, 2010. Management stated they were not aware of the statutory requirements.

#### RECOMMENDATION

Capital outlay notes should be issued in compliance with state statutes.

---

#### OFFICE OF ROAD SUPERINTENDENT

FINDING 10.06      **APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDS IN THE HIGHWAY/PUBLIC WORKS FUND**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The budget and subsequent amendments submitted to and approved by the County Commission for the Highway/Public Works Fund resulted in appropriations exceeding estimated available funding by \$3,139. Sound budgetary principles dictate that appropriations be held within estimated available funding. This budget deficiency was a result of the estimated beginning fund balance not being adjusted to reflect that the actual beginning fund balance exceeded the beginning estimate by \$148,965.

#### RECOMMENDATION

Appropriations that exceed estimated available funds should not be submitted to the County Commission, and the County Commission should not approve such appropriations. The estimated beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions and should be amended during the year when it becomes apparent that the original estimate varies from the actual amount by a material amount.

---

#### OFFICE OF CLERK AND MASTER

FINDING 10.07      **THE EXECUTION DOCKET TRIAL BALANCE DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS**  
(Noncompliance Under Government Auditing Standards)

At June 30, 2010, 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, the trial balance did not reconcile with the general ledger accounts by \$1,070. 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.

---

FINDING 10.08      **THE CLERK DID NOT POST SHORT-TERM INVESTMENT ACCOUNT ACTIVITY TO THE ACCOUNTING RECORDS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

During the year examined, the clerk and master did not post short-term investment account 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 account reflected on the accounting records was overstated by \$4,892 at June 30, 2010. 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 account activity should be posted properly 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 10.09      **SOME 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 10.10      **JACKSON COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**  
(Internal Control – Material Weakness Under Government Auditing Standards)

Jackson County has a material audit finding that has been reported in its annual financial reports for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
10.01, 09.01, 08.01	The General Fund required material audit adjustments for proper financial statement presentation

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. The Local Government Modernization Act of 2005 in Section 9-3-405, Tennessee Code Annotated (TCA), encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board, or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under Government Auditing Standards. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Jackson County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If findings continue to recur, Jackson County may be required to establish an Audit Committee in accordance with provisions of Section 9-3-405, TCA.

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**FINDING 10.11 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. Also, this deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report.

**RECOMMENDATION**

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

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**FINDING 10.12 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.

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## **BEST PRACTICE**

### **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED**

Jackson County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. The Division of County Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice and would significantly improve accountability and the quality of services provided to the citizens of Jackson County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

<u>Federal/Pass-through Agencies</u>	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Health and Human Services: Passed-through State Department of Health: ARRA - Grants to Health Center Programs	10.13	93.703	<u>Circular A-133,</u> Section 500 (c)(3)	Significant Deficiency in Internal Control See Finding 10.02 - ARRA grant funds were not accounted for separately from other county funds	\$ 0

**JACKSON COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2010**

There were no audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

**County Mayor – Corrective Action Plan for Current-Year's Findings**

**FINDINGS 10.02 and 10.13**

Contact person: John Cason

Corrective action planned: This has been corrected for the fiscal year 2010-11 by using the revenue code 47301 and expenditure code 58801-706.

Anticipated completion date: 2010-11