
ANNUAL FINANCIAL REPORT

JACKSON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT
JACKSON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011**

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

***DIVISION OF COUNTY AUDIT
JAMES R. ARNETTE
Director***

***CARL LOWE, CGFM
Audit Manager***

***ANITA SCARLETT, CPA
Auditor 4***

***TIM BRASHEARS, CGFM
KELLEY J. McNEAL, CPA, CGFM
State Auditors***

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

JACKSON COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Jackson County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Jackson County as of and for the year ended June 30, 2011.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include two component units whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in 17 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 and General Debt Service funds required material audit adjustments for proper financial statement presentation.
 - ◆ Jackson County did not comply with management directives from the Office of Tennessee Recovery Act Management.
 - ◆ The General Fund had a fund deficit.
 - ◆ Expenditures exceeded appropriations.
 - ◆ The office had deficiencies in purchasing procedures.
 - ◆ Numerous misclassifications were noted in the accounting records.
 - ◆ Leave records were not on file to support payroll disbursements.
 - ◆ General ledger payroll liability accounts were not reconciled.
 - ◆ Interfund receivables and payables were not liquidated on a current basis.
-

OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER

- ◆ Multiple employees operated from the same cash drawer.
-

OFFICE OF COUNTY CLERK

- ◆ Bank statements were not reconciled with the general ledger.
 - ◆ The office did not review its software audit logs.
-

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND CLERK AND MASTER

- ◆ The execution docket trial balances did not reconcile with general ledger accounts.
 - ◆ The circuit and general sessions courts clerk and the clerk and master did not post short-term investment account activity to their accounting records.
-

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND SHERIFF

- ◆ Some collections were not deposited within three days.
-

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.
-

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.

INTRODUCTORY SECTION

Jackson County Officials

June 30, 2011

Officials

John Cason, County Mayor
Edward Anderson, Road Superintendent
Joe Barlow, Director of Schools
Vernon Ragland, Trustee
Kimberly Rhoten Crabtree, Assessor of Property
Mary Jo White, County Clerk
Jeff Hardy, Circuit and General Sessions Courts Clerk
Sherrie Osborne, Clerk and Master
Kim Barham, Register
Brad Stafford, Sheriff

Board of County Commissioners

John Cason, County Mayor, Chairman	
Scott Allen	Richard Head
Greg Anderson	Randy Heady
Buddy Brown	Shane Keith
Joey Denson	Diane Martin
Larry Fox	Willard Mayberry
Jonathan Goad	Billy Myers
Carl Haile	Jack Smith
Barry Hammock	Jerry Smith
Bruce Hawkins	Karl Smith

Board of Education

Dewey Mabery, Chairman
Mark Brown
James Robert Childress
Scott Heinrich
Jeff Lynn
Sandra Ragland

FINANCIAL SECTION



**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 31, 2011

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, 2011, 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 and the Industrial Development Board of the County of Jackson, Tennessee, component units requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the 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, 2011, and the results of operations of the aggregate discretely presented component units, for the year then 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, 2011, 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 31, 2011, 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 Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

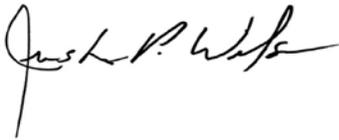
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 58 through 67 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 financial statements as a whole. 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 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Jackson County, Tennessee
Statement of Net Assets
June 30, 2011

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Jackson County School Department</u>
<u>ASSETS</u>		
Cash	\$ 670	\$ 0
Equity in Pooled Cash and Investments	2,164,670	5,327,009
Inventories	0	29,255
Accounts Receivable	192,911	2,367
Allowance for Uncollectibles	(35,569)	0
Due from Other Governments	626,480	564,437
Note Proceeds Receivable	195,218	0
Property Taxes Receivable	2,794,803	1,733,485
Allowance for Uncollectible Property Taxes	(102,302)	(63,453)
Deferred Charges - Debt Issuance Cost	0	24,317
Capital Assets:		
Assets Not Depreciated:		
Land	364,836	173,658
Construction in Progress	0	2,274,421
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	6,470,103	9,010,521
Other Capital Assets	1,072,129	600,270
Infrastructure	13,749,321	0
Total Assets	<u>\$ 27,493,270</u>	<u>\$ 19,676,287</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 437,930	\$ 8,842
Accrued Payroll	0	9,314
Payroll Deductions Payable	73,398	0
Accrued Interest Payable	16,284	0
Deferred Revenue - Current Property Taxes	2,562,231	1,589,233
Noncurrent Liabilities:		
Due Within One Year	383,089	391,000
Due in More Than One Year	4,620,325	8,401,269
Total Liabilities	<u>\$ 8,093,257</u>	<u>\$ 10,399,658</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 16,652,975	\$ 3,621,187
Restricted for:		
Debt Service	1,528,184	0
Solid Waste/Sanitation	72,968	0
Drug Control	7,649	0
Highway/Public Works	889,213	0
Capital Projects	67,937	138,280
School Federal Projects	0	278,399
Central Cafeteria	0	312,693
Basic Education Program	0	2,691,611
Other Purposes	142,404	1,810,693
Unrestricted	<u>38,683</u>	<u>423,766</u>
Total Net Assets	<u>\$ 19,400,013</u>	<u>\$ 9,276,629</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, 2011

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Unit	
						Jackson County	School Department
Primary Government:							
Governmental Activities:							
General Government	\$ 616,861	\$ 81,460	\$ 62,078	\$ 2,000	\$ (471,323)	\$ 0	\$ 0
Finance	323,571	228,709	0	0	(94,862)	0	0
Administration of Justice	466,285	153,556	9,000	0	(303,729)	0	0
Public Safety	2,272,288	997,286	78,025	0	(1,196,977)	0	0
Public Health and Welfare	400,500	556,966	34,894	54,500	245,860	0	0
Social, Cultural, and Recreational Services	91,620	0	13,578	0	(78,042)	0	0
Agriculture and Natural Resources	208,423	0	1,932	0	(206,491)	0	0
Other Operations	1,965,630	0	0	488,350	(1,477,280)	0	0
Highways/Public Works	2,930,884	63,259	1,455,249	1,523,624	111,248	0	0
Interest on Long-term Debt	48,849	0	0	0	(48,849)	0	0
Other Debt Service	26,382	0	0	0	(26,382)	0	0
Total Governmental Activities	\$ 9,351,293	\$ 2,081,236	\$ 1,654,756	\$ 2,068,474	\$ (3,546,827)	\$ 0	\$ 0
Total Primary Government	\$ 9,351,293	\$ 2,081,236	\$ 1,654,756	\$ 2,068,474	\$ (3,546,827)	\$ 0	\$ 0
Component Unit:							
Jackson County School Department	\$ 13,681,557	\$ 225,733	\$ 2,657,322	\$ 18,661	\$ 0	\$ (10,779,841)	\$ (10,779,841)
Total Component Unit	\$ 13,681,557	\$ 225,733	\$ 2,657,322	\$ 18,661	\$ 0	\$ (10,779,841)	\$ (10,779,841)

(Continued)

Exhibit B

Jackson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
				Total Governmental Activities	Jackson County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 2,669,756	\$ 1,635,782
Local Option Sales Taxes				115,512	477,292
Wheel Tax				0	171,046
Business Tax				32,271	0
Mineral Severance Tax				36,132	0
Wholesale Beer Tax				63,749	0
Litigation Taxes				22,220	0
Other Local Taxes				4,965	1,172
Grants and Contributions Not Restricted to Specific Programs				439,246	9,081,556
Unrestricted Investment Earnings				56,174	556
Gain on Disposal of Capital Assets				5,028	0
Miscellaneous				44,452	41,679
Total General Revenues				\$ 3,489,505	\$ 11,409,083
Change in Net Assets				\$ (57,322)	\$ 629,242
Net Assets, July 1, 2010				19,457,335	8,647,387
Net Assets, June 30, 2011				\$ 19,400,013	\$ 9,276,629

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, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
\$	0	0	0	0	0	670	670
Cash	440,660	55,740	680,347	912,337	75,586		2,164,670
Equity in Pooled Cash and Investments	185,871	844	6,196	0	0		192,911
Accounts Receivable	(35,569)	0	0	0	0		(35,569)
Allowance for Uncollectibles	76,338	0	410,807	139,335	0		626,480
Due from Other Governments	670	0	0	492,796	0		493,466
Due from Other Funds	195,218	0	0	0	0		195,218
Note Proceeds Receivable	2,175,701	424,527	194,575	0	0		2,794,803
Property Taxes Receivable	(79,640)	(15,540)	(7,122)	0	0		(102,302)
Allowance for Uncollectible Property Taxes							
Total Assets	\$ 2,959,249	\$ 465,571	\$ 1,284,803	\$ 1,544,468	\$ 76,256	\$ 670	\$ 6,330,347

ASSETS

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

LIABILITIES AND FUND BALANCES

\$	220,723	\$	0	\$	217,207	\$	0
Accounts Payable	69,994	3,404	0	0	0	0	437,930
Payroll Deductions Payable	492,796	0	0	0	670	0	73,398
Due to Other Funds	1,994,649	389,199	178,383	0	0	0	493,466
Deferred Revenue - Current Property Taxes	92,690	18,850	9,070	0	0	0	2,562,231
Deferred Revenue - Delinquent Property Taxes	134,866	0	122,190	50,470	0	0	120,610
Other Deferred Revenues							307,526
Total Liabilities	\$ 3,005,718	\$ 411,453	\$ 526,850	\$ 50,470	\$ 670	\$ 670	\$ 3,995,161
Fund Balances							
Restricted:							
Restricted for General Government	\$ 12,029	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,029
Restricted for Administration of Justice	74,396	0	0	0	0	0	74,396
Restricted for Public Safety	55,979	0	0	0	7,649	0	63,628
Restricted for Public Health and Welfare	0	54,118	0	0	0	0	54,118
Restricted for Highways/Public Works	0	0	689,557	0	0	0	689,557
Restricted for Debt Service	0	0	0	1,493,998	0	0	1,493,998

(Continued)

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

Exhibit C-1

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	
\$	0	0	0	0	67,937	67,937
	0	0	68,396	0	0	68,396
(188,873)			0			(188,873)
\$ (46,469)	\$ 54,118	\$ 757,953	\$ 1,493,998	\$ 75,586	\$ 2,335,186	
\$ 2,959,249	\$ 465,571	\$ 1,284,803	\$ 1,544,468	\$ 76,256	\$ 6,330,347	

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances (Cont.)
Restricted (Cont.):
Restricted for Capital Projects
Committed:
Committed for Highways/Public Works
Unassigned
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, 2011

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)		\$ 2,335,186
(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: buildings and improvements net of accumulated depreciation	6,470,103	
Add: infrastructure net of accumulated depreciation	13,749,321	
Add: other capital assets net of accumulated depreciation	<u>1,072,129</u>	21,656,389
(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	\$ (226,100)	
Less: notes payable	(851,314)	
Less: other loans payable	(3,926,000)	
Less: accrued interest on bonds, notes, other loans, and capital leases	<u>(16,284)</u>	(5,019,698)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>428,136</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 19,400,013</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, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Capital Projects	Other	Governmental Funds	
<u>Revenues</u>								
Local Taxes	\$ 2,303,076	\$ 401,190	\$ 219,413	\$ 26,282	\$ 0	\$ 0	\$ 0	\$ 2,949,961
Licenses and Permits	1,663	0	0	0	0	0	0	1,663
Fines, Forfeitures, and Penalties	40,839	0	0	0	0	0	5,971	46,810
Charges for Current Services	568,065	0	0	0	0	0	7,259	575,324
Other Local Revenues	153,631	11,198	86,396	0	5,561	0	11,250	268,036
Fees Received from County Officials	372,120	0	0	0	0	0	0	372,120
State of Tennessee	1,100,553	6,042	1,579,511	293,200	0	0	0	2,979,306
Federal Government	720,292	0	1,271,135	0	0	0	0	1,991,427
Other Governments and Citizens Groups	60,000	0	0	0	0	0	0	60,000
Total Revenues	\$ 5,320,239	\$ 418,430	\$ 3,156,455	\$ 319,482	\$ 5,561	\$ 24,480	\$ 24,480	\$ 9,244,647
<u>Expenditures</u>								
Current:								
General Government	\$ 571,276	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 571,276
Finance	323,571	0	0	0	0	0	0	323,571
Administration of Justice	459,026	0	0	0	0	0	7,259	466,285
Public Safety	2,305,865	0	0	0	0	0	7,747	2,313,612
Public Health and Welfare	657,934	439,721	0	0	0	0	2,555	1,100,210
Social, Cultural, and Recreational Services	91,530	0	0	0	0	0	0	91,530
Agriculture and Natural Resources	208,423	0	0	0	0	0	0	208,423
Other Operations	1,947,005	8,148	0	7,414	0	0	3,063	1,965,630
Highways	16,302	0	2,856,143	0	0	0	0	2,872,445
Debt Service:								
Principal on Debt	0	0	51,470	290,880	0	0	0	342,350
Interest on Debt	0	0	9,380	38,172	0	0	0	47,552
Other Debt Service	0	0	0	26,382	0	0	0	26,382
Capital Projects - Donated	0	0	0	0	1,413,655	0	0	1,413,655
Total Expenditures	\$ 6,580,932	\$ 447,869	\$ 2,916,993	\$ 362,848	\$ 1,413,655	\$ 20,624	\$ 20,624	\$ 11,742,921
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,260,693)	\$ (29,439)	\$ 239,462	\$ (43,366)	\$ (1,408,094)	\$ 3,856	\$ (2,498,274)	

(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	Education Capital Projects	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>								
Bonds Issued	\$ 194,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 194,600
Notes Issued	195,218	0	49,950	0	0	0	0	245,168
Other Loans Issued	0	0	0	0	1,408,094	0	0	1,408,094
Total Other Financing Sources (Uses)	\$ 389,818	\$ 0	\$ 49,950	\$ 0	\$ 1,408,094	\$ 0	\$ 0	\$ 1,847,862
Net Change in Fund Balances	\$ (870,875)	\$ (29,439)	\$ 289,412	\$ (43,366)	\$ 0	\$ 0	\$ 3,856	\$ (650,412)
Fund Balance, July 1, 2010	824,406	83,557	468,541	1,537,364	0	0	71,730	2,985,598
Fund Balance, June 30, 2011	\$ (46,469)	\$ 54,118	\$ 757,953	\$ 1,493,998	\$ 0	\$ 0	\$ 75,586	\$ 2,335,186

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, 2011

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)		\$ (650,412)
<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: assets purchased and capitalized	\$ 1,097,832	
Less: current-year depreciation expense	<u>(455,351)</u>	642,481
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Add: gain on disposal of capital assets	\$ 5,028	
Less: decrease of revenues for the sale of disposed assets	<u>(27,000)</u>	(21,972)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 428,136	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(356,840)</u>	71,296
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Add: principal payments on notes	\$ 187,250	
Add: principal payments on bonds	6,100	
Add: principal payments on other loans	149,000	
Less: bond proceeds	(194,600)	
Less: note proceeds	<u>(245,168)</u>	(97,418)
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest on bonds	\$ (2,423)	
Change in accrued interest on notes	<u>1,126</u>	<u>(1,297)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (57,322)</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 283,810
Due from Other Governments	<u>45,099</u>
Total Assets	<u>\$ 328,909</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 45,099
Due to Litigants, Heirs, and Others	<u>283,810</u>
Total Liabilities	<u>\$ 328,909</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, 2011

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. As of the date of this report, the 2010-11 financial statements of the Industrial Development Board of the County of Jackson, Tennessee, have not been contracted for audit.

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 \$1,413,655 were contributed by the county to the School Department during the year ended June 30, 2011.

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 special revenue fund accounts for transactions relating to the disposal of Jackson County’s solid waste. Local taxes are the foundational revenues of this fund.

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

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

Education Capital Projects Fund – This fund is used to account for debt issued by Jackson County that is subsequently contributed to the discretely presented Jackson County School Department for construction and renovation projects.

Additionally, Jackson County reports the following fund type:

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.

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

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

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.

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

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 1.95 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.

Most payables are disaggregated on the face of the financial statements.

The General Fund had a note proceeds receivable of \$195,218 at June 30, 2011. This receivable represents the amount of capital outlay notes proceeds that were available but had not been drawn down by the county at year-end. This amount was received by Jackson County on July 12, 2011.

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. Inventories are offset in the nonspendable fund balance account in the governmental funds.

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 other postemployment benefits, 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 \$142,404, with the primary restrictions being for: (1) computer systems for various offices (\$56,981) and (2) driver's safety school (\$73,066). For the discretely presented School Department, the account balance in Restricted for Other Purposes totals \$1,810,693 and consists primarily of restrictions for: (1) wheel tax revenues (\$893,247) and (2) special sales tax revenues (\$899,391).

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

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and the Board of Education are authorized bodies to make assignments.

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

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 capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, 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 General Fund had a fund deficit of \$188,873 at June 30, 2011. This fund deficit resulted from the failure of management to maintain expenditures within available resources. This deficit will be liquidated from tax collections subsequent to June 30, 2011.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation Fund by \$9,367.

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	\$ 9,058
Other Administration of Justice	995
Sheriff's Department	193,220
Ambulance/Emergency Medical Services	997
Senior Citizens Assistance	4,182
Other Charges	11,863
Miscellaneous	2,997
General Debt Service:	
Other Charges	6,914
Principal on Debt/General Government	4,194
Other Debt Service/General Government	4,925

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

D. Appropriations Exceeded Estimated Available Funds in the General Fund

The budget and subsequent amendments submitted to and approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funding by \$192,321. Sound budgetary principles dictate that appropriations be held within estimated available funding. This budget deficiency was a result of the County Commission approving budget amendments in excess of available funding.

E. Interfund Receivables and Payables Were Not Liquidated on A Current Basis

Management did not liquidate interfund balances in a timely manner. Financial statements of this report reflect a Due from Other Funds in the General Debt Service Fund and a Due to Other Funds in the General Fund of \$492,796 at June 30, 2011. As of the date of this report, this entire amount remains unpaid. These interfund balances are the net result of the incorrect posting of contracted prisoner boarding from 2007-11 as provided by the county's budget allocations approved by the County Commission.

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, 2011.

B. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 364,836	\$ 0	\$ 0	\$ 364,836
Construction in Progress	108,085	0	(108,085)	0
Total Capital Assets Not Depreciated	\$ 472,921	\$ 0	\$ (108,085)	\$ 364,836
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,948,689	\$ 856,814	\$ 0	\$ 7,805,503
Infrastructure	16,152,509	27,842	0	16,180,351
Other Capital Assets	2,418,397	321,261	(66,546)	2,673,112
Total Capital Assets Depreciated	\$ 25,519,595	\$ 1,205,917	\$ (66,546)	\$ 26,658,966
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,182,905	\$ 152,495	\$ 0	\$ 1,335,400
Infrastructure	2,288,867	142,163	0	2,431,030
Other Capital Assets	1,484,864	160,693	(44,574)	1,600,983
Total Accumulated Depreciation	\$ 4,956,636	\$ 455,351	\$ (44,574)	\$ 5,367,413
Total Capital Assets Depreciated, Net	\$ 20,562,959	\$ 750,566	\$ (21,972)	\$ 21,291,553
Governmental Activities Capital Assets, Net	\$ 21,035,880	\$ 750,566	\$ (130,057)	\$ 21,656,389

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

Governmental Activities:

General Government	\$ 40,024
Public Safety	152,944
Public Health and Welfare	49,019
Social, Cultural, and Recreational Services	90
Highways/Public Works	<u>213,274</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 455,351</u></u>

Discretely Presented Jackson County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 173,658	\$ 0	\$ 173,658
Construction in Progress	90,916	2,183,505	2,274,421
Total Capital Assets Not Depreciated	<u>\$ 264,574</u>	<u>\$ 2,183,505</u>	<u>\$ 2,448,079</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 12,614,081	\$ 0	\$ 12,614,081
Other Capital Assets	1,089,220	0	1,089,220
Total Capital Assets Depreciated	<u>\$ 13,703,301</u>	<u>\$ 0</u>	<u>\$ 13,703,301</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 3,349,535	\$ 254,025	\$ 3,603,560
Other Capital Assets	415,631	73,319	488,950
Total Accumulated Depreciation	<u>\$ 3,765,166</u>	<u>\$ 327,344</u>	<u>\$ 4,092,510</u>
Total Capital Assets Depreciated, Net	<u>\$ 9,938,135</u>	<u>\$ (327,344)</u>	<u>\$ 9,610,791</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 10,202,709</u></u>	<u><u>\$ 1,856,161</u></u>	<u><u>\$ 12,058,870</u></u>

There were no decreases in capital assets during the year. Depreciation expense was charged to functions of the discretely presented Jackson County School Department as follows:

Governmental Activities:

Instruction	\$ 254,025
Support Services	<u>73,319</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 327,344</u></u>

C. Construction Commitment

At June 30, 2011, the School Department had uncompleted construction contracts of approximately \$36,014 for school building projects. Funding for these future expenditures has been transferred from the General Purpose School Fund to the Education Capital Projects Fund.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 670
General Debt Service	General	492,796
Discretely Presented School Department:		
Education Capital Projects	General Purpose School	123,500

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, 2011, consisted of the following amounts:

Discretely Presented Jackson County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Education Capital Projects Fund
School Federal Projects Fund	\$ 25,062	\$ 0
Nonmajor governmental fund	60,000	0
General Purpose School Fund	0	858,500

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, 2011, 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, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	4 to 5 %	\$ 330,600	\$ 226,100
Capital Outlay Notes	3.19 to 3.75	1,194,247	851,314
Other Loans	variable	4,700,000	3,926,000

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, 2011, the variable interest rate for these loans was .27 percent and other fees totaled approximately .35 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, 2011, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 220,423	\$ 30,415	\$ 250,838
2013	326,786	21,693	348,479
2014	162,826	11,429	174,255
2015	141,279	5,279	146,558
Total	\$ 851,314	\$ 68,816	\$ 920,130

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 154,000	\$ 10,600	\$ 18,912	\$ 183,512
2013	159,000	10,185	18,250	187,435
2014	165,000	9,755	17,567	192,322
2015	171,000	9,310	16,858	197,168
2016	177,000	8,848	16,122	201,970
2017-2021	978,000	36,745	68,684	1,083,429
2022-2026	1,160,000	22,598	46,168	1,228,766
2027-2031	962,000	6,345	18,258	986,603
Total	\$ 3,926,000	\$ 114,386	\$ 220,819	\$ 4,261,205

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 8,666	\$ 8,572	\$ 17,238
2013	9,057	8,958	18,015
2014	9,351	8,529	17,880
2015	9,549	8,096	17,645
2016	4,151	7,624	11,775
2017-2021	17,932	35,543	53,475
2022-2026	18,167	32,083	50,250
2027-2031	22,103	28,147	50,250
2032-2036	26,892	23,358	50,250
2037-2041	32,719	17,531	50,250
2042-2046	39,806	10,444	50,250
2047-2049	27,707	2,443	30,150
Total	\$ 226,100	\$ 191,328	\$ 417,428

There is \$1,493,998 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$19, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$430, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
Balance, July 1, 2010	\$ 37,600	\$ 793,396	\$ 4,075,000
Additions	194,600	245,168	0
Deductions	(6,100)	(187,250)	(149,000)
Balance, June 30, 2011	\$ 226,100	\$ 851,314	\$ 3,926,000
Balance Due Within One Year	\$ 8,666	\$ 220,423	\$ 154,000

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 5,003,414
Less: Balance Due Within One Year	<u>(383,089)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,620,325</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, 2011, will be retired from the General Purpose School Fund.

Other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Other Loans	variable	\$ 10,065,000	\$ 8,462,000

In a prior year, Jackson County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$6,300,000 to the School Department for construction of a middle school. This loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the School Department pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2011, the variable interest rate was .37 percent, and other fees totaled approximately .25 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal, and a trustee fee of \$85 per month.

During the prior year, 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 and for various school construction and renovation projects. 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, 2011, the variable interest rate was .33 percent, and other fees totaled approximately .75 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, 2011, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2012	\$ 391,000	\$ 29,960	\$ 46,840	\$ 467,800
2013	405,000	28,597	44,500	478,097
2014	434,000	27,184	42,088	503,272
2015	449,000	25,673	39,481	514,154
2016	475,000	24,108	36,801	535,909
2017-2021	2,327,000	94,986	140,904	2,562,890
2022-2026	2,349,000	55,276	83,358	2,487,634
2027-2029	1,632,000	11,799	21,336	1,665,135
Total	\$ 8,462,000	\$ 297,583	\$ 455,308	\$ 9,214,891

Debt per capita totaled \$727, based on the 2010 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, 2011, was as follows:

Governmental Activities:

	Other Loans	Other Postemployment Benefits
Balance, July 1, 2010	\$ 7,425,906	\$ 213,580
Additions	1,408,094	162,508
Deductions	(372,000)	(45,819)
Balance, June 30, 2011	<u>\$ 8,462,000</u>	<u>\$ 330,269</u>
Balance Due Within One Year	<u>\$ 391,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 8,792,269
Less: Balance Due Within One Year	<u>(391,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,401,269</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

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

Primary Government

The State of Tennessee pays health insurance premiums for some retired employees on-behalf of Jackson County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2011, were \$470. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Jackson County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Jackson County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2011, were \$44,765 and \$7,521, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

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 Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Jackson County and the Jackson County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Subsequent Events

On August 19, 2011, Jackson County issued a \$170,000 capital outlay note for an ambulance and an ambulance remount.

On October 6, 2011, Jackson County issued an \$85,000 capital outlay note for courthouse renovations.

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. Changes in Administration

The table below presents officials who left office on August 31, 2010, and their successors:

<u>Office</u>	<u>Official</u>	<u>Successor</u>
County Mayor	Charlie Hix	John Cason
County Clerk	Belinda Ward	Mary Jo White
Circuit and General Sessions Courts Clerk	Aaron Thomas	Jeff Hardy
Sheriff	Charles Collier	Brad Stafford

F. Jointly Governed Organization

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

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

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 to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 7.3 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, 2011, the county's annual pension cost of \$281,806 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 2.5 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 ten-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, 2009, was 15 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
6-30-11	\$281,806	100%	\$0
6-30-10	233,895	100	0
6-30-09	227,927	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 million, and the actuarial value of assets was \$5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3 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 SETHEEPP. 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.

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, 2011, was 9.05 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, 2011, 2010, and 2009, were \$531,598, \$383,972, and \$400,687, respectively, equal to the required contributions for each year.

2. Deferred Compensation

The discretely presented Jackson County School Department offers its employees a deferred compensation plan established pursuant to IRC Section 457. All costs of administering and funding this program are the responsibility of the plan participants. The Section 457 plan

assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 457 establishes participation, contribution, and withdrawal provisions for the plans.

H. 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 Plan. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) 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, 2011, the discretely presented Jackson County School Department contributed \$45,819 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
ARC	\$ 117,000	\$ 45,000
Interest on the NPO	7,645	1,967
Adjustment to the ARC	(7,241)	(1,863)
Annual OPEB cost	\$ 117,404	\$ 45,104
Amount of contribution	(45,519)	(300)
Increase/decrease in NPO	\$ 71,885	\$ 44,804
Net OPEB obligation, 7-1-10	169,880	43,700
Net OPEB obligation, 6-30-11	\$ 241,765	\$ 88,504

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 88,199	32%	\$ 104,395
6-30-10	"	112,248	42	169,880
6-30-11	"	117,404	39	241,765
6-30-10	Medicare Supplement*	44,000	1	43,700
6-30-11	"	45,104	1	88,504

* Data available for only two years.

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 1,280,000	\$ 550,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,280,000	\$ 550,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 3,628,990	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, 2010, actuarial valuation for the Local Education Plan, 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) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 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 ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 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.

I. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

Chapter 111, Private Acts of 1951, as amended, and Section 54-7-113, *TCA* (Uniform Road Law), govern purchasing procedures for the Road Department. Chapter 111, Private Acts of 1951, directs the road

superintendent to make necessary purchases and to file a report with the County Commission for all purchases exceeding \$1,000. Provisions of the Uniform Road Law require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Revenues						
Local Taxes	\$ 2,303,076	\$ 0	\$ 2,303,076	\$ 2,368,464	\$ 2,368,464	\$ (65,388)
Licenses and Permits	1,663	0	1,663	1,000	1,000	663
Fines, Forfeitures, and Penalties	40,839	0	40,839	39,930	47,675	(6,836)
Charges for Current Services	568,065	0	568,065	567,000	594,830	(26,765)
Other Local Revenues	153,631	0	153,631	203,500	265,611	(111,980)
Fees Received from County Officials	372,120	0	372,120	387,000	387,000	(14,880)
State of Tennessee	1,100,553	0	1,100,553	852,422	1,052,176	48,377
Federal Government	720,292	0	720,292	14,400	774,717	(54,425)
Other Governments and Citizens Groups	60,000	0	60,000	60,000	60,000	0
Total Revenues	\$ 5,320,239	\$ 0	\$ 5,320,239	\$ 4,493,716	\$ 5,551,473	\$ (231,234)
Expenditures						
General Government						
County Commission	\$ 40,617	\$ 0	\$ 40,617	\$ 42,104	\$ 42,104	\$ 1,487
Board of Equalization	1,140	0	1,140	750	1,140	0
Beer Board	0	0	0	200	0	0
Budget and Finance Committee	0	0	0	646	46	46
Other Boards and Committees	0	0	0	431	31	31
County Mayor/Executive	147,208	0	147,208	145,869	147,209	1
County Attorney	5,503	0	5,503	6,003	6,003	500
Election Commission	141,818	0	141,818	148,215	148,215	6,397
Register of Deeds	89,060	0	89,060	94,881	94,881	5,821
County Buildings	143,090	0	143,090	119,687	134,032	(9,058)
Other General Administration	470	0	470	0	470	0
Preservation of Records	2,370	0	2,370	1,525	2,487	117

(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 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance</u>						
Property Assessor's Office	\$ 91,192	0	\$ 91,192	\$ 93,713	\$ 93,713	\$ 2,521
Reappraisal Program	480	0	480	626	626	146
County Trustee's Office	91,246	0	91,246	101,453	101,453	10,207
County Clerk's Office	140,653	0	140,653	125,661	144,245	3,592
<u>Administration of Justice</u>						
Circuit Court	168,671	0	168,671	173,662	173,662	4,991
General Sessions Court	133,563	0	133,563	115,817	134,000	437
Chancery Court	89,597	0	89,597	91,245	91,245	1,648
Juvenile Court	26,149	0	26,149	30,483	30,483	4,334
Judicial Commissioners	37,051	0	37,051	38,251	38,251	1,200
Other Administration of Justice	3,995	0	3,995	3,000	3,000	(995)
<u>Public Safety</u>						
Sheriff's Department	1,030,738	0	1,030,738	640,634	837,518	(193,220)
Administration of the Sexual Offender Registry	3,296	0	3,296	550	6,696	3,400
Jail	1,121,979	0	1,121,979	915,433	1,126,645	4,666
Fire Prevention and Control	64,058	0	64,058	12,000	96,116	32,058
Other Emergency Management	59,760	0	59,760	55,900	59,761	1
Other Public Safety	26,034	0	26,034	5,000	26,235	201
<u>Public Health and Welfare</u>						
Local Health Center	45,572	0	45,572	35,406	469,013	423,441
Ambulance/Emergency Medical Services	604,883	0	604,883	595,624	603,886	(997)
Alcohol and Drug Programs	0	0	0	900	900	900
Regional Mental Health Center	5,811	0	5,811	5,811	5,811	0
Appropriation to State	1,668	0	1,668	15,300	15,300	13,632

(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 7/1/2010	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	\$ 18,589	\$ 0	\$ 18,589	\$ 17,537	\$ 23,362	\$ 4,773
Senior Citizens Assistance	21,719	0	21,719	17,537	17,537	(4,182)
Libraries	51,222	0	51,222	56,055	56,055	4,833
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	44,019	0	44,019	44,454	44,454	435
Soil Conservation	164,404	0	164,404	51,672	164,404	0
<u>Other Operations</u>						
Industrial Development	1,178	0	1,178	2,500	2,500	1,322
Housing and Urban Development	769,265	(171,975)	597,290	0	843,555	246,265
Other Economic and Community Development	0	0	0	500	500	500
Airport	2,652	0	2,652	3,500	2,653	1
Other Charges	344,901	0	344,901	284,078	333,088	(11,863)
Contributions to Other Agencies	21,314	0	21,314	28,665	28,665	7,351
Employee Benefits	145,072	0	145,072	140,000	151,651	6,579
ARRA Grant No. 1	569,236	0	569,236	583,405	583,405	14,169
Miscellaneous	93,387	0	93,387	94,500	90,390	(2,997)
<u>Highways</u>						
Litter and Trash Collection	16,302	0	16,302	29,237	29,237	12,935
Total Expenditures	\$ 6,580,932	\$ (171,975)	\$ 6,408,957	\$ 4,969,920	\$ 7,006,583	\$ 597,626
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,260,693)	\$ 171,975	\$ (1,088,718)	\$ (476,204)	\$ (1,455,110)	\$ 366,392

(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 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 194,600	0	\$ 194,600	0	\$ 194,600	\$ 0
Notes Issued	195,218	0	195,218	0	194,600	618
Total Other Financing Sources (Uses)	\$ 389,818	0	\$ 389,818	0	\$ 389,200	618
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (870,875)	171,975	\$ (698,900)	(476,204)	\$ (1,065,910)	\$ 367,010
	824,406	(171,975)	652,431	873,589	873,589	(221,158)
Fund Balance, June 30, 2011	\$ (46,469)	0	\$ (46,469)	397,385	\$ (192,321)	\$ 145,852

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 401,190	\$ 403,232	\$ 403,232	\$ (2,042)
Other Local Revenues	11,198	18,000	18,000	(6,802)
State of Tennessee	6,042	2,500	2,500	3,542
Total Revenues	<u>\$ 418,430</u>	<u>\$ 423,732</u>	<u>\$ 423,732</u>	<u>\$ (5,302)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 255,425	\$ 249,114	\$ 254,112	\$ (1,313)
Convenience Centers	184,296	178,964	184,390	94
<u>Other Operations</u>				
Other Charges	8,148	0	0	(8,148)
Total Expenditures	<u>\$ 447,869</u>	<u>\$ 428,078</u>	<u>\$ 438,502</u>	<u>\$ (9,367)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (29,439)</u>	<u>\$ (4,346)</u>	<u>\$ (14,770)</u>	<u>\$ (14,669)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 0	\$ 139	\$ (139)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 139</u>	<u>\$ (139)</u>
Net Change in Fund Balance	\$ (29,439)	\$ (4,346)	\$ (14,631)	\$ (14,808)
Fund Balance, July 1, 2010	<u>83,557</u>	<u>83,553</u>	<u>83,553</u>	<u>4</u>
Fund Balance, June 30, 2011	<u>\$ 54,118</u>	<u>\$ 79,207</u>	<u>\$ 68,922</u>	<u>\$ (14,804)</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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 219,413	\$ 195,000	\$ 210,257	\$ 9,156
Other Local Revenues	86,396	49,000	79,600	6,796
State of Tennessee	1,579,511	1,324,800	1,328,756	250,755
Federal Government	1,271,135	1,222,243	2,488,666	(1,217,531)
Total Revenues	<u>\$ 3,156,455</u>	<u>\$ 2,791,043</u>	<u>\$ 4,107,279</u>	<u>\$ (950,824)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 127,882	\$ 137,560	\$ 138,160	\$ 10,278
Highway and Bridge Maintenance	1,955,247	980,908	2,066,143	110,896
Operation and Maintenance of Equipment	446,763	392,500	472,360	25,597
Other Charges	54,312	63,800	63,800	9,488
Employee Benefits	101,070	105,500	109,000	7,930
Capital Outlay	170,869	1,334,000	1,525,991	1,355,122
<u>Principal on Debt</u>				
Highways and Streets	51,470	63,000	58,620	7,150
<u>Interest on Debt</u>				
Highways and Streets	9,380	0	9,380	0
Total Expenditures	<u>\$ 2,916,993</u>	<u>\$ 3,077,268</u>	<u>\$ 4,443,454</u>	<u>\$ 1,526,461</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 239,462</u>	<u>\$ (286,225)</u>	<u>\$ (336,175)</u>	<u>\$ 575,637</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 49,950	\$ 0	\$ 49,950	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 49,950</u>	<u>\$ 0</u>	<u>\$ 49,950</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 289,412	\$ (286,225)	\$ (286,225)	\$ 575,637
Fund Balance, July 1, 2010	468,541	377,381	377,381	91,160
Fund Balance, June 30, 2011	<u>\$ 757,953</u>	<u>\$ 91,156</u>	<u>\$ 91,156</u>	<u>\$ 666,797</u>

Exhibit E-4

Jackson County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Jackson County School Department
June 30, 2011

(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)	UAAAL 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 year of the 2007 actuarial valuation; 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, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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
"	7-1-10	0	1,280	1,280	0	3,629	35
Medicare Supplement *	7-1-09	0	550	550	0	N/A	N/A
"	7-1-10	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, 2011

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. FUND DEFICIT

The General Fund had a fund deficit of \$188,873 at June 30, 2011. This fund deficit resulted from the failure of management to maintain expenditures within available resources. This deficit is expected to be liquidated from tax collections subsequent to June 30, 2011.

C. EXPENDITURES EXCEEDED APPROPRIATIONS

1. Expenditures exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation Fund by \$9,367.
2. Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General Fund:

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
County Buildings	\$ 9,058
Other Administration of Justice	995
Sheriff's Department	193,220
Ambulance/Emergency Medical Services	997
Senior Citizens Assistance	4,182
Other Charges	11,863
Miscellaneous	2,997

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

D. APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDS IN THE GENERAL FUND

The budget and subsequent amendments submitted to and approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funding by \$192,321. Sound budgetary principles dictate that appropriations be held within estimated available funding. This budget deficiency was a result of the County Commission approving budget amendments in excess of available funding.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Capital Projects Fund

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

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, 2011

	Special Revenue Funds		Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total	Community Development/ Industrial Park	
\$	0 \$	670 \$	670 \$	0 \$	670
	7,649	0	7,649	67,937	75,586
\$	7,649 \$	670 \$	8,319 \$	67,937 \$	76,256

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Total Assets

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>		<u>Fund Balances</u>	
Due to Other Funds	0 \$	670 \$	0 \$
Total Liabilities	0 \$	670 \$	0 \$
Restricted for Public Safety	7,649 \$	0 \$	0 \$
Restricted for Capital Projects	0	0	67,937
Total Fund Balances	7,649 \$	0 \$	67,937 \$
Total Liabilities and Fund Balances	7,649 \$	670 \$	8,319 \$
			67,937 \$
			75,586
			76,256

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, 2011

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total	Community Development/Industrial Park		
<u>Revenues</u>						
Fines, Forfeitures, and Penalties Charges for Current Services	\$ 5,971	\$ 0	\$ 5,971	\$ 0	\$ 5,971	
Other Local Revenues	0	7,259	7,259	0	7,259	
Total Revenues	\$ 5,971	\$ 7,259	\$ 13,230	\$ 11,250	\$ 24,480	
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 7,259	\$ 7,259	\$ 0	\$ 7,259	
Public Safety	7,747	0	7,747	0	7,747	
Public Health and Welfare	2,555	0	2,555	0	2,555	
Other Operations	0	0	0	3,063	3,063	
Total Expenditures	\$ 10,302	\$ 7,259	\$ 17,561	\$ 3,063	\$ 20,624	
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,331)	\$ 0	\$ (4,331)	\$ 8,187	\$ 3,856	
Net Change in Fund Balances Fund Balance, July 1, 2010	\$ (4,331)	\$ 0	\$ (4,331)	\$ 8,187	\$ 3,856	
Fund Balance, July 1, 2010	11,980	0	11,980	59,750	71,730	
Fund Balance, June 30, 2011	\$ 7,649	\$ 0	\$ 7,649	\$ 67,937	\$ 75,586	

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 5,971	\$ 37,000	\$ 40,173	\$ (34,202)
Total Revenues	\$ 5,971	\$ 37,000	\$ 40,173	\$ (34,202)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 7,747	\$ 44,489	\$ 47,470	\$ 39,723
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	2,555	2,500	2,692	137
Total Expenditures	\$ 10,302	\$ 46,989	\$ 50,162	\$ 39,860
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,331)	\$ (9,989)	\$ (9,989)	\$ 5,658
Net Change in Fund Balance	\$ (4,331)	\$ (9,989)	\$ (9,989)	\$ 5,658
Fund Balance, July 1, 2010	11,980	11,532	11,532	448
Fund Balance, June 30, 2011	\$ 7,649	\$ 1,543	\$ 1,543	\$ 6,106

Major Governmental Fund

General Debt Service Fund

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

Exhibit 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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 26,282	\$ 0	\$ 0	\$ 26,282
Other Local Revenues	0	7,200	7,200	(7,200)
State of Tennessee	293,200	293,200	293,200	0
Total Revenues	<u>\$ 319,482</u>	<u>\$ 300,400</u>	<u>\$ 300,400</u>	<u>\$ 19,082</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 7,414	\$ 500	\$ 500	\$ (6,914)
<u>Principal on Debt</u>				
General Government	290,880	286,686	286,686	(4,194)
<u>Interest on Debt</u>				
General Government	38,172	180,057	158,600	120,428
<u>Other Debt Service</u>				
General Government	26,382	0	21,457	(4,925)
Total Expenditures	<u>\$ 362,848</u>	<u>\$ 467,243</u>	<u>\$ 467,243</u>	<u>\$ 104,395</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (43,366)</u>	<u>\$ (166,843)</u>	<u>\$ (166,843)</u>	<u>\$ 123,477</u>
Net Change in Fund Balance	\$ (43,366)	\$ (166,843)	\$ (166,843)	\$ 123,477
Fund Balance, July 1, 2010	1,537,364	1,541,725	1,541,725	(4,361)
Fund Balance, June 30, 2011	<u>\$ 1,493,998</u>	<u>\$ 1,374,882</u>	<u>\$ 1,374,882</u>	<u>\$ 119,116</u>

Fiduciary Funds

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

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

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

Exhibit H-1

Jackson County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 283,810	\$ 283,810
Due from Other Governments	45,099	0	45,099
Total Assets	<u>\$ 45,099</u>	<u>\$ 283,810</u>	<u>\$ 328,909</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 45,099	\$ 0	\$ 45,099
Due to Litigants, Heirs, and Others	0	283,810	283,810
Total Liabilities	<u>\$ 45,099</u>	<u>\$ 283,810</u>	<u>\$ 328,909</u>

Exhibit H-2

Jackson County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 275,042	\$ 275,042	\$ 0
Due from Other Governments	46,125	45,099	46,125	45,099
Total Assets	\$ 46,125	\$ 320,141	\$ 321,167	\$ 45,099
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 46,125	\$ 320,141	\$ 321,167	\$ 45,099
Total Liabilities	\$ 46,125	\$ 320,141	\$ 321,167	\$ 45,099
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 552,486	\$ 2,777,009	\$ 3,045,685	\$ 283,810
Total Assets	\$ 552,486	\$ 2,777,009	\$ 3,045,685	\$ 283,810
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 552,486	\$ 2,777,009	\$ 3,045,685	\$ 283,810
Total Liabilities	\$ 552,486	\$ 2,777,009	\$ 3,045,685	\$ 283,810
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 552,486	\$ 2,777,009	\$ 3,045,685	\$ 283,810
Equity in Pooled Cash and Investments	0	275,042	275,042	0
Due from Other Governments	46,125	45,099	46,125	45,099
Total Assets	\$ 598,611	\$ 3,097,150	\$ 3,366,852	\$ 328,909
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 46,125	\$ 320,141	\$ 321,167	\$ 45,099
Due to Litigants, Heirs, and Others	552,486	2,777,009	3,045,685	283,810
Total Liabilities	\$ 598,611	\$ 3,097,150	\$ 3,366,852	\$ 328,909

Jackson County School Department

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

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for 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, 2011

Functions/Programs	Program Revenues			Charges for Services	Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Operating Grants and Contributions					
Governmental Activities:							
Instruction	\$ 7,832,403	\$ 1,373,649	\$ 2,778	\$ 25,790	\$ 2,778	\$	\$ (6,430,186)
Support Services	4,397,972	257,947	15,883	0	15,883		(4,124,142)
Operation of Non-Instructional Services	1,347,675	1,025,726	0	199,943	0		(122,006)
Interest on Long-term Debt	39,491	0	0	0	0		(39,491)
Other Debt Service	64,016	0	0	0	0		(64,016)
Total Governmental Activities	\$ 13,681,557	\$ 2,657,322	\$ 18,661	\$ 225,733	\$ 18,661	\$	\$ (10,779,841)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes						\$	1,635,782
Local Option Sales Taxes							477,292
Wheel Tax							171,046
Other Local Taxes							1,172
Grants and Contributions Not Restricted to Specific Programs							9,081,556
Unrestricted Investment Earnings							556
Miscellaneous							41,679
Total General Revenues						\$	11,409,083
Change in Net Assets						\$	629,242
Net Assets, July 1, 2010							8,647,387
Net Assets, June 30, 2011						\$	9,276,629

Exhibit I-2

Jackson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Jackson County School Department
June 30, 2011

	Major Funds			Nonmajor	Total
	General Purpose School	School Federal Projects	Education Capital Projects	Fund Central Cafeteria Fund	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 4,776,446	\$ 248,523	\$ 14,780	\$ 287,260	\$ 5,327,009
Inventories	0	0	0	29,255	29,255
Accounts Receivable	2,367	0	0	0	2,367
Due from Other Governments	529,541	29,876	0	5,020	564,437
Due from Other Funds	0	0	123,500	0	123,500
Property Taxes Receivable	1,733,485	0	0	0	1,733,485
Allowance for Uncollectible Property Taxes	(63,453)	0	0	0	(63,453)
Total Assets	\$ 6,978,386	\$ 278,399	\$ 138,280	\$ 321,535	\$ 7,716,600
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 8,842	\$ 8,842
Accrued Payroll	9,314	0	0	0	9,314
Due to Other Funds	123,500	0	0	0	123,500
Deferred Revenue - Current Property Taxes	1,589,233	0	0	0	1,589,233
Deferred Revenue - Delinquent Property Taxes	80,799	0	0	0	80,799
Other Deferred Revenues	36,328	0	0	0	36,328
Total Liabilities	\$ 1,839,174	\$ 0	\$ 0	\$ 8,842	\$ 1,848,016
<u>Fund Balances</u>					
Nonspendable:					
Inventory	\$ 0	\$ 0	\$ 0	\$ 29,255	\$ 29,255
Restricted:					
Restricted for Education	18,055	153,399	0	283,438	454,892
Committed:					
Committed for Education	4,484,249	125,000	0	0	4,609,249
Assigned:					
Assigned for Education	4,500	0	138,280	0	142,780
Unassigned	632,408	0	0	0	632,408
Total Fund Balances	\$ 5,139,212	\$ 278,399	\$ 138,280	\$ 312,693	\$ 5,868,584
Total Liabilities and Fund Balances	\$ 6,978,386	\$ 278,399	\$ 138,280	\$ 321,535	\$ 7,716,600

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, 2011

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)		\$	5,868,584
(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		2,274,421	
Add: buildings and improvements net of accumulated depreciation		9,010,521	
Add: other capital assets net of accumulated depreciation		<u>600,270</u>	12,058,870
(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	\$	(8,462,000)	
Add: deferred charges - debt issuance costs		24,317	
Less: other postemployment benefits liabilities		<u>(330,269)</u>	(8,767,952)
(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>117,127</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>9,276,629</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, 2011

	Major Funds			Nonmajor	Total
	General Purpose School	School Federal Projects	Education Capital Projects	Fund Central Cafeteria Fund	
<u>Revenues</u>					
Local Taxes	\$ 2,288,648	\$ 0	\$ 0	\$ 0	\$ 2,288,648
Licenses and Permits	780	0	0	0	780
Charges for Current Services	23,937	0	0	197,493	221,430
Other Local Revenues	66,244	0	148	408	66,800
State of Tennessee	9,055,432	0	0	0	9,055,432
Federal Government	331,014	1,634,235	0	707,964	2,673,213
Other Governments and Citizens Groups	0	0	1,413,655	0	1,413,655
Total Revenues	\$ 11,766,055	\$ 1,634,235	\$ 1,413,803	\$ 905,865	\$ 15,719,958
<u>Expenditures</u>					
Current:					
Instruction	\$ 6,098,845	\$ 1,175,463	\$ 0	\$ 0	\$ 7,274,308
Support Services	3,869,860	425,896	0	0	4,295,756
Operation of Non-Instructional Services	458,698	0	0	865,263	1,323,961
Capital Outlay	200,134	0	0	0	200,134
Debt Service:					
Principal on Debt	372,000	0	0	0	372,000
Interest on Debt	39,491	0	0	0	39,491
Other Debt Service	62,657	0	0	0	62,657
Capital Projects	0	0	2,223,363	0	2,223,363
Total Expenditures	\$ 11,101,685	\$ 1,601,359	\$ 2,223,363	\$ 865,263	\$ 15,791,670
Excess (Deficiency) of Revenues Over Expenditures	\$ 664,370	\$ 32,876	\$ (809,560)	\$ 40,602	\$ (71,712)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 85,062	\$ 0	\$ 858,500	\$ 0	\$ 943,562
Transfers Out	(858,500)	(25,062)	0	(60,000)	(943,562)
Total Other Financing Sources (Uses)	\$ (773,438)	\$ (25,062)	\$ 858,500	\$ (60,000)	\$ 0
Net Change in Fund Balances	\$ (109,068)	\$ 7,814	\$ 48,940	\$ (19,398)	\$ (71,712)
Fund Balance, July 1, 2010	5,248,280	270,585	89,340	332,091	5,940,296
Fund Balance, June 30, 2011	\$ 5,139,212	\$ 278,399	\$ 138,280	\$ 312,693	\$ 5,868,584

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, 2011

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)		\$ (71,712)
<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	\$ 2,183,505	
Less: current-year depreciation expense	<u>(327,344)</u>	1,856,161
<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, 2011	\$ 117,127	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(118,192)</u>	(1,065)
<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	\$ 372,000	
Less: deferred charges - debt issuance costs	(1,359)	
Less: other loan proceeds	<u>(1,408,094)</u>	(1,037,453)
<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>(116,689)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 629,242</u>

Exhibit I-6

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,288,648	\$ 0	\$ 0	\$ 2,288,648	\$ 2,365,130	\$ 2,365,130	\$ (76,482)
Licenses and Permits	780	0	0	780	950	950	(170)
Charges for Current Services	23,937	0	0	23,937	20,000	20,000	3,937
Other Local Revenues	66,244	0	0	66,244	44,500	44,500	21,744
State of Tennessee	9,055,432	0	0	9,055,432	9,004,207	9,056,493	(1,061)
Federal Government	331,014	0	0	331,014	81,386	310,386	20,628
Total Revenues	\$ 11,766,055	\$ 0	\$ 0	\$ 11,766,055	\$ 11,516,173	\$ 11,797,459	\$ (31,404)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,910,891	\$ (75,341)	\$ 3,430	\$ 4,838,980	\$ 5,018,039	\$ 5,209,615	\$ 370,635
Alternative Instruction Program	68,184	0	0	68,184	131,010	131,010	62,826
Special Education Program	609,136	0	0	609,136	703,615	703,615	94,479
Vocational Education Program	449,581	0	0	449,581	509,121	509,121	59,540
Adult Education Program	61,053	0	0	61,053	61,053	61,053	0
<u>Support Services</u>							
Attendance	97,399	0	0	97,399	100,958	100,958	3,559
Health Services	173,689	(228)	0	173,461	178,109	178,109	4,648
Other Student Support	152,903	0	0	152,903	286,470	286,470	133,567
Regular Instruction Program	386,042	0	0	386,042	514,622	546,847	160,805
Special Education Program	126,467	0	0	126,467	130,326	130,326	3,859
Vocational Education Program	13,912	0	0	13,912	15,498	15,498	1,586
Adult Programs	26,760	0	0	26,760	27,353	27,353	593
Other Programs	52,286	0	0	52,286	0	52,286	0

(Continued)

Exhibit I-6

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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 262,825	\$ (2,500)	\$ 2,500	\$ 262,825	\$ 278,253	\$ 278,253	\$ 15,428
Director of Schools	107,062	(537)	0	106,525	117,860	117,860	11,335
Office of the Principal	543,357	0	0	543,357	642,180	642,180	98,823
Fiscal Services	198,335	0	0	198,335	235,514	235,514	37,179
Operation of Plant	824,075	0	1,324	825,399	905,461	905,461	80,062
Maintenance of Plant	178,070	(1,627)	8,661	185,104	216,658	216,658	31,554
Transportation	726,678	(1,250)	1,527	726,955	844,735	844,735	117,780
<u>Operation of Non-Instructional Services</u>							
Food Service	70,872	0	0	70,872	74,168	74,168	3,296
Community Services	52,489	0	0	52,489	55,225	55,225	2,736
Early Childhood Education	335,337	(26,608)	3	308,732	308,732	308,732	0
<u>Capital Outlay</u>							
Regular Capital Outlay	200,134	(77,004)	72,280	195,410	275,000	275,000	79,590
Principal on Debt							
Education	372,000	0	0	372,000	372,000	372,000	0
Interest on Debt							
Education	39,491	0	0	39,491	441,700	441,700	402,209
Other Debt Service							
Education	62,657	0	0	62,657	102,400	102,400	39,743
Total Expenditures	\$ 11,101,685	\$ (185,095)	\$ 89,725	\$ 11,006,315	\$ 12,546,060	\$ 12,822,147	\$ 1,815,832
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 664,370	\$ 185,095	\$ (89,725)	\$ 759,740	\$ (1,029,887)	\$ (1,024,688)	\$ 1,784,428

(Continued)

Exhibit I-6

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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 85,062	\$ 0	\$ 0	\$ 85,062	\$ 82,774	\$ 82,774	\$ 2,288
Transfers Out	(858,500)	0	0	(858,500)	(1,000,000)	(1,005,199)	146,699
Total Other Financing Sources (Uses)	<u>\$ (773,438)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (773,438)</u>	<u>\$ (917,226)</u>	<u>\$ (922,425)</u>	<u>\$ 148,987</u>
Net Change in Fund Balance	\$ (109,068)	\$ 185,095	\$ (89,725)	\$ (13,698)	\$ (1,947,113)	\$ (1,947,113)	\$ 1,933,415
Fund Balance, July 1, 2010	5,248,280	(185,095)	0	5,063,185	1,947,113	1,947,113	3,116,072
Fund Balance, June 30, 2011	<u>\$ 5,139,212</u>	<u>\$ 0</u>	<u>\$ (89,725)</u>	<u>\$ 5,049,487</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,049,487</u>

Exhibit I-7

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,634,235	\$ 0	\$ 0	\$ 1,634,235	\$ 2,805,488	\$ 3,069,297	\$ (1,435,062)
Total Revenues	\$ 1,634,235	\$ 0	\$ 0	\$ 1,634,235	\$ 2,805,488	\$ 3,069,297	\$ (1,435,062)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 679,421	\$ (9,352)	\$ 4,769	\$ 674,838	\$ 1,213,807	\$ 1,273,587	\$ 598,749
Special Education Program	460,340	(125)	0	460,215	808,974	954,741	494,526
Vocational Education Program	35,702	0	0	35,702	35,143	35,702	0
<u>Support Services</u>							
Other Student Support	133,364	0	0	133,364	165,345	160,350	26,986
Regular Instruction Program	233,683	(5,143)	2,500	231,040	353,161	364,500	133,460
Special Education Program	50,416	0	0	50,416	77,018	116,646	66,230
Vocational Education Program	1,174	0	0	1,174	1,400	1,174	0
Transportation	7,259	0	0	7,259	26,531	32,642	25,383
Total Expenditures	\$ 1,601,359	\$ (14,620)	\$ 7,269	\$ 1,594,008	\$ 2,681,379	\$ 2,939,342	\$ 1,345,334
Excess (Deficiency) of Revenues Over Expenditures	\$ 32,876	\$ 14,620	\$ (7,269)	\$ 40,227	\$ 124,109	\$ 129,955	\$ (89,728)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (25,062)	\$ 0	\$ 0	\$ (25,062)	\$ (124,109)	\$ (135,482)	\$ 110,420
Total Other Financing Sources (Uses)	\$ (25,062)	\$ 0	\$ 0	\$ (25,062)	\$ (124,109)	\$ (135,482)	\$ 110,420
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 7,814	\$ 14,620	\$ (7,269)	\$ 15,165	\$ 0	\$ (5,527)	\$ 20,692
	270,585	(14,620)	0	255,965	5,527	5,527	250,438
Fund Balance, June 30, 2011	\$ 278,399	\$ 0	\$ (7,269)	\$ 271,130	\$ 5,527	\$ 0	\$ 271,130

Exhibit I-8

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 197,493	\$ 246,000	\$ 246,000	\$ (48,507)
Other Local Revenues	408	1,000	1,000	(592)
Federal Government	707,964	750,000	809,854	(101,890)
Total Revenues	<u>\$ 905,865</u>	<u>\$ 997,000</u>	<u>\$ 1,056,854</u>	<u>\$ (150,989)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 865,263	\$ 983,934	\$ 1,043,788	\$ 178,525
Total Expenditures	<u>\$ 865,263</u>	<u>\$ 983,934</u>	<u>\$ 1,043,788</u>	<u>\$ 178,525</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 40,602</u>	<u>\$ 13,066</u>	<u>\$ 13,066</u>	<u>\$ 27,536</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	\$ (19,398)	\$ (51,934)	\$ (51,934)	\$ 32,536
Fund Balance, July 1, 2010	<u>332,091</u>	<u>51,934</u>	<u>51,934</u>	<u>280,157</u>
Fund Balance, June 30, 2011	<u>\$ 312,693</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 312,693</u>

MISCELLANEOUS SCHEDULES

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, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Construction	\$ 300,000	3.39 %	3-1-07	3-1-13	\$ 200,000	0 \$	33,333 \$	166,667
Bridge Repair	85,688	5.15	9-6-07	9-6-10	30,005	0	30,005	0
Garbage Truck	208,891	3.75	10-22-09	10-22-14	208,891	0	38,763	170,128
Ambulance	104,500	3.39	3-29-10	3-29-13	104,500	0	33,679	70,821
Sheriff's Department Vehicles	195,218	3.69	6-2-11	6-2-15	0	195,218	0	195,218
Total Payable through General Debt Service Fund					\$ 543,396	\$ 195,218	\$ 135,780	\$ 602,834
<u>Payable through Highway/Public Works Fund</u>								
Street and Road Improvements	150,000	4	7-13-09	7-13-14	\$ 150,000	0 \$	27,696 \$	122,304
Street and Road Improvements	100,000	3.38	6-17-10	6-17-14	100,000	0	23,774	76,226
Backhoe	49,950	3.19	11-5-10	11-5-14	0	49,950	0	49,950
Total Payable through Highway/Public Works Fund					\$ 250,000	\$ 49,950	\$ 51,470	\$ 248,480
Total Notes Payable					\$ 793,396	\$ 245,168	\$ 187,250	\$ 851,314
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jail Construction	3,500,000	Variable	8-9-04	5-25-29	\$ 2,960,000	0 \$	118,000 \$	2,842,000
Jail Construction	1,200,000	Variable	10-23-06	5-25-31	1,115,000	0	31,000	1,084,000
Total Other Loans Payable					\$ 4,075,000	0 \$	149,000 \$	3,926,000

(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 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>PRIMARY GOVERNMENT (CONT.)</u>								
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Industrial Park (F.H.A.)	\$ 110,000	5 %	8-29-1975	1-1-15	\$ 28,100	\$ 0	\$ 5,100	\$ 23,000
Public Works (F.H.A.)	26,000	5	4-28-1978	1-1-18	9,500	0	1,000	8,500
Health Department (USDA)	194,600	4	2-22-11	2-22-49	0	194,600	0	194,600
Total Bonds Payable					\$ 37,600	\$ 194,600	\$ 6,100	\$ 226,100
<u>DISCRETELY PRESENTED JACKSON COUNTY SCHOOL DEPARTMENT</u>								
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
School Construction	6,300,000	Variable	3-5-01	5-25-29	\$ 5,259,000	\$ 0	\$ 172,000	\$ 5,087,000
Refunding/School Construction	3,765,000	Variable	12-15-09	5-25-29	2,166,906	1,408,094	200,000	3,375,000
Total Other Loans Payable					\$ 7,425,906	\$ 1,408,094	\$ 372,000	\$ 8,462,000

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
2012	\$ 220,423	\$ 30,415	\$ 250,838
2013	326,786	21,693	348,479
2014	162,826	11,429	174,255
2015	141,279	5,279	146,558
Total	\$ 851,314	\$ 68,816	\$ 920,130

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 154,000	\$ 10,600	\$ 18,912	\$ 183,512
2013	159,000	10,185	18,250	187,435
2014	165,000	9,755	17,567	192,322
2015	171,000	9,310	16,858	197,168
2016	177,000	8,848	16,122	201,970
2017	183,000	8,370	15,363	206,733
2018	189,000	7,876	14,575	211,451
2019	195,000	7,366	13,763	216,129
2020	202,000	6,839	12,926	221,765
2021	209,000	6,294	12,057	227,351
2022	216,000	5,729	11,159	232,888
2023	224,000	5,146	10,231	239,377
2024	232,000	4,541	9,268	245,809
2025	240,000	3,915	8,271	252,186
2026	248,000	3,267	7,239	258,506
2027	257,000	2,598	6,174	265,772
2028	267,000	1,903	5,069	273,972
2029	276,000	1,183	3,922	281,105
2030	79,000	437	1,716	81,153
2031	83,000	224	1,377	84,601
Total	\$ 3,926,000	\$ 114,386	\$ 220,819	\$ 4,261,205

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 8,666	\$ 8,572	\$ 17,238
2013	9,057	8,958	18,015
2014	9,351	8,529	17,880
2015	9,549	8,096	17,645
2016	4,151	7,624	11,775
2017	4,257	7,443	11,700
2018	4,367	7,258	11,625
2019	2,982	7,068	10,050
2020	3,101	6,949	10,050
2021	3,225	6,825	10,050
2022	3,354	6,696	10,050
2023	3,488	6,562	10,050
2024	3,628	6,422	10,050
2025	3,773	6,277	10,050
2026	3,924	6,126	10,050
2027	4,081	5,969	10,050
2028	4,244	5,806	10,050
2029	4,414	5,636	10,050
2030	4,590	5,460	10,050
2031	4,774	5,276	10,050
2032	4,965	5,085	10,050
2033	5,164	4,886	10,050
2034	5,370	4,680	10,050
2035	5,585	4,465	10,050
2036	5,808	4,242	10,050
2037	6,041	4,009	10,050
2038	6,282	3,768	10,050
2039	6,534	3,516	10,050
2040	6,795	3,255	10,050
2041	7,067	2,983	10,050
2042	7,349	2,701	10,050
2043	7,643	2,407	10,050
2044	7,949	2,101	10,050
2045	8,267	1,783	10,050
2046	8,598	1,452	10,050
2047	8,942	1,108	10,050
2048	9,299	751	10,050
2049	9,466	584	10,050
Total	\$ 226,100	\$ 191,328	\$ 417,428

(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.)

DISCRETELY PRESENTED JACKSON
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2012	\$ 391,000	\$ 29,960	\$ 46,840	\$ 467,800
2013	405,000	28,597	44,500	478,097
2014	434,000	27,184	42,088	503,272
2015	449,000	25,673	39,481	514,154
2016	475,000	24,108	36,801	535,909
2017	491,000	22,452	33,956	547,408
2018	507,000	20,739	31,036	558,775
2019	534,000	18,969	28,038	581,007
2020	387,000	17,105	24,876	428,981
2021	408,000	15,721	22,998	446,719
2022	428,000	14,263	21,017	463,280
2023	447,000	12,732	18,940	478,672
2024	470,000	11,133	16,775	497,908
2025	491,000	9,452	14,499	514,951
2026	513,000	7,696	12,127	532,823
2027	531,000	5,859	9,660	546,519
2028	550,000	3,956	7,133	561,089
2029	551,000	1,984	4,543	557,527
Total	\$ 8,462,000	\$ 297,583	\$ 455,308	\$ 9,214,891

Exhibit J-3

Jackson County, Tennessee
Schedule of Transfers
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 25,062
Central Cafeteria	General Purpose School	Supervisor's salary	60,000
General Purpose School	Education Capital Projects	School construction	858,500
Total Transfers Discretely Presented Jackson County School Department			<u>\$ 943,562</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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Charlie Hix (7-1-10 through 8-31-10)	Section 8-24-102, TCA	\$ 12,573	\$ 25,000	Western Surety Company
John Cason (9-1-10 through 6-30-11)	Section 8-24-102, TCA	47,777	25,000	"
Road Superintendent	Section 8-24-102, TCA, and Jackson County Commission	61,272 (1)	100,000	"
Director of Schools	State Board of Education and Jackson County Board of Education	75,641 (2)	(5)	"
Trustee	Section 8-24-102, TCA	52,251	525,400	"
Assessor of Property	Section 8-24-102, TCA	52,251	10,000	"
County Clerk:				
Belinda Ward (7-1-10 through 8-31-10)	Section 8-24-102, TCA	10,886	25,000	"
Mary Jo White (9-1-10 through 6-30-11)	Section 8-24-102, TCA	41,365	25,000	"
Circuit and General Sessions Courts Clerk:				
Aaron Thomas (7-1-10 through 8-31-10)	Section 8-24-102, TCA	10,886	25,000	"
Jeff Hardy (9-1-10 through 6-30-11)	Section 8-24-102, TCA	41,365	25,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	52,251 (3)	25,000	"
Register	Section 8-24-102, TCA	52,251	15,000	"
Sheriff:				
Charles Collier (7-1-10 through 8-31-10)	Section 8-24-102, TCA	11,974	25,000	"
Brad Stafford (9-1-11 through 6-30-11)	Section 8-24-102, TCA	45,503 (4)	25,000	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes an additional appropriation of \$3,795.
- (2) Includes a chief executive officer supplement of \$1,000.
- (3) Does not include special commissioner fees of \$7,259.
- (4) Does not include a law enforcement training supplement of \$600.
- (5) The director of schools is covered by the \$150,000 employee blanket bond.

Exhibit J-5

Jackson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2011

	Special Revenue Funds					Debt Service Fund			Capital Projects Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park			Education Capital Projects		
<u>Local Taxes</u>												
<u>County Property Taxes</u>												
Current Property Tax	\$ 1,910,436	\$ 352,025	\$ 0	\$ 0	\$ 170,220	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,432,681	
Trustee's Collections - Prior Year	88,822	38,418	0	0	8,043	0	0	0	0	0	135,283	
Circuit/Clerk & Master Collections - Prior Years	40,303	6,880	0	0	3,296	24,411	0	0	0	0	74,890	
Interest and Penalty	20,152	3,306	0	0	1,465	1,871	0	0	0	0	26,794	
<u>County Local Option Taxes</u>												
Local Option Sales Tax	117,283	0	0	0	0	0	0	0	0	0	117,283	
Litigation Tax - General	11,826	0	0	0	0	0	0	0	0	0	11,826	
Litigation Tax - Jail, Workhouse, or Courthouse	10,394	0	0	0	0	0	0	0	0	0	10,394	
Business Tax	32,271	0	0	0	0	0	0	0	0	0	32,271	
Mineral Severance Tax	0	0	0	0	36,132	0	0	0	0	0	36,132	
Other County Local Option Taxes	4,150	0	0	0	0	0	0	0	0	0	4,150	
<u>Statutory Local Taxes</u>												
Bank Excise Tax	2,875	561	0	0	257	0	0	0	0	0	3,693	
Wholesale Beer Tax	63,749	0	0	0	0	0	0	0	0	0	63,749	
Interstate Telecommunications Tax	815	0	0	0	0	0	0	0	0	0	815	
Total Local Taxes	\$ 2,303,076	\$ 401,190	\$ 0	\$ 0	\$ 219,413	\$ 26,282	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,949,961	
<u>Licenses and Permits</u>												
Permits												
Beer Permits	\$ 1,663	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,663	
Total Licenses and Permits	\$ 1,663	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,663	
<u>Fines, Forfeitures, and Penalties</u>												
Circuit Court												
Fines	\$ 2,671	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,671	
Officers Costs	634	0	0	0	0	0	0	0	0	0	634	
Data Entry Fee - Circuit Court	258	0	0	0	0	0	0	0	0	0	258	
<u>General Sessions Court</u>												
Fines	11,030	0	0	0	0	0	0	0	0	0	11,030	
Officers Costs	13,117	0	0	0	0	0	0	0	0	0	13,117	

(Continued)

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

	Special Revenue Funds					Debt Service Fund			Capital Projects Funds			Total	
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Service	Community Development/ Industrial Park			Education Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>													
<u>General Sessions Court (Cont.)</u>													
DUI Treatment Fines	\$ 1,684	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,684
Data Entry Fee - General Sessions Court	2,036	0	0	0	0	0	0	0	0	0	0	0	2,036
<u>Juvenile Court</u>													
Fines	86	0	0	0	0	0	0	0	0	0	0	0	86
<u>Chancery Court</u>													
Officers Costs	510	0	0	0	0	0	0	0	0	0	0	0	510
Data Entry Fee - Chancery Court	542	0	0	0	0	0	0	0	0	0	0	0	542
<u>Other Courts - In-county</u>													
Drug Control Fines	0	0	2,474	0	0	0	0	0	0	0	0	0	2,474
<u>Judicial District Drug Program</u>													
Courtroom Security Fee	526	0	0	0	0	0	0	0	0	0	0	0	526
<u>Other Fines, Forfeitures, and Penalties</u>													
Proceeds from Confiscated Property	7,745	0	3,497	0	0	0	0	0	0	0	0	0	11,242
<u>Total Fines, Forfeitures, and Penalties</u>	\$ 40,839	\$ 0	\$ 5,971	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,810
<u>Charges for Current Services</u>													
<u>General Service Charges</u>													
Other Employee Benefit Charges/Contributions	\$ 431	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 431
Patient Charges	523,677	0	0	0	0	0	0	0	0	0	0	0	523,677
<u>Fees</u>													
Copy Fees	1,885	0	0	0	0	0	0	0	0	0	0	0	1,885
Telephone Commissions	16,054	0	0	0	0	0	0	0	0	0	0	0	16,054
Special Commissioner Fees/Special Master Fees	0	0	0	7,259	0	0	0	0	0	0	0	0	7,259
Data Processing Fee - Register	4,182	0	0	0	0	0	0	0	0	0	0	0	4,182
Sexual Offender Registration Fees - Sheriff	4,594	0	0	0	0	0	0	0	0	0	0	0	4,594
Data Processing Fee - County Clerk	190	0	0	0	0	0	0	0	0	0	0	0	190
<u>Education Charges</u>													
Tuition - Other	17,052	0	0	0	0	0	0	0	0	0	0	0	17,052
<u>Total Charges for Current Services</u>	\$ 568,065	\$ 0	\$ 0	\$ 7,259	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 575,324

(Continued)

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

	Special Revenue Funds					Debt Service Fund			Capital Projects Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park			Education Capital Projects		
<u>Other Local Revenues</u>												
<u>Recurring Items</u>												
Investment Income	\$ 50,613	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,561	\$ 56,174	
Lease/Rentals	10,625	0	0	0	0	0	11,250	0	0	0	21,875	
Sale of Materials and Supplies	0	0	0	0	3,265	0	0	0	0	0	3,265	
Commissary Sales	27,759	0	0	0	0	0	0	0	0	0	27,759	
Sale of Gasoline	184	0	0	0	63,075	0	0	0	0	0	63,259	
Miscellaneous Refunds	42,255	0	0	0	2,056	0	0	0	0	0	44,311	
<u>Nonrecurring Items</u>												
Sale of Equipment	10,937	0	0	0	18,000	0	0	0	0	0	28,937	
Contributions and Gifts	5,670	0	0	0	0	0	0	0	0	0	5,670	
<u>Other Local Revenues</u>												
Other Local Revenues	5,588	11,198	0	0	0	0	0	0	0	0	16,786	
Total Other Local Revenues	\$ 153,631	\$ 11,198	\$ 0	\$ 0	\$ 86,396	\$ 0	\$ 11,250	\$ 5,561	\$ 268,036			
<u>Fees Received from County Officials</u>												
<u>Fees in-Lieu-of Salary</u>												
County Clerk	\$ 71,395	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 71,395	
Circuit Court Clerk	14,216	0	0	0	0	0	0	0	0	0	14,216	
General Sessions Court Clerk	47,050	0	0	0	0	0	0	0	0	0	47,050	
Clerk and Master	32,411	0	0	0	0	0	0	0	0	0	32,411	
Register	45,754	0	0	0	0	0	0	0	0	0	45,754	
Sheriff	4,170	0	0	0	0	0	0	0	0	0	4,170	
Trustee	157,124	0	0	0	0	0	0	0	0	0	157,124	
Total Fees Received from County Officials	\$ 372,120	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 372,120			
<u>State of Tennessee</u>												
<u>General Government Grants</u>												
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000	
Aging Programs	13,578	0	0	0	0	0	0	0	0	0	13,578	
Solid Waste Grants	0	6,042	0	0	0	0	0	0	0	0	6,042	
On-Behalf Contributions for OPEB	470	0	0	0	0	0	0	0	0	0	470	

(Continued)

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees		Highway / Public Works	General Debt Service	Community Development/ Industrial Park	
<u>State of Tennessee (Cont.)</u>									
<u>General Government Grants (Cont.)</u>									
Other General Government Grants	\$ 1,932	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,932
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	4,800	0	0	0	0	0	0	0	4,800
<u>Health and Welfare Grants</u>									
Health Department Programs	13,098	0	0	0	0	0	0	0	13,098
<u>Public Works Grants</u>									
State Aid Program	0	0	0	0	149,609	0	0	0	149,609
Litter Program	26,237	0	0	0	0	0	0	0	26,237
<u>Other State Revenues</u>									
Flood Control	0	0	0	0	3,956	0	0	0	3,956
Income Tax	17,510	0	0	0	0	0	0	0	17,510
Beer Tax	30,659	0	0	0	0	0	0	0	30,659
Alcoholic Beverage Tax	26,294	0	0	0	0	0	0	0	26,294
State Revenue Sharing - T.V.A.	361,090	0	0	0	0	0	0	0	361,090
Contracted Prisoner Boarding	577,860	0	0	0	0	293,200	0	0	871,060
Gasoline and Motor Fuel Tax	0	0	0	0	1,417,125	0	0	0	1,417,125
Petroleum Special Tax	0	0	0	0	8,821	0	0	0	8,821
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	15,164
Other State Revenues	2,861	0	0	0	0	0	0	0	2,861
Total State of Tennessee	\$ 1,100,553	\$ 6,042	\$ 0	\$ 0	\$ 1,579,511	\$ 293,200	\$ 0	\$ 0	\$ 2,979,306
<u>Federal Government</u>									
<u>Federal Through State</u>									
Community Development	\$ 472,950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 472,950
Disaster Relief	0	0	0	0	832,495	0	0	0	832,495
Other Federal through State	30,625	0	0	0	0	0	0	0	30,625
<u>Direct Federal Revenue</u>									
Police Service (Lake Area)	14,554	0	0	0	0	0	0	0	14,554
Medicare	1,200	0	0	0	0	0	0	0	1,200
Other Direct Federal Revenue	200,963	0	0	0	438,640	0	0	0	639,603
Total Federal Government	\$ 720,292	\$ 0	\$ 0	\$ 0	\$ 1,271,135	\$ 0	\$ 0	\$ 0	\$ 1,991,427

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds				Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees		Highway / Public Works	General Debt Service	Community Development / Industrial Park	Education Capital Projects	
\$ 60,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,000	
\$ 60,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,000	
\$ 5,320,239	\$ 418,430	\$ 5,971	\$ 7,259	\$ 3,156,455	\$ 319,482	\$ 11,250	\$ 5,561	\$ 9,244,647		

Other Governments and Citizens Groups

Other Governments

Contributions

Total Other Governments and Citizens Groups

Total

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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,515,354	\$ 0	\$ 0	\$ 0	\$ 1,515,354
Trustee's Collections - Prior Year	72,075	0	0	0	72,075
Circuit/Clerk & Master Collections - Prior Years	29,936	0	0	0	29,936
Interest and Penalty	12,564	0	0	0	12,564
<u>County Local Option Taxes</u>					
Local Option Sales Tax	484,210	0	0	0	484,210
Wheel Tax	171,046	0	0	0	171,046
Other County Local Option Taxes	405	0	0	0	405
<u>Statutory Local Taxes</u>					
Bank Excise Tax	2,291	0	0	0	2,291
Interstate Telecommunications Tax	767	0	0	0	767
Total Local Taxes	\$ 2,288,648	\$ 0	\$ 0	\$ 0	\$ 2,288,648
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 780	\$ 0	\$ 0	\$ 0	\$ 780
Total Licenses and Permits	\$ 780	\$ 0	\$ 0	\$ 0	\$ 780
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 147,597	\$ 0	\$ 147,597
Lunch Payments - Adults	0	0	26,410	0	26,410
A la carte Sales	0	0	23,486	0	23,486
Receipts from Individual Schools	23,937	0	0	0	23,937
Total Charges for Current Services	\$ 23,937	\$ 0	\$ 197,493	\$ 0	\$ 221,430
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 408	\$ 148	\$ 556
Lease/Rentals	2,450	0	0	0	2,450
Refund of Telecommunication and Internet Fees (E-Rate)	20,262	0	0	0	20,262
Miscellaneous Refunds	41,679	0	0	0	41,679
<u>Nonrecurring Items</u>					
Sale of Equipment	1,729	0	0	0	1,729
Contributions and Gifts	124	0	0	0	124
Total Other Local Revenues	\$ 66,244	\$ 0	\$ 408	\$ 148	\$ 66,800
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 52,286	\$ 0	\$ 0	\$ 0	\$ 52,286
<u>State Education Funds</u>					
Basic Education Program	7,514,404	0	0	0	7,514,404
Basic Education Program - ARRA	901,858	0	0	0	901,858
Early Childhood Education	308,732	0	0	0	308,732
School Food Service	9,030	0	0	0	9,030
Energy Efficient School Initiative	15,883	0	0	0	15,883
Other State Education Funds	2,778	0	0	0	2,778
Coordinated School Health - ARRA	100,000	0	0	0	100,000

(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>					
Internet Connectivity - ARRA	\$ 4,795	\$ 0	\$ 0	\$ 0	\$ 4,795
Family Resource Centers - ARRA	33,300	0	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	4,069	0	0	0	4,069
Career Ladder Program	81,641	0	0	0	81,641
Career Ladder - Extended Contract - ARRA	16,256	0	0	0	16,256
<u>Other State Revenues</u>					
Safe Schools - ARRA	10,400	0	0	0	10,400
Total State of Tennessee	\$ 9,055,432	\$ 0	\$ 0	\$ 0	\$ 9,055,432
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 419,457	\$ 0	\$ 419,457
USDA - Commodities	0	0	59,854	0	59,854
Breakfast	0	0	217,998	0	217,998
USDA - Other	0	0	10,655	0	10,655
Adult Education State Grant Program	73,448	0	0	0	73,448
Vocational Education - Basic Grants to States	0	32,238	0	0	32,238
Title I Grants to Local Education Agencies	0	584,114	0	0	584,114
Special Education - Grants to States	0	540,060	0	0	540,060
Special Education Preschool Grants	0	13,626	0	0	13,626
Safe and Drug-free Schools - State Grants	0	7,635	0	0	7,635
Rural Education	0	45,623	0	0	45,623
Appalachian Regional Commission	5,000	0	0	0	5,000
Eisenhower Professional Development State Grants	0	96,676	0	0	96,676
Job Training Partnership Act	0	15,000	0	0	15,000
Disaster Relief	7,847	0	0	0	7,847
Race to the Top - ARRA	0	88,840	0	0	88,840
Other Federal through State	244,719	120,522	0	0	365,241
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	0	89,901	0	0	89,901
Total Federal Government	\$ 331,014	\$ 1,634,235	\$ 707,964	\$ 0	\$ 2,673,213
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 1,413,655	\$ 1,413,655
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 1,413,655	\$ 1,413,655
Total	\$ 11,766,055	\$ 1,634,235	\$ 905,865	\$ 1,413,803	\$ 15,719,958

Exhibit J-7

Jackson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	21,763	
Social Security		1,679	
Audit Services		9,135	
Dues and Memberships		2,530	
Travel		1,208	
Other Contracted Services		4,302	
Total County Commission			\$ 40,617

Board of Equalization

Board and Committee Members Fees	\$	1,140	
Total Board of Equalization			1,140

County Mayor/Executive

County Official/Administrative Officer	\$	60,350	
Accountants/Bookkeepers		35,135	
Clerical Personnel		22,000	
Temporary Personnel		3,667	
Social Security		9,268	
Communication		2,160	
Dues and Memberships		1,075	
Maintenance and Repair Services - Office Equipment		269	
Travel		1,978	
Office Supplies		2,759	
Data Processing Equipment		8,547	
Total County Mayor/Executive			147,208

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		9,797	
Election Commission		19,998	
Election Workers		25,712	
In-Service Training		640	
Social Security		5,877	
Communication		1,524	
Legal Notices, Recording, and Court Costs		3,079	

(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	\$	15,478	
Travel		811	
Other Contracted Services		5,331	
Office Supplies		1,757	
Data Processing Equipment		4,745	
Voting Machines		43	
Total Election Commission			\$ 141,818

Register of Deeds

County Official/Administrative Officer	\$	52,251	
Clerical Personnel		22,000	
Social Security		5,680	
Communication		1,208	
Data Processing Services		3,777	
Dues and Memberships		422	
Maintenance and Repair Services - Office Equipment		312	
Travel		666	
Office Supplies		985	
Data Processing Equipment		1,500	
Office Equipment		259	
Total Register of Deeds			89,060

County Buildings

Custodial Personnel	\$	18,562	
Other Salaries and Wages		29,327	
Social Security		3,664	
Communication		929	
Maintenance and Repair Services - Buildings		21,603	
Pest Control		1,775	
Custodial Supplies		4,420	
Electricity		42,751	
Natural Gas		10,606	
Building Improvements		9,453	
Total County Buildings			143,090

Other General Administration

On-Behalf Payments to OPEB	\$	470	
Total Other General Administration			470

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Communication	\$	1,661	
Custodial Supplies		16	
Office Supplies		693	
Total Preservation of Records			\$ 2,370

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	52,251	
Clerical Personnel		22,000	
Social Security		5,680	
Audit Services		1,925	
Communication		1,036	
Data Processing Services		5,362	
Dues and Memberships		953	
Travel		1,544	
Office Supplies		441	
Total Property Assessor's Office			91,192

Reappraisal Program

Clerical Personnel	\$	435	
Social Security		45	
Total Reappraisal Program			480

County Trustee's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		22,000	
Social Security		5,680	
Communication		628	
Dues and Memberships		437	
Travel		30	
Office Supplies		635	
Data Processing Equipment		9,585	
Total County Trustee's Office			91,246

County Clerk's Office

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		58,949	
Other Salaries and Wages		3,134	
Social Security		8,756	
Communication		1,375	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Printing, Stationery, and Forms	\$	984	
Travel		593	
Office Supplies		3,963	
Data Processing Equipment		10,648	
Total County Clerk's Office			\$ 140,653

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		75,953	
Jury and Witness Expense		4,115	
Social Security		9,807	
Communication		2,315	
Data Processing Services		273	
Printing, Stationery, and Forms		3,125	
Travel		458	
Office Supplies		3,218	
Other Charges		430	
Data Processing Equipment		13,656	
Heating and Air Conditioning Equipment		2,576	
Other Equipment		494	
Total Circuit Court			168,671

General Sessions Court

Judge(s)	\$	99,307	
Secretary(ies)		22,000	
Social Security		9,280	
Communication		554	
Travel		1,408	
Office Supplies		1,014	
Total General Sessions Court			133,563

Chancery Court

County Official/Administrative Officer	\$	52,251	
Deputy(ies)		22,440	
Social Security		5,714	
Communication		1,543	
Data Processing Services		4,740	
Dues and Memberships		387	
Printing, Stationery, and Forms		700	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Travel	\$	1,000	
Office Supplies		669	
Data Processing Equipment		153	
Total Chancery Court			\$ 89,597

Juvenile Court

Youth Service Officer(s)	\$	22,000	
Social Security		1,683	
Communication		1,469	
Travel		39	
Other Contracted Services		958	
Total Juvenile Court			26,149

Judicial Commissioners

County Official/Administrative Officer	\$	33,416	
Social Security		2,556	
Travel		987	
Office Supplies		92	
Total Judicial Commissioners			37,051

Other Administration of Justice

County Official/Administrative Officer	\$	2,400	
Clerical Personnel		1,200	
Social Security		276	
Gasoline		119	
Total Other Administration of Justice			3,995

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,477	
Supervisor/Director		31,649	
Deputy(ies)		354,106	
Secretary(ies)		24,897	
School Resource Officer		72,281	
In-Service Training		9,173	
Social Security		41,910	
Communication		21,011	
Contracts with Government Agencies		5,397	
Dues and Memberships		1,500	
Maintenance and Repair Services - Equipment		2,912	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Vehicles	\$	45,442	
Printing, Stationery, and Forms		1,236	
Travel		2,134	
Equipment Parts - Light		11,219	
Gasoline		87,289	
Office Supplies		14,154	
Tires and Tubes		8,100	
Uniforms		5,268	
Motor Vehicles		223,816	
Other Equipment		<u>9,767</u>	
Total Sheriff's Department			\$ 1,030,738

Administration of the Sexual Offender Registry

Constitutional Officers' Operating Expenses	\$	<u>3,296</u>	
Total Administration of the Sexual Offender Registry			3,296

Jail

Supervisor/Director	\$	26,884	
Guards		526,221	
Cafeteria Personnel		51,590	
In-Service Training		4,489	
Social Security		45,874	
Medical and Dental Services		223,570	
Pest Control		1,531	
Custodial Supplies		20,230	
Electricity		40,752	
Food Preparation Supplies		8,134	
Food Supplies		125,138	
Prisoners Clothing		6,595	
Uniforms		5,076	
Water and Sewer		<u>35,895</u>	
Total Jail			1,121,979

Fire Prevention and Control

Contracts with Government Agencies	\$	1,500	
Contributions		20,500	
Matching Share		<u>42,058</u>	
Total Fire Prevention and Control			64,058

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Communication	\$	981	
Contributions		54,000	
Travel		3,220	
Office Supplies		616	
Other Equipment		943	
Total Other Emergency Management			\$ 59,760

Other Public Safety

Other Supplies and Materials	\$	26,034	
Total Other Public Safety			26,034

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	4,155	
Other Salaries and Wages		3,455	
Social Security		264	
Communication		4,227	
Maintenance and Repair Services - Buildings		17,980	
Travel		1,310	
Custodial Supplies		322	
Drugs and Medical Supplies		1,528	
Electricity		10,482	
Office Supplies		1,080	
Water and Sewer		769	
Total Local Health Center			45,572

Ambulance/Emergency Medical Services

Supervisor/Director	\$	32,396	
Medical Personnel		399,874	
Clerical Personnel		17,904	
In-Service Training		1,038	
Social Security		34,505	
Communication		5,477	
Laundry Service		2,565	
Licenses		2,138	
Maintenance and Repair Services - Equipment		2,861	
Maintenance and Repair Services - Vehicles		19,944	
Custodial Supplies		3,167	
Diesel Fuel		18,084	
Drugs and Medical Supplies		35,666	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Electricity	\$	12,701	
Natural Gas		3,242	
Office Supplies		3,867	
Uniforms		3,556	
Data Processing Equipment		503	
Other Equipment		<u>5,395</u>	
Total Ambulance/Emergency Medical Services	\$		604,883

Regional Mental Health Center

Contributions	\$	<u>5,811</u>	
Total Regional Mental Health Center			5,811

Appropriation to State

Contributions	\$	<u>1,668</u>	
Total Appropriation to State			1,668

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$	11,135	
Social Security		852	
Communication		393	
Office Supplies		339	
Utilities		<u>5,870</u>	
Total Adult Activities			18,589

Senior Citizens Assistance

Supervisor/Director	\$	13,020	
Social Security		996	
Communication		438	
Maintenance and Repair Services - Buildings		224	
Office Supplies		124	
Utilities		<u>6,917</u>	
Total Senior Citizens Assistance			21,719

Libraries

Assistant(s)	\$	12,670	
Supervisor/Director		22,000	
Social Security		2,652	
Communication		1,665	
Maintenance Agreements		495	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Travel	\$	346	
Custodial Supplies		1,254	
Library Books/Media		8,722	
Office Supplies		797	
Data Processing Equipment		621	
Total Libraries			\$ 51,222

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	20,135	
Secretary(ies)		5,496	
Social Security		780	
Extension Service Medicare		372	
State Retirement		2,551	
Communication		1,965	
Contracts with Private Agencies		10,120	
Travel		800	
Data Processing Equipment		1,800	
Total Agriculture Extension Service			44,019

Soil Conservation

Salary Supplements	\$	48,039	
Social Security		3,675	
Other Contracted Services		112,690	
Total Soil Conservation			164,404

Other Operations

Industrial Development

Other Supplies and Materials	\$	390	
Other Charges		788	
Total Industrial Development			1,178

Housing and Urban Development

Other Contracted Services	\$	769,265	
Total Housing and Urban Development			769,265

Airport

Maintenance and Repair Services - Buildings	\$	278	
Electricity		2,374	
Total Airport			2,652

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Liability Insurance	\$	166,506	
Premiums on Corporate Surety Bonds		5,780	
Trustee's Commission		67,394	
Workers' Compensation Insurance		105,221	
Total Other Charges			\$ 344,901

Contributions to Other Agencies

Contributions	\$	21,314	
Total Contributions to Other Agencies			21,314

Employee Benefits

State Retirement	\$	121,651	
Unemployment Compensation		23,421	
Total Employee Benefits			145,072

ARRA Grant # 1

Building Construction	\$	569,236	
Total ARRA Grant # 1			569,236

Miscellaneous

Contributions	\$	51,600	
Legal Notices, Recording, and Court Costs		3,068	
Postal Charges		20,889	
Other Contracted Services		6,500	
Other Charges		11,330	
Total Miscellaneous			93,387

Highways

Litter and Trash Collection

Guards	\$	8,377	
Clerical Personnel		611	
Social Security		688	
Maintenance and Repair Services - Vehicles		2,405	
Gasoline		59	
Instructional Supplies and Materials		4,162	
Total Litter and Trash Collection			16,302

Total General Fund \$ 6,580,932

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$	31,416	
Social Security		2,403	
Maintenance and Repair Services - Equipment		4,501	
Maintenance and Repair Services - Vehicles		24,282	
Contracts for Landfill Facilities		140,683	
Diesel Fuel		24,294	
Gasoline		5,042	
Tires and Tubes		10,741	
Other Supplies and Materials		4,017	
Solid Waste Equipment		8,046	
Total Waste Pickup			\$ 255,425

Convenience Centers

Guards	\$	155,890	
Social Security		11,925	
State Retirement		2,815	
Communication		3,157	
Electricity		8,399	
Water and Sewer		1,860	
Solid Waste Equipment		250	
Total Convenience Centers			184,296

Other Operations

Other Charges

Trustee's Commission	\$	8,148	
Total Other Charges			8,148

Total Solid Waste/Sanitation Fund \$ 447,869

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	5,000	
Maintenance and Repair Services - Vehicles		107	
Animal Food and Supplies		2,510	
Utilities		60	
Trustee's Commission		70	
Total Drug Enforcement			\$ 7,747

(Continued)

Exhibit J-7

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

Drug Control Fund (Cont.)

Public Health and Welfare

Alcohol and Drug Programs

Instructional Supplies and Materials	\$	1,441	
Other Supplies and Materials		1,114	
Total Alcohol and Drug Programs			\$ 2,555

Total Drug Control Fund \$ 10,302

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	7,259	
Total Chancery Court			\$ 7,259

Total Constitutional Officers - Fees Fund 7,259

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	61,272	
Accountants/Bookkeepers		42,670	
State Retirement		7,588	
Dues and Memberships		2,242	
Maintenance and Repair Services - Office Equipment		6,653	
Postal Charges		396	
Printing, Stationery, and Forms		1,501	
Travel		40	
Office Supplies		2,266	
Other Charges		3,254	
Total Administration			\$ 127,882

Highway and Bridge Maintenance

Foremen	\$	45,406
Equipment Operators		134,514
Truck Drivers		47,558
Laborers		209,674
State Retirement		17,671
Other Contracted Services		496,265
Asphalt - Cold Mix		46,333
Asphalt - Hot Mix		286,236
Asphalt - Liquid		113,098
Concrete		2,399

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Crushed Stone	\$	466,517	
General Construction Materials		15,497	
Other Road Supplies		7,396	
Pipe		50,024	
Road Signs		13,476	
Small Tools		746	
Structural Steel		1,432	
Other Supplies and Materials		1,005	
Total Highway and Bridge Maintenance			\$ 1,955,247

Operation and Maintenance of Equipment

Mechanic(s)	\$	90,699	
Nightwatchmen		33,908	
State Retirement		4,856	
Diesel Fuel		111,041	
Equipment and Machinery Parts		85,472	
Garage Supplies		844	
Gasoline		80,507	
Lubricants		8,121	
Small Tools		1,418	
Tires and Tubes		27,187	
Uniforms		1,138	
Other Supplies and Materials		1,572	
Total Operation and Maintenance of Equipment			446,763

Other Charges

Communication	\$	3,656	
Electricity		3,276	
Natural Gas		4,998	
Water and Sewer		252	
Building and Contents Insurance		3,546	
Liability Insurance		4,961	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		18,302	
Vehicle and Equipment Insurance		14,971	
Total Other Charges			54,312

Employee Benefits

Social Security	\$	50,926	
Unemployment Compensation		6,420	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Workers' Compensation Insurance	\$ 43,724	
Total Employee Benefits		\$ 101,070

Capital Outlay

Engineering Services	\$ 35,253	
Asphalt - Liquid	27,091	
Communication Equipment	649	
Highway Equipment	70,900	
Motor Vehicles	36,976	
Total Capital Outlay		170,869

Principal on Debt

Highways and Streets

Principal on Notes	\$ 51,470	
Total Highways and Streets		51,470

Interest on Debt

Highways and Streets

Interest on Notes	\$ 9,380	
Total Highways and Streets		9,380

Total Highway/Public Works Fund		\$ 2,916,993
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General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 7,414	
Total Other Charges		\$ 7,414

Principal on Debt

General Government

Principal on Bonds	\$ 6,100	
Principal on Notes	135,780	
Principal on Other Loans	149,000	
Total General Government		290,880

Interest on Debt

General Government

Interest on Bonds	\$ 2,668
Interest on Notes	19,449

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Interest on Debt (Cont.)</u>		
<u>General Government (Cont.)</u>		
Interest on Other Loans	\$ 16,055	
Total General Government		\$ 38,172
<u>Other Debt Service</u>		
<u>General Government</u>		
Other Debt Service	\$ 26,382	
Total General Government		<u>26,382</u>
Total General Debt Service Fund		\$ 362,848
<u>Community Development/Industrial Park Fund</u>		
<u>Other Operations</u>		
<u>Industrial Development</u>		
Utilities	\$ 2,950	
Total Industrial Development		\$ 2,950
<u>Other Charges</u>		
Trustee's Commission	\$ 113	
Total Other Charges		<u>113</u>
Total Community Development/Industrial Park Fund		3,063
<u>Education Capital Projects Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ 1,413,655	
Total Capital Projects Donated to School Department		\$ <u>1,413,655</u>
Total Education Capital Projects Fund		<u>1,413,655</u>
Total Governmental Funds - Primary Government		<u>\$ 11,742,921</u>

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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	3,282,281	
Career Ladder Program		44,095	
Career Ladder Extended Contracts		12,930	
Homebound Teachers		2,865	
Educational Assistants		92,433	
Other Salaries and Wages		96,948	
Certified Substitute Teachers		6,763	
Non-certified Substitute Teachers		67,364	
Social Security		209,622	
State Retirement		316,018	
Medical Insurance		275,360	
Unemployment Compensation		9,115	
Employer Medicare		49,048	
Other Fringe Benefits		9,000	
Other Contracted Services		22,525	
Instructional Supplies and Materials		40,592	
Textbooks		174,243	
Other Supplies and Materials		121,067	
Regular Instruction Equipment		78,622	
Total Regular Instruction Program			\$ 4,910,891

Alternative Instruction Program

Teachers	\$	48,685	
Career Ladder Program		1,000	
Educational Assistants		3,672	
Social Security		2,811	
State Retirement		4,756	
Medical Insurance		5,831	
Unemployment Compensation		53	
Employer Medicare		658	
Other Fringe Benefits		200	
Instructional Supplies and Materials		278	
Other Equipment		240	
Total Alternative Instruction Program			68,184

Special Education Program

Teachers	\$	373,975
Career Ladder Program		2,000
Educational Assistants		56,566

(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.)

Speech Pathologist	\$	17,940	
Other Salaries and Wages		5,291	
Certified Substitute Teachers		830	
Non-certified Substitute Teachers		7,324	
Social Security		26,347	
State Retirement		39,115	
Medical Insurance		37,035	
Unemployment Compensation		918	
Employer Medicare		6,189	
Other Fringe Benefits		1,000	
Contracts with Other Public Agencies		1,842	
Contracts with Private Agencies		10,400	
Tuition		3,523	
Instructional Supplies and Materials		6,063	
Other Supplies and Materials		3,327	
Special Education Equipment		9,451	
Total Special Education Program			\$ 609,136

Vocational Education Program

Teachers	\$	238,480	
Career Ladder Program		2,000	
Certified Substitute Teachers		255	
Non-certified Substitute Teachers		7,040	
Social Security		14,444	
State Retirement		21,763	
Medical Insurance		18,864	
Unemployment Compensation		333	
Employer Medicare		3,378	
Other Fringe Benefits		500	
Maintenance and Repair Services - Equipment		117	
Instructional Supplies and Materials		6,430	
Other Supplies and Materials		1,676	
Other Charges		134,301	
Total Vocational Education Program			449,581

Adult Education Program

Teachers	\$	49,594	
Social Security		2,240	
State Retirement		3,271	

(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.)

Medical Insurance	\$	3,853	
Unemployment Compensation		55	
Employer Medicare		730	
Instructional Supplies and Materials		1,310	
Total Adult Education Program			\$ 61,053

Support Services

Attendance

Supervisor/Director	\$	48,854	
Career Ladder Program		1,000	
Clerical Personnel		25,001	
Social Security		4,443	
State Retirement		6,327	
Medical Insurance		3,852	
Unemployment Compensation		162	
Employer Medicare		1,039	
Other Fringe Benefits		100	
Travel		1,271	
Other Contracted Services		4,070	
Other Supplies and Materials		65	
Attendance Equipment		1,215	
Total Attendance			97,399

Health Services

Medical Personnel	\$	82,047	
Other Salaries and Wages		28,777	
Social Security		6,019	
State Retirement		8,090	
Medical Insurance		15,418	
Unemployment Compensation		189	
Employer Medicare		1,408	
Other Fringe Benefits		200	
Communication		600	
Postal Charges		800	
Printing, Stationery, and Forms		1,500	
Travel		1,800	
Other Contracted Services		2,398	
Drugs and Medical Supplies		828	
Other Supplies and Materials		21,215	

(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		\$ 173,689

Other Student Support

Career Ladder Program	\$ 3,449	
Guidance Personnel	65,275	
Social Security	3,868	
State Retirement	6,219	
Medical Insurance	2,661	
Unemployment Compensation	187	
Employer Medicare	905	
Other Fringe Benefits	300	
Contracts with Government Agencies	60,000	
Evaluation and Testing	6,598	
Travel	3,070	
Other Supplies and Materials	371	
Total Other Student Support		152,903

Regular Instruction Program

Supervisor/Director	\$ 48,434
Career Ladder Program	8,474
Librarians	157,999
Instructional Computer Personnel	48,854
Clerical Personnel	5,600
Other Salaries and Wages	29,379
Certified Substitute Teachers	128
Non-certified Substitute Teachers	4,803
Social Security	19,197
State Retirement	27,385
Medical Insurance	14,223
Unemployment Compensation	477
Employer Medicare	4,490
Other Fringe Benefits	700
Communication	500
Postal Charges	500
Printing, Stationery, and Forms	2,000
Travel	7,036
Library Books/Media	4,722
Other Supplies and Materials	31

(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.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$	1,110	
Total Regular Instruction Program			\$ 386,042

Special Education Program

Supervisor/Director	\$	60,894	
Career Ladder Program		3,000	
Psychological Personnel		29,450	
Social Security		5,171	
State Retirement		8,339	
Medical Insurance		11,906	
Unemployment Compensation		93	
Employer Medicare		1,220	
Other Fringe Benefits		200	
Travel		2,650	
Other Contracted Services		2,590	
Other Supplies and Materials		554	
In Service/Staff Development		400	
Total Special Education Program			126,467

Vocational Education Program

Supervisor/Director	\$	11,309	
Social Security		701	
State Retirement		1,024	
Employer Medicare		164	
Travel		487	
Other Supplies and Materials		227	
Total Vocational Education Program			13,912

Adult Programs

Supervisor/Director	\$	8,223	
Clerical Personnel		12,465	
Social Security		1,095	
State Retirement		1,503	
Unemployment Compensation		106	
Employer Medicare		256	
Communication		1,539	
In Service/Staff Development		1,573	
Total Adult Programs			26,760

(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.)

Other Programs

On-Behalf Payments to OPEB	\$ 52,286	
Total Other Programs		\$ 52,286

Board of Education

Other Salaries and Wages	\$ 7,500	
Social Security	465	
Life Insurance	8,801	
Employer Medicare	109	
Audit Services	2,500	
Dues and Memberships	6,185	
Travel	151	
Other Supplies and Materials	4,927	
Liability Insurance	88,053	
Premiums on Corporate Surety Bonds	350	
Trustee's Commission	57,985	
Workers' Compensation Insurance	85,689	
In Service/Staff Development	110	
Total Board of Education		262,825

Director of Schools

County Official/Administrative Officer	\$ 74,641	
Career Ladder Extended Contracts	1,000	
Social Security	4,578	
State Retirement	6,851	
Medical Insurance	3,852	
Unemployment Compensation	54	
Employer Medicare	1,071	
Other Fringe Benefits	100	
Communication	5,279	
Postal Charges	192	
Travel	4,697	
Other Contracted Services	1,845	
Office Supplies	228	
In Service/Staff Development	75	
Administration Equipment	2,599	
Total Director of Schools		107,062

Office of the Principal

Principals	\$ 202,125	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Career Ladder Program	\$	6,000	
Assistant Principals		88,537	
Secretary(ies)		69,563	
Clerical Personnel		58,827	
Social Security		26,665	
State Retirement		37,955	
Medical Insurance		15,940	
Unemployment Compensation		809	
Employer Medicare		6,325	
Other Fringe Benefits		600	
Communication		25,206	
Dues and Memberships		2,500	
Travel		1,005	
Other Contracted Services		368	
Office Supplies		150	
In Service/Staff Development		80	
Other Charges		702	
Total Office of the Principal			\$ 543,357

Fiscal Services

Supervisor/Director	\$	34,245	
Accountants/Bookkeepers		57,670	
Secretary(ies)		25,403	
Clerical Personnel		25,572	
Other Salaries and Wages		13,742	
Social Security		9,574	
State Retirement		11,325	
Unemployment Compensation		307	
Employer Medicare		2,261	
Travel		2,921	
Other Contracted Services		13,822	
Data Processing Supplies		1,150	
Office Supplies		343	
Total Fiscal Services			198,335

Operation of Plant

Custodial Personnel	\$	232,814	
Social Security		14,365	
State Retirement		14,080	

(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.)

Unemployment Compensation	\$	898	
Employer Medicare		3,360	
Rentals		17,609	
Other Contracted Services		1,200	
Custodial Supplies		62,869	
Electricity		378,230	
Fuel Oil		48,751	
Natural Gas		21,821	
Water and Sewer		28,078	
Total Operation of Plant			\$ 824,075

Maintenance of Plant

Supervisor/Director	\$	38,132	
Other Salaries and Wages		37,288	
Social Security		4,598	
State Retirement		5,506	
Unemployment Compensation		162	
Employer Medicare		1,075	
Maintenance and Repair Services - Buildings		7,470	
Maintenance and Repair Services - Equipment		2,506	
Travel		815	
Other Contracted Services		20,030	
Other Supplies and Materials		51,452	
Other Charges		5,099	
Maintenance Equipment		3,937	
Total Maintenance of Plant			178,070

Transportation

Mechanic(s)	\$	24,860	
Bus Drivers		180,055	
Other Salaries and Wages		4,184	
Social Security		12,803	
State Retirement		8,524	
Unemployment Compensation		759	
Employer Medicare		2,993	
Contracts with Vehicle Owners		293,953	
Maintenance and Repair Services - Vehicles		9,326	
Other Contracted Services		29,994	
Gasoline		79,276	

(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.)

Lubricants	\$	1,562	
Tires and Tubes		13,019	
Vehicle Parts		19,678	
Other Supplies and Materials		4,346	
Vehicle and Equipment Insurance		19,329	
Transportation Equipment		22,017	
Total Transportation			\$ 726,678

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	54,350	
Career Ladder Program		1,000	
Social Security		3,042	
State Retirement		5,009	
Medical Insurance		6,605	
Unemployment Compensation		54	
Employer Medicare		712	
Other Fringe Benefits		100	
Total Food Service			70,872

Community Services

Supervisor/Director	\$	40,635	
Social Security		2,403	
State Retirement		3,678	
Medical Insurance		3,846	
Unemployment Compensation		54	
Employer Medicare		562	
Other Fringe Benefits		100	
Communication		429	
Travel		628	
Other Supplies and Materials		154	
Total Community Services			52,489

Early Childhood Education

Supervisor/Director	\$	43,500
Teachers		108,100
Educational Assistants		40,302
Non-certified Substitute Teachers		1,395
Social Security		8,820

(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	\$	12,621	
Medical Insurance		9,758	
Unemployment Compensation		347	
Employer Medicare		2,063	
Other Fringe Benefits		300	
Communication		1,347	
Postal Charges		300	
Travel		7,654	
Other Supplies and Materials		92,107	
Other Charges		<u>6,723</u>	
Total Early Childhood Education	\$		335,337

Capital Outlay

Regular Capital Outlay

Architects	\$	19,000	
Other Contracted Services		28,100	
Building Construction		27,322	
Building Improvements		105,258	
Site Development		<u>20,454</u>	
Total Regular Capital Outlay			200,134

Principal on Debt

Education

Principal on Other Loans	\$	<u>372,000</u>	
Total Education			372,000

Interest on Debt

Education

Interest on Other Loans	\$	<u>39,491</u>	
Total Education			39,491

Other Debt Service

Education

Other Debt Service	\$	<u>62,657</u>	
Total Education			<u>62,657</u>

Total General Purpose School Fund \$ 11,101,685

(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	\$	295,911	
Educational Assistants		85,792	
Other Salaries and Wages		7,000	
Certified Substitute Teachers		447	
Non-certified Substitute Teachers		5,629	
Social Security		22,954	
State Retirement		33,275	
Medical Insurance		31,084	
Unemployment Compensation		797	
Employer Medicare		5,372	
Other Fringe Benefits		400	
Instructional Supplies and Materials		46,655	
Other Supplies and Materials		277	
Regular Instruction Equipment		143,828	
Total Regular Instruction Program			\$ 679,421

Special Education Program

Teachers	\$	83,000	
Educational Assistants		208,866	
Speech Pathologist		22,688	
Other Salaries and Wages		3,954	
Social Security		19,754	
State Retirement		25,032	
Medical Insurance		9,403	
Unemployment Compensation		1,120	
Employer Medicare		4,594	
Other Fringe Benefits		100	
Contracts with Private Agencies		15,484	
Other Contracted Services		6,474	
Instructional Supplies and Materials		13,915	
Other Supplies and Materials		4,417	
Special Education Equipment		41,539	
Total Special Education Program			460,340

Vocational Education Program

Teachers	\$	12,938
Social Security		680
State Retirement		1,171
Unemployment Compensation		53

(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.)

Employer Medicare	\$	159	
Other Contracted Services		7,509	
Instructional Supplies and Materials		6,192	
Vocational Instruction Equipment		7,000	
Total Vocational Education Program			\$ 35,702

Support Services

Other Student Support

Guidance Personnel	\$	95,592	
Other Salaries and Wages		910	
Social Security		5,984	
State Retirement		8,735	
Medical Insurance		8,964	
Unemployment Compensation		5	
Employer Medicare		1,399	
Travel		8,383	
In Service/Staff Development		750	
Other Charges		2,642	
Total Other Student Support			133,364

Regular Instruction Program

Supervisor/Director	\$	93,394	
In-Service Training		2,000	
Social Security		5,634	
State Retirement		8,633	
Medical Insurance		6,981	
Unemployment Compensation		54	
Employer Medicare		1,318	
Travel		1,404	
Other Contracted Services		28,581	
Library Books/Media		24,064	
Other Supplies and Materials		19,219	
In Service/Staff Development		38,043	
Other Equipment		4,358	
Total Regular Instruction Program			233,683

Special Education Program

Psychological Personnel	\$	10,300	
Clerical Personnel		10,374	

(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.)

Other Salaries and Wages	\$	3,078	
Social Security		1,522	
State Retirement		1,851	
Unemployment Compensation		89	
Employer Medicare		346	
Travel		3,499	
Other Supplies and Materials		12,270	
In Service/Staff Development		6,167	
Other Equipment		920	
Total Special Education Program			\$ 50,416

Vocational Education Program

In Service/Staff Development	\$	1,174	
Total Vocational Education Program			1,174

Transportation

Bus Drivers	\$	150	
Other Salaries and Wages		6,167	
Social Security		392	
State Retirement		451	
Unemployment Compensation		6	
Employer Medicare		93	
Total Transportation			7,259

Total School Federal Projects Fund \$ 1,601,359

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	327,761	
Social Security		19,999	
State Retirement		22,165	
Unemployment Compensation		1,344	
Employer Medicare		4,677	
Communication		1,293	
Maintenance and Repair Services - Equipment		8,874	
Travel		4,386	
Other Contracted Services		6,120	
Food Supplies		354,210	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

USDA - Commodities	\$	59,854	
Other Supplies and Materials		47,106	
In Service/Staff Development		3,215	
Food Service Equipment		4,259	
Total Food Service			\$ <u>865,263</u>

Total Central Cafeteria Fund \$ 865,263

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Construction	\$	2,128,631	
Furniture and Fixtures		49,986	
Site Development		13,465	
Other Equipment		31,281	
Total Education Capital Projects			\$ <u>2,223,363</u>

Total Education Capital Projects Fund 2,223,363

Total Governmental Funds - Jackson County School Department \$ 15,791,670

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, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 275,042
Total Cash Receipts	<u>\$ 275,042</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 272,292
Trustee's Commission	2,750
Total Cash Disbursements	<u>\$ 275,042</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2010	<u>0</u>
 Cash Balance, June 30, 2011	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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 31, 2011

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, 2011, which collectively comprise Jackson County's basic financial statements and have issued our report thereon dated October 31, 2011. 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 and the Industrial Development Board of the County of Jackson, Tennessee, which were not available from other auditors as of the date of this report. 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: 11.01, 11.03, 11.09, and 11.16.

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: 11.02, 11.05, 11.06, 11.07, 11.08, 11.10, 11.11, 11.12, 11.14, and 11.17.

Compliance and Other Matters

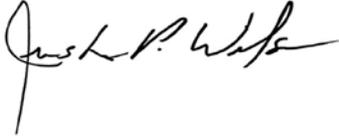
As part of obtaining reasonable assurance about whether Jackson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 11.04, 11.13, and 11.15.

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/sb



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
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

October 31, 2011

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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 certain 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 11.02 and 11.18. 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

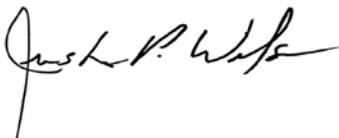
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County as of and for the year ended June 30, 2011, and have issued

our report thereon dated October 31, 2011. 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 and the Industrial Development Board of the County of Jackson, Tennessee, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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 line extending downwards from the end of the name.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Jackson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Emergency Watershed Protection Program	10.923	N/A	\$ 541,520
Community Facilities Loans and Grants	10.766	N/A	249,100
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	217,998
National School Lunch Program	10.555	N/A	430,112 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	59,854 (3)
Total U.S. Department of Agriculture			\$ 1,498,584
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	\$ 472,950
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-08-26	15,400
Total U.S. Department of Housing and Urban Development			\$ 488,350
U.S. Department of the Interior - Bureau of Land Management			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 43,583
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	\$ 15,000
U.S. Department of Transportation:			
Passed through State Department of Transportation:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	(2)	\$ 13,225
Appalachian Regional Commission			
Passed-through Tennessee Appalachian Center for Higher Education:			
Appalachian Area Development	23.002	(2)	\$ 5,000
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 73,448
Passed-through State Department of Education:			
Title I Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	340,544
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	257,342
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	276,413
Special Education - Grants to States, Recovery Act	84.391	N/A	238,321
Special Education - Preschool Grants	84.173	N/A	5,333
Special Education - Preschool Grants, Recovery Act	84.392	N/A	8,103
Career and Technical Education - Basic Grants to States	84.048	N/A	32,238
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	10,049
Twenty-first Century Community Learning Centers	84.287	(2)	229,000

(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.):			
Education Technology Cluster:			
Education Technology State Grants	84.318	(2)	\$ 1,644
Education Technology State Grants, Recovery Act	84.386	(2)	17,549
Reading First State Grants	84.357	(2)	1,709
Rural Education	84.358	N/A	44,900
Improving Teacher Quality State Grants	84.367	N/A	79,361
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	N/A	901,858
State Fiscal Stabilization Fund - Government Services Recovery Act	84.397	(4)	168,820
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	87,492
Education Jobs Fund	84.410	N/A	120,522
Total U.S. Department of Education			<u>\$ 2,894,646</u>
U.S. Election Assistance Commission:			
Passed through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 2,000
U.S. Department of Health and Human Services:			
Direct Program:			
Substance Abuse and Mental Health Service - Projects of Regional and National Significance	93.243	N/A	\$ 89,901
Passed-through State Department of Education:			
Temporary Assistance to Needy Families	93.558	(2)	15,719
Passed through State Department of Health:			
ARRA – Grants to Health Center Programs	93.703	GG-1030704-00	569,236
Total U.S. Department of Health and Human Services			<u>\$ 674,856</u>
U.S. Department of Homeland Security:			
Passed through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 840,342
Total Expenditures of Federal Awards			<u>\$ 6,475,586</u>
<u>State Grants</u>			
Lottery for Education - PreK - State Department of Education	N/A	(2)	\$ 308,732
Energy Efficient Schools Initiative - State Department of Education	N/A	(2)	15,883
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	9,000
Aging Program - Upper Cumberland Development District	N/A	(2)	13,578
Tennessee Agriculture Enhancement Program - State Department of Agriculture	N/A	(2)	1,932
Law Enforcement Training - State Department of Safety	N/A	(2)	4,800
Local Health Services Grant - State Department of Health	N/A	(2)	13,098
Litter Program - State Department of Transportation	N/A	(2)	26,237
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	6,042
Total State Grants			<u>\$ 399,302</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$489,966.
- (4) Coordinated School Health (\$100,000), Internet Connectivity (\$4,795), Family Resource Centers (\$33,300), Statewide Student Management Systems (\$4,069), Career Ladder - Extended Contract (\$16,256), Safe Schools (\$10,400).

Jackson County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

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, 2010, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.01	145	The General Fund required material audit adjustments for the financial statements to be materially correct at year-end
10.02	145	Jackson County did not account for American Recovery and Reinvestment Act grants separately from other county funds
10.03	146	Expenditures exceeded appropriations
10.04	147	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>
10.07	148	The execution docket trial balance did not reconcile with general ledger accounts
10.08	149	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>
10.09	149	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>
10.10	150	Jackson County has a material recurring audit finding
10.11	151	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

JACKSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Jackson County disclosed significant deficiencies in internal control. Four of these deficiencies were considered to be material weaknesses.
3. The audit did not disclose any instances of noncompliance that are material to the financial statements of Jackson County.
4. The audit disclosed one significant deficiency in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Emergency Watershed Protection Program (CFDA No. 10.923); Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Community Development Block Grants/State's Program (CFDA No. 14.228); the Title I, Part A Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Education Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education - Grants to States, Special Education - Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); the State Fiscal Stabilization Fund Cluster: Education State Grants, Recovery Act and Government Service, Recovery Act (CFDA Nos. 84.394 and 84.397); ARRA – Grants to Health Center Programs (CFDA No. 93.703); and Disaster Assistance – Public Grants (Presidentially Declared Disaster) (CFDA No. 97.036) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Jackson County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor provided a written response, which has been paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 11.01 **THE GENERAL AND GENERAL DEBT SERVICE FUNDS
REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER
FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing
Standards*)

At June 30, 2011, certain general ledger account balances in the General and General Debt Service funds 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 11.02 **JACKSON COUNTY DID NOT COMPLY WITH MANAGEMENT
DIRECTIVES FROM THE OFFICE OF TENNESSEE RECOVERY
ACT MANAGEMENT**
(Internal Control – Significant Deficiency Under *Government Auditing
Standards* and OMB Circular A-133)

During the year examined, Jackson County received an American Recovery and Reinvestment Act (ARRA) – Grants to Health Center Programs for the construction of a new county Health Department (CFDA No. 93.703). The Office of Tennessee Recovery Act Management (TRAM) established directives for county governments that receive ARRA grants. These directives are intended to promote transparency and accountability for ARRA grants. The county had the following deficiencies in complying with these directives:

- A. Jackson County had not designated a senior official to assume responsibility for compliance with TRAM directives. TRAM Directive No. 1 requires county governments to designate a senior official to be accountable for ARRA grant activities. This noncompliance increases the risks that Jackson County would not be able to comply with grant requirements.
- B. Jackson County combined ARRA revenues and expenditures with other local, state, and federal funds. TRAM Directive No. 2 requires county governments to account for ARRA grant awards and expenditures separately from the county's other revenues and expenditures. This comingling of funds increases the risks of preparing inaccurate reports required by ARRA.
- C. Jackson County did not prepare a risk assessment for the ARRA – Grants to Health Center Programs. TRAM Directive No. 8 requires county governments to prepare a written risk assessment for each ARRA grant. The failure to prepare the required risk assessment increases the likelihood that compliance related risks will not be identified and mitigated.
- D. Jackson County did not prepare an action plan for the ARRA – Grants to Health Center Programs, which details how the county is going to accomplish the goals and objectives of the grant. TRAM Directive No. 9 requires county governments to prepare an action plan for each ARRA grant it receives. The failure to prepare action plans increases the risks that the county will not meet the goals and objectives the grant.
- E. Jackson County did not correct the following internal control findings reported in the prior-year audit: Finding 10.01 (The General Fund required material audit adjustments for proper financial statement presentation – material weakness); 10.02 (Jackson County did not account for American Recovery and Reinvestment Act (ARRA) Grants separately from other county funds – significant deficiency); 10.04 (Leave records were not on file to support payroll disbursements – significant deficiency); 10.06 (General ledger payroll liability accounts were not reconciled – significant deficiency); 10.07 (Jackson County has a material recurring audit finding – material weakness); and 10.08 (Duties were not segregated adequately in the Office of County Mayor – significant deficiency). TRAM Directive No. 5 requires county governments to maintain adequate internal controls over ARRA grants, and TRAM Directive No. 6 gave the Division of County Audit authority to establish internal control guidance for county governments. Division of County Audit guidance requires the correction of any reported prior-year internal control weakness that was either a significant deficiency or material weakness related to receipting and disbursing funds. Failure to establish adequate internal controls increases the risks of errors, fraud, and abuse.

When ARRA grant requirements are not followed the Office of Management and Budget can terminate the grants, suspend or debar the county from receiving grants, or in serious cases, may apply civil or criminal penalties. County officials stated they were not aware of the requirements.

RECOMMENDATION

Jackson County should designate a senior official to be accountable for the county's ARRA grants. This official should ensure compliance with the TRAM directives to ensure transparency and accountability.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur. This has been corrected for fiscal year 2011-2012 by using a specific revenue code and an expenditure code. I assure you that the County Mayor's Office will continue to maintain the revenue and expenditure records. Jackson County will designate an official to assume responsibility for compliance with the TRAM directives. If we have any more ARRA grants in the future, we will know what the requirements are for the grant.

FINDING 11.03 **THE GENERAL FUND HAD A FUND DEFICIT** (Internal Control – Material Weakness Under *Government Auditing Standards*)

The General Fund had a fund deficit of \$188,873 at June 30, 2011. This deficit resulted from the failure of management to maintain expenditures within available resources. This deficit is expected to be liquidated from tax collections subsequent to June 30, 2011.

RECOMMENDATION

Management should liquidate the fund deficit and should closely monitor and hold operations of the General Fund within available funding to ensure that the deficit does not recur.

FINDING 11.04 **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 Solid Waste/Sanitation Fund by \$9,367.
- 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	\$ 9,058
Other Administration of Justice	995
Sheriff's Department	193,220
Ambulance/Emergency Medical Services	997
Senior Citizens Assistance	4,182
Other Charges	11,863
Miscellaneous	2,997
General Debt Service	
Other Charges	6,914
Principal on Debt/General Government	4,194
Other Debt Service/General Government	4,925

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.

- C. The budget and subsequent amendments submitted to and approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funding by \$192,321. Sound budgetary principles dictate that appropriations be held within estimated available funding. This budget deficiency was a result of the County Commission approving budget amendments in excess of available funding.

RECOMMENDATION

County officials should ensure that expenditures are held within appropriations approved by the County Commission. In addition, appropriations that exceed estimated available funds should not be submitted to the County Commission, and the County Commission should not approve such appropriations.

FINDING 11.05 THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination of purchasing procedures revealed the following deficiencies:

- A. Purchase orders were not issued in some instances. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. The failure to issue purchase orders increases the risk of unauthorized purchases.
- B. In some instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than approval of the purchase.
- C. Some purchase orders did not include adequate descriptions and prices of the items to be purchased. This detailed information is necessary to identify the items to be purchased and to quantify purchasing commitments.
- D. Several invoices were paid without documentation that goods had been received and/or services had been rendered. This practice of paying invoices without documentation that goods had been received or services rendered increases the risks of paying for something that was never received.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made and should include a dollar limit and a description of the purchase. The office should maintain documentation that goods have been received or services have been rendered before invoices are paid.

FINDING 11.06 NUMEROUS MISCLASSIFICATIONS WERE NOTED IN THE ACCOUNTING RECORDS
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our audit disclosed the following misclassifications in accounting records:

- A. In numerous instances, federal grant revenues were posted as state grants and other local revenues. In one instance, bond proceeds were posted to a state grant revenue account. In addition, revenue accounts that were previously deleted from the County Uniform Chart of Accounts were used to classify revenues.

- B. Numerous receipts and disbursements were posted directly to fund equity accounts rather than to revenue and expenditure accounts. This practice has the effect of understating both revenues and expenditures.
- C. Several expenditures were coded to accounts that did not reflect the true nature of the expenditures. Sound budgetary principles require expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool.

We presented audit adjustments to management that they approved and posted for the misclassifications noted during our examination for proper presentation in the financial statements of this report. These deficiencies were the result of a lack of management oversight.

RECOMMENDATION

All transactions should be properly classified in the accounting records using the current County Uniform Chart of Accounts.

FINDING 11.07 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, 2011. Leave records reflecting 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 11.08 GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments monthly. The failure to regularly reconcile payroll liability accounts allows errors to remain undiscovered and uncorrected. These errors were not corrected in the financial statements of this report; however, we do not consider the uncorrected amounts to be material to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly.

FINDING 11.09 INTERFUND RECEIVABLES AND PAYABLES WERE NOT LIQUIDATED ON A CURRENT BASIS
(Internal Control – Material Weakness Under *Government Auditing Standards*)

Management did not liquidate interfund balances in a timely manner. Financial statements of this report reflect \$492,796 due to the General Debt Service Fund from the General Fund at June 30, 2011. As of the date of this report, this entire amount remains unpaid. These interfund balances are the net result of the incorrect postings of contracted prisoner board from 2007-11, as provided by the county's budget allocation of revenue. This finding exists because management failed to correct the finding noted in prior-year audit reports.

RECOMMENDATION

All interfund receivables and payables should be liquidated on a current basis. Receipts should be correctly credited to appropriate funds as determined by the county's budget resolution.

**OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS
COURTS CLERK, CLERK AND MASTER, AND REGISTER**

**FINDING 11.10 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME
CASH DRAWER****
(Internal Control – Significant Deficiency Under *Government Auditing
Standards*)

Multiple employees operated from the same cash drawer in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the official resulting in a loss of control over assets.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

OFFICE OF COUNTY CLERK

**FINDING 11.11 **BANK STATEMENTS WERE NOT RECONCILED WITH THE
GENERAL LEDGER****
(Internal Control – Significant Deficiency Under *Government Auditing
Standards*)

Bank statements had not been reconciled with the general ledger since September 1, 2010. We reviewed reconciling procedures with the official and identified posting errors, and checks, direct deposits, and bank charges that were not posted to the general ledger. We provided the clerk with audit adjustments in March 2011 for her approval and posting to properly present the cash in bank balance as of February 28, 2011. However, the official did not attempt to reconcile bank statements from March through June 2011. Cash in bank at June 30, 2011, was determined by substantive testing and alternative auditing procedures.

RECOMMENDATION

Bank statements should be reconciled with the general ledger monthly, and any errors discovered should be corrected promptly.

FINDING 11.12 **THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The software applications used by the office generated daily logs that displayed changes made by users. These logs provide the only audit trail of these changes and should be reviewed daily for inappropriate activity. Since management was not aware of their importance, the official did not begin reviewing the logs until after we brought it to their attention. Procedures for reviewing these logs were implemented in July 2011.

RECOMMENDATION

Management should ensure that audit logs are reviewed on a routine basis.

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND CLERK AND MASTER

FINDING 11.13 **EXECUTION DOCKET TRIAL BALANCES DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS**
(Noncompliance Under *Government Auditing Standards*)

At June 30, 2011, the circuit and general sessions courts clerk and the clerk and master prepared trial balances of execution docket cause balances for circuit, general sessions, and chancery courts as required by Section 18-2-104, *Tennessee Code Annotated (TCA)*. However, these trial balances did not reconcile with the general ledger accounts by \$2,465, \$52, and \$845, respectively. Therefore, we were unable to determine if the clerks 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 in the Clerk and Master's Office because the clerk failed to correct the finding noted in the prior-year audit report. The deficiency exists in the Office of Circuit and General Sessions Courts Clerk due to a lack of management oversight.

RECOMMENDATION

The execution docket trial balances should be reconciled with cash journal accounts. Any funds held by the courts for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

FINDING 11.14 THE CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND THE CLERK AND MASTER 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 circuit and general sessions courts clerk and the clerk and master did not post short-term investment account activity to their general ledgers and did not attempt to reconcile their bank statement balances of these short-term investment accounts with general ledger totals. As a result of not properly posting the activity of these accounts, the general ledger short-term investment accounts reflected on the accounting records were understated in the circuit and general sessions courts by \$3,659 and \$97, respectively, and were overstated in chancery court by \$4,892 at June 30, 2011. 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 officials 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. This deficiency existed because the clerk and master failed to correct the finding noted in the prior-year audit report and the circuit and general sessions courts clerks lack of management oversight.

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.

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND SHERIFF

FINDING 11.15 SOME COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS

(Noncompliance Under *Government Auditing Standards*)

The circuit and general sessions courts clerk, clerk and master, and sheriff did not deposit some funds to their bank accounts within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*. This deficiency exists in the Sheriff's Office because management failed to correct the finding noted in the prior-year audit report. This deficiency exists in the Offices of Circuit and General Sessions Courts Clerk and the Clerk and Master due to a lack of management oversight. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

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

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 11.16 **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>
11.01, 10.01, 09.01	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*.

FINDING 11.17

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.

BEST PRACTICE

JACKSON COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

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**

Federal/Pass-through Agencies	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	11.18	93.703	Circular A-133, Section 500 (c)(3)	Significant Deficiency in Internal Control See Finding 11.02 - 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, 2011

There were audit findings relative to federal awards presented in the prior- and current-years' Schedule of Findings and Questioned Costs.

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

FINDINGS 11.02 and 11.18

Contact person: John Cason

Corrective action planned: We concur. This has been corrected for fiscal year 2011-12 by using a specific revenue code and expenditure code. I assure you that the County Mayor's Office will continue to maintain the revenue and expenditure records. Jackson County will designate an official to assume responsibility for compliance with the Tennessee Recovery Act Management directives. If we have any more American Recovery and Reinvestment Act grants in the future, we will know what the requirements are for the grant.

Anticipated completion date: 2011-12

County Mayor – Summary Schedule of Prior-Year's Findings

FINDINGS 10.02 and 10.13 The prior-year deficiencies are repeated in findings 11.02 and 11.18 noted above.