

ANNUAL FINANCIAL REPORT
JACKSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
JACKSON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2015**

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

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

***STEVE REEDER, CPA, CGFM, CFE
Audit Manager***

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

***TIM BRASHEARS, CGFM
RODNEY MALIN, CGFM
MICHAEL FORD, CPA, CGFM
AUSTIN LANNOM
TYLER MUSIC
KELLEY J. McNEAL, CPA, CGFM
State Auditors***

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

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Summary of Audit Findings

Annual Financial Report
Jackson County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Jackson County as of and for the year ended June 30, 2015.

Results

Our report on the governmental activities and the aggregate discretely presented component units is qualified. Our report on each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works funds is unmodified.

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

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY MAYOR AND ROAD SUPERINTENDENT

- ◆ Jackson County does not require all eligible employees to participate in the Tennessee Consolidated Retirement System.

OFFICE OF COUNTY MAYOR

- ◆ The office had deficiencies in budget operations.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ General ledger payroll liability accounts were not reconciled.

OFFICE OF COUNTY CLERK

- ◆ Wheel tax collections were not remitted to the county on a monthly basis.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

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

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

- ◆ Execution docket trial balances did not reconcile with general ledger accounts.
-

OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND SHERIFF

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Jackson County Officials

June 30, 2015

Officials

James Bobby Kinnaird, County Mayor
Edward Anderson, Road Superintendent
Joe Barlow, Director of Schools
Anthony Flatt, Trustee
Timmy Bowman, Assessor of Property
Amanda Ward Stafford, County Clerk
Jeff Hardy, Circuit and General Sessions Courts Clerk
Sherrie Pippin-Loftis, Clerk and Master
Kim Barham, Register of Deeds
Marty Hinson, Sheriff

Board of County Commissioners

Randy Heady, Chairman	Anita Hughes
Tim Agee	Diane Martin
Scott Allen	Glenda Mayberry
Buddy Brown	Willard Mayberry
John Chinoy	Jim Morgan
Michael Copeland	Jeff Smallwood
Joey Denson	Gary Smith
Shelby Fox	Jason Stafford
Richard Head	Troy York

Board of Education

Dewey Mabery, Chairman
Mark Brown
James Robert Childress
Jeff Lynn
Amanda Mahaney
Marty Woolbright

Audit Committee

Joe Halfacre, Chairman
Jay Cassetty
Gary Gill
Ronny West

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the 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, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jackson County Emergency Communications District, which represent 1.76 percent, 2.32 percent, and 2.64 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jackson County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits

contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Aggregate Discretely Presented Component Units	Qualified
General Fund	Unmodified
Solid Waste/Sanitation Fund	Unmodified
Highway/Public Works Fund	Unmodified
General Debt Service Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinions on Governmental Activities and the Aggregated Discretely Presented Component Units

As discussed in Note III.C. to the financial statements, Jackson County did not comply with mandatory membership requirements of the Tennessee Consolidated Retirement System, which are established by state statute. Consequently, the net pension liability (asset) established by the actuary and recorded in the financial statements for the agent pension plan administered by the Tennessee Consolidated Retirement System does not include a liability for the current and former employees who have been illegally excluded from the pension system. The agent plan includes employees of the primary government as well as non-certified employees of the discretely presented Jackson County School Department.

The amount by which this departure would affect the assets, deferred outflows, liabilities, deferred inflows, net position, pension income, and expenses of the governmental activities has not been determined. Because non-certified employees of the discretely presented School Department are included in the agent plan, any adjustment necessary to reported plan amounts due to noncompliance by the primary government may also affect the allocation of reported plan amounts between the primary government and the discretely presented School Department. The amount of such adjustment, if any, that would have been required to assets, deferred outflows, liabilities, deferred inflows, net position, pension income, and expenses of the aggregate discretely presented component units, had the primary government complied with the statutory membership requirements of the Tennessee Consolidated Retirement System, has not been determined.

Qualified Opinions

In our opinion, except for the matter described in the “Basis for Qualified Opinions on Governmental Activities and the Aggregate Discretely Presented Component Units” paragraph above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate discretely presented component units of Jackson County, Tennessee, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information, of Jackson County, Tennessee, as of June 30, 2015, and the respective changes in financial position for the year then ended, and the respective budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Jackson County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note I.D.8. to the financial statements, which describes a prior-period adjustment decreasing the beginning discretely presented Jackson County School Department’s net position by \$30,000 on the Government-wide Statement of Activities. This adjustment was necessary to include the other postemployment benefits liability for the Medicare Supplement Plan. Our opinion is not modified with respect to this matter.

We draw attention to Note I.D.9. to the financial statements, which describes a restatement increasing the beginning Governmental Activities net position by \$56,136 and decreasing the discretely presented Jackson County School Department's net position by \$1,944,415 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress – other postemployment benefits plans on pages 84 - 90 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jackson County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

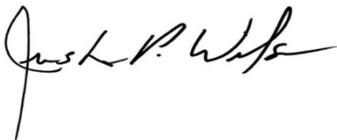
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jackson County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jackson County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2016, on our consideration of Jackson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 23, 2016

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Jackson County, Tennessee
Statement of Net Position
June 30, 2015

	<u>Component Units</u>		
	<u>Primary Governmental Activities</u>	<u>Jackson County School Department</u>	<u>Jackson County Emergency Communications District</u>
<u>ASSETS</u>			
Cash	\$ 26,602	\$ 0	\$ 183,227
Equity in Pooled Cash and Investments	2,774,008	7,862,543	0
Accounts Receivable	171,163	6,738	23,100
Allowance for Uncollectibles	(11,494)	0	0
Due from Other Governments	596,675	319,673	0
Due from Component Units	6,783,000	0	0
Property Taxes Receivable	3,424,221	1,908,627	0
Allowance for Uncollectible Property Taxes	(189,600)	(105,680)	0
Prepaid Items	0	0	14,921
Net Pension Asset - Agent Plan	212,399	297,319	0
Net Pension Asset - Cost-sharing Plan	0	24,918	0
Capital Assets:			
Assets Not Depreciated:			
Land	364,836	173,608	0
Construction in Progress	424,219	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	5,841,061	10,150,988	0
Other Capital Assets	1,133,704	909,419	163,745
Infrastructure	15,660,541	0	0
Total Assets	<u>\$ 37,211,335</u>	<u>\$ 21,548,153</u>	<u>\$ 384,993</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Changes in Experience	\$ 53,463	\$ 135,333	\$ 0
Pension Changes in Contributions after Measurement Date	163,710	644,532	0
Total Deferred Outflows of Resources	<u>\$ 217,173</u>	<u>\$ 779,865</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 94,858	\$ 5,700	\$ 3,095
Accrued Payroll	0	335	7,921
Payroll Deductions Payable	27,312	0	549
Contracts Payable	169,932	0	0
Accrued Interest Payable	4,908	0	0
Due to Primary Government	0	6,783,000	0
Due to State of Tennessee	0	11,367	0
Noncurrent Liabilities:			
Due Within One Year	796,225	0	4,841
Due in More Than One Year	9,624,739	540,880	111,348
Total Liabilities	<u>\$ 10,717,974</u>	<u>\$ 7,341,282</u>	<u>\$ 127,754</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,110,489	\$ 1,733,756	\$ 0
Pension Changes in Investment Earnings	231,751	2,377,457	0
Pension Other Deferrals	0	29,133	0
Total Deferred Inflows of Resources	<u>\$ 3,342,240</u>	<u>\$ 4,140,346</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	<u>Component Units</u>		
	<u>Primary Government Governmental Activities</u>	<u>Jackson County School Department</u>	<u>Jackson County Emergency Communications District</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 19,837,214	\$ 11,234,015	\$ 47,556
Restricted for:			
General Government	20,693	0	0
Administration of Justice	156,648	0	0
Public Safety	100,865	0	0
Public Health and Welfare	100,002	0	0
Highways	773,131	0	0
Education	0	765,008	0
Debt Service	459,397	0	0
Capital Projects	2,216	0	0
Other Purposes	212,399	0	0
Unrestricted	<u>1,705,729</u>	<u>(1,152,633)</u>	<u>209,683</u>
Total Net Position	<u>\$ 23,368,294</u>	<u>\$ 10,846,390</u>	<u>\$ 257,239</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, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues				Primary Government Total Governmental Activities	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Jackson County School Department	Jackson County Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 1,133,608	\$ 95,422	\$ 16,998	\$ 615,364	\$ (405,824)	\$ 0	\$ 0
Finance	326,875	231,557	0	0	(95,318)	0	0
Administration of Justice	468,777	168,013	9,000	0	(291,764)	0	0
Public Safety	2,411,250	1,291,418	14,283	56,145	(1,049,404)	0	0
Public Health and Welfare	1,732,308	647,471	38,412	0	(1,046,425)	0	0
Social, Cultural, and Recreational Services	103,175	4,369	41,302	0	(57,504)	0	0
Agriculture and Natural Resources	90,253	0	17,818	0	(72,435)	0	0
Highways	1,881,759	83,442	1,974,346	0	176,029	0	0
Interest on Long-term Debt	41,679	0	0	0	(41,679)	0	0
Total Primary Government	\$ 8,189,684	\$ 2,521,692	\$ 2,112,159	\$ 671,509	\$ (2,884,324)	\$ 0	\$ 0
Component Units:							
Jackson County School Department	\$ 13,300,504	\$ 151,812	\$ 2,372,663	\$ 0	\$ 0	\$ (10,776,029)	\$ 0
Emergency Communications District	375,286	47,068	214,199	0	0	0	(114,019)
Total Component Units	\$ 13,675,790	\$ 198,880	\$ 2,586,862	\$ 0	\$ 0	\$ (10,776,029)	\$ (114,019)

(Continued)

Exhibit B

Jackson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Units	
					Government Total Governmental Activities	Jackson County School Department	Jackson County Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 3,061,567	\$ 1,739,564	\$ 0
Property Taxes Levied for Debt Service					33,817	0	0
Local Option Sales Taxes					155,489	560,482	0
Wheel Tax					242,847	161,985	0
Business Tax					23,896	0	0
Mineral Severance Tax					29,719	0	0
Wholesale Beer Tax					55,155	0	0
Litigation Taxes					22,954	0	0
Other Local Taxes					1,718	1,491	0
Grants and Contributions Not Restricted to Specific Programs					565,189	9,762,316	140,825
Unrestricted Investment Earnings					36,852	1,440	239
Miscellaneous					59,845	39,916	0
Pension Income					0	26,225	0
Total General Revenues					\$ 4,289,048	\$ 12,293,419	\$ 141,064
Insurance Recovery					\$ 0	\$ 4,783	\$ 0
Change in Net Position					\$ 1,404,724	\$ 1,522,173	\$ 27,045
Net Position, July 1, 2014					21,907,434	11,298,632	230,194
Prior-period Adjustment - Other Post Employment Benefits (see Note I.D.8)					0	(30,000)	0
Restatement - Pension Liability (see Note I.D.9)					56,136	(1,944,415)	0
Net Position, June 30, 2015					\$ 23,368,294	\$ 10,846,390	\$ 257,239

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, 2015

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,602	\$ 26,602
Equity in Pooled Cash and Investments	1,676,645	79,708	492,198	393,435	132,022	2,774,008
Accounts Receivable	161,845	2,125	3,166	0	4,027	171,163
Allowance for Uncollectibles	(11,494)	0	0	0	0	(11,494)
Due from Other Governments	329,158	0	267,517	0	0	596,675
Due from Other Funds	30,629	6,429	2,788	390,000	5,000	434,846
Property Taxes Receivable	2,638,160	542,884	205,848	37,329	0	3,424,221
Allowance for Uncollectible Property Taxes	(146,075)	(30,060)	(11,398)	(2,067)	0	(189,600)
Total Assets	\$ 4,678,868	\$ 601,086	\$ 960,119	\$ 818,697	\$ 167,651	\$ 7,226,421
<u>LIABILITIES</u>						
Accounts Payable	\$ 94,858	\$ 0	\$ 0	\$ 0	\$ 0	\$ 94,858
Payroll Deductions Payable	19,372	7,940	0	0	0	27,312
Contracts Payable	169,932	0	0	0	0	169,932
Due to Other Funds	404,217	0	0	0	30,629	434,846
Total Liabilities	\$ 688,379	\$ 7,940	\$ 0	\$ 0	\$ 30,629	\$ 726,948
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 2,396,448	\$ 493,144	\$ 186,988	\$ 33,909	\$ 0	\$ 3,110,489
Deferred Delinquent Property Taxes	90,690	18,662	7,076	1,283	0	117,711
Other Deferred/Unavailable Revenue	95,636	0	127,700	0	0	223,336
Total Deferred Inflows of Resources	\$ 2,582,774	\$ 511,806	\$ 321,764	\$ 35,192	\$ 0	\$ 3,451,536

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total	
	General	Solid Waste / Sanitation	Highway / Public Works	Other Governmental Funds		Governmental Funds
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 20,693	\$ 0	\$ 0	\$ 0	\$ 20,693	
Restricted for Administration of Justice	156,648	0	0	0	156,648	
Restricted for Public Safety	1,634	0	0	99,231	100,865	
Restricted for Public Health and Welfare	0	81,340	0	0	81,340	
Restricted for Highways/Public Works	0	0	638,355	0	638,355	
Restricted for Debt Service	0	0	0	463,022	463,022	
Restricted for Capital Projects	0	0	0	2,216	2,216	
Committed:						
Committed for Administration of Justice	0	0	0	1,980	1,980	
Committed for Other Operations	0	0	0	33,595	33,595	
Committed for Debt Service	0	0	0	320,483	320,483	
Unassigned	1,228,740	0	0	0	1,228,740	
Total Fund Balances	\$ 1,407,715	\$ 81,340	\$ 638,355	\$ 783,505	\$ 3,047,937	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,678,868	\$ 601,086	\$ 960,119	\$ 818,697	\$ 7,226,421	

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 Position
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 3,047,937
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 364,836	
Add: construction in progress	424,219	
Add: buildings and improvements net of accumulated depreciation	5,841,061	
Add: infrastructure net of accumulated depreciation	15,660,541	
Add: other capital assets net of accumulated depreciation	<u>1,133,704</u>	23,424,361
(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	\$ (189,477)	
Less: notes payable	(120,670)	
Less: other loans payable	(10,060,000)	
Add: debt to be contributed by the School Department	6,783,000	
Less: compensated absences payable	(50,817)	
Less: accrued interest on bonds and notes	<u>(4,908)</u>	(3,642,872)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 217,173	
Less: deferred inflows of resources related to pensions	<u>(231,751)</u>	(14,578)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		212,399
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>341,047</u>
Net position of governmental activities (Exhibit A)		<u>\$ 23,368,294</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, 2015

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Revenues						
Local Taxes	\$ 2,921,052	\$ 493,359	\$ 216,526	\$ 34,027	\$ 0	\$ 3,664,964
Licenses and Permits	950	0	0	0	0	950
Fines, Forfeitures, and Penalties	38,819	0	0	0	48,157	86,976
Charges for Current Services	792,516	4,081	0	0	172	796,769
Other Local Revenues	150,018	12,511	85,549	0	10,750	258,828
Fees Received from County Officials	369,899	0	0	0	0	369,899
State of Tennessee	1,292,993	7,682	1,437,743	350,000	0	3,088,418
Federal Government	640,611	0	510,263	0	0	1,150,874
Other Governments and Citizens Groups	174,607	0	0	513,717	0	688,324
Total Revenues	\$ 6,381,465	\$ 517,633	\$ 2,250,081	\$ 897,744	\$ 59,079	\$ 10,106,002
Expenditures						
Current:						
General Government	\$ 559,141	\$ 0	\$ 0	\$ 0	\$ 0	\$ 559,141
Finance	326,555	0	0	0	172	326,727
Administration of Justice	471,866	0	0	0	0	471,866
Public Safety	2,239,835	0	0	0	24,662	2,264,497
Public Health and Welfare	767,779	496,172	0	0	979	1,264,930
Social, Cultural, and Recreational Services	102,345	0	0	0	0	102,345
Agriculture and Natural Resources	89,512	0	0	0	0	89,512
Other Operations	1,284,174	9,780	0	1,924	3,696	1,299,574
Highways	30,082	0	1,717,019	0	0	1,747,101
Debt Service:						
Principal on Debt	0	0	296,107	853,758	0	1,149,865
Interest on Debt	0	0	7,194	42,381	0	49,575
Other Debt Service	0	0	0	73,192	0	73,192
Total Expenditures	\$ 5,871,289	\$ 505,952	\$ 2,020,320	\$ 971,255	\$ 29,509	\$ 9,398,325

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 510,176	\$ 11,681	\$ 229,761	\$ (73,511)	\$ 29,570	\$ 707,677
Net Change in Fund Balances	\$ 510,176	\$ 11,681	\$ 229,761	\$ (73,511)	\$ 29,570	\$ 707,677
Fund Balance, July 1, 2014	897,539	69,659	408,594	857,016	107,452	2,340,260
Fund Balance, June 30, 2015	\$ 1,407,715	\$ 81,340	\$ 638,355	\$ 783,505	\$ 137,022	\$ 3,047,937

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, 2015

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)		\$	707,677
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: assets purchased and capitalized	\$	339,081	
Less: current-year depreciation expense		<u>(480,602)</u>	(141,521)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of capital assets disposed			(16,323)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$	341,047	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(389,871)</u>	(48,824)
(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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:			
Add: principal payments on notes	\$	520,316	
Add: principal payments on bonds		9,549	
Add: principal payments on other loans		620,000	
Less: contributions from the School Department for other loans		<u>(449,000)</u>	700,865
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	7,896	
Change in compensated absences payable		53,269	
Change in net pension liability/asset		156,263	
Change in deferred outflows related to pensions		217,173	
Change in deferred inflows related to pensions		<u>(231,751)</u>	<u>202,850</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,404,724</u>

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

Exhibit C-5

Jackson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,921,052	\$ 3,019,145	\$ 3,019,145	\$ (98,093)
Licenses and Permits	950	500	500	450
Fines, Forfeitures, and Penalties	38,819	36,200	36,200	2,619
Charges for Current Services	792,516	614,500	615,872	176,644
Other Local Revenues	150,018	128,000	189,741	(39,723)
Fees Received from County Officials	369,899	382,000	382,000	(12,101)
State of Tennessee	1,292,993	1,609,698	1,669,715	(376,722)
Federal Government	640,611	1,620,000	1,680,428	(1,039,817)
Other Governments and Citizens Groups	174,607	150,000	150,000	24,607
Total Revenues	\$ 6,381,465	\$ 7,560,043	\$ 7,743,601	\$ (1,362,136)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 41,785	\$ 38,360	\$ 41,857	\$ 72
Beer Board	84	200	200	116
County Mayor/Executive	149,453	151,741	151,741	2,288
County Attorney	5,503	5,503	5,504	1
Election Commission	138,874	148,929	148,929	10,055
Register of Deeds	94,590	100,413	100,413	5,823
County Buildings	124,327	154,051	155,544	31,217
Other General Administration	75	0	75	0
Preservation of Records	4,450	1,900	4,579	129
<u>Finance</u>				
Property Assessor's Office	92,576	101,269	101,269	8,693
Reappraisal Program	112	0	0	(112)
County Trustee's Office	103,091	99,310	103,101	10
County Clerk's Office	130,776	134,398	135,898	5,122
<u>Administration of Justice</u>				
Circuit Court	174,871	177,462	175,883	1,012
General Sessions Court	128,878	129,129	129,129	251
Chancery Court	95,940	96,151	96,151	211
Juvenile Court	32,329	34,513	34,513	2,184
Judicial Commissioners	35,973	37,001	37,001	1,028
Other Administration of Justice	3,875	3,875	3,875	0
<u>Public Safety</u>				
Sheriff's Department	784,057	828,750	873,616	89,559
Administration of the Sexual Offender Registry	2,090	2,000	2,450	360
Jail	1,275,334	1,252,752	1,360,410	85,076
Fire Prevention and Control	16,500	16,500	16,500	0
Other Emergency Management	66,996	78,200	78,200	11,204
Other Public Safety	94,858	860,000	860,000	765,142
<u>Public Health and Welfare</u>				
Local Health Center	54,726	66,648	66,648	11,922
Ambulance/Emergency Medical Services	692,205	815,511	871,656	179,451
Crippled Children Services	0	900	900	900
Regional Mental Health Center	4,648	5,811	5,811	1,163
Appropriation to State	16,200	16,200	16,200	0

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	\$ 18,204	\$ 19,487	\$ 19,487	\$ 1,283
Senior Citizens Assistance	23,286	22,078	23,367	81
Libraries	60,855	61,630	62,502	1,647
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	38,314	46,573	46,573	8,259
Soil Conservation	51,198	66,400	66,400	15,202
<u>Other Operations</u>				
Industrial Development	616	6,040	6,040	5,424
Housing and Urban Development	411,557	500,000	500,000	88,443
Other Economic and Community Development	6,619	21,500	21,500	14,881
Airport	225,956	501,900	502,069	276,113
Veterans' Services	0	7,000	7,000	7,000
Other Charges	390,961	383,935	386,775	(4,186)
Contributions to Other Agencies	36,078	48,665	48,665	12,587
Employee Benefits	167,101	399,000	399,000	231,899
Miscellaneous	45,286	54,000	55,600	10,314
<u>Highways</u>				
Litter and Trash Collection	30,082	33,700	33,700	3,618
Total Expenditures	\$ 5,871,289	\$ 7,529,385	\$ 7,756,731	\$ 1,885,442
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 510,176	\$ 30,658	\$ (13,130)	\$ 523,306
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (130,000)	\$ (130,000)	\$ 130,000
Total Other Financing Sources	\$ 0	\$ (130,000)	\$ (130,000)	\$ 130,000
Net Change in Fund Balance				
Fund Balance, July 1, 2014	\$ 510,176	\$ (99,342)	\$ (143,130)	\$ 653,306
	897,539	806,229	806,229	91,310
Fund Balance, June 30, 2015				
	\$ 1,407,715	\$ 706,887	\$ 663,099	\$ 744,616

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

Exhibit C-6

Jackson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 493,359	\$ 468,005	\$ 468,005	\$ 25,354
Charges for Current Services	4,081	0	0	4,081
Other Local Revenues	12,511	0	0	12,511
State of Tennessee	7,682	0	0	7,682
Total Revenues	<u>\$ 517,633</u>	<u>\$ 468,005</u>	<u>\$ 468,005</u>	<u>\$ 49,628</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 281,548	\$ 282,914	\$ 282,914	\$ 1,366
Convenience Centers	214,624	190,464	220,596	5,972
<u>Other Operations</u>				
Other Charges	9,780	0	0	(9,780)
Total Expenditures	<u>\$ 505,952</u>	<u>\$ 473,378</u>	<u>\$ 503,510</u>	<u>\$ (2,442)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,681</u>	<u>\$ (5,373)</u>	<u>\$ (35,505)</u>	<u>\$ 47,186</u>
Net Change in Fund Balance	\$ 11,681	\$ (5,373)	\$ (35,505)	\$ 47,186
Fund Balance, July 1, 2014	<u>69,659</u>	<u>69,657</u>	<u>69,657</u>	<u>2</u>
Fund Balance, June 30, 2015	<u>\$ 81,340</u>	<u>\$ 64,284</u>	<u>\$ 34,152</u>	<u>\$ 47,188</u>

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

Exhibit C-7

Jackson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 216,526	\$ 215,895	\$ 215,895	\$ 631
Other Local Revenues	85,549	97,500	97,500	(11,951)
State of Tennessee	1,437,743	1,388,397	1,388,397	49,346
Federal Government	510,263	0	510,262	1
Total Revenues	<u>\$ 2,250,081</u>	<u>\$ 1,701,792</u>	<u>\$ 2,212,054</u>	<u>\$ 38,027</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 137,864	\$ 144,832	\$ 144,832	\$ 6,968
Highway and Bridge Maintenance	945,734	959,288	1,146,788	201,054
Operation and Maintenance of Equipment	376,145	464,500	483,000	106,855
Other Charges	59,010	61,800	65,300	6,290
Employee Benefits	138,935	126,479	147,879	8,944
Capital Outlay	59,331	5,000	80,500	21,169
<u>Principal on Debt</u>				
Highways and Streets	296,107	173,000	296,131	24
<u>Interest on Debt</u>				
Highways and Streets	7,194	7,500	7,469	275
Total Expenditures	<u>\$ 2,020,320</u>	<u>\$ 1,942,399</u>	<u>\$ 2,371,899</u>	<u>\$ 351,579</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 229,761</u>	<u>\$ (240,607)</u>	<u>\$ (159,845)</u>	<u>\$ 389,606</u>
Net Change in Fund Balance				
Fund Balance, July 1, 2014	<u>\$ 408,594</u>	<u>\$ 272,773</u>	<u>\$ 272,773</u>	<u>\$ 135,821</u>
Fund Balance, June 30, 2015	<u>\$ 638,355</u>	<u>\$ 32,166</u>	<u>\$ 112,928</u>	<u>\$ 525,427</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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 525,594
Due from Other Governments	<u>51,233</u>
Total Assets	<u><u>\$ 576,827</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 51,233
Due to Litigants, Heirs, and Others	<u>525,594</u>
Total Liabilities	<u><u>\$ 576,827</u></u>

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

JACKSON COUNTY, TENNESSEE
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JACKSON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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, 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 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. Complete financial statements of the Jackson County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

Related Organization – The Industrial Development Board of Jackson County, Tennessee, is a related organization of Jackson County. The County Commission elects the board members, but the county’s accountability for the organization does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. 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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2015.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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.

Additionally, Jackson County reports the following fund types:

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

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

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

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

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

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.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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 three percent of total taxes levied.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

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

3. 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 county’s 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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for pension changes in experience and employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow

of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in investment earnings, changes in proportionate share of contributions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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. 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. 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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

7. Net Position and Fund Balance

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

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

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of pension obligations.

As of June 30, 2015, Jackson County had \$6,783,000 in outstanding debt for capital purposes for the discretely presented Jackson County School Department. This debt is a liability of Jackson County, but the capital assets acquired are reported in the financial statements of the School Department.

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.

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

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

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

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

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

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.

8. Prior-period Adjustment

Other postemployment benefits for the discretely presented Jackson County School Department were restated \$30,000 from the prior year because the Medicare Supplement Plan had been omitted.

9. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement increasing Jackson County's beginning net position by \$56,136 and decreasing the Jackson County School Department's beginning net position \$1,944,415 has been recognized on the Statement of Activities.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Jackson County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Jackson County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Jackson County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented 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 Position.

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

Primary Government

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

Discretely Presented 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 position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be

sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

At June 30, 2015, the Jackson County School Department reported the following significant encumbrances:

Fund	Description	Amount
Major Fund:		
General Purpose School	Buses	\$ 149,796
"	Computer equipment	160,265
"	Textbooks	110,000
"	Lights for the soccer field	90,000
"	Remodeling restrooms	48,150
"	Musical instruments	10,898

B. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation Fund by \$2,442.

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Reappraisal Program	\$ 112
Other Charges	4,186

Expenditures that exceed appropriations are a violation of state statutes. The majority of these expenditures in excess of appropriations were funded by amounts not expended in other major appropriation categories.

C. Noncompliance with Membership Requirements of the Tennessee Consolidated Retirement System

Jackson County did not comply with mandatory membership requirements of the defined benefit retirement system in which the county participates. Auditors determined that 18 full-time employees of Jackson County and one full-time employee of the Highway Department were eligible for participation but were not participating in the Tennessee Consolidated Retirement System (TCRS). We also noted two employees who withdrew their accumulated contributions from the TCRS and remained county employees. Title 8, Chapters 34-37 of *Tennessee Code Annotated*, establish and govern the TCRS. These statutes require mandatory participation in the TCRS for all employees of participating employers after a probationary period. The statutes also allow members to withdraw their accumulated contributions in the TCRS only if they are no longer employed by an employer covered by TCRS. These deficiencies are discussed further in the Schedule of Findings and Questioned Costs in the Single Audit Section of this report. These violations have caused the independent auditor to issue a qualified opinion on the financial statements of the governmental activities and the aggregate discretely presented component units.

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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf

of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool 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, 2015.

B. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 364,836	\$ 0	\$ 0	\$ 364,836
Construction in Progress	240,711	183,508	0	424,219
Total Capital Assets Not Depreciated	\$ 605,547	\$ 183,508	\$ 0	\$ 789,055
Capital Assets Depreciated:				
Buildings and Improvements	\$ 7,821,000	\$ 0	\$ 0	\$ 7,821,000
Infrastructure	18,636,305	15,113	0	18,651,418
Other Capital Assets	3,299,464	140,460	(40,295)	3,399,629
Total Capital Assets Depreciated	\$ 29,756,769	\$ 155,573	\$ (40,295)	\$ 29,872,047
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,818,634	\$ 161,305	\$ 0	\$ 1,979,939
Infrastructure	2,831,023	159,854	0	2,990,877
Other Capital Assets	2,130,454	159,443	(23,972)	2,265,925
Total Accumulated Depreciation	\$ 6,780,111	\$ 480,602	\$ (23,972)	\$ 7,236,741
Total Capital Assets Depreciated, Net	\$ 22,976,658	\$ (325,029)	\$ (16,323)	\$ 22,635,306
Governmental Activities Capital Assets, Net	\$ 23,582,205	\$ (141,521)	\$ (16,323)	\$ 23,424,361

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

Governmental Activities:

General Government	\$	31,485
Public Safety		168,579
Public Health and Welfare		79,389
Social, Cultural, and Recreational Services		90
Highways/Public Works		<u>201,059</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>480,602</u></u>

Discretely Presented Jackson County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 173,608	\$ 0	\$ 173,608
Total Capital Assets Not Depreciated	<u>\$ 173,608</u>	<u>\$ 0</u>	<u>\$ 173,608</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 14,966,457	\$ 0	\$ 14,966,457
Other Capital Assets	1,676,815	66,620	1,743,435
Total Capital Assets Depreciated	<u>\$ 16,643,272</u>	<u>\$ 66,620</u>	<u>\$ 16,709,892</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 4,509,985	\$ 305,484	\$ 4,815,469
Other Capital Assets	722,510	111,506	834,016
Total Accumulated Depreciation	<u>\$ 5,232,495</u>	<u>\$ 416,990</u>	<u>\$ 5,649,485</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,410,777</u>	<u>\$ (350,370)</u>	<u>\$ 11,060,407</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,584,385</u>	<u>\$ (350,370)</u>	<u>\$ 11,234,015</u>

There were no decreases in capital assets to report during the year ended June 30, 2015.

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

Governmental Activities:

Instruction	\$ 305,484
Support Services	<u>111,506</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 416,990</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 30,629
Solid Waste/Sanitation	General	6,429
Highway/Public Works	"	2,788
General Debt Service	"	390,000
Nonmajor governmental	"	5,000
Discretely Presented School Department:		
General Purpose School	School Federal Projects	46,399

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.

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government	Component Unit: School Department	\$ 6,783,000

The Due to Primary Government is the balance of other loans issued by the county for the School Department. The School Department has agreed to contribute the funds annually to retire these other loans. These long-term obligations are reflected in governmental activities on the Statement of Net Position.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Discretely Presented Jackson County School Department

Transfers Out	<u>Transfers In</u> General Purpose School Fund
School Federal Projects Fund	\$ 24,384
Nonmajor governmental fund	66,521

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

D. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Jackson County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, other loans have been issued to refund general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 40 years for bonds, up to nine years for notes, and up to 28 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, 2015, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	4 to 5 %	2-22-49	\$ 220,600	\$ 189,477
Capital Outlay Notes	2.49 to 3.69	10-15-16	555,000	120,670
Other Loans	variable	5-25-31	14,765,000	10,060,000

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, 2015, the variable interest rate for these loans was .26 percent and other fees totaled approximately .57 percent (letter of credit), .08 percent (remarketing), and a trustee fee of \$85 per month.

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 county pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2015, the variable interest rate was .27 percent, and other fees totaled approximately .57 percent (letter of credit) and .08 percent (remarketing) of the outstanding loan principal, and a trustee fee of \$85 per month.

In a prior year, Jackson County entered into a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee. Under this loan agreement, the authority loaned \$3,765,000 to Jackson County 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 county pays various other fees (trustee, debt remarketing, etc.) in connection with this loan. At June 30, 2015, the variable interest rate was .27 percent, and other fees totaled approximately .57 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 all general obligation bonds, notes, and other loans outstanding as of June 30, 2015, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 99,420	\$ 3,542	\$ 102,962
2017	21,250	517	21,767
Total	\$ 120,670	\$ 4,059	\$ 124,729

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 652,000	\$ 26,835	\$ 69,471	\$ 748,306
2017	674,000	25,092	65,233	764,325
2018	696,000	23,291	60,852	780,143
2019	729,000	21,431	56,329	806,760
2020	589,000	19,482	51,590	660,072
2021-2025	3,365,000	72,373	196,919	3,634,292
2026-2030	3,272,000	23,698	75,234	3,370,932
2031	83,000	216	1,560	84,776
Total	\$ 10,060,000	\$ 212,418	\$ 577,188	\$ 10,849,606

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2021-2025	17,468	32,782	50,250
2026-2030	21,253	28,997	50,250
2031-2035	25,858	24,392	50,250
2036-2040	31,460	18,790	50,250
2041-2045	38,275	11,975	50,250
2046-2049	36,305	3,895	40,200
Total	\$ 189,477	\$ 157,173	\$ 346,650

There is \$783,505 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$891, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School

Department and as Due from Component Units in the financial statements of the primary government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-15</u>
<u>Other Loans Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Construction	\$ 4,308,000
Refunding/School Construction	<u>2,475,000</u>
Total	<u>\$ 6,783,000</u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>	<u>Other Loans</u>
Balance, July 1, 2014	\$ 199,026	\$ 640,986	\$ 10,680,000
Reductions	<u>(9,549)</u>	<u>(520,316)</u>	<u>(620,000)</u>
Balance, June 30, 2015	<u>\$ 189,477</u>	<u>\$ 120,670</u>	<u>\$ 10,060,000</u>
Balance Due Within One Year	<u>\$ 4,151</u>	<u>\$ 99,420</u>	<u>\$ 652,000</u>

	<u>Compensated Absences</u>
Balance, July 1, 2014	\$ 104,086
Additions	103,211
Reductions	<u>(156,480)</u>
Balance, June 30, 2015	<u>\$ 50,817</u>
Balance Due Within One Year	<u>\$ 40,654</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 10,420,964
Less: Balance Due Within One Year	<u>(796,225)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 9,624,739</u>

Compensated absences will be paid from the employing funds, primarily the General Fund.

Discretely Presented Jackson County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Jackson County School Department for the year ended June 30, 2015, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Restated Balance, July 1, 2014 *	\$ 490,859
Additions	94,506
Reductions	<u>(44,485)</u>
Balance, June 30, 2015	<u>\$ 540,880</u>
Balance Due Within One Year	<u>\$ 0</u>

* See Note I.D.8. for prior-period adjustment.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 540,880
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 540,880</u>

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

E. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for 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, 2015, were \$75. 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, 2015, were \$32,885 and \$10,950, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

F. Short-term Debt

On August 26, 2011, Jackson County issued tax anticipation notes of \$500,000 from the General Debt Service Fund, and on December 29, 2011, Jackson County issued tax anticipation notes of \$150,000 from the General Debt Service Fund in advance of property tax collections and deposited the proceeds in the General Fund. These funds were necessary because funds were not available to meet the current expenditures. These notes should have been retired by June 30, 2012; however, a portion of the notes remained unpaid as of June 30, 2015, and therefore have been reflected in the financial statements of this report as Due from Other Funds in the General Debt Service Fund and as Due to Other Funds in the General Fund. Jackson County received approval from the state Division of Local Finance to repay \$130,000 per year for five years beginning with the fiscal year ending 2014.

Short-term debt activity for the year ended June 30, 2015, was as follows:

	Balance			Balance
	7-1-14	Issued	Paid	6-30-15
Tax Anticipation Notes	\$ 520,000	\$ 125,000	\$ (255,000)	\$ 390,000

V. OTHER INFORMATION

A. Risk Management

Primary Government

Jackson County's risks of loss related to general liability, property, casualty, and the Highway Department's workers' compensation is 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.

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. However, the county pays employees \$150 per month to apply toward private insurance once the employee provides proof that their health insurance premium has been paid for that month.

Discretely Presented Jackson County School Department

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

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Subsequent Event

On September 1, 2015, the county's General Debt Service Fund issued a \$125,000 tax anticipation note to the Solid Waste/Sanitation Fund for temporary operating funds.

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

On August 31, 2014, John Cason left the Office of County Mayor and was succeeded by James Bobby Kinnaird; Vernon Ragland left the Office of Trustee and was succeeded by Anthony Flatt; and Brad Stafford left the Office of Sheriff and was succeeded by Marty Hinson.

F. Joint Venture

The Fifteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fifteenth Judicial District and participating municipalities in the district. The Fifteenth Judicial District includes Smith, Jackson, Trousdale, and Wilson counties. The DTF interlocal agreement was signed by the sheriffs of Smith County, Jackson County, Hartsville/Trousdale County Government, and the police chiefs of the cities of Carthage and Lafayette. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of the participating law enforcement agencies within the judicial district. Jackson County made no contributions to the DTF for the year ended June 30, 2015, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General
Fifteenth Judicial District
203 Greentop Street
Hartsville, TN 37074

G. 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.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Jackson County and non-certified employees of the discretely presented Jackson County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer

pension plan administered by the TCRS. The primary government employees comprise 41.67 percent and the non-certified employees of the discretely presented School Department comprise 58.33 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	70
Inactive Employees Entitled to But Not Yet Receiving Benefits	135
Active Employees	<u>156</u>
 Total	 <u><u>361</u></u>

Not all eligible employees of the primary government participated in this plan. See note III.C. for further discussion of this matter and the effect on the independent auditor’s report.

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Jackson County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Jackson County were \$267,185 based on a rate of 6.44 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Jackson County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Jackson County’s net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
	0.98	29
	4.73	7
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Jackson County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 7,790,932	\$ 7,634,044	\$ 156,888
Changes for the Year:			
Service Cost	\$ 339,415	\$ 0	\$ 339,415
Interest	596,379	0	596,379
Differences Between Expected and Actual Experience	160,378	0	160,378
Contributions-Employer	0	291,604	(291,604)
Contributions-Employees	0	204,780	(204,780)
Net Investment Income	0	1,272,730	(1,272,730)
Benefit Payments, Including Refunds of Employee Contributions	(357,248)	(357,248)	0
Administrative Expense	0	(6,336)	6,336
Other Changes	0	0	0
Net Changes	\$ 738,924	\$ 1,405,530	\$ (666,606)
Balance, June 30, 2014	\$ 8,529,856	\$ 9,039,574	\$ (509,718)

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government 41.67%	\$ 3,554,391	\$ 3,766,790	\$ (212,399)
School Department 58.33%	4,975,465	5,272,784	(297,319)
Total	\$ 8,529,856	\$ 9,039,574	\$ (509,718)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Jackson County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Jackson County	6.5%	7.5%	8.5%

Net Pension Liability \$ 589,000 \$ (509,718) \$ (1,416,416)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2015, Jackson County recognized pension expense of \$52,854.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Jackson County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 128,302	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	556,158
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	267,185	N/A
Total	\$ 395,487	\$ 556,158

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 217,173	\$ 231,751
School Department	178,314	324,407
Total	<u>\$ 395,487</u>	<u>\$ 556,158</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (106,963)
2017	(106,963)
2018	(106,963)
2019	(106,963)
2020	0
Thereafter	0

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

Discretely Presented Jackson County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Jackson County and non-certified employees of the discretely presented Jackson County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 41.67 percent and the non-certified employees of the discretely presented School Department comprise 58.33 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Jackson County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$10,055, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Jackson County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Jackson County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 10,055	N/A

The Jackson County School Department's employer contributions of \$10,055 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent

COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Jackson County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$531,002, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, the Jackson County School Department reported an asset of \$24,918 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Jackson County School Department's proportion of the net pension asset was based on the Jackson County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Jackson County School Department's proportion was .153343 percent. The proportion measured as of June 30, 2013, was .155409 percent.

Pension Income. For the year ended June 30, 2015, the Jackson County School Department recognized a pension income of \$26,225.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Jackson County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 60,494	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,053,050
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions	0	29,133
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>531,002</u>	<u>N/A</u>
Total	<u>\$ 591,496</u>	<u>\$ 2,082,183</u>

The Jackson County School Department's employer contributions of \$531,002, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (508,036)
2017	(508,036)
2018	(508,036)
2019	(508,036)
2020	5,227
Thereafter	5,227

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

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	%	Percentage Target Allocations	%
U.S. Equity	6.46	%	33	%
Developed Market				
International Equity	6.26		17	
Emerging Market				
International Equity	6.40		5	
Private Equity and				
Strategic Lending	4.61		8	
U.S. Fixed Income	0.98		29	
Real Estate	4.73		7	
Short-term Securities	0.00		1	
			100	%
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Jackson County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Jackson County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
---	------------------------	-------------------------------------	------------------------

Net Pension Liability \$ 4,202,631 \$ (24,918) \$ (3,524,870)

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

2. Deferred Compensation

The discretely presented Jackson County School Department offers its employees a deferred compensation plan established pursuant to Internal Revenue Code Section (IRC) 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.

Teachers hired after July 1, 2014, by the discretely presented Jackson County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Jackson County School Department has assumed a portion of the costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Jackson County School Department contributed \$10,055 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

I. Other Postemployment Benefits (OPEB)

Plan Description

The School Department participates in the state-administered Local Education Group Insurance 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 local education employees and Section 8-27-701, *TCA*, for the Medicare Supplement Plan. Prior to reaching the age of 65, all members

have the option of choosing between the standard or partnership preferred provider organization 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 employers in each plan develop their 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. During the year ended June 30, 2015, the discretely presented Jackson County School Department contributed \$44,485 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Education Medicare Supplement Plan
ARC	\$ 63,000	\$ 31,000
Interest on the NOPEBO	18,434	1,200
Adjustment to the ARC	(17,959)	(1,169)
Annual OPEB cost	\$ 63,475	\$ 31,031
Amount of contribution	(44,160)	(325)
Increase/decrease in NOPEBO	\$ 19,315	\$ 30,706
Net OPEB obligation, 7-1-14, Restated *	460,859	30,000
Net OPEB obligation, 6-30-15	\$ 480,174	\$ 60,706

* See Note I.D.8. for prior-period adjustment.

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	\$ 146,152	30 %	\$ 446,458
6-30-14	"	61,460	77	460,859
6-30-15	"	63,475	70	480,174
6-30-14	Local Education Medicare Supplement *	30,000	1	30,000
6-30-15	"	31,031	1	60,706

* Three years will be reported as the data becomes available.

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Education Group Plan	Local Education Medicare Supplement Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 595,000	\$ 470,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 595,000	\$ 470,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 5,974,140	\$ N/A
UAAL as a % of covered payroll	10%	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, 2013, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The annual healthcare cost trend rate for the Medicare Supplement Plan was six percent for fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. Both rates include a 2.5 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 July 1, 2007.

J. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

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

Office of Director of Schools

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

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

A. Organization

The Jackson County E-911 Emergency Communications District was established on October 1, 1990, for the purpose of providing an enhanced level of 911 service for Jackson County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Jackson County, and the commissioners appoint the Board of Directors. The district must file a budget with Jackson County each year. Any bond issued by the district is subject to approval by Jackson County.

B. Summary of Significant Accounting Policies

The district presents its financial statements on the accrual basis and the economic resources measurement focus.

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

<u>Assets</u>	<u>Estimated Useful Life Years</u>	<u>Depreciation Expense</u>
Other Capital Assets	5-12	\$ 40,543

Major Sources of Revenue

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

Budgeting, Budgetary Control, and Budgetary Reporting

An annual budget using the modified accrual basis of accounting is prepared and adopted each year. The budget is compiled and brought before the board for approval. The board approves any amendments. The budget for the year ended June 30, 2015, was approved by the board before the fiscal year began. Certain changes in expenditure allocations of the budget were addressed and approved by the board. Revenues are considered to be available for unrestricted use unless specifically restricted by the donor or grantor, thus

the board may reapply budgeted resources from one use to another without special approval for unrestricted funds.

C. Cash and Investments

Tennessee Code Annotated (TCA), requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105 percent of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund.

The following is a schedule of cash accounts at June 30, 2015:

Checking	\$ 183,227
----------	------------

At June 30, 2015, the carrying amount of the district's cash deposits was \$183,227. The district's deposit accounts are covered up to \$250,000 by the FDIC. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, *TCA*.

D. Accounts Receivable

The amounts due to the district from the Town of Gainesboro and the Upper Cumberland Electric Membership Corporation (UCEMC) are for telephone reimbursements and annual contributions:

Phone Reimbursement - Town of Gainesboro	\$ 300
Phone Reimbursement - UCEMC	300
Subtotal	<u>\$ 600</u>
Town of Gainesboro - Annual Contribution	<u>22,500</u>
Total	<u><u>\$ 23,100</u></u>

E. Insurance Risk

The district had bonds covering the chairman, vice-chairman, secretary, and treasurer totaling \$50,000 at June 30, 2015. The district also holds a workers' compensation policy and a liability policy covering property theft, damage, and public liability. There have been no claims that exceeded coverage for any of the past three years.

F. Capital Assets

The following is a schedule of capital assets at June 30, 2015:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Depreciated:			
Other Capital Assets	\$ 967,407	\$ 6,800	\$ 974,207
Total Capital Assets Depreciated	<u>\$ 967,407</u>	<u>\$ 6,800</u>	<u>\$ 974,207</u>
Less Accumulated Depreciation For:			
Other Capital Assets	\$ 769,919	\$ 40,543	\$ 810,462
Total Accumulated Depreciation	<u>\$ 769,919</u>	<u>\$ 40,543</u>	<u>\$ 810,462</u>
Total Capital Assets Depreciated, Net	<u>\$ 197,488</u>	<u>\$ (33,743)</u>	<u>\$ 163,745</u>
Governmental Activities Capital Assets, Net	<u>\$ 197,488</u>	<u>\$ (33,743)</u>	<u>\$ 163,745</u>

There were no decreases in capital assets to report during the year ended June 30, 2015.

G. Cash and Cash Equivalents

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

H. Long-term Liabilities

The district, in need of financial assistance, entered into an agreement with the Tennessee Emergency Communications Board (TECB). The TECB loaned \$145,237 to the district to pay off the lease held at Marlin Financial and Leasing Corporation. The district is to make annual payments of \$4,841 for 30 years, interest free, beginning August 1, 2009, out of reserves. If no reserves are available, no payment is due. Debt service payments to maturity are below:

<u>August 1,</u>	<u>Principal</u>	<u>Total</u>
2015	\$ 4,841	\$ 4,841
2016	4,841	4,841
2017	4,841	4,841
2018	4,841	4,841
2019	4,841	4,841
2020-2024	24,206	24,206
2025-2029	24,206	24,206
2030-2034	24,206	24,206
2035-2038	19,366	19,366
Total	<u>\$ 116,189</u>	<u>\$ 116,189</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	<u>Notes</u>
Balance, July 1, 2014	\$ 121,030
Reductions	(4,841)
Balance, June 30, 2015	<u>\$ 116,189</u>
Due in One Year	<u>\$ 4,841</u>

I. Compensated Absences

There were no compensated absences payable at June 30, 2015.

J. Calculation of Invested in Capital Assets

Net Book Value	\$ 163,745
Less: Current and Noncurrent Debt	(116,189)
Invested in Net Assets, Net of Related Debt	<u>\$ 47,556</u>

K. Budgetary Information

As stated in Note VI. A., the district must file a budget with Jackson County each year. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the line-item level as established by the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts*.

L. Subsequent Events

The district has evaluated subsequent events through the date in which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 339,415
Interest	596,379
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	160,378
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(357,248)</u>
Net Change in Total Pension Liability (Asset)	\$ 738,924
Total Pension Liability (Asset), Beginning	<u>7,790,932</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 8,529,856</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 291,604
Contributions - Employee	204,780
Net Investment Income	1,272,730
Benefit Payments, Including Refunds of Employee Contributions	(357,248)
Administrative Expense	<u>(6,336)</u>
Net Change in Plan Fiduciary Net Position	\$ 1,405,530
Plan Fiduciary Net Position, Beginning	<u>7,634,044</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 9,039,574</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (509,718)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 105.98%
Covered Employee Payroll	\$ 4,095,566
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	12.45%

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

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit E-2

Jackson County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 291,604	\$ 267,185
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(291,604)</u>	<u>(267,185)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 4,095,566	\$ 4,149,545
Contributions as a Percentage of Covered Employee Payroll	7.12%	6.44%

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

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit E-3

Jackson County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Jackson County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 6,284
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(10,055)</u>
Contribution Deficiency (Excess)	<u>\$ (3,771)</u>
Covered Employee Payroll	\$ 251,380
Contributions as a Percentage of Covered Employee Payroll	4.00%

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

Exhibit E-4

Jackson County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Jackson County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 534,462	\$ 531,002
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(534,462)</u>	<u>(531,002)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 6,018,695	\$ 5,873,900
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

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

Exhibit E-5

Jackson County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Jackson County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.153343%
School Department's Proportionate Share of the Net Pension Asset	\$ 24,918
Covered Employee Payroll	\$ 6,018,695
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

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

Exhibit E-6

Jackson County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Jackson County School Department
June 30, 2015

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (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	7-1-10	\$ 0	\$ 1,280	\$ 1,280	0%	\$ 3,629	35 %
"	7-1-11	0	1,460	1,460	0	5,773	26
"	7-1-13	0	595	595	0	5,974	10
Medicare Supplement	7-1-13	0	470	470	0	N/A	N/A

JACKSON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	One Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

**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 of deeds, 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, 2015

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>Drug</u> <u>Control</u>	<u>Constitu-</u> <u>tional</u> <u>Officers -</u> <u>Fees</u>	<u>Total</u>	<u>Community</u> <u>Development/</u> <u>Industrial</u> <u>Park</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 26,602	\$ 26,602	\$ 0	\$ 26,602
Equity in Pooled Cash and Investments	99,231	0	99,231	32,791	132,022
Accounts Receivable	0	4,027	4,027	0	4,027
Due from Other Funds	0	0	0	5,000	5,000
Total Assets	\$ 99,231	\$ 30,629	\$ 129,860	\$ 37,791	\$ 167,651
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 30,629	\$ 30,629	\$ 0	\$ 30,629
Total Liabilities	\$ 0	\$ 30,629	\$ 30,629	\$ 0	\$ 30,629
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 99,231	\$ 0	\$ 99,231	\$ 0	\$ 99,231
Restricted for Capital Projects	0	0	0	2,216	2,216
Committed:					
Committed for Administration of Justice	0	0	0	1,980	1,980
Committed for Other Operations	0	0	0	33,595	33,595
Total Fund Balances	\$ 99,231	\$ 0	\$ 99,231	\$ 37,791	\$ 137,022
Total Liabilities and Fund Balances	\$ 99,231	\$ 30,629	\$ 129,860	\$ 37,791	\$ 167,651

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, 2015

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Constitu- tional Officers - Fees	Total	Community Development/ Industrial Park	
<u>Revenues</u>					
Fines, Forfeitures, and Penalties	\$ 48,157	\$ 0	\$ 48,157	\$ 0	\$ 48,157
Charges for Current Services	0	172	172	0	172
Other Local Revenues	0	0	0	10,750	10,750
Total Revenues	<u>\$ 48,157</u>	<u>\$ 172</u>	<u>\$ 48,329</u>	<u>\$ 10,750</u>	<u>\$ 59,079</u>
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 172	\$ 172	\$ 0	\$ 172
Public Safety	24,662	0	24,662	0	24,662
Public Health and Welfare	979	0	979	0	979
Other Operations	0	0	0	3,696	3,696
Total Expenditures	<u>\$ 25,641</u>	<u>\$ 172</u>	<u>\$ 25,813</u>	<u>\$ 3,696</u>	<u>\$ 29,509</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 22,516</u>	<u>\$ 0</u>	<u>\$ 22,516</u>	<u>\$ 7,054</u>	<u>\$ 29,570</u>
Net Change in Fund Balances	\$ 22,516	\$ 0	\$ 22,516	\$ 7,054	\$ 29,570
Fund Balance, July 1, 2014	76,715	0	76,715	30,737	107,452
Fund Balance, June 30, 2015	<u>\$ 99,231</u>	<u>\$ 0</u>	<u>\$ 99,231</u>	<u>\$ 37,791</u>	<u>\$ 137,022</u>

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 48,157	\$ 8,000	\$ 24,524	\$ 23,633
Total Revenues	\$ 48,157	\$ 8,000	\$ 24,524	\$ 23,633
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 24,662	\$ 20,923	\$ 57,447	\$ 32,785
<u>Public Health and Welfare</u>				
Alcohol and Drug Programs	979	3,000	3,000	2,021
Total Expenditures	\$ 25,641	\$ 23,923	\$ 60,447	\$ 34,806
Excess (Deficiency) of Revenues Over Expenditures	\$ 22,516	\$ (15,923)	\$ (35,923)	\$ 58,439
Net Change in Fund Balance	\$ 22,516	\$ (15,923)	\$ (35,923)	\$ 58,439
Fund Balance, July 1, 2014	76,715	76,714	76,714	1
Fund Balance, June 30, 2015	\$ 99,231	\$ 60,791	\$ 40,791	\$ 58,440

Major Governmental Funds

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 34,027	\$ 31,690	\$ 31,690	\$ 2,337
State of Tennessee	350,000	350,000	350,000	0
Other Governments and Citizens Groups	513,717	0	513,717	0
Total Revenues	<u>\$ 897,744</u>	<u>\$ 381,690</u>	<u>\$ 895,407</u>	<u>\$ 2,337</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 1,924	\$ 8,000	\$ 8,000	\$ 6,076
<u>Principal on Debt</u>				
General Government	404,758	282,608	409,691	4,933
Education	449,000	0	449,000	0
<u>Interest on Debt</u>				
General Government	26,871	163,037	40,490	13,619
Education	15,510	0	15,510	0
<u>Other Debt Service</u>				
General Government	23,985	5,000	28,685	4,700
Education	49,207	0	49,207	0
Total Expenditures	<u>\$ 971,255</u>	<u>\$ 458,645</u>	<u>\$ 1,000,583</u>	<u>\$ 29,328</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (73,511)</u>	<u>\$ (76,955)</u>	<u>\$ (105,176)</u>	<u>\$ 31,665</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 130,000	\$ 130,000	\$ (130,000)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ (130,000)</u>
Net Change in Fund Balance	\$ (73,511)	\$ 53,045	\$ 24,824	\$ (98,335)
Fund Balance, July 1, 2014	<u>857,016</u>	<u>987,019</u>	<u>987,019</u>	<u>(130,003)</u>
Fund Balance, June 30, 2015	<u>\$ 783,505</u>	<u>\$ 1,040,064</u>	<u>\$ 1,011,843</u>	<u>\$ (228,338)</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 of deeds, 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, 2015

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 525,594	\$ 525,594
Due from Other Governments	51,233	0	51,233
Total Assets	<u>\$ 51,233</u>	<u>\$ 525,594</u>	<u>\$ 576,827</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 51,233	\$ 0	\$ 51,233
Due to Litigants, Heirs, and Others	0	525,594	525,594
Total Liabilities	<u>\$ 51,233</u>	<u>\$ 525,594</u>	<u>\$ 576,827</u>

Exhibit H-2

Jackson County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 287,159	\$ 287,159	\$ 0
Due from Other Governments	48,446	51,233	48,446	51,233
Total Assets	\$ 48,446	\$ 338,392	\$ 335,605	\$ 51,233
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 48,446	\$ 338,392	\$ 335,605	\$ 51,233
Total Liabilities	\$ 48,446	\$ 338,392	\$ 335,605	\$ 51,233
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 437,056	\$ 3,812,331	\$ 3,723,793	\$ 525,594
Total Assets	\$ 437,056	\$ 3,812,331	\$ 3,723,793	\$ 525,594
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 437,056	\$ 3,812,331	\$ 3,723,793	\$ 525,594
Total Liabilities	\$ 437,056	\$ 3,812,331	\$ 3,723,793	\$ 525,594
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 437,056	\$ 3,812,331	\$ 3,723,793	\$ 525,594
Equity in Pooled Cash and Investments	0	287,159	287,159	0
Due from Other Governments	48,446	51,233	48,446	51,233
Total Assets	\$ 485,502	\$ 4,150,723	\$ 4,059,398	\$ 576,827
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 48,446	\$ 338,392	\$ 335,605	\$ 51,233
Due to Litigants, Heirs, and Others	437,056	3,812,331	3,723,793	525,594
Total Liabilities	\$ 485,502	\$ 4,150,723	\$ 4,059,398	\$ 576,827

Jackson County School Department

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

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

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

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

Exhibit I-1

Jackson County, Tennessee
Statement of Activities
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 7,318,032	\$ 60,193	\$ 1,160,835	\$ (6,097,004)
Support Services	4,467,948	42,860	229,667	(4,195,421)
Operation of Non-instructional Services	1,499,014	48,759	982,161	(468,094)
Interest on Long-term Debt	15,510	0	0	(15,510)
Total Governmental Activities	\$ 13,300,504	\$ 151,812	\$ 2,372,663	\$ (10,776,029)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 1,739,564
Local Option Sales Taxes				560,482
Wheel Tax				161,985
Other Local Taxes				1,491
Grants and Contributions Not Restricted to Specific Programs				9,762,316
Unrestricted Investment Earnings				1,440
Miscellaneous				39,916
Pension Income				26,225
Total General Revenues				\$ 12,293,419
Insurance Recovery				\$ 4,783
Change in Net Position				\$ 1,522,173
Net Position, July 1, 2014				11,298,632
Prior-period Adjustment - Other Post-employment Benefits (see Note I.D.8)				(30,000)
Restatement - Pension Liability (see Note I.D.9)				(1,944,415)
Net Position, June 30, 2015				\$ 10,846,390

Exhibit I-2

Jackson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Jackson County School Department
June 30, 2015

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 7,444,187	\$ 89,203	\$ 329,153	\$ 7,862,543
Accounts Receivable	6,691	47	0	6,738
Due from Other Governments	163,470	82,239	73,964	319,673
Due from Other Funds	46,399	0	0	46,399
Property Taxes Receivable	1,908,627	0	0	1,908,627
Allowance for Uncollectible Property Taxes	(105,680)	0	0	(105,680)
Total Assets	\$ 9,463,694	\$ 171,489	\$ 403,117	\$ 10,038,300
<u>LIABILITIES</u>				
Accounts Payable	\$ 5,700	\$ 0	\$ 0	\$ 5,700
Accrued Payroll	335	0	0	335
Due to Other Funds	0	46,399	0	46,399
Due to State of Tennessee	11,367	0	0	11,367
Total Liabilities	\$ 17,402	\$ 46,399	\$ 0	\$ 63,801
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 1,733,756	\$ 0	\$ 0	\$ 1,733,756
Deferred Delinquent Property Taxes	65,612	0	0	65,612
Other Deferred/Unavailable Revenue	50,316	0	0	50,316
Total Deferred Inflows of Resources	\$ 1,849,684	\$ 0	\$ 0	\$ 1,849,684
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 39,564	\$ 90	\$ 403,117	\$ 442,771
Committed:				
Committed for Education	5,279,332	125,000	0	5,404,332
Assigned:				
Assigned for Education	613,326	0	0	613,326
Unassigned	1,664,386	0	0	1,664,386
Total Fund Balances	\$ 7,596,608	\$ 125,090	\$ 403,117	\$ 8,124,815
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,463,694	\$ 171,489	\$ 403,117	\$ 10,038,300

Exhibit I-3

Jackson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Jackson County School Department
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 8,124,815
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 173,608	
Add: buildings and improvements net of accumulated depreciation	10,150,988	
Add: other capital assets net of accumulated depreciation	<u>909,419</u>	11,234,015
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: contributions due on primary government debt for other loans	\$ (6,783,000)	
Less: other postemployment benefits liability	<u>(540,880)</u>	(7,323,880)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 779,865	
Less: deferred inflows of resources related to pensions	<u>(2,406,590)</u>	(1,626,725)
(4) Net pension assets of the pension plans are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 297,319	
Add: net pension asset - cost-sharing plan	<u>24,918</u>	322,237
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>115,928</u>
Net position of governmental activities (Exhibit A)		<u>\$ 10,846,390</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, 2015

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 2,455,152	\$ 0	\$ 0	\$ 2,455,152
Licenses and Permits	656	0	0	656
Charges for Current Services	67,321	0	48,759	116,080
Other Local Revenues	75,644	47	1,440	77,131
State of Tennessee	9,486,715	0	0	9,486,715
Federal Government	164,998	1,539,226	943,341	2,647,565
Total Revenues	\$ 12,250,486	\$ 1,539,273	\$ 993,540	\$ 14,783,299
<u>Expenditures</u>				
Current:				
Instruction	\$ 6,181,310	\$ 1,222,154	\$ 0	\$ 7,403,464
Support Services	4,175,916	319,791	0	4,495,707
Operation of Non-instructional Services	593,092	0	905,922	1,499,014
Capital Outlay	50,913	0	0	50,913
Debt Service:				
Principal on Debt	449,000	0	0	449,000
Interest on Debt	15,510	0	0	15,510
Other Debt Service	49,207	0	0	49,207
Total Expenditures	\$ 11,514,948	\$ 1,541,945	\$ 905,922	\$ 13,962,815
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 735,538	\$ (2,672)	\$ 87,618	\$ 820,484
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 4,783	\$ 0	\$ 0	\$ 4,783
Transfers In	90,905	0	0	90,905
Transfers Out	0	(24,384)	(66,521)	(90,905)
Total Other Financing Sources (Uses)	\$ 95,688	\$ (24,384)	\$ (66,521)	\$ 4,783
Net Change in Fund Balances	\$ 831,226	\$ (27,056)	\$ 21,097	\$ 825,267
Fund Balance, July 1, 2014	6,765,382	152,146	382,020	7,299,548
Fund Balance, June 30, 2015	\$ 7,596,608	\$ 125,090	\$ 403,117	\$ 8,124,815

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, 2015

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)		\$ 825,267
<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	\$ 66,620	
Less: current-year depreciation expense	<u>(416,990)</u>	(350,370)
<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, 2015	\$ 115,928	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(107,558)</u>	8,370
<p>(3) The contribution of long-term debt (e.g., bonds, notes, other loans, leases) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Add: principal contributions on other loans to primary government		449,000
<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 liability	\$ (50,021)	
Change in net pension liability/asset	2,266,652	
Change in deferred outflows related to pensions	779,865	
Change in deferred inflows related to pensions	<u>(2,406,590)</u>	<u>589,906</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,522,173</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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,455,152	\$ 0	\$ 0	\$ 2,455,152	\$ 2,478,315	\$ 2,478,315	\$ (23,163)
Licenses and Permits	656	0	0	656	600	600	56
Charges for Current Services	67,321	0	0	67,321	73,500	73,500	(6,179)
Other Local Revenues	75,644	0	0	75,644	44,796	44,796	30,848
State of Tennessee	9,486,715	0	0	9,486,715	9,452,964	9,496,799	(10,084)
Federal Government	164,998	0	0	164,998	135,000	164,998	0
Total Revenues	\$ 12,250,486	\$ 0	\$ 0	\$ 12,250,486	\$ 12,185,175	\$ 12,259,008	\$ (8,522)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,967,007	\$ (220,000)	\$ 165,307	\$ 4,912,314	\$ 6,037,500	\$ 5,914,054	\$ 1,001,740
Alternative Instruction Program	133,243	0	0	133,243	149,436	149,436	16,193
Special Education Program	695,271	0	0	695,271	851,254	851,254	155,983
Vocational Education Program	385,789	0	0	385,789	486,818	486,818	101,029
<u>Support Services</u>							
Attendance	118,566	0	0	118,566	141,093	141,093	22,527
Health Services	196,215	0	0	196,215	212,835	212,835	16,620
Other Student Support	220,548	0	0	220,548	246,173	246,173	25,625
Regular Instruction Program	330,280	(1,075)	0	329,205	477,634	469,426	140,221
Special Education Program	145,869	0	0	145,869	163,424	163,424	17,555
Vocational Education Program	13,254	0	0	13,254	16,016	16,016	2,762
Other Programs	43,835	0	0	43,835	0	43,835	0
Board of Education	363,538	(4,000)	0	359,538	389,370	389,370	29,832
Director of Schools	109,586	0	0	109,586	127,779	127,779	18,193
Office of the Principal	628,406	0	0	628,406	723,205	723,205	94,799
Fiscal Services	218,244	(1,934)	43	216,353	254,459	254,459	38,106
Operation of Plant	825,704	0	4,921	830,625	1,036,237	1,036,237	205,612
Maintenance of Plant	182,500	0	15,753	198,253	242,400	242,400	44,147
Transportation	779,371	(100)	159,602	938,873	1,171,795	1,171,795	232,922

(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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-instructional Services</u>							
Food Service	\$ 74,836	\$ 0	\$ 0	\$ 74,836	\$ 77,747	\$ 77,747	\$ 2,911
Community Services	210,071	0	4,550	214,621	60,416	221,977	7,356
Early Childhood Education	308,185	0	0	308,185	315,186	308,185	0
<u>Capital Outlay</u>							
Regular Capital Outlay	50,913	(500)	263,150	313,563	500,000	500,000	186,437
<u>Principal on Debt</u>							
Education	449,000	0	0	449,000	449,000	449,000	0
<u>Interest on Debt</u>							
Education	15,510	0	0	15,510	133,000	133,000	117,490
<u>Other Debt Service</u>							
Education	49,207	0	0	49,207	85,000	85,000	35,793
Total Expenditures	\$ 11,514,948	\$ (227,609)	\$ 613,326	\$ 11,900,665	\$ 14,347,777	\$ 14,414,518	\$ 2,513,853
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 735,538	\$ 227,609	\$ (613,326)	\$ 349,821	\$ (2,162,602)	\$ (2,155,510)	\$ 2,505,331
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 4,783	\$ 0	\$ 0	\$ 4,783	\$ 0	\$ 0	\$ 4,783
Transfers In	90,905	0	0	90,905	85,000	74,564	16,341
Transfers Out	0	0	0	0	(12,546)	(9,200)	9,200
Total Other Financing Sources	\$ 95,688	\$ 0	\$ 0	\$ 95,688	\$ 72,454	\$ 65,364	\$ 30,324
Net Change in Fund Balance							
Fund Balance, July 1, 2014	\$ 831,226	\$ 227,609	\$ (613,326)	\$ 445,509	\$ (2,090,148)	\$ (2,090,146)	\$ 2,535,655
	6,765,382	(227,609)	0	6,537,773	6,247,255	6,247,255	290,518
Fund Balance, June 30, 2015							
	\$ 7,596,608	\$ 0	\$ (613,326)	\$ 6,983,282	\$ 4,157,107	\$ 4,157,109	\$ 2,826,173

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Other Local Revenues	\$ 47	\$ 0	\$ 47	\$ 0	\$ 0	47
Federal Government	1,539,226	0	1,539,226	1,542,745	2,006,981	(467,755)
Total Revenues	\$ 1,539,273	\$ 0	\$ 1,539,273	\$ 1,542,745	\$ 2,006,981	\$ (467,708)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 756,736	\$ (7,572)	\$ 749,164	\$ 660,440	\$ 975,013	\$ 225,849
Special Education Program	360,121	0	360,121	326,295	457,183	97,062
Vocational Education Program	105,297	0	105,297	105,352	107,676	2,379
<u>Support Services</u>						
Other Student Support	7,759	0	7,759	11,861	10,758	2,999
Regular Instruction Program	278,544	0	278,544	292,124	367,259	88,715
Special Education Program	15,987	0	15,987	18,656	39,037	23,050
Vocational Education Program	6,552	0	6,552	9,600	9,600	3,048
Transportation	10,949	0	10,949	13,107	13,107	2,158
Total Expenditures	\$ 1,541,945	\$ (7,572)	\$ 1,534,373	\$ 1,437,435	\$ 1,979,633	\$ 445,260
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,672)	\$ 7,572	\$ 4,900	\$ 105,310	\$ 27,348	\$ (22,448)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (24,384)	\$ 0	\$ (24,384)	\$ (105,310)	\$ (27,348)	\$ 2,964
Total Other Financing Sources	\$ (24,384)	\$ 0	\$ (24,384)	\$ (105,310)	\$ (27,348)	\$ 2,964
Net Change in Fund Balance	\$ (27,056)	\$ 7,572	\$ (19,484)	\$ 0	\$ 0	\$ (19,484)
Fund Balance, July 1, 2014	152,146	(7,572)	144,574	0	0	144,574
Fund Balance, June 30, 2015	\$ 125,090	\$ 0	\$ 125,090	\$ 0	\$ 0	\$ 125,090

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 48,759	\$ 85,000	\$ 85,000	\$ (36,241)
Other Local Revenues	1,440	3,000	3,000	(1,560)
Federal Government	943,341	1,033,549	1,033,549	(90,208)
Total Revenues	<u>\$ 993,540</u>	<u>\$ 1,121,549</u>	<u>\$ 1,121,549</u>	<u>\$ (128,009)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 905,922	\$ 1,141,549	\$ 1,141,549	\$ 235,627
Total Expenditures	<u>\$ 905,922</u>	<u>\$ 1,141,549</u>	<u>\$ 1,141,549</u>	<u>\$ 235,627</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 87,618</u>	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	<u>\$ 107,618</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (66,521)	\$ (75,000)	\$ (75,000)	\$ 8,479
Total Other Financing Sources	<u>\$ (66,521)</u>	<u>\$ (75,000)</u>	<u>\$ (75,000)</u>	<u>\$ 8,479</u>
Net Change in Fund Balance	\$ 21,097	\$ (95,000)	\$ (95,000)	\$ 116,097
Fund Balance, July 1, 2014	<u>382,020</u>	<u>377,447</u>	<u>377,447</u>	<u>4,573</u>
Fund Balance, June 30, 2015	<u>\$ 403,117</u>	<u>\$ 282,447</u>	<u>\$ 282,447</u>	<u>\$ 120,670</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Jackson County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or Matured During Period	Outstanding 6-30-15
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Jail Construction	\$ 300,000	3.39 %	3-1-07	3-1-16	\$ 66,667	\$ 33,333	\$ 33,334
Garbage Truck	208,891	3.75	10-22-09	10-22-14	44,892	44,892	0
Sheriff's Department Vehicles	195,218	3.69	6-2-11	6-2-15	51,491	51,491	0
Ambulances	170,000	3.69	8-19-11	8-19-15	88,078	43,242	44,836
Courthouse Stone Repairs	85,000	3	10-6-11	10-6-14	30,001	30,001	0
Blackburn Fork Road Slide Repair	85,000	2.49	10-15-12	10-15-16	63,750	21,250	42,500
Total Payable through General Debt Service Fund					<u>\$ 344,879</u>	<u>\$ 224,209</u>	<u>\$ 120,670</u>
<u>Payable through Highway/Public Works Fund</u>							
Street and Road Improvements	150,000	4	7-13-09	7-13-14	\$ 32,390	\$ 32,390	\$ 0
Backhoe	49,950	3.19	11-5-10	11-5-14	12,487	12,487	0
Grader Rebuild	100,000	2.49	12-30-11	3-26-15	51,230	51,230	0
County Road Repairs	200,000	1.97	3-6-14	3-26-15	200,000	200,000	0
Total Payable through Highway/Public Works Fund					<u>\$ 296,107</u>	<u>\$ 296,107</u>	<u>\$ 0</u>
Total Notes Payable					<u>\$ 640,986</u>	<u>\$ 520,316</u>	<u>\$ 120,670</u>
<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	\$ 2,467,000	\$ 133,000	\$ 2,334,000
Jail Construction	1,200,000	Variable	10-23-06	5-25-31	981,000	38,000	943,000
Total Payable through General Debt Service Fund					<u>\$ 3,448,000</u>	<u>\$ 171,000</u>	<u>\$ 3,277,000</u>
<u>Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund</u>							
School Construction	6,300,000	Variable	3-5-01	5-25-29	\$ 4,517,000	\$ 209,000	\$ 4,308,000
Refunding/School Construction	3,765,000	Variable	12-15-09	5-25-29	2,715,000	240,000	2,475,000
Total Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund					<u>\$ 7,232,000</u>	<u>\$ 449,000</u>	<u>\$ 6,783,000</u>
Total Other Loans Payable					<u>\$ 10,680,000</u>	<u>\$ 620,000</u>	<u>\$ 10,060,000</u>

(Continued)

Exhibit J-1

Jackson County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or Matured During Period	Outstanding 6-30-15
<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	\$ 6,000	\$ 6,000	\$ 0
Public Works (F.H.A.)	26,000	5	4-28-1978	1-1-18	5,500	1,000	4,500
Health Department (USDA)	194,600	4	2-22-11	2-22-49	187,526	2,549	184,977
Total Bonds Payable					<u>\$ 199,026</u>	<u>\$ 9,549</u>	<u>\$ 189,477</u>

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 99,420	\$ 3,542	\$ 102,962
2017	21,250	517	21,767
Total	<u>\$ 120,670</u>	<u>\$ 4,059</u>	<u>\$ 124,729</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 652,000	\$ 26,835	\$ 69,471	\$ 748,306
2017	674,000	25,092	65,233	764,325
2018	696,000	23,291	60,852	780,143
2019	729,000	21,431	56,329	806,760
2020	589,000	19,482	51,590	660,072
2021	617,000	17,912	47,761	682,673
2022	644,000	16,266	43,750	704,016
2023	671,000	14,549	39,565	725,114
2024	702,000	12,759	35,204	749,963
2025	731,000	10,887	30,639	772,526
2026	761,000	8,937	25,888	795,825
2027	788,000	6,908	20,943	815,851
2028	817,000	4,805	15,820	837,625
2029	827,000	2,627	10,510	840,137
2030	79,000	421	2,073	81,494
2031	83,000	216	1,560	84,776
Total	<u>\$ 10,060,000</u>	<u>\$ 212,418</u>	<u>\$ 577,188</u>	<u>\$ 10,849,606</u>

(Continued)

Exhibit J-2

Jackson County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	\$ 189,477	\$ 157,173	\$ 346,650

Exhibit J-3

Jackson County, Tennessee
Schedule of Transfers
Discretely Presented Jackson County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
School Federal Projects	General Purpose School	Indirect costs	\$ 24,384
Central Cafeteria	"	Supervisor's salary	<u>66,521</u>
Total Transfers Discretely Presented Jackson County School Department			<u>\$ 90,905</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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
John Cason (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	\$ 11,232	\$ 25,000	Western Surety Company
James Bobby Kinnaid (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	56,154	25,000	"
Road Superintendent	Section 8-24-102, <i>TCA</i> , and Jackson County Commission	68,976 (1)	100,000	"
Director of Schools	State Board of Education and Jackson County Board of Education	78,186 (2)	(5)	
Trustee:				
Vernon Ragland (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	9,724	525,400	Western Surety Company
Anthony Flatt (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	48,619	567,964	The Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	58,343	50,000	Western Surety Company
County Clerk	Section 8-24-102, <i>TCA</i>	58,343	25,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	58,343	25,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	58,343 (3)	25,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	58,343	15,000	"
Sheriff:				
Brad Stafford (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	10,696	25,000	"
Marty Hinson (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	53,482 (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 \$4,798.
- (2) Includes a chief executive officer's supplement of \$1,000.
- (3) Does not include special commissioner fees of \$8,415.
- (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, 2015

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,232,208	\$ 459,105	\$ 0	\$ 0	\$ 174,143	\$ 31,664
Trustee's Collections - Prior Year	73,124	15,035	0	0	5,706	1,178
Circuit/Clerk and Master Collections - Prior Years	42,993	8,561	0	0	2,915	590
Interest and Penalty	30,745	6,259	0	0	2,375	292
Payments in-Lieu-of Taxes - Other	21,387	4,399	0	0	1,668	303
<u>County Local Option Taxes</u>						
Local Option Sales Tax	154,550	0	0	0	0	0
Wheel Tax	242,847	0	0	0	0	0
Litigation Tax - General	16,680	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	6,274	0	0	0	0	0
Business Tax	23,896	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	29,719	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	19,557	0	0	0	0	0
Wholesale Beer Tax	55,155	0	0	0	0	0
Beer Privilege Tax	570	0	0	0	0	0
Interstate Telecommunications Tax	1,066	0	0	0	0	0
Total Local Taxes	\$ 2,921,052	\$ 493,359	\$ 0	\$ 0	\$ 216,526	\$ 34,027
<u>Licenses and Permits</u>						
<u>Permits</u>						
Beer Permits	\$ 950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 333	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,916	0	0	0	0	0
Data Entry Fee - Circuit Court	3,298	0	0	0	0	0
Courtroom Security Fee	2,239	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	11,763	0	0	0	0	0
Officers Costs	15,155	0	0	0	0	0
Game and Fish Fines	482	0	0	0	0	0
Drug Control Fines	0	0	13,029	0	0	0
DUI Treatment Fines	1,805	0	0	0	0	0
Data Entry Fee - General Sessions Court	398	0	0	0	0	0
Courtroom Security Fee	13	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	566	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	525	0	0	0	0	0
Data Entry Fee - Chancery Court	218	0	0	0	0	0
<u>Other Courts - In-county</u>						
Officers Costs	68	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	40	0	35,128	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 38,819	\$ 0	\$ 48,157	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Waste Tire Disposal	\$ 0	\$ 4,081	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	724,000	0	0	0	0	0
<u>Fees</u>						
Copy Fees	1,239	0	0	0	0	0
Library Fees	4,369	0	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0	0
Telephone Commissions	38,673	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	172	0	0
Data Processing Fee - Register	3,630	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,400	0	0	0	0	0
<u>Education Charges</u>						
Tuition - Other	18,155	0	0	0	0	0
Total Charges for Current Services	\$ 792,516	\$ 4,081	\$ 0	\$ 172	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 36,852	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	11,725	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	2,820	0
Commissary Sales	19,604	0	0	0	0	0
Sale of Gasoline	2,715	0	0	0	77,907	0
Sale of Recycled Materials	0	10,436	0	0	0	0
Miscellaneous Refunds	66,133	2,075	0	0	4,822	0
<u>Nonrecurring Items</u>						
Contributions and Gifts	12,404	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 585	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 150,018	\$ 12,511	\$ 0	\$ 0	\$ 85,549	\$ 0
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 70,343	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	14,675	0	0	0	0	0
General Sessions Court Clerk	49,997	0	0	0	0	0
Clerk and Master	33,378	0	0	0	0	0
Register	36,499	0	0	0	0	0
Sheriff	4,015	0	0	0	0	0
Trustee	160,992	0	0	0	0	0
Total Fees Received from County Officials	\$ 369,899	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	74,071	0	0	0	0	0
Aging Programs	12,834	0	0	0	0	0
Solid Waste Grants	0	7,682	0	0	0	0
On-behalf Contributions for OPEB	75	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	12,431	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	28,340	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
Flood Control	\$ 7,060	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Income Tax	9,573	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0
Alcoholic Beverage Tax	31,078	0	0	0	0	0
State Revenue Sharing - T.V.A.	387,317	0	0	0	0	0
Contracted Prisoner Boarding	671,943	0	0	0	0	350,000
Gasoline and Motor Fuel Tax	0	0	0	0	1,429,346	0
Petroleum Special Tax	0	0	0	0	8,397	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Revenues	16,052	0	0	0	0	0
Total State of Tennessee	\$ 1,292,993	\$ 7,682	\$ 0	\$ 0	\$ 1,437,743	\$ 350,000
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 540,244	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	510,263	0
Other Federal through State	21,396	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	12,725	0	0	0	0	0
Other Direct Federal Revenue	66,246	0	0	0	0	0
Total Federal Government	\$ 640,611	\$ 0	\$ 0	\$ 0	\$ 510,263	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 156,890	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Governments and Citizens Groups (Cont.)</u>						
<u>Other Governments (Cont.)</u>						
Contributions	\$ 17,717	\$ 0	\$ 0	\$ 0	\$ 0	\$ 513,717
Total Other Governments and Citizens Groups	\$ 174,607	\$ 0	\$ 0	\$ 0	\$ 0	\$ 513,717
 Total	 \$ 6,381,465	 \$ 517,633	 \$ 48,157	 \$ 172	 \$ 2,250,081	 \$ 897,744

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund Community Development/ Industrial Park</u>	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 2,897,120
Trustee's Collections - Prior Year	0	95,043
Circuit/Clerk and Master Collections - Prior Years	0	55,059
Interest and Penalty	0	39,671
Payments in-Lieu-of Taxes - Other	0	27,757
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	154,550
Wheel Tax	0	242,847
Litigation Tax - General	0	16,680
Litigation Tax - Jail, Workhouse, or Courthouse	0	6,274
Business Tax	0	23,896
Mineral Severance Tax	0	29,719
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	19,557
Wholesale Beer Tax	0	55,155
Beer Privilege Tax	0	570
Interstate Telecommunications Tax	0	1,066
Total Local Taxes	<u>\$ 0</u>	<u>\$ 3,664,964</u>
<u>Licenses and Permits</u>		
<u>Permits</u>		
Beer Permits	\$ 0	\$ 950
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 950</u>

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund Community Development/ Industrial Park</u>	Total
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 333
Officers Costs	0	1,916
Data Entry Fee - Circuit Court	0	3,298
Courtroom Security Fee	0	2,239
<u>General Sessions Court</u>		
Fines	0	11,763
Officers Costs	0	15,155
Game and Fish Fines	0	482
Drug Control Fines	0	13,029
DUI Treatment Fines	0	1,805
Data Entry Fee - General Sessions Court	0	398
Courtroom Security Fee	0	13
<u>Juvenile Court</u>		
Fines	0	566
<u>Chancery Court</u>		
Officers Costs	0	525
Data Entry Fee - Chancery Court	0	218
<u>Other Courts - In-county</u>		
Officers Costs	0	68
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	35,168
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 86,976</u>

(Continued)

Exhibit J-5

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

	Capital Projects Fund Community Development/ Industrial Park	Total
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Surcharge - Waste Tire Disposal	\$ 0	\$ 4,081
Patient Charges	0	724,000
<u>Fees</u>		
Copy Fees	0	1,239
Library Fees	0	4,369
Greenbelt Late Application Fee	0	50
Telephone Commissions	0	38,673
Constitutional Officers' Fees and Commissions	0	172
Data Processing Fee - Register	0	3,630
Sexual Offender Registration Fee - Sheriff	0	2,400
<u>Education Charges</u>		
Tuition - Other	0	18,155
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 796,769</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 36,852
Lease/Rentals	10,750	22,475
Sale of Materials and Supplies	0	2,820
Commissary Sales	0	19,604
Sale of Gasoline	0	80,622
Sale of Recycled Materials	0	10,436
Miscellaneous Refunds	0	73,030
<u>Nonrecurring Items</u>		
Contributions and Gifts	0	12,404

(Continued)

Exhibit J-5

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

	Capital Projects Fund Community Development/ Industrial Park	Total
<u>Other Local Revenues (Cont.)</u>		
<u>Other Local Revenues</u>		
Other Local Revenues	\$ 0	\$ 585
Total Other Local Revenues	<u>\$ 10,750</u>	<u>\$ 258,828</u>
<u>Fees Received from County Officials</u>		
<u>Fees in-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 70,343
Circuit Court Clerk	0	14,675
General Sessions Court Clerk	0	49,997
Clerk and Master	0	33,378
Register	0	36,499
Sheriff	0	4,015
Trustee	0	160,992
Total Fees Received from County Officials	<u>\$ 0</u>	<u>\$ 369,899</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Airport Maintenance Program	0	74,071
Aging Programs	0	12,834
Solid Waste Grants	0	7,682
On-behalf Contributions for OPEB	0	75
<u>Health and Welfare Grants</u>		
Health Department Programs	0	12,431
<u>Public Works Grants</u>		
Litter Program	0	28,340

(Continued)

Exhibit J-5

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

	Capital Projects Fund Community Development/ Industrial Park	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues</u>		
Flood Control	\$ 0	\$ 7,060
Income Tax	0	9,573
Beer Tax	0	18,055
Alcoholic Beverage Tax	0	31,078
State Revenue Sharing - T.V.A.	0	387,317
Contracted Prisoner Boarding	0	1,021,943
Gasoline and Motor Fuel Tax	0	1,429,346
Petroleum Special Tax	0	8,397
Registrar's Salary Supplement	0	15,164
Other State Revenues	0	16,052
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 3,088,418</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Community Development	\$ 0	\$ 540,244
Disaster Relief	0	510,263
Other Federal through State	0	21,396
<u>Direct Federal Revenue</u>		
Police Service (Lake Area)	0	12,725
Other Direct Federal Revenue	0	66,246
Total Federal Government	<u>\$ 0</u>	<u>\$ 1,150,874</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Prisoner Board	\$ 0	\$ 156,890

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>		<u>Community Development/ Industrial Park</u>	<u>Total</u>
<hr/>				
<u>Other Governments and Citizens Groups (Cont.)</u>				
<u>Other Governments (Cont.)</u>				
Contributions	\$	0	\$	531,434
Total Other Governments and Citizens Groups	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>688,324</u>
 Total	 <u>\$</u>	 10,750	 <u>\$</u>	 <u>10,106,002</u>

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, 2015

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,614,789	\$ 0	\$ 0	\$ 1,614,789
Trustee's Collections - Prior Year	52,907	0	0	52,907
Circuit/Clerk and Master Collections - Prior Years	29,579	0	0	29,579
Interest and Penalty	22,022	0	0	22,022
Payments in-Lieu-of Taxes - Other	15,534	0	0	15,534
<u>County Local Option Taxes</u>				
Local Option Sales Tax	556,845	0	0	556,845
Wheel Tax	161,985	0	0	161,985
Other County Local Option Taxes	345	0	0	345
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,146	0	0	1,146
Total Local Taxes	\$ 2,455,152	\$ 0	\$ 0	\$ 2,455,152
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 656	\$ 0	\$ 0	\$ 656
Total Licenses and Permits	\$ 656	\$ 0	\$ 0	\$ 656
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Adults	\$ 0	\$ 0	\$ 18,277	\$ 18,277
A la carte Sales	0	0	30,482	30,482
Contract for Instructional Services with Other LEAs	42,860	0	0	42,860
Receipts from Individual Schools	24,461	0	0	24,461
Total Charges for Current Services	\$ 67,321	\$ 0	\$ 48,759	\$ 116,080
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,440	\$ 1,440
E-Rate Funding	35,732	0	0	35,732
Miscellaneous Refunds	39,819	47	0	39,866
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	50	0	0	50
Contributions and Gifts	43	0	0	43
Total Other Local Revenues	\$ 75,644	\$ 47	\$ 1,440	\$ 77,131

(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	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 43,835	\$ 0	\$ 0	\$ 43,835
<u>State Education Funds</u>				
Basic Education Program	8,794,000	0	0	8,794,000
Early Childhood Education	315,186	0	0	315,186
School Food Service	9,208	0	0	9,208
Energy Efficient School Initiative	2,400	0	0	2,400
Other State Education Funds	224,801	0	0	224,801
Career Ladder Program	59,528	0	0	59,528
Career Ladder - Extended Contract	7,570	0	0	7,570
<u>Other State Revenues</u>				
Other State Grants	30,187	0	0	30,187
Total State of Tennessee	\$ 9,486,715	\$ 0	\$ 0	\$ 9,486,715
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 585,467	\$ 585,467
USDA - Commodities	0	0	55,190	55,190
Breakfast	0	0	292,233	292,233
USDA - Other	0	0	10,451	10,451
Vocational Education - Basic Grants to States	0	108,608	0	108,608
Title I Grants to Local Education Agencies	0	608,596	0	608,596
Special Education - Grants to States	0	383,045	0	383,045
Special Education Preschool Grants	0	13,757	0	13,757
Rural Education	0	24,691	0	24,691
Eisenhower Professional Development State Grants	0	94,839	0	94,839
Job Training Partnership Act	0	11,000	0	11,000
Race-to-the-Top - ARRA	0	37,037	0	37,037
Other Federal through State	164,998	0	0	164,998
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	0	257,653	0	257,653
Total Federal Government	\$ 164,998	\$ 1,539,226	\$ 943,341	\$ 2,647,565
Total	\$ 12,250,486	\$ 1,539,273	\$ 993,540	\$ 14,783,299

Exhibit J-7

Jackson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Other Per Diem and Fees	\$	20,006	
Social Security		1,488	
Audit Services		13,491	
Dues and Memberships		2,600	
Travel		200	
Other Contracted Services		4,000	
Total County Commission			\$ 41,785

Beer Board

Legal Notices, Recording, and Court Costs	\$	84	
Total Beer Board			84

County Mayor/Executive

County Official/Administrative Officer	\$	67,386	
Accountants/Bookkeepers		35,135	
Clerical Personnel		22,440	
Social Security		9,571	
Communication		3,069	
Dues and Memberships		600	
Maintenance and Repair Services - Office Equipment		413	
Travel		518	
Office Supplies		2,740	
Data Processing Equipment		7,581	
Total County Mayor/Executive			149,453

County Attorney

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

Election Commission

County Official/Administrative Officer	\$	52,509	
Election Commission		13,890	
Election Workers		27,780	
In-service Training		2,259	
Social Security		4,941	
Communication		1,805	
Legal Notices, Recording, and Court Costs		5,762	
Printing, Stationery, and Forms		5,434	
Travel		435	
Other Contracted Services		15,000	
Office Supplies		863	
Data Processing Equipment		2,456	
Voting Machines		5,740	
Total Election Commission			138,874

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	58,343	
Clerical Personnel		22,440	
Social Security		6,180	
Communication		1,734	
Data Processing Services		3,828	
Dues and Memberships		483	
Travel		435	
Office Supplies		847	
Office Equipment		300	
Total Register of Deeds			\$ 94,590

County Buildings

Custodial Personnel	\$	7,800	
Other Salaries and Wages		25,000	
Social Security		1,937	
Communication		542	
Maintenance and Repair Services - Buildings		9,518	
Pest Control		2,000	
Custodial Supplies		5,000	
Electricity		41,277	
Natural Gas		8,237	
Office Supplies		95	
Water and Sewer		5,973	
Other Supplies and Materials		2,000	
Building Improvements		14,948	
Total County Buildings			124,327

Other General Administration

On-behalf Payments to OPEB	\$	75	
Total Other General Administration			75

Preservation of Records

Communication	\$	615	
Custodial Supplies		156	
Office Supplies		3,679	
Total Preservation of Records			4,450

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	58,343	
Clerical Personnel		22,440	
Social Security		6,180	
Audit Services		1,987	
Communication		724	
Data Processing Services		878	
Dues and Memberships		40	
Travel		1,677	
Office Supplies		307	
Total Property Assessor's Office			92,576

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Travel	\$	96	
Office Supplies		16	
Total Reappraisal Program			\$ 112

County Trustee's Office

County Official/Administrative Officer	\$	58,343	
Deputy(ies)		25,837	
Social Security		6,440	
Communication		1,631	
Dues and Memberships		446	
Travel		400	
Office Supplies		2,495	
Data Processing Equipment		7,499	
Total County Trustee's Office			103,091

County Clerk's Office

County Official/Administrative Officer	\$	58,343	
Deputy(ies)		43,467	
Social Security		7,788	
Communication		1,700	
Dues and Memberships		200	
Maintenance and Repair Services - Office Equipment		388	
Printing, Stationery, and Forms		2,234	
Travel		471	
Office Supplies		3,181	
Data Processing Equipment		13,004	
Total County Clerk's Office			130,776

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,343	
Deputy(ies)		74,872	
Jury and Witness Expense		7,983	
Other Per Diem and Fees		995	
Social Security		10,191	
Communication		3,193	
Printing, Stationery, and Forms		209	
Travel		998	
Office Supplies		4,500	
Data Processing Equipment		13,587	
Total Circuit Court			174,871

General Sessions Court

Judge(s)	\$	94,614	
Secretary(ies)		22,440	
Social Security		8,955	
Communication		800	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Travel	\$	1,200	
Office Supplies		869	
Total General Sessions Court			\$ 128,878

Chancery Court

County Official/Administrative Officer	\$	58,343	
Deputy(ies)		22,440	
Jury and Witness Expense		246	
Social Security		6,180	
Communication		1,400	
Data Processing Services		3,388	
Dues and Memberships		500	
Maintenance and Repair Services - Office Equipment		200	
Printing, Stationery, and Forms		700	
Travel		1,000	
Office Supplies		700	
Data Processing Equipment		444	
Other Equipment		399	
Total Chancery Court			95,940

Juvenile Court

Youth Service Officer(s)	\$	24,988	
Social Security		1,912	
Communication		1,608	
Other Contracted Services		3,821	
Total Juvenile Court			32,329

Judicial Commissioners

County Official/Administrative Officer	\$	33,416	
Social Security		2,557	
Total Judicial Commissioners			35,973

Other Administration of Justice

County Official/Administrative Officer	\$	2,400	
Clerical Personnel		1,200	
Social Security		275	
Total Other Administration of Justice			3,875

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,178	
Supervisor/Director		30,000	
Deputy(ies)		319,675	
Salary Supplements		6,600	
Secretary(ies)		26,262	
School Resource Officer		74,489	
In-service Training		8,000	

(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.)

Social Security	\$	39,872	
Communication		19,472	
Contracts with Government Agencies		6,000	
Dues and Memberships		2,500	
Maintenance and Repair Services - Equipment		6,000	
Maintenance and Repair Services - Vehicles		34,486	
Printing, Stationery, and Forms		2,000	
Towing Services		5,000	
Travel		2,525	
Equipment Parts - Light		500	
Gasoline		102,894	
Law Enforcement Supplies		5,297	
Office Supplies		7,924	
Tires and Tubes		8,000	
Uniforms		3,985	
Data Processing Equipment		7,398	
Other Equipment		1,000	
Total Sheriff's Department			\$ 784,057

Administration of the Sexual Offender Registry

Other Charges	\$	2,090	
Total Administration of the Sexual Offender Registry			2,090

Jail

Supervisor/Director	\$	29,317	
Guards		537,672	
Cafeteria Personnel		60,406	
In-service Training		4,461	
Social Security		48,187	
Communication		17,500	
Maintenance Agreements		7,480	
Maintenance and Repair Services - Buildings		19,481	
Maintenance and Repair Services - Equipment		20,294	
Medical and Dental Services		216,082	
Pest Control		1,200	
Custodial Supplies		18,393	
Electricity		39,159	
Food Preparation Supplies		9,265	
Food Supplies		133,271	
Natural Gas		24,500	
Prisoners Clothing		7,000	
Uniforms		5,982	
Water and Sewer		15,480	
Other Supplies and Materials		7,754	
Other Equipment		52,450	
Total Jail			1,275,334

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

Contracts with Government Agencies	\$	1,500	
Contributions		15,000	
Total Fire Prevention and Control			\$ 16,500

Other Emergency Management

Communication	\$	900	
Contributions		66,000	
Office Supplies		96	
Total Other Emergency Management			66,996

Other Public Safety

Building Construction	\$	94,858	
Total Other Public Safety			94,858

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	5,250	
Other Salaries and Wages		4,040	
In-service Training		200	
Social Security		309	
Communication		3,061	
Maintenance and Repair Services - Buildings		4,905	
Travel		893	
Custodial Supplies		660	
Drugs and Medical Supplies		2,939	
Electricity		8,636	
Natural Gas		631	
Office Supplies		2,638	
Water and Sewer		401	
Other Supplies and Materials		6,475	
Other Charges		13,688	
Total Local Health Center			54,726

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,000	
Medical Personnel		389,052	
Clerical Personnel		22,146	
In-service Training		7,644	
Social Security		34,399	
Communication		3,467	
Laundry Service		3,200	
Licenses		1,500	
Maintenance and Repair Services - Equipment		6,372	
Maintenance and Repair Services - Vehicles		9,936	
Custodial Supplies		2,200	
Diesel Fuel		27,000	
Drugs and Medical Supplies		31,413	

(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	\$	9,504	
Natural Gas		2,197	
Office Supplies		3,995	
Uniforms		3,942	
Water and Sewer		911	
Data Processing Equipment		18,726	
Other Equipment		65,601	
Total Ambulance/Emergency Medical Services	\$		692,205

Regional Mental Health Center

Contributions	\$	4,648	
Total Regional Mental Health Center			4,648

Appropriation to State

Contributions	\$	16,200	
Total Appropriation to State			16,200

Social, Cultural, and Recreational Services

Adult Activities

Supervisor/Director	\$	11,135	
Social Security		852	
Communication		901	
Maintenance and Repair Services - Buildings		69	
Travel		56	
Office Supplies		99	
Utilities		5,092	
Total Adult Activities			18,204

Senior Citizens Assistance

Supervisor/Director	\$	11,148	
Other Salaries and Wages		3,000	
Social Security		1,141	
Communication		1,148	
Maintenance and Repair Services - Buildings		100	
Office Supplies		72	
Utilities		6,677	
Total Senior Citizens Assistance			23,286

Libraries

Assistant(s)	\$	14,656	
Supervisor/Director		22,440	
Data Processing Personnel		810	
Custodial Personnel		1,200	
Social Security		2,873	
Communication		1,700	
Dues and Memberships		347	
Maintenance Agreements		750	

(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	\$	330	
Library Books/Media		11,970	
Office Supplies		800	
Data Processing Equipment		2,979	
Total Libraries			\$ 60,855

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	18,539	
Secretary(ies)		2,457	
Social Security		498	
Extension Service Medicare		269	
Pensions		2,248	
Communication		2,128	
Contracts with Private Agencies		10,120	
Travel		800	
Data Processing Equipment		1,255	
Total Agricultural Extension Service			38,314

Soil Conservation

Salary Supplements	\$	47,560	
Social Security		3,638	
Total Soil Conservation			51,198

Other Operations

Industrial Development

Other Supplies and Materials	\$	76	
Data Processing Equipment		540	
Total Industrial Development			616

Housing and Urban Development

Other Contracted Services	\$	411,557	
Total Housing and Urban Development			411,557

Other Economic and Community Development

Travel	\$	300	
Other Contracted Services		5,903	
Other Supplies and Materials		416	
Total Other Economic and Community Development			6,619

Airport

Communication	\$	961	
Maintenance and Repair Services - Buildings		223,887	
Electricity		1,108	
Total Airport			225,956

(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	\$	201,950	
Premiums on Corporate Surety Bonds		7,611	
Trustee's Commission		66,998	
Workers' Compensation Insurance		114,402	
Total Other Charges			\$ 390,961

Contributions to Other Agencies

Contributions	\$	36,078	
Total Contributions to Other Agencies			36,078

Employee Benefits

Pensions	\$	117,193	
Medical Insurance		25,908	
Unemployment Compensation		24,000	
Total Employee Benefits			167,101

Miscellaneous

Legal Services	\$	2,000	
Legal Notices, Recording, and Court Costs		1,771	
Postal Charges		14,915	
Other Contracted Services		10,000	
Other Charges		16,600	
Total Miscellaneous			45,286

Highways

Litter and Trash Collection

Guards	\$	14,575	
Clerical Personnel		3,600	
Social Security		1,287	
Maintenance and Repair Services - Vehicles		2,540	
Gasoline		3,110	
Instructional Supplies and Materials		4,778	
Other Supplies and Materials		192	
Total Litter and Trash Collection			30,082

Total General Fund \$ 5,871,289

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Truck Drivers	\$	34,082	
Social Security		2,602	
Communication		324	
Maintenance and Repair Services - Equipment		1,250	
Maintenance and Repair Services - Vehicles		19,812	
Contracts for Landfill Facilities		144,232	
Diesel Fuel		29,988	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Gasoline	\$	5,947	
Tires and Tubes		19,956	
Other Supplies and Materials		5,000	
Motor Vehicles		3,500	
Solid Waste Equipment		14,855	
Total Waste Pickup	\$		281,548

Convenience Centers

Guards	\$	176,816	
Social Security		11,395	
Pensions		3,379	
Communication		3,200	
Electricity		8,019	
Water and Sewer		2,250	
Building Improvements		9,565	
Total Convenience Centers			214,624

Other Operations

Other Charges

Trustee's Commission	\$	9,780	
Total Other Charges			9,780

Total Solid Waste/Sanitation Fund \$ 505,952

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	3,500	
Maintenance and Repair Services - Vehicles		25	
Animal Food and Supplies		20,642	
Trustee's Commission		495	
Total Drug Enforcement	\$		24,662

Public Health and Welfare

Alcohol and Drug Programs

Instructional Supplies and Materials	\$	979	
Total Alcohol and Drug Programs			979

Total Drug Control Fund 25,641

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	172	
Total County Trustee's Office			172

Total Constitutional Officers - Fees Fund 172

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	68,976	
Accountants/Bookkeepers		45,768	
Pensions		7,390	
Dues and Memberships		2,242	
Maintenance and Repair Services - Office Equipment		6,222	
Postal Charges		392	
Printing, Stationery, and Forms		994	
Office Supplies		1,145	
Other Charges		4,345	
Office Equipment		390	
Total Administration			\$ 137,864

Highway and Bridge Maintenance

Foremen	\$	27,084	
Equipment Operators		138,329	
Truck Drivers		56,895	
Laborers		190,770	
Pensions		18,494	
Other Contracted Services		4,080	
Asphalt - Cold Mix		43,446	
Asphalt - Liquid		185,375	
Concrete		932	
Crushed Stone		243,292	
General Construction Materials		982	
Other Road Materials		3,371	
Pipe		17,870	
Road Signs		9,824	
Wood Products		4,698	
Other Supplies and Materials		292	
Total Highway and Bridge Maintenance			945,734

Operation and Maintenance of Equipment

Mechanic(s)	\$	69,466	
Nightwatchmen		42,818	
Pensions		3,116	
Diesel Fuel		106,224	
Equipment and Machinery Parts		49,322	
Garage Supplies		666	
Gasoline		57,265	
Lubricants		8,418	
Tires and Tubes		29,659	
Uniforms		7,026	
Other Supplies and Materials		2,165	
Total Operation and Maintenance of Equipment			376,145

Other Charges

Communication	\$	3,851	
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(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Electricity	\$	3,529	
Natural Gas		4,582	
Water and Sewer		245	
Building and Contents Insurance		4,480	
Liability Insurance		6,454	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		18,372	
Vehicle and Equipment Insurance		17,147	
Total Other Charges			\$ 59,010

Employee Benefits

Social Security	\$	48,968	
Medical Insurance		4,497	
Unemployment Compensation		7,002	
Workers' Compensation Insurance		78,468	
Total Employee Benefits			138,935

Capital Outlay

Engineering Services	\$	18,711	
Communication Equipment		1,175	
Highway Equipment		11,500	
Motor Vehicles		27,945	
Total Capital Outlay			59,331

Principal on Debt

Highways and Streets

Principal on Notes	\$	296,107	
Total Highways and Streets			296,107

Interest on Debt

Highways and Streets

Interest on Notes	\$	7,194	
Total Highways and Streets			7,194

Total Highway/Public Works Fund \$ 2,020,320

General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$	1,924	
Total Other Charges			\$ 1,924

Principal on Debt

General Government

Principal on Bonds	\$	9,549	
Principal on Notes		224,209	
Principal on Other Loans		171,000	
Total General Government			404,758

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Other Loans	\$ 449,000	
Total Education		\$ 449,000

Interest on Debt

General Government

Interest on Bonds	\$ 7,789	
Interest on Notes	10,953	
Interest on Other Loans	8,129	
Total General Government		26,871

Education

Interest on Other Loans	\$ 15,510	
Total Education		15,510

Other Debt Service

General Government

Other Debt Service	\$ 23,985	
Total General Government		23,985

Education

Other Debt Service	\$ 49,207	
Total Education		49,207

Total General Debt Service Fund		\$ 971,255
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Community Development/Industrial Park Fund

Other Operations

Industrial Development

Utilities	\$ 3,589	
Total Industrial Development		\$ 3,589

Other Charges

Trustee's Commission	\$ 107	
Total Other Charges		107

Total Community Development/Industrial Park Fund		3,696
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Total Governmental Funds - Primary Government		<u>\$ 9,398,325</u>
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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, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 3,490,193	
Career Ladder Program	28,755	
Homebound Teachers	3,180	
Educational Assistants	93,002	
Other Salaries and Wages	7,938	
Certified Substitute Teachers	7,659	
Non-certified Substitute Teachers	81,520	
Social Security	212,864	
Pensions	321,388	
Medical Insurance	293,691	
Unemployment Compensation	4,280	
Employer Medicare	49,931	
Other Fringe Benefits	8,700	
Other Contracted Services	18,774	
Instructional Supplies and Materials	44,970	
Textbooks	224,148	
Regular Instruction Equipment	76,014	
Total Regular Instruction Program		\$ 4,967,007

Alternative Instruction Program

Teachers	\$ 89,831	
Career Ladder Program	2,000	
Educational Assistants	13,067	
Social Security	5,897	
Pensions	9,143	
Medical Insurance	11,214	
Unemployment Compensation	121	
Employer Medicare	1,379	
Other Fringe Benefits	200	
Instructional Supplies and Materials	391	
Total Alternative Instruction Program		133,243

Special Education Program

Teachers	\$ 449,915	
Career Ladder Program	1,000	
Homebound Teachers	3,156	
Educational Assistants	52,075	
Speech Pathologist	662	
Certified Substitute Teachers	1,438	
Non-certified Substitute Teachers	3,928	
Social Security	29,140	
Pensions	44,341	
Medical Insurance	47,347	
Unemployment Compensation	619	
Employer Medicare	6,836	
Other Fringe Benefits	900	
Contracts with Private Agencies	53,914	
Total Special Education Program		695,271

(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.)

Vocational Education Program

Teachers	\$	217,210	
Career Ladder Program		975	
Non-certified Substitute Teachers		7,158	
Social Security		13,032	
Pensions		19,711	
Medical Insurance		17,625	
Unemployment Compensation		233	
Employer Medicare		3,048	
Other Fringe Benefits		500	
Contracts with Other School Systems		97,524	
Maintenance and Repair Services - Equipment		601	
Instructional Supplies and Materials		5,972	
Other Supplies and Materials		1,975	
Vocational Instruction Equipment		225	
Total Vocational Education Program			\$ 385,789

Support Services

Attendance

Supervisor/Director	\$	51,020	
Career Ladder Program		1,000	
Clerical Personnel		29,977	
Social Security		4,832	
Pensions		6,598	
Medical Insurance		5,232	
Unemployment Compensation		124	
Employer Medicare		1,137	
Other Fringe Benefits		100	
Travel		2,365	
Other Contracted Services		15,376	
Other Supplies and Materials		25	
Attendance Equipment		780	
Total Attendance			118,566

Health Services

Medical Personnel	\$	89,730	
Other Salaries and Wages		46,008	
Social Security		7,180	
Pensions		8,235	
Medical Insurance		19,035	
Unemployment Compensation		193	
Employer Medicare		1,679	
Other Fringe Benefits		200	
Communication		600	
Postal Charges		800	
Printing, Stationery, and Forms		2,500	
Travel		856	

(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.)

Drugs and Medical Supplies	\$	611	
Other Supplies and Materials		15,988	
Other Charges		2,600	
Total Health Services			\$ 196,215

Other Student Support

Career Ladder Program	\$	2,980	
Guidance Personnel		164,611	
Social Security		10,049	
Pensions		15,150	
Medical Insurance		8,440	
Unemployment Compensation		135	
Employer Medicare		2,350	
Other Fringe Benefits		100	
Contracts with Government Agencies		10,000	
Evaluation and Testing		6,733	
Total Other Student Support			220,548

Regular Instruction Program

Supervisor/Director	\$	46,174	
Career Ladder Program		3,200	
Librarians		149,840	
Instructional Computer Personnel		30,385	
Other Salaries and Wages		25,671	
Certified Substitute Teachers		68	
Non-certified Substitute Teachers		2,711	
Social Security		15,054	
Pensions		21,605	
Medical Insurance		19,498	
Unemployment Compensation		281	
Employer Medicare		3,526	
Other Fringe Benefits		400	
Travel		4,706	
Library Books/Media		6,771	
In Service/Staff Development		390	
Total Regular Instruction Program			330,280

Special Education Program

Supervisor/Director	\$	63,512
Career Ladder Program		3,000
Psychological Personnel		46,972
Social Security		6,331
Pensions		10,259
Medical Insurance		13,112
Unemployment Compensation		85
Employer Medicare		1,481

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Fringe Benefits	\$	100	
Travel		924	
Other Supplies and Materials		13	
In Service/Staff Development		80	
Total Special Education Program			\$ 145,869

Vocational Education Program

Supervisor/Director	\$	10,695	
Social Security		488	
Pensions		756	
Employer Medicare		30	
Travel		759	
Other Supplies and Materials		446	
In Service/Staff Development		80	
Total Vocational Education Program			13,254

Other Programs

On-behalf Payments to OPEB	\$	43,835	
Total Other Programs			43,835

Board of Education

Other Salaries and Wages	\$	7,500	
Social Security		465	
Life Insurance		8,651	
Employer Medicare		109	
Audit Services		8,500	
Dues and Memberships		7,283	
Travel		674	
Other Contracted Services		3,750	
Other Supplies and Materials		4,069	
Liability Insurance		116,113	
Premiums on Corporate Surety Bonds		175	
Trustee's Commission		60,615	
Workers' Compensation Insurance		145,534	
In Service/Staff Development		100	
Total Board of Education			363,538

Director of Schools

County Official/Administrative Officer	\$	77,186	
Career Ladder Program		1,000	
Social Security		4,680	
Pensions		7,068	
Medical Insurance		4,220	
Unemployment Compensation		45	
Employer Medicare		1,095	
Other Fringe Benefits		100	

(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.)

Director of Schools (Cont.)

Communication	\$	6,733	
Postal Charges		115	
Travel		4,879	
Other Contracted Services		2,109	
Office Supplies		331	
In Service/Staff Development		25	
Total Director of Schools			\$ 109,586

Office of the Principal

Principals	\$	239,138	
Career Ladder Program		5,000	
Assistant Principals		88,088	
Secretary(ies)		79,389	
Clerical Personnel		64,218	
Social Security		27,321	
Pensions		38,707	
Medical Insurance		31,345	
Unemployment Compensation		624	
Employer Medicare		6,498	
Other Fringe Benefits		600	
Communication		42,154	
Dues and Memberships		2,900	
Travel		426	
Other Contracted Services		368	
Office Supplies		701	
Other Charges		425	
Administration Equipment		504	
Total Office of the Principal			628,406

Fiscal Services

Supervisor/Director	\$	36,733	
Accountants/Bookkeepers		61,859	
Secretary(ies)		27,248	
Clerical Personnel		27,430	
Other Salaries and Wages		11,375	
Social Security		9,688	
Pensions		10,603	
Medical Insurance		11,436	
Unemployment Compensation		227	
Employer Medicare		2,266	
Travel		4,248	
Other Contracted Services		11,521	
Data Processing Supplies		1,527	
Office Supplies		12	
Administration Equipment		2,071	
Total Fiscal Services			218,244

(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

Custodial Personnel	\$	242,123	
Social Security		14,722	
Pensions		13,994	
Medical Insurance		6,601	
Unemployment Compensation		652	
Employer Medicare		3,445	
Rentals		19,513	
Other Contracted Services		1,200	
Custodial Supplies		39,910	
Electricity		398,095	
Natural Gas		46,980	
Water and Sewer		37,581	
Plant Operation Equipment		888	
Total Operation of Plant			\$ 825,704

Maintenance of Plant

Other Salaries and Wages	\$	62,211	
Social Security		3,854	
Pensions		4,006	
Unemployment Compensation		84	
Employer Medicare		901	
Maintenance and Repair Services - Buildings		12,652	
Maintenance and Repair Services - Equipment		988	
Travel		83	
Other Contracted Services		53,116	
Other Supplies and Materials		42,954	
Maintenance Equipment		1,651	
Total Maintenance of Plant			182,500

Transportation

Mechanic(s)	\$	47,037	
Bus Drivers		268,187	
Other Salaries and Wages		6,981	
Social Security		19,717	
Pensions		11,391	
Medical Insurance		4,357	
Unemployment Compensation		831	
Employer Medicare		4,611	
Contracts with Vehicle Owners		131,884	
Maintenance and Repair Services - Vehicles		10,530	
Other Contracted Services		14,243	
Gasoline		106,082	
Lubricants		1,961	
Tires and Tubes		23,320	
Vehicle Parts		21,818	
Other Supplies and Materials		8,363	

(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.)

Vehicle and Equipment Insurance	\$	25,488	
Other Charges		3,695	
Transportation Equipment		68,875	
Total Transportation			\$ 779,371

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	58,611	
Other Salaries and Wages		5,880	
Social Security		3,559	
Pensions		4,126	
Medical Insurance		1,457	
Unemployment Compensation		85	
Employer Medicare		918	
Other Fringe Benefits		200	
Total Food Service			74,836

Community Services

Supervisor/Director	\$	39,299	
Teachers		2,800	
Clerical Personnel		4,800	
Other Salaries and Wages		99,503	
Social Security		9,089	
Pensions		12,646	
Medical Insurance		4,220	
Unemployment Compensation		115	
Employer Medicare		2,210	
Travel		3,470	
Food Supplies		99	
Instructional Supplies and Materials		245	
Other Supplies and Materials		30,325	
Other Charges		1,250	
Total Community Services			210,071

Early Childhood Education

Supervisor/Director	\$	43,500	
Teachers		117,422	
Educational Assistants		58,676	
Certified Substitute Teachers		205	
Non-certified Substitute Teachers		1,349	
Social Security		13,076	
Pensions		18,254	
Medical Insurance		10,338	
Unemployment Compensation		293	
Employer Medicare		3,064	
Other Fringe Benefits		300	

(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.)

Communication	\$	1,652	
Postal Charges		600	
Travel		7,185	
Other Supplies and Materials		32,271	
Total Early Childhood Education			\$ 308,185

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	12,650	
Building Improvements		38,263	
Total Regular Capital Outlay			50,913

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	449,000	
Total Education			449,000

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	15,510	
Total Education			15,510

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	49,207	
Total Education			49,207

Total General Purpose School Fund \$ 11,514,948

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	298,561
Educational Assistants		90,817
Other Salaries and Wages		31,710
Certified Substitute Teachers		2,186
Non-certified Substitute Teachers		11,650
Social Security		24,633
Pensions		34,807
Medical Insurance		31,108
Unemployment Compensation		681
Employer Medicare		5,849
Other Fringe Benefits		500
Other Contracted Services		3,000
Instructional Supplies and Materials		144,852
Other Supplies and Materials		17,790

(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.)

Regular Instruction Program (Cont.)

Other Charges	\$	750	
Regular Instruction Equipment		57,842	
Total Regular Instruction Program			\$ 756,736

Special Education Program

Teachers	\$	43,650	
Educational Assistants		149,243	
Speech Pathologist		59,083	
Other Salaries and Wages		6,579	
Social Security		15,205	
Pensions		19,022	
Medical Insurance		11,747	
Unemployment Compensation		497	
Employer Medicare		3,562	
Other Fringe Benefits		200	
Contracts with Private Agencies		46,880	
Other Supplies and Materials		1,425	
Special Education Equipment		3,028	
Total Special Education Program			360,121

Vocational Education Program

Teachers	\$	9,446	
Other Salaries and Wages		54,030	
Non-certified Substitute Teachers		255	
Social Security		3,573	
Pensions		5,738	
Medical Insurance		6,994	
Unemployment Compensation		54	
Employer Medicare		836	
Other Contracted Services		1,000	
Instructional Supplies and Materials		2,096	
Other Supplies and Materials		200	
Other Charges		3,845	
Vocational Instruction Equipment		17,230	
Total Vocational Education Program			105,297

Support Services

Other Student Support

Bus Drivers	\$	300	
Other Salaries and Wages		750	
Social Security		65	
Pensions		68	
Unemployment Compensation		4	
Employer Medicare		15	
Travel		6,157	
In Service/Staff Development		400	
Total Other Student Support			7,759

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	85,758	
Other Salaries and Wages		69,630	
Social Security		7,356	
Pensions		10,883	
Medical Insurance		4,572	
Unemployment Compensation		166	
Employer Medicare		2,212	
Other Fringe Benefits		100	
Travel		14,445	
Other Contracted Services		39,750	
Library Books/Media		15,599	
Other Supplies and Materials		10,986	
In Service/Staff Development		16,764	
Other Charges		323	
Total Regular Instruction Program			\$ 278,544

Special Education Program

Travel	\$	1,730	
Other Contracted Services		11,923	
Other Supplies and Materials		308	
In Service/Staff Development		2,026	
Total Special Education Program			15,987

Vocational Education Program

Travel	\$	4,484	
In Service/Staff Development		2,068	
Total Vocational Education Program			6,552

Transportation

Other Salaries and Wages	\$	9,580	
Social Security		594	
Pensions		617	
Unemployment Compensation		19	
Employer Medicare		139	
Total Transportation			10,949

Total School Federal Projects Fund \$ 1,541,945

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Cafeteria Personnel	\$	311,915	
Social Security		19,070	
Pensions		17,919	
Medical Insurance		4,753	
Unemployment Compensation		883	

(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.)

Employer Medicare	\$	4,460	
Communication		1,969	
Maintenance Agreements		9,114	
Maintenance and Repair Services - Equipment		14,696	
Travel		4,137	
Other Contracted Services		6,256	
Food Supplies		377,812	
USDA - Commodities		55,190	
Other Supplies and Materials		37,860	
In Service/Staff Development		1,361	
Food Service Equipment		38,527	
Total Food Service			<u>\$ 905,922</u>

Total Central Cafeteria Fund \$ 905,922

Total Governmental Funds - Jackson County School Department \$ 13,962,815

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, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 287,159
Total Cash Receipts	<u>\$ 287,159</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 284,287
Trustee's Commission	2,872
Total Cash Disbursements	<u>\$ 287,159</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2014	<u>0</u>
 Cash Balance, June 30, 2015	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT 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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2015, and the related notes to the financial statements, which collectively comprise Jackson County's basic financial statements, and have issued our report thereon dated February 23, 2015. Our report on the financial statements of the governmental activities and the aggregate discretely presented component units was qualified due to material noncompliance with statutory membership requirements of the Tennessee Consolidated Retirement System. Our report includes a reference to other auditors who audited the financial statements of the discretely presented Jackson County Emergency Communications District as described in our report on Jackson County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jackson County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jackson County's internal control. Accordingly, we do not express an opinion on the effectiveness of Jackson County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2015-003, 2015-004, 2015-006, and 2015-008.

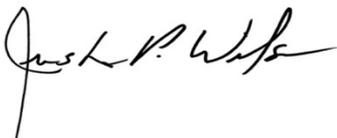
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 2015-001, 2015-002, 2015-005, and 2015-007.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 23, 2016

JPW/yu



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

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Jackson County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jackson County's major federal programs for the year ended June 30, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jackson County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Jackson County's compliance.

Opinion on Each Major Federal Program

In our opinion, Jackson County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Jackson County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jackson County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

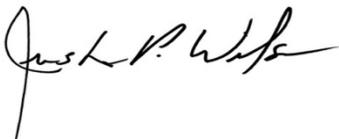
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2015, and the related notes to the financial statements, which collectively comprise Jackson County's basic financial statements. We issued our report thereon dated February 23, 2016. Our report on the governmental activities and the aggregate discretely presented component units was qualified due to material noncompliance with statutory membership requirements of the Tennessee Consolidated Retirement System. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 23, 2016

JPW/yu

Jackson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Environmental Quality Incentives Program	10.912	N/A	\$ 10,101
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	292,233
National School Lunch Program	10.555	N/A	595,918 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	55,190 (3)
Total U.S. Department of Agriculture			\$ 953,442
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	(2)	\$ 540,245
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 42,712
U.S. Department of Labor:			
Passed-through Upper Cumberland Human Resource Agency:			
WIA Youth Activities	17.259	(2)	\$ 11,000
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	44-555-0106-04	\$ 1,049
Alcohol Open Container Requirements	20.607	(2)	4,283
Total U.S. Department of Transportation			\$ 5,332
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 599,588
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	382,090
Special Education - Preschool Grants	84.173	N/A	13,759
Career and Technical Education - Basic Grants to States	84.048	N/A	29,485 (4)
Twenty-first Century Community Learning Centers	84.287	(2)	164,998
Rural Education	84.358	N/A	25,177
Improving Teacher Quality State Grants	84.367	N/A	103,471
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	64,931
Passed-through Putnam County, Tennessee Board of Education:			
Career and Technical Education - Basic Grants to States	84.048	N/A	79,123 (4)
Passed-through National Institute for Excellence in Teaching:			
Teacher Incentive Fund	84.374	N/A	160,362
Total U.S. Department of Education			\$ 1,622,984

(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 Health and Human Services:			
Direct Program:			
Substance Abuse and Mental Health Service - Projects of Regional and National Significance	93.243	N/A	\$ 97,343
Passed-through Upper Cumberland Development District:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	<u>16,064</u>
Total U.S. Department of Health and Human Services			<u>\$ 113,407</u>
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	(2)	\$ 56,145
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	<u>510,263</u>
Total U.S. Department of Homeland Security			<u>\$ 566,408</u>
Total Expenditures of Federal Awards			<u>\$ 3,855,530</u>

State Grants

		Contract Number	
Coordinated School Health - State Department of Education	N/A	(2)	\$ 100,000
Family Resource Center - State Department of Education	N/A	(2)	29,612
Safe Schools Act - State Department of Education	N/A	(2)	10,280
ConnecTenn - State Department of Education	N/A	(2)	4,463
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	315,186
Student Ticket Subsidy Grant - Tennessee Arts Commission	N/A	(2)	575
Energy Efficient School Initiative Grant - State EESI	N/A	(2)	2,400
Aging Program - Upper Cumberland Development District	N/A	(2)	12,834
Local Health Services Grant - State Department of Health	N/A	(2)	12,431
Litter Program - State Department of Transportation	N/A	Z-15-LIT044	28,340
State Supplement Juvenile Court Improvement Funds - State Department of Children's Services	N/A	(2)	9,000
Used Oil Equipment Grant - State Department of Environment and Conservation	N/A	(2)	7,682
State Transportation Equity Fund Grant - State Department of Transportation	N/A	(5)	<u>74,071</u>
Total State Grants			<u>\$ 606,874</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 \$651,108.

(4) Total for CFDA No. 84.048 is \$108,608.

(5) 44-555-0308-04: \$14,818; 44-555-0707-04: \$57,760; 44-555-1519-04: \$1,493.

Jackson County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

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, 2014, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-001	148	The office had deficiencies in budget operations
2014-002(A,B,C)	149	The office had deficiencies in purchasing procedures
2014-003	150	General ledger payroll liability accounts were not reconciled

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-004	150	Multiple employees operated from the same cash drawer

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-006	151	Execution docket trial balances did not reconcile with general ledger accounts

OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-007	152	Duties were not segregated adequately

JACKSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the governmental activities and the aggregate discretely presented component units is qualified. Our report on each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works funds is unmodified.
2. The audit of the financial statements of Jackson County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit reported one instance of noncompliance that was material to the financial statements of Jackson County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The 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), and the Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Jackson County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICES OF COUNTY MAYOR AND ROAD SUPERINTENDENT

FINDING 2015-001

JACKSON COUNTY DOES NOT REQUIRE ALL ELIGIBLE EMPLOYEES TO PARTICIPATE IN THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Material Noncompliance Under *Government Auditing Standards*)

While performing pension testing, payroll records revealed the following deficiencies:

- A. We determined that 18 county employees and one Highway Department employee appeared to be eligible for but were not participating in the Tennessee Consolidated Retirement System (TCRS). Title 8, Chapters 34-37 of *Tennessee Code Annotated (TCA)*, establish and govern the TCRS. These statutes require mandatory participation in the TCRS for all employees of participating employers after a probationary period.
- B. We noted two county employees who applied for and received refunds for their contributions to TCRS in prior years. Section 8-37-210, *TCA*, gives members the right to withdraw their accumulated contributions once they separate from service; however, these individuals were employees of the county when they withdrew their contributions and remain county employees. The TCRS *Application for Refund of Accumulated Contributions*, which is completed by the member and certified by the employer states “In order to qualify for a refund, a member must (1) have funds in TCRS, and (2) no longer be employed by an employer covered by TCRS....”

This finding is the result of management’s lack of understanding of TCRS policies. The effects on the government-wide financial statements and note disclosures are not determinable at this time. Because of this potential misstatement, we have qualified our opinion on the governmental activities opinion unit and the discretely presented component units’ opinion unit since the primary government employees and the non-certified employees of the school department participate in the same TCRS agent plan. This finding will be reported to the TCRS.

RECOMMENDATION

Jackson County should present government-wide financial statements and note disclosures in conformity with generally accepted accounting principles. The county and the Highway Department should comply with provisions of Title 8, Chapters 34-37, *TCA*, regarding

employee participation in and withdrawals from the TCRS. County officials should contact TCRS to determine a corrective action plan.

OFFICE OF COUNTY MAYOR

FINDING 2015-002 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
(Noncompliance Under *Government Auditing Standards*)

Our audit revealed the following deficiencies in budget operations:

- A. Solid Waste/Sanitation Fund expenditures exceeded total appropriations approved by the County Commission by \$2,442.
- B. Expenditures exceeded appropriations approved by the County Commission in two of 46 major appropriation categories (the legal level of control) of the General Fund. These amounts are reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Reappraisal Program	\$ 112
Other Charges	4,186

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 management failed to correct the finding noted in the prior-year audit report. These deficiencies resulted in unauthorized expenditures.

RECOMMENDATION

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

FINDING 2015-003

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 40 purchases. Our sample revealed the following deficiencies:

- A. In ten instances, purchase orders were issued after the purchases were made. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.
- B. In six purchases, purchase orders did not include adequate descriptions and prices of the items to be purchased. This detailed information is necessary to identify the items and to quantify purchasing commitments.
- C. In 18 instances, invoices were paid without documentation that goods had been received and/or services rendered. This practice weakens controls over the purchasing process and increases the risk of paying for something that was never received.

These deficiencies exist because management failed to correct the finding noted in the prior-year audit report.

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 amount and a description of the items to be purchased. Also, the office should maintain documentation that goods have been received and/or services have been rendered before invoices are paid.

FINDING 2015-004

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. Errors we noted 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.

OFFICE OF COUNTY CLERK

FINDING 2015-005

WHEEL TAX COLLECTIONS WERE NOT REMITTED TO THE COUNTY ON A MONTHLY BASIS

(Noncompliance Under *Government Auditing Standards*)

The county clerk did not remit wheel tax collections to the county monthly. Section 67-4-213, *Tennessee Code Annotated*, requires that revenue collected on behalf of the county be reported and remitted to the county monthly within 15 days after the last day of each month. During the period examined, wheel tax collections were held up to three months before being remitted to the county. This deficiency was a management decision.

RECOMMENDATION

The county clerk should remit wheel tax collections to the county monthly as required by state statute.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2015-006

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 Office of Circuit and General Sessions Courts Clerk. 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 and the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The circuit and general sessions courts clerk should assign each employee their own cash drawer.

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

FINDING 2015-007

EXECUTION DOCKET TRIAL BALANCES DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS

(Noncompliance Under *Government Auditing Standards*)

At June 30, 2015, 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, \$176, and \$6,290, 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 courts for more than one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists because the clerks failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Execution docket trial balances should be reconciled with general ledger 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.

OFFICES OF COUNTY MAYOR, ROAD SUPERINTENDENT, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND SHERIFF

FINDING 2015-008

DUTIES WERE NOT SEGREGATED ADEQUATELY

(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, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls 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.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below 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.

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. 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.

**JACKSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2015**

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