

# **ANNUAL FINANCIAL REPORT**

## **JACKSON COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2020**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT  
JACKSON COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2020**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT  
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Director***

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TREVOR GLOVER  
BARBARA SHULTS  
State Auditors***

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

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## JACKSON COUNTY, TENNESSEE

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# ***Summary of Audit Findings***

Annual Financial Report  
Jackson County, Tennessee  
For the Year Ended June 30, 2020

## ***Scope***

We have audited the basic financial statements of Jackson County as of and for the year ended June 30, 2020.

## ***Results***

Our report on Jackson County was unmodified.

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

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF COUNTY MAYOR**

- ◆ The General Fund required material audit adjustments for proper financial statement presentation.
- ◆ General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments.
- ◆ The office had deficiencies in purchasing procedures.

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### **OFFICE OF COUNTY CLERK**

- ◆ The former county clerk misappropriated county funds.
- ◆ A cash shortage of \$40,514.33 existed in the County Clerk's Office at June 30, 2020.
- ◆ The clerk failed to properly document changes and deletions to receipts.
- ◆ The office did not deposit some funds within three days of collection.
- ◆ Duties were not segregated adequately.
- ◆ The office did not review its software audit logs.
- ◆ Access to accounting software was not properly restricted.

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## INTRODUCTORY SECTION

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## Jackson County Officials

### June 30, 2020

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#### **Officials**

Randy Heady, County Mayor  
Edward Anderson, Road Superintendent  
Kristy Brown, Director of Schools  
Anthony Flatt, Trustee  
Timmy Bowman, Assessor of Property  
Vacant - 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, County Mayor, Chairman  
Tim Agee  
Paul Ballard  
Anthony Buck  
Chris Carter  
Don Chinoy  
Darrell Church  
Joey Denson  
Josh Denson  
Shelby Fox

Gary Garrison  
Richard Head  
Brian Lee  
Josh Locke  
Glenda Mayberry  
Jim Morgan  
Douglas Stafford  
Thomas Wilmoth  
Troy York

#### **Board of Education**

Mark Brown, Chairman  
Mark Allen  
James Robert Childress  
Michelle Hix  
Amanda Taylor  
Marty Woolbright

#### **Audit Committee**

Jim Morgan, Chairman  
Donna Elrod  
Jeanette Hansel  
Tony Hunter

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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

### 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, 2020, 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 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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2020, and the respective changes in financial position and the respective budgetary comparison 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.

### ***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 (asset) and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension liability (asset), and schedule of school's changes in the total OPEB liability and related ratios, as listed in the table of contents, 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 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), miscellaneous schedules and other information such as the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost*

*Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

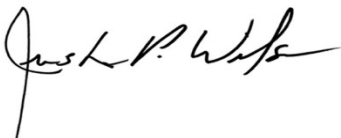
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jackson County School Department (a discretely presented component unit), schedule of expenditures of federal awards, 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), schedule of expenditures of federal awards, 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 November 11, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jackson County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 11, 2020

JPW/tg

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## BASIC FINANCIAL STATEMENTS

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Exhibit A

Jackson County, Tennessee  
Statement of Net Position  
June 30, 2020

	Primary Government Governmental Activities	Component Unit Jackson County School Department
<u>ASSETS</u>		
Cash	\$ 15,803	\$ 0
Equity in Pooled Cash and Investments	4,070,376	9,057,344
Accounts Receivable	134,375	0
Allowance for Uncollectibles	(28,015)	0
Due from Other Governments	602,541	0
Due from Component Units	4,590,828	443,524
Property Taxes Receivable	3,082,594	1,749,112
Allowance for Uncollectible Property Taxes	(232,161)	(131,732)
Net Pension Asset - Agent Plan	553,219	297,625
Net Pension Asset - Teacher Retirement Plan	0	44,030
Net Pension Asset - Teacher Legacy Pension Plan	0	1,781,712
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	40,388
Capital Assets:		
Assets Not Depreciated:		
Land	420,325	319,507
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,193,212	10,094,449
Infrastructure	15,844,611	94,754
Other Capital Assets	1,545,577	661,985
Total Assets	<u>\$ 37,793,285</u>	<u>\$ 24,452,698</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 115,238	\$ 150,570
Pension Changes in Assumptions	66,162	277,220
Pension Changes in Proportion	0	40,575
Pension Contributions after Measurement Date	262,968	727,725
OPEB Changes in Experience	0	170,948
OPEB Changes in Assumptions	0	21,888
OPEB Contributions after Measurement Date	0	73,292
Total Deferred Outflows of Resources	<u>\$ 444,368</u>	<u>\$ 1,462,218</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 61,171	\$ 0
Accrued Payroll	0	4,116
Payroll Deductions Payable	30,697	4,704
Accrued Interest Payable	5,521	0
Due to Primary Government	0	4,590,828
Due to State of Tennessee	0	15,291
Noncurrent Liabilities:		
Due Within One Year - Debt	774,984	0
Due Within One Year - Other	67,714	0
Due in More Than One Year - Debt	6,593,942	0
Due in More Than One Year - Other	67,715	1,192,848
Total Liabilities	<u>\$ 7,601,744</u>	<u>\$ 5,807,787</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Jackson County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 2,838,204	\$ 1,610,442
Pension Changes in Experience	112,396	1,156,459
Pension Changes in Investment Earnings	96,308	562,744
Pension Changes in Proportion	0	8,837
OPEB Changes in Experience	0	64,941
OPEB Changes in Assumptions	0	118,621
OPEB Changes in Proportion	0	562,716
Total Deferred Inflows of Resources	<u>\$ 3,046,908</u>	<u>\$ 4,084,760</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 22,225,627	\$ 11,170,695
Restricted for:		
General Government	44,860	0
Finance	12,055	0
Administration of Justice	23,320	0
Public Safety	56,372	0
Public Health and Welfare	256,408	0
Highways	1,104,362	0
Education	0	355,821
Debt Service	181,437	0
Capital Projects	2,544	0
Pensions	553,219	2,163,755
Unrestricted	<u>3,128,797</u>	<u>2,332,098</u>
Total Net Position	<u>\$ 27,589,001</u>	<u>\$ 16,022,369</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, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Unit Jackson County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,907,572	\$ 292,868	\$ 64,041	\$ 97,713	\$ (1,452,950)	\$ 0
Finance	406,145	265,095	0	0	(141,050)	0
Administration of Justice	590,090	132,568	13,760	0	(443,762)	0
Public Safety	2,816,765	961,363	84,155	0	(1,771,247)	0
Public Health and Welfare	1,788,209	510,063	145,588	0	(1,132,558)	0
Social, Cultural, and Recreational Services	110,085	4,618	14,672	0	(90,795)	0
Agriculture and Natural Resources	111,188	0	13,505	0	(97,683)	0
Highways	2,563,614	0	2,371,083	0	(192,531)	0
Education	33,328	0	0	0	(33,328)	0
Interest on Long-term Debt	111,884	0	0	0	(111,884)	0
Total Primary Government	<u>\$ 10,438,880</u>	<u>\$ 2,166,575</u>	<u>\$ 2,706,804</u>	<u>\$ 97,713</u>	<u>\$ (5,467,788)</u>	<u>\$ 0</u>
Component Unit:						
Jackson County School Department	<u>\$ 15,226,569</u>	<u>\$ 78,144</u>	<u>\$ 2,347,046</u>	<u>\$ 295,115</u>	<u>\$ 0</u>	<u>\$ (12,506,264)</u>
Total Component Unit	<u>\$ 15,226,569</u>	<u>\$ 78,144</u>	<u>\$ 2,347,046</u>	<u>\$ 295,115</u>	<u>\$ 0</u>	<u>\$ (12,506,264)</u>

(Continued)

Exhibit B

Jackson County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Total Governmental Activities	Component Unit Jackson County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 3,168,256	\$ 1,841,948
Property Taxes Levied for Debt Service					36,381	0
Local Option Sales Taxes					286,809	755,911
Wheel Tax					246,844	148,106
Business Tax					37,992	0
Hotel/Motel Tax					2,611	0
Mineral Severance Tax					29,127	0
Wholesale Beer Tax					64,162	0
Litigation Taxes					22,223	0
Other Local Taxes					338	225
Grants and Contributions Not Restricted to Specific Programs					1,573,830	10,672,143
Unrestricted Investment Earnings					83,159	2,863
Miscellaneous					65,527	13,504
Total General Revenues					<u>\$ 5,617,259</u>	<u>\$ 13,434,700</u>
Insurance Recovery					<u>\$ 10,355</u>	<u>\$ 0</u>
Change in Net Position					\$ 159,826	\$ 928,436
Net Position, July 1, 2019					<u>27,429,175</u>	<u>15,093,933</u>
Net Position, June 30, 2020					<u><u>\$ 27,589,001</u></u>	<u><u>\$ 16,022,369</u></u>

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, 2020

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,803	\$ 15,803
Equity in Pooled Cash and Investments	1,784,866	255,040	757,935	1,121,240	151,295	4,070,376
Accounts Receivable	128,082	988	5,198	0	107	134,375
Allowance for Uncollectibles	(28,015)	0	0	0	0	(28,015)
Due from Other Governments	261,606	0	340,935	0	0	602,541
Due from Other Funds	15,910	737	0	0	22,420	39,067
Property Taxes Receivable	2,337,922	519,539	190,497	34,636	0	3,082,594
Allowance for Uncollectible Property Taxes	(176,078)	(39,128)	(14,347)	(2,608)	0	(232,161)
Total Assets	\$ 4,324,293	\$ 737,176	\$ 1,280,218	\$ 1,153,268	\$ 189,625	\$ 7,684,580
<u>LIABILITIES</u>						
Accounts Payable	\$ 60,709	\$ 0	\$ 462	\$ 0	\$ 0	\$ 61,171
Payroll Deductions Payable	28,232	2,419	0	0	46	30,697
Due to Other Funds	23,157	0	0	0	15,910	39,067
Total Liabilities	\$ 112,098	\$ 2,419	\$ 462	\$ 0	\$ 15,956	\$ 130,935
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 2,152,571	\$ 478,349	\$ 175,394	\$ 31,890	\$ 0	\$ 2,838,204
Deferred Delinquent Property Taxes	2,213	492	181	36	0	2,922
Other Deferred/Unavailable Revenue	98,188	0	175,918	0	0	274,106
Total Deferred Inflows of Resources	\$ 2,252,972	\$ 478,841	\$ 351,493	\$ 31,926	\$ 0	\$ 3,115,232

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 29,810	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,810
Restricted for Finance	12,055	0	0	0	0	12,055
Restricted for Administration of Justice	23,320	0	0	0	0	23,320
Restricted for Public Safety	8,161	0	0	0	48,211	56,372
Restricted for Public Health and Welfare	0	255,916	0	0	0	255,916
Restricted for Other Operations	15,050	0	0	0	0	15,050
Restricted for Highways/Public Works	0	0	928,263	0	0	928,263
Restricted for Debt Service	0	0	0	186,922	0	186,922
Restricted for Capital Projects	0	0	0	0	2,544	2,544
Committed:						
Committed for Administration of Justice	56,110	0	0	0	0	56,110
Committed for Other Operations	0	0	0	0	79,565	79,565
Committed for Debt Service	0	0	0	934,420	0	934,420
Committed for Capital Projects	0	0	0	0	43,349	43,349
Unassigned	1,814,717	0	0	0	0	1,814,717
Total Fund Balances	\$ 1,959,223	\$ 255,916	\$ 928,263	\$ 1,121,342	\$ 173,669	\$ 4,438,413
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,324,293	\$ 737,176	\$ 1,280,218	\$ 1,153,268	\$ 189,625	\$ 7,684,580

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, 2020

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)		\$	4,438,413
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	420,325	
Add: buildings and improvements net of accumulated depreciation		7,193,212	
Add: infrastructure net of accumulated depreciation		15,844,611	
Add: other capital assets net of accumulated depreciation		<u>1,545,577</u>	25,003,725
(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	\$	(170,619)	
Less: notes payable		(276,479)	
Less: other loans payable		(6,921,828)	
Add: debt to be contributed by the school department		4,590,828	
Less: compensated absences payable		(135,429)	
Less: accrued interest on bonds and notes		<u>(5,521)</u>	(2,919,048)
(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	\$	444,368	
Less: deferred inflows of resources related to pensions		<u>(208,704)</u>	235,664
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			553,219
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.			<u>277,028</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>27,589,001</u></u>

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

## Exhibit C-3

Jackson County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2020

	Major Funds				Nonmajor Funds	
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 3,159,963	\$ 544,617	\$ 229,681	\$ 36,390	\$ 0	\$ 3,970,651
Licenses and Permits	116,264	0	0	0	0	116,264
Fines, Forfeitures, and Penalties	31,686	0	0	0	12,085	43,771
Charges for Current Services	737,772	1,919	0	0	0	739,691
Other Local Revenues	207,664	10,361	82,605	0	9,000	309,630
Fees Received From County Officials	416,772	0	0	0	0	416,772
State of Tennessee	1,377,347	47,573	1,989,205	350,000	0	3,764,125
Federal Government	129,977	0	296,469	0	728,130	1,154,576
Other Governments and Citizens Groups	24,765	0	0	486,222	0	510,987
Total Revenues	\$ 6,202,210	\$ 604,470	\$ 2,597,960	\$ 872,612	\$ 749,215	\$ 11,026,467
<u>Expenditures</u>						
Current:						
General Government	\$ 561,158	\$ 0	\$ 0	\$ 0	\$ 0	\$ 561,158
Finance	366,557	0	0	0	0	366,557
Administration of Justice	531,574	0	0	0	0	531,574
Public Safety	2,383,069	0	0	0	6,082	2,389,151
Public Health and Welfare	920,133	558,658	0	0	0	1,478,791
Social, Cultural, and Recreational Services	100,325	0	0	0	0	100,325
Agriculture and Natural Resources	99,534	0	0	0	0	99,534
Other Operations	1,101,871	0	0	724	473,939	1,576,534
Highways	40,156	0	2,352,873	0	0	2,393,029
Debt Service:						
Principal on Debt	0	0	50,360	703,190	0	753,550
Interest on Debt	0	0	2,685	112,543	0	115,228
Other Debt Service	0	0	0	52,264	0	52,264

(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		
<u>Expenditures (Cont.)</u>							
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 461,141	\$	461,141
Capital Projects - Donated	0	0	0	0	201,828		201,828
Total Expenditures	\$ 6,104,377	\$ 558,658	\$ 2,405,918	\$ 868,721	\$ 1,142,990	\$	11,080,664
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 97,833	 \$ 45,812	 \$ 192,042	 \$ 3,891	 \$ (393,775)	 \$	 \$ (54,197)
 <u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 201,828	\$	201,828
Insurance Recovery	10,355	0	0	0	0		10,355
Transfers In	0	0	0	0	216,000		216,000
Transfers Out	(216,000)	0	0	0	0		(216,000)
Total Other Financing Sources (Uses)	\$ (205,645)	\$ 0	\$ 0	\$ 0	\$ 417,828	\$	212,183
 Net Change in Fund Balances	 \$ (107,812)	 \$ 45,812	 \$ 192,042	 \$ 3,891	 \$ 24,053	 \$	 \$ 157,986
Fund Balance, July 1, 2019	2,067,035	210,104	736,221	1,117,451	149,616		4,280,427
 Fund Balance, June 30, 2020	 \$ 1,959,223	 \$ 255,916	 \$ 928,263	 \$ 1,121,342	 \$ 173,669	 \$	 \$ 4,438,413

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, 2020

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)		\$	157,986
(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	\$	269,612	
Less: current-year depreciation expense		<u>(626,789)</u>	(357,177)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2020	\$	277,028	
Less: deferred delinquent property taxes and other deferred June 30, 2019		<u>(328,144)</u>	(51,116)
(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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 bonds	\$	3,101	
Add: principal payments on notes		111,089	
Add: principal payments on other loans		589,000	
Add: principal payments on capital leases		50,360	
Less: other loan proceeds		<u>(201,828)</u>	
Add: other loan proceeds contributed to the school department		201,828	
Less: contributions from the school department for other loans		<u>(387,000)</u>	366,550
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	3,344	
Change in compensated absences payable		(37,783)	
Change in net pension liability/asset		270,116	
Change in deferred outflows related to pensions		(58,884)	
Change in deferred inflows related to pensions		<u>(133,210)</u>	43,583
Change in net position of governmental activities (Exhibit B)			<u>\$ 159,826</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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,159,963	\$ 3,204,307	\$ 3,054,307	\$ 105,656
Licenses and Permits	116,264	0	0	116,264
Fines, Forfeitures, and Penalties	31,686	34,800	34,800	(3,114)
Charges for Current Services	737,772	803,000	803,000	(65,228)
Other Local Revenues	207,664	153,000	153,000	54,664
Fees Received From County Officials	416,772	410,000	410,000	6,772
State of Tennessee	1,377,347	1,653,000	1,803,000	(425,653)
Federal Government	129,977	75,000	90,053	39,924
Other Governments and Citizens Groups	24,765	60,000	60,000	(35,235)
Total Revenues	\$ 6,202,210	\$ 6,393,107	\$ 6,408,160	\$ (205,950)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 38,055	\$ 43,450	\$ 43,450	\$ 5,395
Beer Board	0	200	200	200
County Mayor/Executive	179,555	180,593	181,805	2,250
County Attorney	8,612	9,250	9,250	638
Election Commission	125,278	136,554	136,554	11,276
Register of Deeds	109,740	115,811	115,811	6,071
County Buildings	94,432	127,748	127,748	33,316
Preservation of Records	5,486	7,681	7,681	2,195
<u>Finance</u>				
Property Assessor's Office	109,389	116,861	116,861	7,472
County Trustee's Office	115,608	117,661	117,661	2,053
County Clerk's Office	141,560	156,590	158,590	17,030
<u>Administration of Justice</u>				
Circuit Court	187,714	198,605	198,605	10,891
General Sessions Court	149,298	140,895	150,767	1,469
Chancery Court	112,070	111,553	113,239	1,169
Juvenile Court	38,571	38,380	38,380	(191)
Judicial Commissioners	40,046	41,410	41,410	1,364
Other Administration of Justice	3,875	3,955	3,955	80
<u>Public Safety</u>				
Sheriff's Department	996,066	989,136	1,059,136	63,070
Administration of the Sexual Offender Registry	1,169	2,000	2,000	831
Jail	1,280,034	1,394,302	1,399,302	119,268
Fire Prevention and Control	16,500	16,500	16,500	0
Other Emergency Management	89,300	96,500	96,500	7,200
<u>Public Health and Welfare</u>				
Local Health Center	107,688	135,660	151,250	43,562
Ambulance/Emergency Medical Services	807,797	868,877	868,877	61,080
Crippled Children Services	0	900	900	900
Regional Mental Health Center	4,648	5,811	5,811	1,163
Appropriation to State	0	15,590	0	0
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	19,820	22,350	22,351	2,531
Senior Citizens Assistance	19,149	27,996	27,996	8,847
Libraries	61,356	67,759	67,758	6,402

(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>Agriculture and Natural Resources</u>				
Agricultural Extension Service	\$ 46,644	\$ 47,200	\$ 47,200	\$ 556
Soil Conservation	52,890	71,564	71,564	18,674
<u>Other Operations</u>				
Industrial Development	540	6,040	6,040	5,500
Other Economic and Community Development	8,000	83,000	83,000	75,000
Airport	103,704	256,566	256,566	152,862
Veterans' Services	7,000	7,000	7,000	0
Other Charges	456,932	488,502	488,502	31,570
Contributions to Other Agencies	46,642	56,969	56,969	10,327
Employee Benefits	419,596	481,000	481,000	61,404
COVID-19 Grant #1	15,053	0	15,053	0
Miscellaneous	44,404	45,500	45,500	1,096
<u>Highways</u>				
Litter and Trash Collection	40,156	45,732	45,732	5,576
Total Expenditures	<u>\$ 6,104,377</u>	<u>\$ 6,779,651</u>	<u>\$ 6,884,474</u>	<u>\$ 780,097</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 97,833</u>	<u>\$ (386,544)</u>	<u>\$ (476,314)</u>	<u>\$ 574,147</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 10,355	\$ 0	\$ 0	\$ 10,355
Transfers Out	(216,000)	0	(216,000)	0
Total Other Financing Sources	<u>\$ (205,645)</u>	<u>\$ 0</u>	<u>\$ (216,000)</u>	<u>\$ 10,355</u>
Net Change in Fund Balance	\$ (107,812)	\$ (386,544)	\$ (692,314)	\$ 584,502
Fund Balance, July 1, 2019	<u>2,067,035</u>	<u>1,808,747</u>	<u>1,808,747</u>	<u>258,288</u>
Fund Balance, June 30, 2020	<u>\$ 1,959,223</u>	<u>\$ 1,422,203</u>	<u>\$ 1,116,433</u>	<u>\$ 842,790</u>

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 544,617	\$ 535,923	\$ 535,923	\$ 8,694
Charges for Current Services	1,919	0	0	1,919
Other Local Revenues	10,361	35,892	35,892	(25,531)
State of Tennessee	47,573	46,000	46,000	1,573
Total Revenues	<u>\$ 604,470</u>	<u>\$ 617,815</u>	<u>\$ 617,815</u>	<u>\$ (13,345)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 344,947	\$ 382,353	\$ 382,353	\$ 37,406
Convenience Centers	213,711	248,000	248,000	34,289
Total Expenditures	<u>\$ 558,658</u>	<u>\$ 630,353</u>	<u>\$ 630,353</u>	<u>\$ 71,695</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 45,812</u>	<u>\$ (12,538)</u>	<u>\$ (12,538)</u>	<u>\$ 58,350</u>
Net Change in Fund Balance	\$ 45,812	\$ (12,538)	\$ (12,538)	\$ 58,350
Fund Balance, July 1, 2019	<u>210,104</u>	<u>217,913</u>	<u>217,913</u>	<u>(7,809)</u>
Fund Balance, June 30, 2020	<u><u>\$ 255,916</u></u>	<u><u>\$ 205,375</u></u>	<u><u>\$ 205,375</u></u>	<u><u>\$ 50,541</u></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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 229,681	\$ 229,561	\$ 235,343	\$ (5,662)
Other Local Revenues	82,605	66,000	101,014	(18,409)
State of Tennessee	1,989,205	1,919,397	1,919,397	69,808
Federal Government	296,469	0	296,469	0
Total Revenues	<u>\$ 2,597,960</u>	<u>\$ 2,214,958</u>	<u>\$ 2,552,223</u>	<u>\$ 45,737</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 166,012	\$ 172,520	\$ 173,730	\$ 7,718
Highway and Bridge Maintenance	1,387,710	1,373,000	1,556,055	168,345
Operation and Maintenance of Equipment	407,450	447,600	457,600	50,150
Other Charges	67,351	75,560	75,560	8,209
Employee Benefits	137,039	168,000	168,000	30,961
Capital Outlay	187,311	55,200	198,200	10,889
<u>Principal on Debt</u>				
Highways and Streets	50,360	50,600	50,371	11
<u>Interest on Debt</u>				
Highways and Streets	2,685	2,500	2,729	44
Total Expenditures	<u>\$ 2,405,918</u>	<u>\$ 2,344,980</u>	<u>\$ 2,682,245</u>	<u>\$ 276,327</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 192,042</u>	<u>\$ (130,022)</u>	<u>\$ (130,022)</u>	<u>\$ 322,064</u>
Net Change in Fund Balance	\$ 192,042	\$ (130,022)	\$ (130,022)	\$ 322,064
Fund Balance, July 1, 2019	<u>736,221</u>	<u>600,016</u>	<u>600,016</u>	<u>136,205</u>
Fund Balance, June 30, 2020	<u><u>\$ 928,263</u></u>	<u><u>\$ 469,994</u></u>	<u><u>\$ 469,994</u></u>	<u><u>\$ 458,269</u></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, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 406,497
Due from Other Governments	37,371
Cash Shortage	<u>40,514</u>
Total Assets	<u><u>\$ 484,382</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 37,371
Due to Litigants, Heirs, and Others	<u>447,011</u>
Total Liabilities	<u><u>\$ 484,382</u></u>

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

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## JACKSON COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**JACKSON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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 financial statements of the Jackson County Emergency Communications District, a component unit requiring discrete presentation, were excluded from their report due to materiality calculations; therefore, the effect of this omission did not affect the independent auditor's opinion thereon. 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 financial statements of the Jackson County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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. Net debt issues totaling \$201,828 were contributed by the county to the school department during the year ended June 30, 2020.

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 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 Funds** – These funds account for resources collected for the capital facilities and industrial park projects within the county.

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

however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

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; the State Treasurer's Intermediate Term Investment Fund; 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 amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, 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. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United States of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United State of America. Jackson County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

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 four 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. Restricted Assets**

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Jackson County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Jackson County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Jackson County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

#### 4. **Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life extending beyond the current fiscal year and values as defined in the 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 acquisition value at the date of donation.

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

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

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

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

#### 5. **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. This separate financial statement element, deferred outflows of resources, represents 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. These items are for pension changes in experience, assumptions, and proportionate share of contributions; employer contributions made to the pension and other postemployment benefits (OPEB) plans after the measurement date; and OPEB changes in experience and assumptions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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 experience investment earnings, and proportionate share of contributions; OPEB changes in experience, assumptions, and 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.

**6. 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. The amounts accumulated on the Statement of Net Position are for compensatory time for support staff.

**7. Long-term Debt and 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 are 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.

## **8. 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.

As of June 30, 2020, Jackson County had \$4,590,828 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.

**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.

**F. Other Postemployment Benefit (OPEB) Plans**

**Discretely Presented Jackson County School Department**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Jackson County School Department. For this purpose, the school department recognizes benefit payments when due and payable in accordance with benefit terms. The school department's OPEB plan is not administered through a trust.

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### **A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net 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 capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

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

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

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

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

At June 30, 2020, the Jackson County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Amount</u>
School Department:	
Major Fund:	
General Purpose School	\$ 381,898
Nonmajor Fund:	
School Federal Projects	11,622

**B. Cash Shortage**

The Office of County Clerk had a cash shortage of \$40,514 at June 30, 2020. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

**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, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at

amortized cost using a floating net asset value. 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, 2020.

### **TCRS Stabilization Trust**

**Legal Provisions.** The Jackson County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by 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 trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Jackson County School Department may not impose any restrictions on investments placed by the trust on their behalf.

**Investment Balances.** Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2020, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within

the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary

information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2020, the Jackson County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 12,520
Developed Market International Equity	N/A	N/A	5,654
Emerging Market International Equity	N/A	N/A	1,615
U.S. Fixed Income	N/A	N/A	8,078
Real Estate	N/A	N/A	4,039
Short-term Securities	N/A	N/A	404
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>8,078</u>
Total			<u>\$ 40,388</u>

Investment by Fair Value Level	Fair Value 6-30-20	Fair Value Measurements Using			NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity Developed Market	\$ 12,520	\$ 12,520	\$ 0	\$ 0	0
International Equity	5,654	5,654	0	0	0
Emerging Market International Equity	1,615	1,615	0	0	0
U.S. Fixed Income Real Estate	8,078	0	8,078	0	0
Short-term Securities	4,039	0	0	4,039	0
Private Equity and Strategic Lending	404	0	404	0	0
	8,078	0	0	0	8,078
Total	\$ 40,388	\$ 19,789	\$ 8,482	\$ 4,039	\$ 8,078

**Risks and Uncertainties.** The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Jackson County School Department does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Jackson County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Jackson County School Department places no limit on the amount the county may invest in one issuer.

**Custodial Credit Risk.** Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Jackson County School Department to pay retirement benefits of the school department employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag19091.pdf>.

## B. Capital Assets

Capital assets activity for the year ended June 30, 2020, was as follows:

### Primary Government

#### Governmental Activities:

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 420,325	\$ 0	\$ 0	\$ 420,325
Construction in Progress	331,141	0	(331,141)	0
Total Capital Assets Not Depreciated	<u>\$ 751,466</u>	<u>\$ 0</u>	<u>\$ (331,141)</u>	<u>\$ 420,325</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,719,678	\$ 331,141	\$ 0	\$ 10,050,819
Infrastructure	19,593,462	17,752	0	19,611,214
Other Capital Assets	4,510,272	251,860	0	4,762,132
Total Capital Assets Depreciated	<u>\$ 33,823,412</u>	<u>\$ 600,753</u>	<u>\$ 0</u>	<u>\$ 34,424,165</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,658,787	\$ 198,820	\$ 0	\$ 2,857,607
Infrastructure	3,597,405	169,198	0	3,766,603
Other Capital Assets	2,957,784	258,771	0	3,216,555
Total Accumulated Depreciation	<u>\$ 9,213,976</u>	<u>\$ 626,789</u>	<u>\$ 0</u>	<u>\$ 9,840,765</u>
Total Capital Assets Depreciated, Net	<u>\$ 24,609,436</u>	<u>\$ (26,036)</u>	<u>\$ 0</u>	<u>\$ 24,583,400</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,360,902</u>	<u>\$ (26,036)</u>	<u>\$ (331,141)</u>	<u>\$ 25,003,725</u>

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

**Governmental Activities:**

General Government	\$ 76,060
Public Safety	210,894
Public Health and Welfare	89,391
Social, Cultural, and Recreational Services	90
Highways/Public Works	<u>250,354</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 626,789</u></u>

**Discretely Presented Jackson County School Department****Governmental Activities:**

	Balance 7-1-19	Increases	Balance 6-30-20
Capital Assets Not Depreciated:			
Land	\$ 319,507	\$ 0	\$ 319,507
Total Capital Assets Not Depreciated	<u>\$ 319,507</u>	<u>\$ 0</u>	<u>\$ 319,507</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 16,112,934	\$ 497,825	\$ 16,610,759
Infrastructure	109,860	0	109,860
Other Capital Assets	<u>1,967,410</u>	<u>98,506</u>	<u>2,065,916</u>
Total Capital Assets Depreciated	<u>\$ 18,190,204</u>	<u>\$ 596,331</u>	<u>\$ 18,786,535</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 6,140,344	\$ 375,966	\$ 6,516,310
Infrastructure	9,613	5,493	15,106
Other Capital Assets	<u>1,307,313</u>	<u>96,618</u>	<u>1,403,931</u>
Total Accumulated Depreciation	<u>\$ 7,457,270</u>	<u>\$ 478,077</u>	<u>\$ 7,935,347</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,732,934</u>	<u>\$ 118,254</u>	<u>\$ 10,851,188</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 11,052,441</u></u>	<u><u>\$ 118,254</u></u>	<u><u>\$ 11,170,695</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2020.

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

**Governmental Activities:**

Instruction	\$ 384,258
Support Services	92,650
Non-Instructional Services	<u>1,169</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 478,077</u></u>

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

The composition of interfund balances as of June 30, 2020, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 15,910
Solid Waste/Sanitation	General	737
Nonmajor governmental	"	22,420

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:	School Department Component Unit:	
Governmental Activities	Governmental Activities	\$ 4,590,828

The Due to Primary Government of \$4,590,828 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, 2020, consisted of the following amounts:

**Primary Government**

Transfer Out	Transfer In	
	Nonmajor Governmental Fund	Purpose
General Fund	\$ 216,000	To fund capital projects
Total	<u>\$ 216,000</u>	

**Discretely Presented Jackson County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Purpose
Nonmajor governmental fund	\$ 33,195	Indirect costs
"	<u>60,000</u>	Supervisor's salary
Total	<u>\$ 93,195</u>	

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

**D. Long-term Debt****Primary Government****General Obligation Bonds, Notes, and Other Loans**

General Obligation Bonds - Jackson County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. General obligation bonds were issued for original terms of up to 38 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Jackson County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes and other loans outstanding were issued for original terms of up to five 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 notes and other loans included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2020, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-20
General Obligation Bonds	4	%	2-22-49	\$ 194,600	\$ 170,619
Direct Borrowing and Direct Placement:					
Capital Outlay Notes	1.9 to 1.98		11-13-22	560,111	276,479
Other Loans	variable		5-25-31	14,765,000	6,720,000
Other Loans	1.50		2-1-23	201,828	201,828

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, 2020, the variable interest rate for these loans was .27 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, 2020, the variable interest rate was .32 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, 2020, the variable interest rate was .32 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, 2020, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2026-2030	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	\$ 170,619	\$ 120,831	\$ 291,450

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2021	\$ 113,235	\$ 5,366	\$ 118,601
2022	115,423	3,177	118,600
2023	47,821	947	48,768
Total	\$ 276,479	\$ 9,490	\$ 285,969

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2021	\$ 658,524	\$ 31,235	\$ 47,761	\$ 737,520
2022	769,200	50,529	43,750	863,479
2023	706,104	26,784	39,565	772,453
2024	702,000	14,480	35,204	751,684
2025	731,000	12,350	30,639	773,989
2026-2030	3,272,000	26,760	75,234	3,373,994
2031	83,000	224	1,560	84,784
Total	<u>\$ 6,921,828</u>	<u>\$ 162,362</u>	<u>\$ 273,713</u>	<u>\$ 7,357,903</u>

There is \$1,121,342 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$15, based on the 2010 federal census. Total debt per capita, including bonds, notes, and other loans totaled \$595, 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.

Description of Debt	Outstanding 6-30-20
<u>Other Loans Payable - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Construction	\$ 3,094,000
Refunding/School Construction	1,295,000
Energy Efficiency Schools Initiative Loan	<u>201,828</u>
Total	<u>\$ 4,590,828</u>

#### Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2020, was as follows:

Governmental Activities:

	Bonds	Notes - Direct Placement	Other Loans - Direct Placement	Capital Leases - Direct Placement
Balance, July 1, 2019	\$ 173,720	\$ 387,568	\$ 7,309,000	\$ 50,360
Additions	0	0	201,828	0
Reductions	(3,101)	(111,089)	(589,000)	(50,360)
Balance, June 30, 2020	<u>\$ 170,619</u>	<u>\$ 276,479</u>	<u>\$ 6,921,828</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 3,225</u>	<u>\$ 113,235</u>	<u>\$ 658,524</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 7,368,926
Less: Balance Due Within One Year - Debt	<u>(774,984)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 6,593,942</u>

**E. Long-term Obligations**

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2020, was as follows:

	Compensated Absences
Balance, July 1, 2019	\$ 97,646
Additions	126,236
Reductions	<u>(88,453)</u>
Balance, June 30, 2020	<u>\$ 135,429</u>
Balance Due Within One Year	<u>\$ 67,714</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2020	\$ 135,429
Less: Balance Due Within One Year - Other	<u>(67,714)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u><u>\$ 67,715</u></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, 2020, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2019	\$ 18,480	\$ 1,165,813
Additions	0	305,349
Reductions	<u>(18,480)</u>	<u>(278,314)</u>
Balance, June 30, 2020	<u><u>\$ 0</u></u>	<u><u>\$ 1,192,848</u></u>
Balance Due Within One Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2020	\$ 1,192,848
Less: Balance Due Within One Year - Other	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u><u>\$ 1,192,848</u></u>

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

**F. On-Behalf Payments**

**Discretely Presented Jackson County School Department**

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 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, 2020, were \$49,059 and \$18,189, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

The county is exposed to various risks related to general liability, property, and casualty losses. During 2020, the county decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

The county carries commercial insurance for the airport operations. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Jackson County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF 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. The state statute provides for the LGGIF to be self-sustaining through member premiums.

### **Discretely Presented Jackson County School Department**

The school department participates 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. The school department pays an annual premium to the TN-RMT for its general liability, property, and casualty insurance coverage. 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. 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.

### **C. Change in Administration**

On May 8, 2020, Amanda Ward Stafford resigned the Office of County Clerk. Brandon Stafford was elected county clerk on August 6, 2020.

### **D. 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, 2020, 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

**E. Jointly Governed Organization**

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

**F. Retirement Commitments**

**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 65.02 percent, the non-certified employees of the discretely presented school department comprise 34.98 percent of the plan based on contribution 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

*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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	85
Inactive Employees Entitled to But Not Yet Receiving Benefits	176
Active Employees	<u>210</u>
Total	<u><u>471</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 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, 2020, the employer contribution for Jackson County was \$391,457 based on a rate of 6.87 percent of covered 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 contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of

administration, as well as an amortized portion of any unfunded liability.

### **Net Pension Liability (Asset)**

Jackson County's net pension liability (asset) was measured as of June 30, 2019, 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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	5.69	%	31	%
International Equity Emerging Market	5.29		14	
International Equity Private Equity and Strategic Lending	6.36		4	
U.S. Fixed Income	5.79		20	
Real Estate	2.01		20	
Short-term Securities	4.32		10	
	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 7.25 percent based on a blending of the factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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 (Asset) (a)-(b)
Balance, July 1, 2018	\$ 11,640,408	\$ 12,090,421	\$ (450,013)
Changes for the Year:			
Service Cost	\$ 497,586	\$ 0	\$ 497,586
Interest	861,879	0	861,879
Differences Between Expected and Actual Experience	(207,779)	0	(207,779)
Contributions-Employer	0	387,334	(387,334)
Contributions-Employees	0	276,668	(276,668)
Net Investment Income	0	905,713	(905,713)
Benefit Payments, Including Refunds of Employee Contributions	(500,020)	(500,020)	0
Administrative Expense	0	(17,198)	17,198
Net Changes	\$ 651,666	\$ 1,052,497	\$ (400,831)
Balance, June 30, 2019	\$ 12,292,074	\$ 13,142,918	\$ (850,844)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	65.02%	\$ 7,992,307	\$ 8,545,525	\$ (553,219)
School Department	34.98%	4,299,767	4,597,393	(297,625)
Total		\$ 12,292,074	\$ 13,142,918	\$ (850,844)

*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 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25

percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Jackson County	6.25%	7.25%	8.25%
Net Pension Liability (Asset)	\$ 847,648	\$ (850,844)	\$ (2,243,627)

### **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions**

*Pension Expense.* For the year ended June 30, 2020, Jackson County recognized pension expense of \$308,169.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, 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
Difference Between Expected and Actual Experience	\$ 177,235	\$ 172,864
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	148,121
Changes in Assumptions	101,757	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	391,457	N/A
Total	<u>\$ 670,449</u>	<u>\$ 320,985</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” 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	\$ 444,369	\$ 208,704
School Department	226,080	112,281
Total	<u>\$ 670,449</u>	<u>\$ 320,985</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ 63,946
2022	(27,629)
2023	(31,992)
2024	(46,323)
2025	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 65.02 percent and the non-certified employees of the discretely presented school department comprise 34.98 percent of the plan based on contribution 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 publicly available financial report that can be obtained at [www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

*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 with an unreduced benefit 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. 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 60 or pursuant to the rule of 80. 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 percent and one percent. Members who leave 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 or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. 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, 2020, to the Teacher Retirement Plan were \$21,966, which is 2.03 percent of covered payroll. In addition, employer contributions of \$21,305, which is 1.97 percent of covered payroll, were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, 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 (Assets).* At June 30, 2020, the school department reported a liability (asset) of (\$44,030) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, the school department's proportion was .078000 percent. The proportion as of June 30, 2018, was .083930 percent.

*Pension Expense.* For the year ended June 30, 2020, the school department recognized pension expense of \$14,276.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, the 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
Difference Between Expected and Actual Experience	\$ 1,826	\$ 7,686
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,862
Changes in Assumptions	1,530	0
Changes in Proportion of Net Pension Liability (Asset)	5,195	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	21,966	N/A
Total	\$ 30,517	\$ 9,548

The school department's employer contributions of \$21,966, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2021. 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
2021	\$ (476)
2022	(761)
2023	(239)
2024	28
2025	103
Thereafter	347

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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	5.69	%	31	%
International Equity Emerging Market	5.29		14	
International Equity Private Equity and Strategic Lending	6.36		4	
U.S. Fixed Income	5.79		20	
Real Estate	2.01		20	
Short-term Securities	4.32		10	
	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 7.25 percent based on a blending of the factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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 the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset)	\$ 13,950	\$ (44,030)	\$ (86,888)

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

### **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 publicly available financial report that can be obtained at [www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

*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. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs 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 are required to contribute five percent of their salaries. 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, 2020, to the Teacher Legacy Pension Plan were \$577,270, which is 10.63 percent of covered 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 Liability (Assets).* At June 30, 2020, the school department reported a liability (asset) of (\$1,781,712) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, the school department's proportion was .173288 percent. The proportion measured at June 30, 2018, was .167030 percent.

*Pension Expense.* For the year ended June 30, 2020, the school department recognized pension expense of \$250,353.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, the 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
Difference Between Expected and Actual Experience	\$ 86,747	\$ 1,088,305
Changes in Assumptions	240,095	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	509,069
Changes in Proportion of Net Pension Liability (Asset)	35,380	8,837
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	577,270	N/A
Total	<u>\$ 939,492</u>	<u>\$ 1,606,211</u>

The school department's employer contributions of \$577,270 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2021. 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
2021	\$ (350,964)
2022	(496,805)
2023	(226,223)
2024	(169,998)
2025	0
Thereafter	0

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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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 the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

School Department's		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	6.25%	7.25%	8.25%

Net Pension Liability (Asset)	\$ 3,643,086	\$ (1,781,712)	\$ (6,096,988)
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*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**

Jackson County offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 401(k). All costs of administering and funding these programs are the responsibility of plan participants. The Section 401(k) and Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 401(k) and 457 establish participation, contribution, and withdrawal provisions for the plans.

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 school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401(k) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the school department contributed \$75,781 and teachers contributed \$53,622 to this deferred compensation pension plan.

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

The discretely presented Jackson County School Department provides OPEB benefits to its retirees under various OPEB plans. These include OPEB provided through state administered public entity risk pools and commercial health insurance plans. For reporting purposes, the plans are considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

**Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)**

*Plan Description.* Employees of the Jackson County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

*Benefits Provided.* The Jackson County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. The school department does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 25 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

**Employees Covered by Benefit Terms**

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	12
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	<u>178</u>
Total	<u><u>190</u></u>

A state insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$73,003 to the LEP for OPEB benefits as they came due.

#### Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		<u>Total OPEB Liability</u>
	<u>Jackson County School Department</u>	<u>State of TN</u>	
	62.3118%	37.6882%	
Balance July 1, 2018	\$ 1,118,110	\$ 620,239	\$ 1,738,349
Changes for the Year:			
Service Cost	\$ 52,260	\$ 31,608	\$ 83,868
Interest	39,674	23,996	63,670
Difference between Expected and Actuarial Experience	191,586	115,877	307,463
Changes in Proportionate Share	(34,912)	34,912	0
Changes in Assumption and Other Inputs	(95,988)	(58,056)	(154,044)
Benefit Payments	(79,677)	(48,191)	(127,868)
Net Changes	\$ 72,943	\$ 100,146	\$ 173,089
Balance June 30, 2019	\$ 1,191,053	\$ 720,385	\$ 1,911,438

The Jackson County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Jackson County School Department's proportionate share of the collective total OPEB liability was based on a

projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$61,816 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Jackson County School Department's proportionate share of the collective OPEB liability was 62.3118 percent and the State of Tennessee's share was 37.6882 percent.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, the school department recognized OPEB expense of \$148,865, including the state's share of the expense. At June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 170,670	\$ 64,742
Changes of Assumptions/Inputs	21,880	118,390
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	0	47,129
Benefits Paid After the Measurement Date June 30, 2019	<u>73,003</u>	<u>0</u>
Total	<u>\$ 265,553</u>	<u>\$ 230,261</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>School Department</u>
2021	\$ (4,885)
2022	(4,885)
2023	(4,885)
2024	(4,885)
2025	(4,885)
Thereafter	(13,286)

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

*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate.* The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
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Proportionate Share of the Collective Total OPEB Liability	\$ 1,274,297	\$ 1,191,052	\$ 1,111,738
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*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease 5.03 to 3.5%	Curent Rates 6.03 to 4.5%	1% Increase 7.03 to 5.5%
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Proportionate Share of the Collective Total OPEB Liability	\$ 1,072,245	\$ 1,191,052	\$ 1,330,442
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## **Closed Tennessee Plan – Medicare (Discretely Presented School Department)**

*Plan Description.* Employees of the Jackson County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The school department's total OPEB liability for the TNM Plan was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date

*Benefits Provided.* The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by TCA Sections 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Jackson County School Department provides a subsidy of \$50 per month for retirees with 30 or more years of service, retirees with 20-29 years of service receive \$37.50, and retirees with 15-19 years of service receive \$25. The state, as a governmental nonemployer contributing entity, contributes to the premiums of eligible retirees of local education agencies based on years of service. The State of Tennessee provides a subsidy of \$50 per month for retirees with 30 or more years of service, retirees with 20-29 years of service receive \$37.50, and retirees with 15-19 years of service receive \$25.

### Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	33
Inactive Employees Entitled to But Not Yet Receiving Benefits	20
Active Employees	<u>196</u>
Total	<u><u>249</u></u>

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* Sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2020, the school department paid \$289 to the TNM for OPEB benefits as they came due.

#### Changes in the Collective Total OPEB Liability

	Share of Collective Liability		
	Jackson County School Department 0.26%	State of TN 99.74%	Total OPEB Liability
Balance July 1, 2018	\$ 47,703	\$ 492,538	\$ 540,241
Changes for the Year:			
Service Cost	\$ 37	\$ 13,953	\$ 13,990
Interest	52	19,685	19,737
Difference between Expected and Actuarial Experience	315	118,699	119,014
Changes in Proportionate Share	(46,272)	46,272	0
Changes in Assumption and Other Inputs	9	3,362	3,371
Benefit Payments	(48)	(18,141)	(18,189)
Net Changes	<u>\$ (45,907)</u>	<u>\$ 183,830</u>	<u>\$ 137,923</u>
Balance June 30, 2019	<u>\$ 1,796</u>	<u>\$ 676,368</u>	<u>\$ 678,164</u>

The Jackson County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retirees participating in the TNM. The Jackson County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department is

required by GASB Statement No. 75 to recognized revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TNM for school department employees. The amount of the subsidy is equal to the nonemployer share of collective OPEB expenses. The school department recognized \$101,397 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Jackson County School Department's proportionate share of the collective OPEB liability was .26 percent and the State of Tennessee's share was 99.74 percent.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2020, the school department recognized OPEB expense of \$22,066 including the state's share of the OPEB expense.

At June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 278	\$ 199
Changes of Assumptions/Inputs	8	231
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	0	515,587
Benefits Paid After the Measurement Date of June 30, 2019	289	0
Total	\$ 575	\$ 516,017

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>School Department</u>
2021	\$ (79,420)
2022	(79,420)
2023	(79,420)
2024	(79,420)
2025	(79,420)
Thereafter	(118,631)

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

*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate.* The following presents the school department's proportionate share of the collective total OPEB liability related to the TNM, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

<u>Discount Rate</u>		Current Discount Rate	
	1% Decrease		1% Increase
	2.51%	3.51%	4.51%
<hr/>			
Proportionate Share of the Collective Total OPEB Liability	\$ 2,094	\$ 1,796	\$ 1,554

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period; therefore, trend rates are not applicable to the plan calculations.

## H. Purchasing Laws

### Office of County Mayor

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

### Office of Road Superintendent

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

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

#### Office of Director of Schools

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

### **I. Subsequent Events**

Assessor of Property Timmy Bowman retired August 31, 2020, and was succeeded by Kaleb Allen effective September 1, 2020.

On October 15, 2020, the county received additional Energy Efficiency School Initiative loan proceeds of \$621,616. The total amount approved for this loan was \$2,235,776, of which \$1,412,332 remains available to be drawn.

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## REQUIRED SUPPLEMENTARY INFORMATION

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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  
Last Fiscal Year Ending June 30

	2014	2015	2016	2017	2018	2019
<b>Total Pension Liability</b>						
Service Cost	\$ 339,415	\$ 316,157	\$ 370,312	\$ 452,741	\$ 442,342	\$ 497,586
Interest	596,379	648,615	675,606	743,465	789,294	861,879
Differences Between Actual and Expected Experience	160,378	(270,416)	193,111	(16,604)	188,106	(207,779)
Changes in Assumptions	0	0	0	254,391	(447,601)	0
Benefit Payments, Including Refunds of Employee Contributions	(357,248)	(395,628)	(381,639)	(451,700)	0	(500,020)
Net Change in Total Pension Liability	\$ 738,924	\$ 298,728	\$ 857,390	\$ 982,293	\$ 972,141	\$ 651,666
Total Pension Liability, Beginning	7,790,932	8,529,856	8,828,584	9,685,974	10,668,267	11,640,408
Total Pension Liability, Ending (a)	\$ 8,529,856	\$ 8,828,584	\$ 9,685,974	\$ 10,668,267	\$ 11,640,408	\$ 12,292,074
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 291,604	\$ 255,793	\$ 295,218	\$ 319,681	\$ 369,685	\$ 387,334
Contributions - Employee	204,780	213,744	228,950	248,202	267,936	276,668
Net Investment Income	1,272,730	279,487	250,792	1,113,700	920,052	905,713
Benefit Payments, Including Refunds of Employee Contributions	(357,248)	(395,628)	(381,639)	(451,700)	(447,601)	(500,020)
Administrative Expense	(6,336)	(8,333)	(14,042)	(15,195)	(17,628)	(17,198)
Other Changes	0	0	0	19,373	0	0
Net Change in Plan Fiduciary Net Position	\$ 1,405,530	\$ 345,063	\$ 379,279	\$ 1,234,061	\$ 1,092,444	\$ 1,052,497
Plan Fiduciary Net Position, Beginning	7,634,044	9,039,574	9,384,637	9,763,916	10,997,977	12,090,421
Plan Fiduciary Net Position, Ending (b)	\$ 9,039,574	\$ 9,384,637	\$ 9,763,916	\$ 10,997,977	\$ 12,090,421	\$ 13,142,918
Net Pension Liability (Asset), Ending (a - b)	\$ (509,718)	\$ (556,053)	\$ (77,942)	\$ (329,710)	\$ (450,013)	\$ (850,844)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.98%	106.30%	100.80%	103.09%	103.87%	106.92%
Covered Payroll	\$ 4,095,566	\$ 3,971,936	\$ 4,583,407	\$ 4,984,554	\$ 5,228,742	\$ 5,533,324
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(12.45)%	(14.00)%	(1.70)%	(6.61)%	(8.61)%	(15.38)%

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

Note: The agent plan is a single plan that is participated in by the primary government and non-certified employees of the discretely presented school department.

Exhibit E-2

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

	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 291,604	\$ 255,793	\$ 295,218	\$ 319,681	\$ 369,685	\$ 355,240	\$ 391,457
Less Contributions in Relation to the Actuarially Determined Contribution	(291,604)	(255,793)	(295,218)	(319,681)	(369,685)	(387,334)	(391,457)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (32,094)	\$ 0
Covered Payroll	\$ 4,095,566	\$ 3,971,936	\$ 4,583,407	\$ 4,984,554	\$ 5,228,742	\$ 5,533,324	\$ 5,696,661
Contributions as a Percentage of Covered Payroll	7.12%	6.44%	6.44%	6.41%	7.07%	7.00%	6.87%

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

Note: The agent plan is a single plan that is participated in by the primary government and non-certified employees of the discretely presented 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

	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 10,055	\$ 18,173	\$ 23,187	\$ 29,338	\$ 16,013	\$ 21,966
Less Contributions in Relation to the Contractually Required Contribution	(10,055)	(18,173)	(23,187)	(29,338)	(16,013)	(21,966)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 251,380	\$ 454,322	\$ 579,682	\$ 733,441	\$ 825,393	\$ 1,082,064
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%

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

	2014	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 534,462	\$ 532,095	\$ 524,609	\$ 533,050	\$ 531,074	\$ 607,788	\$ 577,270
Less Contributions in Relation to the Contractually Required Contribution	(534,462)	(532,095)	(524,609)	(533,050)	(531,074)	(607,788)	(577,270)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 6,018,713	\$ 5,886,004	\$ 5,803,210	\$ 5,896,577	\$ 5,848,832	\$ 5,810,594	\$ 5,430,587
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%

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 Retirement Plan of TCRS  
Discretely Presented Jackson County School Department  
For the Fiscal Year Ended June 30

	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.118491%	0.103254%	0.088320%	0.083930%	0.078000%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (4,867) \$	(10,749) \$	(23,300) \$	(38,064) \$	(44,030)
Covered Payroll	\$ 251,380 \$	454,322 \$	579,682 \$	733,441 \$	825,393
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%	(5.33)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%	123.07%

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

Exhibit E-6

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

	2014	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.153343%	0.157233%	0.160763%	0.166808%	0.167030%	0.173288%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (24,918)	\$ 64,408	\$ 1,004,677	\$ (54,577)	\$ (587,763)	\$ (1,781,712)
Covered Payroll	\$ 6,018,713	\$ 5,886,004	\$ 5,803,210	\$ 5,896,577	\$ 5,848,832	\$ 5,810,594
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%	(0.93)%	(10.05)%	(30.66)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

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

Jackson County, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios  
Discretely Presented Jackson County School Department  
For the Fiscal Year Ended June 30

**Local Education Plan**

<b>Total OPEB Liability</b>	2017	2018	2019
Service Cost	\$ 98,676	\$ 91,167	\$ 83,868
Interest	54,348	64,720	63,670
Differences Between Actual and Expected Experience	0	(128,348)	307,463
Changes in Assumptions or Other Inputs	(74,756)	43,375	(154,044)
Benefit Payments	(109,277)	(118,738)	(127,868)
Net Change in Total OPEB Liability	\$ (31,009)	\$ (47,824)	\$ 173,089
Total OPEB Liability, Beginning	1,817,182	1,786,173	1,738,349
Total OPEB Liability, Ending	<u>\$ 1,786,173</u>	<u>\$ 1,738,349</u>	<u>\$ 1,911,438</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 624,537	\$ 620,439	\$ 720,386
Employer Proportionate Share of the Total OPEB Liability	1,161,636	1,118,110	1,191,052
Covered Employee Payroll	\$ 8,520,868	\$ 8,571,125	\$ 8,348,203
Net OPEB Liability as a Percentage of Covered Employee Payroll	13.63%	13.05%	14.27%

**State Administered Medicare Plan**

<b>Total OPEB Liability</b>	2017	2018	2019
Service Cost	\$ 34,412	\$ 27,981	\$ 13,990
Interest	39,452	44,817	19,737
Changes in Benefit Terms	0	(642,770)	0
Differences Between Actual and Expected Experience	0	(98,454)	119,014
Changes in Assumptions or Other Inputs	(125,093)	(4,548)	3,371
Benefit Payments	(33,600)	(35,438)	(18,189)
Net Change in Total OPEB Liability	\$ (84,829)	\$ (708,412)	\$ 137,923
Total OPEB Liability, Beginning	\$ 1,333,482	\$ 1,248,653	\$ 540,241
Total OPEB Liability, Ending	<u>\$ 1,248,653</u>	<u>\$ 540,241</u>	<u>\$ 678,164</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 568,072	\$ 492,538	\$ 676,368
Employer Proportionate Share of the Total OPEB Liability	680,581	47,703	1,796
Covered Employee Payroll	N/A	N/A	N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

Notes:

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

2019 plan year	- from 5.4% to 6.75%.
2020 plan year	- from 6.75% to 6.03%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**JACKSON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2020**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustments	2.25%

*Changes in Assumptions:* In 2017, the following assumptions were changed: decreased the inflation rate from 3 to 2.5 percent; decreased the investment rate from 7.5 to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased the salary growth rate graded ranges from an average of 4.25 to an average of 4 percent; and modified mortality assumptions.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for 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.

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

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

## Capital Projects Funds

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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.

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General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

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, 2020

	Special Revenue Funds			Capital Projects Funds
	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>ASSETS</u>				
Cash	\$ 0	\$ 15,803	\$ 15,803	\$ 0
Equity in Pooled Cash and Investments	25,791	0	25,791	43,723
Accounts Receivable	0	107	107	0
Due from Other Funds	22,420	0	22,420	0
Total Assets	\$ 48,211	\$ 15,910	\$ 64,121	\$ 43,723
<u>LIABILITIES</u>				
Payroll Deductions Payable	\$ 0	\$ 0	\$ 0	\$ 46
Due to Other Funds	0	15,910	15,910	0
Total Liabilities	\$ 0	\$ 15,910	\$ 15,910	\$ 46
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 48,211	\$ 0	\$ 48,211	\$ 0
Restricted for Capital Projects	0	0	0	328
Committed:				
Committed for Other Operations	0	0	0	0
Committed for Capital Projects	0	0	0	43,349
Total Fund Balances	\$ 48,211	\$ 0	\$ 48,211	\$ 43,677
Total Liabilities and Fund Balances	\$ 48,211	\$ 15,910	\$ 64,121	\$ 43,723

(Continued)

Exhibit F-1

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

ASSETS

Cash  
Equity in Pooled Cash and Investments  
Accounts Receivable  
Due from Other Funds  
  
Total Assets

LIABILITIES

Payroll Deductions Payable  
Due to Other Funds  
Total Liabilities

FUND BALANCES

Restricted:  
    Restricted for Public Safety  
    Restricted for Capital Projects  
Committed:  
    Committed for Other Operations  
    Committed for Capital Projects  
Total Fund Balances  
  
Total Liabilities and Fund Balances

<u>Capital Projects Funds (Cont.)</u>			
Community Development/ Industrial Park	Total	Total Nonmajor Governmental Funds	
\$ 0	\$ 0	\$ 15,803	
81,781	125,504	151,295	
0	0	107	
0	0	22,420	
<hr/>			
\$ 81,781	\$ 125,504	\$ 189,625	
<hr/>			
\$ 0	\$ 46	\$ 46	
0	0	15,910	
<hr/>			
\$ 0	\$ 46	\$ 15,956	
<hr/>			
\$ 0	\$ 0	\$ 48,211	
2,216	2,544	2,544	
79,565	79,565	79,565	
0	43,349	43,349	
<hr/>			
\$ 81,781	\$ 125,458	\$ 173,669	
<hr/>			
\$ 81,781	\$ 125,504	\$ 189,625	
<hr/>			

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, 2020

	Special Revenue Fund	Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug Control	General Capital Projects	Community Development/ Industrial Park	Education Capital Projects	Total	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 12,085	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,085
Other Local Revenues	0	0	9,000	0	9,000	9,000
Federal Government	0	728,130	0	0	728,130	728,130
Total Revenues	\$ 12,085	\$ 728,130	\$ 9,000	\$ 0	\$ 737,130	\$ 749,215
<u>Expenditures</u>						
Current:						
Public Safety	\$ 6,082	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,082
Other Operations	0	473,849	90	0	473,939	473,939
Capital Projects	0	461,141	0	0	461,141	461,141
Capital Projects - Donated	0	0	0	201,828	201,828	201,828
Total Expenditures	\$ 6,082	\$ 934,990	\$ 90	\$ 201,828	\$ 1,136,908	\$ 1,142,990
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,003	\$ (206,860)	\$ 8,910	\$ (201,828)	\$ (399,778)	\$ (393,775)
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 201,828	\$ 201,828	\$ 201,828
Transfers In	0	216,000	0	0	216,000	216,000
Total Other Financing Sources (Uses)	\$ 0	\$ 216,000	\$ 0	\$ 201,828	\$ 417,828	\$ 417,828
Net Change in Fund Balances	\$ 6,003	\$ 9,140	\$ 8,910	\$ 0	\$ 18,050	\$ 24,053
Fund Balance, July 1, 2019	42,208	34,537	72,871	0	107,408	149,616
Fund Balance, June 30, 2020	\$ 48,211	\$ 43,677	\$ 81,781	\$ 0	\$ 125,458	\$ 173,669

## 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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 12,085	\$ 18,000	\$ 18,000	\$ (5,915)
Total Revenues	\$ 12,085	\$ 18,000	\$ 18,000	\$ (5,915)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 6,082	\$ 17,100	\$ 17,100	\$ 11,018
Total Expenditures	\$ 6,082	\$ 17,100	\$ 17,100	\$ 11,018
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,003	\$ 900	\$ 900	\$ 5,103
Net Change in Fund Balance	\$ 6,003	\$ 900	\$ 900	\$ 5,103
Fund Balance, July 1, 2019	42,208	41,996	41,996	212
Fund Balance, June 30, 2020	\$ 48,211	\$ 42,896	\$ 42,896	\$ 5,315

# **Major Governmental Funds**

## **General Debt Service Fund**

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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.

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## Exhibit G

Jackson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 36,390	\$ 32,918	\$ 32,918	\$ 3,472
State of Tennessee	350,000	350,000	350,000	0
Other Governments and Citizens Groups	486,222	0	486,222	0
Total Revenues	<u>\$ 872,612</u>	<u>\$ 382,918</u>	<u>\$ 869,140</u>	<u>\$ 3,472</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 724	\$ 5,000	\$ 5,000	\$ 4,276
<u>Principal on Debt</u>				
General Government	316,190	335,000	328,051	11,861
Education	387,000	0	387,000	0
<u>Interest on Debt</u>				
General Government	46,649	62,649	69,598	22,949
Education	65,894	0	65,894	0
<u>Other Debt Service</u>				
General Government	18,936	24,000	24,000	5,064
Education	33,328	0	33,328	0
Total Expenditures	<u>\$ 868,721</u>	<u>\$ 426,649</u>	<u>\$ 912,871</u>	<u>\$ 44,150</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,891</u>	<u>\$ (43,731)</u>	<u>\$ (43,731)</u>	<u>\$ 47,622</u>
Net Change in Fund Balance	\$ 3,891	\$ (43,731)	\$ (43,731)	\$ 47,622
Fund Balance, July 1, 2019	<u>1,117,451</u>	<u>1,117,275</u>	<u>1,117,275</u>	<u>176</u>
Fund Balance, June 30, 2020	<u>\$ 1,121,342</u>	<u>\$ 1,073,544</u>	<u>\$ 1,073,544</u>	<u>\$ 47,798</u>

# Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register 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, 2020

	Agency Funds		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 406,497	\$ 406,497
Due from Other Governments	37,371	0	37,371
Cash Shortage	0	40,514	40,514
Total Assets	<u>\$ 37,371</u>	<u>\$ 447,011</u>	<u>\$ 484,382</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 37,371	\$ 0	\$ 37,371
Due to Litigants, Heirs, and Others	0	447,011	447,011
Total Liabilities	<u>\$ 37,371</u>	<u>\$ 447,011</u>	<u>\$ 484,382</u>

Exhibit H-2

Jackson County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 278,839	\$ 278,839	\$ 0
Due from Other Governments	53,653	37,371	53,653	37,371
Total Assets	\$ 53,653	\$ 316,210	\$ 332,492	\$ 37,371
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 53,653	\$ 316,210	\$ 332,492	\$ 37,371
Total Liabilities	\$ 53,653	\$ 316,210	\$ 332,492	\$ 37,371
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 625,837	\$ 2,709,730	\$ 2,929,070	\$ 406,497
Cash Shortage	0	40,514	0	40,514
Total Assets	\$ 625,837	\$ 2,750,244	\$ 2,929,070	\$ 447,011
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 625,837	\$ 2,750,244	\$ 2,929,070	\$ 447,011
Total Liabilities	\$ 625,837	\$ 2,750,244	\$ 2,929,070	\$ 447,011
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 625,837	\$ 2,709,730	\$ 2,929,070	\$ 406,497
Equity in Pooled Cash and Investments	0	278,839	278,839	0
Due from Other Governments	53,653	37,371	53,653	37,371
Cash Shortage	0	40,514	0	40,514
Total Assets	\$ 679,490	\$ 3,066,454	\$ 3,261,562	\$ 484,382
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 53,653	\$ 316,210	\$ 332,492	\$ 37,371
Due to Litigants, Heirs, and Others	625,837	2,750,244	2,929,070	447,011
Total Liabilities	\$ 679,490	\$ 3,066,454	\$ 3,261,562	\$ 484,382

# Jackson County School Department

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

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

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

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

Exhibit I-1

Jackson County, Tennessee  
Statement of Activities  
Discretely Presented Jackson County School Department  
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 8,528,719	\$ 20,108	\$ 876,747	\$ 150,651	\$ (7,481,213)
Support Services	5,085,571	32,730	260,590	114,852	(4,677,399)
Operation of Non-instructional Services	1,513,057	25,306	1,209,709	29,612	(248,430)
Interest on Long-term Debt	65,894	0	0	0	(65,894)
Other Debt Service	33,328	0	0	0	(33,328)
Total Governmental Activities	\$ 15,226,569	\$ 78,144	\$ 2,347,046	\$ 295,115	\$ (12,506,264)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 1,841,948
Local Option Sales Taxes					755,911
Wheel Tax					148,106
Other Local Taxes					225
Grants and Contributions Not Restricted to Specific Programs					10,672,143
Unrestricted Investment Earnings					2,863
Miscellaneous					13,504
Total General Revenues					\$ 13,434,700
Change in Net Position					\$ 928,436
Net Position, July 1, 2019					15,093,933
Net Position, June 30, 2020					\$ 16,022,369

Exhibit I-2

Jackson County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Jackson County School Department  
June 30, 2020

	Major Fund	Nonmajor Funds	Total
	General Purpose School	Other Govern-mental Funds	Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 8,579,281	\$ 478,063	\$ 9,057,344
Due from Other Governments	431,495	12,029	443,524
Property Taxes Receivable	1,749,112	0	1,749,112
Allowance for Uncollectible Property Taxes	(131,732)	0	(131,732)
Restricted Assets	40,388	0	40,388
Total Assets	<u>\$ 10,668,544</u>	<u>\$ 490,092</u>	<u>\$ 11,158,636</u>
<u>LIABILITIES</u>			
Accrued Payroll	\$ 4,116	\$ 0	\$ 4,116
Payroll Deductions Payable	4,536	168	4,704
Due to State of Tennessee	15,291	0	15,291
Total Liabilities	<u>\$ 23,943</u>	<u>\$ 168</u>	<u>\$ 24,111</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 1,610,442	\$ 0	\$ 1,610,442
Deferred Delinquent Property Taxes	1,595	0	1,595
Other Deferred/Unavailable Revenue	88,111	0	88,111
Total Deferred Inflows of Resources	<u>\$ 1,700,148</u>	<u>\$ 0</u>	<u>\$ 1,700,148</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 40,897	\$ 314,924	\$ 355,821
Restricted for Hybrid Retirement Stabilization Funds	40,388	0	40,388
Committed:			
Committed for Education	253,796	175,000	428,796
Assigned:			
Assigned for Education	381,898	0	381,898
Unassigned	8,227,474	0	8,227,474
Total Fund Balances	<u>\$ 8,944,453</u>	<u>\$ 489,924</u>	<u>\$ 9,434,377</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,668,544</u>	<u>\$ 490,092</u>	<u>\$ 11,158,636</u>

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, 2020

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)		\$ 9,434,377
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 319,507	
Add: buildings and improvements net of accumulated depreciation	10,094,449	
Add: infrastructure net of accumulated depreciation	94,754	
Add: other capital assets net of accumulated depreciation	<u>661,985</u>	11,170,695
(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	\$ (4,590,828)	
Less: net OPEB liability	<u>(1,192,848)</u>	(5,783,676)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 1,196,090	
Less: deferred inflows of resources related to pensions	(1,728,040)	
Add: deferred outflows of resources related to OPEB	266,128	
Less: deferred inflows of resources related to OPEB	<u>(746,278)</u>	(1,012,100)
(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	\$ 297,625	
Add: net pension asset - teacher retirement plan	44,030	
Add: net pension asset - teacher legacy pension plan	<u>1,781,712</u>	2,123,367
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>89,706</u>
Net position of governmental activities (Exhibit A)		<u>\$ 16,022,369</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, 2020

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 2,724,827	\$ 0	\$ 2,724,827
Licenses and Permits	551	0	551
Charges for Current Services	52,838	25,306	78,144
Other Local Revenues	95,977	9,701	105,678
State of Tennessee	11,075,599	0	11,075,599
Federal Government	77,507	2,138,584	2,216,091
Other Governments and Citizens Groups	201,828	0	201,828
Total Revenues	\$ 14,229,127	\$ 2,173,591	\$ 16,402,718
<u>Expenditures</u>			
Current:			
Instruction	\$ 7,411,874	\$ 847,376	\$ 8,259,250
Support Services	4,922,324	260,154	5,182,478
Operation of Non-Instructional Services	421,217	1,090,671	1,511,888
Capital Outlay	783,550	0	783,550
Debt Service:			
Principal on Debt	387,000	0	387,000
Interest on Debt	65,894	0	65,894
Other Debt Service	33,328	0	33,328
Total Expenditures	\$ 14,025,187	\$ 2,198,201	\$ 16,223,388
Excess (Deficiency) of Revenues Over Expenditures	\$ 203,940	\$ (24,610)	\$ 179,330
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 93,195	\$ 0	\$ 93,195
Transfers Out	0	(93,195)	(93,195)
Total Other Financing Sources (Uses)	\$ 93,195	\$ (93,195)	\$ 0
Net Change in Fund Balances	\$ 297,135	\$ (117,805)	\$ 179,330
Fund Balance, July 1, 2019	8,647,318	607,729	9,255,047
Fund Balance, June 30, 2020	\$ 8,944,453	\$ 489,924	\$ 9,434,377

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, 2020

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)		\$	179,330
(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: capital assets purchased in the current period	\$	596,331	
Less: current-year depreciation expense		(478,077)	118,254
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2020	\$	89,706	
Less: deferred delinquent property taxes and other deferred June 30, 2019		(68,343)	21,363
(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 contribution 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.			
Less: other loan proceeds contributed from primary government	\$	(201,828)	
Add: principal contributions on other loans to primary government		387,000	185,172
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	18,480	
Change in OPEB liability		(27,035)	
Change in deferred outflows related to OPEB		162,077	
Change in deferred inflows related to OPEB		(67,861)	
Change in net pension asset - agent plan		130,715	
Change in net pension asset - teacher retirement plan		5,966	
Change in net pension asset - teacher legacy pension plan		1,193,949	
Change in deferred outflows related to pensions		(242,681)	
Change in deferred inflows related to pensions		(749,293)	424,317
Change in net position of governmental activities (Exhibit B)		\$	<u>928,436</u>

Exhibit I-6

Jackson County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Jackson County School Department  
June 30, 2020

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 181,567	\$ 296,496	\$ 478,063
Due from Other Governments	12,029	0	12,029
Total Assets	<u>\$ 193,596</u>	<u>\$ 296,496</u>	<u>\$ 490,092</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 168	\$ 0	\$ 168
Total Liabilities	<u>\$ 168</u>	<u>\$ 0</u>	<u>\$ 168</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 18,428	\$ 296,496	\$ 314,924
Committed:			
Committed for Education	175,000	0	175,000
Total Fund Balances	<u>\$ 193,428</u>	<u>\$ 296,496</u>	<u>\$ 489,924</u>
Total Liabilities and Fund Balances	<u>\$ 193,596</u>	<u>\$ 296,496</u>	<u>\$ 490,092</u>

## Exhibit I-7

Jackson County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Jackson County School Department  
For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 25,306	\$ 25,306
Other Local Revenues	0	9,701	9,701
Federal Government	1,257,852	880,732	2,138,584
Total Revenues	<u>\$ 1,257,852</u>	<u>\$ 915,739</u>	<u>\$ 2,173,591</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 847,376	\$ 0	\$ 847,376
Support Services	260,154	0	260,154
Operation of Non-Instructional Services	98,361	992,310	1,090,671
Total Expenditures	<u>\$ 1,205,891</u>	<u>\$ 992,310</u>	<u>\$ 2,198,201</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 51,961</u>	<u>\$ (76,571)</u>	<u>\$ (24,610)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	<u>\$ (33,195)</u>	<u>\$ (60,000)</u>	<u>\$ (93,195)</u>
Total Other Financing Sources (Uses)	<u>\$ (33,195)</u>	<u>\$ (60,000)</u>	<u>\$ (93,195)</u>
Net Change in Fund Balances	\$ 18,766	\$ (136,571)	\$ (117,805)
Fund Balance, July 1, 2019	<u>174,662</u>	<u>433,067</u>	<u>607,729</u>
Fund Balance, June 30, 2020	<u><u>\$ 193,428</u></u>	<u><u>\$ 296,496</u></u>	<u><u>\$ 489,924</u></u>

Exhibit I-8

Jackson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Jackson County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,724,827	\$ 0	\$ 0	\$ 2,724,827	\$ 2,527,058	\$ 2,527,058	\$ 197,769
Licenses and Permits	551	0	0	551	600	600	(49)
Charges for Current Services	52,838	0	0	52,838	77,000	77,000	(24,162)
Other Local Revenues	95,977	0	0	95,977	29,000	29,000	66,977
State of Tennessee	11,075,599	0	0	11,075,599	10,946,042	11,158,020	(82,421)
Federal Government	77,507	0	0	77,507	90,527	90,527	(13,020)
Other Governments and Citizens Groups	201,828	0	0	201,828	0	0	201,828
Total Revenues	\$ 14,229,127	\$ 0	\$ 0	\$ 14,229,127	\$ 13,670,227	\$ 13,882,205	\$ 346,922
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 5,876,548	\$ (76,875)	\$ 67,185	\$ 5,866,858	\$ 7,007,887	\$ 7,007,887	\$ 1,141,029
Alternative Instruction Program	94,666	0	0	94,666	168,673	168,673	74,007
Special Education Program	877,705	0	0	877,705	1,054,768	1,054,768	177,063
Career and Technical Education Program	562,955	(74,730)	8,524	496,749	588,790	663,520	166,771
<u>Support Services</u>							
Attendance	133,287	0	0	133,287	174,346	174,346	41,059
Health Services	222,298	0	0	222,298	238,525	238,525	16,227
Other Student Support	265,183	0	0	265,183	366,838	426,968	161,785
Regular Instruction Program	425,891	(49,660)	0	376,231	512,172	522,042	145,811
Special Education Program	184,546	0	0	184,546	203,433	203,433	18,887
Career and Technical Education Program	1,026	0	0	1,026	11,087	11,087	10,061
Technology	99,935	0	0	99,935	140,000	140,000	40,065
Other Programs	67,248	0	0	67,248	0	67,248	0
Board of Education	367,678	(4,500)	0	363,178	418,738	418,738	55,560
Director of Schools	131,634	0	0	131,634	151,918	151,918	20,284
Office of the Principal	709,053	0	0	709,053	822,465	822,465	113,412
Fiscal Services	294,915	0	3,774	298,689	333,241	333,241	34,552
Operation of Plant	942,911	0	0	942,911	1,193,455	1,193,455	250,544

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 246,554	\$ (957)	\$ 0	\$ 245,597	\$ 302,253	\$ 302,253	\$ 56,656
Transportation	830,165	(9,831)	78,982	899,316	1,160,248	1,160,248	260,932
<u>Operation of Non-Instructional Services</u>							
Food Service	74,667	0	0	74,667	97,133	97,133	22,466
Community Services	34,629	0	0	34,629	71,454	71,454	36,825
Early Childhood Education	311,921	0	0	311,921	319,817	319,817	7,896
<u>Capital Outlay</u>							
Regular Capital Outlay	783,550	(30,700)	223,433	976,283	1,360,000	1,360,000	383,717
<u>Principal on Debt</u>							
Education	387,000	0	0	387,000	534,000	534,000	147,000
<u>Interest on Debt</u>							
Education	65,894	0	0	65,894	113,000	113,000	47,106
<u>Other Debt Service</u>							
Education	33,328	0	0	33,328	79,000	79,000	45,672
Total Expenditures	\$ 14,025,187	\$ (247,253)	\$ 381,898	\$ 14,159,832	\$ 17,423,241	\$ 17,635,219	\$ 3,475,387
Excess (Deficiency) of Revenues Over Expenditures	\$ 203,940	\$ 247,253	\$ (381,898)	\$ 69,295	\$ (3,753,014)	\$ (3,753,014)	\$ 3,822,309
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 93,195	\$ 0	\$ 0	\$ 93,195	\$ 85,000	\$ 85,000	\$ 8,195
Transfers Out	0	0	0	0	(2,000)	(2,000)	2,000
Total Other Financing Sources	\$ 93,195	\$ 0	\$ 0	\$ 93,195	\$ 83,000	\$ 83,000	\$ 10,195
Net Change in Fund Balance	\$ 297,135	\$ 247,253	\$ (381,898)	\$ 162,490	\$ (3,670,014)	\$ (3,670,014)	\$ 3,832,504
Fund Balance, July 1, 2019	8,647,318	(247,253)	0	8,400,065	3,670,014	3,670,014	4,730,051
Fund Balance, June 30, 2020	\$ 8,944,453	\$ 0	\$ (381,898)	\$ 8,562,555	\$ 0	\$ 0	\$ 8,562,555

Exhibit I-9

Jackson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Jackson County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,257,852	\$ 0	\$ 1,257,852	\$ 1,378,652	\$ 1,573,343	\$ (315,491)
Total Revenues	\$ 1,257,852	\$ 0	\$ 1,257,852	\$ 1,378,652	\$ 1,573,343	\$ (315,491)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 330,677	\$ 0	\$ 330,677	\$ 312,327	\$ 394,221	\$ 63,544
Special Education Program	437,875	6,622	444,497	451,780	501,905	57,408
Career and Technical Education Program	78,824	0	78,824	65,906	78,824	0
<u>Support Services</u>						
Other Student Support	5,383	0	5,383	87,092	63,480	58,097
Regular Instruction Program	201,206	5,000	206,206	259,175	309,223	103,017
Special Education Program	39,966	0	39,966	40,325	42,309	2,343
Career and Technical Education Program	933	0	933	2,600	933	0
Transportation	12,666	0	12,666	14,564	14,564	1,898
<u>Operation of Non-Instructional Services</u>						
Community Services	98,361	0	98,361	134,508	134,509	36,148
Total Expenditures	\$ 1,205,891	\$ 11,622	\$ 1,217,513	\$ 1,368,277	\$ 1,539,968	\$ 322,455
Excess (Deficiency) of Revenues Over Expenditures	\$ 51,961	\$ (11,622)	\$ 40,339	\$ 10,375	\$ 33,375	\$ 6,964
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (33,195)	\$ 0	\$ (33,195)	\$ (10,375)	\$ (33,375)	\$ 180
Total Other Financing Sources	\$ (33,195)	\$ 0	\$ (33,195)	\$ (10,375)	\$ (33,375)	\$ 180

(Continued)

Exhibit I-9

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ 18,766	\$ (11,622)	\$ 7,144	\$ 0	\$ 0	\$ 7,144
Fund Balance, July 1, 2019	174,662	0	174,662	0	0	174,662
Fund Balance, June 30, 2020	\$ 193,428	\$ (11,622)	\$ 181,806	\$ 0	\$ 0	\$ 181,806

## Exhibit I-10

Jackson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Jackson County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 25,306	\$ 90,000	\$ 90,000	\$ (64,694)
Other Local Revenues	9,701	8,080	4,100	5,601
Federal Government	880,732	1,122,000	1,122,000	(241,268)
Total Revenues	<u>\$ 915,739</u>	<u>\$ 1,220,080</u>	<u>\$ 1,216,100</u>	<u>\$ (300,361)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 992,310	\$ 1,248,580	\$ 1,244,600	\$ 252,290
Total Expenditures	<u>\$ 992,310</u>	<u>\$ 1,248,580</u>	<u>\$ 1,244,600</u>	<u>\$ 252,290</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (76,571)</u>	<u>\$ (28,500)</u>	<u>\$ (28,500)</u>	<u>\$ (48,071)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (60,000)	\$ (70,500)	\$ (70,500)	\$ 10,500
Total Other Financing Sources	<u>\$ (60,000)</u>	<u>\$ (70,500)</u>	<u>\$ (70,500)</u>	<u>\$ 10,500</u>
Net Change in Fund Balance	\$ (136,571)	\$ (99,000)	\$ (99,000)	\$ (37,571)
Fund Balance, July 1, 2019	433,067	433,067	433,067	0
Fund Balance, June 30, 2020	<u><u>\$ 296,496</u></u>	<u><u>\$ 334,067</u></u>	<u><u>\$ 334,067</u></u>	<u><u>\$ (37,571)</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Jackson County, Tennessee  
Schedule of Changes in Long-term Bonds, Notes, Other Loans, and Capital Leases  
For the Year Ended June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-19	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-20
<b>BONDS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Health Department (USDA)	\$ 194,600	4 %	2-22-11	2-22-49	\$ 173,720	\$ 0	\$ 3,101	\$ 170,619
Total Bonds Payable					<u>\$ 173,720</u>	<u>\$ 0</u>	<u>\$ 3,101</u>	<u>\$ 170,619</u>
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Two Tri-Axle Mack Dump Trucks	330,111	1.9	11-21-16	11-21-21	\$ 201,783	\$ 0	\$ 65,999	\$ 135,784
Trash Truck	230,000	1.98	11-13-17	11-13-22	185,785	0	45,090	140,695
Total Notes Payable					<u>\$ 387,568</u>	<u>\$ 0</u>	<u>\$ 111,089</u>	<u>\$ 276,479</u>
<b>OTHER LOANS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Jail Construction	3,500,000	Variable	8-9-04	5-25-29	\$ 1,762,000	\$ 0	\$ 154,000	\$ 1,608,000
Jail Construction	1,200,000	Variable	10-23-06	5-25-31	771,000	0	48,000	723,000
Total Payable through General Debt Service Fund					<u>\$ 2,533,000</u>	<u>\$ 0</u>	<u>\$ 202,000</u>	<u>\$ 2,331,000</u>
<u>Contributions Due by School Department from the General Purpose</u>								
<u>School Fund to the General Debt Service Fund</u>								
School Construction	6,300,000	Variable	3-5-01	5-25-29	\$ 3,361,000	\$ 0	\$ 267,000	\$ 3,094,000
Refunding/School Construction	3,765,000	Variable	12-15-09	5-25-29	1,415,000	0	120,000	1,295,000
Energy Efficient Schools Initiative Loan	201,828	(1) 1.5	2-24-20	2-1-23	0	201,828	0	201,828
Total Contributions Due by the school department from the General Purpose								
School Fund to the General Debt Service Fund					<u>\$ 4,776,000</u>	<u>\$ 201,828</u>	<u>\$ 387,000</u>	<u>\$ 4,590,828</u>
Total Other Loans Payable					<u>\$ 7,309,000</u>	<u>\$ 201,828</u>	<u>\$ 589,000</u>	<u>\$ 6,921,828</u>
<b>CAPITAL LEASES PAYABLE</b>								
<u>Payable through Highway Public/Works Fund</u>								
Backhoe	103,405	4.75	10-3-18	10-4-19	\$ 50,360	\$ 0	\$ 50,360	\$ 0
Total Capital Leases Payable					<u>\$ 50,360</u>	<u>\$ 0</u>	<u>\$ 50,360</u>	<u>\$ 0</u>

(1) Total amount approved was \$2,235,776, of which \$2,033,948 remains available to be drawn as of June 30, 2020.

## Exhibit J-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 170,619	\$ 120,831	\$ 291,450

(Continued)

## Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2021	\$ 113,235	\$ 5,366	\$ 118,601
2022	115,423	3,177	118,600
2023	47,821	947	48,768
Total	<u>\$ 276,479</u>	<u>\$ 9,490</u>	<u>\$ 285,969</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2021	\$ 658,524	\$ 31,235	\$ 47,761	\$ 737,520
2022	769,200	50,529	43,750	863,479
2023	706,104	26,784	39,565	772,453
2024	702,000	14,480	35,204	751,684
2025	731,000	12,350	30,639	773,989
2026	761,000	10,131	25,888	797,019
2027	788,000	7,820	20,943	816,763
2028	817,000	5,426	15,820	838,246
2029	827,000	2,946	10,510	840,456
2030	79,000	437	2,073	81,510
2031	83,000	224	1,560	84,784
Total	<u>\$ 6,921,828</u>	<u>\$ 162,362</u>	<u>\$ 273,713</u>	<u>\$ 7,357,903</u>

Exhibit J-3

Jackson County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Jackson County School Department

For the Year Ended June 30, 2020

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	To fund capital projects	<u>\$ 216,000</u>
Total Transfers Primary Government			<u><u>\$ 216,000</u></u>
<u>DISCRETELY PRESENTED JACKSON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 33,195
Central Cafeteria	"	Supervisor's salary	<u>60,000</u>
Total Transfers Discretely Presented Jackson County School Department			<u><u>\$ 93,195</u></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, 2020

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 79,083	\$ (6)	
Road Superintendent	Section 8-24-102, <i>TCA</i> , and Jackson County Commission	80,200 (1)	(6)	
Director of Schools	State Board of Education and Jackson County Board of Education	82,816 (2)	100,000	(7) Western Surety Company
Trustee	Section 8-24-102, <i>TCA</i>	68,471	576,114	The Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	68,471	(6)	
County Clerk:				
Amanda Ward Stafford (7-1-19 to 5-8-20)	Section 8-24-102, <i>TCA</i>	58,771	(6)	
Vacant (5-9-20 to 6-30-20) (3)				
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	68,471	(6)	
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	68,471 (4)	(6)	
Register of Deeds	Section 8-24-102, <i>TCA</i>	68,471	(6)	
Sheriff	Section 8-24-102, <i>TCA</i>	75,318 (5)	(6)	
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			400,000	Local Government Insurance Pool
Public Employee Dishonesty - School Department			400,000	Tennessee Risk Management Trust

- (1) Includes an additional appropriation of \$4,882.  
(2) Does not include salary equity payment of \$1,129.  
(3) The chief deputy performed the duties of the official until the former official's term expired on August 31, 2020.  
(4) Does not include special commissioner fees of \$8,247.  
(5) Does not include a law enforcement training supplement of \$600.  
(6) The official is covered by the \$400,000 employee blanket bond.  
(7) The official is covered by a \$100,000 individual bond with Western Surety Company and the \$400,000 employee blanket bond.

Exhibit J-5

Jackson County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2020

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,318,514	\$ 515,472	\$ 0	\$ 190,064	\$ 34,347	\$ 0
Trustee's Collections - Prior Year	64,524	13,187	0	4,051	942	0
Circuit Clerk/Clerk and Master Collections - Prior Years	36,287	7,599	0	3,307	532	0
Interest and Penalty	12,698	2,615	0	1,021	185	0
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	2,028	0	0
Payments in-Lieu-of Taxes - Other	25,931	5,744	0	83	384	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	264,389	0	0	0	0	0
Hotel/Motel Tax	2,611	0	0	0	0	0
Wheel Tax	246,844	0	0	0	0	0
Litigation Tax - General	16,333	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	5,890	0	0	0	0	0
Business Tax	37,992	0	0	0	0	0
Mineral Severance Tax	0	0	0	29,127	0	0
Other County Local Option Taxes	238	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	63,450	0	0	0	0	0
Wholesale Beer Tax	63,497	0	0	0	0	0
Beer Privilege Tax	665	0	0	0	0	0
Other Statutory Local Taxes	100	0	0	0	0	0
Total Local Taxes	\$ 3,159,963	\$ 544,617	\$ 0	\$ 229,681	\$ 36,390	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 116,264	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 116,264	\$ 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	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 475	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	1,629	0	0	0	0	0
Data Entry Fee - Circuit Court	3,404	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	6,693	0	0	0	0	0
Officers Costs	12,672	0	0	0	0	0
Game and Fish Fines	1,348	0	0	0	0	0
Drug Control Fines	0	0	8,155	0	0	0
DUI Treatment Fines	1,615	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	119	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	311	0	0	0	0	0
Data Entry Fee - Chancery Court	3,403	0	0	0	0	0
<u>Other Courts - In-county</u>						
Officers Costs	17	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	3,930	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 31,686	\$ 0	\$ 12,085	\$ 0	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Waste Tire Disposal	\$ 0	\$ 1,919	\$ 0	\$ 0	\$ 0	0
Patient Charges	568,441	0	0	0	0	0
Other General Service Charges	10,387	0	0	0	0	0
Service Charges	805	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	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Copy Fees	\$ 1,021	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Library Fees	1,088	0	0	0	0	0
Archives and Records Management Fee	2,980	0	0	0	0	0
Greenbelt Late Application Fee	350	0	0	0	0	0
Telephone Commissions	65,017	0	0	0	0	0
Constitutional Officers' Fees and Commissions	70,000	0	0	0	0	0
Data Processing Fee - Register	4,652	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,400	0	0	0	0	0
Data Processing Fee - County Clerk	788	0	0	0	0	0
<u>Education Charges</u>						
Tuition - Other	9,843	0	0	0	0	0
Total Charges for Current Services	\$ 737,772	\$ 1,919	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 83,159	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	37,852	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	1,186	0	0
Commissary Sales	41,010	0	0	0	0	0
Sale of Gasoline	672	0	0	57,152	0	0
Sale of Recycled Materials	0	9,836	0	0	0	0
E-Rate Funding	550	0	0	0	0	0
Miscellaneous Refunds	37,575	0	0	24,267	0	0
<u>Nonrecurring Items</u>						
Sale of Property	2,000	0	0	0	0	0
Contributions and Gifts	231	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	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 4,615	\$ 525	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 207,664	\$ 10,361	\$ 0	\$ 82,605	\$ 0	\$ 0
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 97,416	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	10,078	0	0	0	0	0
General Sessions Court Clerk	50,487	0	0	0	0	0
Clerk and Master	22,319	0	0	0	0	0
Register	53,853	0	0	0	0	0
Sheriff	6,543	0	0	0	0	0
Trustee	176,076	0	0	0	0	0
Total Fees Received From County Officials	\$ 416,772	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	10,186	0	0	0	0	0
Aging Programs	6,487	0	0	0	0	0
Solid Waste Grants	0	47,573	0	0	0	0
Other General Government Grants	12,074	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	10,400	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	66,787	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	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Litter Program	\$ 76,661	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other State Revenues</u>						
Flood Control	4,525	0	0	0	0	0
Income Tax	22,566	0	0	0	0	0
Beer Tax	60,186	0	0	0	0	0
Vehicle Certificate of Title Fees	6,142	0	0	0	0	0
State Revenue Sharing - T.V.A.	422,445	0	0	0	0	0
State Revenue Sharing - Telecommunications	163,549	0	0	0	0	0
Contracted Prisoner Boarding	457,144	0	0	0	350,000	0
Gasoline and Motor Fuel Tax	0	0	0	1,980,808	0	0
Petroleum Special Tax	0	0	0	8,397	0	0
Other State Grants	44,440	0	0	0	0	0
Other State Revenues	255	0	0	0	0	0
Total State of Tennessee	\$ 1,377,347	\$ 47,573	\$ 0	\$ 1,989,205	\$ 350,000	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 296,469	\$ 0	\$ 0
Appalachian Regional Commission	0	0	0	0	0	473,763
COVID-19 Grant #1	15,053	0	0	0	0	0
COVID-19 Grant #2	25,559	0	0	0	0	0
Other Federal through State	74,789	0	0	0	0	221,197
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	11,576	0	0	0	0	0
Other Direct Federal Revenue	3,000	0	0	0	0	33,170
Total Federal Government	\$ 129,977	\$ 0	\$ 0	\$ 296,469	\$ 0	\$ 728,130

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 24,765	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	0	0	0	0	486,222	0
Total Other Governments and Citizens Groups	<u>\$ 24,765</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 486,222</u>	<u>\$ 0</u>
Total	<u>\$ 6,202,210</u>	<u>\$ 604,470</u>	<u>\$ 12,085</u>	<u>\$ 2,597,960</u>	<u>\$ 872,612</u>	<u>\$ 728,130</u>

(Continued)

Exhibit J-5

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

	Capital		
	<u>Projects Fund</u>		
	Community		
	Development/		
	Industrial		
	Park		Total
<hr/>			
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$	0	\$ 3,058,397
Trustee's Collections - Prior Year		0	82,704
Circuit Clerk/Clerk and Master Collections - Prior Years		0	47,725
Interest and Penalty		0	16,519
Payments in-Lieu-of Taxes - T.V.A.		0	2,028
Payments in-Lieu-of Taxes - Other		0	32,142
<u>County Local Option Taxes</u>			
Local Option Sales Tax		0	264,389
Hotel/Motel Tax		0	2,611
Wheel Tax		0	246,844
Litigation Tax - General		0	16,333
Litigation Tax - Jail, Workhouse, or Courthouse		0	5,890
Business Tax		0	37,992
Mineral Severance Tax		0	29,127
Other County Local Option Taxes		0	238
<u>Statutory Local Taxes</u>			
Bank Excise Tax		0	63,450
Wholesale Beer Tax		0	63,497
Beer Privilege Tax		0	665
Other Statutory Local Taxes		0	100
Total Local Taxes	<u>\$</u>	<u>0</u>	<u>\$ 3,970,651</u>
<hr/>			
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	\$	0	\$ 116,264
Total Licenses and Permits	<u>\$</u>	<u>0</u>	<u>\$ 116,264</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>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 475	
Officers Costs	0	1,629	
Data Entry Fee - Circuit Court	0	3,404	
<u>General Sessions Court</u>			
Fines	0	6,693	
Officers Costs	0	12,672	
Game and Fish Fines	0	1,348	
Drug Control Fines	0	8,155	
DUI Treatment Fines	0	1,615	
<u>Juvenile Court</u>			
Fines	0	119	
<u>Chancery Court</u>			
Officers Costs	0	311	
Data Entry Fee - Chancery Court	0	3,403	
<u>Other Courts - In-county</u>			
Officers Costs	0	17	
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	3,930	
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 43,771	
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Surcharge - Waste Tire Disposal	\$ 0	\$ 1,919	
Patient Charges	0	568,441	
Other General Service Charges	0	10,387	
Service Charges	0	805	

(Continued)

Exhibit J-5

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

	Capital Projects Fund	Community Development/ Industrial Park	Total
<hr/>			
<u>Charges for Current Services (Cont.)</u>			
<u>Fees</u>			
Copy Fees	\$	0	\$ 1,021
Library Fees		0	1,088
Archives and Records Management Fee		0	2,980
Greenbelt Late Application Fee		0	350
Telephone Commissions		0	65,017
Constitutional Officers' Fees and Commissions		0	70,000
Data Processing Fee - Register		0	4,652
Sexual Offender Registration Fee - Sheriff		0	2,400
Data Processing Fee - County Clerk		0	788
<u>Education Charges</u>			
Tuition - Other		0	9,843
Total Charges for Current Services	\$	0	\$ 739,691
<hr/>			
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$	0	\$ 83,159
Lease/Rentals		9,000	46,852
Sale of Materials and Supplies		0	1,186
Commissary Sales		0	41,010
Sale of Gasoline		0	57,824
Sale of Recycled Materials		0	9,836
E-Rate Funding		0	550
Miscellaneous Refunds		0	61,842
<u>Nonrecurring Items</u>			
Sale of Property		0	2,000
Contributions and Gifts		0	231

(Continued)

Exhibit J-5

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

	Capital Projects Fund	Community Development/ Industrial Park	Total
<hr/>			
<u>Other Local Revenues (Cont.)</u>			
<u>Other Local Revenues</u>			
Other Local Revenues	\$	0	\$ 5,140
Total Other Local Revenues	\$	9,000	\$ 309,630
<hr/>			
<u>Fees Received From County Officials</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$	0	\$ 97,416
Circuit Court Clerk		0	10,078
General Sessions Court Clerk		0	50,487
Clerk and Master		0	22,319
Register		0	53,853
Sheriff		0	6,543
Trustee		0	176,076
Total Fees Received From County Officials	\$	0	\$ 416,772
<hr/>			
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$	0	\$ 13,500
Airport Maintenance Program		0	10,186
Aging Programs		0	6,487
Solid Waste Grants		0	47,573
Other General Government Grants		0	12,074
<u>Public Safety Grants</u>			
Law Enforcement Training Programs		0	10,400
<u>Health and Welfare Grants</u>			
Health Department Programs		0	66,787

(Continued)

Exhibit J-5

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

	Capital Projects Fund	Community Development/ Industrial Park	Total
<hr/>			
<u>State of Tennessee (Cont.)</u>			
<u>Public Works Grants</u>			
Litter Program	\$	0	\$ 76,661
<u>Other State Revenues</u>			
Flood Control		0	4,525
Income Tax		0	22,566
Beer Tax		0	60,186
Vehicle Certificate of Title Fees		0	6,142
State Revenue Sharing - T.V.A.		0	422,445
State Revenue Sharing - Telecommunications		0	163,549
Contracted Prisoner Boarding		0	807,144
Gasoline and Motor Fuel Tax		0	1,980,808
Petroleum Special Tax		0	8,397
Other State Grants		0	44,440
Other State Revenues		0	255
Total State of Tennessee	<hr/>	<hr/>	<hr/>
	\$	0	\$ 3,764,125
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA - Other	\$	0	\$ 296,469
Appalachian Regional Commission		0	473,763
COVID-19 Grant #1		0	15,053
COVID-19 Grant #2		0	25,559
Other Federal through State		0	295,986
<u>Direct Federal Revenue</u>			
Police Service (Lake Area)		0	11,576
Other Direct Federal Revenue		0	36,170
Total Federal Government	<hr/>	<hr/>	<hr/>
	\$	0	\$ 1,154,576

(Continued)

Exhibit J-5

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

	Capital Projects Fund	Community Development/ Industrial Park	Total
<hr/>			
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Prisoner Board	\$	0	\$ 24,765
Contributions		0	486,222
Total Other Governments and Citizens Groups	\$	0	\$ 510,987
Total	\$	9,000	\$ 11,026,467

## 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, 2020

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,739,833	\$ 0	\$ 0	\$ 1,739,833
Trustee's Collections - Prior Year	48,597	0	0	48,597
Circuit Clerk/Clerk and Master Collections - Prior Years	25,439	0	0	25,439
Interest and Penalty	9,373	0	0	9,373
Payments in-Lieu-of Taxes - T.V.A.	18,623	0	0	18,623
Payments in-Lieu-of Taxes - Other	766	0	0	766
<u>County Local Option Taxes</u>				
Local Option Sales Tax	733,865	0	0	733,865
Wheel Tax	148,106	0	0	148,106
Other County Local Option Taxes	225	0	0	225
Total Local Taxes	<u>\$ 2,724,827</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,724,827</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 551	\$ 0	\$ 0	\$ 551
Total Licenses and Permits	<u>\$ 551</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 551</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Adults	\$ 0	\$ 0	\$ 8,960	\$ 8,960
A la Carte Sales	0	0	16,346	16,346
Contract for Instructional Services with Other LEA's	32,730	0	0	32,730
Receipts from Individual Schools	20,108	0	0	20,108
Total Charges for Current Services	<u>\$ 52,838</u>	<u>\$ 0</u>	<u>\$ 25,306</u>	<u>\$ 78,144</u>

(Continued)

## Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 1,236	\$ 0	\$ 1,627	\$ 2,863
E-Rate Funding	18,352	0	0	18,352
Rebates	0	0	150	150
Miscellaneous Refunds	75,743	0	0	75,743
<u>Nonrecurring Items</u>				
Sale of Equipment	511	0	0	511
Damages Recovered from Individuals	100	0	0	100
Contributions and Gifts	35	0	0	35
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	7,924	7,924
Total Other Local Revenues	\$ 95,977	\$ 0	\$ 9,701	\$ 105,678
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 67,248	\$ 0	\$ 0	\$ 67,248
<u>State Education Funds</u>				
Basic Education Program	10,110,184	0	0	10,110,184
Early Childhood Education	319,421	0	0	319,421
School Food Service	9,556	0	0	9,556
Other State Education Funds	391,540	0	0	391,540
Career Ladder Program	43,038	0	0	43,038
Vocational Equipment	75,000	0	0	75,000
Other Vocational	30,000	0	0	30,000

(Continued)

## Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
Other State Grants	\$ 29,612	\$ 0	\$ 0	\$ 29,612
Total State of Tennessee	\$ 11,075,599	\$ 0	\$ 0	\$ 11,075,599
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 437,612	\$ 437,612
USDA - Commodities	0	0	69,150	69,150
Breakfast	0	0	213,574	213,574
USDA - Other	0	0	160,396	160,396
Vocational Education - Basic Grants to States	0	32,487	0	32,487
Other Vocational	0	50,273	0	50,273
Title I Grants to Local Education Agencies	0	472,097	0	472,097
Special Education - Grants to States	1,856	496,590	0	498,446
Special Education Preschool Grants	0	12,536	0	12,536
Rural Education	0	28,692	0	28,692
Eisenhower Professional Development State Grants	0	50,325	0	50,325
Other Federal through State	75,651	114,852	0	190,503
Total Federal Government	\$ 77,507	\$ 1,257,852	\$ 880,732	\$ 2,216,091
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 201,828	\$ 0	\$ 0	\$ 201,828
Total Other Governments and Citizens Groups	\$ 201,828	\$ 0	\$ 0	\$ 201,828
Total	\$ 14,229,127	\$ 1,257,852	\$ 915,739	\$ 16,402,718

## Exhibit J-7

Jackson County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2020

General FundGeneral GovernmentCounty Commission

Other Per Diem and Fees	\$	20,500	
Social Security		1,568	
Audit Services		13,000	
Dues and Memberships		2,530	
Other Contracted Services		457	
Total County Commission			\$ 38,055

County Mayor/Executive

County Official/Administrative Officer	\$	79,083	
Accountants/Bookkeepers		40,181	
Computer Programmer(s)		160	
Clerical Personnel		24,890	
Social Security		10,964	
Bank Charges		1,189	
Communication		3,318	
Dues and Memberships		1,415	
Travel		2,021	
Office Supplies		4,499	
Data Processing Equipment		11,835	
Total County Mayor/Executive			179,555

County Attorney

County Official/Administrative Officer	\$	8,000	
Social Security		612	
Total County Attorney			8,612

Election Commission

County Official/Administrative Officer	\$	61,624	
Election Commission		8,705	
Election Workers		14,360	
In-service Training		400	
Social Security		5,380	
Communication		2,286	
Legal Notices, Recording, and Court Costs		2,221	
Printing, Stationery, and Forms		570	
Travel		593	
Other Contracted Services		15,633	
Office Supplies		1,186	
Data Processing Equipment		1,820	
Voting Machines		10,500	
Total Election Commission			125,278

Register of Deeds

County Official/Administrative Officer	\$	68,471	
Clerical Personnel		24,890	
Social Security		7,142	
Communication		2,483	

(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 (Cont.)

Data Processing Services	\$	4,150	
Dues and Memberships		1,494	
Travel		464	
Office Supplies		646	
Total Register of Deeds			\$ 109,740

County Buildings

Custodial Personnel	\$	7,950	
Communication		529	
Maintenance and Repair Services - Buildings		25,442	
Pest Control		500	
Custodial Supplies		4,980	
Electricity		40,444	
Natural Gas		6,031	
Water and Sewer		3,673	
Other Supplies and Materials		522	
Building Improvements		4,361	
Total County Buildings			94,432

Preservation of Records

Part-time Personnel	\$	4,014	
Social Security		307	
Communication		690	
Office Supplies		475	
Total Preservation of Records			5,486

FinanceProperty Assessor's Office

County Official/Administrative Officer	\$	68,471	
Clerical Personnel		24,682	
Social Security		7,126	
Audit Services		2,974	
Communication		655	
Data Processing Services		3,005	
Dues and Memberships		135	
Travel		1,545	
Office Supplies		796	
Total Property Assessor's Office			109,389

County Trustee's Office

County Official/Administrative Officer	\$	68,471	
Deputy(ies)		24,890	
Social Security		7,142	
Communication		1,671	
Dues and Memberships		2,069	
Travel		894	
Office Supplies		2,023	
Data Processing Equipment		8,448	
Total County Trustee's Office			115,608

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Finance (Cont.)County Clerk's Office

County Official/Administrative Officer	\$	58,771	
Deputy(ies)		50,071	
Other Salaries and Wages		2,000	
Social Security		8,479	
Communication		2,135	
Dues and Memberships		1,034	
Maintenance and Repair Services - Office Equipment		31	
Office Supplies		4,492	
Data Processing Equipment		14,547	
Total County Clerk's Office			\$ 141,560

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	68,471	
Deputy(ies)		83,042	
Jury and Witness Expense		3,608	
Social Security		11,591	
Communication		2,693	
Travel		598	
Office Supplies		5,477	
Data Processing Equipment		12,234	
Total Circuit Court			187,714

General Sessions Court

Judge(s)	\$	101,605	
Secretary(ies)		24,890	
Social Security		9,677	
Communication		802	
Contracts with Government Agencies		1,500	
Travel		1,075	
Office Supplies		1,777	
Building Improvements		7,972	
Total General Sessions Court			149,298

Chancery Court

County Official/Administrative Officer	\$	68,471	
Deputy(ies)		24,890	
Jury and Witness Expense		100	
Social Security		7,142	
Communication		1,979	
Data Processing Services		5,304	
Dues and Memberships		1,034	
Printing, Stationery, and Forms		47	
Travel		327	
Office Supplies		1,090	
Data Processing Equipment		1,686	
Total Chancery Court			112,070

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Administration of Justice (Cont.)Juvenile Court

Youth Service Officer(s)	\$	27,730	
Social Security		2,121	
Communication		1,970	
Other Contracted Services		6,750	
Total Juvenile Court			\$ 38,571

Judicial Commissioners

County Official/Administrative Officer	\$	37,061	
Social Security		2,835	
Travel		150	
Total Judicial Commissioners			40,046

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 SafetySheriff's Department

County Official/Administrative Officer	\$	75,318	
Supervisor/Director		25,635	
Deputy(ies)		350,388	
Captain(s)		40,743	
Sergeant(s)		37,197	
Salary Supplements		10,400	
Secretary(ies)		29,696	
School Resource Officer		122,646	
Overtime Pay		62,175	
In-service Training		10,892	
Social Security		56,098	
Communication		21,262	
Contracts with Government Agencies		4,661	
Dues and Memberships		1,800	
Maintenance and Repair Services - Equipment		3,576	
Maintenance and Repair Services - Vehicles		32,535	
Printing, Stationery, and Forms		795	
Towing Services		2,450	
Travel		1,726	
Equipment Parts - Light		63	
Gasoline		60,245	
Law Enforcement Supplies		4,991	
Office Supplies		7,853	
Tires and Tubes		7,888	
Uniforms		7,693	
Data Processing Equipment		10,501	
Motor Vehicles		6,839	
Total Sheriff's Department			996,066

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Administration of the Sexual Offender Registry

Constitutional Officers' Operating Expenses	\$ 1,169	
Total Administration of the Sexual Offender Registry		\$ 1,169

Jail

Supervisor/Director	\$ 33,156	
Captain(s)	27,969	
Guards	543,080	
Cafeteria Personnel	42,130	
Overtime Pay	27,083	
In-service Training	3,792	
Social Security	52,899	
Communication	13,000	
Evaluation and Testing	5,035	
Maintenance Agreements	10,718	
Maintenance and Repair Services - Buildings	18,452	
Maintenance and Repair Services - Equipment	22,542	
Medical and Dental Services	171,310	
Pest Control	1,100	
Custodial Supplies	17,197	
Electricity	50,060	
Food Preparation Supplies	6,918	
Food Supplies	150,146	
Natural Gas	9,208	
Prisoners Clothing	7,871	
Uniforms	5,105	
Water and Sewer	50,749	
Other Supplies and Materials	7,538	
Building Improvements	2,976	
Total Jail		1,280,034

Fire Prevention and Control

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

Other Emergency Management

Contributions	\$ 89,300	
Total Other Emergency Management		89,300

Public Health and WelfareLocal Health Center

Custodial Personnel	\$ 5,400	
Other Salaries and Wages	40,442	
In-service Training	200	
Social Security	3,094	
Communication	5,297	
Maintenance and Repair Services - Buildings	5,799	

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Local Health Center (Cont.)

Custodial Supplies	\$	140	
Drugs and Medical Supplies		64	
Instructional Supplies and Materials		606	
Office Supplies		712	
Utilities		10,455	
Other Charges		35,479	
Total Local Health Center			\$ 107,688

Ambulance/Emergency Medical Services

Supervisor/Director	\$	54,347	
Medical Personnel		407,428	
Overtime Pay		112,842	
In-service Training		3,620	
Social Security		43,777	
Communication		3,704	
Contracts with Government Agencies		22,055	
Laundry Service		2,617	
Licenses		3,461	
Maintenance and Repair Services - Equipment		10,461	
Maintenance and Repair Services - Vehicles		27,674	
Other Contracted Services		30,770	
Custodial Supplies		3,388	
Diesel Fuel		12,109	
Drugs and Medical Supplies		42,974	
Electricity		9,305	
Gasoline		2,188	
Natural Gas		1,624	
Office Supplies		3,210	
Uniforms		4,028	
Water and Sewer		1,691	
Other Equipment		4,524	
Total Ambulance/Emergency Medical Services			807,797

Regional Mental Health Center

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

Social, Cultural, and Recreational ServicesAdult Activities

Supervisor/Director	\$	11,469	
Social Security		877	
Communication		956	
Maintenance and Repair Services - Buildings		101	
Travel		279	
Electricity		3,832	
Natural Gas		1,599	
Office Supplies		401	
Water and Sewer		306	
Total Adult Activities			19,820

(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.)Senior Citizens Assistance

Supervisor/Director	\$	12,474	
Social Security		954	
Communication		1,305	
Maintenance and Repair Services - Buildings		85	
Travel		105	
Electricity		2,192	
Natural Gas		1,124	
Water and Sewer		910	
Total Senior Citizens Assistance			\$ 19,149

Libraries

Assistant(s)	\$	10,879	
Supervisor/Director		24,890	
Data Processing Personnel		1,015	
Custodial Personnel		900	
Social Security		2,814	
Communication		2,350	
Travel		178	
Library Books/Media		14,910	
Office Supplies		3,420	
Total Libraries			61,356

Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$	18,176	
Secretary(ies)		9,067	
Social Security		1,566	
Extension Service Medicare		400	
Pensions		3,412	
Medical Insurance		1,443	
Unemployment Compensation		5	
Local Retirement		264	
Communication		2,147	
Contracts with Private Agencies		10,120	
Workers' Compensation Insurance		44	
Total Agricultural Extension Service			46,644

Soil Conservation

Salary Supplements	\$	49,131	
Social Security		3,759	
Total Soil Conservation			52,890

Other OperationsIndustrial Development

Data Processing Equipment	\$	540	
Total Industrial Development			540

(Continued)

## Exhibit J-7

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

General Fund (Cont.)Other Operations (Cont.)Other Economic and Community Development

Other Contracted Services	\$ 8,000	
Total Other Economic and Community Development		\$ 8,000

Airport

Supervisor/Director	\$ 6,365	
Social Security	487	
Communication	1,314	
Maintenance and Repair Services - Buildings	11,444	
Travel	275	
Electricity	2,848	
Water and Sewer	710	
Airport Improvement	80,261	
Total Airport		103,704

Veterans' Services

Supervisor/Director	\$ 7,000	
Total Veterans' Services		7,000

Other Charges

Liability Insurance	\$ 235,319	
Premiums on Corporate Surety Bonds	1,718	
Trustee's Commission	73,034	
Workers' Compensation Insurance	146,861	
Total Other Charges		456,932

Contributions to Other Agencies

Contributions	\$ 46,642	
Total Contributions to Other Agencies		46,642

Employee Benefits

Pensions	\$ 199,224	
Medical Insurance	205,394	
Unemployment Compensation	14,978	
Total Employee Benefits		419,596

COVID-19 Grant #1

Other Charges	\$ 15,053	
Total COVID-19 Grant #1		15,053

Miscellaneous

Legal Notices, Recording, and Court Costs	\$ 5,893	
Postal Charges	13,211	
Other Contracted Services	12,000	
Other Charges	13,300	
Total Miscellaneous		44,404

(Continued)

## Exhibit J-7

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

General Fund (Cont.)HighwaysLitter and Trash Collection

Guards	\$	25,141	
Social Security		2,076	
Maintenance and Repair Services - Vehicles		2,752	
Gasoline		875	
Instructional Supplies and Materials		8,370	
Other Supplies and Materials		942	
Total Litter and Trash Collection			<u>\$ 40,156</u>

Total General Fund \$ 6,104,377

Solid Waste/Sanitation FundPublic Health and WelfareWaste Pickup

Supervisor/Director	\$	29,250	
Foremen		39,898	
Truck Drivers		28,856	
Overtime Pay		7,161	
Social Security		8,045	
Maintenance and Repair Services - Equipment		1,556	
Maintenance and Repair Services - Vehicles		35,605	
Contracts for Landfill Facilities		139,023	
Diesel Fuel		20,312	
Gasoline		6,207	
Tires and Tubes		6,335	
Other Supplies and Materials		3,976	
Motor Vehicles		1,207	
Solid Waste Equipment		17,516	
Total Waste Pickup			<u>\$ 344,947</u>

Convenience Centers

Guards	\$	126,324	
Social Security		9,664	
Pensions		10,448	
Communication		4,218	
Electricity		10,363	
Water and Sewer		2,424	
Trustee's Commission		10,838	
Building Improvements		8,975	
Solid Waste Equipment		30,457	
Total Convenience Centers			<u>213,711</u>

Total Solid Waste/Sanitation Fund 558,658

Drug Control FundPublic SafetyDrug Enforcement

Confidential Drug Enforcement Payments	\$	2,500	
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(Continued)

## Exhibit J-7

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

Drug Control Fund (Cont.)Public Safety (Cont.)Drug Enforcement (Cont.)

Maintenance and Repair Services - Vehicles	\$	590	
Animal Food and Supplies		2,899	
Trustee's Commission		93	
Total Drug Enforcement			\$ 6,082

Total Drug Control Fund \$ 6,082

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	80,200	
Accountants/Bookkeepers		54,369	
Pensions		9,335	
Dues and Memberships		4,162	
Maintenance and Repair Services - Office Equipment		9,026	
Postal Charges		330	
Printing, Stationery, and Forms		942	
Travel		252	
Office Supplies		97	
Other Charges		7,299	
Total Administration			\$ 166,012

Highway and Bridge Maintenance

Foremen	\$	81,105	
Equipment Operators		92,656	
Truck Drivers		111,259	
Laborers		253,454	
Pensions		36,173	
Other Contracted Services		1,900	
Asphalt - Cold Mix		42,932	
Asphalt - Liquid		339,721	
Concrete		1,771	
Crushed Stone		379,236	
General Construction Materials		6,047	
Other Road Materials		318	
Pipe		29,831	
Road Signs		7,037	
Small Tools		718	
Structural Steel		770	
Wood Products		1,601	
Other Supplies and Materials		1,181	
Total Highway and Bridge Maintenance			1,387,710

Operation and Maintenance of Equipment

Mechanic(s)	\$	67,491	
Nightwatchmen		43,719	
Pensions		7,785	

(Continued)

## Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Operation and Maintenance of Equipment (Cont.)

Diesel Fuel	\$	81,770	
Equipment and Machinery Parts		111,117	
Garage Supplies		643	
Gasoline		44,627	
Lubricants		11,838	
Tires and Tubes		30,656	
Uniforms		4,077	
Other Supplies and Materials		3,727	
Total Operation and Maintenance of Equipment			\$ 407,450

Other Charges

Communication	\$	4,236	
Electricity		3,085	
Natural Gas		3,389	
Water and Sewer		316	
Building and Contents Insurance		5,083	
Liability Insurance		4,871	
Trustee's Commission		24,348	
Vehicle and Equipment Insurance		22,023	
Total Other Charges			67,351

Employee Benefits

Social Security	\$	59,995	
Medical Insurance		22,159	
Unemployment Compensation		5,665	
Workers' Compensation Insurance		49,220	
Total Employee Benefits			137,039

Capital Outlay

Highway Construction	\$	132,801	
Motor Vehicles		54,510	
Total Capital Outlay			187,311

Principal on DebtHighways and Streets

Principal on Capital Leases	\$	50,360	
Total Highways and Streets			50,360

Interest on DebtHighways and Streets

Interest on Capital Leases	\$	2,685	
Total Highways and Streets			2,685

Total Highway/Public Works Fund \$ 2,405,918

(Continued)

## Exhibit J-7

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

General Debt Service FundOther OperationsOther Charges

Trustee's Commission	\$ 724	
Total Other Charges		\$ 724

Principal on DebtGeneral Government

Principal on Bonds	\$ 3,101	
Principal on Notes	111,089	
Principal on Other Loans	202,000	
Total General Government		316,190

Education

Principal on Other Loans	\$ 387,000	
Total Education		387,000

Interest on DebtGeneral Government

Interest on Bonds	\$ 6,949	
Interest on Notes	7,515	
Interest on Other Loans	32,185	
Total General Government		46,649

Education

Interest on Other Loans	\$ 65,894	
Total Education		65,894

Other Debt ServiceGeneral Government

Other Debt Service	\$ 18,936	
Total General Government		18,936

Education

Other Debt Service	\$ 33,328	
Total Education		33,328

Total General Debt Service Fund \$ 868,721

General Capital Projects FundOther OperationsHousing and Urban Development

Other Contracted Services	\$ 473,849	
Total Housing and Urban Development		\$ 473,849

Capital ProjectsGeneral Administration Projects

Other Equipment	\$ 6,467	
Total General Administration Projects		6,467

(Continued)

## Exhibit J-7

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

General Capital Projects Fund (Cont.)Capital Projects (Cont.)Administration of Justice Projects

Motor Vehicles	\$ 132,999	
Total Administration of Justice Projects		\$ 132,999

Public Health and Welfare Projects

Motor Vehicles	\$ 100,478	
Total Public Health and Welfare Projects		100,478

Social, Cultural, and Recreation Projects

Other Contracted Services	\$ 221,197	
Total Social, Cultural, and Recreation Projects		221,197

Total General Capital Projects Fund		\$ 934,990
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Community Development/Industrial Park FundOther OperationsOther Charges

Trustee's Commission	\$ 90	
Total Other Charges		\$ 90

Total Community Development/Industrial Park Fund		90
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Education Capital Projects FundCapital Projects - DonatedCapital Projects Donated to School Department

Other Capital Outlay	\$ 201,828	
Total Capital Projects Donated to School Department		\$ 201,828

Total Education Capital Projects Fund		201,828
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Total Governmental Funds - Primary Government		<u>\$ 11,080,664</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, 2020

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 4,013,676	
Career Ladder Program	12,965	
Homebound Teachers	2,387	
Educational Assistants	111,838	
Other Salaries and Wages	11,086	
Certified Substitute Teachers	16,837	
Non-certified Substitute Teachers	43,776	
Social Security	237,707	
Pensions	401,061	
Medical Insurance	417,806	
Unemployment Compensation	3,254	
Employer Medicare	56,088	
Other Fringe Benefits	7,727	
Contracts with Private Agencies	880	
Maintenance and Repair Services - Equipment	24	
Printing, Stationery, and Forms	612	
Other Contracted Services	20,759	
Instructional Supplies and Materials	84,175	
Textbooks - Bound	422,385	
Other Charges	867	
Regular Instruction Equipment	10,638	
Total Regular Instruction Program		\$ 5,876,548

Alternative Instruction Program

Teachers	\$ 58,431	
Educational Assistants	16,556	
Social Security	4,361	
Pensions	5,775	
Medical Insurance	8,080	
Unemployment Compensation	97	
Employer Medicare	1,020	
Instructional Supplies and Materials	346	
Total Alternative Instruction Program		94,666

Special Education Program

Teachers	\$ 558,264	
Career Ladder Program	2,000	
Homebound Teachers	1,590	
Educational Assistants	88,769	
Certified Substitute Teachers	1,135	
Non-certified Substitute Teachers	9,500	
Social Security	38,017	
Pensions	60,824	
Medical Insurance	62,608	
Unemployment Compensation	623	
Employer Medicare	8,899	

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Instruction (Cont.)Special Education Program (Cont.)

Other Fringe Benefits	\$	900	
Contracts with Other Public Agencies		60	
Contracts with Private Agencies		42,743	
Other Supplies and Materials		77	
Other Charges		181	
Special Education Equipment		1,515	
Total Special Education Program			\$ 877,705

Career and Technical Education Program

Teachers	\$	251,616	
Career Ladder Program		1,000	
Certified Substitute Teachers		357	
Non-certified Substitute Teachers		4,344	
Social Security		14,502	
Pensions		25,702	
Medical Insurance		28,605	
Unemployment Compensation		176	
Employer Medicare		3,397	
Other Fringe Benefits		400	
Contracts with Other School Systems		42,249	
Instructional Supplies and Materials		13,650	
Other Supplies and Materials		41,134	
In Service/Staff Development		1,495	
Vocational Instruction Equipment		134,328	
Total Career and Technical Education Program			562,955

Support ServicesAttendance

Supervisor/Director	\$	68,395	
Career Ladder Program		1,000	
Clerical Personnel		35,337	
Social Security		5,946	
Pensions		9,828	
Medical Insurance		11,036	
Unemployment Compensation		98	
Employer Medicare		1,391	
Other Fringe Benefits		100	
Travel		146	
Other Contracted Services		10	
Total Attendance			133,287

Health Services

Supervisor/Director	\$	52,932	
Medical Personnel		51,044	
Other Salaries and Wages		61,248	
Social Security		9,276	

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Health Services (Cont.)

Pensions	\$	11,417	
Medical Insurance		17,226	
Unemployment Compensation		142	
Employer Medicare		2,169	
Other Fringe Benefits		200	
Communication		500	
Postal Charges		100	
Printing, Stationery, and Forms		400	
Travel		136	
Drugs and Medical Supplies		1,221	
Other Supplies and Materials		11,987	
Other Charges		2,300	
Total Health Services			\$ 222,298

Other Student Support

Career Ladder Program	\$	1,518	
Guidance Personnel		155,732	
Social Workers		5,082	
Social Security		9,984	
Pensions		17,071	
Medical Insurance		2,427	
Unemployment Compensation		128	
Employer Medicare		2,335	
Other Fringe Benefits		500	
Travel		406	
Other Contracted Services		70,000	
Total Other Student Support			265,183

Regular Instruction Program

Supervisor/Director	\$	83,802	
Career Ladder Program		4,350	
Librarians		173,589	
Non-certified Substitute Teachers		1,624	
Social Security		15,299	
Pensions		27,901	
Medical Insurance		21,241	
Unemployment Compensation		168	
Employer Medicare		3,578	
Other Fringe Benefits		400	
Contracts with Private Agencies		582	
Travel		4,190	
Library Books/Media		10,619	
Other Supplies and Materials		56,976	
In Service/Staff Development		16,572	
Other Charges		5,000	
Total Regular Instruction Program			425,891

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Special Education Program

Supervisor/Director	\$	69,771	
Career Ladder Program		1,000	
Psychological Personnel		60,454	
Social Security		7,206	
Pensions		13,949	
Medical Insurance		17,508	
Unemployment Compensation		63	
Employer Medicare		1,685	
Other Fringe Benefits		200	
Travel		175	
Other Contracted Services		9,907	
Other Supplies and Materials		998	
In Service/Staff Development		1,630	
Total Special Education Program			\$ 184,546

Career and Technical Education Program

Travel	\$	926	
Other Supplies and Materials		100	
Total Career and Technical Education Program			1,026

Technology

Instructional Computer Personnel	\$	24,424	
Other Salaries and Wages		31,150	
Social Security		3,200	
Pensions		3,890	
Medical Insurance		4,661	
Unemployment Compensation		63	
Employer Medicare		748	
Internet Connectivity		26,299	
Software		5,500	
Total Technology			99,935

Other Programs

On-behalf Payments to OPEB	\$	67,248	
Total Other Programs			67,248

Board of Education

Other Salaries and Wages	\$	7,500	
Social Security		465	
Life Insurance		7,818	
Employer Medicare		109	
Audit Services		4,500	
Dues and Memberships		8,244	
Travel		94	
Other Contracted Services		13,739	
Other Supplies and Materials		1,936	

(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Board of Education (Cont.)

Liability Insurance	\$	124,752	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		64,161	
Workers' Compensation Insurance		133,226	
In Service/Staff Development		784	
Total Board of Education			\$ 367,678

Director of Schools

County Official/Administrative Officer	\$	82,816	
Social Security		4,764	
Pensions		8,803	
Medical Insurance		7,123	
Unemployment Compensation		32	
Employer Medicare		1,114	
Communication		8,256	
Travel		580	
Other Contracted Services		16,500	
Office Supplies		261	
In Service/Staff Development		208	
Administration Equipment		1,177	
Total Director of Schools			131,634

Office of the Principal

Principals	\$	265,937	
Career Ladder Program		1,000	
Assistant Principals		122,842	
Secretary(ies)		89,499	
Clerical Personnel		67,374	
Social Security		32,013	
Pensions		52,291	
Medical Insurance		37,869	
Unemployment Compensation		459	
Employer Medicare		7,490	
Other Fringe Benefits		500	
Communication		24,319	
Dues and Memberships		4,800	
Travel		737	
Other Contracted Services		702	
Office Supplies		771	
In Service/Staff Development		310	
Administration Equipment		140	
Total Office of the Principal			709,053

Fiscal Services

Supervisor/Director	\$	43,940	
Accountants/Bookkeepers		76,935	

(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.)Fiscal Services (Cont.)

Secretary(ies)	\$	30,282	
Clerical Personnel		37,051	
Other Salaries and Wages		18,171	
Social Security		11,610	
Pensions		14,446	
Medical Insurance		32,122	
Unemployment Compensation		173	
Employer Medicare		2,715	
Travel		368	
Other Contracted Services		23,034	
Data Processing Supplies		961	
Office Supplies		488	
Administration Equipment		2,619	
Total Fiscal Services			\$ 294,915

Operation of Plant

Custodial Personnel	\$	303,364	
Social Security		18,198	
Pensions		20,050	
Medical Insurance		19,731	
Unemployment Compensation		576	
Employer Medicare		4,256	
Rentals		31,927	
Other Contracted Services		283	
Custodial Supplies		49,232	
Electricity		415,719	
Natural Gas		32,081	
Water and Sewer		47,494	
Total Operation of Plant			942,911

Maintenance of Plant

Other Salaries and Wages	\$	76,240	
Social Security		4,724	
Pensions		5,337	
Unemployment Compensation		51	
Employer Medicare		1,105	
Maintenance and Repair Services - Buildings		13,142	
Maintenance and Repair Services - Equipment		2,142	
Other Contracted Services		33,849	
Other Supplies and Materials		58,703	
Administration Equipment		39,750	
Maintenance Equipment		11,511	
Total Maintenance of Plant			246,554

Transportation

Mechanic(s)	\$	33,118	
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(Continued)

## Exhibit J-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Transportation (Cont.)

Bus Drivers	\$	280,643	
Other Salaries and Wages		9,983	
Social Security		19,792	
Pensions		14,953	
Medical Insurance		7,702	
Unemployment Compensation		517	
Employer Medicare		4,635	
Contracts with Vehicle Owners		158,461	
Maintenance and Repair Services - Vehicles		4,146	
Travel		360	
Other Contracted Services		7,237	
Gasoline		76,198	
Lubricants		2,312	
Tires and Tubes		21,560	
Vehicle Parts		33,337	
Other Supplies and Materials		16,969	
Vehicle and Equipment Insurance		27,385	
Other Charges		5,594	
Transportation Equipment		105,263	
Total Transportation			\$ 830,165

Operation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	57,945	
Social Security		3,202	
Pensions		3,995	
Medical Insurance		8,744	
Unemployment Compensation		32	
Employer Medicare		749	
Total Food Service			74,667

Community Services

Supervisor/Director	\$	27,305	
Social Security		1,659	
Pensions		1,911	
Medical Insurance		3,352	
Unemployment Compensation		14	
Employer Medicare		388	
Total Community Services			34,629

Early Childhood Education

Supervisor/Director	\$	21,000	
Teachers		137,443	
Educational Assistants		49,526	
Certified Substitute Teachers		715	
Non-certified Substitute Teachers		1,176	

(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.)

Social Security	\$	11,883	
Pensions		19,539	
Medical Insurance		20,030	
Unemployment Compensation		205	
Employer Medicare		2,796	
Other Fringe Benefits		300	
Communication		1,785	
Postal Charges		300	
Travel		2,553	
Other Contracted Services		1,920	
Other Supplies and Materials		33,573	
Other Equipment		7,177	
Total Early Childhood Education			\$ 311,921

Capital OutlayRegular Capital Outlay

Building Construction	\$	500	
Building Improvements		783,050	
Total Regular Capital Outlay			783,550

Principal on DebtEducation

Debt Service Contribution to Primary Government	\$	387,000	
Total Education			387,000

Interest on DebtEducation

Debt Service Contribution to Primary Government	\$	65,894	
Total Education			65,894

Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$	33,328	
Total Education			33,328

Total General Purpose School Fund \$ 14,025,187

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	146,907	
Educational Assistants		68,589	
Other Salaries and Wages		3,250	
Certified Substitute Teachers		1,191	
Non-certified Substitute Teachers		1,184	
Social Security		12,152	

(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.)

Pensions	\$	20,108	
Medical Insurance		32,474	
Unemployment Compensation		257	
Employer Medicare		2,860	
Other Fringe Benefits		300	
Instructional Supplies and Materials		22,070	
Regular Instruction Equipment		19,335	
Total Regular Instruction Program			\$ 330,677

Special Education Program

Teachers	\$	49,539	
Educational Assistants		175,134	
Speech Pathologist		63,827	
Social Security		17,174	
Pensions		23,195	
Medical Insurance		19,249	
Unemployment Compensation		376	
Employer Medicare		4,020	
Other Fringe Benefits		200	
Contracts with Private Agencies		6,681	
Instructional Supplies and Materials		8,207	
Other Supplies and Materials		290	
Special Education Equipment		69,983	
Total Special Education Program			437,875

Career and Technical Education Program

Instructional Supplies and Materials	\$	2,256	
Other Supplies and Materials		3,056	
Vocational Instruction Equipment		73,512	
Total Career and Technical Education Program			78,824

Support ServicesOther Student Support

Travel	\$	720	
In Service/Staff Development		2,283	
Other Charges		2,380	
Total Other Student Support			5,383

Regular Instruction Program

Supervisor/Director	\$	98,265	
Other Salaries and Wages		47,993	
Social Security		5,528	
Pensions		10,445	
Medical Insurance		10,126	
Unemployment Compensation		93	
Employer Medicare		1,989	

(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 (Cont.)

Other Fringe Benefits	\$	100	
Travel		409	
Other Supplies and Materials		8,135	
In Service/Staff Development		13,839	
Other Charges		4,284	
Total Regular Instruction Program			\$ 201,206

Special Education Program

Travel	\$	405	
Other Contracted Services		6,633	
Other Supplies and Materials		5,833	
In Service/Staff Development		26,635	
Other Charges		100	
Other Equipment		360	
Total Special Education Program			39,966

Career and Technical Education Program

In Service/Staff Development	\$	933	
Total Career and Technical Education Program			933

Transportation

Other Salaries and Wages	\$	11,031	
Social Security		683	
Pensions		776	
Unemployment Compensation		16	
Employer Medicare		160	
Total Transportation			12,666

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	16,550	
Clerical Personnel		2,400	
Other Salaries and Wages		39,362	
Social Security		3,574	
Pensions		5,130	
Medical Insurance		1,498	
Unemployment Compensation		28	
Employer Medicare		836	
Travel		582	
Food Supplies		3,900	
Instructional Supplies and Materials		3,073	
Other Supplies and Materials		16,077	
In Service/Staff Development		3,542	
Regular Instruction Equipment		1,809	
Total Community Services			98,361

Total School Federal Projects Fund \$ 1,205,891

(Continued)

Exhibit J-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	360,208	
Social Security		21,579	
Pensions		21,054	
Medical Insurance		17,002	
Unemployment Compensation		706	
Employer Medicare		5,085	
Communication		2,557	
Maintenance and Repair Services - Equipment		16,405	
Travel		1,394	
Other Contracted Services		13,213	
Food Supplies		393,663	
USDA - Commodities		73,936	
Other Supplies and Materials		54,666	
In Service/Staff Development		1,030	
Food Service Equipment		9,812	
Total Food Service			<u>\$ 992,310</u>

Total Central Cafeteria Fund \$ 992,310

Total Governmental Funds - Jackson County School Department \$ 16,223,388

## 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, 2020

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 278,839
Total Cash Receipts	<u>\$ 278,839</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 276,051
Trustee's Commission	<u>2,788</u>
Total Cash Disbursements	<u>\$ 278,839</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2019	<u>0</u>
Cash Balance, June 30, 2020	<u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**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, 2020, and the related notes to the financial statements, which collectively comprise Jackson County's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 11, 2020.

**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) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2020-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be significant deficiencies: 2020-002, 2020-003, 2020-006, 2020-008, 2020-009, and 2020-010.

## **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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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: 2020-004, 2020-005, and 2020-007.

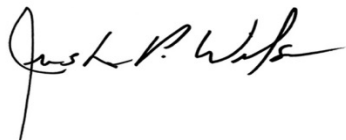
## **Jackson County's Responses to the Findings**

Jackson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Jackson County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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 result 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

November 11, 2020

JPW/tg



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**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 the Uniform Guidance**

**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, 2020. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2020.

### **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 the Uniform Guidance, 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.

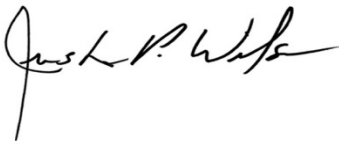
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2020, and the related notes to the financial statements, which collectively comprise Jackson County's basic financial statements. We issued our report thereon dated November 11, 2020, which contained unmodified opinions on those financial statements. 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 the Uniform Guidance 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 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 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

November 11, 2020

JPW/tg

Jackson County, Tennessee, and the Jackson County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (7)  
For the Year Ended June 30, 2020

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Community Facilities Loans and Grants Cluster: (5)			
Community Facilities Loans and Grants	10.766	N/A	\$ 33,170
Emergency Watershed Protection Program	10.923	N/A	296,469
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	N/A	213,574
National School Lunch Program	10.555	N/A	437,612 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	69,150 (6)
National School Lunch Program (Commodities Distribution Rebate)	10.555	N/A	4,786 (6)
Passed-through East Tennessee Human Resource Agency:			
Child and Adult Care Food Program	10.558	N/A	18,799 (6)
COVID 19 - Child and Adult Care Food Program	10.558	N/A	136,811 (6)
Total U.S. Department of Agriculture			<u>\$ 1,210,371</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	33004-94618	\$ 473,763
Passed through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-18-11	221,197
Total U.S. Department of Housing and Urban Development			<u>\$ 694,960</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 51,444</u>
U.S. Department of the Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention	16.540	(4)	<u>\$ 22,806</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	40100-00420	\$ 49,352
Alcohol Open Container Requirements	20.607	Z19THS372	1,927
Total U.S. Department of Transportation			<u>\$ 51,279</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 488,466
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	N/A	491,924
Special Education - Preschool Grants	84.173	N/A	12,536
Career and Technical Education - Basic Grants to States	84.048	N/A	82,760
Twenty-first Century Community Learning Centers	84.287	(4)	53,383
Rural Education	84.358	N/A	23,813
Supporting Effective Instruction State Grant	84.367	N/A	50,591
Passed-through Tennessee Higher Education Commission:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	75,651
Passed-through National Institute for Excellence in Teaching:			
Student Support and Academic Enrichment Program	84.424	N/A	14,663
Total U.S. Department of Education			<u>\$ 1,293,787</u>

(Continued)

Jackson County, Tennessee, and the Jackson County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (7) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Election Assistance Commission: Passed-through Tennessee Secretary of State: 2020 Supplemental Election Security Grants	90.404	(4)	\$ 1,820
U.S. Department of Health and Human Services: Direct Program: COVID 19 - Provider Relief Fund	93.498	N/A	\$ 25,559
Passed-through Upper Cumberland Development District: Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	(4)	200
Aging Cluster: (5) Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(4)	7,985
Total U.S. Department of Health and Human Services			\$ 33,744
U.S. Department of Homeland Security: Passed-through State Department of Military: COVID 19 - Disaster Relief Fund - PPE	97.036	(4)	\$ 11,290
Total Expenditures of Federal Awards			\$ 3,371,501

State Grants

	<u>Contract Number</u>		
ThreeStar Grant Program - State Department of Economic and Community Aging Program - Upper Cumberland Development District	N/A	(4)	\$ 6,487
Litter Program - State Department of Transportation	N/A	(4)	76,661
Local Health Services Grant - State Department of Health	N/A	(4)	66,787
State of Tennessee Airport Maintenance - State Department of Transportation	N/A	(4)	10,186
Asset Enhancement Grant Program - State Department of Economic and Community Development	N/A	(4)	9,584
State Supplement Juvenile Court Improvement Funds Grant - State Department of Children Services	N/A	(4)	13,500
Used Oil Grant - State Department of Environment and Conservation	N/A	(4)	11,180
Material Management Waste Reduction Grant - State Department of Environment and Conservation	N/A	(4)	36,393
COVID 19 - PPE - State Department of Military	N/A	(4)	3,763
VW Diesel Settlement Environmental Mitigation Trust School Bus Replacement - State Department of Environment and Conservation	N/A	(4)	63,000
Governor's Investment in Vocational Education (GIVE) - Tennessee Higher Education Commission	N/A	(4)	75,000
Coordinated School Health - State Department of Education	N/A	(4)	100,000
Family Resource - State Department of Education	N/A	(4)	29,612
Early Childhood Education - State Department of Education	N/A	(4)	319,421
Safe Schools Act - State Department of Education	N/A	(4)	39,750
School Resource Officer Grant - State Department of Education	N/A	(4)	70,000
Early Postsecondary Expansion - State Department of Education	N/A	(4)	10,000
CTE Middle School Start-Up - State Department of Education	N/A	(4)	20,000
Total State Grants			\$ 961,324

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(Continued)

Jackson County, Tennessee, and the Jackson County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (7) (Cont.)

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
(2) Jackson County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.  
(3) No amounts (\$0) were passed-through to subrecipients.  
(4) Information not available.  
(5) Community Facilities Loans and Grants Cluster total \$33,170; Child Nutrition Cluster total \$725,122;  
Special Education Cluster total \$504,460; Aging Cluster total \$7,985.  
(6) Total for CFDA No. 10.555 is \$511,548; Total for CFDA No. 10.558 is \$155,610.  
(7) CONSOLIDATED ADMINISTRATION  
The following amounts were consolidated for administration purposes:

Program Title	Federal CFDA Number	Amount Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 88,185
Rural Education	84.358	121
Supporting Effective Instruction State Grant	84.367	266
Student Support and Academic Enrichment Program	84.424	182
Total amounts consolidated for administration purposes		<u>\$ 88,754</u>

Jackson County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2020

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings, along with their current status from the Annual Financial Report for Jackson County, Tennessee, for the year ended June 30, 2020.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>OFFICE OF COUNTY MAYOR</u></b>					
2019	179	2019-001	General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	179	2019-002	The office had deficiencies in purchasing procedures	N/A	Not Corrected - See Explanation on Corrective Action Plan
<b><u>OFFICE OF DIRECTOR OF SCHOOLS</u></b>					
2019	180	2019-003	The School Federal Projects Fund had a cash overdraft of \$110,024 at June 30, 2019	N/A	Corrected
<b><u>OFFICE OF TRUSTEE</u></b>					
2019	181	2019-004	The trustee paid checks issued on the School Federal Projects Fund that exceeded available funds	N/A	Corrected
<b><u>OFFICE OF COUNTY CLERK</u></b>					
2019	181	2019-005	A cash shortage of \$36,086.24 existed in the County Clerk's Office subsequent to June 30, 2019	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	182	2019-006	The clerk failed to properly document changes and deletions to receipts	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	183	2019-007	The office did not deposit some funds within three days of collection	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	183	2019-008	Duties were not segregated adequately	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	184	2019-009	The office did not review its software audit logs	N/A	Not Corrected - See Explanation on Corrective Action Plan

(Continued)

Jackson County, Tennessee  
Summary Schedule of Prior-year Findings (Cont.)

**OFFICE OF SHERIFF**

2019	184	2019-010	A list of usernames and passwords was maintained	N/A	Corrected
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**JACKSON COUNTY**

2019	185	2019-011	The county's Audit Committee is not a functioning committee	N/A	Corrected
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***Prior-year Federal Awards Findings***

There were no prior-year federal award findings to report.

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**JACKSON COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2020**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

1. Our report on the financial statements of Jackson County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **YES**
  - \* Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **YES**

**Federal Awards:**

4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
  - \* CFDA Number: 14.228                      Community Development Block Grants/  
State's Program and Non-Entitlement  
Grants in Hawaii
  - \* CFDA Number: 14.239                      Home Investment Partnerships Program
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

### **OFFICE OF COUNTY MAYOR**

#### **FINDING 2020-001**

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

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2020, certain general ledger account balances in the General Fund were not materially correct, and audit adjustments totaling \$492,972 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Jackson County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

#### **RECOMMENDATION**

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

#### **MANAGEMENT'S RESPONSE – COUNTY MAYOR**

I concur with this finding. This was a mistake that has been corrected. Please note that this posting of receivables was done correctly this fiscal year.

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**FINDING 2020-002**

**GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS  
WERE NOT RECONCILED WITH SUBSIDIARY  
PAYROLL RECORDS AND PAYMENTS**

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

General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments. Sound business practices dictate that payroll liability accounts should be reconciled with billings and payments monthly. The failure to regularly reconcile payroll liability accounts is a significant deficiency that increases the risk that errors will not be discovered and corrected in a timely manner. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report and management's failure to implement their corrective action plan.

**RECOMMENDATION**

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

**MANAGEMENT'S RESPONSE – COUNTY MAYOR**

I concur with this finding. The bookkeeper has been working on correcting this for several months. She now has a good understanding on how to continue moving forward with this correction. We will continue working on the spreadsheet that will eliminate this finding.

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**FINDING 2020-003**

**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 disbursements totaling \$383,964 from a population of 3,037 vendor checks totaling \$4,399,818. Our examination revealed the following purchasing deficiencies, which are the result of a lack of management oversight, management's failure to correct the finding noted in the prior-year audit report, and management's failure to implement their corrective action plan.

- A. In seven applicable instances, purchase orders were not issued, were issued after the purchase, or did not include adequate descriptions and dollar amounts of items to be purchased. Purchase orders issued prior to the purchase and including adequate descriptions and dollar amounts are necessary to control who has purchasing authority for the county and to document purchasing commitments. The failure to properly issue purchase orders increases the risks of unauthorized purchases.

- B. In 12 instances, invoices were paid without documentation that goods had been received and/or services has been rendered. This practice weakens controls over the purchasing process and increases the risks of paying for something that was never received.
- C. Three of the 40 purchases sampled were coded to accounts that did not reflect the true nature of the expenditures. Sound budgetary principles require expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool.

## RECOMMENDATION

The office should issue purchase orders for all applicable purchases before purchases are made to strengthen internal controls over purchasing procedures and to document purchasing commitments. Purchase orders should include adequate descriptions and dollar amounts of items to be purchased. The office should maintain documentation that goods have been received and/or services have been rendered before invoices are paid. Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions.

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with this finding. The Mayor's Office has made huge strides in eliminating this finding, but we still need much improvement. We have almost eliminated this finding in our office, which includes: Mayor's Office, Solid Waste, EMS, and Library.

We will continue to work with other departments on best practices involving purchasing. Our office is coordinating with these departments on a monthly basis to make sure we are doing best practices. I do believe that every department is trying to improve how we are doing purchasing in Jackson County Government.

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## OFFICE OF COUNTY CLERK

### FINDING 2020-004

### **THE FORMER COUNTY CLERK MISAPPROPRIATED COUNTY FUNDS**

(Noncompliance Under *Government Auditing Standards*)

On May 28, 2020, the Comptroller's Division of Investigations issued an investigative report on the Jackson County Clerk for the period May 2018 through December 2019. This report disclosed that former clerk Amanda Stafford misappropriated county funds totaling at least \$25,643. This report is available at [www.comptroller.tn.gov/ia](http://www.comptroller.tn.gov/ia). The former clerk resigned on May 8, 2020, and on May 28, 2020, pled guilty to two counts of theft over \$2,500 and was ordered to pay restitution of \$10,768.

**FINDING 2020-005**

**A CASH SHORTAGE OF \$40,514.33 EXISTED IN THE COUNTY CLERK'S OFFICE AT JUNE 30, 2020**

(Material Noncompliance Under *Government Auditing Standards*)

The Comptroller's Division of Local Government Audit reported in Jackson County's Annual Financial Report dated June 30, 2019, that a cash shortage of \$36,086.24 existed in the county clerk's office. However, as of March 24, 2020, this cash shortage had grown to at least \$40,514.33. This cash shortage consisted of collections from six separate days totaling \$35,054.33 that were never deposited to the bank and eight deposits from other days totaling \$5,460 for amounts less than those days receipts. This cash shortage was not detected by the office in part because of their failure to reconcile bank statements with the general ledger monthly. Also, this cash shortage existed due to a lack of management oversight and the failure of management to correct the finding noted in the prior-year audit report. The cash shortage of \$40,514.33 was received from the county's insurance company on September 10, 2020. This shortage is cumulative through the former clerk's last day in office and includes the amount reported in the aforementioned investigative report referenced in finding 2020-004.

**RECOMMENDATION**

Bank statements should be reconciled monthly and any differences investigated and corrected.

**MANAGEMENT'S RESPONSE – BRANDON STAFFORD CURRENT COUNTY CLERK**

I concur with this finding. This shortage is from the previous County Clerk Amanda Stafford. We have received the insurance check to cover the shortage.

---

**FINDING 2020-006**

**THE CLERK FAILED TO PROPERLY DOCUMENT CHANGES AND DELETIONS TO RECEIPTS**

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

During the year, the clerk made numerous changes and deletions to receipts without proper documentation. This deficiency was the result of a lack of management oversight, management's failure to correct the finding noted in the prior-year audit report, and management's failure to implement their corrective action plan. A lack of documentation for deletions and changes weakens internal controls over collections and increases the risks of fraud and misappropriation.

**RECOMMENDATION**

Deletions and changes to receipts should be supported by proper documentation.

**MANAGEMENT'S RESPONSE – BRANDON STAFFORD CURRENT COUNTY CLERK**

I concur with this finding.

FINDING 2020-007

**THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**

(Noncompliance Under *Government Auditing Standards*)

Due to the cash shortage noted above, we performed additional procedures to determine if funds were deposited within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*. We selected 48 deposits from August 2019 through June 2020 to trace to the general ledger. The office did not deposit funds in the official bank account within three days of collection in ten of the 48 deposits examined. Delays in depositing funds ranged from five to 20 business days after collection. This deficiency was the result of a lack of management oversight, management's failure to correct the finding noted in the prior-year audit report, and management's failure to implement their corrective action plan. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

All funds should be deposited in the office bank account within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – BRANDON STAFFORD CURRENT COUNTY CLERK

I concur with this finding. All deposits are now being made in a timely manner.

---

FINDING 2020-008

**DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

Duties were not segregated adequately among the official and employees in the county clerk's office. The official and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

The county clerk should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – BRANDON STAFFORD CURRENT COUNTY CLERK

I concur with this finding.

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FINDING 2020-009

**THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS**

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

The software application used by the office generated four audit logs that displayed changes made by users. Since these logs provide the only audit trail of these changes, they should be routinely reviewed for inappropriate activity. Although the official was aware of the importance of these logs, they were not routinely reviewed. This deficiency exists because management failed to correct the finding noted in the prior-year audit report and failed to implement its corrective action plan. When the importance of these audit logs was again brought to management's attention, they resumed the review process in July 2020.

RECOMMENDATION

Management should review the logs on a routine basis. Any unusual transactions should be investigated. Documentation of the review should be maintained.

MANAGEMENT'S RESPONSE – BRANDON STAFFORD CURRENT COUNTY CLERK

I concur with this finding. This finding was under the previous administration.

---

FINDING 2020-010

**ACCESS TO THE ACCOUNTING SOFTWARE WAS NOT PROPERLY RESTRICTED**

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

The username of a previous employee was still active in the accounting system. Sound business practices dictate that an employee's access to the office's accounting software be removed upon separation from employment to prevent unauthorized access to the system. This deficiency was the result of a lack of management oversight. When this deficiency was brought to the attention of management, the username of the previous employee was removed from the accounting system in July 2020.

RECOMMENDATION

When employees leave employment, management should ensure that access to the accounting software is removed.

MANAGEMENT'S RESPONSE – BRANDON STAFFORD CURRENT COUNTY CLERK

I concur with this finding.

---

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

There were no findings and questioned costs related to federal awards for the year ended June 30, 2020.

**Jackson County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2020**

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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**OFFICE OF COUNTY MAYOR**

2020-001	The General Fund required material audit adjustments for proper financial statement presentation	186
2020-002	General ledger payroll liability accounts were not reconciled with subsidiary payroll records and payments	186
2020-003	The office had deficiencies in purchasing procedures	187

**OFFICE OF COUNTY CLERK**

2020-005	A cash shortage of \$40,514.33 existed in the County Clerk's Office at June 30, 2020	188
2020-006	The clerk failed to properly document changes and deletions to receipts	189
2020-007	The office did not deposit some funds within three days of collection	189
2020-008	Duties were not segregated adequately	190
2020-009	The office did not review its software audit logs	192
2020-010	Access to the accounting software was not properly restricted	191

Randy Heady  
County Mayor



# Jackson County Mayor

## Corrective Action Plan

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

**Response and Corrective Action Plan Prepared by:**  
Randy Heady, County Mayor

**Person Responsible for Implementing the Corrective Action:**  
Randy Heady, County Mayor Rachel Iwanyzyn, Bookkeeper

**Anticipated Completion Date of Corrective Action:**  
11/4/2020

**Repeat Finding:**  
No

**Reason Corrective Action was Not Taken in the Prior Year:**  
N/A

**Planned Corrective Action:**  
This was a mistake that has been corrected. Please note that this posting of receivables was  
done correctly this Fiscal Year.

---

**FINDING:** GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS  
WERE NOT RECONCILED WITH SUBSIDIARY  
PAYROLL RECORDS AND PAYMENTS

**Response and Corrective Action Plan Prepared by:**  
Randy Heady, County Mayor

**Person Responsible for Implementing the Corrective Action:**  
Randy Heady, County Mayor Rachel Iwanyzyn, Bookkeeper

**Anticipated Completion Date of Corrective Action:**  
6/30/2021

**Repeat Finding:**  
Yes

Jackson County Courthouse • P.O. Box 617 • Gainesboro, TN 38562  
Office 1-931-268-9888

**Reason Corrective Action was Not Taken in the Prior Year:**

Rachel has been working on correcting this for several months. She now has a good understanding on how to continue moving forward with this correction.

**Planned Corrective Action:**

To continue working on a spread sheet that will eliminate this finding.

---

**FINDING:**

**THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

**Response and Corrective Action Plan Prepared by:**

Randy Heady, County Mayor

**Person Responsible for Implementing the Corrective Action:**

Randy Heady, County Mayor      Michelle Hix, Administrative Assistant

**Anticipated Completion Date of Corrective Action:**

6/30/2021

**Repeat Finding:**

Yes

**Reason Corrective Action was Not Taken in the Prior Year:**

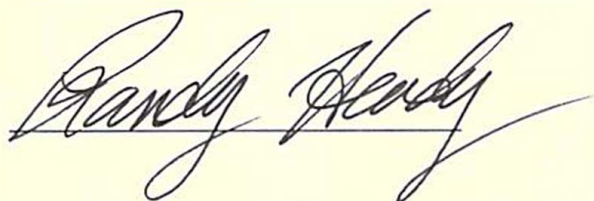
The Mayor's office has made huge strides in eliminating this finding, but we still need much improvement. We have almost eliminated this finding in our office, which includes: Mayors Office, Solid Waste, EMS, and Library.

**Planned Corrective Action:**

Continuing to work with other departments on best practices involving purchasing. Our office is coordinating with these departments on a monthly basis to make sure we are doing best practices. I do believe that every department is trying to improve how we are doing purchasing in Jackson County Government.

---

Signature:



# Jackson County Clerk

*County Clerk Brandon C Stafford*

Po Box 346

Gainesboro, Tennessee 38562

Phone: 931-268-9212 Fax 931-268-4149

---

## *Corrective Action Plan*

**FINDING:** A CASH SHORTAGE OF \$40,514.33 EXISTED IN THE  
COUNTY CLERK'S OFFICE AT JUNE 30, 2020

**Response and Corrective Action Plan Prepared by:**  
Brandon Stafford, County Clerk

**Person Responsible for Implementing the Corrective Action:**  
Brandon Stafford, County Clerk

**Anticipated Completion Date of Corrective Action:**  
Oct 2, 2020

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
Amanda Stafford still the County Clerk at the time, was not taking the full amount of the deposits to the bank.

**Planned Corrective Action:**

Balancing the books every month and making timely deposits to the bank within 3 days.  
All employees cash out in with another employee to ensure the deposit is the correct amount for that day. Chief Deputy Clerk makes the deposit slip for each day after confirming the daily amount is correct. The County Clerk makes the deposit at the end of each day and if it does not go to the bank by the end of each day then the deposit goes in the morning first thing. Once the deposit is made the deputy signs the deposit slip after they confirm the deposit slip is the same amount for that day using the cash/check report.

---

**FINDING:** THE CLERK FAILED TO PROPERLY DOCUMENT  
CHANGES AND DELETIONS TO RECEIPTS

**Response and Corrective Action Plan Prepared by:**  
Brandon Stafford, County Clerk

**Person Responsible for Implementing the Corrective Action:**  
Brandon Stafford

**Anticipated Completion Date of Corrective Action:**  
June 30, 2020

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
Amanda Stafford still the County Clerk at the time, was changing transaction total amounts so it would match up with the deposit she would take to the bank.

**Planned Corrective Action:**  
Any paperwork that must be voided must be placed in a folder to show why it was changed from its regular transaction.

---

**FINDING:** THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN  
THREE DAYS OF COLLECTION

**Response and Corrective Action Plan Prepared by:**  
Brandon Stafford, County Clerk

**Person Responsible for Implementing the Corrective Action:**  
Brandon C Stafford

**Anticipated Completion Date of Corrective Action:**  
May 8, 2020

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
Amanda Stafford was still County Clerk at the time would hold funds until enough money came in to cover late deposit amounts

**Planned Corrective Action:**  
Make timely deposit every day or at least within 3 days.

---

**FINDING:** DUTIES WERE NOT SEGREGATED ADEQUATELY

**Response and Corrective Action Plan Prepared by:**

Brandon Stafford, County Clerk

**Person Responsible for Implementing the Corrective Action:**

Brandon Stafford

**Anticipated Completion Date of Corrective Action:**

June 30, 2020

**Repeat Finding:**

Yes

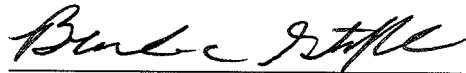
**Reason Corrective Action was Not Taken in the Prior Year:**

Amanda Stafford was still County Clerk at the time

**Planned Corrective Action:**

Two people now log and receipt all mail and bank deposits.

Signature:



11-2-2020

Jackson County Clerk  
*County Clerk Brandon C Stafford*  
Po Box 346  
Gainesboro, Tennessee 38562  
Phone: 931-268-9212

---

**FINDING 2020-002 ACCESS TO THE ACCOUNTING SOFTWARE WAS NOT PROPERLY RESTRICTED - (Internal Control – Significant Deficiency Under Government Auditing Standards)**

Response and Corrective Action Plan Prepared by:

Brandon C Stafford County Clerk

Person Responsible for Implementing the Corrective Action:

Brandon C Stafford County Clerk

Anticipated Completion Date of Corrective Action:  
June 2020

Repeat Finding:  
No

Removed Rachael from login when it was known to me.

Signature: *Brandon C Stafford* Date: 10-8-2020

---

Jackson County Clerk  
*County Clerk Brandon C Stafford*  
Po Box 346  
Gainesboro, Tennessee 38562  
Phone: 931-268-9212

---

**Corrective Action Plan**

**FINDING 2020-001 THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS (Internal Control – Significant Deficiency Under Government Auditing Standards)**

Response and Corrective Action Plan Prepared by:

Brandon C Stafford, County Clerk

Person Responsible for Implementing the Corrective Action:

Brandon C Stafford, County Clerk

Anticipated Completion Date of Corrective Action:

7-31-2020

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

Amanda Stafford was the old county clerk and did not implement the corrective  
action

Planned Corrective Action:

Office began printing logs at the end of July 2020

Signature: *Brandon C Stafford* Date: 10-8-2020

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## **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. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Jackson County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.