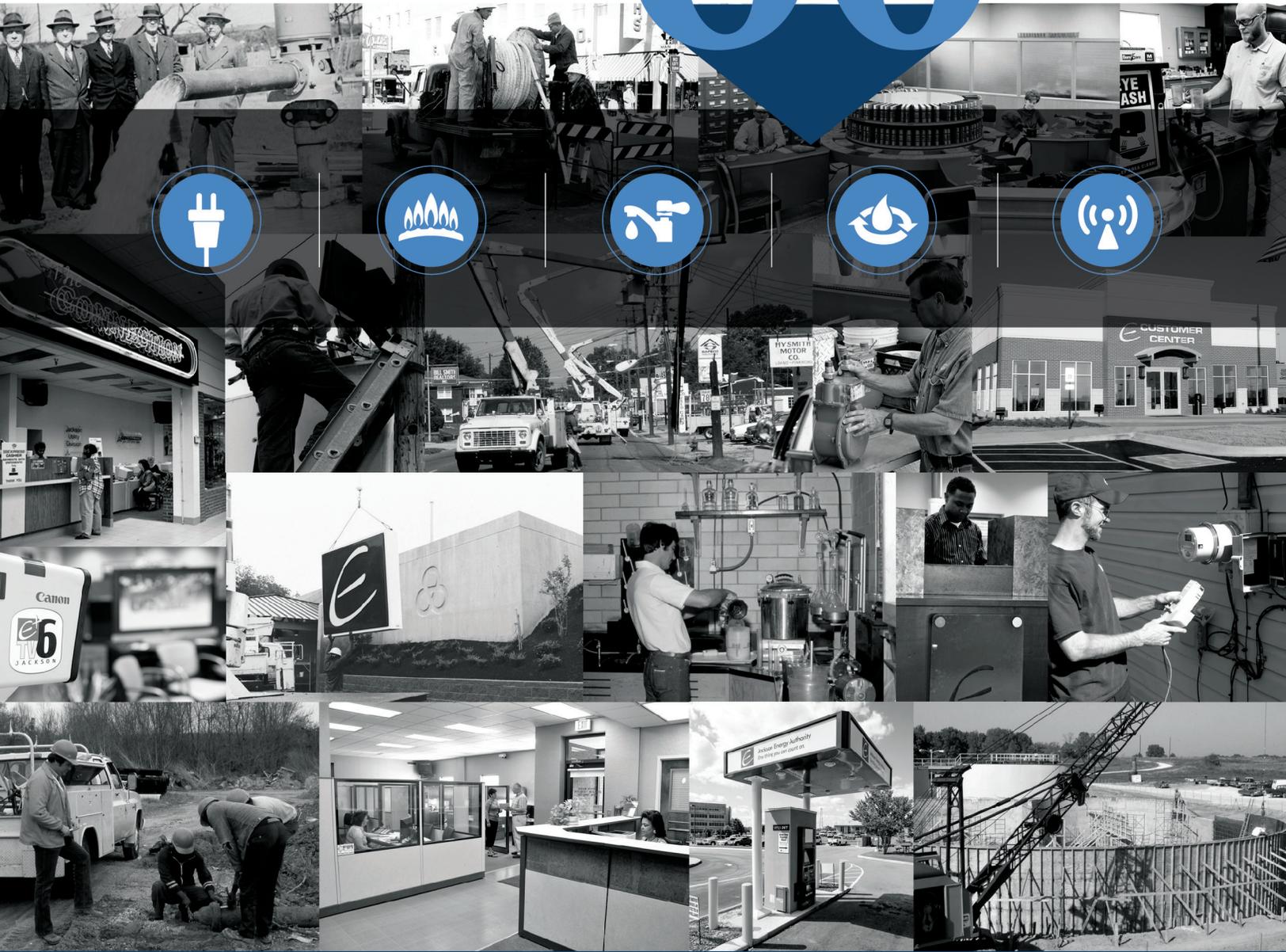


# CELEBRATING 60 YEARS



## 2019 ANNUAL REPORT



**Jackson Energy Authority**  
One thing you can count on.

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY  
INFORMATION FOR  
FISCAL YEAR ENDING  
JUNE 30, 2019





# F R O M   T H E   P R E S I D E N T



Jim F. Ferrell - President/CEO  
Jackson Energy Authority

## DEPENDABILITY + STABILITY = LONGEVITY

In the utility industry, providing years of dependable, stable services comes as a result of collaborative leadership, methodical planning and a dedicated workforce. Day after day, we make every effort to continue fulfilling the mission of our company: providing exceptional utility services that create value for our customers and our community.

While fiscal year 2019 began a year of celebrating 60 years of unmatched, dedicated service to our customers, it also brought about system improvements, enhancements and upgrades to help position us for continued growth and stability for the future.

The Electric system increased substation capacity and system reliability, completed major electric system relocations and increased energy efficiency of lighting in Jackson.

The Gas system installed both new gas main associated with system expansion and gas main replaced per the infrastructure replacement program. Additionally, the Board of Directors approved the gas division to enter into a 30 year natural gas prepayment contract with the Tennergy Corporation to better serve customers with safe, reliable natural gas at reasonable rates.

The Water system continued ongoing efforts to maintain system reliability with water main replacements and relocations of mains and services, source water well rehabilitation to prevent contamination of our source water and construction of a new composite water tank to support current and anticipated growth in West Madison County.

The Wastewater system completed work on mains, services and rehabilitation projects, began lift station improvements, completed design enhancements for the Miller Avenue Treatment Plant and completed design and bid award for the interceptor project.

The Telecommunications system completed the substantial replacement of Wave 7 technology and continued the conversion to the Harmonic MPEG4 system to better serve customers.

Since its inception in 1959, Jackson Energy Authority has continuously grown to meet the expanding needs of our customers and our community. That successful growth has helped improve the quality of life in our community and provide the stable base for commercial and industrial development. For six decades, our customers have come to trust us and know that we are here for them, even at some of the most critical times. As we begin the new fiscal year, I look forward to successful growth that will help strengthen a foundation that was built six decades ago and allow us to remain the one thing our customers can count on.





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# BOARD & MANAGEMENT



## BOARD OF DIRECTORS (L to R)

**Monte Jones** ..... Chair  
**Pam Finney** ..... Vice Chair  
**Howard Bond; Dennis Henderson; Logan Hampton**

## MANAGEMENT TEAM

**Jim Ferrell**..... President & Chief Executive Officer  
**Nancy Nanney** ..... Senior Vice President & Chief Financial Officer  
**Teresa Cobb** ..... General Counsel  
**Monte Cooper** ..... Senior Vice President, Electric Division  
**Braxton Williams**..... Senior Vice President, Gas Division  
**Steve Raper**..... Senior Vice President, Water & Wastewater Divisions  
**Ben Lovins**..... Senior Vice President, Telecommunications Division  
**Aletza Boucher**..... Corporate Secretary  
**Michael Baughn** ..... Vice President, Information Systems  
**Lara Coleman**..... Vice President, Operations  
**Barry Cross**..... Vice President, Human Resources  
**Ted Austin** ..... Vice President, Customer Service & Community Relations  
**Rowland Fisher** ..... Vice President, Engineering  
**John Nanney**..... Vice President, Economic & Industrial Development

## INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Alexander Thompson Arnold PLLC** - Jackson, Tennessee



# SYSTEM HIGHLIGHTS



## ELECTRIC

During fiscal year 2019, substation capacity and system reliability were increased with the addition of two distribution circuits at Middale Substation. These were placed in service in February 2019 to serve the northwest area of the electric distribution system. The 161kV Breakers at Oakfield Primary Substation have been changed out. These were 30 year old breakers that needed to be replaced due to reaching end of life.

City and State road projects required major electric system relocations (Casey Jones, I-40 widening, Highway 45 Interchange) in 2019. Distribution system reliability was further improved with several feeder circuit reconstruction projects, along with the addition of a third Distribution Automation (DA) Scheme.

LED lights continued to be deployed for all forms of lighting in Jackson – street, private outdoor, and flood lighting. JEA is converting existing high pressure sodium (yellow) lights and metal halide (white) lights to LED as they fail (gradual deployment).

## GAS

During fiscal year 2019, JEA personnel installed approximately 6.5 miles of main and over 450 services. Of these totals, 3.25 miles were new main associated with system expansion projects and 3.25 miles

included main replaced as part of JEA's systematic infrastructure replacement program. Regarding service installations, 270 services were attributed to new customer growth and over 200 services were replaced as part of system renewal projects. In addition to numerous small extension projects, one major system expansion project was completed. This expansion project consisted of installing approximately 1.25 miles of gas main north along White Fern Rd. and east along Gurley Rd. This project provided service to approximately 25 potential customers.

The Board of Directors approved the Gas Division to enter into a 30 year natural gas prepayment contract with the Tennergy Corporation. This contract, along with two additional prepayment contract commitments, enables the Division to purchase gas at a discount to market price. The volumes attributed to these three projects represent approximately 50% of the Division's sales volumes and will equate to a savings of over \$450,000 a year to JEA's wholesale cost of gas. Participation in these types of projects is another way in which JEA can better serve customers with safe, reliable natural gas at reasonable rates.

## WATER

During fiscal year 2019, ongoing efforts continued to help maintain system reliability as water main



# SYSTEM HIGHLIGHTS

replacements were completed on Lexington Avenue and Oak Street. This work was in conjunction with the City of Jackson for annual paving projects. Also in fiscal year 2019, the Water System worked to relocate water mains and services for the TDOT (Tennessee Department of Transportation) State Route 223 at Technology Center Drive project.

JEA's source water comes from wells located all throughout the city. To help prevent contamination and keep them operating at peak performance, the wells are on a rotating schedule for rehabilitation. A new well project, South Well #14 near Jackson Transit Authority south of downtown, was started in fiscal year 2019 and is near completion at the end of the fiscal year.

Construction of the new 2.5 MG composite water tank for West Madison County (airport area) was started in fiscal year 2019. Once built, this new tank will support current and anticipated growth.

## WASTEWATER

During fiscal year 2019, work was completed on wastewater mains and services, in conjunction with the City of Jackson, for annual paving projects on Oak Street and Carter Street. Additionally, a cured-in-place liner rehab project was completed on Lafayette Street.

HUD/CDBG grant project improvements were underway at Lower Brownsville Road and South Forked Deer River lift stations, as these are key pumping facilities for the Wastewater System.

Design was completed in fiscal year 2019 for Miller Avenue Wastewater Treatment Plant improvements as part of the ongoing HUD/CDBG grant with construction set to begin in fiscal year 2020. These enhancements will provide more efficient operations and improved capacity.

Design and award of bid was completed in fiscal year 2019 for the Industrial East Interceptor project. The project will upsize the existing pipe from 15" to 24" on the east side of the service area for industrial and residential areas. Project construction will take place in fiscal year 2020.

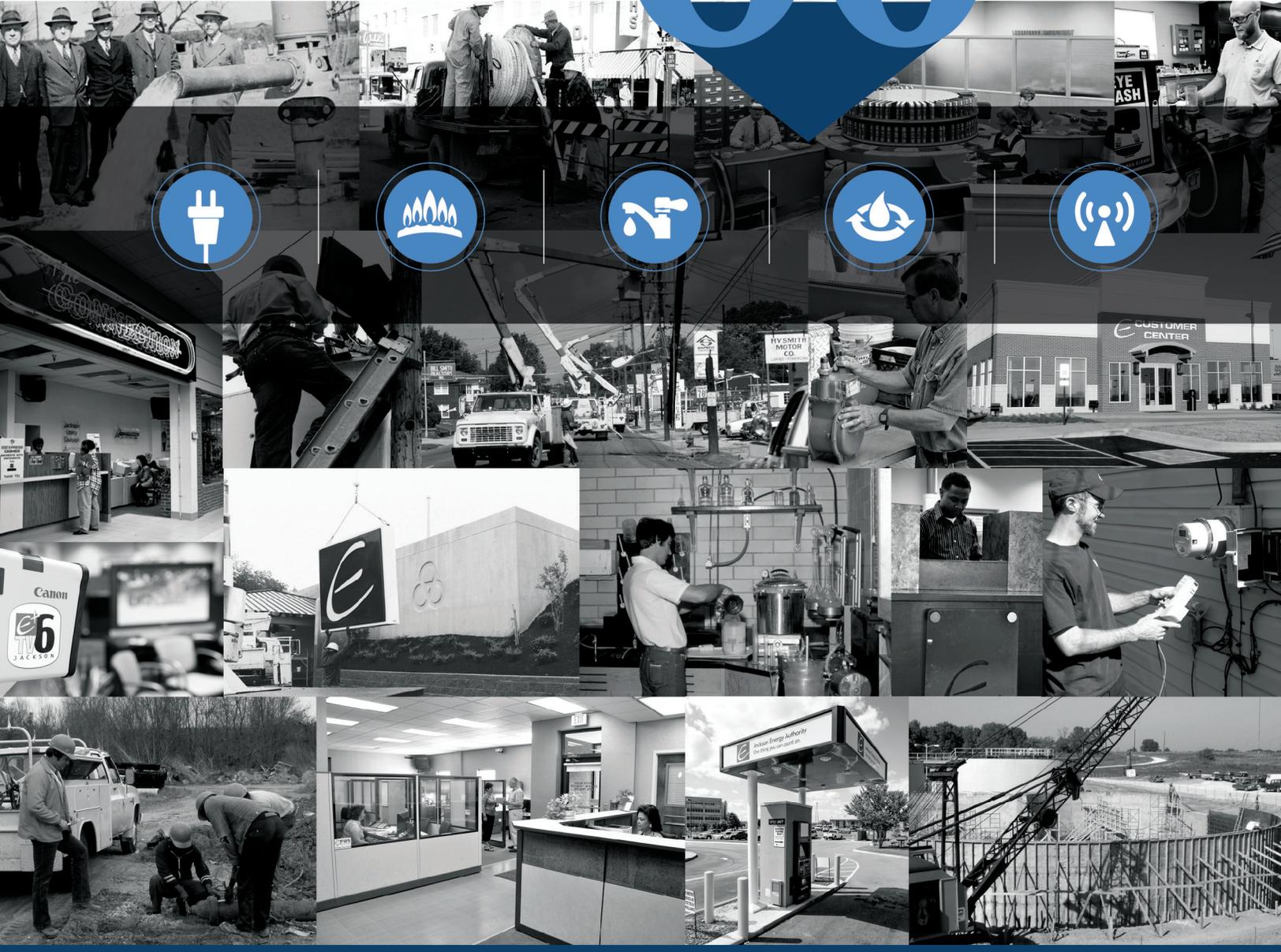
## TELECOMMUNICATIONS

During fiscal year 2019, the most significant event for the Telecommunications System was the substantial replacement of Wave 7 technology. The Wave 7 equipment was part of the original fiber build in 2003 and 2004. This replacement project started in 2013 with a cost of more than \$8 million, all paid from existing operating funds. The new Adtran equipment removed bandwidth capacity limitations and has enabled the System to offer up to 1 Gigabit speed to all customers desiring such service.

The System's market is now shared by a third player, as AT&T built a fiber system in select areas of Jackson, Tennessee. The Adtran gear replacement discussed above, along with Jackson Energy Authority's long-held commitment to outstanding customer service, has allowed the Telecommunications System to continue to compete favorably in the market. The telecommunications marketplace is changing quickly, as customers are using new technology to obtain video and phone services. However, Management feels the demand for reliable high-speed data to deliver those video and communications services will remain strong. In response, the System has begun to offer competitively priced 300M and 1G service, allowing customers the option to move away from 60m and 75M speeds to take advantage of desired tech products without being hurt on pricing.

Changes continue to be made in the headend, primarily the conversion to the Harmonic MPEG4 system. This change has allowed the System to add more high-definition programming without being limited to bandwidth capacity. In fact, the excess capacity has made it possible to partner with a nearby electric cooperative cable provider to provide programming through the headend. The Telecommunications System will continue to look for opportunities to provide services to municipal-owned and rural cooperative telecommunications systems outside of Madison County. Partnerships such as these have allowed for the expansion of commercial telephone and other services in Union City and Milan, Tennessee.

# CELEBRATING 60 YEARS



## FINANCIAL SECTION







## Independent Auditor's Report

To the Board of Directors  
Jackson Energy Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Jackson Energy Authority, (the Authority), a component unit of the City of Jackson, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority'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 business-type activities, each major fund, and the aggregate remaining fund information of Jackson Energy Authority, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the pension and OPEB related schedules and notes as listed in the table of contents, respectively, 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and financial information listed as supplementary and other information in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary and other information, including the schedule of expenditures of federal awards, which has not been marked "unaudited" 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 supplementary and other information, including the schedule of expenditures of federal awards, which has not been marked "unaudited" are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and the supplementary and other information which has been marked "unaudited" have 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 them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 the Authority'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 the Authority's internal control over financial reporting and compliance.

*Alexander Thompson Arnold PLLC*

Jackson, Tennessee

October 31, 2019



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Jackson Energy Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2019. All amounts, unless otherwise indicated, are expressed in actual dollars.

### OVERVIEW OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's strategic plan, budget, bond resolutions, and other management tools were used for this analysis. The Financial Statements and Supplementary Information are made up of four sections: 1) the introductory section, 2) the financial section 3) the supplementary and other information section, and 4) the internal control and compliance section. The introductory section includes the Authority's directory. The financial section includes the independent auditor's report, the MD&A, the financial statements with accompanying notes and the required supplementary information. The supplementary and other information section includes selected financial and operational information. The internal control and compliance section includes the report on internal control and compliance. These sections make up the financial report presented here.

### REQUIRED FINANCIAL STATEMENTS

A Proprietary Fund is used to account for the operations of the Authority, which is financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

A Fiduciary Fund is used to account for resources held for the benefit of parties outside of the Authority. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Authority's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The financial statements report information about the Authority, using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities.

The *Statement of Net Position* presents the financial position of the Authority on a full-accrual historical-cost basis. The statement of financial position includes all of the Authority's assets, liabilities, and deferred inflows/outflows of resources with the difference noted as net position. It provides information about the nature and amounts of investments in resources (assets) and the obligations to the Authority's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

The *Statement of Revenues, Expenses and Changes in Net Position* presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement measures the success of the Authority's operations and can be used to determine whether the Authority has successfully recovered all of its costs. This statement also measures the Authority's profitability and credit worthiness.

The *Statement of Cash Flows* presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipt and cash disbursement information, without consideration of the earnings event, when an obligation arises.

The *Statement of Fiduciary Net Position* includes all assets and liabilities of the plan and provides a picture of the fiduciary net position of the plan as of the end of the current fiscal year. Assets less liabilities results in net position restricted for other plan benefits held in trust at year-end.

The *Statement of Changes in Fiduciary Net Position* reports all additions and deductions of the plan for the current fiscal year. Additions consist of employer contributions, participant contributions (if required or allowed), and investment earnings. Deductions include benefits paid on behalf of plan participants and administrative expenses. Total additions minus deductions



provide the net increase or decrease in net position for the current fiscal year. The change in net position plus the beginning net position results in the ending net position restricted for plan benefits for the current year.

The *Notes to the Financial Statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

## FINANCIAL HIGHLIGHTS – ELECTRIC FUND

Management believes the Fund's financial condition is strong. The Fund is well within its debt covenants, and stringent financial policies and guidelines have been set by the Board and management. The following are key financial highlights.

- Total assets and deferred outflows of resources at year-end were \$220.3 million and exceeded liabilities and deferred inflows of resources in the amount of \$127.4 million (i.e. net position).
- Net position increased \$10.7 million during the current year. Restricted net position is \$1.2 million.
- Unrestricted net position increased by \$10 million.
- Operating revenues were \$147.5 million, an increase from 2018 in the amount of \$607 thousand or .4%.
- Operating expenses were \$138.2 million, a decrease from 2018 in the amount of \$2.3 million or 1.6%.

## FINANCIAL ANALYSIS – ELECTRIC FUND

Table 1 below focuses on the Fund's net position and the changes in net position during 2019:

Table 1  
**CONDENSED STATEMENT OF NET POSITION**

	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Amount	%
Current and other assets	\$72,637,587	\$70,692,419	\$1,945,168	2.75%
Capital assets	136,409,534	139,326,072	(2,916,538)	-2.09%
Total assets	209,047,121	210,018,491	(971,370)	-0.46%
Deferred outflows of resources	11,221,202	10,249,475	971,727	9.48%
Long-term liabilities	65,332,652	75,477,066	(10,144,414)	-13.44%
Other liabilities	26,647,751	28,133,408	(1,485,657)	5.28%
Total liabilities	91,980,403	103,610,474	(11,630,071)	-11.22%
Deferred inflows of resources	898,325	-	898,325	100.00%
Net position:				
Net investment in capital assets	99,047,444	98,190,500	856,944	0.87%
Restricted for debt service	443,214	392,934	50,280	12.80%
Other restricted net position	768,003	987,432	(219,429)	-22.22%
Unrestricted	27,130,934	17,086,626	10,044,308	58.78%
Total net position	\$127,389,595	\$116,657,492	\$10,732,104	9.20%

Current and other assets increased by \$1.9 million. Cash and cash equivalents increased by \$4.4 million. This increase was due largely to cash from operating and investing activities exceeding cash used by capital and financing activities by. See page 32 for details of changes in cash and cash equivalents.

Major capital expenditures during the fiscal year included the following:

- Rebuild E. Chester to Lane \$178 thousand
- Purchase of Meters \$577 thousand
- Purchase Digger Derrick Truck \$319 thousand



## FINANCIAL ANALYSIS - ELECTRIC FUND (Continued)

Long-term liabilities decreased due to:

- 1) Payments of notes to TVA and Southwest Tennessee Electric Membership Cooperative totaling \$1.1 million
- 2) A \$6.1 million effect of Plan changes on the OPEB liability
- 3) The Fund's 2018 contributions to the OPEB trust of \$2.6 million
- 4) A bond principal payment of \$2.4 million
- 5) Offsetting the decreases above is an increase in the net pension liability of \$2 million caused primarily by the interest cost on the unfunded liability

The decrease in other liabilities reflects lower accounts payable due to lower power cost caused by lower May and June sales.

Table 1 above shows that 77.8% of the Electric Fund's net position was related to capital assets, which includes land and easements, structures and improvements, infrastructure, and equipment, net of related debt. Net position restricted for debt service and other restricted net position are amounts limited to specific uses by the Fund's bond covenants or through resolutions passed by the Authority's Board of Directors.

The following table summarizes the variances in the Statement of Revenues, Expenses and Changes in Net Position between fiscal years 2019 and 2018:

Table 2

**CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Amount	%
Operating revenues	\$ 147,476,393	\$ 146,868,959	\$ 607,434	0.41%
Non-operating revenues	1,204,445	207,506	996,939	480.44%
Contributions	523,656	542,528	(18,872)	-3.48%
Total revenues	<u>149,204,494</u>	<u>147,618,993</u>	<u>1,585,501</u>	1.07%
Operating expenses	138,206,341	140,472,533	(2,266,192)	-1.61%
Non-operating expenses	<u>1,248,243</u>	<u>1,470,084</u>	<u>(221,841)</u>	-15.09%
Total expenses	<u>139,454,584</u>	<u>141,942,617</u>	<u>(2,488,033)</u>	-1.75%
Change in net position	9,749,910	5,676,376	4,073,534	71.76%
Beginning net position	116,657,492	124,129,747	(7,472,255)	-6.02%
Prior period adjustments/restatements	<u>982,193</u>	<u>(13,148,631)</u>	<u>14,130,824</u>	
Ending net position	<u>\$ 127,389,595</u>	<u>\$ 116,657,492</u>	<u>\$ 10,732,103</u>	9.20%

Operating expenses decreased due to OPEB cost reduction of \$3.3 million primarily due to Plan changes.

With the adoption of GASB 75 in 2018, a restatement of beginning net position was necessary to record the OPEB liability. The need to record prior year retiree medical costs as Deferred Outflows - Contributions Subsequent to the Measurement Date also resulted in a prior period adjustment for 2019.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

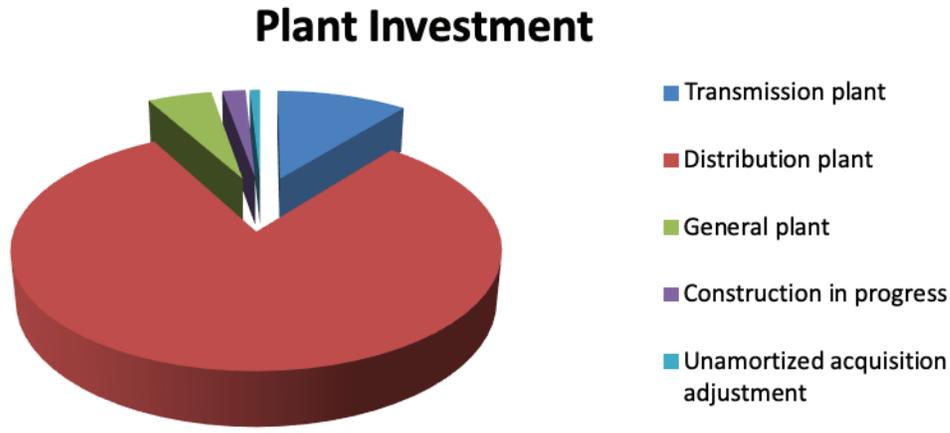
The following chart summarizes the Fund's capital assets, net of accumulated depreciation, for the year ended June 30, 2019. Changes to capital assets are presented in detail in Note 3D to the financial statements. This investment in



## CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

### Capital Assets (Continued)

capital assets provides the infrastructure necessary to distribute electric power to customers and to expand the fund with customer growth.



### Debt Administration

The Fund has outstanding Revenue Bonds and Notes Payable of \$33,085,000 and \$2,390,456 respectively, as of June 30, 2019. Principal payments are due in the upcoming fiscal year in the amount of \$3,545,949 with interest payments totaling \$1,398,475 also due. As of June 30, 2019, the debt service restricted assets were \$676,293 for the 2010 and 2014 bond issues. Details relating to the outstanding debt can be found in Note 3E.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - ELECTRIC FUND

Highlights from the Fund's FY2020 budget include:

- Sales projections of \$141,701,000
- Cost of purchased power projections of \$116,197,000
- No projected rate increase
- Customer projections of 36,285
- O&M projected expenditures of \$14,565,000
- Capital expenditure projections of \$10,001,000
- No additional bond issues are projected
- Bond Debt Service Coverage Ratio of 4.51 will meet all bond compliance tests

Industrial customer expansions and new industrial load will continue to be sought and drive expenses of the Fund. Customer adoption of electric vehicles (EV), private outdoor lighting (LED) and proliferation of solar farms will create opportunities for increasing the Fund's services. Renewable power behind the meter, such as TVPPA's pilot at Black & Decker, will also provide growth potential. Threats to the Electric Fund will continue as increasing energy efficiencies result in lower sales per customer, and as behind the meter DER (distributed energy resources) work to lower customer demand.

## FINANCIAL HIGHLIGHTS – GAS FUND

Management believes the Fund's financial condition is strong. The Fund is well within its debt covenants, and stringent financial policies and guidelines have been set by the Board and management. The following are key financial highlights.



## FINANCIAL HIGHLIGHTS – GAS FUND (Continued)

Total assets and deferred outflows of resources at year-end were \$140.3 million and exceeded liabilities and deferred inflows of resources in the amount of \$90.4 million (i.e. net position).

- Net position increased \$8.4 million during the current year.
- Unrestricted net position increased by \$8.9 million during the current year.
- Operating revenues were \$37 million, a decrease from 2018 in the amount of \$1 million or 2.6%.
- Operating expenses were \$29.5 million, a decrease from 2018 in the amount of \$3.5 million or 10.7%.

Table 1  
**CONDENSED STATEMENT OF NET POSITION**

	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Amount	%
Current and other assets	\$ 38,979,556	\$ 34,552,007	\$ 4,427,549	12.81%
Capital assets	93,501,484	94,977,322	(1,475,838)	-1.55%
Total assets	132,481,040	129,529,329	2,951,711	2.28%
Deferred outflows of resources	7,840,096	14,757,139	(6,917,043)	-46.87%
Long-term liabilities	45,822,332	58,423,227	(12,600,895)	-21.57%
Other liabilities	3,452,032	3,831,315	(379,283)	-9.90%
Total liabilities	49,274,364	62,254,542	(12,980,178)	-20.85%
Deferred inflows of resources	640,776	-	640,776	100%
Net position:				
Net investment in capital assets	72,867,299	73,378,490	(511,191)	-0.70%
Restricted for debt service	82,115	67,558	14,557	21.55%
Unrestricted	17,456,582	8,585,878	8,870,704	103.32%
Total net position	\$ 90,405,996	\$ 82,031,926	\$ 8,374,070	10.21%

## FINANCIAL ANALYSIS – GAS FUND

Current and other assets increased by \$4.4 million due to:

- 1) Cash and cash equivalents increased by \$1.7 million as cash from operating activities exceeded cash used by capital and financing activities and investing activities. See page 28 for details of changes in cash and cash equivalents.
- 2) Temporary investments increased by \$2.5 million. New investments included Rogers AR bonds (\$1 million) and New York City bonds (\$1 million).

Capital assets decreased as disposals and depreciation expense actually exceeded plant additions. See Note 3 D.

Major capital expenditures during the fiscal year included the following:

- Main installation on Hillcrest Circle and Arrowhead Street \$140 thousand
- Gas System Expansion – Windy City and Bethel Church Road \$122 thousand
- Purchase of Gas Meters \$124 thousand

Deferred outflows decreased due to the amortization of Tennergy's prior year contribution to the pension plan of \$7.1 million.



## FINANCIAL ANALYSIS – GAS FUND (Continued)

Long-term liabilities decreased by \$12.6 million due primarily to:

- 1) OPEB Plan change effect of \$4.3 million
- 2) Net pension liability decreased by \$7.1 million due to the amortization of prior year contribution noted above

Table 1 indicates that 80.6% of the Fund's net position was related to capital assets, which includes land and easements, structures and improvements, infrastructure, and equipment, net of related debt.

The following table summarizes the variances in the Statement of Revenues, Expenses and Changes in Net Position between fiscal years 2019 and 2018:

Table 2

### CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

			Increase (Decrease)	
	June 30, 2019	June 30, 2018	Amount	%
Operating revenues	\$ 37,042,614	\$ 38,043,577	\$ (1,000,963)	-2.63%
Non-operating revenues	1,251,226	4,141,187	(2,889,961)	-69.79%
Contributions in aid	131,241	916,546	(785,305)	-85.68%
Total revenues	38,425,081	43,101,310	(4,676,229)	-10.85%
Operating expenses	29,482,840	33,029,075	(3,546,235)	-10.74%
Non-operating expenses	655,680	4,094,642	(3,438,962)	-83.99%
Total expenses	30,138,520	37,123,717	(6,985,197)	-18.82%
Change in net position	8,286,561	5,977,593	2,308,968	38.63%
Beginning net position	82,031,926	85,912,893	(3,880,967)	-4.52%
Prior period adjustment	87,509	(9,858,560)	9,946,069	100.00%
Ending net position	\$ 90,405,996	\$ 82,031,926	\$ 8,374,070	10.21%

Operating revenues decreased by 2.63% due to decreased residential natural gas sales of \$659k. Average usage per customer declined from 66.43 MCF in 2018 to 65.13 MCF in 2019. In addition, the average rate decreased from \$10.56 per MCF in 2018 to \$10.37 per MCF in 2019 primarily due to a 2019 surcharge adjustment.

Non-operating revenues decreased due to a decrease in investment income from The Tennergy Corporation. In 2018, The Tennergy Corporation sold its propane operation, realizing a gain on that sale.

Operating expenses decreased due to the effect of the OPEB Plan change. The Gas Fund's share of that change was \$3.3 million.

The decrease in non-operating expenses is due to the loss of \$2.7 million on the redemption of the 2009 revenue bonds in FY 2018. Also, as a result of last year's bond redemption, interest expense has decreased by \$571 thousand.

With the adoption of GASB 75 in 2018, a restatement of beginning net position was necessary to record the OPEB liability. The need to record prior year retiree medical costs as Deferred Outflows - Contributions Subsequent to the Measurement Date also resulted in a prior period adjustment for 2019.

## CAPITAL ASSETS AND DEBT ADMINISTRATION – GAS FUND

### Capital Assets

The following chart summarizes the Fund's capital assets, net of accumulated depreciation, for the year ended June 30, 2019. These changes to capital assets are presented in detail in Note 3D to the financial statements. This

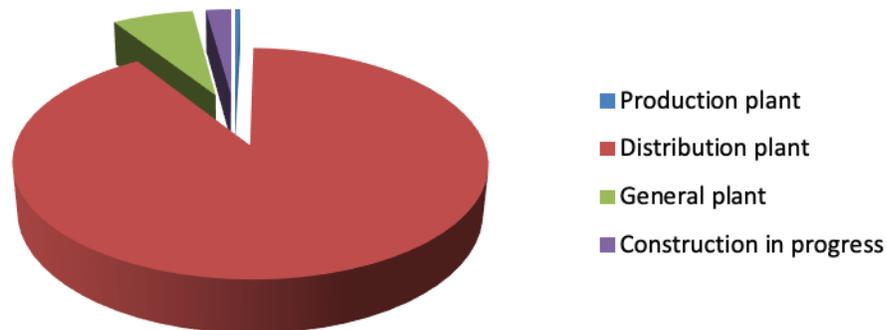


## CAPITAL ASSETS AND DEBT ADMINISTRATION – GAS FUND (Continued)

### Capital Assets (Continued)

investment in capital assets provides the infrastructure necessary to distribute natural gas and propane to customers and to expand the system with customer growth.

### Plant Investment



### Debt Administration

The Fund has outstanding Revenue Bonds of \$19,315,000 as of June 30, 2019. Principal payments are due in the upcoming fiscal year in the amount of \$830,000, with interest payments totaling \$762,681 also due. As of June 30, 2019, debt service restricted assets were \$145,672 for the 2015 bond issue. Details relating to the outstanding debt can be found in Note 3E.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES – GAS FUND

Highlights from the Fund's FY 2020 budget include:

- Sales and transportation revenue projections of \$34,909,000
- Cost of purchased gas projections of \$15,800,000
- No projected base rate increase
- Customer projections of 33,550
- O&M projected expenditures of \$10,287,000
- Capital expenditure projections of \$5,193,000
- No additional bond issues are projected
- Bond Debt Service Coverage Ratio of 6.08 will meet all bond compliance tests

Increased Fund sales are expected due to continued customer growth from newly annexed residential lots, commercial growth in the Thomsen Farms and Ballpark areas, and incremental load growth from industrial expansions. Future residential growth in the northern part of Madison County could result from the location of Tyson operations in Humboldt.

Rate design changes to entice transportation-only customers to convert to index rate customers could positively impact sales. The availability of industrial park parcels at Tiger Jones, Airport Industrial Park and SR223 Industrial Park positions the Fund well for future expansion. The promotion of energy efficiency programs such as natural gas water heaters is planned. Alternatively, warmer than normal weather continues to pose a threat to sales as does increasing Federal Government regulation.



## FINANCIAL HIGHLIGHTS – WATER FUND

Management believes the Fund's financial condition is strong. The Fund is well within its debt covenants and stringent financial policies and guidelines have been set by the Board and management. The following are key financial highlights.

- Total assets and deferred outflows of resources at year-end were \$126.9 million and exceeded liabilities and deferred inflows of resources in the amount of \$91.1 million (i.e. net position).
- Net position increased \$7.8 million during the current year. Restricted net position increased by \$183 thousand.
- Operating revenues were \$17.7 million, a decrease from 2018 in the amount of \$179 thousand or 1%.
- Operating expenses were \$10.9 million, a decrease from 2018 in the amount of \$1.1 million or 9.6%.

## FINANCIAL ANALYSIS – WATER FUND

Table 1 focuses on the Fund's net position and the changes in net position during 2019.

Table 1  
CONDENSED STATEMENT OF NET POSITION

	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Amount	%
Current and other assets	\$ 16,233,854	\$ 15,095,853	\$ 1,138,001	7.54%
Capital assets	104,023,879	102,861,919	1,161,960	1.13%
Total assets	<u>120,257,733</u>	<u>117,957,772</u>	<u>2,299,961</u>	1.95%
Deferred outflows of resources	6,684,137	6,562,290	121,847	1.86%
Long-term liabilities	32,531,146	38,495,585	(5,964,439)	-15.49%
Other liabilities	2,821,980	2,740,770	81,210	2.96%
Total liabilities	<u>35,353,126</u>	<u>41,236,355</u>	<u>(5,883,229)</u>	-14.27%
Deferred inflows of resources	518,275	-	518,275	
Net position:				
Net investment in capital assets	89,167,558	85,908,885	3,258,673	3.79%
Restricted for debt service	1,181,441	998,392	183,049	18.33%
Unrestricted	721,470	(3,623,570)	4,345,040	-119.91%
Total net position	<u>\$ 91,070,469</u>	<u>\$ 83,283,707</u>	<u>\$ 7,786,762</u>	9.35%

Current and other assets increased by \$1.1 million. \$729 thousand of the increase was in temporary investments. The largest new investment was Elkhart, IN School bonds valued at \$505 thousand.

Major capital expenditures during the fiscal year included the following:

- Elevated Water Tank installation at Airport \$1.3 million
- Water Installation – Shepherds Field \$197 thousand
- Water Well Construction – South Well Field \$223 thousand

Long-term liabilities decreased by \$6 million dollars primarily due to:

- 1) Changes to the OPEB plan reduced the OPEB liability by \$3.5 million
- 2) Contributions to the OPEB Trust totaled \$1.5 million
- 3) Bond principal paid in the amount of \$1.7 million

Table 1 indicates that 97.9% of the Fund's net position was related to capital assets, which includes land and easements, structures and improvements, infrastructure, and equipment, net of related debt.



## FINANCIAL ANALYSIS – WATER FUND (Continued)

The following table summarizes the variances in the Statement of Revenues, Expenses and Changes in Net Position between fiscal years 2019 and 2018:

Table 2  
**CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Amount	%
Operating revenues	\$ 17,691,323	\$ 17,870,650	\$ (179,327)	-1.00%
Non-operating revenues	355,066	437,592	(82,526)	-18.86%
Contributions	<u>701,681</u>	<u>811,345</u>	<u>(109,664)</u>	-13.52%
Total revenues	<u>18,748,070</u>	<u>19,119,587</u>	<u>(371,517)</u>	-1.94%
Operating expenses	10,912,193	12,063,676	(1,151,483)	-9.55%
Non-operating expenses	<u>508,660</u>	<u>886,764</u>	<u>(378,104)</u>	-42.64%
Total expenses	<u>11,420,854</u>	<u>12,950,440</u>	<u>(1,529,586)</u>	-11.81%
Change in net position	7,327,216	6,169,147	1,158,069	18.77%
Beginning net position	83,283,707	85,142,795	(1,859,088)	-2.18%
Prior period adjustment	<u>459,545</u>	<u>(8,028,235)</u>	<u>8,487,780</u>	
Ending net position	<u>\$ 91,070,469</u>	<u>\$ 83,283,707</u>	<u>\$ 7,786,762</u>	9.35%

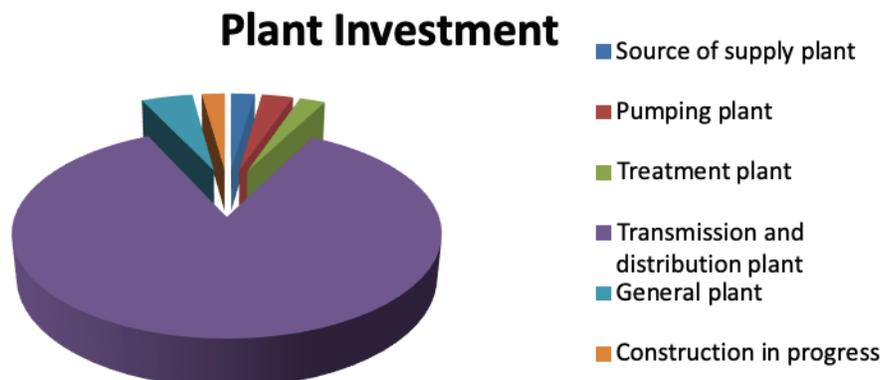
The decrease in operating expenses is attributable to the OPEB Plan change. The Water Fund's OPEB expense decreased by \$2 million as a result of that change.

With the adoption of GASB 75 in 2018, a restatement of beginning net position was necessary to record the OPEB liability. The need to record prior year retiree medical costs as Deferred Outflows - Contributions Subsequent to the Measurement Date also resulted in a prior period adjustment for 2019.

## CAPITAL ASSETS AND DEBT ADMINISTRATION – WATER FUND

### Capital Assets

The following chart summarizes the Fund's capital assets, net of accumulated depreciation, for the year ended June 30, 2019. Changes to capital assets are presented in detail in Note 3D to the financial statements. This investment in capital assets provides the necessary plant and infrastructure to deliver water service to customers and to expand the system with customer growth.





## **CAPITAL ASSETS AND DEBT ADMINISTRATION – WATER FUND (Continued)**

### **Debt Administration**

The Fund has outstanding revenue bonds of \$13,575,000 as of June 30, 2019. Principal payments in the amount of \$1,795,000, are due in the upcoming fiscal year, along with interest payments totaling \$633,875. As of June 30, 2019, the debt service restricted assets were \$1,124,878 for the 2017 bond. Details relating to the outstanding debt can be found in Note 3E.

## **ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES – WATER FUND**

Highlights from the Fund's FY 2020 budget include:

- Sales projections of \$16,890,000
- No projected rate increase
- Customer projections of 36,817
- O&M projected expenditures of \$10,393,000
- Capital expenditure projections of \$7,596,000
- No additional bond issues are projected
- Bond Debt Service Coverage Ratio of 2.99 will meet all bond compliance tests

The Water Fund plans to continue seeking opportunities for state funding of water projects. The potential connection by Owens Corning will be pursued. The need for additional south well field sites, groundwater protection and attention to drinking water contaminants are on-going challenges.

## **FINANCIAL HIGHLIGHTS - WASTEWATER FUND**

Management believes the Fund's financial condition is strong. The Fund is well within its debt covenants, and stringent financial policies and guidelines have been set by the Board and management. The following are key financial highlights.

- Total assets and deferred outflows of resources at year-end were \$155 million and exceeded liabilities and deferred inflows of resources in the amount of \$92.2 million (i.e. net position).
- Net position increased \$10.6 million during the fiscal year.
- Unrestricted net position increased by \$6.8 million.
- Operating revenues were \$19.6 million, an increase from 2018 in the amount of \$359 thousand or 1.9%.
- Operating expenses were \$12.5 million, a decrease from 2018 in the amount of \$1.5 million or 10.9%.



## FINANCIAL ANALYSIS - WASTEWATER FUND

The table below focuses on the Fund's net position and the changes in net position during 2019.

Table 1  
CONDENSED STATEMENT OF NET POSITION

	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Amount	%
Current and other assets	\$ 20,925,967	\$ 17,372,915	\$ 3,553,052	20.45%
Capital assets	127,916,778	124,858,246	3,058,532	2.45%
Total assets	148,842,745	142,231,161	6,611,584	4.65%
Deferred outflows of resources	6,176,638	6,352,774	(176,136)	-2.77%
Long-term liabilities	57,739,334	62,376,580	(4,637,246)	-7.43%
Other liabilities	4,596,775	4,638,536	(41,761)	-0.90%
Total liabilities	62,336,109	67,015,116	(4,679,007)	-6.98%
Deferred inflows of resources	470,150	-	470,150	
Net position:				
Net investment in capital assets	87,552,924	83,757,426	3,795,498	4.53%
Restricted for debt service	2,038,767	1,981,841	56,926	2.87%
Unrestricted	2,621,433	(4,170,448)	6,791,881	-162.86%
Total net position	\$ 92,213,124	\$ 81,568,819	\$ 10,644,305	13.05%

The increase in Current and Other Assets is largely represented by an increase in temporary investments of \$1.8 million. Significant new investments include Fayetteville, NC bonds valued at \$510 thousand and College Park, GA Industrial Development bonds valued at \$546 thousand.

Major capital expenditures during the fiscal year included the following:

- Middle Fork control & Monitoring System Modifications \$436 thousand
- Sewer Rehab Phase 4 \$558 thousand
- HUD/CDBG Grant Projects \$2.6 million

Long-term liabilities decreased due to:

- 1) OPEB Plan change affected the Wastewater Fund by \$2.5 million
- 2) OPEB Plan contributions from 2018 reduced the OPEB liability by \$1.1 million
- 3) Bond principal payments totaled \$1.5 million.

Table 1 indicates that 94.9% of the Fund's net position was related to capital assets, which includes land and easements, structures and improvements, infrastructure, and equipment, net of related debt.



## FINANCIAL ANALYSIS - WASTEWATER FUND (Continued)

The following table summarizes the variances in the Statement of Revenues, Expenses and Changes in Net Position between fiscal years 2019 and 2018:

Table 2  
**CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Amount	%
Operating revenues	\$ 19,646,948	\$ 19,288,259	\$ 358,689	1.86%
Non-operating revenues	349,846	637,481	(287,635)	-45.12%
Contributions	4,014,044	1,538,982	2,475,062	160.82%
Total revenues	<u>24,010,838</u>	<u>21,464,722</u>	<u>2,546,116</u>	11.86%
Operations expense	12,523,762	14,047,224	(1,523,462)	-10.85%
Non-operating expenses	1,027,743	1,453,115	(425,372)	-29.27%
Total expenses	<u>13,551,505</u>	<u>15,500,339</u>	<u>(1,948,834)</u>	-12.57%
Change in net position	10,459,333	5,964,383	4,494,950	75.36%
Beginning net position	81,568,819	83,551,839	(1,983,020)	-2.37%
Prior period adjustment	184,972	(7,947,403)	8,132,375	
Ending net position	<u>\$ 92,213,124</u>	<u>\$ 81,568,819</u>	<u>\$ 10,644,305</u>	13.05%

Contributions related to grants increased from \$930 thousand in 2018 to \$2.2 million in 2019. Grants received include:

- 1) CDBG - \$2.1 million
- 2) SRF - \$118 thousand

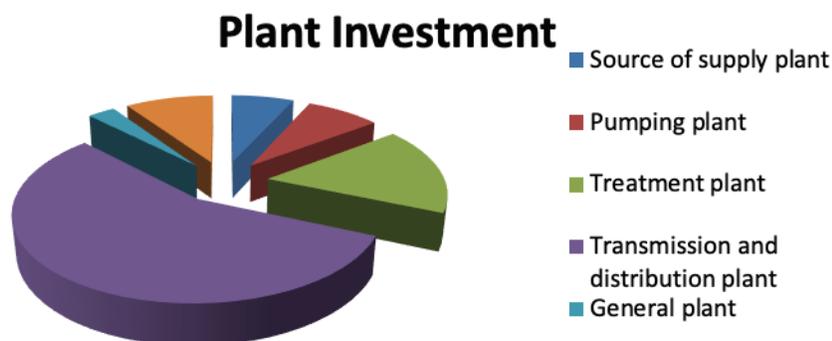
The decrease in Operating Expenses was due primarily to a reduction in OPEB expense of \$1.8 million, resulting from Plan changes.

With the adoption of GASB 75 in 2018, a restatement of beginning net position was necessary to record the OPEB liability. The need to record prior year retiree medical costs as Deferred Outflows - Contributions Subsequent to the Measurement Date also resulted in a prior period adjustment for 2019.

## CAPITAL ASSETS AND DEBT ADMINISTRATION - WASTEWATER FUND

### Capital Assets

The following chart summarizes the Fund's capital assets, net of accumulated depreciation, for the year ended June 30, 2019. Changes to capital assets are presented in greater detail in Note 3D to the financial statements. This investment in capital assets provides the plant and infrastructure to collect, treat and dispose of wastewater.





## **CAPITAL ASSETS AND DEBT ADMINISTRATION – WASTEWATER FUND (Continued)**

### **Debt Administration**

The Fund has outstanding Revenue Bonds and Notes Payable of \$21,595,000 and \$18,392,123, respectively, as of June 30, 2019. Principal payments in the amount of \$2,408,192 are due in the upcoming fiscal year with interest payments totaling approximately \$995,997 on the Revenue Bonds and the Notes Payable. As of June 30, 2019, the debt service restricted assets total \$2,110,646 for the 2012 and 2017 bond issues and the State Revolving Fund notes payable. Details relating to the outstanding debt can be found in Note 3E.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - WASTEWATER FUND**

Highlights from the Fund's FY 2020 budget include:

- Sales projections of \$19,338,000
- No projected rate increase
- Customer projections of 29,640
- O&M projected expenditures of \$11,047,000
- Capital expenditure projections of \$12,461,000
- No additional bond issues are projected
- State Revolving Fund loans are projected to provide \$2,795,000 in funding
- Principal forgiveness and grant funds of \$5,319,000 are projected
- Bond Debt Service Coverage Ratio of 2.53 will meet all bond compliance tests

The Fund will continue to monitor potential growth areas and seek additional state funding opportunities. Future plans are to continue focusing on rehabilitation projects. Disposal of biosolids from the Miller Avenue Wastewater Treatment Plant is a continuing concern and challenge.

### **FINANCIAL HIGHLIGHTS - TELECOMMUNICATIONS FUND**

The following are key financial highlights.

- Total assets and deferred outflows of resources at year-end were \$66.7 million and exceeded liabilities by \$13.2 million (i.e. net position).
- Net position decreased by \$4.6 million.
- Unrestricted net position increased by \$620 thousand.
- Operating revenues were \$32.4 million, virtually unchanged from 2018.
- Operating expenses were \$26.9 million, virtually unchanged from 2018.



## FINANCIAL ANALYSIS - TELECOMMUNICATIONS FUND

The table below focuses on the Fund's net position and the changes in net position during 2019.

Table 1  
CONDENSED STATEMENT OF NET POSITION

	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Amount	%
Current and other assets	\$ 15,851,983	\$ 17,929,073	\$ (2,077,090)	-11.59%
Capital assets	43,069,967	43,653,981	(584,014)	-1.34%
Total assets	58,921,950	61,583,054	(2,661,104)	-4.32%
Deferred outflows of resources	7,740,995	7,716,940	24,055	0.31%
Long-term liabilities	46,233,819	53,924,373	(7,690,554)	-14.26%
Other liabilities	6,771,741	6,692,982	78,759	1.18%
Total liabilities	53,005,560	60,617,355	(7,611,795)	-12.56%
Deferred inflows of resources	418,198	-	418,198	
Net position:				
Net investment in capital assets	9,643,602	5,928,153	3,715,449	62.67%
Restricted for debt service	6,797,211	6,576,199	221,012	3.36%
Unrestricted	(3,201,626)	(3,821,713)	620,087	-16.23%
Total net position	\$ 13,239,187	\$ 8,682,639	\$ 4,556,548	52.48%

Current and other assets decreased mainly due to a \$1.2 million decline in cash and cash equivalents. See page 28 for an analysis of the changes in cash.

Major capital expenditures during the fiscal year included the following:

- Adtran Power and Telephone equipment \$1.2 million
- Purchase CISCO Core Network Switches \$296 thousand
- Purchase Adaptive Bit Rate Encoding Equipment \$363 thousand

Long-term liabilities decreased due to:

- 1) OPEB liability reduced by \$2.8 million due to Plan changes
- 2) 2018 OPEB Trust contributions were \$1.2 million
- 3) Bond principal payment made in 2019 was \$4.3 million

Table 1 indicates that 72.8% of the Fund's net position was related to capital assets, which includes land and easements, structures and improvements, infrastructure, and equipment, net of related debt.



## FINANCIAL ANALYSIS - TELECOMMUNICATIONS FUND (Continued)

The following table summarizes the variances in the Statement of Revenues, Expenses and Changes in Net Position between fiscal years 2019 and 2018:

Table 2  
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

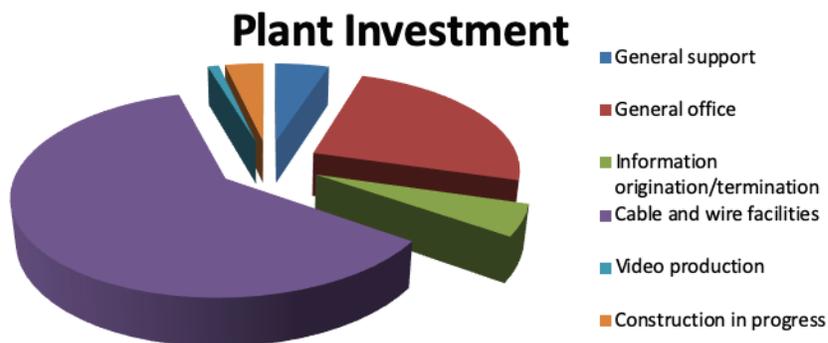
	June 30, 2019	June 30, 2018	Increase (Decrease)	
			Amount	%
Operating revenues	\$ 32,416,014	\$ 32,406,988	\$ 9,026	0.03%
Non-operating revenues	191,096	174,717	16,379	9.37%
Contributions	348,844	22,863	325,981	1425.80%
<b>Total revenues</b>	<b>32,955,954</b>	<b>32,604,568</b>	<b>351,386</b>	<b>1.08%</b>
Operating expenses	26,948,200	26,946,531	1,669	0.01%
Non-operating expenses	1,638,892	1,693,379	(54,487)	-3.22%
<b>Total expenses</b>	<b>28,587,092</b>	<b>28,639,910</b>	<b>(52,818)</b>	<b>-0.18%</b>
Change in net position	4,368,862	3,964,658	404,204	10.20%
Beginning net position	8,682,639	11,742,915	(3,060,276)	-26.06%
Prior period adjustment	187,686	(7,024,934)	7,212,620	
<b>Ending net position</b>	<b>\$ 13,239,187</b>	<b>\$ 8,682,639</b>	<b>\$ 4,556,548</b>	<b>52.48%</b>

With the adoption of GASB 75 in 2018, a restatement of beginning net position was necessary to record the OPEB liability. The need to record prior year retiree medical costs as Deferred Outflows - Contributions Subsequent to the Measurement Date also resulted in a prior period adjustment for 2019.

## CAPITAL ASSETS AND DEBT ADMINISTRATION - TELECOMMUNICATIONS FUND

### Capital Assets

The following chart summarizes the Fund's capital assets, net of accumulated depreciation, for the year ended June 30, 2019. The changes are presented in detail in Note 3D to the financial statements. This investment in capital assets provides the infrastructure necessary to distribute telecommunication service to customers and to expand the system with customer growth.



### Debt Administration

The Fund has outstanding Revenue Bonds of \$33,565,000 as of June 30, 2019. The Fund has a note payable to the Electric Fund in the amount of \$5,500,000. Bond principal payments are due in the upcoming fiscal year in the amount of \$4,415,000 along with interest payments totaling \$1,006,215. As of June 30, 2019, debt service restricted assets total \$7,056,946 for the 2013 bond issues. Details relating to the outstanding debt can be found in Note 3E.



## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - TELECOMMUNICATIONS FUND

Highlights from the Fund's FY 2020 budget include:

- Sales projections of \$32,181,000
- Cost of services projections of \$12,361,000
- A projected rate increase of 7.6% for Cable only, due primarily to retransmission agreement increases from broadcasters
- Customer projections of 19,538 in total customers by the end of FY 2020
- O&M projected expenditures of \$9,878,000
- Capital expenditures of \$4,283,000
- No additional bond issues are projected
- Bond Debt Service Coverage Ratio of 1.77 will meet all bond compliance tests.

Expansion of the Fund's service area through commercial growth and agreements with other electric utilities to provide wholesale telecommunications services is ongoing. Potential state funding to increase public service availability options is being pursued. Marketing of extensive bandwidth capacity to support ever-changing and new applications is critical to maintaining and growing market share. The Fund will always face competitive challenges from other providers. Pressure from rising retransmission costs and the demand for new technology and additional services will continue to put pressure on the System to maintain competitive rates.

### CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances for those with an interest in the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning any information provided in this report or requests for any additional information should be directed to the Senior Vice President and Chief Financial Officer.



**JACKSON ENERGY AUTHORITY**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2019**

	ELECTRIC FUND	GAS FUND	WATER FUND	WASTE- WATER FUND	TELECOMM- UNICATIONS FUND	ELIMINATING ENTRIES	TOTAL
<b>ASSETS</b>							
<b>Current assets:</b>							
Cash and cash equivalents on deposit	\$ 37,925,233	\$ 22,880,120	\$ 10,134,471	\$ 10,103,943	\$ 3,767,415	\$ -	\$ 84,811,182
Temporary investments	8,778,003	6,371,290	2,560,679	3,034,816	-	-	20,744,788
Accounts receivable (net of allowance for uncollectibles)	12,847,562	1,090,021	1,469,525	1,652,425	2,731,104	-	19,790,637
Grants receivable	-	-	-	1,132,788	-	-	1,132,788
Accrued interest receivable	74,461	-	14,993	42,703	37,755	-	169,912
Materials and supplies	1,725,861	1,579,620	658,964	233,641	827,662	-	5,025,748
Prepayments and other current assets	4,967,591	197,379	168,265	(145,891)	545,865	-	5,733,209
Total current assets	<u>66,318,711</u>	<u>32,118,430</u>	<u>15,006,897</u>	<u>16,054,425</u>	<u>7,909,801</u>	<u>-</u>	<u>137,408,264</u>
<b>Noncurrent assets:</b>							
Restricted cash, cash equivalents, and investments:							
Debt service fund - cash and cash equivalents	676,293	145,672	1,124,878	2,110,646	7,056,946	-	11,114,435
Total restricted assets	<u>676,293</u>	<u>145,672</u>	<u>1,124,878</u>	<u>2,110,646</u>	<u>7,056,946</u>	<u>-</u>	<u>11,114,435</u>
Other assets:							
Investment - The Tennergy Corporation	-	5,352,525	-	-	-	-	5,352,525
Investment - Central Services Association	7,876	6,921	5,250	3,818	-	-	23,865
Retainage account	-	310,847	-	-	-	-	310,847
Long-term notes receivable - interfund	5,500,000	-	-	-	-	(5,500,000)	-
Unrecovered purchased gas cost	-	901,725	-	-	-	-	901,725
Intellectual Property	-	-	-	2,561,116	-	-	2,561,116
Regulatory assets:							
Unamortized bond issuance costs	134,707	143,436	96,829	195,962	114,440	-	685,374
Unamortized expenditures (net of accumulated amortization of \$1,942,895 at June 30, 2018)	-	-	-	-	770,796	-	770,796
Total other assets	<u>5,642,583</u>	<u>6,715,454</u>	<u>102,079</u>	<u>2,760,896</u>	<u>885,236</u>	<u>(5,500,000)</u>	<u>10,606,248</u>
Capital assets:							
Plant in service and equipment - at cost	244,448,723	153,596,114	149,200,698	190,743,190	82,836,613	-	820,825,338
Add: Unamortized acquisition adjustment	1,149,949	-	-	-	-	-	1,149,949
Less: Accumulated depreciation	<u>111,789,970</u>	<u>62,086,081</u>	<u>47,431,172</u>	<u>75,027,702</u>	<u>41,295,820</u>	<u>-</u>	<u>337,630,745</u>
Net plant in service and equipment - at cost	133,808,702	91,510,033	101,769,526	115,715,488	41,540,793	-	484,344,542
Construction in progress at cost	<u>2,600,832</u>	<u>1,991,451</u>	<u>2,254,353</u>	<u>12,201,290</u>	<u>1,529,174</u>	<u>-</u>	<u>20,577,100</u>
Total capital assets (net of accumulated depreciation)	<u>136,409,534</u>	<u>93,501,484</u>	<u>104,023,879</u>	<u>127,916,778</u>	<u>43,069,967</u>	<u>-</u>	<u>504,921,642</u>
Total noncurrent assets	<u>142,728,410</u>	<u>100,362,610</u>	<u>105,250,836</u>	<u>132,788,320</u>	<u>51,012,149</u>	<u>(5,500,000)</u>	<u>526,642,325</u>
<b>Total assets</b>	<u>\$ 209,047,121</u>	<u>\$ 132,481,040</u>	<u>\$ 120,257,733</u>	<u>\$ 148,842,745</u>	<u>\$ 58,921,950</u>	<u>\$ (5,500,000)</u>	<u>\$ 664,050,589</u>
<b>Deferred outflows of resources</b>							
Deferred outflows related to pension and Other Post Employment Benefits							
Contributions subsequent to measurement date	\$ 4,419,200	\$ 3,225,034	\$ 2,565,848	\$ 2,583,426	\$ 2,526,066	\$ -	\$ 15,319,574
Difference between expected and actual experience	1,401,034	897,749	708,196	715,876	742,319	-	4,465,174
Assumption changes	2,702,485	2,010,786	1,395,126	1,397,120	1,377,370	-	8,882,887
Net difference between expected and actual earnings in plan investments	2,018,669	1,545,060	949,634	961,595	954,471	-	6,429,429
Unamortized debt refunding differences	<u>679,814</u>	<u>161,467</u>	<u>1,065,333</u>	<u>518,621</u>	<u>2,140,769</u>	<u>-</u>	<u>4,566,004</u>
Total deferred outflows of resources	<u>\$ 11,221,202</u>	<u>\$ 7,840,096</u>	<u>\$ 6,684,137</u>	<u>\$ 6,176,638</u>	<u>\$ 7,740,995</u>	<u>\$ -</u>	<u>\$ 39,663,068</u>

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



**JACKSON ENERGY AUTHORITY**  
**STATEMENT OF NET POSITION (Continued)**  
**AS OF JUNE 30, 2019**

	ELECTRIC FUND	GAS FUND	WATER FUND	WASTEWATER FUND	TELECOMM- UNICATIONS FUND	ELIMINATING ENTRIES	TOTAL
<b>LIABILITIES</b>							
<b>Current liabilities:</b>							
Current portion of long-term notes payable	\$ 1,090,949	\$ -	\$ -	\$ 944,494	\$ -	\$ -	\$ 2,035,443
Accounts payable	21,518,664	1,949,345	432,414	1,739,468	1,262,428	-	26,902,319
Other accounts payable and accrued expense	1,041,626	444,257	199,780	116,171	855,116	-	2,656,950
Gas supply imbalances	-	15,327	-	-	-	-	15,327
Total current liabilities	<u>23,651,239</u>	<u>2,408,929</u>	<u>632,194</u>	<u>2,800,133</u>	<u>2,117,544</u>	-	<u>31,610,039</u>
<b>Current liabilities payable from restricted assets:</b>							
Accrued revenue bond interest	233,079	63,557	56,563	71,879	259,735	-	684,813
Current maturities of long-term debt (net of discount of \$63,972 plus premiums of \$1,004,400 for the year ended June 30, 2019)	<u>2,763,433</u>	<u>979,546</u>	<u>2,133,223</u>	<u>1,724,763</u>	<u>4,394,462</u>	-	<u>11,995,427</u>
Total current liabilities payable from restricted assets	<u>2,996,512</u>	<u>1,043,103</u>	<u>2,189,786</u>	<u>1,796,642</u>	<u>4,654,197</u>	-	<u>12,680,240</u>
<b>Noncurrent liabilities:</b>							
Notes payable (net of current portion)	1,299,507	-	-	17,447,628	-	-	18,747,135
OPEB liability	10,752,809	8,851,761	6,743,413	7,112,899	5,593,001	-	39,053,883
Net pension liability	19,866,635	10,431,211	12,263,280	12,218,251	5,232,631	-	60,012,008
Compensated absences	1,205,494	907,469	761,406	713,588	543,894	-	4,131,851
Notes payable- interfund	-	-	-	-	5,500,000	(5,500,000)	-
Bonds payable (less current maturities, net of discount of \$518,814 and net premiums of \$4,303,729 for the year ended June 30, 2019)	<u>32,208,207</u>	<u>19,654,639</u>	<u>12,723,097</u>	<u>20,246,968</u>	<u>29,031,903</u>	-	<u>113,864,814</u>
Customer deposits	-	5,977,252	39,950	-	332,390	-	6,349,592
Total noncurrent liabilities	<u>65,332,652</u>	<u>45,822,332</u>	<u>32,531,146</u>	<u>57,739,334</u>	<u>46,233,819</u>	<u>(5,500,000)</u>	<u>242,159,283</u>
<b>Total liabilities</b>	<u>\$ 91,980,403</u>	<u>\$ 49,274,364</u>	<u>\$ 35,353,126</u>	<u>\$ 62,336,109</u>	<u>\$ 53,005,560</u>	<u>\$(5,500,000)</u>	<u>\$ 286,449,562</u>
<b>Deferred inflows of resources</b>							
Deferred inflows related to pension and other post-employment benefits							
Difference between expected and actual experience	118,618	94,141	68,434	62,084	55,218	-	398,495
Assumption changes	<u>779,707</u>	<u>546,635</u>	<u>449,841</u>	<u>408,066</u>	<u>362,980</u>	-	<u>2,547,229</u>
Total deferred inflows of resources	<u>\$ 898,325</u>	<u>\$ 640,776</u>	<u>\$ 518,275</u>	<u>\$ 470,150</u>	<u>\$ 418,198</u>	\$ -	<u>\$ 2,945,724</u>
<b>NET POSITION</b>							
Net investment in capital assets	\$ 99,047,444	\$ 72,867,299	\$ 89,167,558	\$ 87,552,924	\$ 9,643,602	\$ -	\$ 358,278,827
Restricted for debt service	443,214	82,115	1,181,441	2,038,767	6,797,211	-	10,542,748
Restricted for other	768,003	-	-	-	-	-	768,003
Unrestricted	<u>27,130,934</u>	<u>17,456,582</u>	<u>721,470</u>	<u>2,621,433</u>	<u>(3,201,626)</u>	-	<u>44,728,793</u>
<b>Total net position</b>	<u>\$ 127,389,595</u>	<u>\$ 90,405,996</u>	<u>\$ 91,070,469</u>	<u>\$ 92,213,124</u>	<u>\$ 13,239,187</u>	\$ -	<u>\$ 414,318,371</u>

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



**JACKSON ENERGY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	ELECTRIC FUND	GAS FUND	WATER FUND	WASTE- WATER FUND	TELECOMM- UNICATIONS FUND	TOTAL
<b>Operating revenues:</b>						
Charges for sales and services	\$ 142,205,925	\$ 37,042,614	\$ 17,691,323	\$19,646,948	\$ 32,416,014	\$249,002,824
Other revenue	5,270,468	-	-	-	-	5,270,468
Total operating revenues	<u>147,476,393</u>	<u>37,042,614</u>	<u>17,691,323</u>	<u>19,646,948</u>	<u>32,416,014</u>	<u>254,273,292</u>
<b>Operating expenses:</b>						
Cost of sales and services	114,691,396	16,675,343	-	-	12,191,409	143,558,148
Operations expense	6,268,704	5,262,794	5,521,062	5,683,119	7,241,067	29,976,746
Maintenance expense	3,219,904	1,163,469	1,713,955	1,999,461	-	8,096,789
Provision for depreciation	8,737,136	4,553,076	3,226,870	4,133,412	6,046,142	26,696,636
Amortization	397,737	-	-	256,112	-	653,849
Payroll taxes	394,530	289,408	267,998	253,787	260,696	1,466,419
Other taxes	-	-	-	-	745,438	745,438
Payment in lieu of taxes	4,496,934	1,538,750	182,308	197,871	463,448	6,879,311
Total operating expenses	<u>138,206,341</u>	<u>29,482,840</u>	<u>10,912,193</u>	<u>12,523,762</u>	<u>26,948,200</u>	<u>218,073,336</u>
Operating income (loss)	<u>9,270,052</u>	<u>7,559,774</u>	<u>6,779,130</u>	<u>7,123,186</u>	<u>5,467,814</u>	<u>36,199,956</u>
<b>Nonoperating revenues (expenses):</b>						
Interest and other income	1,191,950	1,233,440	345,998	349,846	191,096	3,312,330
Interest, amortization, and other expense	(1,248,243)	(655,680)	(508,660)	(1,021,381)	(1,613,665)	(5,047,629)
Gain (loss) on disposition of capital assets	12,495	17,786	9,068	(6,362)	(25,227)	7,760
Total nonoperating revenues (expenses)	<u>(43,798)</u>	<u>595,546</u>	<u>(153,594)</u>	<u>(677,897)</u>	<u>(1,447,796)</u>	<u>(1,727,539)</u>
<b>Contributions</b>						
Capital contributions	523,656	131,241	701,681	4,014,044	348,844	5,719,466
<b>Change in net position</b>	9,749,910	8,286,561	7,327,217	10,459,333	4,368,862	40,191,883
<b>Total net position - beginning</b>	<u>116,657,492</u>	<u>82,031,926</u>	<u>83,283,707</u>	<u>81,568,819</u>	<u>8,682,639</u>	<u>372,224,583</u>
Prior period adjustment	982,193	87,509	459,545	184,972	187,686	1,901,905
<b>Total net position - beginning (restated)</b>	<u>117,639,685</u>	<u>82,119,435</u>	<u>83,743,252</u>	<u>81,753,791</u>	<u>8,870,325</u>	<u>374,126,488</u>
<b>Total net position - ending</b>	<u>\$ 127,389,595</u>	<u>\$ 90,405,996</u>	<u>\$ 91,070,469</u>	<u>\$92,213,124</u>	<u>\$ 13,239,187</u>	<u>\$414,318,371</u>

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



**JACKSON ENERGY AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>ELECTRIC FUND</b>	<b>GAS FUND</b>	<b>WATER FUND</b>	<b>WASTE- WATER FUND</b>	<b>TELECOMM- UNICATIONS FUND</b>	<b>TOTAL</b>
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$148,373,680	\$37,456,359	\$18,130,911	\$20,063,264	\$32,171,083	\$256,195,297
Payments to suppliers	(123,076,746)	(21,841,192)	(5,810,996)	(6,625,417)	(17,008,526)	(174,362,877)
Payments to employees	(7,608,337)	(5,655,477)	(4,549,733)	(4,412,946)	(4,202,954)	(26,429,447)
Payment of taxes and in lieu of taxes	(4,891,464)	(1,828,158)	(450,306)	(451,658)	(1,469,582)	(9,091,168)
<b>Net cash provided (used) by operating activities</b>	<u>12,797,133</u>	<u>8,131,532</u>	<u>7,319,876</u>	<u>8,573,243</u>	<u>9,490,021</u>	<u>46,311,805</u>
<b>Cash flows from capital and related financing activities</b>						
Construction and acquisition of plant	(6,657,435)	(3,366,971)	(4,840,240)	(7,538,116)	(5,873,109)	(28,275,871)
Other plant activity including removal cost and salvage	(356,368)	(280,634)	(73,263)	(25,661)	288,311	(447,615)
Contributions in aid	523,656	131,241	701,681	2,881,256	348,844	4,586,678
Principal paid on bonds	(2,355,000)	(810,000)	(1,710,000)	(1,485,000)	(4,320,000)	(10,680,000)
Loan proceeds	-	-	-	1,891,909	-	1,891,909
Principal paid on notes	(1,090,949)	-	-	(935,356)	-	(2,026,305)
Interest expense	(1,485,981)	(786,975)	(720,403)	(1,054,177)	(1,283,643)	(5,331,179)
<b>Net cash provided (used) by capital and relating financing activities</b>	<u>(11,422,077)</u>	<u>(5,113,339)</u>	<u>(6,642,225)</u>	<u>(6,265,145)</u>	<u>(10,839,597)</u>	<u>(40,282,383)</u>
<b>Cash flows from investing activities:</b>						
Net (purchase) reduction of investments	1,800,248	(2,464,972)	(728,899)	(1,813,117)	-	(3,206,740)
Interest earned	1,177,622	446,979	341,599	325,080	163,677	2,454,957
Income (loss) from investments	-	717,310	-	-	16,311	733,621
<b>Net cash provided (used) by investing activities</b>	<u>2,977,870</u>	<u>(1,300,683)</u>	<u>(387,300)</u>	<u>(1,488,037)</u>	<u>179,988</u>	<u>(18,162)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	4,352,926	1,717,510	290,351	820,061	(1,169,588)	6,011,260
<b>Cash and cash equivalents - beginning of year</b>	<u>34,248,600</u>	<u>21,308,282</u>	<u>10,968,998</u>	<u>11,394,528</u>	<u>11,993,949</u>	<u>89,914,357</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 38,601,526</u>	<u>\$23,025,792</u>	<u>\$ 11,259,349</u>	<u>\$12,214,589</u>	<u>\$ 10,824,361</u>	<u>\$ 95,925,617</u>

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



**JACKSON ENERGY AUTHORITY**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	ELECTRIC FUND	GAS FUND	WATER FUND	WASTE- WATER FUND	TELECOMM- UNICATIONS FUND	TOTAL
<b>Cash and cash equivalents:</b>						
Unrestricted cash and cash equivalents on deposit	\$ 37,925,233	\$22,880,120	\$10,134,471	\$10,103,943	\$ 3,767,415	\$84,811,182
Debt service fund - cash and cash equivalents	<u>676,293</u>	<u>145,672</u>	<u>1,124,878</u>	<u>2,110,646</u>	<u>7,056,946</u>	<u>11,114,435</u>
<b>Total cash and cash equivalents</b>	<u>\$ 38,601,526</u>	<u>\$23,025,792</u>	<u>\$11,259,349</u>	<u>\$12,214,589</u>	<u>\$ 10,824,361</u>	<u>\$95,925,617</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 9,270,052	\$7,559,774	\$ 6,779,130	\$ 7,123,186	\$ 5,467,814	\$36,199,956
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	8,737,136	4,553,076	3,226,870	4,133,412	6,046,142	26,696,636
Amortization	397,737	-	-	256,112	-	653,849
Depreciation charged to transportation clearing	807,959	588,152	533,744	365,471	97,443	2,392,769
(Increase) decrease in accounts receivable	882,833	(109,615)	(92,491)	(61,547)	(244,932)	374,248
(Increase) decrease in materials and supplies	(383,036)	(219,736)	(85,984)	(40,696)	852,439	122,987
(Increase) decrease in prepayments and other current assets	101,654	30,439	43,709	57,204	144,935	377,941
(Increase) decrease in other assets	(1,070,841)	6,874,551	(292,037)	13,284	(198,856)	5,326,101
Increase (decrease) unrecovered purchased gas cost	-	(56,768)	-	-	-	(56,768)
Increase (decrease) in accounts payable	(1,525,823)	(204,396)	45,004	(206,965)	(95,969)	(1,988,149)
Increase (decrease) in other accounts payable and accrued expenses	(21,301)	(10,034)	6,834	37,270	104,349	117,118
Increase (decrease) in other noncurrent liabilities	(5,381,430)	(11,227,977)	(3,309,737)	(3,288,460)	(2,868,163)	(26,075,767)
Increase (decrease) in customer deposits	-	266,557	5,289	-	(2,867)	268,979
Restatement of beginning net position	<u>982,193</u>	<u>87,509</u>	<u>459,545</u>	<u>184,972</u>	<u>187,686</u>	<u>1,901,905</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 12,797,133</u>	<u>\$ 8,131,532</u>	<u>\$ 7319,876</u>	<u>\$ 8,573,243</u>	<u>\$ 9,490,021</u>	<u>\$43,311,805</u>
<b>Non-cash disclosure:</b>						
Contributed capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 458,2583</u>	<u>\$ 640,850</u>	<u>\$ -</u>	<u>\$ 1,099,108</u>

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



**JACKSON ENERGY AUTHORITY  
OPEB PLAN  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2019**

**ASSETS**

Investments:

Equity mutual funds	\$ 21,761,517
Mutual funds - fixed income	14,359,572
Money market funds	925,337
Accrued income	<u>33,403</u>
Total investments	<u>37,079,829</u>

**Net assets available for benefits** \$ 37,079,829

**LIABILITIES AND NET POSITION**

**LIABILITIES - Due to Health and Welfare Benefits Plan** \$ 215,340

**Net position restricted for OPEB benefits** \$ 36,864,489

The accompanying notes are an integral part of the financial statements.



**JACKSON ENERGY AUTHORITY**  
**OPEB PLAN**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**AS OF JUNE 30, 2019**

**Additions**

Contributions	
Employer	\$ 6,846,016
Investment income	
Interest and dividends	849,777
Realized (losses)/gains	14,895
Unrealized (losses)/gains	<u>2,037,173</u>
Net investment income	<u>2,901,845</u>
Other income	
Investment received in-kind	<u>-</u>
Net investment income	<u>-</u>
Total additions	<u>9,747,861</u>

**Deductions**

Investment management fees	76,178
Trustee/Custody fees	19,280
Benefits	2,793,857
Actuarial Fees	<u>26,075</u>
Total deductions	<u>2,915,390</u>

<b>Net increase in fiduciary net position</b>	6,832,471
Net position restricted for OPEB benefits, beginning of year	<u>30,032,018</u>
Net position restricted for OPEB benefits, end of year	<u>\$ 36,864,489</u>

The accompanying notes are an integral part of the financial statements.



**JACKSON ENERGY AUTHORITY  
RETIREMENT PLAN  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2019**

**ASSETS**

Investments:

Equity mutual funds	\$ 76,627,407
Fixed income mutual funds	44,664,945
Contracts and annuities	6,736,883
Money market funds	<u>1,234,960</u>
Total investments	<u>132,264,195</u>

Accrued income	<u>71,198</u>
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<b>Net assets available for benefits</b>	<b><u>\$ 132,335,393</u></b>
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**LIABILITIES AND NET POSITION**

<b>LIABILITIES</b>	<b><u>\$ -</u></b>
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<b>Net position restricted for pension benefits</b>	<b><u>\$ 132,335,393</u></b>
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The accompanying notes are an integral part of the financial statements.



**JACKSON ENERGY AUTHORITY  
RETIREMENT PLAN  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019**

**Additions**

Contributions

Employer and employee \$ 9,062,675

Investment income

Interest income 3,250,123

Realized (losses)/gains 89,489

Unrealized (losses)/gains 5,472,393

Net investment income 8,812,005

Total additions 17,874,680

**Deductions**

Benefits payments 8,666,759

Investment management fees 396,456

Trustee/Custody fees 70,323

Other fees and expenses 31,603

Total deductions 9,165,141

**Net increase in fiduciary net position** 8,709,539

Net position restricted for pension benefits, beginning of year 123,625,854

Net position restricted for pension benefits, end of year \$ 132,335,393



**JACKSON ENERGY AUTHORITY  
HEALTH AND WELFARE BENEFITS PLAN  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2019**

**ASSETS**

Cash and cash equivalents	\$ 8,576,052
Due from OPEB Trust	215,340
Accrued interest	<u>42,0107</u>

**Net assets available for benefits** \$ 8,833,499

**LIABILITIES AND NET POSITION**

**LIABILITIES** \$ -

**Net position restricted for health benefits** \$ 8,833,499

The accompanying notes are an integral part of the financial statements.



**JACKSON ENERGY AUTHORITY  
HEALTH AND WELFARE BENEFITS PLAN  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019**

**Additions**

Contributions		
Employer and employee	\$	4,022,532
Investment income		
Interest and dividends		178,007
Interest income		<u>90,162</u>
Net investment income		<u>268,169</u>
Total additions		<u>4,290,701</u>

**Deductions**

Benefit payments		4,046,901
Other fees and expenses		<u>1,548</u>
Total deductions		<u>4,048,449</u>
<b>Net increase in fiduciary net position</b>		242,252
Net position restricted for health benefits, beginning of year		<u>8,591,247</u>
Net position restricted for health benefits, end of year	\$	<u><u>8,833,499</u></u>

The accompanying notes are an integral part of the financial statements.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
JUNE 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Jackson Energy Authority (Authority) was formed July 1, 2001, pursuant to Chapter No. 55 of the Private Acts, 2001 cited as the Jackson Energy Authority Act and, as such, is a political subdivision of the State of Tennessee. The legislation creating the Authority amended the acts that established the Jackson Utility Division. The Authority was created as a separate legal entity for the purpose of planning, acquiring, constructing, improving, furnishing, equipping, financing, owning, operating, and maintaining electric, gas, water, wastewater, and telecommunications utility systems within or outside the corporate limits of the City of Jackson, Tennessee; and other such utility systems, such as a municipal water, wastewater, gas, telecommunications, or electric utility as authorized by the general laws of the State of Tennessee to own or operate. Upon creation of the Authority, the City of Jackson was authorized to transfer to the Authority all its rights, title and interest in and to all assets operated for the City by Jackson Utility Division. The accompanying financial statements present the financial position, results of operations and cash flows of Jackson Energy Authority as of and for the period ended June 30, 2019.

The Authority is reported as a discretely presented component unit in the financial statements of the City of Jackson, Tennessee. This presentation is required due to the City's guarantee of bonds issued by the telecommunications fund.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Authority's proprietary fund types and fiduciary funds are reported using the economic resources measurement focus and the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies of the Authority conform to applicable accounting principles generally accepted in the United States of America as defined in by the Governmental Accounting Standards Board (GASB).

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the enterprise fund's principal ongoing operations. The principal operating revenues of the Authority are charges for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Authority reports the electric, gas, water, wastewater, and telecommunication funds as major proprietary funds. Each fund provides distribution services for their respective operations as described below:

**Electric System Fund** – The Electric System Fund was created to acquire, construct, improve, furnish, equip, finance, own, operate, and maintain within or outside the corporate limits of the City of Jackson, a system for the furnishing of electrical service and to provide electric service to any person, governmental entity, or other user or consumer of electrical services.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Gas System Fund** – The Gas System Fund was created to acquire, construct, improve, furnish, equip, finance, own, operate, and maintain within or outside the corporate limits of the City of Jackson, a system for the furnishing of gas and related products and to provide gas service to any person, governmental entity, or other user or consumer of gas services.

**Water System Fund** – The Water System Fund was created to acquire, construct, improve, furnish, equip, finance, own, operate, and maintain within or outside the corporate limits of the City of Jackson, a system for the furnishing of water and related products and to provide water service to any person, governmental entity, or other user or consumer of water services.

**Wastewater System Fund** – The Wastewater System Fund was created to acquire, construct, improve, furnish, equip, finance, own, operate, and maintain within or outside the corporate limits of the City of Jackson, a system for the furnishing of wastewater and related services and to provide wastewater service to any person, governmental entity, or other user or consumer of wastewater services.

**Telecommunication System Fund** – The Telecommunication System Fund was created to acquire, construct, improve, furnish, equip, finance, own, operate, and maintain within or outside the corporate limits of the City of Jackson, a system for the furnishing of telecommunications and related services and to provide telecommunications service for any person, governmental entity, or other user or consumer of telecommunication services.

The Authority reports the Jackson Energy Authority OPEB Plan Fund, the Jackson Energy Authority Retirement Fund and the Health and Welfare Benefits Fund as major fiduciary funds. Each fund provides post-employment compensation as well as current health benefits as outlined below:

**Jackson Energy Authority OPEB Plan Fund** - The Jackson Energy Authority OPEB Plan Fund was established to allow Jackson Energy Authority to fund post-employment benefits associated with retiree health and life insurance.

**Jackson Energy Authority Retirement Plan Fund** – The Jackson Energy Authority Retirement Plan Fund was established to allow Jackson Energy Authority to fund post-employment retirement compensation for full-time employees hired prior to January 1, 2014.

**Health and Welfare Benefits Fund** - The Health and Welfare Benefits Fund was established to allow Jackson Energy Authority to fund benefits associated with employee and retiree health costs.

**C. Assets, Liabilities, and Net Position**

***Deposits and Investments***

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Authority restricts its investments to the types of investments authorized by the State of Tennessee.

The Public Act creating the Authority authorizes the following investments:

- (1) Direct obligations of the United States government or any of its agencies;
- (2) Obligations guaranteed as to principal and interest by the United States government or any of its agencies;



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities, and Net Position (Continued)**

***Deposits and Investments (Continued)***

- (3) Certificates of deposit and other evidences of deposit at state- and federally-chartered banks, savings and loan institutions or savings banks deposited and collateralized;
- (4) Repurchase agreements entered into with the United States or its agencies or with any bank, broker-dealer, or other such entity so long as the obligation of the obligated party is secured by perfected pledge of full faith and credit obligations of the United States or its agencies;
- (5) Guaranteed investment contracts or similar agreements providing for a specified rate of return over a specified period of time with entities rated in one of the two highest rating categories of a nationally recognized rating agency;
- (6) The local government investment pool;
- (7) Direct general obligations of a state of the United States, or a political subdivision or instrumentality thereof, having general taxing powers and rated in either of the two highest rating categories by a nationally recognized rating agency of such obligations; or
- (8) Obligations of any state of the United States or a political subdivision or instrumentality thereof, secured solely by revenues received by, or on behalf of, the state or political subdivision or instrumentality thereof irrevocably pledged to the payment of the principal and interest of such obligations, rated in either of the two highest rating categories by a nationally recognized rating agency of such obligations.

Investments in all fiduciary funds are recorded at cost and later adjusted to fair market value through the recognition of unrealized gains or losses. Interest, dividends and realized gains or losses are recorded when the transactions occur.

***Accounts Receivable***

Trade receivables result from unpaid billings for service to customers and from unpaid billings related to work performed for or materials sold to certain entities. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible customer accounts recorded by the Authority is based on past history of uncollectible accounts and management's analysis of current accounts.

***Unbilled Revenues***

The Electric Fund's customers are spread across twenty-two billing cycles. Each cycle can range from twenty-five to thirty-five days. The summation of these twenty-two cycles represents a revenue month. Billing cycles do not correspond to a calendar month and, thus, have days that fall into two or more calendar months. Revenue is reported on a calendar month basis. Unbilled revenue represents management's estimate of the revenue earned for days of service that have not been billed as of year-end.

***Inventories and Prepaid Items***

All inventories are valued at weighted average cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities, and Net Position (Continued)**

***Restricted Assets***

Certain resources set aside for the repayment of bond principal and interest are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants or by resolutions pass by the Authority's Board of Directors. The Authority elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

***Capital Assets***

Capital assets, which include property, plant, equipment, and construction in progress, are defined by the Authority as assets with an initial, individual cost of more than \$2,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Authority are depreciated using the straight-line method over the following useful lives:

General plant	3 - 40 years
Transmission plant	28 - 33 years
Distribution plant	16 - 66 years

***Compensated Absences***

The Authority grants annual leave and sick leave based on longevity of service. Employees may accumulate up to 320 hours of annual leave, which is fully vested. Up to 160 hours of unused annual leave is paid to the employee's 401(a) account at retirement. Employees are not vested in sick leave until retirement at which time 30 percent of accumulated sick leave is paid to the employee's 401(a) account. The remaining 70 percent of the employee's accumulated sick leave is credited to the employee's number of years of service. The amount of such additional credit shall be determined by dividing such sick leave hours by 2,080 hours. In no event may such additional credit exceed one additional year of service, with each such day deemed equal to eight (8) hours. A liability of \$4,131,850 has been accrued for the year ended June 30, 2019, for compensated absences earned to date and has been reported under long-term liabilities as it is not readily determinable how much leave will be taken in the next year.

***Long-term Obligations***

Because Jackson Energy Authority includes bond premiums, discounts and issuance costs in its rate setting the Authority has adopted the practice of amortizing these costs. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest or straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as regulatory assets and amortized over the term of the related debt.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities, and Net Position (Continued)**

***Impact of Recently Issued Accounting Pronouncements***

In March 2018, the GASB issued Statement No. 88 — Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, effective for fiscal years beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Management has implemented this statement in the current financial statements.

In November 2016, the GASB issued Statement No. 83 — Certain Asset Retirement Obligations, effective for fiscal years beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the Statement. There was no impact on the current financial statements from the implementation of this Statement.

***Net Position***

Equity is classified as net position and displayed in the following three components:

- Net Investment in capital assets— consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted – consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities.
- Unrestricted – all other net position that does not meet the description of the above categories.

***Deferred outflow/inflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The 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) until then. The Authority reports deferred outflows of resources for unamortized debt refunding differences, and deferred outflows related to pension and OPEB.

In addition to liabilities, the statement of financial 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 Authority has only two types of items that qualify for reporting in this category: deferred outflows related to pension and OPEB.

***Pensions***

For purposes of measuring the net position, liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Jackson Energy Authority's participation in the Jackson Energy Authority Retirement Plan, and additions to/



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities, and Net Position (Continued)**

***Pensions (Continued)***

deductions from Jackson Energy Authority's fiduciary net position have been determined on the same basis as they are reported by Jackson Energy Authority's Retirement Plan. Benefits including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms of the Jackson Energy Authority Retirement Plan. Investments are reported at fair value.

***Other Post - Employment Benefits (OPEB)***

For purposes of measuring the net position, liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Jackson Energy Authority's participation in the Jackson Energy Authority OPEB Plan, and additions to/deductions from Jackson Energy Authority's fiduciary net position have been determined on the same basis as they are reported by Jackson Energy Authority's OPEB Plan. Benefits are recognized when due and payable in accordance with the benefit terms of the Jackson Energy Authority OPEB Plan. Investments are reported at fair value.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The Authority adopts annual operating and capital budgets. Budgets are adopted on a basis consistent with generally accepted accounting principles. The current operating budget details the Authority's plans to collect and expend funds for operation, maintenance, interest, certain general functions, and other charges for the fiscal year. The capital budget details plans to receive and expend cash basis capital contribution fees and funds from special assessments, grants, borrowings, and other revenues for capital projects.

All unexpended appropriations in the operating and capital budget remaining at the end of the fiscal year lapse. Management submits a proposed budget to the Board prior to the June meeting and the budget is then adopted for the next fiscal year. During the year management is authorized to transfer budgeted amounts between line items.

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

In February 2015, the GASB issued Statement No. 72 — Fair Value Measurement and Application which provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. The requirements of this Statement enhanced comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also enhanced fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

As of June 30, 2019, the Authority had the following investments. Fair market values are based on Level 1 inputs:

	Cost	Fair Value
<b>Temporary Investments</b>		
<b>Electric Fund</b>		
FNMA	\$ 1,000,000	\$ 998,157
Florida ST Board	500,000	500,000
Lancaster CA Redev Agency	615,000	614,557
Maine St Housing Authority	1,004,562	998,910
Community Bank CD	250,000	250,000
FFCB	998,486	994,583
TN Housing Development Agency	400,000	400,000
Met Govt Nashville & Davidson Co	686,498	698,126
Kansas City MO	248,293	249,140
Colorado Brd of Governors	255,653	259,323
Upper Oconee Basin GA Wtr Auth	829,892	830,347
FHLB	997,050	997,000
FHLB	988,060	987,860
	\$ 8,773,494	\$ 8,778,003
<b>Gas Fund</b>		
Florida State Board	895,000	895,000
Ivy IN Tech Cmnty College	450,000	450,000
Florida State Board	1,000,000	1,000,000
Maine St Housing Authority	992,181	1,004,190
Rogers AR	1,000,477	1,003,110
<b>New York NY</b>	1,001,695	1,013,620
Haslett MI Public Schools	997,389	1,005,370
	\$ 6,336,742	\$ 6,371,290



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

<b>Temporary Investments (Continued)</b>	<u>Cost</u>	<u>Fair Value</u>
<b>Water Fund</b>		
FFCB	998,927	995,117
Jefferson LA	518,965	507,120
Wells Fargo Bank CD	250,000	254,354
New York NY	295,500	299,018
Elkhart IN Schools	498,100	505,070
	<u>\$ 2,561,492</u>	<u>\$ 2,560,679</u>
<b>Wastewater Fund</b>		
Washington County	728,290	725,950
Morgan Stanley Bank CD	250,000	254,214
Fayetteville NC	503,233	510,110
College Park GA Industrial Dvlp	542,530	545,932
FHLB	998,624	998,610
	<u>\$ 3,022,677</u>	<u>\$ 3,034,816</u>

	<u>Cost</u>	<u>Fair Value</u>
<b>Jackson Energy Authority OPEB Plan Fund</b>		
Mutual Funds - Fixed Income	\$ 13,784,825	\$ 14,359,572
Equity Mutual Funds	19,640,615	21,761,517
Money Market Funds	925,337	925,337
	<u>\$ 34,350,777</u>	<u>\$ 37,046,426</u>
<b>Jackson Energy Authority Retirement Plan Fund</b>		
Equity Mutual Funds	\$ 66,262,298	\$ 79,627,407
Fixed Income Mutual Funds	43,780,011	44,664,945
Contracts and Annuities	8,071,176	6,736,883
Money Market Funds	1,234,960	1,234,960
	<u>\$ 119,348,445</u>	<u>\$ 132,264,195</u>



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

The following fair values are based on Level 2 inputs:

	<u>Cost</u>	<u>Fair Value</u>
<b>Other Investments</b>		
<b>Electric Fund</b>		
Central Services Association	<u>\$ 3,007</u>	<u>\$ 7,876</u>
<b>Gas Fund</b>		
Tennergy Corporation	257,000	5,352,525
Central Services Association	<u>2,642</u>	<u>6,921</u>
	<u>\$ 259,642</u>	<u>\$ 5,359,446</u>
<b>Water Fund</b>		
Central Services Association	<u>\$ 2,005</u>	<u>\$ 5,250</u>
<b>Wastewater Fund</b>		
Central Services Association	<u>\$ 1,458</u>	<u>\$ 3,818</u>

*Custodial Credit Risk*

The Authority's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1C. State statute requires that all deposits with financial institutions be collateralized. Financial institutions may achieve the requisite collateralization through participation in the Tennessee Bank Collateral Pool. Deposits at non-participating financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. Collateral must be held by the Authority's agent in the Authority's name, or by Federal Reserve Banks acting as third party agents. State statutes authorize the Authority to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally- chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2019, none of the Authority's deposits were exposed to custodial credit risk.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Authority receivables as of the fiscal year end were made up of the following:

<b>Electric Fund</b>	
Billed services for utility customers	\$ 13,333,820
Allowance for doubtful accounts	<u>(486,258)</u>
	<u>\$ 12,847,562</u>
<b>Gas Fund</b>	
Billed services for utility customers	1,289,148
Allowance for doubtful accounts	<u>(199,127)</u>
	<u>\$ 1,090,021</u>
<b>Water Fund</b>	
Billed services for utility customers	1,604,483
Allowance for doubtful accounts	<u>(134,958)</u>
	<u>\$ 1,469,525</u>
<b>Wastewater Fund</b>	
Billed services for utility customers	1,754,280
Allowance for doubtful accounts	<u>(101,855)</u>
	<u>\$ 1,652,425</u>
<b>Telecommunications Fund</b>	
Billed services for utility customers	2,981,041
Allowance for doubtful accounts	<u>(249,937)</u>
	<u>\$ 2,731,104</u>
Total Receivables	<u>\$ 19,790,637</u>



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Restricted Assets**

Authority restricted assets for the fiscal year end was made up of the following:

<b>Electric Fund</b>	
Cash and cash equivalents - debt service fund	\$ 676,293
	<u>\$ 676,293</u>
<b>Gas Fund</b>	
Cash and cash equivalents - debt service fund	145,672
	<u>\$ 145,672</u>
<b>Water Fund</b>	
Cash and cash equivalents - debt service fund	1,124,878
	<u>\$ 1,124,878</u>
<b>Wastewater Fund</b>	
Cash and cash equivalents - debt service fund	2,110,646
	<u>\$ 2,110,646</u>
<b>Telecommunications Fund</b>	
Cash and cash equivalents - debt service fund	1,406,139
Investments - debt service reserve account	5,650,807
	<u>\$ 7,056,946</u>
Total Restricted Assets	<u>\$ 11,114,435</u>

The total of these funds is represented by bank accounts and security purchases held by First Bank, LGIP, Robert W. Baird & Co. Inc. and SunTrust Robinson Humphrey.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets – Electric Fund**

Electric Fund capital asset activity during the year ended June 30, 2019, was as follows:

Description	Balance at June 30, 2018	Additions	Disposals (Net of Salvage)	Balance at June 30, 2019
Capital assets, not being depreciated				
Transmission plant	\$ 775,704	\$ -	\$ -	\$ 775,704
Distribution plant	745,176	-	-	745,176
General plant	559,207	-	-	559,207
Construction in progress	<u>4,579,448</u>	<u>(1,978,616)</u>	<u>-</u>	<u>2,600,832</u>
Total capital assets not being depreciated	<u>6,659,535</u>	<u>(1,978,616)</u>	<u>-</u>	<u>4,680,919</u>
Capital assets, being depreciated				
Transmission plant	26,842,437	382,975	37,480	27,187,932
Distribution plant	189,273,994	7,093,016	1,606,334	194,760,676
General plant	<u>19,834,192</u>	<u>1,160,060</u>	<u>574,224</u>	<u>20,420,028</u>
Total capital assets being depreciated	<u>235,950,623</u>	<u>8,636,051</u>	<u>2,218,038</u>	<u>242,368,636</u>
Less accumulated depreciation for				
Transmission plant	12,527,242	882,780	41,173	13,368,849
Distribution plant	79,537,762	7,053,687	1,959,009	84,632,440
General plant	<u>12,766,768</u>	<u>1,608,628</u>	<u>586,715</u>	<u>13,788,681</u>
Total accumulated depreciation	<u>104,831,772</u>	<u>9,545,095</u>	<u>2,586,897</u>	<u>111,789,970</u>
Total capital assets being depreciated, net	<u>131,118,851</u>	<u>(909,044)</u>	<u>(368,859)</u>	<u>130,578,666</u>
Unamortized acquisition adjustment	<u>1,547,686</u>	<u>-</u>	<u>397,737</u>	<u>1,149,949</u>
Total capital assets, net	<u>\$ 139,326,072</u>	<u>\$(2,887,660)</u>	<u>\$ 28,878</u>	<u>\$ 136,409,534</u>

Depreciation expense charged to operations amounted to \$8,737,136 for the fiscal year ended June 30, 2019.

Depreciation expense does not include transportation plant that is charged to a transportation clearing account and then allocated to all funds as operating, maintenance or capital expenses.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets – Gas Fund**

Gas Fund capital asset activity during the year ended June 30, 2019, was as follows:

Description	Balance at June 30, 2018	Additions	Disposals (Net of Salvage)	Balance at June 30, 2019
Capital assets, not being depreciated				
Production plant	\$ 397,669	\$ -	\$ -	\$ 397,669
Distribution plant	74,918	-	-	74,918
General plant	390,578	-	-	390,578
Construction in progress	2,638,050	(646,599)	-	1,991,451
Total capital assets not being depreciated	<u>3,501,215</u>	<u>(646,599)</u>	<u>-</u>	<u>2,854,616</u>
Capital assets, being depreciated				
Production plant	2,018,428	-	-	2,018,428
Distribution plant	131,290,038	3,103,133	344,465	134,048,706
General plant	16,108,685	910,437	353,307	16,665,815
Total capital assets being depreciated	<u>149,417,151</u>	<u>4,013,570</u>	<u>697,772</u>	<u>152,732,949</u>
Less accumulated depreciation for				
Production plant	2,012,052	623	-	2,012,675
Distribution plant	46,317,698	3,733,942	625,051	49,426,589
General plant	9,611,294	1,406,663	371,140	10,646,817
Total accumulated depreciation	<u>57,941,044</u>	<u>5,141,228</u>	<u>996,191</u>	<u>62,086,081</u>
Total capital assets being depreciated, net	<u>91,476,107</u>	<u>(1,127,658)</u>	<u>(298,419)</u>	<u>90,646,868</u>
Total capital assets, net	<u>\$ 94,977,322</u>	<u>\$(1,774,257)</u>	<u>\$ (298,419)</u>	<u>\$ 93,501,484</u>

Depreciation expense charged to operations amounted to \$4,553,076 for the fiscal year ended June 30, 2019.

Depreciation expense does not include transportation plant that is charged to a transportation clearing account and then allocated to all funds as operating, maintenance or capital expenses.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets – Water Fund**

Water Fund capital asset activity during the year ended June 30, 2019, was as follows:

Description	Balance at June 30, 2018	Additions	Disposals (Net of Salvage)	Balance at June 30, 2019
Capital assets, not being depreciated				
Source of supply plant	\$ 382,279	\$ 28,147	\$ -	\$ 410,426
Pumping plant	24,369	-	-	24,369
Treatment plant	104,029	-	-	104,029
Transmission & distribution plant	65,076	-	-	65,076
General plant	296,536	-	-	296,536
Construction in progress	<u>1,176,422</u>	<u>1,077,931</u>	-	<u>2,254,353</u>
Total capital assets not being depreciated	<u>2,048,711</u>	<u>1,106,078</u>	-	<u>3,154,789</u>
Capital assets, being depreciated				
Source of supply plant	3,451,941	239,607	-	3,691,548
Pumping plant	5,532,491	10,460	-	5,542,951
Treatment plant	9,837,869	133,941	-	9,971,810
Transmission & distribution plant	113,374,220	2,699,440	362,254	115,711,406
General plant	<u>13,095,945</u>	<u>650,714</u>	<u>364,112</u>	<u>13,382,547</u>
Total capital assets being depreciated	<u>145,292,466</u>	<u>3,734,162</u>	<u>726,366</u>	<u>148,300,262</u>
Less accumulated depreciation for				
Source of supply plant	1,562,996	202,815	-	1,765,811
Pumping plant	2,351,143	150,438	-	2,501,581
Treatment plant	7,364,410	211,053	-	7,575,463
Transmission & distribution plant	25,259,321	2,148,065	497,715	26,909,671
General plant	<u>7,941,388</u>	<u>1,048,243</u>	<u>310,985</u>	<u>8,678,646</u>
Total accumulated depreciation	<u>44,479,258</u>	<u>3,760,614</u>	<u>808,700</u>	<u>47,431,172</u>
Total capital assets being depreciated, net	<u>100,813,208</u>	<u>(26,452)</u>	<u>(82,334)</u>	<u>100,869,090</u>
Total capital assets, net	<u>\$ 102,861,919</u>	<u>\$ 1,079,626</u>	<u>\$ (82,334)</u>	<u>\$104,023,879</u>

Depreciation expense charged to operations amounted to \$3,226,870 for the fiscal year ended June 30, 2019.

Depreciation expense does not include transportation plant that is charged to a transportation clearing account and then allocated to all funds as operating, maintenance or capital expenses.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets – Wastewater Fund**

Wastewater Fund capital asset activity during the year ended June 30, 2019, was as follows:

Description	Balance at June 30, 2018	Additions	Disposals (Net of Salvage)	Balance at June 30, 2019
Capital assets, not being depreciated				
Source of supply plant	\$ -	\$ -	\$ -	\$ -
Pumping plant	223,465	-	-	223,465
Treatment plant	1,300,904	-	-	1,300,904
Transmission and distribution plant	266,635	-	-	266,635
General plant	162,525	-	-	162,525
Construction in progress	<u>11,978,913</u>	<u>223,377</u>	-	<u>12,201,290</u>
Total capital assets not being depreciated	<u>13,932,442</u>	<u>223,377</u>	-	<u>14,154,819</u>
Capital assets, being depreciated:				
Source of supply plant	9,838,774	449,115	332	10,287,557
Pumping plant	17,058,289	835,907	41,536	17,852,660
Treatment plant	47,995,675	4,560,611	567,193	51,989,093
Transmission and distribution plant	96,776,103	1,023,773	63,127	97,736,749
General plant	<u>10,798,332</u>	<u>446,333</u>	<u>321,064</u>	<u>10,923,601</u>
Total capital assets being depreciated	<u>182,467,173</u>	<u>7,315,739</u>	<u>993,252</u>	<u>188,789,660</u>
Less accumulated depreciation for:				
Source of supply plant	1,547,621	151,189	331	1,698,479
Pumping plant	7,222,880	693,872	39,684	7,877,068
Treatment plant	31,032,330	1,413,759	564,624	31,881,465
Transmission and distribution plant	24,873,386	1,489,248	108,898	26,253,736
General plant	<u>6,865,152</u>	<u>750,815</u>	<u>299,013</u>	<u>7,316,954</u>
Total accumulated depreciation	<u>71,541,369</u>	<u>4,498,883</u>	<u>1,012,550</u>	<u>75,027,702</u>
Total capital assets, being depreciated, net	<u>110,925,804</u>	<u>2,816,856</u>	<u>(19,298)</u>	<u>113,761,958</u>
Total capital assets, net	<u>\$ 124,858,246</u>	<u>\$ 3,039,233</u>	<u>\$ (19,298)</u>	<u>\$ 127,916,778</u>

Depreciation expense charged to operations amounted to \$4,133,412 for the fiscal year ended June 30, 2019.

Depreciation expense does not include transportation plant that is charged to a transportation clearing account and then allocated to all funds as operating, maintenance or capital expenses.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets – Telecommunications Fund**

Telecommunications Fund capital asset activity during the year ended June 30, 2019, was as follows:

Description	Balance at June 30, 2018	Additions	Disposals (Net of Salvage)	Balance at June 30, 2019
Capital assets not being depreciated				
Construction in progress - at cost	\$ 1,464,014	\$ 65,160	\$ -	\$ 1,529,174
Capital assets, being depreciated				
General support	6,365,347	295,208	1,330,089	5,330,466
General office	22,258,146	1,261,279	5,326,535	18,192,890
Information origination/termination	15,664,615	1,078,716	7,291,517	9,451,814
Cable & wire facilities	45,993,083	2,777,908	145,857	48,625,134
Video production	915,799	394,838	74,328	1,236,309
Total capital assets being depreciated	<u>91,196,990</u>	<u>5,807,949</u>	<u>14,168,326</u>	<u>82,836,613</u>
Less accumulated depreciation for:				
General support	3,704,392	540,312	1,063,271	3,181,433
General office	11,512,830	1,415,375	5,311,175	7,617,030
Information origination/termination	13,849,809	695,759	7,291,531	7,254,037
Cable & wire facilities	19,190,346	3,406,088	146,066	22,450,368
Video production	749,646	86,051	42,745	792,952
Total accumulated depreciation	<u>49,007,023</u>	<u>6,143,585</u>	<u>13,854,788</u>	<u>41,295,820</u>
Total capital assets, being depreciated, net	<u>42,189,967</u>	<u>(335,636)</u>	<u>313,538</u>	<u>41,540,793</u>
Total capital assets, net	<u>\$ 43,653,981</u>	<u>\$ (270,476)</u>	<u>\$ 313,538</u>	<u>\$ 43,069,967</u>

Depreciation expense charged to operations amounted to \$6,046,142 for the fiscal year ended June 30, 2019.

Depreciation expense does not include transportation plant that is charged to a transportation clearing account and then allocated to all funds as operating or capital expenses.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt – Electric Fund**

Notes payable at June 30, 2019, consist of the following:

***Southwest Tennessee Electric Membership Cooperative (SWTEMC)***

Future maturities due SWTEMC are non-interest bearing notes related to annexation of customers and are payable in annual installments of various amounts. The notes are unsecured and there are no provisions in the agreements covering default, nor are there any provisions in the agreements covering subjective acceleration. Future maturities of note payable – Southwest Electric are as follows:

<u>Year ended June 30,</u>	<u>Direct Placement</u>
2020	\$ 397,581
2021	397,581
2022	62,666
2023	29,371
2024	29,371
2025	<u>29,370</u>
Total	<u>\$ 945,940</u>

***Tennessee Valley Authority***

Future maturities due Tennessee Valley Authority (TVA) are non-interest bearing notes related to a metering error affecting prior years and are payable in annual installments of various amounts. The note is unsecured and there are no provisions in the agreements covering default, nor are there any provisions in the agreements covering subjective acceleration. Future maturities of note payable – TVA are as follows:

<u>Year ended June 30,</u>	<u>Direct Placement</u>
2020	\$ 693,368
2021	693,368
2022	<u>57,780</u>
Total	<u>\$ 1,444,516</u>

The scheduled annual requirements for bonds payable at June 30, 2019, including interest are as follows:

<u>Years Ended</u> <u>June 30,</u>	<u>2010 Bonds Payable</u>		<u>2014 Bonds Payable</u>		<u>Total</u>	<u>Total</u>	<u>Total Debt</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2020	\$ 1,480,000	\$ 379,000	\$ 975,000	\$ 1,019,475	\$ 2,455,000	\$ 1,398,475	\$ 3,853,475
2021	1,235,000	319,800	1,325,000	970,725	2,560,000	1,290,525	3,850,525
2022	1,400,000	270,400	1,280,000	904,475	2,680,000	1,174,875	3,854,875
2023	1,345,000	214,400	1,450,000	840,475	2,795,000	1,054,875	3,849,875
2024	1,300,000	160,600	1,630,000	767,975	2,930,000	928,575	3,858,575
2025-2029	2,715,000	161,000	13,690,000	2,390,375	16,405,000	2,551,375	18,956,375
2030-2033	-	-	<u>3,260,000</u>	<u>267,800</u>	<u>3,260,000</u>	<u>267,800</u>	<u>3,527,800</u>
	<u>\$ 9,475,000</u>	<u>\$ 1,505,200</u>	<u>\$ 23,610,000</u>	<u>\$ 7,161,300</u>	<u>\$33,085,000</u>	<u>\$ 8,666,500</u>	<u>\$41,751,500</u>



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt – Electric Fund (Continued)**

*Electric System Refunding Revenue Bonds, Series 2010* – On May 28, 2010, the Fund issued \$21,210,000 Series 2010 Refunding Revenue Bonds to refinance a 2009 term loan agreement and to pay certain issuance costs for the bonds. Net bond proceeds of \$21,742,661, including a premium of \$735,477, were received after payment of \$202,816 in issuance costs. \$21,714,000 was used to pay the outstanding balance of the 2009 SunTrust Bank Term Loan. The premium is reported in the accompanying financial statements as an addition to long-term debt and is being amortized over the life of the bonds using the effective interest method.

The bonds were issued as bank-qualified, fixed-rate bonds. Bonds maturing on or before May 1, 2020, are not subject to prior redemption. Bonds maturing on and after May 1, 2021, are subject to redemption prior to maturity at the option of the Authority, in whole or in part, on May 1, 2020, and anytime thereafter at a price of par plus accrued interest to the redemption date. The outstanding principal balance on June 30, 2019, was \$9,475,000.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,341,450. The difference is being charged to operations through fiscal year 2026 using the straight-line method. With the implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, the Electric Fund reclassified unamortized deferred cost on bond refunding from bonds payable to deferred outflows of resources in the accompanying

*Electric System Revenue Refunding and Improvement Bonds, Series 2014* – On December 5, 2014, the Fund issued \$27,120,000 Series 2014 Revenue Refunding Bonds to refinance the outstanding Series 2005 and Series 2008 Bonds, to finance the costs of making certain capital improvements to the System, and to pay costs incident to the issuance and sale of the Series 2014 Bonds.

The bonds were sold at a net original issue premium of \$3,271,645 which is reported in the accompanying financial statements as an addition to long-term debt. The premium is being amortized over the life of the bonds using the effective interest method. \$4,941,456 and \$12,103,333 of bond proceeds were used to redeem the outstanding principal balances of the Series 2005 Bonds and the Series 2008 Bonds respectively.

The 2014 Bonds were issued as fixed-rate bonds. Bonds maturing on or before May 1, 2024, are not subject to early redemption. Serial bonds maturing on or after May 1, 2025, are subject to early redemption at the option of the Authority on May 1, 2024, and thereafter, in whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date. Term bonds maturing May 1, 2033, are subject to mandatory redemption, in part, on May 1, 2032, at a redemption price equal to 100% of the principal amount specified plus accrued interest to the redemption date. The outstanding principal balance on June 30, 2019, was \$23,610,000.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$138,329. In accordance with GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, the difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through fiscal year 2033 using the straight-line method. Unamortized deferred cost of the Series 2014 bond refunding totaled \$103,904 as of June 30, 2019.

There are a number of requirements, limitations, and restrictions contained in the bond resolutions. The Electric Fund is in compliance with all significant limitations and restrictions.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt – Electric Fund (Continued)**

The following is a summary of long-term liability transactions for the year ended June 30, 2019:

Description	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019	Due Within One Year
Notes payable (direct placement):					
SWTEMC	\$ 1,343,521	\$ -	\$ (397,581)	\$ 945,940	\$ 397,581
TVA	2,137,884	-	(693,368)	1,444,516	693,368
Total notes payable	<u>3,481,405</u>	<u>-</u>	<u>(1,090,949)</u>	<u>2,390,456</u>	<u>1,090,949</u>
Revenue bonds payable:					
Series 2010 (Interest Rates 3.125% - 4.00%)	10,960,000	-	(1,485,000)	9,475,000	1,480,000
Series 2014 (Interest Rates 3.00% - 5.00%)	24,480,000	-	(870,000)	23,610,000	975,000
Less deferred amounts:					
Issuance (premiums) discounts	<u>2,214,161</u>	<u>-</u>	<u>(327,521)</u>	<u>1,886,640</u>	<u>308,433</u>
	-	-	-	-	-
Net total revenue bonds payable	37,654,161	-	(2,682,521)	34,971,640	2,763,433
Compensated absences	<u>1,333,350</u>	<u>-</u>	<u>(127,856)</u>	<u>1,205,494</u>	<u>-</u>
Total long-term liabilities	<u>\$ 42,468,916</u>	<u>\$ -</u>	<u>\$ (3,901,326)</u>	<u>\$ 38,567,590</u>	<u>\$ 3,854,382</u>

The Electric Fund has no unused lines of credit.

**E. Long-term Debt – Gas Fund**

Principal payments on the Series 2015 Gas Revenue Refunding and Improvement Bonds are due June 1 annually. Semi-annual interest on the Bonds is due June 1 and December 1. Scheduled annual requirements for bonds payable at June 30, 2019, including interest are:

Years Ended June 30,	2015 Bonds		Total Debt Service
	Principal	Interest	
2020	\$ 830,000	\$ 762,681	\$ 1,592,681
2021	870,000	729,481	1,599,481
2022	900,000	694,681	1,594,681
2023	940,000	658,681	1,598,681
2024	970,000	630,481	1,600,481
2025-2028	4,655,000	2,095,524	6,750,524
2029-2033	7,110,000	1,218,055	8,328,055
2034-2035	<u>3,040,000</u>	<u>147,144</u>	<u>3,187,144</u>
	<u>\$ 19,315,000</u>	<u>\$ 6,936,728</u>	<u>\$ 26,251,728</u>



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt – Gas Fund (Continued)**

*Gas System Revenue Refunding and Improvement Bonds, Series 2015* – On December 22, 2015, the Gas Fund issued \$21,240,000 Revenue Refunding and Improvement Bonds, Series 2015, to finance extensions and improvements to the System; to refund its outstanding Gas System Revenue Bonds, Series 2007, maturing on and after October 1, 2018, totaling \$3,270,000; to refund \$3,440,000 of its outstanding Gas System Refunding Revenue Bonds, Series 2009; and to pay costs of issuance of the Series 2015 Bonds. The bonds were sold at a net original issue premium of \$1,977,955 which is reported in the accompanying financial statements as an addition to long-term debt and is being amortized over the life of the bonds using the effective-interest method. Underwriter’s discount and issuance costs totaled \$275,190.

The partial refunding resulted in a difference between the reacquisition price and the net carrying cost of the old debt of \$222,562. The difference is being charged to operations through fiscal year 2029 using the straight-line method. Unamortized deferred costs of the Series 2015 refunding totaled \$161,467 as of June 30, 2019.

The Series 2015 Bonds were issued as fixed-rate bonds. Bonds maturing on or before June 1, 2025, mature without option of prior redemption. Bonds maturing on June 1, 2026, and thereafter, are subject to optional redemption prior to maturity at the option of the Authority, in whole or in part, on and after June 1, 2025, and anytime thereafter at a price of par plus accrued interest to the redemption date. The Authority has the right to designate which maturities, or portions thereof, will be redeemed. The outstanding principal balance on June 30, 2019, was \$19,315,000.

There are a number of requirements, limitations, and restrictions contained in the bond resolutions. The Gas Fund is in compliance with all significant limitations and restrictions.

The following is a summary of long-term liability transactions for the year ended June 30, 2018:

	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019	Due Within One Year
Revenue Bonds payable:					
Series 2015	\$ 20,125,000	\$ -	\$ (810,000)	\$ 19,315,000	\$ 830,000
(Interest rates - 3.00% - 5.00%)					
Less deferred amounts:	1,473,832	-	(154,647)	1,319,185	149,546
Issuance premiums (discounts)	<u>1,552,371</u>	<u>-</u>	<u>(78,539)</u>	<u>1,473,832</u>	<u>154,647</u>
Total revenue bonds payable	21,598,832	-	(964,647)	20,634,185	979,546
Customer deposits	5,712,704	264,548	-	5,977,252	-
Compensated absences	<u>876,995</u>	<u>30,474</u>	<u>-</u>	<u>907,469</u>	<u>-</u>
Total long-term liabilities	<u>\$ 28,188,531</u>	<u>\$ 295,022</u>	<u>\$ (964,647)</u>	<u>\$ 27,518,906</u>	<u>\$ 979,546</u>

The Gas Fund has no unused lines of credit.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt – Water Fund**

Principal payments on the Series 2017 Bonds are due annually on December 1. Semi-annual interest payments are due December 1 and June 1. Scheduled annual requirements for bonds payable at June 30, 2019, including interest are:

Years Ended June 30,	Series 2017 Bonds		Total Debt Service
	Principal	Interest	
2020	\$ 1,795,000	\$ 633,875	\$ 2,428,875
2021	1,890,000	541,750	2,431,750
2022	1,990,000	444,750	2,434,750
2023	2,090,000	342,750	2,432,750
2024	2,195,000	235,625	2,430,625
2025-2027	3,615,000	277,125	3,892,125
	\$ 13,575,000	\$ 2,475,875	\$16,050,875

**Water System Refunding Revenue Bonds, Series 2017** - On December 7, 2017, the Water Fund issued \$15,285,000 Series 2017 Refunding Revenue Bonds to refinance the Water System Refunding Revenue Bonds, Series 2008, and the Water System Refunding Revenue Bonds, Series 2009, and to pay costs of issuance of the Series 2017 Bonds. The bonds were sold at an original issue premium of \$1,967,085 which is reported in the accompanying financial statements as an addition to long-term debt and is being amortized over the life of the bonds using the effective-interest method. Net bond proceeds were \$17,068,805 including the premium and after payment of \$183,280 in issuance costs. Net bond proceeds, escrow proceeds and debt service deposits totaling \$32,058,864 were used to redeem the outstanding Series 2008 and Series 2009 bonds.

The bonds were issued as bank-qualified, fixed-rate bonds. The bonds are not subject to optional redemption prior to maturity. The outstanding principal balance on June 30, 2019, was \$13,575,000.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,332,984. The difference is reported in deferred outflows of resources in the accompanying Statement of Net Position, and is being charged to operations through fiscal year 2027 using the straight-line method. Unamortized deferred cost of the Series 2017 Bonds totaled \$1,065,333 as of June 30, 2019.

There are a number of requirements, limitations, and restrictions contained in the bond resolutions. The Water Fund is in compliance with all significant limitations and restrictions.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt – Water Fund (Continued)**

The following is a summary of the Water Fund's long-term liability transactions for the year ended June 30, 2019:

	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019	Due Within One Year
Revenue Bonds payable:					
Series 2017 (Interest rate - 5.00%)	\$ 15,285,000	\$ -	\$ (1,710,000)	\$ 13,575,000	\$ 1,795,000
Less deferred amounts:					
Issuance premiums (discounts)	<u>1,668,036</u>	<u>-</u>	<u>(386,715)</u>	<u>1,281,321</u>	<u>338,223</u>
Net total revenue bonds	16,953,036	-	(2,096,715)	14,856,321	2,133,223
Customer deposits	34,650	5,300	-	39,950	-
Compensated absences	<u>832,540</u>	<u>-</u>	<u>(71,134)</u>	<u>761,406</u>	<u>-</u>
Total long-term liabilities	<u>\$ 17,820,226</u>	<u>\$ 5,300</u>	<u>\$ (2,167,849)</u>	<u>\$ 15,657,677</u>	<u>\$ 2,133,223</u>

The Water Fund has no unused lines of credit.

**E. Long-term Debt – Wastewater Fund**

Principal on the Series 2012 Bonds is due annually on June 1; interest is due semi-annually on December 1 and June 1. Principal payments on the Series 2017 Bonds are due annually on December 1; semi-annual interest payments are due December 1 and June 1. Scheduled annual requirements for bonds payable at June 30, 2019, including interest are:

Years Ended June 30,	2012 Bonds Payable		2017 Bonds Payable		Total Principal	Total Interest	Total Debt Service
	Principal	Interest	Principal	Interest			
2020	\$ 100,000	\$ 547,800	\$ 1,460,000	\$ 278,250	\$ 1,560,000	\$ 826,050	\$ 2,386,050
2021	100,000	544,800	1,530,000	203,500	1,630,000	748,300	2,378,300
2022	100,000	541,800	1,610,000	125,000	1,710,000	666,800	2,376,800
2023	100,000	538,800	1,695,000	42,375	1,795,000	581,175	2,376,175
2024	1,420,000	535,800	-	-	1,420,000	535,800	1,955,800
2025-2028	6,295,000	1,522,974	-	-	6,295,000	1,522,974	7,817,974
2029-2032	<u>7,185,000</u>	<u>635,537</u>	<u>-</u>	<u>-</u>	<u>7,185,000</u>	<u>635,537</u>	<u>7,820,537</u>
	<u>\$ 15,300,000</u>	<u>\$ 4,867,511</u>	<u>\$ 6,295,000</u>	<u>\$ 649,125</u>	<u>\$ 21,595,000</u>	<u>\$ 5,516,636</u>	<u>\$ 27,111,636</u>



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt – Wastewater Fund (Continued)**

Scheduled annual requirements for loans (notes payable) at June 30, 2019, including interest are as follows:

Years Ended June 30,	Notes Payable*		Total Debt Service
	Principal*	Interest	
2020	\$ 944,494	\$ 169,947	\$ 1,114,441
2021	1,007,305	165,962	1,173,267
2022	1,015,273	157,199	1,172,472
2023	1,023,349	148,303	1,171,652
2024	1,031,484	139,334	1,170,818
2025-2028	4,209,280	465,692	4,674,972
2029-2032	4,346,925	314,322	4,661,247
2033-2036	4,371,716	156,723	4,528,439
2037-2039	1,663,419	23,410	1,686,829
	<u>\$ 19,613,245</u>	<u>\$ 1,740,892</u>	<u>\$ 21,354,137</u>

\*Principal repayments on SRF 2013-314 reflect a final loan amount of \$1,026 less than the total loan approved.

\*Principal repayments on CG2 16-363 reflect a final loan amount of \$7,620 less than the total loan approved.

\*Principal repayments on SRF 17-383 reflect a final loan amount of \$103,742 less than the total loan approved.

\*Principal repayments on CG4 16-362 assume the Fund will borrow the entire loan amounts approved.

As of June 30, 2019, the Fund had borrowed \$2,498,877 of CG4-362.

**Wastewater System Revenue Bonds, Series 2012** - On March 22, 2012, the Wastewater Fund issued \$16,000,000 Wastewater System Revenue Bonds, Series 2012, to refinance its Revenue Bond Anticipation Note, Series 2010, in the outstanding principal amount of \$7,000,000; to refund \$3,965,000 of its outstanding \$37,425,000 Wastewater System Refunding Revenue Bonds, Series 2009; to finance extensions and improvements to its Wastewater system; and to pay certain costs related to the issuance and sale of the Bonds. The Series 2012 Bonds were issued at a net original issue premium of \$171,804 which is reported in the accompanying financial statements as an addition to long-term debt and is amortized over the life of the bonds using the effective interest method.

Net bond proceeds were \$5,078,804 after payment of \$128,000 in discount. Issuance costs of \$204,585 were paid outside of closing. The Bonds were issued as bank-qualified, tax-exempt, fixed-rate bonds. The Bonds are a limited revenue obligation of the Fund, payable solely from and secured by a pledge of the net revenues of the Wastewater System on parity with other senior lien revenue obligations of the Fund. Bonds maturing on or before June 1, 2022, mature without option of prior redemption. Bonds maturing on June 1, 2023, and thereafter are subject to optional redemption prior to maturity at the option of the Authority, in whole or in part, on and after June 1, 2022, and any time thereafter at a price of par plus accrued interest to the redemption date. As of June 30, 2019, the outstanding balance of the Series 2012 Bonds was \$15,300,000.

**Wastewater System Refunding Revenue Bonds, Series 2017** - On December 7, 2017, the Wastewater Fund issued \$7,680,000 Series 2017 Refunding Revenue Bonds to refinance the Wastewater System Refunding Revenue Bonds, Series 2009 and to pay costs of issuance of the Series 2017 Bonds. The bonds were sold at an original issue premium of \$724,255 which is reported in the accompanying financial statements as an addition to long-term debt and is being amortized over the life of the bonds using the effective-interest method. Net



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt – Wastewater Fund (Continued)**

bond proceeds were \$8,272,460 including the premium and after payment of \$131,795 in issuance costs. Net bond proceeds, escrow proceeds and debt service deposits totaling \$33,469,115 were used to redeem the outstanding Series 2009 bonds.

The bonds were issued as bank-qualified, fixed-rate bonds. The bonds are not subject to optional redemption prior to maturity. The outstanding principal balance on June 30, 2019, was \$6,295,000.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$758,957. The difference is reported in deferred outflows of resources in the accompanying Statement of Net Position, and is being charged to operations through fiscal year 2023 using the straight-line method. Unamortized deferred cost of the Series 2017 Bonds totaled \$518,621 as of June 30, 2019.

***CW0 2013-313 Revolving Fund Loan Agreement*** – On September 27, 2012, the Tennessee Local Development Authority (TLDA) and the Tennessee Department of Environment and Conservation (TDEC) approved a \$2,150,000 loan to the Wastewater Fund to help finance wastewater collection system rehabilitation improvement projects. A portion of the loan totaling \$531,050 is considered principal forgiveness and does not have to be repaid. Interest on loan funds disbursed is calculated at a fixed rate of .34% per annum and is payable monthly. An administrative fee equal to .08% is payable monthly on the outstanding loan balance. Payment of interest and administrative fees began in November 2013, following the first loan disbursement. All loan funds were received by October 2015.

Principal repayments began February 2015 and are due monthly. The term of the loan is twenty (20) years with final repayment due January 2035. The outstanding loan balance at June 30, 2019, was \$1,270,814.

The loan is secured by \$83,868 on deposit with the State of Tennessee Local Government Investment Pool (LGIP). In the event of default, the Authority is referred to the Water, Wastewater Financing Board or the Utility Management Board. The Authority must implement any and all technical, management, fiscal and /or rate changes recommended by the Board in order for the Authority to fulfill its obligations under the agreement. There are no lender's subjective acceleration clauses in the agreement nor are there any unused credit lines at June 30, 2019.

***SRF 2013-314 Revolving Fund Loan Agreement*** - On September 27, 2012, the Tennessee Local Development Authority (TLDA) and the Tennessee Department of Environment and Conservation (TDEC) approved a loan to the Wastewater Fund in the amount of \$5,000,000 for financing continued wastewater collection system rehabilitation projects. Interest on loan funds disbursed is calculated at a fixed rate of .34% per annum and is payable monthly. An administrative fee equal to .08% is payable monthly on the outstanding loan balance. Payment of interest and administrative fees began in November 2013, following the first loan disbursement.

In October 2013, TLDA and TDEC approved an increase of \$3,953,352 in the loan previously approved. The total loan approved was \$8,953,352. Principal repayments began April 2017, and are due monthly. The term of the loan is twenty (20) years with final repayment due March 2037. The outstanding balance as of June 30, 2019, was \$7,975,181. Final funds were received in July 2017 and were \$1,026 less than the total approved.

The loan is secured by \$463,068 on deposit with the LGIP. In the event of default, the Authority is referred to the Water, Wastewater Financing Board or the Utility Management Board. The Authority must implement any and all technical, management, fiscal and /or rate changes recommended by the Board in order for the



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt – Wastewater Fund (Continued)**

Authority to fulfill its obligations under the agreement. There are no lender's subjective acceleration clauses in the agreement nor are there any unused credit lines at June 30, 2019.

**CG2 2016-363 Revolving Fund Loan Agreement** – In October 2015 the Tennessee Local Development Authority (TLDA) and the Tennessee Department of Environment and Conservation (TDEC) approved a \$2,000,000 loan to the Wastewater Fund to finance wastewater collection system rehabilitation improvement projects. Interest on loan funds disbursed is calculated at a fixed rate of 1.43% per annum and is payable monthly. An administrative fee equal to .08% is payable monthly on the outstanding loan balance. Payment of interest and administrative fees began December 2016, following the first loan disbursement.

Principal repayments began June 2017, and are due monthly. The term of the loan is twenty (20) years with final repayment due May 2037. Final funds were received in April 2018 at which time the loan was reduced by \$7,620 and principal repayments were recalculated and reduced. The outstanding loan balance at June 30, 2019, was \$1,810,022.

The loan is secured by \$114,576 on deposit with the LGIP. Upon default, the TLDA may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. Jackson Energy Authority shall be responsible for all costs of the TLDA incurred in enforcing provisions of the agreement after event of default, including but not limited to attorney's fees. There are no lender's subjective acceleration clauses in the agreement nor are there any unused credit lines at June 30, 2019.

**CG3 2016-361 Revolving Fund Loan Agreement** – In April 2016 the TLDA and the Tennessee Department of Environment and Conservation (TDEC) approved a Revolving Fund Loan Agreement for the Wastewater Fund for a total project cost of \$4,000,000 which is \$3,800,000 base and \$200,000 principal forgiveness. Funds are to finance wastewater collection system rehabilitation improvement projects. Interest on loan funds disbursed is calculated at a fixed rate of 1.17% per annum and is payable monthly. An administrative fee equal to .08% is payable monthly on the outstanding loan balance. Payment of interest and administrative fees began November 2016, following the first loan disbursement.

Principal repayments began March 2018 with final maturity February 2038. Final funds were received in August 2018. The outstanding loan balance at June 30, 2019, was \$3,573,373.

The loan is secured by \$213,188 on deposit with the LGIP. Upon default, the TLDA may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. Jackson Energy Authority shall be responsible for all costs of the TLDA incurred in enforcing provisions of the agreement after event of default, including but not limited to attorney's fees. There are no lender's subjective acceleration clauses in the agreement nor are there any unused credit lines at June 30, 2019.

**CG4 2016-362 Revolving Fund Loan Agreement** – In April 2016 the Tennessee Local Development Authority (TLDA) and the Tennessee Department of Environment and Conservation (TDEC) approved a Revolving Fund Loan Agreement for the Wastewater Fund for a total project cost of \$4,000,000 which is \$3,720,000 base and \$280,000 principal forgiveness. Funds are to finance wastewater collection system rehabilitation improvement projects. Interest on loan funds disbursed is calculated at a fixed rate of 1.17% per annum and is payable monthly. An administrative fee equal to .08% is payable monthly on the outstanding loan balance. Payment of interest and administrative fees began February 2018, following the first loan disbursement.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt – Wastewater Fund (Continued)**

According to terms of the loan agreement, principal repayments will begin within ninety (90) days of project completion, or within one hundred twenty (120) days after ninety percent (90%) of the project loan has been disbursed, whichever event occurs earlier. The term of the loan is twenty (20) years from the date repayments begin. As of June 30, 2019, principal repayments had not commenced. The outstanding loan balance at June 30, 2019, was \$2,498,878.

The loan is secured by \$208,700 on deposit with the LGIP. Upon default, the TLDA may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. Jackson Energy Authority shall be responsible for all costs of the TLDA incurred in enforcing provisions of the agreement after event of default, including but not limited to attorney's fees. There are no lender's subjective acceleration clauses in the agreement. The unused credit line at June 30, 2019 was \$1,221,000.

***SRF 2017-383 Revolving Fund Loan Agreement*** - In March 2017 the Tennessee Local Development Authority (TLDA) and the Tennessee Department of Environment and Conservation (TDEC) approved a Revolving Fund Loan Agreement for the Wastewater Fund for a total project cost of \$1,400,000. Funds are to finance continuation of wastewater collection system rehabilitation improvement projects. Interest on loan funds disbursed is calculated at a fixed rate of 1.55% per annum and is payable monthly. An administrative fee equal to .08% is payable monthly on the outstanding loan balance. Payment of interest and administrative fees began September 2017, following the first loan disbursement.

The term of the loan is twenty (20) years with final payment due November 2038. Principal repayments began December 2018, and are due monthly. Final funds were received in November 2017. The loan was reduced by \$103,742 due to funds not being used. The outstanding loan balance at June 30, 2019, was \$1,263,855.

The loan is secured by \$75,420 on deposit with the LGIP. Upon default, the TLDA may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. Jackson Energy Authority shall be responsible for all costs of the TLDA incurred in enforcing provisions of the agreement after event of default, including but not limited to attorney's fees. There are no lender's subjective acceleration clauses in the agreement nor are there any unused credit lines at June 30, 2019.

All or any portion of any State Revolving Fund loan may be repaid by the Fund at any time without penalty. Each loan is a limited revenue obligation of the Fund, payable solely from and secured by a pledge of the Net Revenues of the Wastewater System on parity with other senior lien revenue obligations of the Wastewater Fund.

There are a number of requirements, limitations, and restrictions contained in the bond resolutions. The Wastewater Fund is in compliance with all significant limitations and restrictions.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt – Wastewater Fund (Continued)**

The following is a summary of long-term liability transactions for the fiscal year ended June 30, 2019:

	Balance at June 30, 2018	Additions	Retirements*	Balance at June 30, 2019	Due Within One Year
Revenue Bonds payable:					
Series 2012 (Interest rate - 2.00% - 4.75%)	\$ 15,400,000	\$ -	\$ (100,000)	\$ 15,300,000	\$ 100,000
Series 2017 (Interest rate - 5%)	7,680,000	-	(1,385,000)	6,295,000	1,460,000
Less deferred amounts:					
Issuance premiums (discounts)	<u>585,251</u>	<u>-</u>	<u>(208,520)</u>	<u>376,731</u>	<u>164,763</u>
Net total revenue bonds payable	23,665,251	-	(1,693,520)	21,971,731	1,724,763
State Revolving Fund Loans:					
Direct Borrowing:					
CW0 2013-313 (Interest rate - .34%)	1,350,098	-	(79,284)	1,270,814	79,548
SRF 2013-314 (Interest rate - .34%)	8,410,337	-	(435,156)	7,975,181	436,632
CG3 2016-361 (Interest rate - 1.17%)	3,637,619	111,640	(175,886)	3,573,373	172,308
CG2 2016-363 (Interest rate - 1.43%)	1,898,030	-	(88,008)	1,810,022	89,280
CG4 2016-362 (Interest rate - 1.17%)	843,227	1,780,269	(124,619)	2,498,877	110,494
SRF 2017-383 (Interest rate - 1.55%)	<u>1,296,258</u>	<u>-</u>	<u>(32,403)</u>	<u>1,263,855</u>	<u>56,232</u>
Total state revolving loans	<u>17,435,569</u>	<u>1,891,909</u>	<u>(935,356)</u>	<u>18,392,122</u>	<u>944,494</u>
Compensated absences	<u>820,027</u>	<u>-</u>	<u>(106,439)</u>	<u>713,588</u>	<u>-</u>
Total long-term liabilities	<u>\$ 41,920,847</u>	<u>\$ 1,891,909</u>	<u>\$(2,735,315)</u>	<u>\$ 41,077,441</u>	<u>\$2,669,257</u>

\*Retirements include payments and principal forgiveness.

Other than the unused portions of the revolving loans discussed previously, there are no other unused lines of credit.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt – Telecommunications Fund**

Term and revolving debt payable at June 30, 2019, consist of the following:

**See Note 4 F for discussion of the inter-fund loan from the Electric Fund.**

Principal on the Fund's Series 2013 Bonds is due annually on April 1. Interest on the Series 2013 Bonds is due semi-annually on October 1 and April 1. Scheduled annual requirements for bonds payable at June 30, 2019, including interest are:

Years Ended June 30,	2013 Bonds Payable		Total Debt Service
	Principal	Interest	
2020	\$ 4,415,000	\$ 1,006,215	\$ 5,421,215
2021	4,515,000	902,463	5,417,463
2022	4,635,000	782,815	5,417,815
2023	4,770,000	648,400	5,418,400
2024	4,915,000	502,915	5,417,915
2025-2026	10,315,000	523,795	10,838,795
	<u>\$ 33,565,000</u>	<u>\$ 4,366,603</u>	<u>\$ 37,931,603</u>

**Telecommunications System Refunding Revenue Bonds, Series 2013**- On May 22, 2013, the Telecommunications Fund issued \$58,800,000 Telecommunications System Refunding Revenue Bonds (federally taxable), Series 2013, to refinance outstanding term indebtedness. Term debt had been used to refinance taxable Telecommunications System Revenue Bonds, Series 2003, issued to finance the construction of a fiber optic broadband network telecommunications system in the City of Jackson. The Series 2013 Bonds are a limited revenue obligation of the Fund, payable from and secured by a pledge of the Net Revenues of the System.

The City of Jackson unconditionally guaranteed to Jackson Energy Authority and the trustee for the beneficiaries that the amount on deposit in the debt service reserve account for the 2013 Bonds shall at all times equal or exceed the debt service reserve requirement. The guaranty is for an amount not to exceed \$60,000,000.

The Series 2013 Bonds were issued as fixed-rate bonds. Bonds maturing on or before April 1, 2023, mature without option of prior redemption. The Series 2013 Bonds maturing on and after April 1, 2024, are subject to redemption prior to maturity at the option of the Authority, in whole or in part, on or after April 1, 2023, at a price of par plus accrued interest to the redemption date. The Authority has the right to designate which maturities, or portions thereof, will be redeemed. The outstanding balance of Series 2013 bonds as of June 30, 2019, was \$33,565,000.

Bond discount and issuance costs totaled \$481,155. Bond proceeds were used to redeem and refund outstanding term debt in the amount of \$58,817,500.

The refunding resulted in a difference between the reacquisition price and the net carrying cost of the old debt of \$4,070,104. The difference is being charged to operations through bond maturity using the straight-line method. With the implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, the Telecommunications Fund reclassified unamortized deferred cost on bond refunding from bonds payable to deferred outflows of resources in the accompanying Statement of Net Position. Unamortized deferred cost of the Series 2013 refunding totaled \$2,140,769 as of June 30, 2019.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term Debt – Telecommunications Fund (Continued)**

There are a number of requirements, limitations, and restrictions contained in the bond resolutions. The Telecommunications Fund is in compliance with all significant limitations and restrictions.

The following is a summary of the Telecommunication Fund's long-term liability transactions for the year ended June 30, 2019:

	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019	Due Within One Year
Revenue Bonds payable :					
Series 2013	\$ 37,885,000	\$ -	\$ (4,320,000)	\$ 33,565,000	\$ 4,415,000
(Interest rate - .60% - 3.40%)					
Less deferred amounts:					
Issuance premiums (discounts)	(159,173)	-	20,538	(138,635)	(20,538)
Net total revenue bonds	37,725,827	-	(4,299,462)	33,426,365	4,394,462
Notes payable (direct placement):					
Electric Fund loan	5,500,000	-	-	5,500,000	-
Total notes payable	5,500,000	-	-	5,500,000	-
Customer deposits	335,257		(2,867)	332,390	-
Compensated absences	588,889		(44,995)	543,894	-
Total long-term liabilities	<u>\$ 44,149,973</u>	<u>\$ -</u>	<u>\$ (4,347,324)</u>	<u>\$ 39,802,649</u>	<u>\$ 4,394,462</u>

**F. Net Position– Electric Fund**

Net investment in capital assets	
Net property, plant, and equipment in service	\$ 136,409,534
Less: Debt as disclosed in Note 3E	(37,362,090)
Total net investment in capital assets	<u>99,047,444</u>
Restricted:	
Restricted cash and cash equivalents	676,293
Restricted for use on Load Reduction Project	768,003
Less: Current liabilities payable from restricted assets	(233,079)
Total restricted net position	<u>1,211,217</u>
Unrestricted	27,130,934
Total net position	<u>\$ 127,389,595</u>



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Net Position– Gas Fund**

Net investment in capital assets	
Net property, plant, and equipment in service	\$ 93,501,484
Less: Debt as disclosed in Note 3E	<u>(20,634,185)</u>
Total net investment in capital assets	<u>72,867,299</u>
Restricted:	
Restricted cash and cash equivalents	145,672
Less: Current liabilities payable from restricted assets	<u>(63,557)</u>
Total restricted net position	<u>82,115</u>
Unrestricted	<u>17,456,582</u>
Total net position	<u>\$ 90,405,996</u>

**F. Net Position – Water Fund**

Net investment in capital assets	
Net property, plant, and equipment in service	\$ 104,023,879
Less: Debt as disclosed in Note 3E	<u>(14,856,321)</u>
Total net investment in capital assets	<u>89,167,558</u>
Restricted:	
Restricted cash and cash equivalents	1,124,878
Less: Current liabilities payable from restricted assets	<u>56,563</u>
Total restricted net position	<u>1,181,441</u>
Unrestricted	<u>721,470</u>
Total net position	<u>\$ 91,070,469</u>

**F. Net Position – Wastewater Fund**

Net investment in capital assets	
Net property, plant and equipment in service	\$ 127,916,778
Less: Debt as described in Note 3E	<u>(40,363,854)</u>
Total net investment in capital assets	<u>87,552,924</u>
Restricted for debt service:	
Restricted cash and cash equivalents	2,110,646
Less: Accrued interest from restricted funds	<u>(71,879)</u>
Total restricted net position	<u>2,038,767</u>
Unrestricted	<u>2,621,433</u>
Total net position	<u>\$ 92,213,124</u>



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Net Position – Telecommunications Fund**

Net investment in capital assets		
Net property, plant, and equipment in service	\$	43,069,967
Less: Debt as disclosed in Note 3E		<u>(33,426,365)</u>
Total net investment in capital assets		<u>9,643,602</u>
Restricted for debt service:		
Restricted cash and cash equivalents		7,056,946
Less: Accrued interest from restricted funds		<u>(259,735)</u>
Total restricted net position		<u>6,797,211</u>
Unrestricted		<u>(3,201,626)</u>
Total net position	\$	<u>13,239,187</u>

**NOTE 4 - OTHER INFORMATION**

**A. Pension Costs**

***Plan Description***

*Jackson Energy Authority Retirement Plan* - All of the Authority's full-time employees hired prior to January 1, 2014, are participants in the Jackson Energy Authority Retirement Plan. The retirement plan is a single-employer defined benefit pension plan and is administered by the Jackson Energy Authority Retirement Plan Administrative Committee. Aetna Life Insurance Company is the disbursing agent for benefits and First Tennessee Bank of Memphis serves as Plan Trustee. Each eligible employee entered the plan on the first month following the later of attainment of age twenty-one or the date he was credited with one year of service for vesting as an eligible employee.

***Benefits Provided***

The plan provides for normal retirement at age 65, early retirement after attainment of age 55 and completion of 5 years of vesting service, delayed retirement beyond normal retirement age and disability retirement upon total and permanent disability after completion of 5 years of vesting service. For participants hired on and after January 1, 2009, the early retirement age is age 60. Retirement Plan participation was frozen effective December 31, 2013.

Upon the death of the participant, survivor benefits may be provided depending on the retirement benefit chosen. The plan provides an annuity for the surviving spouse of active participants. The Plan document assigns the authority to establish and amend benefit provisions to the Jackson Energy Authority Board of Directors. The Plan issues a stand-alone financial report which can be obtained from Aetna by calling 1-860-273-6241 and First Tennessee Bank at 1-901-681-2545.

***Employees covered by the benefit terms***

At the measurement date of June 30, 2018, the Authority had 549 total participants as follows:

Active Participants	261
Inactive Participants with Deferred Benefits	21
Inactive Participants Receiving Payment	267



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 4 - OTHER INFORMATION (Continued)**

**A. Pension Costs (Continued)**

***Contributions***

The contribution requirements of plan members and Jackson Energy Authority are established and may be amended by the Jackson Energy Authority Board of Directors pursuant to the plan document. For the year ended June 30, 2019, the actuarially determined recommended employer contribution was \$7,562,675, which includes 8.28% employee portion paid by employer. The Authority also elected to make additional contributions totaling \$1,500,000 which brought the total year contributions to \$9,062,675.

***Net Pension Liability***

The Authority's net pension liability was measured as of July 1, 2018, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

***Actuarial assumptions***

The total pension liability as of July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges averaging 4.50 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on the RP-2014 Mortality Tables scaled back to 2006, with fully generational projections using the Mortality Improvements Scale MP-2017.

***Assumption Changes***

- Changed the healthy mortality improvement projection scale from Scale MP-2016 to Scale MP-2017.
- Changed the disabled mortality from prior year rates with no projection to RP-2006 disabled rates from RP-2014 with Scale MP-2017 projection.
- Changed the interest rate from 7.50% as of the July 1, 2016 measurement date to 7.325% as of the July 1, 2017 measurement date to 7.25% as of the July 1, 2018 measurement date.
- Changed the retirement rates assumption for active participants with at least 25 years of service.

***Pension Liabilities***

At June 30, 2019, the Authority reported a net pension liability of \$60,012,008. The net pension liability was measured as of July 1, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

***Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources***

For the year ended June 30, 2019, the Authority recognized pension costs of \$11,298,092. Of this amount, the Authority recognized as a fringe benefit \$1,586,282 as amounts paid by the Authority to satisfy a requirement for employee contributions.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 4 - OTHER INFORMATION (Continued)**

**A. Pension Costs (Continued)**

At June 30, 2019, the Authority 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
(1) Difference between actual and expected experience		
(a) measurement date July 1, 2018	\$ 2,770,937	\$ 11,320
(2) Difference due to assumption changes		
(a) measurement date July 1, 2018	6,549,563	-
(3) Contributions subsequent to the measurement date		
(a) measurement date July 1, 2018	9,062,675	-
(4) Net difference between expected and actual and earnings on pension plan investment		
(a) measurement date July 1, 2018	5,724,959	-
Total	\$ 24,108,134	\$ 11,320

\$9,062,675 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension costs as follows:

Year Ended June 30:	
2020	\$ 5,636,154
2021	\$ 4,594,900
2022	\$ 2,724,094
2023	\$ 1,881,424
2024	\$ 197,567
Thereafter	-

***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 assumed that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 4 - OTHER INFORMATION (Continued)**

**A. Pension Costs (Continued)**

*Changes in the Net Pension Liability*

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a)-(b)</u>
Balance at 6/30/18 (measurement date 7/1/2017)	\$ 173,152,531	\$ 110,975,799	\$ 62,176,732
Changes for the year:			
Service cost	2,661,358	-	2,661,358
Interest	12,589,204	-	12,589,204
Difference between expected and actual experience	490,277	-	490,277
Assumption change	4,196,883	-	4,196,883
Contributions - employer	-	14,642,435	(14,642,435)
Contributions - member	-	1,629,847	(1,629,847)
Net investment income	-	5,931,821	(5,931,821)
Benefit payments	(8,037,285)	(8,037,285)	-
Administrative expense	-	(101,657)	101,657
Net changes	<u>11,900,437</u>	<u>14,065,161</u>	<u>(2,164,724)</u>
Balance at 6/30/2019 (measurement date 7/1/2018)	<u>\$ 185,052,968</u>	<u>\$ 125,040,960</u>	<u>\$ 60,012,008</u>

***Pension plan investments*** - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Directors by a majority vote of its members. It is the policy of the Board of Directors to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following is the asset allocation as of June 30, 2019:

	<u>Market Value</u>	<u>Percentage of Total</u>
Annuity	\$ 6,736,883	5.09
Equities	79,627,407	60.20
Fixed income	44,664,945	33.78
Money market funds	<u>1,234,960</u>	<u>0.93</u>
Total	<u>\$ 132,264,195</u>	<u>100.00</u>



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 4 - OTHER INFORMATION (Continued)**

**A. Pension Costs (Continued)**

The following investments as of June 30, 2019 represent more than 5% of the fiduciary net position and are not issued or explicitly guaranteed by the U. S. Government:

	Market Value
Fidelity International Index Fund	\$ 15,386,096
Vanguard Div Apprec Index Fund	\$ 16,040,683
Vanguard Small-Cap Index Fund	\$ 7,489,072
Vanguard Total Stock Market Index	\$ 29,030,980
Dodge & Cox Income Fund	\$ 7,183,479
Vanguard Long-term Bond Index	\$ 8,677,965
Vanguard Total Bond Market Index	\$ 7,156,700
Aetna Annuity Allocation Asset	\$ 6,736,883

**Risk and Uncertainties** - The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. 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 in the statement of net position available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

**Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate** .250 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.250 percent) or 1-percentage-point higher (8.250 percent) than current rate:

	1% Decrease (6.250%)	Current rate (7.250%)	1% Increase (8.250%)
Total pension liability	\$ 210,321,302	\$ 185,052,968	\$ 164,235,085
Plan fiduciary net pension	125,040,960	125,040,960	125,040,960
Net pension liability	\$ 85,280,342	\$ 60,012,008	\$ 39,194,125

**Jackson Energy Authority Defined Contribution Plan** – Effective December 23, 2004, the Authority adopted a money purchase pension plan to provide for the payment of accumulated leave benefit after termination of employment. On January 1, 2009, the Plan was amended and restated to also provide for the payment of accumulated severance benefit after termination of employment. All contributions under this Plan are paid to Voya Financial Inc. and deposited into an annuity contract. The Plan is intended to meet the requirements of a non-trusted retirement plan, qualified under IRS Section 401(a) so that income accruing on the group annuity contract will be exempt from taxation. Funds transferred to the Plan are not subject



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 4 - OTHER INFORMATION (Continued)**

**A. Pension Costs (Continued)**

to FICA withholding and federal income tax is deferred until the participant withdraws funds. The Plan is a governmental plan as defined in Section 414(d) of the IRS Code, the purpose of which is to provide retirement benefits for employees of the employer. The Authority reserves the right to amend the Plan by action of its Board of Directors, notwithstanding certain limitations.

Participation of an employee begins on the employee's hire date and ceases upon termination of employment. Participants are not required or permitted to make contributions to the Plan. Employer contributions equal to the amount of the participant's accumulated leave benefit and/or his accumulated severance benefit are made to the Plan each time a participant terminates employment.

Distribution of benefits generally occurs within 60 days following the close of the plan year (December 31) in which a participant retires. In the event a participant dies prior to receiving distribution, the distribution will be made to his beneficiary as soon as practicable after the participant's death.

Under this Plan there are no assets accumulated in a trust. There were no expenses incurred by the Authority and no liability existed as of June 30, 2019. Total amounts paid over to Voya Financial Inc. on behalf of retirees was \$375,576.

***Jackson Energy Authority Matching Contribution Plan*** - The Jackson Energy Authority Matching Contribution Plan was established effective January 1, 2014, to provide certain benefits for individuals hired or rehired as full-time employees after December 31, 2013. The Matching Plan is a defined contribution plan under IRS Code Section 401(a) which provides for benefits based solely on the amount contributed to each participant's account and any income, expenses, gains or losses which may be allocated to such account. Each employee will enter the plan on the first day of the month following the employee's employment date. Each plan year matching and discretionary contributions may be made by Jackson Energy Authority at its sole discretion. Contribution levels are established and may be amended by the Jackson Energy Authority Board of Directors pursuant to the plan document. For the current plan year, the matching contribution will be equal to one hundred percent (100%) of an eligible participant's salary deferral, not to exceed four percent (4%) of compensation, made to the Jackson Energy Authority Deferred Compensation Plan. For the current plan year, the discretionary contribution will be a percentage of the eligible participant's compensation based on the participant's periods of credited service. For periods less than 5 years, the discretionary contribution will be two percent (2%) of compensation; for periods of 5-9 years the discretionary contribution will be three percent (3%); and for periods of 10 years or more the discretionary contribution will be four percent (4%). Normal retirement age is age sixty-five (65). Upon the death of the participant, survivor benefits may be provided depending on the retirement benefit chosen. Upon termination of employment for any reason other than retirement, disability or death a participant is entitled to a benefit equal to the vested portion. For credited service less than 5 years the vesting percentage is 0%. If the credited service is 5 years or more the vesting percentage is 100%. The Plan is administered by the Jackson Energy Authority Retirement Plan Administrative Committee. Voya National Trust serves as Plan Trustee. Jackson Energy Authority recognized \$317,701 in pension expense related to the matching provisions outlined in the defined contribution plan. There were no forfeitures under the Plan for the year ended June 30, 2019. There are no assets accumulated in trust for the benefit of Jackson Energy Authority and there was no liability under the Plan at June 30, 2019.

For the year ended June 30, 2019, the Authority's annual contributions to the Matching Plan were \$319,001 which included both the Authority's matching and discretionary contributions.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 4 - OTHER INFORMATION (Continued)**

**B. Major Suppliers**

The Electric Fund purchases all of its electric capacity from the Tennessee Valley Authority (TVA). Purchased power from TVA cost \$114,691,396 for the year ending June 30, 2019.

The Gas Fund purchased 68 percent of its natural gas from Centerpoint. Purchased gas cost was \$16,675,343 for the year ended June 30, 2019.

**C. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; pollution; crime; management; employment practices; fiduciary; media and cyber breach. During the fiscal year ended June 30, 2019, the Authority carried insurance through various commercial carriers to cover most risks of loss. The Authority has had no settled claims resulting from these risks that exceeded its insurance coverage in the past three fiscal years. There has also been no significant reduction in the amount of coverage.

As of June 30, 2019, the Authority is a defendant in a suit being defended by the Authority's liability insurer. This suit involves JEA's Auto Liability coverage, which has no deductible and will be fully covered by insurance up to the insured limit of \$1 million. Also, workers' compensation suits are defended by the compensation carrier for the Authority with no deductible.

**D. Other Post-Employment Benefits**

In addition to pension benefits, the Authority provides certain healthcare, dental and life insurance benefits for retired employees. Not all retired employees are eligible for dental benefits. Healthcare and dental benefits are provided by a self-insured trust plan with an insurance company acting as third-party claims administrator. The plan is protected from catastrophic claims by aggregate excess loss coverage. Life insurance is provided by a commercial carrier.

Full-time employees hired prior to January 1, 2009, become eligible for retiree healthcare and life insurance benefits at age fifty-five with five years of service. Full-time employees hired on or after January 1, 2009, and before January 1, 2017, become eligible for certain retiree healthcare and life insurance benefits at age sixty with ten years of service. Full-time employees hired on or after January 1, 2017, become eligible for reduced life insurance coverage but are not eligible for healthcare or dental benefits at retirement.

The cost of the healthcare benefits was \$4,046,901 for the year ended June 30, 2019. In addition, the cost of providing the healthcare and dental benefits for retirees for the year ended June 30, 2019, was \$2,687,656. At the measurement date of January 1, 2018, the Authority had 334 active participants covered under the plan. The plan also covers 239 inactive participants and 125 covered spouses.

The cost of life insurance benefits was \$141,590 for the year ended June 30, 2019. In addition, the cost of providing retiree life insurance benefits for the year ended June 30, 2019, was \$161,741. At the measurement date of July 1, 2018, the Authority had 360 active participants covered under the plan. The plan also covers 231 inactive participants.

Subsequent to June 30, 2009, Jackson Energy Authority established the Voluntary Employees Beneficiary Association Trust (VEBAT). First Tennessee Bank has been appointed as the Trustee. The trust was established to allow Jackson Energy Authority to fund post-employment benefits associated with retiree health and life



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 4 - OTHER INFORMATION (Continued)**

**D. Other Post-Employment Benefits (Continued)**

insurance. With the establishment of the Trust, Jackson Energy Authority began funding the actuarially determined normal cost of retiree health and life insurance. With the implementation of GASB 75 in 2018, the Authority began funding the actuarially determined contribution.

***Contributions***

The contribution requirements of plan members and Jackson Energy Authority are established and may be amended by the Jackson Energy Authority Board of Directors pursuant to the plan document. For the year ended June 30, 2019, the actuarially determined recommended employer contribution was \$6,846,016.

***Assumption Changes***

- Changed the healthy mortality improvement projection scale from Scale MP-2016 to Scale MP-2017.
- Changed the disabled mortality from prior year rates with no projection to RP-2006 disabled rates from RP-2014 with Scale MP-2017 projection.
- Changed the retirement rates assumption for active participants with at least 25 years of service.
- The expected trend and claims were updated to better reflect current market expectations.

***Net OPEB Liability***

The Authority's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate net OPEB liability was determined by an actuarial valuation as of that date.

***Actuarial assumptions***

The total OPEB liability as of June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges averaging 4.50 percent
Investment rate of return	5.75 percent, net of OPEB plan investment expenses, including inflation

Healthy life mortality pre/post-retirement rates were based on the RP-2014 rates scaled back to 2006 fully generational projections using the Mortality Improvements Scale MP-2017.

***OPEB Liabilities***

At June 30, 2019, the Authority reported a net OPEB liability of \$39,053,883. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

***OPEB Costs (negative costs), Deferred Outflows of Resources and Deferred Inflows of resources***

For the year ended June 30, 2019, the Authority recognized OPEB negative costs of \$(13,990,104).



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 4 - OTHER INFORMATION (Continued)**

**D. Other Post-Employment Benefits (OPEB) (Continued)**

At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
(1) Difference between actual and expected experience		
(a) measurement date July 1, 2018	\$ 1,694,237	\$ 387,175
(2) Difference due to assumption changes		
(a) measurement date July 1, 2018	2,333,324	2,547,229
(3) Contributions subsequent to the measurement date		
(a) measurement date July 1, 2018	6,256,899	-
(4) Net difference between expected and actual and earnings on OPEB plan investment		
(a) measurement date July 1, 2018	704,470	-
Total	\$ 12,335,775	\$ 2,934,404

\$6,256,898 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2020	\$ 477,380
2021	\$ 477,380
2022	\$ 477,380
2023	\$ 226,510
2024	\$ 238,545
Thereafter	\$ (99,568)

***Discount rate***

The discount rate used to measure the total OPEB liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 JUNE 30, 2019

**NOTE 4 - OTHER INFORMATION (Continued)**

**D. Other Post-Employment Benefits (OPEB) Costs (Continued)**

*Changes in the Net OPEB Liability*

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance at 6/30/18 (measurement date 6/30/2017)	\$ 87,394,758	\$ 21,734,640	\$ 65,660,118
Changes for the year:			
Service Cost	1,833,801	-	1,833,801
Interest	5,076,740	-	5,076,740
Changes in benefit terms	(19,977,707)	-	(19,977,707)
Difference between expected and actual experience	(440,726)	-	(440,726)
Assumption change	(2,899,542)	-	(2,899,542)
Net benefit payments	(1,901,423)	-	(1,901,423)
Contributions - employer	-	8,738,289	(8,738,289)
Contributions - retiree	-	428,075	(428,075)
Net investment income	-	1,505,210	(1,505,210)
Benefit payments	-	(2,329,498)	2,329,498
Administrative expense	-	(44,698)	44,698
Net changes	(18,308,857)	8,297,378	(26,606,235)
Balance at 6/30/2019 (measurement date 6/30/2018)	\$ 69,085,901	\$ 30,032,018	\$ 39,053,883

***Sensitivity of the Corporation's net OPEB liability to changes in the discount rate***

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 5.75 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than current rate:

	1% Decrease (4.75%)	Current Rate (5.75%)	1% Increase (6.75%)
Total OPEB liability	\$ 78,894,274	\$ 69,085,901	\$ 61,073,326
Plan fiduciary net pension	30,032,018	30,032,018	30,032,018
Net OPEB liability	\$ 48,862,256	\$ 39,053,883	\$ 31,041,308

***Sensitivity of the Corporation's net OPEB liability to changes in the Healthcare cost trend***

The following presents the Authority's net OPEB liability calculated using the current healthcare trend rate as well as what the Authority's net OPEB liability would be if it were calculated using a 1% decrease and 1% increase in the healthcare trend rate:

	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	\$ 61,711,227	\$ 69,085,901	\$ 78,091,338
Plan fiduciary net pension	30,032,018	30,032,018	30,032,018
Net OPEB liability	\$ 31,679,209	\$ 39,053,883	\$ 48,059,320



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 4 - OTHER INFORMATION (Continued)**

**D. Other Post-Employment Benefits (OPEB) Costs (Continued)**

***OPEB plan investments*** - The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Directors by a majority vote of its members. It is the policy of the Board of Directors to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following is the asset allocation as of June 30, 2019:

	<u>Market Value</u>	<u>Percentage of Total</u>
Equities	\$ 21,761,517	58.74
Fixed income	14,359,572	38.76
Money market funds	925,337	2.50
Total	<u>\$ 37,046,426</u>	<u>100.00</u>

The following investments as of June 30, 2019, represent more than 5% of the fiduciary net position and are not issued or explicitly guaranteed by the U. S. Government:

	<u>Market Value</u>
Fidelity International Index Fund	\$ 2,913,316
Vanguard Large-Cap Index Fund	\$ 14,364,454
Vanguard Small-Cap Index Fund	\$ 3,731,512
Dodge & Cox Income Fund	\$ 2,866,413
Vanguard Long-term Bond Index	\$ 8,629,976
Vanguard Total Bond Market Index	\$ 2,863,183

***Risk and Uncertainties*** - The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. 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 in the statement of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

**E. Related Party Transactions**

Included in investments is an equity interest in The Tennergy Corporation. The Tennergy Corporation is an energy acquisition company as provided by the laws of the State of Tennessee whose purpose is the purchase and resale of energy, including natural gas to local utilities.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 4 - OTHER INFORMATION (Continued)**

**F. Inter-Fund Loan**

Concurrently with the issuance of the Series 2003 Telecommunications Fund revenue bonds, the Authority was required to deposit \$5,500,000 (the Series 2003 debt service reserve requirement) into the debt service reserve sub-account of the bonds. The deposit was derived from a loan made September 26, 2003, by the Authority's Electric Fund pursuant to a supplemental Electric resolution adopted on August 28, 2003. Interest on the initial loan and any subsequent loans is paid monthly at an annual percentage rate equal to the higher of (1) the highest interest rate earned by the Electric Fund on invested funds on the date the loan was made or (2) the highest rate on the senior debt of the Electric Fund on the date the loan was made. The rate on the initial loan was 3.03%. Principal repayments on the initial loan are not due until final maturity of the Series 2003 Telecommunications Fund Revenue Bonds. Consequently, the entire loan balance is presented as a long-term note payable in the financial statements of the Telecommunications Fund as of June 30, 2019.

Under the Telecom loan resolution, the Electric Fund is obligated to make additional loans on a revolving credit basis from time to time by means of deposits to the Telecom debt service reserve sub-account. In the event that the amounts on deposit in the Telecom Debt Service Reserve Sub-account are at any time less than the Telecom Debt Service Reserve requirement of \$5,500,000, the Electric Fund is required to loan to the Telecommunications Fund an amount equal to such deficiency for the purpose of replenishing the Telecom Debt Service Reserve Sub-account. The Electric Fund has no obligation to make additional loans if such loans would cause the outstanding aggregate principal amount of all loans to the Telecommunications Fund to exceed \$34,000,000.

Loans subsequent to the initial amount borrowed of \$5,500,000 are to be repaid monthly in sixty equal monthly installments. The Telecommunications Fund has no outstanding subsequent loans from the Electric Fund as of June 30, 2019.

**G. Interfund Payments**

For the fiscal year ended June 30, 2019, the Telecommunications Fund paid rent to the Electric, Gas, Water, and Wastewater Funds in the amount of \$185,189 for the use of facilities. The Telecommunications Fund paid rent to the Electric Fund for the year ended June 30, 2019, in the amount of \$358,316 for use of electric poles. The Electric Fund paid Automated Metering Infrastructure fees to the Telecommunications Fund for the year ended June 30, 2019, in the amount of \$349,992.

**H. Deferred Compensation Plan**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The Plan, available to all full-time employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets and liabilities are held in trust for the exclusive benefit of participants and their beneficiaries as required by IRC Section 457(b).

On November 21, 2002, the 457(b) Plan was revised to include the following provisions:

1. Participant may secure a loan from his account up to the smaller of \$50,000 or 50% of the participant's account balance.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
JUNE 30, 2019

**NOTE 4 - OTHER INFORMATION (Continued)**

**H. Deferred Compensation Plan (Continued)**

2. Participants may obtain immediate access to account funds to make domestic relations order distributions. These distributions must be authorized by a judgment, decree, or order pursuant to local domestic relations marital property law.

**I. The Tennergy Corporation**

The Tennergy Corporation began operations on April 1, 1998 as a joint venture among the Board of Utility Commissioners of the City of Jackson, Tennessee, the Board of Public Utilities of Humboldt, Tennessee, and the City of Brownsville, Tennessee Utilities Board. The Tennergy Corporation is an energy acquisition company as provided by the laws of the State of Tennessee. The Corporation's purpose is to purchase and resell energy, including natural gas and electricity. As of June 30, 2019, the Gas Fund's investment in The Tennergy Corporation amounted to \$5,352,525.

The investment gain from The Tennergy Corporation amounted to \$787,845 for the year ended June 30, 2019.

The Gas Fund's investment in The Tennergy Corporation represented a 73 percent interest as of June 30, 2019.

On June 30, 2019, The Tennergy Corporation had total assets of \$625,835,586, liabilities of \$618,524,743, and net position of \$7,310,843. These assets, liabilities, and this net position reflect investment interests that include, but are not limited to, both the Gas and Electric Funds of Jackson Energy Authority. Separate financial statements of The Tennergy Corporation can be obtained for the Corporation in Jackson, Tennessee.

**J. Geographic Operations**

The Authority's operations are within the City of Jackson and Madison County, Tennessee, with some Water and Wastewater operations in Gibson County, Tennessee. The Authority derives its revenue primarily from user charges to customers within these locations.

**K. Net Position - Prior Period Adjustments**

The prior period adjustment in 2019 stems from the need to record prior year retiree medical cost paid from the Health Benefits Trust as contributions as Deferred Outflows – Contributions Subsequent to the Measurement Date as of June 30, 2018. As a result, the Authority has restated its net position to record the net 2018 Contributions Subsequent to the Measurement Date as of the beginning of the fiscal year as follows:

Fund	Prior Period Adjustment
Electric	\$ 982,193
Gas	87,509
Water	459,545
Wastewater	184,972
Telecommunications	187,686
	<u>\$ 1,901,905</u>







**JACKSON ENERGY AUTHORITY**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**JUNE 30, 2019**

	Fiscal Year Ending 2019	Fiscal Year Ending 2018*	Fiscal Year Ending 2017*	Fiscal Year Ending 2016*	Fiscal Year Ending 2015*
<b>Total Pension Liability</b>					
Service Cost	\$ 2,661,358	\$ 2,425,007	\$ 2,349,489	\$ 2,213,443	\$ 2,337,036
Interest Cost	12,589,204	11,341,447	11,117,492	10,203,036	10,008,290
Changes of Benefit Terms	-	-	-	-	-
Transfer Between Plans (4 participants)	-	902,635			
Transfer of All Remaining Tennergy Liability	-	6,565,456			
Differences Between Expected and Actual Experiences	490,277	1,451,527	(639)	1,610,666	2,850,872
Changes of Assumptions	4,196,883	1,530,055	-	4,939,654	-
Benefit Payments, Including Refunds of Member Contributions	(8,037,285)	(6,941,247)	(6,944,821)	(6,875,396)	(6,524,644)
<b>Net Change in Total Pension Liability</b>	<u>11,900,437</u>	<u>17,274,880</u>	<u>6,521,521</u>	<u>12,091,403</u>	<u>8,671,554</u>
<b>Total Pension Liability (Beginning)</b>	<u>173,152,531</u>	<u>155,877,651</u>	<u>149,356,130</u>	<u>137,264,728</u>	<u>134,369,158</u>
<b>Total Pension Liability (Ending)</b>	<u>\$ 185,052,968</u>	<u>\$ 173,152,531</u>	<u>\$ 155,877,651</u>	<u>\$ 149,356,131</u>	<u>\$ 143,040,712</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 16,228,717	\$ 8,937,241	\$ 7,022,982	\$ 5,901,463	\$ 5,607,583
Contributions - Member	43,565	42,070	41,939	36,655	20,311
Net Investment Income	5,931,821	6,979,057	895,518	2,878,326	12,617,521
Benefit Payments, Including Refunds of Member Contributions	(8,037,285)	(6,941,247)	(6,944,821)	(6,875,396)	(6,524,644)
Administrative Expense	(101,657)	(85,435)	(106,134)	(124,779)	(209,969)
Transfer Between Plans (4 participants)	-	902,635			
Transfer of All Remaining Tennergy Assets	-	4,060,067	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>14,065,161</u>	<u>13,894,388</u>	<u>909,484</u>	<u>1,816,269</u>	<u>11,510,802</u>
<b>Plan Fiduciary Net Position (Beginning)</b>	<u>110,975,799</u>	<u>97,081,411</u>	<u>96,171,927</u>	<u>94,355,659</u>	<u>83,318,142</u>
<b>Plan Fiduciary Net Position (Ending)</b>	<u>\$ 125,040,960</u>	<u>\$ 110,975,799</u>	<u>\$ 97,081,411</u>	<u>\$ 96,171,928</u>	<u>\$ 94,828,944</u>
<b>The Authority's Net Pension Liability</b>	<u>\$ 60,012,008</u>	<u>\$ 62,176,732</u>	<u>\$ 58,796,240</u>	<u>\$ 53,184,203</u>	<u>\$ 48,211,768</u>
<b>Net Position as a % of Pension Liability</b>	67.57%	64.09%	62.28%	64.39%	66.30%
<b>Covered Employee Payroll</b>	\$ 21,336,221	\$ 20,801,069	\$ 18,765,114	\$ 18,659,785	\$ 18,943,055
<b>The Authority's Pension Liability as a % of Covered-Employee Payroll</b>	281.27%	298.91%	313.33%	285.02%	254.51%
<b>Covered-Employee Payroll</b>	298.91%	313.33%	285.02%	254.51%	

\*Fiscal year ended June 30, 2015 figures show JEA and Tennergy combined. Fiscal years ended June 30, 2016 and 2017 are JEA only. During fiscal year ended June 30, 2018, JEA absorbed the employees and net pension liability of Tennergy.

\*\*This is a 10-year schedule beginning at the implementation of GASB 68. Retroactive information is not required.

See independent auditor's report.



**JACKSON ENERGY AUTHORITY**  
**Schedule of the Authority's Pension Contributions and Notes**  
 JUNE 30, 2019

	Fiscal Year Ending 2019	Fiscal Year Ending 2018	Fiscal Year Ending 2017	Fiscal Year Ending 2016	Fiscal Year Ending 2015
Actuarially Determined Contribution	\$ 7,562,675	\$ 7,258,398	\$ 6,813,731	\$ 6,079,045	\$ 5,750,912
Contributions made in Relation to the					
Actuarially Determined Contribution	9,062,675	16,228,717	8,937,241	7,022,982	5,325,457
Contribution Deficiency (excess)	(1,500,000)	(8,970,319)	(2,123,510)	(943,937)	425,455
Covered-Employee Payroll	21,336,221	20,801,069	18,765,114	18,669,785	18,943,036
Contributions as a % of Payroll	42.5%	78.0%	44.3%	37.4%	28.5%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine most recent contribution rates:

Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	5 year smoothing.
General Inflation:	2.50%
Salary Increases:	4.50%
Investment Rate of Return:	7.25%, net of pension plan investment expense, including inflation.

Retirement Age Varies by age and service, same as GASB 67.

Mortality rates were based on the RP-2014 scaled back to 2006, with fully generational projection using scale MP 2017.

**Assumption Changes made in FY 2019**

Changed the healthy mortality improvement projection scale from Scale MP-2016 to Scale MP-2017.

Change the disabled mortality from prior year rates with no projection to RP-2006 disabled rates from RP-2014 with Scale MP-2017 projection.

Change the interest rate from 7.50% as of the July 1, 2016 measurement date to 7.325% as of the July 1, 2017 measurement date to 7.25% as of the July 1, 2018 measurement date.

Changed the retirement rates assumption for active participants with at least 25 years of service.

The expected trend and claims were updated to better reflect current market expectations.

\*Contributions include 8.28% employee contribution made by the employer on behalf of the employees.

\*\*Fiscal year ended June 30, 2015 figures show JEA and Tennergy combined. Fiscal year end June 30, 2016 is JEA only.

\*\*\*This is a 10-year schedule beginning at the implementation of GASB 68. Retroactive information is not required.

See independent auditor's report.



**JACKSON ENERGY AUTHORITY**  
**Schedule of the Authority's Pension Plan Investment Returns**  
JUNE 30, 2019

	Fiscal Year Ending 2019	Fiscal Year Ending 2018	Fiscal Year Ending 2017	Fiscal Year Ending 2016	Fiscal Year Ending 2015
Annual money-weighted rate of return, net of investment expense	4.94%	6.63%	0.82%	2.89%	13.93%

\* Only five years are available from actuarial valuation.



**JACKSON ENERGY AUTHORITY**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**JUNE 30, 2019**

	Fiscal Year Ending 2019	Fiscal Year Ending 2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 1,833,801	\$ 1,995,248
Interest Cost	5,076,740	4,933,073
Changes of Benefit Terms	(19,977,707)	(7,628,998)
Contributions from the members	-	336,958
Differences Between Expected and Actual Experiences	(440,726)	2,236,392
Changes of Assumptions	(2,899,542)	3,079,988
Benefit Payments, Including Refunds of Member Contributions	<u>(1,901,423)</u>	<u>(2,373,522)</u>
<b>Net Change in Total OPEB Liability</b>	<u>(18,308,857)</u>	<u>2,579,139</u>
<b>Total OPEB Liability (Beginning)</b>	<u>87,394,758</u>	<u>84,815,619</u>
<b>Total OPEB Liability (Ending)</b>	<u>\$ 69,085,901</u>	<u>\$ 87,394,758</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 8,738,289	\$ 3,442,183
Contributions - Member	428,075	336,958
Net Investment Income	1,505,210	(41,440)
Benefit Payments, Including Refunds of Member Contributions	(2,329,498)	(2,373,522)
Administrative Expense	<u>(44,698)</u>	<u>(42,415)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	<u>8,297,378</u>	<u>1,321,764</u>
<b>Plan Fiduciary Net Position (Beginning)</b>	<u>21,734,640</u>	<u>20,412,876</u>
<b>Plan Fiduciary Net Position (Ending)</b>	<u>\$ 30,032,018</u>	<u>\$ 21,734,640</u>
<b>The Authority's Net OPEB Liability</b>	<u>\$ 39,053,883</u>	<u>\$ 65,660,118</u>
<b>Net Position as a % of Total OPEB Liability</b>	43.47%	24.87%
<b>Covered - Employee Payroll</b>	\$ 25,095,008	\$ 24,274,764
<b>The Authority's OPEB Liability as a % of Covered-Employee Payroll</b>	155.62%	270.49%

\*GASB 75 was effective first for employer fiscal year beginning after June 15, 2017.

\*\*This is a 10-year schedule beginning at the implementation of GASB 75. Retroactive information is not required.

\*\*\* Amounts reported for each fiscal year were determined as of the prior fiscal year-end.

See independent auditor's report.



**JACKSON ENERGY AUTHORITY**  
**Schedule of the Authority's OPEB Contribution and Notes**  
 JUNE 30, 2019

	Fiscal Year Ending 2019	Fiscal Year Ending 2018
Actuarially Determined Contribution	\$ 6,846,016	\$ 6,836,384
Contributions made in Relation to the Actuarially Determined Contribution	6,256,899	8,738,289
Contribution Deficiency (excess)	589,117	(1,901,905)
Covered-Employee Payroll	25,095,008	25,095,008
Contributions as a % of Payroll	24.9%	34.8%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine most recent contribution rates:

Actuarial Cost Method:	Entry Age Normal with 30-year closed amortization period for initial unfunded and 20-year closed amortization period for subsequent actuarial gains/losses and assumption/plan changes.
Asset Valuation Method:	Fair Market Value
Salary Increases:	4.50%
Investment Rate of Return:	5.75%, net of OPEB plan investment expense, including inflation.

Healthy Life Mortality Pre/Post retirement rates were based on RP2014 rates scaled back to RP2006 Fully Generational using scale MP 2017.

***Assumption Changes made in FY 2019***

Changed the healthy mortality improvement projection scale from Scale MP-2016 to Scale MP-2017.

Change the disabled mortality from prior year rates with no projection to RP-2006 disabled rates from RP-2014 with Scale MP-2017 projection.

Changed the retirement rates assumption for active participants with at least 25 years of service.

The expected trend and claims were updated to better reflect current market expectations.



**JACKSON ENERGY AUTHORITY**  
**Schedule of the Authority's OPEB Investment Returns**  
JUNE 30, 2019

	Fiscal Year Ending 2019	Fiscal Year Ending 2018
Annual money-weighted rate of return, net of investment expense	5.64%	-0.40%

\* Only two years are available from actuarial valuation.







**JACKSON ENERGY AUTHORITY - ELECTRIC FUND**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Actual</u>	<u>Percent</u>
<b>Operating revenues:</b>		
Charges for sales and services:		
Residential sales	\$ 44,917,276	30.46
Small lighting and power sales	12,619,627	8.56
Large lighting and power sales	80,651,695	54.69
Street and athletic lighting sales	2,276,985	1.54
Outdoor lighting	1,940,756	1.32
Unbilled revenue	(22,884)	(0.02)
Uncollectible accounts	<u>(177,530)</u>	<u>(0.12)</u>
Total charges for sales and services (net)	<u>142,205,925</u>	<u>96.43</u>
Other revenues		
Forfeited discounts	936,702	0.64
Miscellaneous service revenue	403,799	0.27
Rent from electric property	3,914,722	2.65
Other electric revenue	<u>15,245</u>	<u>0.01</u>
Total other revenues	<u>5,270,468</u>	<u>3.57</u>
<b>Total operating revenues (net)</b>	<b><u>147,476,393</u></b>	<b><u>100.00</u></b>
<b>Operating expenses:</b>		
<b>Cost of sales and services:</b>		
Purchased power	<u>114,691,396</u>	<u>77.77</u>
<b>Operations expenses:</b>		
Transmission expenses:		
Overhead line expense	<u>29,254</u>	<u>0.02</u>
Total transmission expense	<u>29,254</u>	<u>0.02</u>
Distribution expenses:		
Load dispatching	349,299	0.24
Station expense	8,301	0.01
Overhead line expense	166,412	0.11
Underground line expense	16,334	0.01
Street lighting and signal system	9,259	0.01
Meter expense	75,130	0.05
Customer installations expense	892,577	0.61
Supervision and engineering	12,525	0.01
Miscellaneous	607,147	0.41
Rents	<u>128,336</u>	<u>0.09</u>
Total distribution expenses	<u>2,265,320</u>	<u>1.55</u>
Customer accounts expenses:		
Meter reading expense	26,040	0.02
Customer contracts and orders	491,311	0.33
Customer collections	260,892	0.18
Customer utility billing coordinator	45,989	0.03
Data processing	<u>643,516</u>	<u>0.44</u>
Total customer accounts	<u>1,467,748</u>	<u>1.00</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - ELECTRIC FUND**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Actual	Percent
<b>Operating expenses (continued):</b>		
Customer information and sales expense:		
Assistance	232,737	0.16
Demonstrations and advertising	36,676	0.02
Service guarantees	912	-
Miscellaneous	34,015	0.02
Total customer information and sales expense	<u>304,340</u>	<u>0.20</u>
Administrative expenses:		
Office salaries	1,215,512	0.82
Employee training	-	-
Office supplies and expense	448,207	0.30
Professional services	140,906	0.10
Insurance	344,832	0.23
Employee pension and benefits	(17,895)	(0.01)
Miscellaneous and penalties	70,480	0.05
Total administrative expenses	<u>2,202,042</u>	<u>1.49</u>
Total operations expense	<u>6,268,704</u>	<u>4.26</u>
<b>Maintenance expenses:</b>		
Transmission expenses:		
Supervision and engineering	803	-
Station equipment	39,847	0.03
Overhead lines	20,256	0.01
Total transmission expenses	<u>60,906</u>	<u>0.04</u>
Distribution expenses:		
Supervision and engineering	39,146	0.03
Station equipment	560,695	0.38
Poles	(578)	-
Lines	1,571,248	1.07
Transformers	110,902	0.08
Street lighting and signals	281,511	0.19
Meters	257,876	0.17
Total distribution expenses	<u>2,820,800</u>	<u>1.92</u>
Administrative and general expenses:		
Structures and improvements	239,410	0.16
Office furniture and fixtures	63,474	0.04
Communications equipment	35,314	0.02
Total administrative and general expenses	<u>338,198</u>	<u>0.22</u>
Total maintenance expenses	<u>3,219,904</u>	<u>2.18</u>
Depreciation and amortization	9,134,873	6.19
Taxes	394,530	0.27
In lieu of taxes	4,496,934	3.05
	<u>14,026,337</u>	<u>9.51</u>
<b>Total operating expenses</b>	<u>\$ 138,206,341</u>	<u>93.72</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - GAS FUND**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Actual</u>	<u>Percent</u>
<b>Operating revenues:</b>		
Operating revenues	\$ 37,161,424	100.32
Uncollectible accounts	(118,810)	(0.32)
<b>Total operating revenues (net)</b>	<u>37,042,614</u>	<u>100.00</u>
<b>Operating expenses:</b>		
<b>Cost of sales and services:</b>		
Gas purchased	<u>16,675,343</u>	<u>45.02</u>
Total cost of sales and services expense	<u>16,675,343</u>	<u>45.02</u>
<b>Operations expense:</b>		
Distribution expenses:		
Production	2,659	0.01
Mains and services	201,721	0.54
Gas leak surveying	13,188	0.04
Measuring and regulating	258,911	0.70
Meter house and regulation	283,013	0.76
Jobbing expenses	90	-
Customer installations expense	336,452	0.91
Gas light and grills	35,207	0.10
Supervision and engineering	255,465	0.69
Maps and records	6,540	0.02
Office expense	373,640	1.01
Propane delivery	<u>197,872</u>	<u>0.53</u>
Total distribution expenses	<u>1,964,758</u>	<u>5.31</u>
Customer accounts expenses:		
Meter reading expense	257,471	0.70
Customer contracts and orders	198,176	0.53
Customer collections	137,681	0.37
Customer utility billing coordinator	46,312	0.13
Data processing	<u>382,718</u>	<u>1.03</u>
Total customer accounts expenses	<u>1,022,358</u>	<u>2.76</u>
Customer information and sales expense:		
Assistance	81,438	0.22
Demonstrations and advertising	36,304	0.10
Miscellaneous	<u>29,857</u>	<u>0.08</u>
Total customer information and sales expense	<u>147,599</u>	<u>0.40</u>



**JACKSON ENERGY AUTHORITY - GAS FUND**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Actual</u>	<u>Percent</u>
<b>Operations expenses (continued):</b>		
Administrative expenses:		
Office salaries	1,193,928	3.22
Office supplies and expense	258,596	0.70
Special services	132,385	0.36
Insurance	178,029	0.48
Employee pension and benefits	273,427	0.74
Miscellaneous and penalties	<u>91,714</u>	<u>0.25</u>
Total administrative expenses	<u>2,128,079</u>	<u>5.75</u>
Total operations expense	<u>5,262,794</u>	<u>14.22</u>
<b>Maintenance expenses:</b>		
Production	<u>1,367</u>	<u>-</u>
Total production expenses	<u>1,367</u>	<u>-</u>
Distribution expenses:		
Supervision and engineering	106,494	0.29
Structures and improvements	(306)	-
Mains	391,806	1.06
Measuring and regulating	21,780	0.06
Services	190,427	0.51
Meters and regulators	103,114	0.28
Other equipment	<u>73,752</u>	<u>0.20</u>
Total distribution expenses	<u>887,067</u>	<u>2.40</u>
Administrative and general expenses:		
Administrative and general expenses:	<u>275,035</u>	<u>0.74</u>
Total administrative and general expenses	<u>275,035</u>	<u>0.74</u>
Total maintenance expenses	<u>1,163,469</u>	<u>3.14</u>
Depreciation and amortization	4,553,076	12.29
Taxes	289,408	0.78
In lieu of taxes	<u>1,538,750</u>	<u>4.15</u>
	<u>6,381,234</u>	<u>17.22</u>
<b>Total operating expenses</b>	<u>\$ 29,482,840</u>	<u>79.60</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WATER FUND**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Actual</u>	<u>Percent</u>
<b>Operating revenues:</b>		
Operating revenues	\$ 17,787,729	100.54
Uncollectible accounts	<u>(96,406)</u>	<u>(0.54)</u>
<b>Total operating revenues (net)</b>	<u>17,691,323</u>	<u>100.00</u>
<b>Operating expenses:</b>		
<b>Operations expense</b>		
Source of supply:		
Labor	4,861	0.03
Miscellaneous	<u>483,013</u>	<u>2.73</u>
Total source of supply expense	<u>487,874</u>	<u>2.76</u>
Pumping		
Supervision and engineering	220	-
Purchased power	<u>464,690</u>	<u>2.63</u>
Total pumping expense	<u>464,910</u>	<u>2.63</u>
Treatment and disposal		
Supervision and engineering	401	-
Labor	481,114	2.72
Chemicals	237,180	1.34
Miscellaneous	<u>127,827</u>	<u>0.72</u>
Total treatment and disposal expense	<u>846,522</u>	<u>4.78</u>
Transmission and distribution		
Supervision and engineering	353,549	2.00
Storage facilities expense	6,168	0.03
Line expense	239,694	1.35
Meter expense	150,933	0.85
Miscellaneous	331,925	1.88
Customer installation	<u>247,146</u>	<u>1.40</u>
Total transmission and distribution expense	<u>1,329,415</u>	<u>7.51</u>
Customer accounts expenses:		
Meter reading expense	178,141	1.01
Customer billing and collecting	330,260	1.87
Data processing	338,915	1.92
Assistance expense	87,917	0.50
Demonstrations and advertising	18,866	0.11
Miscellaneous	<u>23,459</u>	<u>0.13</u>
Total customer accounts expense	<u>\$ 977,558</u>	<u>5.54</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WATER FUND**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Actual</u>	<u>Percent</u>
<b>Operating expenses (continued):</b>		
Administrative and general expense:		
Salaries	801,267	4.53
Office supplies and expense	236,091	1.33
Professional service	98,113	0.55
Insurance	160,059	0.90
Employee pension and benefits	85,427	0.48
Miscellaneous	33,826	0.19
Total administrative and general expense	<u>1,414,783</u>	<u>7.98</u>
<b>Total operations expense</b>	<u>5,521,062</u>	<u>31.21</u>
<b>Maintenance expenses:</b>		
Source of supply		
Wells and springs	89,520	0.51
Total source of supply	<u>89,520</u>	<u>0.51</u>
Pumping		
Supervision and engineering	636	0.01
Pumping equipment	78,294	0.44
Total pumping expenses	<u>78,930</u>	<u>0.45</u>
Treatment and disposal		
Structures and improvements	1,751	0.01
Treatment and disposal equipment	268,108	1.52
Total treatment and disposal	<u>269,859</u>	<u>1.53</u>
Transmission and distribution		
Supervision and engineering	5,748	0.03
Structures and improvements	1,393	0.01
Distribution reservoirs and standpipes	77,712	0.44
Mains and services	738,175	4.17
Service meters and hydrants	208,881	1.18
Total transmission and distribution	<u>1,031,909</u>	<u>5.83</u>
Administrative and general expenses:		
Administrative and general expenses	243,737	1.38
Total administrative and general expenses	<u>243,737</u>	<u>1.38</u>
<b>Total maintenance expenses</b>	<u>1,713,955</u>	<u>9.70</u>
Depreciation and amortization	3,226,870	18.24
Taxes	267,998	1.51
In lieu of taxes	182,308	1.03
	<u>3,677,176</u>	<u>20.78</u>
<b>Total operating expenses</b>	<u>\$ 10,912,193</u>	<u>61.69</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WASTEWATER FUND  
SCHEDULE OF OPERATING REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Actual</u>	<u>Percent</u>
<b>Operating revenues:</b>		
Operating revenues	\$ 19,685,558	100.20
Uncollectible accounts	<u>(38,610)</u>	<u>(0.20)</u>
<b>Total operating revenues (net)</b>	<u>19,646,948</u>	<u>100.00</u>
<b>Operating expenses:</b>		
<b>Operations expense:</b>		
Pumping		
Purchased power	150,628	0.77
Miscellaneous	<u>11,691</u>	<u>0.06</u>
<b>Total pumping expense</b>	<u>162,319</u>	<u>0.83</u>
Treatment and disposal		
Labor	1,243,108	6.33
Chemicals	140,928	0.72
Miscellaneous	<u>1,029,692</u>	<u>5.24</u>
<b>Total treatment and disposal expense</b>	<u>2,413,728</u>	<u>12.29</u>
Transmission and distribution		
Supervision and engineering	94,062	0.48
Line expense	229,961	1.17
Meter expense	46,723	0.24
Miscellaneous	238,790	1.22
Customer installation	<u>55,746</u>	<u>0.28</u>
<b>Total transmission and distribution expense</b>	<u>665,282</u>	<u>3.39</u>
Customer accounts expenses		
Supervision	14,048	0.07
Meter reading expense	136,883	0.70
Customer billing and collecting	276,070	1.41
Data processing	293,848	1.50
Assistance expense	160,203	0.82
Demonstrations and advertising	18,152	0.09
Miscellaneous	<u>27,108</u>	<u>0.14</u>
<b>Total customer accounts expense</b>	<u>\$ 926,312</u>	<u>4.73</u>



**JACKSON ENERGY AUTHORITY - WASTEWATER FUND**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Actual</u>	<u>Percent</u>
<b>Operating expenses (continued):</b>		
Administrative and general expense		
Salaries	\$ 779,074	3.97
Office supplies and expense	195,609	1.00
Professional service	100,407	0.51
Insurance	262,782	1.34
Employee pension and benefits	145,854	0.74
Miscellaneous	31,752	0.16
Total administrative and general expense	<u>1,515,478</u>	<u>7.72</u>
<b>Total operations expense</b>	<u>5,683,119</u>	<u>28.97</u>
<b>Maintenance expenses:</b>		
Pumping		
Structures and improvements	-	-
Pumping equipment	<u>268,416</u>	<u>1.37</u>
Total pumping	<u>268,416</u>	<u>1.37</u>
Treatment and disposal		
Structures and improvements	(927)	-
Treatment and disposal equipment	<u>505,975</u>	<u>2.58</u>
Total treatment and disposal	<u>505,048</u>	<u>2.58</u>
Transmission and distribution		
Supervision and engineering	2,751	0.01
Mains and services	1,031,862	5.25
Service meters and hydrants	-	-
Total transmission and distribution	<u>1,034,613</u>	<u>5.27</u>
Administrative and general		
Administrative and general expenses	<u>191,384</u>	<u>0.97</u>
Total administrative and general expenses	<u>191,384</u>	<u>0.97</u>
<b>Total maintenance expenses</b>	<u>1,999,461</u>	<u>10.19</u>
Depreciation and amortization	4,389,524	22.34
Taxes	253,787	1.29
In lieu of taxes	<u>197,871</u>	<u>1.01</u>
	<u>4,841,182</u>	<u>24.64</u>
<b>Total operating expenses</b>	<u>\$ 12,523,762</u>	<u>63.80</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Actual</u>	<u>Percent</u>
<b>Operating revenues:</b>		
Operating revenues	\$ 32,570,850	100.48
Uncollectible accounts	<u>(154,836)</u>	<u>(0.48)</u>
<b>Total operating revenues (net)</b>	<u>32,416,014</u>	<u>100.00</u>
<b>Operating expenses:</b>		
Programming and services costs	<u>12,191,409</u>	<u>37.61</u>
<b>Operations expenses</b>		
Plant specific		
Network support	53,207	0.16
General support	268,085	0.83
Headend	12,335	0.04
Headend transmission	12,506	0.04
Cable and wire facilities	<u>388,841</u>	<u>1.20</u>
Total plant specific	<u>734,974</u>	<u>2.27</u>
Plant non-specific		
Other property and equipment	4,855	-
Network operations	<u>715,539</u>	<u>2.21</u>
Total plant non-specific	<u>720,394</u>	<u>2.21</u>
Customer operations		
Marketing	446,235	1.38
Services	3,319,122	10.24
Stand-by Time	<u>27,088</u>	<u>0.08</u>
Total customer operations	<u>3,792,445</u>	<u>11.70</u>
Corporate operations		
Executive and planning	692,703	2.14
General and administrative	<u>1,300,551</u>	<u>4.01</u>
Total corporate operations	<u>1,993,254</u>	<u>6.15</u>
<b>Total operations expenses</b>	<u>7,241,067</u>	<u>22.33</u>
Depreciation and amortization	6,046,142	18.65
Taxes	1,006,134	3.10
In lieu of taxes	<u>463,448</u>	<u>1.43</u>
	<u>7,515,724</u>	<u>23.18</u>
<b>Total operating expenses</b>	<u>\$ 26,948,200</u>	<u>83.12</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - ELECTRIC FUND**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**JUNE 30, 2019**

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding as of 7-1-2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6-30-2019
Notes payable:									
Southwest Electric	Various	0%	Various	Various	\$ 1,343,521	\$ -	\$ 397,581	\$ -	\$ 945,940
TVA	\$ 4,160,207	0%	6/30/15	6/30/21	2,137,884	-	693,368	-	1,444,516
Total notes payable					<u>\$ 3,481,405</u>	<u>\$ -</u>	<u>\$ 1,090,949</u>	<u>\$ -</u>	<u>\$ 2,390,456</u>
Bonds Payable:									
Revenue Bonds - Series 2010	21,210,000	3.125 to 4.00%	5/28/10	5/1/26	\$ 10,960,000	\$ -	\$ 1,485,000	\$ -	\$ 9,475,000
Revenue Bonds - Series 2014	27,120,000	3.00 to 5.00%	12/5/14	5/1/33	24,480,000	-	870,000	-	23,610,000
Total Bonds Payable					<u>\$ 35,440,000</u>	<u>\$ -</u>	<u>\$ 2,355,000</u>	<u>\$ -</u>	<u>\$ 33,085,000</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - GAS FUND**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**JUNE 30, 2019**

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding as of 7-1-2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6-30-2019
Bonds Payable:									
Revenue Bonds - Series 2015	21,240,000	3.00 to 5.00%	12/22/15	6/1/35	\$ 20,125,000	\$ -	\$ 810,000	\$ -	\$ 19,315,000
Total bonds payable					\$ 20,125,000	\$ -	\$ 810,000	\$ -	\$ 19,315,000

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WATER FUND**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**JUNE 30, 2019**

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding as of 7-1-2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6-30-2019
Bonds Payable:									
Revenue Bonds - Series 2017	15,285,000	5.00%	12/7/17	12/1/26	\$ 15,285,000	\$ -	\$ 1,710,000	\$ -	\$ 13,575,000
Total bonds payable					\$ 15,285,000	\$ -	\$ 1,710,000	\$ -	\$ 13,575,000

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WASTEWATER FUND**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**JUNE 30, 2019**

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding as of 7-1-2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6-30-2019
Notes Payable:									
State Revolving Loans - CW0 2013-313	2,150,000	0.34%	9/27/12	1/20/35	\$ 1,350,098	\$ -	\$ 79,284	\$ -	\$ 1,270,814
State Revolving Loans - SRF 2013-314 1	8,953,352	0.34%	9/27/12	3/20/37	8,410,337	-	435,156	-	7,975,181
State Revolving Loans - CG3 2016-361	4,000,000	1.17%	4/7/16	2/20/38	3,637,619	111,640	175,886	-	3,573,373
State Revolving Loans - CG2 2016-363 2	2,000,000	1.43%	10/29/15	5/20/37	1,898,030	-	88,008	-	1,810,022
State Revolving Loans - CG4 2016-362 3	4,000,000	1.17%	4/7/16	6/20/39	843,227	1,780,269	124,618	-	2,498,878
State Revolving Loans - SRF 2017-383 4	1,400,000	1.55%	3/21/17	11/20/38	1,296,258	-	32,403	-	1,263,855
<b>Total Notes Payable 5</b>					<u>\$ 17,435,569</u>	<u>\$ 1,891,909</u>	<u>\$ 935,355</u>	<u>\$ -</u>	<u>\$ 18,392,123</u>
Bonds Payable:									
Revenue Bonds - Series 2012	16,000,000	2.00 - 4.75 %	3/22/12	6/1/32	\$ 15,400,000	\$ -	\$ 100,000	\$ -	\$ 15,300,000
Revenue Bonds - Series 2017	7,680,000	5.00%	12/7/17	12/1/22	7,680,000	-	1,385,000	-	6,295,000
<b>Total Bonds Payable</b>					<u>\$ 23,080,000</u>	<u>\$ -</u>	<u>\$ 1,485,000</u>	<u>\$ -</u>	<u>\$ 21,595,000</u>

Notes to Schedule:

<sup>1</sup> Includes two issue amounts of \$5,000,000 in September 2012 and \$3,953,352 in October 2013 for a new total issue amount of \$8,953,352, of which \$1,026 was not used.

<sup>2</sup> Total amount approved was \$2,000,000, of which \$7,620 was not used.

<sup>3</sup> Total amount approved was \$4,000,000, of which \$1,313,034 remains available for draws as of June 30, 2019.

<sup>4</sup> Total amount approved was \$1,400,000, of which \$103,742 was not used.

<sup>5</sup> Original amount of issue includes \$1,011,050 of total principal forgiveness.



**JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**JUNE 30, 2019**

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding as of 7-1-2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6-30-2019
Bonds Payable:									
Revenue Bonds - Series 20173	58,800,000	0.60 to 3.40%	5/22/13	4/1/26	\$ 37,885,000	\$ -	\$ 4,320,000	\$ -	\$ 33,565,000
Total bonds payable					\$ 37,885,000	\$ -	\$ 4,320,000	\$ -	\$ 33,565,000

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - ELECTRIC FUND**  
**SCHEDULE OF LONG-TERM DEBT**  
JUNE 30, 2019

Year Ended June 30,	Electric Revenue Bonds				Notes Payable		Total		
	Series 2010		Series 2014		Principal	Interest	Principal	Interest	Debt Service
2020	\$ 1,480,000	\$ 379,000	\$ 975,000	\$ 1,019,475	\$ 1,090,949	\$ -	\$ 3,545,949	\$ 1,398,475	\$ 4,944,424
2021	1,235,000	319,800	1,325,000	970,725	1,090,949	-	3,650,949	1,290,525	4,941,474
2022	1,400,000	270,400	1,280,000	904,475	208,558	-	2,888,558	1,174,875	4,063,433
2023	1,345,000	214,400	1,450,000	840,475	-	-	2,795,000	1,054,875	3,849,875
2024	1,300,000	160,600	1,630,000	767,975	-	-	2,930,000	928,575	3,858,575
2025	1,405,000	108,600	1,660,000	686,475	-	-	3,065,000	795,075	3,860,075
2026	1,310,000	52,400	1,900,000	603,475	-	-	3,210,000	655,875	3,865,875
2027	-	-	3,230,000	508,475	-	-	3,230,000	508,475	3,738,475
2028	-	-	3,400,000	346,975	-	-	3,400,000	346,975	3,746,975
2029	-	-	3,500,000	244,975	-	-	3,500,000	244,975	3,744,975
2030	-	-	780,000	104,975	-	-	780,000	104,975	884,975
2031	-	-	800,000	80,600	-	-	800,000	80,600	880,600
2032	-	-	830,000	54,600	-	-	830,000	54,600	884,600
2033	-	-	850,000	27,625	-	-	850,000	27,625	877,625
	<u>\$ 9,475,000</u>	<u>\$ 1,505,200</u>	<u>\$ 23,610,000</u>	<u>\$ 7,161,300</u>	<u>\$ 2,390,456</u>	<u>\$ -</u>	<u>\$ 35,475,456</u>	<u>\$ 8,666,500</u>	<u>\$ 44,141,956</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - GAS FUND**  
**SCHEDULE OF LONG-TERM DEBT**  
JUNE 30, 2019

Years Ended June 30,	Series 2015 Bonds		Total		
	Principal	Interest	Principal	Interest	Debt Service
2020	\$ 830,000	\$ 762,681	\$ 830,000	\$ 762,681	\$ 1,592,681
2021	870,000	729,481	870,000	729,481	1,599,481
2022	900,000	694,681	900,000	694,681	1,594,681
2023	940,000	658,681	940,000	658,681	1,598,681
2024	970,000	630,481	970,000	630,481	1,600,481
2025	1,000,000	601,381	1,000,000	601,381	1,601,381
2026	1,050,000	551,381	1,050,000	551,381	1,601,381
2027	1,100,000	498,881	1,100,000	498,881	1,598,881
2028	1,505,000	443,881	1,505,000	443,881	1,948,881
2029	1,590,000	368,631	1,590,000	368,631	1,958,631
2030	1,300,000	289,131	1,300,000	289,131	1,589,131
2031	1,360,000	237,131	1,360,000	237,131	1,597,131
2032	1,410,000	182,731	1,410,000	182,731	1,592,731
2033	1,450,000	140,431	1,450,000	140,431	1,590,431
2034	1,495,000	96,931	1,495,000	96,931	1,591,931
2035	1,545,000	50,213	1,545,000	50,213	1,595,213
	<u>\$ 19,315,000</u>	<u>\$ 6,936,728</u>	<u>\$ 19,315,000</u>	<u>\$ 6,936,728</u>	<u>\$ 26,251,728</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WATER FUND**  
**SCHEDULE OF LONG-TERM DEBT**  
JUNE 30, 2019

Years Ended June 30,	Series 2017 Bonds		Total		
	Principal	Interest	Principal	Interest	Debt Service
2020	\$ 1,795,000	\$ 633,875	\$ 1,795,000	\$ 633,875	\$ 2,428,875
2021	1,890,000	541,750	1,890,000	541,750	2,431,750
2022	1,990,000	444,750	1,990,000	444,750	2,434,750
2023	2,090,000	342,750	2,090,000	342,750	2,432,750
2024	2,195,000	235,625	2,195,000	235,625	2,430,625
2025	1,145,000	152,125	1,145,000	152,125	1,297,125
2026	1,205,000	93,375	1,205,000	93,375	1,298,375
2027	<u>1,265,000</u>	<u>31,625</u>	<u>1,265,000</u>	<u>31,625</u>	<u>1,296,625</u>
	<u>\$ 13,575,000</u>	<u>\$ 2,475,875</u>	<u>\$ 13,575,000</u>	<u>\$ 2,475,875</u>	<u>\$ 16,050,875</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WASTEWATER FUND**  
**SCHEDULE OF LONG-TERM DEBT**  
JUNE 30, 2019

Years Ended June 30,	Series 2012 Bonds		Series 2017 Bonds		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2020	\$ 100,000	\$ 547,800	\$ 1,460,000	\$ 278,250	\$ 1,560,000	\$ 826,050	\$ 2,386,050
2021	100,000	544,800	1,530,000	203,500	1,630,000	748,300	2,378,300
2022	100,000	541,800	1,610,000	125,000	1,710,000	666,800	2,376,800
2023	100,000	538,800	1,695,000	42,375	1,795,000	581,175	2,376,175
2024	1,420,000	535,800	-	-	1,420,000	535,800	1,955,800
2025	1,490,000	469,812	-	-	1,490,000	469,812	1,959,812
2026	1,555,000	399,487	-	-	1,555,000	399,487	1,954,487
2027	1,600,000	352,838	-	-	1,600,000	352,838	1,952,838
2028	1,650,000	300,837	-	-	1,650,000	300,837	1,950,837
2029	1,705,000	247,213	-	-	1,705,000	247,213	1,952,213
2030	1,760,000	191,800	-	-	1,760,000	191,800	1,951,800
2031	1,825,000	130,200	-	-	1,825,000	130,200	1,955,200
2032	1,895,000	66,324	-	-	1,895,000	66,324	1,961,324
	<u>\$ 15,300,000</u>	<u>\$ 4,867,511</u>	<u>\$ 6,295,000</u>	<u>\$ 649,125</u>	<u>\$ 21,595,000</u>	<u>\$ 5,516,636</u>	<u>\$ 27,111,636</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WASTEWATER FUND**  
**SCHEDULE OF LONG-TERM DEBT - NOTES PAYABLE**  
**JUNE 30, 2019**

Years Ended	CW0 2013-313		SRF 2013-314		CG2 16-363		CG3 16-361		CG4 16-362		SRF 17-383		Total		
	Principal	Interest	Principal 1	Interest	Principal 2	Interest	Principal 3	Interest	Principal 4	Interest	Principal 5	Interest	Principal	Interest	Debt Service
June 30,	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2020	79,548	5,184	436,632	32,652	89,280	26,712	172,308	43,680	110,494	41,535	56,232	20,184	944,494	169,947	1,114,441
2021	79,824	4,848	438,120	30,816	90,552	25,368	174,336	41,508	167,365	44,162	57,108	19,260	1,007,305	165,962	1,173,267
2022	80,088	4,524	439,608	28,980	91,860	23,988	176,388	39,324	169,333	42,059	57,996	18,324	1,015,273	157,199	1,172,472
2023	80,364	4,176	441,108	27,132	93,192	22,584	178,452	37,116	171,325	39,931	58,908	17,364	1,023,349	148,303	1,171,652
2024	80,640	3,840	442,608	25,272	94,524	21,168	180,552	34,872	173,340	37,778	59,820	16,404	1,031,484	139,334	1,170,818
2025	80,916	3,504	444,120	23,412	95,892	19,728	182,676	32,604	175,380	35,599	60,756	15,420	1,039,740	130,267	1,170,007
2026	81,192	3,156	445,632	21,540	97,272	18,276	184,824	30,312	177,442	33,395	61,704	14,424	1,048,066	121,103	1,169,169
2027	81,468	2,820	447,144	19,668	98,664	16,800	187,008	27,972	179,530	31,165	62,664	13,416	1,056,478	111,841	1,168,319
2028	81,744	2,472	448,668	17,784	100,091	15,300	189,204	25,632	181,641	28,909	63,648	12,384	1,064,996	102,481	1,167,477
2029	82,020	2,136	450,192	15,900	101,532	13,776	191,424	23,256	183,778	26,626	64,644	11,328	1,073,590	93,022	1,166,612
2030	82,296	1,788	451,728	14,004	102,996	12,228	193,680	20,844	185,940	24,317	65,652	10,272	1,082,292	83,453	1,165,745
2031	82,584	1,440	453,264	12,108	104,472	10,668	195,960	18,408	188,127	21,980	66,672	9,204	1,091,079	73,808	1,164,887
2032	82,860	1,092	454,812	10,200	105,972	9,084	198,264	15,948	190,340	19,616	67,716	8,100	1,099,964	64,040	1,164,004
2033	83,148	744	456,360	8,280	107,508	7,464	200,592	13,464	192,579	17,224	68,772	6,996	1,108,959	54,172	1,163,131
2034	83,424	396	457,920	6,360	109,056	5,832	202,956	10,932	194,844	14,803	69,840	5,868	1,118,040	44,191	1,162,231
2035	48,698	56	459,480	4,428	110,616	4,176	205,344	8,388	197,136	12,355	70,932	4,716	1,092,206	34,119	1,126,325
2036	-	-	461,040	2,508	112,212	2,496	207,756	5,808	199,455	9,877	72,048	3,552	1,052,511	24,241	1,076,752
2037	-	-	346,745	606	104,331	792	210,204	3,192	201,801	7,371	73,164	2,376	936,245	14,337	950,582
2038	-	-	-	-	-	-	141,445	662	204,175	4,835	74,304	1,176	419,924	6,673	426,597
2039	-	-	-	-	-	-	-	-	275,975	2,275	31,275	124	307,250	2,399	309,649
	<u>\$ 1,270,814</u>	<u>\$ 42,176</u>	<u>\$ 7,975,181</u>	<u>\$ 301,650</u>	<u>\$ 1,810,022</u>	<u>\$ 256,440</u>	<u>\$ 3,573,373</u>	<u>\$ 433,922</u>	<u>\$ 3,720,000</u>	<u>\$ 495,812</u>	<u>\$ 1,263,855</u>	<u>\$ 210,892</u>	<u>\$ 19,613,245</u>	<u>\$ 1,740,892</u>	<u>\$ 21,354,137</u>

- 1 The schedule reflects a final loan amount of \$1,026 less than the total approved.
- 2 The schedule reflects a final loan amount of \$7,620 less than the total approved.
- 3 The schedule assumes the Fund will borrow the entire amount of CG4 16-362 approved. \$2,498,878 had been borrowed as of June 30, 2019; principal repayments had not begun.
- 4 The schedule reflects a final loan amount of \$103,742 less than the total approved.



**JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND**  
**SCHEDULE OF LONG-TERM DEBT**  
JUNE 30, 2019

Year Ended June 30,	Series 2013 Bonds		Total		
	Principal	Interest	Principal	Interest	Debt Service
2020	\$ 4,415,000	\$ 1,006,215	\$ 4,415,000	\$ 1,006,215	\$ 5,421,215
2021	4,515,000	902,463	4,515,000	902,463	5,417,463
2022	4,635,000	782,815	4,635,000	782,815	5,417,815
2023	4,770,000	648,400	4,770,000	648,400	5,418,400
2024	4,915,000	502,915	4,915,000	502,915	5,417,915
2025	5,075,000	345,635	5,075,000	345,635	5,420,635
2026	5,240,000	178,160	5,240,000	178,160	5,418,160
	<u>\$ 33,565,000</u>	<u>\$ 4,366,603</u>	<u>\$ 33,565,000</u>	<u>\$ 4,366,603</u>	<u>\$ 37,931,603</u>

The Electric Fund Debt Service Reserve loan in the amount of \$5,500,000 is not listed above. The Telecommunications Fund pays interest only and no repayment schedule was agreed upon at June 30, 2018.

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - ELECTRIC FUND**  
**ELECTRIC RATES IN FORCE**  
JUNE 30, 2019

<b>Residential rate schedule RS</b>		
Customer charge - per delivery point per month	\$	20.02
Energy charge - cents per kWh		9.532¢
General power schedule		
GSA1		
Customer charge - per delivery point per month	\$	30.83
Energy charge - cents per kWh		10.657¢
GSA2		
Customer charge per delivery point per month	\$	92.49
Demand charges - per kW per month over 51 kW	\$	14.25
Energy charge - cents per kWh		
First 15,000 kWh per month		0.1065¢
Additional kWh per month		6.041¢
GSA3		
Customer charge per delivery point per month	\$	477.88
Demand charges - per kW per month		
First 1,000 kW	\$	13.10
Excess over 1,000 kW	\$	12.99
Energy charge - cents per kWh		6.395¢
GSB		
Customer charge per delivery point per month	\$	2,000.00
Admin Charge	\$	350.00
Demand charges - per kW per month - ON PEAK	\$	10.87
Excess demand - ON PEAK	\$	10.87
Demand charges - per kW per month - Max		4.60¢
Energy charge - cents per kWh Onpeak		8.351¢
Energy charge - cents per kWh Offpeak 1		5.860¢
Energy charge - cents per kWh Offpeak 2		2.402¢
<b>Energy charge - cents per kWh Offpeak 3</b>		<b>2.061¢</b>
Facilities charge-cents below 161 KV to 46 KV		48.00¢
below 46 KV to first 10,000 kW	\$	1.23
cents for all additional kW per month		97.00¢
Outdoor lighting rate schedule		
LS		
Base charge - athletic field and traffic signal divisions per month	\$	3.75
Energy charge - cents per kWh		6.868¢
Facilities charge - percent of installed plant		12.00%
Security Lighting		
175 W MV - 70 kWh	\$	7.92
400 W MV - 155 kWh	\$	16.01
1000 W MV - kWh	\$	31.82
100 W HPS - 42 kWh	\$	8.22
250 W HPS - 105 kWh	\$	14.48
400 W HPS - 165 kWh	\$	18.75
150 W MH - 68 kWh	\$	11.91
LED 100 W EQ - 73kWh	\$	8.34
LED 250 W EQ - 161kWh	\$	13.09
Additional monthly pole charge		
30 foot	\$	2.25
40 foot	\$	3.75

See independent auditor's report.



JACKSON ENERGY AUTHORITY - ELECTRIC FUND  
ELECTRIC RATES IN FORCE (Continued)  
JUNE 30, 2019

Manufacturing rate schedule		
MSA		
Customer charge per delivery point per month	\$	477.88
Demand charges - per kW per month	\$	12.02
Additional Kw per month	\$	11.89
Energy charge - cents per kWh		6.397¢
MSB		
Customer charge per delivery point per month	\$	2,000.00
Admin Charge	\$	350.00
Demand charges - per kW per month - ON PEAK	\$	10.24
Excess demand - ON PEAK	\$	10.24
Demand charges - per kW per month - Max	\$	1.65
Energy charge - cents per kWh Onpeak		7.450¢
Energy charge - cents per kWh Offpeak 1		4.950¢
Energy charge - cents per kWh Offpeak 2		1.981¢
Energy charge - cents per kWh Offpeak 3		1.726¢
Facilities charge-cents below 161 KV to 46 KV		48.00¢
below 46 KV to first 10,000 kW	\$	1.23
cents for all additional kW per month		97.00¢
MSD		
MSD		
Customer charge per delivery point per month	\$	2,000.00
Admin Charge	\$	350.00
Demand charges - per kW per month - ON PEAK	\$	10.24
Excess demand - ON PEAK	\$	10.24
Demand charges - per kW per month - Max	\$	1.64
Energy charge - cents per kWh Onpeak		7.111¢
Energy charge - cents per kWh Offpeak 1		4.610¢
Energy charge - cents per kWh Offpeak 2		1.953¢
Energy charge - cents per kWh Offpeak 3		1.894¢
Facilities charge - cents below 161 to 46 KV		48.00¢
below 46 KV to first 10,000 KW	\$	1.23
cents for all additional KW per month		97.00¢
TGSA - Time-of-Use		
Customer charge per delivery point per month	\$	477.88
Demand Charges - per Kw -ON PEAK	\$	8.62
Demand charges - per kW per month - Max	\$	5.83
Energy charge - cents per kWh Onpeak		8.537¢
Energy charge - cents per kWh Offpeak 1		6.170¢

The Electric Fund served 35,699 and 35,475 customers as of June 30, 2018, and June 30, 2019 respectively. There are no customers without meters.

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - GAS FUND**  
**GAS RATES IN FORCE**  
JUNE 30, 2019

RATE SCHEDULE R-1

<u>Monthly Rates</u>	<u>Base Rate</u>	<u>Purchased Gas Adjustment</u>	<u>Surcharge Adjustment</u>	<u>Current Rate</u>
First 5 Ccf	108.37¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	105.42¢ per therm
Next 5 Ccf	97.68¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	94.73¢ per therm
Next 20 Ccf	86.97¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	84.02¢ per therm
Excess over 30 Ccf	76.25¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	73.30¢ per therm

Minimum monthly charge: \$15.25 per meter

RATE SCHEDULE R-2

<u>Monthly Rates</u>	<u>Base Rate</u>	<u>Purchased Gas Adjustment</u>	<u>Surcharge Adjustment</u>	<u>Current Rate</u>
First 5 Ccf	107.61¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	104.668¢ per therm
Next 5 Ccf	97.38¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	94.435¢ per therm
Next 20 Ccf	86.74¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	83.79¢ per therm
Excess over 30 Ccf	76.04¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	73.09¢ per therm

Minimum monthly charge: \$15.25 per meter

RATE SCHEDULE RO-1

<u>Monthly Rates</u>	<u>Base Rate</u>	<u>Purchased Gas Adjustment</u>	<u>Surcharge Adjustment</u>	<u>Current Rate</u>
First 5 Ccf	110.87¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	107.92¢ per therm
Next 5 Ccf	99.85¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	96.90¢ per therm
Next 20 Ccf	88.83¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	85.88¢ per therm
Excess over 30 Ccf	77.80¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	74.85¢ per therm

Minimum monthly charge: \$15.50 per meter



**JACKSON ENERGY AUTHORITY - GAS FUND**  
**GAS RATES IN FORCE (Continued)**  
 JUNE 30, 2019

RATE SCHEDULE G-1

<u>Monthly Rates</u>		<u>Base Rate</u>	<u>Purchased Gas Adjustment</u>	<u>Surcharge Adjustment</u>	<u>Current Rate</u>
First	10 Ccf	104.41¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	101.46¢ per therm
Next	40 Ccf	94.70¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	91.75¢ per therm
Next	50 Ccf	84.97¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	82.02¢ per therm
Excess over 100 Ccf		75.28¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	72.33¢ per therm

Minimum monthly charge: \$29.75 per meter

RATE SCHEDULE G-2

<u>Monthly Rates</u>		<u>Base Rate</u>	<u>Purchased Gas Adjustment</u>	<u>Surcharge Adjustment</u>	<u>Current Rate</u>
First 1,000 therms		72.38 ¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	69.43¢ per therm
Next 4,000 therms		62.92 ¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	59.97¢ per therm
Next 10,000 therms		56.9 ¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	53.95¢ per therm
Over 15,000 therms		55.04 ¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	52.09¢ per therm

Minimum monthly charge: \$180.00 per meter

RATE SCHEDULE GO-1

<u>Monthly Rates</u>		<u>Base Rate</u>	<u>Purchased Gas Adjustment</u>	<u>Surcharge Adjustment</u>	<u>Current Rate</u>
First	10 Ccf	106.67¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	103.72¢ per therm
Next	40 Ccf	96.51¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	93.56¢ per therm
Next	50 Ccf	86.36¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	83.41¢ per therm
Excess over 100 Ccf		76.22¢ per therm	(1.61)¢ per therm	(1.34)¢ per therm	73.27¢ per therm

Minimum monthly charge: \$30.25 per meter

OFF-PEAK GAS RATE SCHEDULE OP-1  
 MONTHLY RATE

<u>Demand Charge</u>		<u>Base Rate</u>	<u>Current Rate</u>
First	250 Ccf	\$150.00 minimum	\$150.00 minimum
Excess over 250 Ccf		40.00¢ per therm	40.00¢ per therm

<u>Commodity Charge</u>		<u>Base Rate</u>	<u>Purchased Gas Adjustment</u>	<u>Surcharge Adjustment</u>	<u>Current Rate</u>
First	1,000 Ccf	73.16¢ per therm	(4.70)¢ per therm	(.79)¢ per therm	67.67¢ per therm
Next	4,000 Ccf	63.70¢ per therm	(4.70)¢ per therm	(.79)¢ per therm	58.21¢ per therm
Next	10,000 Ccf	57.68¢ per therm	(4.70)¢ per therm	(.79)¢ per therm	52.19¢ per therm
Excess over 15,000 Ccf		55.82¢ per therm	(4.70)¢ per therm	(.79)¢ per therm	50.33¢ per therm

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - GAS FUND  
GAS RATES IN FORCE (Continued)**

JUNE 30, 2019

Interruptible Gas Transportation Rate Schedule T-1  
Monthly Rate

<u>Commodity Charge</u>	<u>Base Rate</u>	<u>Purchased Gas Adjustment</u>	<u>Surcharge Adjustment</u>	<u>Current Rate</u>
First 120,000 Ccf	9.9600¢ per therm			9.9600¢ per therm
Next 170,000 Ccf	6.3100¢ per therm			6.3100¢ per therm
Next 200,000 Ccf	3.1100¢ per therm			3.1100¢ per therm
Over 490,000 Ccf	1.0100¢ per therm			1.0100¢ per therm

Customer charge: \$200.00 per meter

Firm Gas Transportation Rate Schedule T-2  
Monthly Rate

<u>Demand Charge</u>	<u>Base Rate</u>	<u>Purchased Gas Adjustment</u>	<u>Surcharge Adjustment</u>	<u>Current Rate</u>
First 1,000 Ccf	\$400.00 minimum			\$400.00 minimum
Excess over 1,000 Ccf	40.00¢ per therm			40.00¢ per therm

<u>Commodity Charge</u>	<u>Base Rate</u>	<u>Purchased Gas Adjustment</u>	<u>Surcharge Adjustment</u>	<u>Current Rate</u>
First 120,000 Ccf	11.400¢ per therm	11.400¢ per therm	11.400¢ per therm	11.400¢ per therm
Next 170,000 Ccf	7.710¢ per therm			7.710¢ per therm
Next 200,000 Ccf	4.630¢ per therm			4.630¢ per therm
Over 490,000 Ccf	1.910¢ per therm			1.910¢ per therm

Index Gas Rate Schedule I-1

Customer Charge - \$200.00 per meter

Commodity Charge: Index price plus \$0.51 per MMBtu

<u>Commodity Charge</u>	<u>Current Rate</u>
First 120,000 Ccf	9.96¢ per therm
Next 170,000 Ccf	6.31¢ per therm
Next 200,000 Ccf	3.11¢ per therm
Over 490,000 Ccf	1.01¢ per therm

The Gas Fund served 30,383 and 31,135 natural gas customers as of June 30, 2018 and 2019, respectively. There are no customers without meters.

The Gas Fund served 2,995 and 2,734 propane customers as of June 30, 2018 and 2019, respectively.

Firm Propane Rate Schedule

Monthly Rate

Metered Service - \$2.15 per gallon

Customer charge of \$4.00 per month

Bulk Service - \$2.13 per gallon - propane tank, with an annual tank rental fee of \$42.00

Rate fluctuates with market

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WATER FUND**  
**WATER RATES IN FORCE**  
 JUNE 30, 2019

Monthly Residential rates  
 Thousands of Gallons

	Minimum Charge	0-1	Next 6	Next 43	Over 50
Water rates per 100 gallons:					
Urban RI	See	Included in min	\$ 0.3676	\$ 0.3021	\$ 0.1876
Rural RO	Below	Included in min	0.3765	0.2285	0.0499

Minimum Monthly Bill

	Meter Size			
	5/8"	1"	1 1/2"	2"
Urban	\$ 10.84	\$ 20.84	\$ 33.75	\$ 66.01
Rural	16.15	30.54	49.86	98.31

Monthly General Service Rates

	Minimum Charge	Next 0-2.2	Next 12	Next 185	Next 300	Next 500	Next 1000
Water rates per 100 gallons:							
Urban GI	See	Included in min	\$ 0.4204	\$ 0.3244	\$ 0.2079	\$ 0.1794	\$ 0.1290
Rural GO	Below	Included in min	\$ 0.4168	\$ 0.1929	\$ 0.1269	\$ 0.0902	\$ 0.0340

Minimum Monthly Bill

	Meter Size							
	5/8"	1"	1 1/2"	2"	3"	4"	6"	8"
Urban	\$ 18.48	\$ 28.66	\$ 44.78	\$ 85.07	\$ 165.71	\$ 246.45	\$ 488.46	\$ 811.16
Rural	24.63	36.70	52.81	101.27	198.02	327.13	649.80	972.49

The Water Fund served 35,931 and 36,433 water customers as of June 30, 2018 and 2019, respectively.

There are no customers without meters; however the Fund furnishes the City of Jackson, Tennessee, sufficient water for fire protection.

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WASTEWATER FUND**  
**WASTEWATER RATES IN FORCE**  
JUNE 30, 2019

	Customer Charge	<u>Monthly Residential Rates</u>			
		Thousands of Gallons			
		0-500	Next 500	Over 1,000	
Wastewater rates per 100 gallons:					
Urban RI	\$ 5.93	\$ 0.5362	\$ 0.4830	\$ 0.3211	
Rural RO	\$ 6.94	\$ 0.6710	\$ 0.6027	\$ 0.4013	

	Customer Charge	<u>Monthly General Service Rates</u>			
		Thousands of Gallons			
		0-500	Next 500	Over 1,000	
Wastewater rates per 100 gallons:					
Urban GI	\$ 21.50	\$ 0.5804	\$ 0.5259	\$ 0.3619	
Rural GO	\$ 26.34	\$ 0.7241	\$ 0.6556	\$ 0.4577	

The Wastewater Fund served 29,214 and 29,733 customers as of June 30, 2018 and 2019, respectively.



**JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND**  
**TELECOMMUNICATIONS RATES IN FORCE**  
 JUNE 30, 2019

RESIDENTIAL CABLE RATE - SCHEDULE R-1

Programming Service Categories

Analog Basic Service (Lifetime Service)	\$ 35.75	per month
Analog Expanded Service	\$ 58.50	per month
Analog Standard Service (Basic & Expanded)	\$ 94.25	per month
Digital Basic Service - Included with analog lifetime service, requires digital converter or digital television		
Digital Plus Service Tier	\$ 16.50	per month
Digital Hispanic Service		per month
Digital High Definition Service Tier	\$ 8.75	per month
Home Box Office - Digital Premium Service	\$ 19.75	per month
EPIX - Digital Premium Service	\$ 15.00	per month
Cinemax - Digital Premium Service	\$ 15.25	per month
Showtime Unlimited - Digital Premium Service	\$ 20.00	per month
Starz Super Pack - Digital Premium Service	\$ 15.50	per month
TV Japan - Digital Premium Service	\$ 25.00	per month

Customer Premise Equipment

Standard Digital Converter, first converter	\$ 6.50	per month each
High Definition/DVR Digital Converter	\$ 22.00	per month each
Cable Card	\$ 6.00	per month each
High Definition Digital Converter	\$ 10.00	per month each
Multi-Room DVR Service	\$ 10.00	per month each
TiVo	\$ 22.00	per month each
TiVo Mini	\$ 10.00	per month each

GENERAL CABLE RATE - SCHEDULE G-1

Programming Service Categories

Analog Basic Service (Lifetime Service)	\$44.75	per month
Analog Expanded Service (Basic and Expanded)	\$ 94.25	per month
Fox Sports Net (requires Expanded Service)	\$ 60.00	per month
SportsSouth (requires Expanded Service)	\$ 60.00	per month
Digital High Definition Service Tier	\$ 28.00	per month
Digital Surcharge for Galaxie Music and Interactive Program Guide	\$ 27.00	per month
TV Japan - Digital Premium Service	\$ 50.00	per month
Digital Pay-Per-View Events		Event units charged times fire code occupancy rating or other terms of the program supplier.

Customer Premise Equipment

Standard Digital Converter	\$ 6.50	per month each
High Definition/DVR Digital Converter	\$ 22.00	per month each
High Definition Digital Converter	\$ 10.00	per month each
Cable Card	\$ 6.00	per month each
TiVo	\$ 22.00	per month each
TiVo Mini	\$ 10.00	per month each

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND  
TELECOMMUNICATIONS RATES IN FORCE (Continued)**

JUNE 30, 2019

GENERAL CABLE RATE SCHEDULE G-2

Programming Service Categories

Analog Basic Service	\$44.75	per month
Analog Standard Service (Basic & Expanded)	\$94.25	per month
Digital Basic Service - Included with analog lifetime service, requires digital converter or digital television		
Digital Service Tier	\$16.50	per month
Digital High Definition Service Tier	\$8.75	per month

Customer Premise Equipment

Standard Digital Converter	\$6.50	per month each
High Definition/DVR Converter	\$22.00	per month each
Cable Card	\$ 6.00	per month each
High Definition Digital Converter	\$10.00	per month each
TiVo	\$22.00	per month each
TiVo Mini	\$10.00	per month each

GENERAL BULK CABLE RATE - SCHEDULE B-1

Residential Bulk Analog Cable Television service, single unit

Analog Standard Service	\$44.45	unit per month
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GENERAL BULK CABLE RATE - SCHEDULE B-2

Commercial and Non-Residential Analog Cable Television service, single unit

Analog Standard Service	\$44.45	unit per month
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RESIDENTIAL TELEPHONE RATE - SCHEDULE R-1

Telephone Service Levels

Basic Service	\$15.95	per month
Basic Feature Pack (optional)	\$10.00	per month
Basic Plus Service	\$24.00	per month
Basic Plus Feature Pack (optional)	\$7.00	per month
Preferred Service	\$24.95	per month
Preferred Service Feature Pack (optional)	\$5.00	per month
EPlus Phone - All-Inclusive	\$30.00	per month

Optional Features and Per Use Charges

Voicemail	\$4.95	per month
Directory Assistance - Call Completion	\$0.45	per call
Directory Assistance - Local	\$1.25	per call
Directory Assistance - National	\$1.25	per call
Private Listing	\$3.33	per listing
Semi-Private Listing	\$1.73	per listing
Additional Listing	\$1.14	per listing

RESIDENTIAL OUTSIDE CITY TELEPHONE RATE

Telephone Service Levels		
EPlus Phone - All-Inclusive	\$30.00	per month

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND  
TELECOMMUNICATIONS RATES IN FORCE (Continued)**

JUNE 30, 2019

RESIDENTIAL TELEPHONE RATE - SCHEDULE R-1

Optional Features and Per Use Charges

Residential Intra and Inter Long Distance	\$0.069	per minute
Residential Toll Free Long Distance	\$0.099	per minute
Unlimited Plan	\$14.95	per month
International Long Distance	Varies	

COMMERCIAL TELEPHONE RATE - SCHEDULE G-1

POTS Telephone Service Levels

Business Local Link (12 month contract)	\$56.95	per month
Business Local Link (36 month contract)	\$54.95	per month
Business One Link (12 month contract)	\$26.95	per month
Business One Link (36 month contract)	\$24.95	per month

A la carte Features

Anonymous Call Rejection	\$4.30	per month
Call Forwarding Busy Line	\$4.30	per month
Call Forwarding No Answer	\$4.30	per month
Call Forwarding Variable	\$6.10	per month
Call Return	\$6.20	per month
Call Waiting/Cancel Call Waiting	\$6.65	per month
Call Waiting w/ Caller ID	\$6.65	per month
Caller ID Deluxe	\$8.50	per month
Per Call Block w/ Caller ID	\$5.25	per month
Remote Access Call Forwarding	\$6.65	per month
Speed Calling 30	\$4.75	per month
Three-Way Calling	\$6.20	per month
Hunting	No Charge	
Voicemail	\$6.95	per month
Transfer Mailbox	No Charge	

Directory Listings

Additional Listing	\$2.10	per month
Foreign Listing	\$2.10	per month
Alternate Call listing	\$2.10	per month
Alphabetical Service Listing	\$2.10	per month
Cross Reference Listing	\$2.10	per month
Non-Published Service	\$4.50	per month
Non-Listed Service	\$2.20	per month

COMMERCIAL OUTSIDE CITY TELEPHONE RATE

Telephone Service Levels

Union City Basic (3 year contract)	\$15.00	per month
Union City Basic (5 year contract)	\$12.95	per month
Union City One Link	\$24.00	per month
Union City Local Link	\$46.00	per month
Union City Premium (3 year contract)	\$31.95	per month
Union City Premium (5 year contract)	\$29.95	per month
Milan Basic (3 year contract)	\$14.95	per month
Milan Basic (5 year contract)	\$12.95	per month
Milan One Link	\$24.00	per month
Milan Local Link	\$46.00	per month
Milan Premium (3 year contract)	\$31.95	per month
Milan Premium (5 year contract)	\$29.95	per month

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND  
TELECOMMUNICATIONS RATES IN FORCE (Continued)**

JUNE 30, 2019

COMMERCIAL TELEPHONE RATE - SCHEDULE G-1

Directory and Operator Assistance

Directory Assistance - Local	\$0.98	per call
Directory Assistance - National	\$0.98	per call
Directory Assistance - Call Completion	\$0.45	per call
Operator Assisted Services Surcharge	\$2.25	per call

Long Distance Per Minute and Packages

Business Intralata/Interstate per minute	\$0.05	per minute
Business Toll-Free per minute	\$0.05	per minute + \$2.00 monthly
Toll-Free Vanity Number Search	\$5.00	per month
Verified Project Account Codes	\$5.00	per month
	\$20.00	Non-Recurring Charge
Non-Verified Project Account Codes	No MRC	
	\$10.00	Non-Recurring Charge
Unlimited Long Distance	\$20.00	First Line
	\$15.00	Each Add'l Line

RESIDENTIAL INTERNET RATE - SCHEDULE R-1

512 kilobits down/256 kilobits up	*	\$24.95	per month
4 Megabits down/512 kilobits up	*	\$29.95	per month
5 Megabits down/1 Megabit up	*	\$38.80	per month
6 Megabits down/768 kilobits up	*	\$39.95	per month
10 Megabits down/1.5 Megabit up	*	\$54.95	per month
15 Megabits down/5 Megabits up	*	\$70.00	per month
15 Megabits down/15 Megabits up	*	\$100.00	per month
25 Megabits down/5 Megabit up	*	\$100.00	per month
25 Megabits down/25 Megabit up	*	\$180.00	per month
50 Megabits down/10 Megabit up	*	\$180.00	per month
90 Megabits down/50 Megabits up	*	\$125.00	per month
10 Megabits down/100 Megabits up	*	\$350.00	per month
60 Megabits down/10 Megabit up		\$60.00	per month
75 Megabits down/25 Megabits up		\$75.00	per month
100 Megabits down/100 Megabits up		\$125.00	per month
300 Megabits down/300 Megabits up		\$51.99	per month
1000 Megabits down/1000 Megabits up		\$75.00	per month
Double Upload Speed Adder		\$40.00	per month
Static IP Address		\$10.00	per month
Basic Home Area Network		\$15.00	per month
Enhanced Home Area Network		\$30.00	per month

\* Existing customers in these rate plans will be allowed to keep these rate plans and existing pricing although these rate plans will no longer be available for new customers.



**JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND**  
**TELECOMMUNICATIONS RATES IN FORCE (Continued)**

JUNE 30, 2019

GENERAL INTERNET RATE - SCHEDULE G-1

Asymmetrical Service Levels

2 Megabits down/384 kilobits up	*	\$50.00	per month
4 Megabits down/512 kilobits up	*	\$69.95	per month
5 Megabits down/2 megabits up	*	\$85.00	per month
6 Megabits down/2 Megabits up	*	\$99.95	per month
10 Megabits down/3 Megabits up	*	\$149.95	per month
20 Megabits down/4 Megabits up	*	\$249.95	per month
20 Megabits down/20 Megabits up	*	\$165.00	per month
25 Megabits down/5 Megabits up	*	\$165.00	per month
25 Megabits down/25 Megabits up	*	\$295.00	per month
50 Megabits down/25 Megabits up	*	\$400.00	per month
75 Megabits down/25 Megabits up	*	\$500.00	per month
100 Megabits down/50 Megabits up	*	\$850.00	per month
Double Upload Speed Adder	*	\$100.00	per month
65 Megabits down x 25 Megabits up		\$70.00	per month
80 Megabits down x 50 Megabits up		\$150.00	per month
100 Megabits down x 75 Megabits up		\$250.00	per month
100 Megabits down x 100 Megabits up		\$150.00	per month
500 Megabits down x 500 Megabits up		\$250.00	per month
1000 Megabits down x 1000 Megabits up		\$499.00	per month

\* Existing customers in these rate plans will be allowed to keep these rate plans and existing pricing although these rate plans will no longer be available for new customers.

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND  
TELECOMMUNICATIONS RATES IN FORCE (Continued)**

JUNE 30, 2019

GENERAL INTERNET RATE - SCHEDULE G-1

Guaranteed Internet Service

768 kilobits down/768 kilobits up	\$250.00	per month
1.5 Megabits down/1.5 Megabits up	\$500.00	per month
3 Megabits down/3 Megabits up	\$750.00	per month
6 Megabits down/6 Megabits up	\$1,495.00	per month
10 Megabits down/10 Megabits up	\$1,995.00	per month
15 Megabits down/15 Megabits up	\$2,195.00	per month
100 Megabits down/100 Megabits up	\$2,205.00	per month
250 Megabits down/250 Megabits up	\$2,520.00	per month
500 Megabits down/500 Megabits up	\$3,360.00	per month
1000 Megabits down/1000 Megabits up	\$4,725.00	per month

Commercial Metro Ethernet Service Levels (Guaranteed Bandwidth)

2 Megabits down/2 Megabits up	\$140.00	per month
4 Megabits down/4 Megabits up	\$240.00	per month
6 Megabits down/6 Megabits up	\$375.00	per month
8 Megabits down/8 Megabits up	\$495.00	per month
10 Megabits down/10 Megabits up	\$625.00	per month
20 Megabits down/20 Megabits up	\$1,050.00	per month
40 Megabits down/40 Megabits up	\$1,140.00	per month
100 Megabits down/100 Megabits up	\$2,100.00	per month
250 Megabits down/250 Megabits up	\$2,300.00	per month
500 Megabits down/500 Megabits up	\$2,700.00	per month
1000 Megabits down/1000 Megabits up	\$3,700.00	per month

<u>IP Address Assignment</u>	<u>IP Addresses</u>	<u>Usable Addresses</u>	<u>NRC</u>	<u>Monthly Charges</u>
/32	1	1	\$25.00	\$10.00
/29	8	5	\$25.00	\$15.00
/28	16	13	\$50.00	\$20.00
/27	32	29	\$50.00	\$30.00
/26	64	61	\$50.00	\$40.00
/25	128	125	\$50.00	\$80.00
/24	256	253	\$50.00	\$120.00

The Telecommunications Fund served 18,951 and 19,286 customers as of June 30, 2018 and 2019, respectively. Restated method for calculating customers in 2018.



# JACKSON ENERGY AUTHORITY - WATER FUND

## SCHEDULE OF UNACCOUNTED FOR WATER - UNAUDITED

### JUNE 30, 2019



[?](#) Click to access definition  
[+](#) Click to add a comment

Water Audit Report for: **Jackson TN - Jackson Energy Authority (0000299)**  
 Reporting Year: **2019** | 7/2018 - 6/2019

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

**All volumes to be entered as: MILLION GALLONS (US) PER YEAR**

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

Master Meter and Supply Error Adjustments

**WATER SUPPLIED**

----- Enter grading in column 'E' and 'J' ----->

Volume from own sources:	<input type="text" value="9"/>	4,778.158	MG/Yr
Water imported:	<input type="text" value="n/a"/>	0.000	MG/Yr
Water exported:	<input type="text" value="8"/>	12.862	MG/Yr

Pcnt:	<input type="text" value=""/>	Value:	<input type="text" value=""/>	MG/Yr
	<input type="radio"/>	<input type="radio"/>		
	<input type="radio"/>	<input type="radio"/>		
	<input type="radio"/>	<input type="radio"/>		

Enter negative % or value for under-registration  
 Enter positive % or value for over-registration

**WATER SUPPLIED:** **4,744.933** MG/Yr

**AUTHORIZED CONSUMPTION**

Billed metered:	<input type="text" value="8"/>	3,775.729	MG/Yr
Billed unmetered:	<input type="text" value="n/a"/>		MG/Yr
Unbilled metered:	<input type="text" value="9"/>	32.312	MG/Yr
Unbilled unmetered:	<input type="text" value="10"/>	170.590	MG/Yr

Click here: [?](#) for help using option buttons below

Pcnt:	<input type="radio"/>	Value:	<input type="text" value="170.590"/>	MG/Yr
-------	-----------------------	--------	--------------------------------------	-------

Unbilled Unmetered volume entered is greater than the recommended default value

**AUTHORIZED CONSUMPTION:** **3,978.631** MG/Yr

Use buttons to select percentage of water supplied OR value

**WATER LOSSES (Water Supplied - Authorized Consumption)**

**766.301** MG/Yr

**Apparent Losses**

Unauthorized consumption:	<input type="text" value=""/>	11.862	MG/Yr
Customer metering inaccuracies:	<input type="text" value="8"/>	56.813	MG/Yr
Systematic data handling errors:	<input type="text" value=""/>	9.439	MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

**Apparent Losses:** **78.115** MG/Yr

Pcnt:	<input type="radio"/>	Value:	<input type="text" value="0.25%"/>	MG/Yr
	<input type="radio"/>			
	<input type="radio"/>			
	<input type="radio"/>			

**Real Losses (Current Annual Real Losses or CARL)**

Real Losses = Water Losses - Apparent Losses: **688.186** MG/Yr

**WATER LOSSES:** **766.301** MG/Yr

**NON-REVENUE WATER**

**NON-REVENUE WATER:** **969.204** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

**SYSTEM DATA**

Length of mains:	<input type="text" value="10"/>	923.0	miles
Number of active AND inactive service connections:	<input type="text" value="9"/>	50,524	
Service connection density:	<input type="text" value=""/>	55	conn./mile main
Are customer meters typically located at the curbstop or property line?	<input type="text" value="Yes"/>		
Average length of customer service line:	<input type="text" value=""/>		ft (length of service line, beyond the property boundary, that is the responsibility of the utility)
Average operating pressure:	<input type="text" value="9"/>	79.7	psi

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

**COST DATA**

Total annual cost of operating water system:	<input type="text" value="10"/>	\$13,513,451	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="text" value="10"/>	\$9.47	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="text" value="10"/>	\$457.42	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

**WATER AUDIT DATA VALIDITY SCORE:**

**\*\*\* YOUR SCORE IS: 87 out of 100 \*\*\***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

**PRIORITY AREAS FOR ATTENTION:**

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Volume from own sources
- 2: Unauthorized consumption
- 3: Systematic data handling errors

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WATER FUND**  
**SCHEDULE OF UNACCOUNTED FOR WATER - UNAUDITED**  
 JUNE 30, 2019



Water Audit Report for: **Jackson TN - Jackson Energy Authority (0000299)**  
 Reporting Year: **2019** | **7/2018 - 6/2019**

**\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 87 out of 100 \*\*\***

**System Attributes:**

Apparent Losses:	78.115	MG/Yr
+	Real Losses:	688.186
=	<b>Water Losses:</b>	<b>766.301</b>

**?** Unavoidable Annual Real Losses (UARL): 365.84 MG/Yr

Annual cost of Apparent Losses: \$739,749

Annual cost of Real Losses: \$314,790 Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

**Performance Indicators:**

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	20.4%	
		Non-revenue water as percent by cost of operating system:	8.5%	Real Losses valued at Variable Production Cost

Operational Efficiency:	{	Apparent Losses per service connection per day:	4.24	gallons/connection/day
		Real Losses per service connection per day:	37.32	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per meter (head) pressure:	0.47	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 688.19 million gallons/year

**?** Infrastructure Leakage Index (ILI) [CARL/UARL]: 1.88

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline



**JACKSON ENERGY AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor	CFDA No.	Contract Number	Expenditures
<b>Federal Awards:</b>			
U S Environmental Protection Agency / Tennessee Department of Environment and Conservation - Wastewater - CG4 2016-362**	66.458	CG4-2016-362	\$ 146,643
Wastewater - SRF 2016-368**	66.458	SRF 2017-383	<u>2,000</u>
Total EPA			<u>148,643</u>
U.S. Department of Housing and Urban Development / Tennessee Department of Economic and Community Development - Wastewater - CDBG-NDR	14.228*	33004-24017	<u>3,285,779</u>
Total federal awards			<u>3,434,422</u>
State Financial Assistance:			
Tennessee Dept of Environment and Conservation - Capitalization Grants for Clean Water State Revolving Funds - Wastewater - CG3 2016-361**	N/A	CG3 2016-361	-
Wastewater - CG4 2016-362**	N/A	CG4-2016-362	<u>369,099</u>
Total Tennessee Dept of Environment and Conservation			<u>369,099</u>
Total state financial assistance			<u>369,099</u>
Total federal awards and state financial assistance			<u>\$ 3,803,521</u>
* - Denotes major program			
** - Loan program			

See Notes on page 124 related to the schedule above.

See independent auditor's report.



**JACKSON ENERGY AUTHORITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the “Schedule”) includes the Federal and State award activity of Jackson Energy Authority under programs of the Federal and State government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Jackson Energy Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Jackson Energy Authority.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Jackson Energy Authority has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**JACKSON ENERGY AUTHORITY - ELECTRIC FUND**  
**LARGEST CUSTOMERS BY YEARLY REVENUE - UNAUDITED**  
JUNE 30, 2019

<u>Number</u>	<u>Company</u>	<u>Revenue</u>	<u>Consumption (kWh)</u>	<u>Peak Demand (kW)</u>
1	Owen Corning Fiberglass	\$ 8,041,478	166,452,511	21,298
2	Kellogg's	5,477,509	128,028,408	20,480
3	West TN Healthcare	5,139,742	66,925,718	8,785
4	Pinnacle Foods	2,212,848	35,378,191	6,668
5	Bodine	2,068,207	33,916,950	5,676
6	Berry Plastics	2,047,190	40,511,335	5,674
7	Equistar - Lyondell Basell	2,015,267	34,074,638	4,890
8	Carlstar Group	1,799,481	27,606,647	5,080
9	US Farathane	1,319,852	19,541,653	3,141
10	UGN	<u>1,303,257</u>	<u>18,649,179</u>	<u>3,218</u>
Total		<u>\$ 31,424,831</u>	<u>571,085,230</u>	<u>84,910</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - GAS FUND**  
**LARGEST CUSTOMERS BY YEARLY REVENUE - UNAUDITED**  
JUNE 30, 2019

<u>Number</u>	<u>Company</u>	<u>Revenue</u>	<u>Consumption (ccf)</u>
1	West TN Healthcare	\$ 1,474,217	3,212,797
2	Carlstar	767,785	1,711,310
3	MTI / Jackson Die Casting	402,283	877,334
4	Kellogg's	401,095	11,306,072
5	Gerdau / Ameristeel	393,367	10,726,150
6	Dement Construction	331,217	692,797
7	Tennalum	329,419	729,772
8	Stanley Black & Decker	284,312	534,482
9	Touchstone Combined	232,993	526,885
10	Vorteq Coil Finishers / Wismarq	<u>222,090</u>	<u>1,282,743</u>
Total		<u>\$ 4,838,778</u>	<u>31,600,342</u>



**JACKSON ENERGY AUTHORITY - WATER FUND**  
**LARGEST CUSTOMERS BY YEARLY REVENUE - UNAUDITED**  
JUNE 30, 2019

<u>Number</u>	<u>Company</u>	<u>Revenue</u>	<u>Consumption (gal)</u>
1	Kellogg's	\$ 445,702	336,319,500
2	West TN Healthcare	416,105	281,213,900
3	Pinnacle Foods	79,991	53,405,800
4	Delta Faucet	53,124	32,655,000
5	Equistar - Lyondell Basell	52,480	32,120,600
6	Cherry Grove Apartments	49,430	17,452,200
7	Jackson Housing Authority	46,853	19,512,300
8	Bodine (Combined)	32,636	14,497,300
9	Carlstar	28,441	13,076,500
10	Walmart Combined	<u>28,298</u>	<u>8,168,500</u>
Total		<u>\$ 1,233,060</u>	<u>808,421,600</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WASTEWATER FUND**  
**LARGEST CUSTOMERS BY YEARLY REVENUE - UNAUDITED**  
JUNE 30, 2019

<u>Number</u>	<u>Company</u>	<u>Revenue</u>	<u>Consumption (gal)</u>
1	Kellogg's	\$ 782,981	203,509,500
2	West TN Healthcare	616,467	151,076,700
3	Owen Corning Fiberglass	284,835	66,610,300
4	Pinnacle Foods	166,412	39,561,200
5	Gerdau / Ameristeel	164,990	29,809,000
6	Delta Faucet	141,419	32,655,000
7	Cherry Grove Apartments	110,004	17,400,500
8	Vortex Coil / Wismarq	109,804	21,879,700
9	Equistar - Lyondell Basell	103,827	26,753,600
10	Jackson Housing Authority	<u>75,628</u>	<u>12,099,000</u>
Total		<u>\$ 2,556,367</u>	<u>601,354,500</u>



**JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND**  
**LARGEST CUSTOMERS BY YEARLY REVENUE - UNAUDITED**  
JUNE 30, 2019

<u>Number</u>	<u>Company</u>	<u>Revenue</u>
1	Jackson Madison County Schools	\$ 556,181
2	Jackson Energy Authority	484,231
3	Jackson Madison County General Hospital	326,437
4	SI Wireless	141,462
5	Union University	140,118
6	Iris Networks	108,148
7	Lane College	95,997
8	City of Jackson	93,360
9	Kirkland's Distribution Center	88,374
10	Ingram Publisher Services	<u>27,937</u>
Total		<u>\$ 2,062,245</u>

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - ELECTRIC FUND**  
**HISTORICAL BOND COVERAGE - UNAUDITED**  
Years Ended June 30

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Operating Expenses</b>	<b>Net Revenue Available For Debt Service</b>	<b>Bond Debt Service Requirements</b>	<b>Bond Debt Service Coverage</b>
2019	\$ 149,192,922	\$ 124,588,579	\$ 24,604,343	\$ 3,843,381	6.40
2018	\$ 147,981,222	\$ 126,951,637	\$ 21,029,585	\$ 3,845,858	5.47
2017	\$ 150,733,256	\$ 131,153,107	\$ 19,580,149	\$ 3,852,981	5.08
2016	\$ 143,976,091	\$ 127,302,979	\$ 16,673,112	\$ 3,849,806	4.33
2015	\$ 144,955,442	\$ 130,644,761	\$ 14,310,681	\$ 2,704,996	5.29
2014	\$ 148,380,900	\$ 132,246,070	\$ 16,134,830	\$ 2,723,563	5.92
2013	\$ 152,144,653	\$ 132,359,558	\$ 19,785,095	\$ 2,718,273	7.28
2012	\$ 148,912,142	\$ 132,330,615	\$ 16,581,527	\$ 2,684,009	6.18
2011	\$ 146,213,955	\$ 130,836,349	\$ 15,377,606	\$ 2,600,810	5.91
2010	\$ 127,265,472	\$ 112,704,793	\$ 14,560,679	\$ 1,923,448	7.57
2009	\$ 140,954,594	\$ 127,157,662	\$ 13,796,932	\$ 1,428,925	9.66

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - GAS FUND**  
**HISTORICAL BOND COVERAGE - UNAUDITED**  
Years Ended June 30

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Operating Expenses</b>	<b>Net Revenue Available For Debt Service</b>	<b>Bond Debt Service Requirements*</b>	<b>Bond Debt Service Coverage</b>
2019	\$ 37,620,832	\$ 23,400,241	\$ 14,220,591	\$ 1,596,982	8.90
2018	\$ 39,130,511	\$ 26,833,175	\$ 12,297,336	\$ 2,662,298	4.62
2017	\$ 33,398,799	\$ 23,753,565	\$ 9,645,234	\$ 2,973,780	3.24
2016	\$ 30,579,094	\$ 21,694,038	\$ 8,885,056	\$ 2,073,664	4.28
2015	\$ 40,196,022	\$ 29,564,497	\$ 10,631,525	\$ 1,772,590	6.00
2014	\$ 42,753,752	\$ 31,871,234	\$ 10,882,518	\$ 1,815,053	6.00
2013	\$ 36,296,080	\$ 28,274,573	\$ 8,021,507	\$ 1,834,490	4.37
2012	\$ 32,567,669	\$ 26,019,675	\$ 6,547,994	\$ 1,743,735	3.76
2011	\$ 40,925,100	\$ 31,758,664	\$ 9,166,436	\$ 2,002,452	4.58
2010	\$ 44,621,087	\$ 36,241,747	\$ 8,379,340	\$ 2,098,139	3.99
2009	\$ 52,875,848	\$ 45,189,326	\$ 7,686,522	\$ 2,474,777	3.11

\*Debt service requirements include scheduled FDA purchases on restructured 2002 bonds through FY 2018.

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WATER FUND**  
**HISTORICAL BOND COVERAGE - UNAUDITED**  
Years Ended June 30

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Operating Expenses</b>	<b>Net Revenue Available For Debt Service</b>	<b>Bond Debt Service Requirements*</b>	<b>Bond Debt Service Coverage</b>
2019	\$ 18,191,841	\$ 7,510,855	\$ 10,680,986	\$ 2,431,500	4.39
2018	\$ 18,205,716	\$ 8,773,410	\$ 9,432,306	\$ 2,159,380	4.37
2017	\$ 17,374,105	\$ 8,969,063	\$ 8,405,042	\$ 2,399,885	3.50
2016	\$ 16,282,097	\$ 8,668,838	\$ 7,613,259	\$ 2,423,434	3.14
2015	\$ 15,668,748	\$ 8,227,527	\$ 7,441,221	\$ 2,406,026	3.09
2014	\$ 15,572,377	\$ 8,187,044	\$ 7,385,333	\$ 2,366,727	3.12
2013	\$ 15,688,563	\$ 8,346,977	\$ 7,341,586	\$ 2,362,853	3.11
2012	\$ 15,658,913	\$ 8,442,736	\$ 7,216,177	\$ 2,238,915	3.22
2011	\$ 14,940,671	\$ 8,199,293	\$ 6,741,378	\$ 2,618,281	2.57
2010	\$ 13,634,847	\$ 8,005,556	\$ 5,629,291	\$ 2,788,058	2.02
2009	\$ 13,163,032	\$ 8,521,555	\$ 4,641,477	\$ 2,924,105	1.59

\*Debt service requirements include scheduled FDA purchases on restructured 2002 bonds through FY 2018.



**JACKSON ENERGY AUTHORITY - WASTEWATER FUND  
HISTORICAL BOND COVERAGE - UNAUDITED**

Years Ended June 30

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Operating Expenses</b>	<b>Net Revenue Available For Debt Service</b>	<b>Bond Debt Service Requirements*</b>	<b>Bond Debt Service Coverage</b>
2019	\$ 20,013,671	\$ 7,943,542	\$ 12,070,129	\$ 3,348,995	3.60
2018	\$ 19,477,909	\$ 9,765,719	\$ 9,712,190	\$ 3,114,060	3.12
2017	\$ 18,609,493	\$ 10,255,522	\$ 8,353,971	\$ 3,091,008	2.70
2016	\$ 17,580,348	\$ 10,409,127	\$ 7,171,221	\$ 2,917,572	2.46
2015	\$ 16,522,508	\$ 9,626,966	\$ 6,895,542	\$ 2,822,641	2.44
2014	\$ 16,465,791	\$ 9,203,891	\$ 7,261,900	\$ 2,764,853	2.63
2013	\$ 16,361,448	\$ 9,271,032	\$ 7,090,416	\$ 2,750,209	2.58
2012	\$ 16,262,052	\$ 8,970,037	\$ 7,292,015	\$ 2,421,352	3.01
2011	\$ 15,053,751	\$ 8,422,232	\$ 6,631,519	\$ 3,617,876	1.83
2010	\$ 13,706,245	\$ 8,035,050	\$ 5,671,195	\$ 3,802,724	1.49
2009	\$ 13,138,098	\$ 8,081,986	\$ 5,056,112	\$ 4,166,940	1.21

\*Debt service requirements include scheduled FDA purchases on restructured 2002 bonds through FY 2018.

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND**  
**HISTORICAL BOND COVERAGE - UNAUDITED**  
Years Ended June 30

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Operating Expenses</b>	<b>Net Revenue Available For Debt Service</b>	<b>Bond Debt Service Requirements*</b>	<b>Bond Debt Service Coverage</b>
2019	\$ 32,999,028	\$ 20,488,259	\$ 12,510,769	\$ 5,602,242	2.23
2018	\$ 32,618,209	\$ 21,181,532	\$ 11,436,677	\$ 5,599,407	2.04
2017	\$ 31,886,223	\$ 20,091,045	\$ 11,795,178	\$ 5,602,227	2.11
2016	\$ 30,693,812	\$ 18,811,117	\$ 11,882,695	\$ 5,599,825	2.12
2015	\$ 29,308,109	\$ 17,292,347	\$ 12,015,762	\$ 5,592,500	2.15
2014	\$ 28,330,344	\$ 15,840,806	\$ 12,489,538	\$ 6,531,415	1.91
2013	\$ 27,030,689	\$ 14,499,956	\$ 12,530,733	\$ 5,762,603	2.17
2012	\$ 24,842,924	\$ 13,649,716	\$ 11,193,208	\$ 5,609,141	2.00
2011	\$ 22,950,556	\$ 13,637,819	\$ 9,312,737	\$ 6,172,053	1.51
2010	\$ 21,220,657	\$ 12,767,421	\$ 8,453,236	\$ 6,306,962	1.34

\*Prior to the 2013 refunding, debt service requirements include level principal payments on the 2009 term loan.



**JACKSON ENERGY AUTHORITY - ELECTRIC FUND**  
**SALES AND DEMAND IN HOURS - UNAUDITED**  
JUNE 30, 2019

Sales in Megawatt Hours and Maximum Demand in Kilowatts

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Total MWH Sales</u>	<u>Maximum Hourly Demand</u>
2002	351,551	97,851	1,186,408	21,342	1,657,152	338,454
2003	368,478	102,544	1,147,926	21,136	1,640,084	340,719
2004	372,854	102,946	1,171,336	16,489	1,663,625	340,812
2005	363,280	103,821	1,192,898	22,359	1,682,358	348,978
2006	398,650	104,461	1,247,173	23,099	1,773,383	360,538
2007	395,826	104,709	1,253,314	23,664	1,777,513	374,650
2008	408,688	106,085	1,218,351	24,168	1,757,292	380,812
2009	381,427	102,742	1,149,411	24,294	1,657,874	363,467
2010	390,525	104,623	1,137,967	24,463	1,657,578	340,194
2011	410,826	105,788	1,185,504	24,946	1,727,064	374,389
2012	391,945	102,799	1,201,438	24,472	1,720,654	372,145
2013	401,507	100,898	1,187,245	24,855	1,714,505	358,354
2014	401,424	103,009	1,195,160	25,175	1,724,768	331,896
2015	386,645	103,674	1,173,617	24,934	1,688,870	347,370
2016	385,076	101,606	1,163,774	25,919	1,676,375	361,665
2017	396,576	103,472	1,206,174	25,467	1,731,689	356,298
2018	405,880	100,755	1,169,926	24,999	1,701,560	354,506
2019	402,230	104,766	1,163,821	23,836	1,694,653	352,735

The total distribution substation capacity of the Electric Fund is 569,500 KVA.

The maximum peak hour load was 380,812 kilowatts during August 2007.

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - GAS FUND**  
**SALES AND TRANSPORT IN MCF - UNAUDITED**  
JUNE 30, 2019

Sales and Transport in MCF

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial Firm</u>	<u>Commercial Interruptible</u>	<u>Industrial Firm</u>	<u>Industrial Interruptible</u>	<u>Index</u>	<u>Transport</u>	<u>Total MCF Sales and Transport</u>
2002	1,675,493	1,050,501	137,308	283,876	381,120	-	3,756,229	7,284,527
2003	1,926,878	1,201,600	140,340	290,630	179,318	-	3,664,677	7,403,443
2004	1,719,125	1,074,381	137,927	265,763	161,008	-	3,699,949	7,058,153
2005	1,651,537	1,063,757	142,473	285,888	190,814	-	3,661,028	6,995,497
2006	1,558,479	1,048,176	139,853	270,090	190,154	-	3,951,434	7,158,186
2007	1,661,117	1,124,038	153,477	261,625	160,521	-	3,825,488	7,186,266
2008	1,679,112	1,129,076	160,192	240,722	139,983	-	3,553,418	6,902,503
2009	1,738,402	1,154,754	208,886	198,379	151,854	-	2,951,205	6,403,480
2010	1,892,070	1,207,028	226,589	165,386	183,420	-	3,330,644	7,005,137
2011	1,769,444	1,171,214	125,184	164,145	143,740	270,988	3,370,940	7,015,655
2012	1,341,224	926,399	19,054	122,863	95,284	562,412	3,354,823	6,422,059
2013	1,735,103	1,111,525	22,877	134,770	81,227	553,290	3,219,769	6,858,561
2014	2,033,253	1,295,125	24,967	142,531	49,077	637,888	3,426,031	7,608,872
2015	1,919,559	1,175,216	23,307	223,631	34,189	608,263	3,361,238	7,345,403
2016	1,406,863	917,704	26,104	145,953	5,108	744,246	3,232,839	6,478,817
2017	1,312,456	868,965	26,705	150,114	5,847	761,364	3,316,291	6,441,742
2018	1,791,595	1,132,611	27,183	188,236	6,305	806,118	3,372,748	7,324,796
2019	1,760,153	1,143,645	26,918	141,219	5,744	812,156	3,645,531	7,535,366

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WATER FUND**  
**SALES IN MGAL - UNAUDITED**  
JUNE 30, 2019

Sales in MGallons Sold

<u>Fiscal Year</u>	<u>Residential</u>	<u>General</u>	<u>Wholesale</u>	<u>Total MGal Sales</u>
2002	2,174,569	2,066,502	63,781	4,304,852
2003	2,088,804	1,899,942	39,233	4,027,979
2004	2,094,432	1,895,104	30,658	4,020,194
2005	2,122,081	1,838,164	29,006	3,989,251
2006	2,151,896	1,830,454	88,228	4,070,578
2007	2,199,369	1,824,042	62,838	4,086,249
2008	2,296,623	1,919,336	87,122	4,303,081
2009	2,134,984	1,728,370	57,317	3,920,671
2010	2,085,807	1,673,666	45,163	3,804,636
2011	2,137,664	1,685,208	22,404	3,845,276
2012	2,122,564	1,861,137	20,533	4,004,234
2013	2,066,030	1,804,529	14,996	3,885,555
2014	1,978,628	1,803,269	14,469	3,796,366
2015	1,941,743	1,769,753	13,490	3,724,986
2016	1,984,253	1,785,974	12,945	3,783,172
2017	1,984,669	1,841,121	13,087	3,838,877
2018	2,054,161	1,860,941	12,538	3,927,640
2019	1,989,414	1,786,315	12,862	3,788,591

See independent auditor's report.



**JACKSON ENERGY AUTHORITY - WASTEWATER FUND**  
**SALES IN MGAL - UNAUDITED**  
JUNE 30, 2019

Sales in MGallons Sold

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total MGal Sales</u>
2002	1,481,843	1,701,359	3,183,202
2003	1,514,570	1,540,459	3,055,029
2004	1,522,707	1,583,672	3,106,379
2005	1,542,271	1,551,917	3,094,188
2006	1,551,418	1,517,170	3,068,588
2007	1,579,025	1,511,976	3,091,001
2008	1,600,485	1,543,193	3,143,678
2009	1,548,879	1,425,165	2,974,044
2010	1,549,066	1,358,828	2,907,894
2011	1,558,260	1,403,100	2,961,360
2012	1,537,265	1,473,973	3,011,238
2013	1,520,525	1,439,529	2,960,054
2014	1,467,342	1,393,828	2,861,170
2015	1,450,459	1,364,855	2,815,314
2016	1,479,741	1,391,578	2,871,319
2017	1,482,059	1,383,279	2,865,338
2018	1,515,983	1,385,289	2,901,272
2019	1,470,908	1,373,265	2,844,173



**JACKSON ENERGY AUTHORITY**  
**NUMBER OF CUSTOMERS - UNAUDITED**  
JUNE 30, 2019

<u>Fiscal Year</u>	<u>Electric</u>	<u>Gas</u>		<u>Water</u>	<u>Wastewater</u>	<u>Telecommunications</u>		
		<u>Natural Gas</u>	<u>Propane</u>			<u>Cable</u>	<u>Data</u>	<u>Telephone</u>
2010	33,804	29,253	3,020	35,643	27,707	16,371	8,543	6,008
2011	33,806	29,251	3,017	35,796	27,813	15,675	10,392	6,328
2012	34,541	29,482	2,927	36,094	28,072	15,799	11,172	6,592
2013	34,865	29,815	2,982	35,746	28,653	15,965	11,743	6,608
2014	34,865	29,876	2,871	36,625	28,510	15,163	12,032	6,525
2015	35,068	29,959	2,890	35,841	28,321	14,728	12,976	6,429
2016	35,544	30,179	2,862	36,154	28,557	14,768	13,745	6,247
2017	36,016	31,178	2,809	36,433	29,237	13,795	14,445	6,135
2018	35,699	30,383	2,995	35,931	29,214	12,992	15,029	5,817
2019	35,475	31,135	2,734	36,943	29,733	12,389	15,459	5,312

See independent auditor's report.







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**Independent Auditor’s 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***

To the Board of Directors  
Jackson Energy Authority

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 business-type activities, each major fund, and the aggregate remaining fund information of Jackson Energy Authority (the Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated October 31, 2019.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Alexander Thompson Arnold PLLC*

Jackson, Tennessee

October 31, 2019



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**Independent Auditor's Report On Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Jackson Energy Authority

**Report on Compliance for Each Major Federal Program**

We have audited Jackson Energy Authority'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 Energy Authority's major federal programs for the year ended June 30, 2019. Jackson Energy Authority'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 Energy Authority'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 Energy Authority'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 Energy Authority's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Jackson Energy Authority 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, 2019.

**Report on Internal Control Over Compliance**

Management of Jackson Energy Authority 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 Energy Authority'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 Energy Authority'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.

Alexander Thompson Arnold PLLC

Jackson, Tennessee

October 31, 2019



**JACKSON ENERGY AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 JUNE 30, 2019

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Type of auditor’s report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a).  yes  no

Identification of major programs:

<u>Program Name</u>	<u>CFDA No.</u>
Community Development Block Grants	14.228

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no



**JACKSON ENERGY AUTHORITY**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
JUNE 30, 2019

**FINANCIAL STATEMENT FINDINGS**

None reported.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.



**JACKSON ENERGY AUTHORITY**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
JUNE 30, 2019

**FINANCIAL STATEMENT FINDINGS**

There were no prior year findings reported.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no prior year findings reported.