
ANNUAL FINANCIAL REPORT MACON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



ANNUAL FINANCIAL REPORT
MACON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

MACON COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Macon County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Macon County as of and for the year ended June 30, 2014.

Results

Our report on Macon County's financial statements is unmodified.

Our audit resulted in 11 findings and recommendations, which we have reviewed with Macon County management. The detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following is a summary of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ Material audit adjustments were required for proper financial statement presentation.
 - ◆ A library addition was not recorded in the capital asset records.
 - ◆ Expenditures exceeded appropriations.
 - ◆ The Codes Enforcement Office did not have adequate controls for its computer application.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ A school bus was not properly valued and depreciated in the capital asset records.
-

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

- ◆ Execution docket trial balances were not reconciled with cash journal controls.
 - ◆ The office did not deposit some funds within three days of collection.
-

OFFICE OF REGISTER OF DEEDS

- ◆ The office maintained a duplicate set of accounting records.
-

OFFICE OF SHERIFF

- ◆ The commissary bank statement was not reconciled with the general ledger.
-

OFFICES OF COUNTY MAYOR; SUPERVISOR OF ROADS; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; AND REGISTER OF DEEDS

- ◆ Duties were not segregated adequately.
-

OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; AND REGISTER OF DEEDS

- ◆ Multiple employees operated from the same cash drawer.

INTRODUCTORY SECTION

Macon County Officials
June 30, 2014

Officials

Shelvy Linville, County Mayor
Audie Cook, Supervisor of Roads
Margaret Oldham, Director of Schools
Diane Cook, Trustee
Rick Shoulders, Assessor of Property
James Howser, County Clerk
Rick Gann, Circuit, General Sessions, and Juvenile Courts Clerk
Kristin Reid, Clerk and Master
Melinda Ferguson, Register of Deeds
Mark Gammons, Sheriff

Board of County Commissioners

Shelvy Linville, County Mayor, Chairman	
Cathy White	Bryan Carter
Chris Wix	Tony Boles
Kenneth Witte	Anthony Bullington
Jeff Hughes	Ron Morey
Todd Doss	Ronnie McDuffee
Phillip Snow	Helen Hesson
Jerry Ray	Wendell Jones
Scott Gammons	Dewayne Whittemore
Larry Tucker	Benton Bartley
Michelle Phillips	Rosetta Day Driver

Purchasing Commission

Shelvy Linville, County Mayor
James Howser, County Clerk
Kristin Reid, Clerk and Master

Board of Education

Bill Wilmore, Chairman
Jimmy Cook
Jeff Harper
Rebekah Tuttle
Steve Walton

Audit Committee

Bryan Carter
Lonnie Stevens
Marty Coley
Mike Prock

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Macon County Emergency Communications District, which represent 3.3 percent, 5.5 percent, and 1.5 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Macon County Emergency Communications District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Tennessee, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Macon County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plan on pages 67 - 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

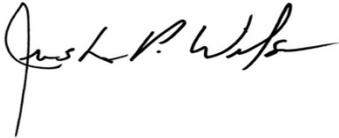
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Macon County School Department (a discretely presented component unit), and miscellaneous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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2015, on our consideration of Macon County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Macon County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

March 3, 2015

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Macon County, Tennessee
Statement of Net Position
June 30, 2014

	Primary Government Governmental Activities	Component Units	
		Macon County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 14,515	\$ 100	\$ 490,073
Equity in Pooled Cash and Investments	6,425,266	4,344,009	0
Accounts Receivable	1,867,540	0	42,649
Allowance for Uncollectibles	(922,861)	0	0
Due from Other Governments	299,628	518,350	9,644
Due from Component Units	4,203,438	0	0
Prepaid Items	0	0	18,049
Property Taxes Receivable	5,249,108	3,232,737	0
Allowance for Uncollectible Property Taxes	(175,541)	(106,274)	0
Capital Assets:			
Assets Not Depreciated:			
Land	778,506	382,263	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,609,110	11,423,439	35,995
Infrastructure	14,779,426	0	0
Other Capital Assets	1,982,404	1,978,559	141,263
Total Assets	<u>\$ 42,110,539</u>	<u>\$ 21,773,183</u>	<u>\$ 737,673</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 44,173	\$ 77,106	\$ 683
Accrued Interest Payable	118,865	0	0
Payroll Deductions Payable	28,808	30,784	2,410
Due to Primary Government	0	4,203,438	0
Due to State of Tennessee	0	7,695	0
Other Current Liabilities	1,100	0	0
Noncurrent Liabilities:			
Due Within One Year	2,489,054	0	5,493
Due in More Than One Year	10,191,726	1,807,453	0
Total Liabilities	<u>\$ 12,873,726</u>	<u>\$ 6,126,476</u>	<u>\$ 8,586</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 4,923,260	\$ 3,036,740	\$ 0
Total Deferred Inflows of Resources	<u>\$ 4,923,260</u>	<u>\$ 3,036,740</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental</u> Activities	Component Units	
		<u>Macon</u> County School Department	<u>Emergency</u> Communica- tions District
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 19,202,615	\$ 13,784,261	\$ 171,765
Restricted for:			
Debt Service	2,918,964	0	0
General Government	226,326	0	0
Administration of Justice	4,898	0	0
Public Safety	85,096	0	0
Public Health and Welfare	156,161	0	0
Social, Cultural, and Recreational Services	42,998	0	0
Highway/Public Works	1,520,037	0	0
Education	0	108,204	0
Central Cafeteria	0	361,085	0
Unrestricted	156,458	(1,643,583)	557,322
Total Net Position	<u>\$ 24,313,553</u>	<u>\$ 12,609,967</u>	<u>\$ 729,087</u>

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

Exhibit B

Macon County, Tennessee
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Component Units		
						Macon County School Department	Emergency Communications District	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,310,692	\$ 111,170	\$ 54,985	\$ 1,265,614	\$ 121,077	\$ 0	\$ 0	0
Finance	1,050,856	610,625	0	0	(440,231)	0	0	0
Administration of Justice	875,230	555,110	14,400	0	(305,720)	0	0	0
Public Safety	3,175,829	1,326,465	28,595	0	(1,820,769)	0	0	0
Public Health and Welfare	3,889,744	1,756,826	201,576	0	(1,931,342)	0	0	0
Social, Cultural, and Recreational Services	366,106	201,806	1,128	72,015	(91,157)	0	0	0
Agriculture and Natural Resources	89,992	20	0	0	(89,972)	0	0	0
Highways	2,906,072	15,947	1,619,500	132,017	(1,138,608)	0	0	0
Education	602,745	0	0	0	(602,745)	0	0	0
Interest on Long-term Debt	348,063	0	0	0	(348,063)	0	0	0
Total Primary Government	\$ 14,615,329	\$ 4,577,969	\$ 1,920,184	\$ 1,469,646	\$ (6,647,530)	\$ 0	\$ 0	0
Component Units:								
Macon County School Department	\$ 29,936,551	\$ 972,980	\$ 3,607,550	\$ 587,993	0	\$ (24,768,028)	\$ 0	0
Emergency Communications District	422,172	169,518	241,365	0	0	0	0	(11,289)
Total Component Units	\$ 30,358,723	\$ 1,142,498	\$ 3,848,915	\$ 587,993	0	\$ (24,768,028)	\$ (11,289)	0

(Continued)

Exhibit B

Macon County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary		
				Expenses	Governmental Total	Macon County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 5,036,748	\$ 3,008,089	\$ 0
Local Option Sales Tax				271,607	1,899,970	0
Wheel Tax				1,326,811	0	0
Litigation Tax				165,046	0	0
Business Tax				130,283	0	0
Adequate Facilities/Development Tax				117,174	0	0
Wholesale Beer Tax				145,407	0	0
Interstate Telecommunications Tax				0	2,247	0
Other Local Taxes				8,239	0	0
Grants and Contributions Not Restricted to Specific Purposes				588,766	20,851,632	67,975
Unrestricted Investment Income				33,937	0	1,457
Miscellaneous				178,459	33,369	0
Gain on Disposal of Capital Assets				0	22,761	0
Total General Revenues				<u>\$ 8,002,477</u>	<u>\$ 25,818,068</u>	<u>\$ 69,432</u>
Change in Net Position				\$ 1,354,947	\$ 1,050,040	\$ 58,143
Net Position, July 1, 2013				22,942,006	11,559,927	670,944
Prior-period Adjustment - See Note I.D.8				16,600	0	0
Net Position, June 30, 2014				<u>\$ 24,313,553</u>	<u>\$ 12,609,967</u>	<u>\$ 729,087</u>

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

Exhibit C-1

Macon County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
ASSETS						
Cash	\$ 0	\$ 0	0	\$ 14,515	\$ 14,515	14,515
Equity in Pooled Cash and Investments	1,925,086	1,258,873	2,959,015	282,292	6,425,266	6,425,266
Accounts Receivable	1,781,624	0	78,814	7,102	1,867,540	1,867,540
Allowance for Uncollectibles	(922,861)	0	0	0	(922,861)	(922,861)
Due from Other Governments	25,975	273,653	0	0	299,628	299,628
Property Taxes Receivable	4,615,267	436,415	0	197,426	5,249,108	5,249,108
Allowance for Uncollectible Property Taxes	(154,702)	(14,353)	0	(6,486)	(175,541)	(175,541)
Total Assets	\$ 7,270,389	\$ 1,954,588	\$ 3,037,829	\$ 494,849	\$ 12,757,655	
LIABILITIES						
Accounts Payable	\$ 44,173	\$ 0	0	\$ 0	\$ 44,173	44,173
Payroll Deductions Payable	27,887	472	0	449	28,808	28,808
Other Current Liabilities	1,100	0	0	0	1,100	1,100
Total Liabilities	\$ 73,160	\$ 472	\$ 0	\$ 449	\$ 74,081	
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	\$ 4,327,852	\$ 409,940	0	\$ 185,468	\$ 4,923,260	4,923,260
Deferred Delinquent Property Taxes	121,655	11,112	0	5,016	137,783	137,783
Other Deferred/Unavailable Revenue	822,097	136,338	0	0	958,435	958,435
Total Deferred Inflows of Resources	\$ 5,271,604	\$ 557,390	\$ 0	\$ 190,484	\$ 6,019,478	

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Restricted:						
Restricted for General Government	\$ 210,520	\$ 0	\$ 0	\$ 15,806	\$ 226,326	
Restricted for Administration of Justice	4,898	0	0	0	4,898	
Restricted for Public Safety	17,703	0	0	67,393	85,096	
Restricted for Public Health and Welfare	0	0	0	157,752	157,752	
Restricted for Social, Cultural, and Recreational Services	0	0	0	42,998	42,998	
Restricted for Highways/Public Works	0	1,396,726	0	0	1,396,726	
Restricted for Debt Service	0	0	3,037,829	0	3,037,829	
Committed:						
Committed for Finance	0	0	0	19,967	19,967	
Unassigned	1,692,504	0	0	0	1,692,504	
Total Fund Balances	\$ 1,925,625	\$ 1,396,726	\$ 3,037,829	\$ 303,916	\$ 6,664,096	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,270,389	\$ 1,954,588	\$ 3,037,829	\$ 494,849	\$ 12,757,655	

FUND BALANCES

Restricted:
 Restricted for General Government
 Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Social, Cultural, and Recreational Services
 Restricted for Highways/Public Works
 Restricted for Debt Service
 Committed:
 Committed for Finance
 Unassigned
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

Exhibit C-2

Macon County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	6,664,096
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	778,506	
Add: buildings and improvements net of accumulated depreciation		7,609,110	
Add: infrastructure net of accumulated depreciation		14,779,426	
Add: other capital assets net of accumulated depreciation		<u>1,982,404</u>	25,149,446
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(8,753,453)	
Less: bonds payable		(3,192,500)	
Add: debt to be contributed by the School Department		4,203,438	
Less: compensated absences payable		(271,558)	
Less: accrued interest on notes		(118,865)	
Less: landfill closure/postclosure care costs		<u>(463,269)</u>	(8,596,207)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,096,218</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>24,313,553</u></u>

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

Macon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>						
Local Taxes	\$ 5,617,001	\$ 417,015	\$ 1,072,383	\$ 190,275	\$ 7,296,674	
Licenses and Permits	33,565	0	0	0	33,565	
Fines, Forfeitures, and Penalties	125,885	0	0	13,210	139,095	
Charges for Current Services	1,856,314	0	0	416,537	2,272,851	
Other Local Revenues	178,256	27,641	15,191	0	221,088	
Fees Received from County Officials	744,101	0	0	0	744,101	
State of Tennessee	541,119	1,643,169	988,615	10,411	3,183,314	
Federal Government	1,309,844	94,348	0	0	1,404,192	
Other Governments and Citizens Groups	401,790	0	888,337	0	1,290,127	
Total Revenues	\$ 10,807,875	\$ 2,182,173	\$ 2,964,526	\$ 630,433	\$ 16,585,007	
<u>Expenditures</u>						
Current:						
General Government	\$ 1,115,670	\$ 0	\$ 0	\$ 87,730	\$ 1,203,400	
Finance	706,010	0	0	170,805	876,815	
Administration of Justice	692,406	0	0	5,794	698,200	
Public Safety	2,827,018	0	0	9,046	2,836,064	
Public Health and Welfare	2,125,743	0	0	244,292	2,370,035	
Social, Cultural, and Recreational Services	661,278	0	0	53,260	714,538	
Agriculture and Natural Resources	89,992	0	0	0	89,992	
Other Operations	913,110	0	0	0	913,110	
Highways	0	2,297,383	0	0	2,297,383	
Debt Service:						
Principal on Debt	0	0	2,771,830	0	2,771,830	
Interest on Debt	0	0	351,868	0	351,868	
Other Debt Service	0	0	11,340	0	11,340	

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 2,057,874	\$ 368,232	\$ 0	\$ 0	\$ 0	\$ 2,426,106
Total Expenditures	\$ 11,189,101	\$ 2,665,615	\$ 3,135,038	\$ 570,927	\$ 17,560,681	
Excess (Deficiency) of Revenues Over Expenditures	\$ (381,226)	\$ (483,442)	\$ (170,512)	\$ 59,506	\$ (975,674)	
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 659,993	\$ 1,000,000	\$ 0	\$ 0	\$ 0	\$ 1,659,993
Insurance Recovery	28,680	36,233	0	0	0	64,913
Transfers In	2,400	0	0	0	0	2,400
Transfers Out	0	(2,400)	0	0	0	(2,400)
Total Other Financing Sources (Uses)	\$ 691,073	\$ 1,033,833	\$ 0	\$ 0	\$ 0	\$ 1,724,906
Net Change in Fund Balances	\$ 309,847	\$ 550,391	\$ (170,512)	\$ 59,506	\$ 749,232	
Prior-period Adjustment	0	0	0	16,600	16,600	
Fund Balance, July 1, 2013	1,615,778	846,335	3,208,341	227,810	5,898,264	
Fund Balance, June 30, 2014	\$ 1,925,625	\$ 1,396,726	\$ 3,037,829	\$ 303,916	\$ 6,664,096	

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

Exhibit C-4

Macon County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 749,232
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 920,224	
Less: current-year depreciation expense	<u>(721,212)</u>	199,012
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 1,096,218	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(1,000,546)</u>	95,672
<p>(3) The issuance of long-term debt (e.g., bond and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the effect of these differences in the treatment of long-term debt and related items:</p>		
Add: principal payments on bonds	\$ 638,160	
Add: principal payments on notes	2,133,670	
Less: notes proceeds	(1,659,993)	
Less: contributions from the School Department for notes	<u>(775,316)</u>	336,521
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 3,805	
Change in compensated absences payable	(32,762)	
Change in landfill closure/postclosure care costs	<u>3,467</u>	<u>(25,490)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,354,947</u>

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

Exhibit C-5

Macon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,617,001	\$ 5,426,815	\$ 5,426,815	\$ 190,186
Licenses and Permits	33,565	42,700	42,700	(9,135)
Fines, Forfeitures, and Penalties	125,885	98,000	98,000	27,885
Charges for Current Services	1,856,314	1,405,950	1,747,752	108,562
Other Local Revenues	178,256	130,000	303,644	(125,388)
Fees Received from County Officials	744,101	844,500	844,500	(100,399)
State of Tennessee	541,119	575,494	607,192	(66,073)
Federal Government	1,309,844	0	1,273,014	36,830
Other Governments and Citizens Groups	401,790	0	72,018	329,772
Total Revenues	\$ 10,807,875	\$ 8,523,459	\$ 10,415,635	\$ 392,240
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 105,492	\$ 65,412	\$ 111,414	\$ 5,922
Board of Equalization	840	2,500	2,500	1,660
Beer Board	166	350	350	184
Budget and Finance Committee	326	1,200	1,200	874
Other Boards and Committees	1,841	2,000	2,000	159
County Mayor/Executive	209,374	221,355	221,355	11,981
County Attorney	7,133	8,431	8,431	1,298
Election Commission	177,800	199,918	199,918	22,118
Register of Deeds	128,320	131,500	131,499	3,179
Planning	53,364	58,995	58,995	5,631
County Buildings	104,035	112,332	113,282	9,247
Other Facilities	298,928	305,680	305,680	6,752
Other General Administration	1,398	1,399	1,399	1
Preservation of Records	9,985	10,117	10,117	132
Risk Management	16,668	17,765	17,765	1,097
<u>Finance</u>				
Central Services	344,714	341,383	358,983	14,269
Property Assessor's Office	145,769	147,892	148,292	2,523
Reappraisal Program	2,986	7,000	6,600	3,614
County Trustee's Office	167,716	168,366	168,366	650
County Clerk's Office	44,825	244,130	244,130	199,305
<u>Administration of Justice</u>				
Circuit Court	296,861	302,863	304,452	7,591
General Sessions Court	110,893	111,693	111,693	800
Chancery Court	127,833	134,010	134,010	6,177
Juvenile Court	37,223	45,345	45,345	8,122
Judicial Commissioners	26,422	27,940	27,940	1,518
Probation Services	93,174	94,253	94,253	1,079
<u>Public Safety</u>				
Sheriff's Department	1,663,764	1,621,774	1,714,791	51,027
Administration of the Sexual Offender Registry	1,923	2,000	3,050	1,127
Jail	979,724	998,489	1,083,992	104,268
Workhouse	62,025	65,658	65,758	3,733

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Fire Prevention and Control	\$ 5,010	\$ 6,660	\$ 6,660	\$ 1,650
Rural Fire Protection	18,405	18,500	18,500	95
Civil Defense	10,489	15,348	15,348	4,859
Rescue Squad	33,150	8,900	33,900	750
Disaster Relief	10,403	13,600	13,600	3,197
Other Emergency Management	10,096	10,300	10,300	204
County Coroner/Medical Examiner	18,700	23,600	23,600	4,900
Other Public Safety	13,329	15,302	15,302	1,973
<u>Public Health and Welfare</u>				
Local Health Center	47,116	30,900	75,989	28,873
Rabies and Animal Control	26,741	27,285	30,251	3,510
Ambulance/Emergency Medical Services	1,797,970	1,664,963	1,860,042	62,072
Crippled Children Services	1,439	1,439	1,439	0
Other Local Health Services	100,209	117,200	128,994	28,785
Regional Mental Health Center	7,953	7,953	7,953	0
Appropriation to State	41,900	41,900	41,900	0
Other Local Welfare Services	102,415	58,223	106,252	3,837
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	6,000	6,000	6,000	0
Senior Citizens Assistance	12,000	12,000	12,000	0
Libraries	574,767	406,621	583,825	9,058
Parks and Fair Boards	68,511	57,701	69,807	1,296
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	59,992	50,779	61,752	1,760
Soil Conservation	30,000	30,000	30,000	0
<u>Other Operations</u>				
Tourism	1,557	3,000	3,000	1,443
Industrial Development	21,200	21,200	21,200	0
Veterans' Services	23,860	23,959	23,959	99
Other Charges	813,358	800,961	804,225	(9,133)
Contributions to Other Agencies	11,686	12,850	12,850	1,164
Employee Benefits	21,086	29,000	28,657	7,571
Miscellaneous	20,363	5,268	22,661	2,298
<u>Support Services</u>				
Other Programs	0	17,050	0	0
<u>Capital Projects</u>				
General Administration Projects	2,500	0	0	(2,500)
Public Safety Projects	1,258,704	0	1,264,114	5,410
Highway and Street Capital Projects	208,677	8,087	208,677	0
Education Capital Projects	587,993	0	587,993	0
Total Expenditures	\$ 11,189,101	\$ 8,998,299	\$ 11,828,310	\$ 639,209
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (381,226)	\$ (474,840)	\$ (1,412,675)	\$ 1,031,449

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 659,993	\$ 72,000	\$ 659,993	\$ 0
Insurance Recovery	28,680	0	30,519	(1,839)
Transfers In	2,400	0	0	2,400
Transfers Out	0	(150,000)	0	0
Total Other Financing Sources	<u>\$ 691,073</u>	<u>\$ (78,000)</u>	<u>\$ 690,512</u>	<u>\$ 561</u>
Net Change in Fund Balance	\$ 309,847	\$ (552,840)	\$ (722,163)	\$ 1,032,010
Fund Balance, July 1, 2013	<u>1,615,778</u>	<u>1,615,500</u>	<u>1,615,500</u>	<u>278</u>
Fund Balance, June 30, 2014	<u>\$ 1,925,625</u>	<u>\$ 1,062,660</u>	<u>\$ 893,337</u>	<u>\$ 1,032,288</u>

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

Exhibit C-6

Macon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 417,015	\$ 406,322	\$ 406,322	\$ 10,693
Other Local Revenues	27,641	8,100	24,732	2,909
State of Tennessee	1,643,169	2,608,707	2,608,707	(965,538)
Federal Government	94,348	126,201	126,201	(31,853)
Total Revenues	\$ 2,182,173	\$ 3,149,330	\$ 3,165,962	\$ (983,789)
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 147,392	\$ 151,395	\$ 152,395	\$ 5,003
Highway and Bridge Maintenance	1,190,177	1,371,299	1,372,799	182,622
Operation and Maintenance of Equipment	342,635	271,494	352,294	9,659
Other Charges	126,166	131,594	131,894	5,728
Employee Benefits	243,856	266,622	266,622	22,766
Capital Outlay	247,157	1,499,627	1,468,392	1,221,235
<u>Capital Projects</u>				
Highway and Street Capital Projects	368,232	0	1,000,000	631,768
Total Expenditures	\$ 2,665,615	\$ 3,692,031	\$ 4,744,396	\$ 2,078,781
Excess (Deficiency) of Revenues Over Expenditures	\$ (483,442)	\$ (542,701)	\$ (1,578,434)	\$ 1,094,992
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 0
Insurance Recovery	36,233	0	35,733	500
Transfers Out	(2,400)	(2,400)	(2,400)	0
Total Other Financing Sources	\$ 1,033,833	\$ 997,600	\$ 1,033,333	\$ 500
Net Change in Fund Balance	\$ 550,391	\$ 454,899	\$ (545,101)	\$ 1,095,492
Fund Balance, July 1, 2013	846,335	649,135	649,135	197,200
Fund Balance, June 30, 2014	\$ 1,396,726	\$ 1,104,034	\$ 104,034	\$ 1,292,692

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

Exhibit D

Macon County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 492,423
Accounts Receivable	17,080
Due from Other Governments	<u>274,006</u>
Total Assets	<u>\$ 783,509</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 274,006
Due to Litigants, Heirs, and Others	<u>509,503</u>
Total Liabilities	<u>\$ 783,509</u>

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

MACON COUNTY, TENNESSEE
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MACON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Macon County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Macon County:

A. Reporting Entity

Macon County is a public municipal corporation governed by an elected 20-member board. As required by GAAP, these financial statements present Macon County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Macon County School Department operates the public school system in the county, and the voters of Macon County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Macon County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Macon County, and the Macon County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Macon County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Macon County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Macon County Emergency Communications District
898 Hwy 52 By-Pass E
Lafayette, TN 37083

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Macon County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Macon County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Macon County issues all debt for the discretely presented Macon County School Department. Net debt issues totaling \$587,993 were contributed by the county to the School Department during the year ended June 30, 2014.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the

fiduciary fund financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Macon County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary; however, Macon County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. Fiduciary funds are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Macon County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds, which have no

measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Macon County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

Additionally, Macon County reports the following fund type:

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

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

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Macon County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Macon County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

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

uncollectible property taxes is equal to three percent of total taxes levied.

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

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Building and Improvements	5 - 40
Other Capital Assets	5 - 20
Infrastructure:	
Roads	20 - 50
Bridges	75
Waterway	30 - 50

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Macon County has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Compensated Absences

It is the county’s policy to permit employees to accumulate earned but unused vacation (excluding the Highway Department, which closes the week of Christmas and the week of July 4th for vacation) and sick leave benefits. There is no liability for unpaid accumulated sick leave (excluding the Highway Department, which guarantees payment)

since Macon County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

It is the School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Custodians, maintenance employees, mechanics, bookkeepers, and cafeteria managers are paid for all unused sick leave at the end of the fiscal year. The School Department's leave policy does not guarantee payment for accumulated vacation when employees separate from service with the department.

6. Long-term Obligations

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

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

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

7. Net Position and Fund Balance

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

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

As of June 30, 2014, Macon County had \$5,999,122 in outstanding debt for capital purposes for the discretely presented Macon County School Department. This debt is a liability of Macon County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Macon County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

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

8. Restatement

Financial statements of the Macon County Library System (the Public Library Fund, special revenue fund) were not available from other auditors in time for inclusion in the prior year's audit report. Beginning fund balance of the governmental funds was restated \$16,600 in the current year's Statement of Activities because of this omission. Effective for the 2014 year, these funds are audited by the Comptroller's Office.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Macon County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

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

Primary Government

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

Discretely Presented Macon County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees (special revenue fund), which is not budgeted. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department

level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Budget and Finance Committee, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations in the General Debt Service Fund by \$11,276.

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

<u>Major Appropriations Category</u>	<u>Amount Overspent</u>
Other Operations:	
Other Charges	\$ 9,133
Capital Projects:	
General Administration Projects	2,500

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Macon County and the Macon County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2014.

B. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets			
Not Depreciated:			
Land	\$ 778,506	\$ 0	\$ 778,506
Total Capital Assets			
Not Depreciated	<u>\$ 778,506</u>	<u>\$ 0</u>	<u>\$ 778,506</u>
Capital Assets Depreciated:			
Buildings and			
Improvements	\$ 10,644,381	\$ 444,018	\$ 11,088,399
Infrastructure	18,270,977	0	18,270,977
Other Capital Assets	4,663,441	476,206	5,139,647
Total Capital Assets			
Depreciated	<u>\$ 33,578,799</u>	<u>\$ 920,224</u>	<u>\$ 34,499,023</u>
Less Accumulated			
Depreciation For:			
Buildings and			
Improvements	\$ 3,258,029	\$ 221,260	\$ 3,479,289
Infrastructure	3,330,327	161,224	3,491,551
Other Capital Assets	2,818,515	338,728	3,157,243
Total Accumulated			
Depreciation	<u>\$ 9,406,871</u>	<u>\$ 721,212</u>	<u>\$ 10,128,083</u>
Total Capital Assets			
Depreciated, Net	<u>\$ 24,171,928</u>	<u>\$ 199,012</u>	<u>\$ 24,370,940</u>
Governmental Activities			
Capital Assets, Net	<u>\$ 24,950,434</u>	<u>\$ 199,012</u>	<u>\$ 25,149,446</u>

There were no decreases in capital assets to report during the year ended June 30, 2014.

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

Governmental Activities:

General Government	\$	12,027
Administration of Justice		110,735
Public Safety		122,948
Public Health and Welfare		169,120
Social, Cultural, and Recreational		42,111
Highway/Public Works		<u>264,271</u>
Total Depreciation Expense - Governmental Activities	\$	<u>721,212</u>

Discretely Presented Macon County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets				
Not Depreciated:				
Land	\$ 346,263	\$ 36,000	\$ 0	\$ 382,263
Total Capital Assets Not Depreciated	<u>\$ 346,263</u>	<u>\$ 36,000</u>	<u>\$ 0</u>	<u>\$ 382,263</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 23,519,182	\$ 582,882	\$ 0	\$ 24,102,064
Other Capital Assets	4,362,246	257,425	(542,041)	4,077,630
Total Capital Assets Depreciated	<u>\$ 27,881,428</u>	<u>\$ 840,307</u>	<u>\$ (542,041)</u>	<u>\$ 28,179,694</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 12,076,476	\$ 602,149	\$ 0	\$ 12,678,625
Other Capital Assets	2,409,491	231,621	(542,041)	2,099,071
Total Accumulated Depreciation	<u>\$ 14,485,967</u>	<u>\$ 833,770</u>	<u>\$ (542,041)</u>	<u>\$ 14,777,696</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,395,461</u>	<u>\$ 6,537</u>	<u>\$ 0</u>	<u>\$ 13,401,998</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,741,724</u>	<u>\$ 42,537</u>	<u>\$ 0</u>	<u>\$ 13,784,261</u>

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

Governmental Activities:

Instruction	\$ 602,148
Support Services	<u>231,622</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 833,770</u></u>

C. Interfund Receivables, Payables, and Transfers

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component Unit: School Department:	\$ 4,203,438

The Due to the Primary Government is the balance of two notes issued by the county for the School Department. The School Department has agreed to contribute the funds necessary to retire these notes. This long-term debt obligation is reflected in the governmental activities on the Statement of Net Position.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u> <u>General</u> <u>Fund</u>
Highway/Public Works Fund	\$ 2,400

Discretely Presented Macon County School Department

<u>Transfers Out</u>	<u>Transfers In</u>	
	<u>General</u> <u>Purpose</u> <u>School</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
General Purpose School Fund	\$ 0	\$ 200,000
Nonmajor governmental funds	<u>13,160</u>	<u>0</u>
Total	<u><u>\$ 13,160</u></u>	<u><u>\$ 200,000</u></u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The School Department made a one-time transfer of \$200,000 from the General Purpose School Fund to the School Federal Projects Fund to provide cash for operations.

D. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to six years for bonds and up to 13 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2014, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	1.96	% 6-1-19	\$ 3,830,660	\$ 3,192,500
Capital Outlay Notes	0 to 3.49	3-1-24	13,838,613	8,753,453

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2014, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 638,500	\$ 62,573	\$ 701,073
2016	638,500	50,058	688,558
2017	638,500	37,544	676,044
2018	638,500	25,030	663,530
2019	638,500	12,515	651,015
Total	<u>\$ 3,192,500</u>	<u>\$ 187,720</u>	<u>\$ 3,380,220</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 1,797,661	\$ 270,151	\$ 2,067,812
2016	1,823,646	218,791	2,042,437
2017	1,826,322	165,063	1,991,385
2018	1,451,082	109,617	1,560,699
2019	852,127	106,140	958,267
2020-2024	1,002,615	36,738	1,039,353
Total	<u>\$ 8,753,453</u>	<u>\$ 906,500</u>	<u>\$ 9,659,953</u>

There is \$3,037,829 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes totaled \$537, based on the 2010 federal census.

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

Description of Indebtedness	Outstanding 6-30-14
<u>Notes Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Refunding	\$ 2,397,019
Energy Efficient Loan	<u>1,806,419</u>
Total	<u>\$ 4,203,438</u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2013	\$ 3,830,660	\$ 9,227,130
Additions	0	1,659,993
Reductions	(638,160)	(2,133,670)
Balance, June 30, 2014	<u>\$ 3,192,500</u>	<u>\$ 8,753,453</u>
Balance Due Within One Year	<u>\$ 638,500</u>	<u>\$ 1,797,661</u>

	<u>Compensated Absences</u>	<u>Landfill Postclosure Care Costs</u>
Balance, July 1, 2013	\$ 238,796	\$ 466,736
Additions	39,027	6,846
Reductions	(6,265)	(10,313)
Balance, June 30, 2014	<u>\$ 271,558</u>	<u>\$ 463,269</u>
Balance Due Within One Year	<u>\$ 27,156</u>	<u>\$ 25,737</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 12,680,780
Less: Balance Due Within One Year	<u>(2,489,054)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 10,191,726</u>

Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works funds. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Discretely Presented Macon County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Macon County School Department for the year ended June 30, 2014, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2013	\$ 1,730,269
Additions	259,783
Reductions	<u>(182,599)</u>
Balance, June 30, 2014	<u>\$ 1,807,453</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 1,807,453
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,807,453</u>

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

E. On-Behalf Payments – Discretely Presented Macon County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Macon County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$92,079 and \$16,948, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Macon County and the discretely presented Macon County School Department decided to purchase commercial insurance for the risks of employee health losses for the primary government and the School Department's non-certified personnel to which it is exposed. Pre-65 retirees are not allowed to participate in the plan. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Macon County is exposed to various risks related to general liability, property, casualty, and workers' compensation. The primary government decided it was more economically feasible to join a public entity risk pool than to purchase commercial insurance for general liability, property, casualty, and workers' compensation coverage. The government's risks of loss relating to general liability, property, and casualty are covered by participation in the Local Government Property and Casualty Fund (LGPCF). The government's risks of loss relating to workers' compensation are covered by participation in the Local Government Workers' Compensation Fund (LGWCF). These funds are public entity risk pools established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to the LGPCF and the LGWCF for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the LGPCF and the LGWCF provide for them to be self-sustaining through member's premiums.

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

The School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70 relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

On August 31, 2014, Shelvy Linville left the Office of County Mayor and was succeeded by Steve Jones, Margaret Oldham left the Office of Director of Schools and was succeeded by Tony Boles, James Howser left the Office of County Clerk and was succeeded by Connie Blackwell, and Melinda Ferguson left the Office of Register of Deeds and was succeeded by Cynthia Jones.

On February 23, 2015, Macon County approved the issuance of capital outlay notes totaling \$75,000 for a property purchase.

D. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

E. Landfill Closure/Postclosure Care Costs

Macon County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Macon County closed its sanitary landfill in 1998. The \$463,269 reported as postclosure care liability at June 30, 2014, represents amounts based on what it would cost to perform all postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Venture

The Macon County Joint Economic and Community Development/Industrial Board is a joint venture between Macon County and the cities of Lafayette and Red Boiling Springs. The board comprises the county mayor, city mayors, and five additional members. The purpose of the board is to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The county and cities will provide the majority of funding for the board based on the percentage of their population compared to the total census of the county when financial activity begins. During the year ended June 30, 2014, the

county did not appropriate any operating subsidies to the Macon County Joint Economic and Community Development/Industrial Board.

G. Retirement Commitments

Plan Description

Employees of Macon County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Macon County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Macon County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 6.57 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2014, the county’s annual pension cost of \$587,705 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was one years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$587,705	100%	\$0
6-30-13	561,699	100	0
6-30-12	598,040	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 100 percent funded. The actuarial accrued liability for benefits was \$15.46 million, and the actuarial value of assets was \$15.46 million, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was \$8.53 million, and the ratio of the UAAL to the covered payroll was zero.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

The Macon County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2014, 2013, and 2012, were \$1,138,156, 1,123,623, and \$1,118,465, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Discretely Presented Macon County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for health care benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by *Tennessee Code Annotated (TCA) 8-27-302*. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for health care benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered medicare supplement plan that does not include pharmacy. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2014, the School Department made contributions totaling \$182,599 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Insurance Plan
	<hr/>
ARC	\$ 258,000
Interest on the NOPEBO	69,211
Adjustment to the ARC	(67,428)
Annual OPEB cost	<hr/> \$ 259,783
Amount of contribution	(182,599)
Increase/decrease in NOPEBO	<hr/> \$ 77,184
Net OPEB obligation, 7-1-13	<hr/> 1,730,269
	<hr/>
Net OPEB obligation, 6-30-14	<u><u>\$ 1,807,453</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 456,282	31	% \$ 1,418,328
6-30-13	"	460,512	32	1,730,269
6-30-14	"	259,783	70	1,807,453

Funded Status and Funding Progress

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

(dollars in thousands)

	Local Education Group Insurance Plan
	<hr/>
Actuarial valuation date	7-1-13
Actuarial accrued liability (AAL)	\$ 2,514
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,514
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 12,424
UAAL as a % of covered payroll	20%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

I. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-207, *Tennessee Code Annotated (TCA)*, and Chapter 161, Private Acts of 1937. The private act provides for a purchasing committee, including the county mayor, county clerk, and clerk and master, to make all purchases for all county departments except the Highway and the School departments. The County Purchasing Law of 1983 provides for purchases exceeding \$10,000 to be made on a competitive basis after public advertisement.

Office of Supervisor of Roads

Purchasing procedures for the Office of Supervisor of Roads are governed by Chapter 234, Private Acts of 1965, as amended, and the Uniform Road Law, Section 54-7-113, TCA. These statutes provide for the supervisor of roads to make all purchases and for all purchases exceeding \$10,000 to be made on a competitive basis solicited through public advertisement.

Office of Director of Schools

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

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

A. Summary of Significant Accounting Policies

The Macon County Emergency Communications District was established for the purpose of providing an enhanced level of 911 service to the Macon County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Macon County. The Macon County Emergency Communications District is run by a board of directors appointed by Macon County. The district must file a budget with Macon County each year. Any bond issued by the district is subject to approval by Macon County.

The district uses the accrual basis of accounting and economic resources measurement focus. Revenues are recognized when earned, and expenses are recognized when incurred.

Depreciation – Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives using the straight-line method. All assets purchased under \$2,500 are expensed. Depreciation begins when the assets are placed in service. Depreciation is summarized as follows:

<u>Assets</u>	<u>Method</u>	<u>Estimated Useful Life in Years</u>	<u>2014 Depreciation</u>
Building and Improvements	S/L	5 - 15	\$ 8,228
Furniture and Fixtures	S/L	5 - 10	0
Office Equipment	S/L	5 - 7	2,770
Communications Equipment	S/L	3 - 12	73,541
Vehicles	S/L	5	<u>5,840</u>
Total			<u>\$ 90,379</u>

Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges. The district's nonoperating revenue consists of grants and reimbursements given by the State Emergency Communications Board to help the district employ a dispatcher and interest.

B. Cash and Cash Investments

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

The following is a schedule of bank accounts at June 30, 2014:

Checking - Citizens Bank	\$ 263,461
Money Market - Macon County Bank	<u>226,612</u>
Total	<u>\$ 490,073</u>

At June 30, 2014, the carrying amount of the Macon County Emergency Communications District's cash deposits was \$490,073. The district's accounts are covered up to \$250,000 by the FDIC. Any amounts over \$250,000 are still covered since Citizens Bank is a member of the state collateral pool. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, *Tennessee Code Annotated*.

C. Bonding

Macon County Emergency Communications District has a bond covering certain members of the board at June 30, 2014. Other risk areas include

theft, property damage, and public liability. The district carries general liability insurance as well as insurance that covers all equipment, building, and vehicles. There have been no losses or settlements that exceeded this coverage during the past three years.

D. Capital Assets

The following is a schedule of capital assets at June 30, 2014:

<u>Assets</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Building and Improvements	\$ 70,506	\$ 34,511	\$ 35,995
Furniture and Fixtures	3,791	3,791	0
Office Equipment	169,520	162,083	7,437
Communications Equipment	575,817	446,858	128,959
Vehicles	29,200	24,333	4,867
	<hr/>	<hr/>	<hr/>
Total	\$ 848,834	\$ 671,576	\$ 177,258
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>Assets</u>	<u>Balance 6-30-13</u>	<u>Additions</u>	<u>Balance 6-30-14</u>
Building and Improvements	\$ 70,506	\$ 0	\$ 70,506
Furniture and Fixtures	3,791	0	3,791
Office Equipment	169,520	0	169,520
Communications Equipment	547,467	28,350	575,817
Vehicles	29,200	0	29,200
	<hr/>	<hr/>	<hr/>
Total	\$ 820,484	\$ 28,350	\$ 848,834
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

E. Cash and Cash Equivalents

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

F. Accounts Receivable/Due from State Emergency Communications Board

The amounts due to the district from subscriber services and wireless charges include the following:

North Central Telephone Co-op	\$ 42,649
Misc. Wireless Charges	<u>9,644</u>
	<hr/>
Total Due from State and Accounts Receivable	<u>\$ 52,293</u>
	<hr/> <hr/>

G. Compensated Absences

The district has one full-time and one part-time employee. The board had not adopted a policy for compensated absences as of June 30, 2014.

H. Calculation of Net Investment in Capital Assets

Net Book Value	\$	177,258
Current and Non-Current Debt		<u>(5,493)</u>
Net Investment in Capital Assets	\$	<u>171,765</u>

I. Leases Payable

On June 29, 2009, the district entered into a four-year lease agreement with Marlin Financial for the acquisition of a recorder. The total cost of the equipment (\$47,895) is to be repaid in 48 monthly payments of \$1,122, which began July 29, 2009, at an interest rate of 5.85 percent.

On October 30, 2009, the district entered into a four-year lease agreement with Marlin Financial for the acquisition of mapping equipment. The total cost of the equipment (\$40,992) is to be repaid in 48 monthly payments of \$960, which began November 1, 2009, at an interest rate of 5.85 percent.

On May 10, 2010, the district entered into a five-year lease agreement with Marlin Financial for the acquisition of a 2009 Chevy Tahoe 4x4. The total cost of the vehicle (\$29,200) is to be repaid in 60 monthly payments of \$565, which began May 10, 2010, at an interest rate of six percent.

A schedule of changes in leases payable (principal only) is as follows:

Lease	Balance 6-30-13	Payments	Balance 6-30-14
Recorder	\$ 4,433	\$ 4,433	\$ 0
Mapping	3,793	3,793	0
Vehicle	<u>11,733</u>	<u>6,240</u>	<u>5,493</u>
Total	<u>\$ 19,959</u>	<u>\$ 14,466</u>	<u>\$ 5,493</u>

J. Budgetary Information

As stated in Note VI.A., the district must file a budget with Macon County each year, which must be legally adopted by the county. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the line-item level.

K. Pension Plan

Plan Description

Employees of Macon County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*.

State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Macon County Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Macon County Emergency Communications District requires employees to contribute five percent of earnable compensation. Macon County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 9.51 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Macon County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2014, Macon County Emergency Communications District's annual pension cost of \$7,666 to TCRS was equal to Macon County Emergency Communications District's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. Macon County Emergency Communications District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was zero years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-14	\$7,666	100%	\$0
6-30-13	7,200	100	0
6-30-12	7,477	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 35.18 percent funded. The actuarial accrued liability for benefits was \$.08 million, and the actuarial value of assets was \$.03 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.05 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.08 million, and the ratio of the UAAL to the covered payroll was 67.21 percent.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Macon County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Macon County School Department
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-13	\$ 15,464	\$ 15,464	\$ 0	100.00 %	\$ 8,531	0.00 %
7-1-11	12,595	12,797	201	98.43	8,242	2.44
7-1-09	9,020	9,284	263	97.16	7,498	3.51

Exhibit E-2

Macon County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Macon County School Department
June 30, 2014

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-10	\$ 0	\$ 3,802	\$ 3,802	0%	\$ 11,586	33 %
"	7-1-11	0	4,130	4,130	0	11,909	35
"	7-1-13	0	2,514	2,514	0	12,424	20

MACON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NONE

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Public Library Fund – The Public Library Fund is used to account for revenues and expenditures of the Macon County Library System.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Macon County’s transfer station and postclosure costs associated with the closed landfill.

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

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

Exhibit F-1

Macon County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

<u>Special Revenue Funds</u>							Total Nonmajor Governmental Funds
Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees			
\$ 0	\$ 545	\$ 100	\$ 0	\$ 13,870			\$ 14,515
15,806	42,453	156,640	67,393	0			282,292
0	0	1,005	0	6,097			7,102
0	0	197,426	0	0			197,426
0	0	(6,486)	0	0			(6,486)
<u>\$ 15,806</u>	<u>\$ 42,998</u>	<u>\$ 348,685</u>	<u>\$ 67,393</u>	<u>\$ 19,967</u>			<u>\$ 494,849</u>

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes
 Total Assets

LIABILITIES

Payroll Deductions Payable
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Total Deferred Inflows of Resources

FUND BALANCES

Restricted:
 Restricted for General Government
 Restricted for Public Safety

\$ 0	\$ 0	\$ 449	\$ 0	\$ 0			\$ 449
0	0	449	0	0			449
\$ 0	\$ 0	\$ 185,468	\$ 0	\$ 0			\$ 185,468
0	0	5,016	0	0			5,016
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 190,484</u>	<u>\$ 0</u>	<u>\$ 0</u>			<u>\$ 190,484</u>
\$ 15,806	\$ 0	\$ 0	\$ 0	\$ 0			\$ 15,806
0	0	0	67,393	0			67,393

(Continued)

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

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees		
Restricted (Cont.):							
Restricted for Public Health and Welfare	\$ 0 \$	0 \$	157,752 \$	0 \$	0 \$	0 \$	157,752
Restricted for Social, Cultural, and Recreational Services	0	42,998	0	0	0	0	42,998
Committed:							
Committed for Finance	0	0	0	0	19,967		19,967
Total Fund Balances	\$ 15,806 \$	42,998 \$	157,752 \$	67,393 \$	19,967 \$		303,916
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,806 \$	42,998 \$	348,685 \$	67,393 \$	19,967 \$		494,849

FUND BALANCES (CONT.)

Exhibit F-2

Macon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees		
<u>Revenues</u>							
Local Taxes	\$ 4,147	\$ 0	\$ 186,128	\$ 0	\$ 0	\$ 0	\$ 190,275
Fines, Forfeitures, and Penalties	0	0	0	13,210	0	0	13,210
Charges for Current Services	0	79,658	96,412	0	240,467	0	416,537
State of Tennessee	0	0	10,411	0	0	0	10,411
Total Revenues	\$ 4,147	\$ 79,658	\$ 292,951	\$ 13,210	\$ 240,467	\$ 0	\$ 630,433
<u>Expenditures</u>							
Current:							
General Government	\$ 19,973	\$ 0	\$ 0	\$ 0	\$ 0	\$ 67,757	\$ 87,730
Finance	0	0	0	0	0	170,805	170,805
Administration of Justice	0	0	0	0	0	5,794	5,794
Public Safety	0	0	0	9,046	0	0	9,046
Public Health and Welfare	0	0	244,292	0	0	0	244,292
Social, Cultural, and Recreational Services	0	53,260	0	0	0	0	53,260
Total Expenditures	\$ 19,973	\$ 53,260	\$ 244,292	\$ 9,046	\$ 244,356	\$ 67,757	\$ 570,927
Excess (Deficiency) of Revenues Over Expenditures	\$ (15,826)	\$ 26,398	\$ 48,659	\$ 4,164	\$ (3,889)	\$ 0	\$ 59,506
Net Change in Fund Balances	\$ (15,826)	\$ 26,398	\$ 48,659	\$ 4,164	\$ (3,889)	\$ 0	\$ 59,506
Prior-period Adjustment	0	16,600	0	0	0	0	16,600
Fund Balance, July 1, 2013	31,632	0	109,093	63,229	23,856	0	227,810
Fund Balance, June 30, 2014	\$ 15,806	\$ 42,998	\$ 157,752	\$ 67,393	\$ 19,967	\$ 0	\$ 303,916

Exhibit F-3

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,147	\$ 4,000	\$ 4,000	\$ 147
Total Revenues	\$ 4,147	\$ 4,000	\$ 4,000	\$ 147
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 19,973	\$ 25,150	\$ 25,150	\$ 5,177
Total Expenditures	\$ 19,973	\$ 25,150	\$ 25,150	\$ 5,177
Excess (Deficiency) of Revenues Over Expenditures	\$ (15,826)	\$ (21,150)	\$ (21,150)	\$ 5,324
Net Change in Fund Balance	\$ (15,826)	\$ (21,150)	\$ (21,150)	\$ 5,324
Fund Balance, July 1, 2013	31,632	31,632	31,632	0
Fund Balance, June 30, 2014	\$ 15,806	\$ 10,482	\$ 10,482	\$ 5,324

Exhibit F-4

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Public Library Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 79,658	\$ 64,000	\$ 64,000	\$ 15,658
Total Revenues	\$ 79,658	\$ 64,000	\$ 64,000	\$ 15,658
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 53,260	\$ 64,000	\$ 64,250	\$ 10,990
Total Expenditures	\$ 53,260	\$ 64,000	\$ 64,250	\$ 10,990
Excess (Deficiency) of Revenues Over Expenditures	\$ 26,398	\$ 0	\$ (250)	\$ 26,648
Net Change in Fund Balance	\$ 26,398	\$ 0	\$ (250)	\$ 26,648
Prior-period Adjustment	16,600	41,223	41,223	(24,623)
Fund Balance, July 1, 2013	0	0	0	0
Fund Balance, June 30, 2014	\$ 42,998	\$ 41,223	\$ 40,973	\$ 2,025

Exhibit F-5

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 186,128	\$ 172,870	\$ 172,870	\$ 13,258
Charges for Current Services	96,412	70,000	70,850	25,562
State of Tennessee	10,411	15,000	15,000	(4,589)
Total Revenues	<u>\$ 292,951</u>	<u>\$ 257,870</u>	<u>\$ 258,720</u>	<u>\$ 34,231</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Transfer Stations	\$ 244,292	\$ 259,294	\$ 260,144	\$ 15,852
Total Expenditures	<u>\$ 244,292</u>	<u>\$ 259,294</u>	<u>\$ 260,144</u>	<u>\$ 15,852</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 48,659</u>	<u>\$ (1,424)</u>	<u>\$ (1,424)</u>	<u>\$ 50,083</u>
Net Change in Fund Balance	\$ 48,659	\$ (1,424)	\$ (1,424)	\$ 50,083
Fund Balance, July 1, 2013	109,093	109,045	109,045	48
Fund Balance, June 30, 2014	<u>\$ 157,752</u>	<u>\$ 107,621</u>	<u>\$ 107,621</u>	<u>\$ 50,131</u>

Exhibit F-6

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 13,210	\$ 5,000	\$ 5,000	\$ 8,210
Total Revenues	\$ 13,210	\$ 5,000	\$ 5,000	\$ 8,210
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 9,046	\$ 5,200	\$ 11,920	\$ 2,874
Total Expenditures	\$ 9,046	\$ 5,200	\$ 11,920	\$ 2,874
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,164	\$ (200)	\$ (6,920)	\$ 11,084
Net Change in Fund Balance	\$ 4,164	\$ (200)	\$ (6,920)	\$ 11,084
Fund Balance, July 1, 2013	63,229	63,229	63,229	0
Fund Balance, June 30, 2014	\$ 67,393	\$ 63,029	\$ 56,309	\$ 11,084

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,072,383	\$ 1,045,000	\$ 1,045,000	\$ 27,383
Licenses and Permits	0	1,000	1,000	(1,000)
Other Local Revenues	15,191	8,000	13,583	1,608
State of Tennessee	988,615	650,000	650,000	338,615
Other Governments and Citizens Groups	888,337	0	888,337	0
Total Revenues	\$ 2,964,526	\$ 1,704,000	\$ 2,597,920	\$ 366,606
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 783,049	\$ 763,251	\$ 783,049	\$ 0
Highways and Streets	749,060	571,110	749,060	0
Education	1,239,721	117,563	1,239,721	0
<u>Interest on Debt</u>				
General Government	84,756	86,584	84,799	43
Highways and Streets	116,623	0	116,623	0
Education	150,489	11,415	150,510	21
<u>Other Debt Service</u>				
General Government	11,340	0	0	(11,340)
Total Expenditures	\$ 3,135,038	\$ 1,549,923	\$ 3,123,762	\$ (11,276)
Excess (Deficiency) of Revenues Over Expenditures	\$ (170,512)	\$ 154,077	\$ (525,842)	\$ 355,330
Net Change in Fund Balance	\$ (170,512)	\$ 154,077	\$ (525,842)	\$ 355,330
Fund Balance, July 1, 2013	3,208,341	3,208,341	3,208,341	0
Fund Balance, June 30, 2014	\$ 3,037,829	\$ 3,362,418	\$ 2,682,499	\$ 355,330

Fiduciary Funds

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

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

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

Exhibit H-1

Macon County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	Total
		Agency	
<u>ASSETS</u>			
Cash	\$ 0	\$ 492,423	\$ 492,423
Accounts Receivable	0	17,080	17,080
Due from Other Governments	274,006	0	274,006
Total Assets	\$ 274,006	\$ 509,503	\$ 783,509
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 274,006	\$ 0	\$ 274,006
Due to Litigants, Heirs, and Others	0	509,503	509,503
Total Liabilities	\$ 274,006	\$ 509,503	\$ 783,509

Exhibit H-2

Macon County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,588,716	\$ 1,588,716	\$ 0
Due from Other Governments	264,050	274,006	264,050	274,006
Total Assets	\$ 264,050	\$ 1,862,722	\$ 1,852,766	\$ 274,006
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 264,050	\$ 1,862,722	\$ 1,852,766	\$ 274,006
Total Liabilities	\$ 264,050	\$ 1,862,722	\$ 1,852,766	\$ 274,006
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 398,876	\$ 5,370,694	\$ 5,277,147	\$ 492,423
Accounts Receivable	16,156	17,080	16,156	17,080
Total Assets	\$ 415,032	\$ 5,387,774	\$ 5,293,303	\$ 509,503
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 415,032	\$ 5,387,774	\$ 5,293,303	\$ 509,503
Total Liabilities	\$ 415,032	\$ 5,387,774	\$ 5,293,303	\$ 509,503
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 398,876	\$ 5,370,694	\$ 5,277,147	\$ 492,423
Equity in Pooled Cash and Investments	0	1,588,716	1,588,716	0
Accounts Receivable	16,156	17,080	16,156	17,080
Due from Other Governments	264,050	274,006	264,050	274,006
Total Assets	\$ 679,082	\$ 7,250,496	\$ 7,146,069	\$ 783,509
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 264,050	\$ 1,862,722	\$ 1,852,766	\$ 274,006
Due to Litigants, Heirs, and Others	415,032	5,387,774	5,293,303	509,503
Total Liabilities	\$ 679,082	\$ 7,250,496	\$ 7,146,069	\$ 783,509

Macon County School Department

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

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

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

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

Exhibit I-1

Macon County, Tennessee
Statement of Activities
Discretely Presented Macon County School Department
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
Instruction	\$ 17,950,921	\$ 5,225	\$ 2,215,969	\$ (15,141,734)
Support Services	9,664,573	51,554	0	(9,613,019)
Operation of Non-instructional Services	2,238,052	916,201	1,391,581	69,730
Other Debt Service	83,005	0	0	(83,005)
Total Governmental Activities	\$ 29,936,551	\$ 972,980	\$ 3,607,550	\$ (24,768,028)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,008,089
Local Option Sales Tax				1,899,970
Interstate Telecommunications Tax				2,247
Grants and Contributions Not Restricted to Specific Programs				20,851,632
Miscellaneous				33,369
Gain on Disposal of Capital Assets				22,761
Total General Revenues				\$ 25,818,068
Change in Net Position				\$ 1,050,040
Net Position, July 1, 2013				11,559,927
Net Position, June 30, 2014				<u>\$ 12,609,967</u>

Exhibit I-2

Macon County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Macon County School Department
June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	3,832,581	511,428	4,344,009
Due from Other Governments	492,693	25,657	518,350
Due from Other Funds	0	63,406	63,406
Property Taxes Receivable	3,232,737	0	3,232,737
Allowance for Uncollectible Property Taxes	(106,274)	0	(106,274)
Total Assets	<u>\$ 7,451,737</u>	<u>\$ 600,591</u>	<u>\$ 8,052,328</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 77,106	\$ 0	\$ 77,106
Payroll Deductions Payable	13,145	17,639	30,784
Due to Other Funds	63,406	0	63,406
Due to State of Tennessee	4,675	3,020	7,695
Total Liabilities	<u>\$ 158,332</u>	<u>\$ 20,659</u>	<u>\$ 178,991</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,036,740	\$ 0	\$ 3,036,740
Deferred Delinquent Property Taxes	82,247	0	82,247
Other Deferred/Unavailable Revenue	163,044	0	163,044
Total Deferred Inflows of Resources	<u>\$ 3,282,031</u>	<u>\$ 0</u>	<u>\$ 3,282,031</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 89,357	\$ 379,932	\$ 469,289
Committed:			
Committed for Education	3,762,265	200,000	3,962,265
Unassigned	159,752	0	159,752
Total Fund Balances	<u>\$ 4,011,374</u>	<u>\$ 579,932</u>	<u>\$ 4,591,306</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,451,737</u>	<u>\$ 600,591</u>	<u>\$ 8,052,328</u>

Exhibit I-3

Macon County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
Discretely Presented Macon County School Department
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	4,591,306
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	382,263	
Add: buildings and improvements net of accumulated depreciation		11,423,439	
Add: other capital assets net of accumulated depreciation		<u>1,978,559</u>	13,784,261
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for notes	\$	(4,203,438)	
Less: other postemployment benefits liability		<u>(1,807,453)</u>	(6,010,891)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>245,291</u>
Net position of governmental activities (Exhibit A)			<u>\$ 12,609,967</u>

Exhibit I-4

Macon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Macon County School Department
For the Year Ended June 30, 2014

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 4,946,557	\$ 0	\$ 4,946,557
Licenses and Permits	1,900	0	1,900
Charges for Current Services	70,382	472,307	542,689
Other Local Revenues	109,721	377,637	487,358
State of Tennessee	20,809,386	0	20,809,386
Federal Government	114,458	3,481,175	3,595,633
Other Governments and Citizens Groups	587,993	0	587,993
Total Revenues	<u>\$ 26,640,397</u>	<u>\$ 4,331,119</u>	<u>\$ 30,971,516</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 15,790,725	\$ 1,276,494	\$ 17,067,219
Support Services	8,880,641	879,660	9,760,301
Operation of Non-instructional Services	376,295	1,861,757	2,238,052
Capital Outlay	787,252	0	787,252
Debt Service:			
Other Debt Service	888,337	0	888,337
Total Expenditures	<u>\$ 26,723,250</u>	<u>\$ 4,017,911</u>	<u>\$ 30,741,161</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (82,853)</u>	<u>\$ 313,208</u>	<u>\$ 230,355</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 33,925	\$ 0	\$ 33,925
Transfers In	13,160	200,000	213,160
Transfers Out	(200,000)	(13,160)	(213,160)
Total Other Financing Sources (Uses)	<u>\$ (152,915)</u>	<u>\$ 186,840</u>	<u>\$ 33,925</u>
Net Change in Fund Balances	\$ (235,768)	\$ 500,048	\$ 264,280
Fund Balance, July 1, 2013	4,247,142	79,884	4,327,026
Fund Balance, June 30, 2014	<u>\$ 4,011,374</u>	<u>\$ 579,932</u>	<u>\$ 4,591,306</u>

Exhibit I-5

Macon County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Macon County School Department
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 264,280
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 876,307	
Less: current-year depreciation expense	<u>(833,770)</u>	42,537
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 245,291	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(230,216)</u>	15,075
<p>(3) The contributions of long-term debt (e.g., notes) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Add: principal contributions on notes to the primary government		775,316
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 30,016	
Change in other postemployment benefits liability	<u>(77,184)</u>	<u>(47,168)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,050,040</u>

Exhibit I-6

Macon County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Macon County School Department
June 30, 2014

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	137,948	373,480	511,428
Due from Other Governments	25,657	0	25,657
Due from Other Funds	63,406	0	63,406
Total Assets	<u>\$ 227,011</u>	<u>\$ 373,580</u>	<u>\$ 600,591</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 6,358	\$ 11,281	\$ 17,639
Due to State of Tennessee	1,806	1,214	3,020
Total Liabilities	<u>\$ 8,164</u>	<u>\$ 12,495</u>	<u>\$ 20,659</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 18,847	\$ 361,085	\$ 379,932
Committed:			
Committed for Education	200,000	0	200,000
Total Fund Balances	<u>\$ 218,847</u>	<u>\$ 361,085</u>	<u>\$ 579,932</u>
Total Liabilities and Fund Balances	<u>\$ 227,011</u>	<u>\$ 373,580</u>	<u>\$ 600,591</u>

Exhibit I-7

Macon County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Macon County School Department
For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 472,307	\$ 472,307
Other Local Revenues	0	377,637	377,637
Federal Government	2,108,277	1,372,898	3,481,175
Total Revenues	<u>\$ 2,108,277</u>	<u>\$ 2,222,842</u>	<u>\$ 4,331,119</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,276,494	\$ 0	\$ 1,276,494
Support Services	879,660	0	879,660
Operation of Non-instructional Services	0	1,861,757	1,861,757
Total Expenditures	<u>\$ 2,156,154</u>	<u>\$ 1,861,757</u>	<u>\$ 4,017,911</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (47,877)</u>	<u>\$ 361,085</u>	<u>\$ 313,208</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 200,000	\$ 0	\$ 200,000
Transfers Out	(13,160)	0	(13,160)
Total Other Financing Sources (Uses)	<u>\$ 186,840</u>	<u>\$ 0</u>	<u>\$ 186,840</u>
Net Change in Fund Balances	\$ 138,963	\$ 361,085	\$ 500,048
Fund Balance, July 1, 2013	<u>79,884</u>	<u>0</u>	<u>79,884</u>
Fund Balance, June 30, 2014	<u><u>\$ 218,847</u></u>	<u><u>\$ 361,085</u></u>	<u><u>\$ 579,932</u></u>

Exhibit I-8

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Macon County School Department
General Purpose School Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,946,557	\$ 4,847,688	\$ 4,875,688	\$ 70,869
Licenses and Permits	1,900	2,000	2,000	(100)
Charges for Current Services	70,382	51,000	51,000	19,382
Other Local Revenues	109,721	70,401	70,401	39,320
State of Tennessee	20,809,386	20,701,417	20,810,444	(1,058)
Federal Government	114,458	20,000	114,458	0
Other Governments and Citizens Groups	587,993	0	587,993	0
Total Revenues	<u>\$ 26,640,397</u>	<u>\$ 25,692,506</u>	<u>\$ 26,511,984</u>	<u>\$ 128,413</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 12,969,336	\$ 13,046,540	\$ 13,176,540	\$ 207,204
Alternative Instruction Program	168,513	195,050	195,050	26,537
Special Education Program	1,671,890	1,880,980	1,805,568	133,678
Vocational Education Program	979,616	1,003,480	1,007,480	27,864
Adult Education Program	1,370	0	1,400	30
<u>Support Services</u>				
Attendance	133,762	147,310	147,310	13,548
Health Services	346,750	347,300	347,300	550
Other Student Support	707,767	681,550	716,350	8,583
Regular Instruction Program	838,021	821,070	854,270	16,249
Alternative Instruction Program	187	600	600	413
Special Education Program	205,894	239,320	226,690	20,796
Vocational Education Program	23,533	31,990	27,990	4,457
Other Programs	109,027	0	109,027	0
Board of Education	441,522	469,770	462,451	20,929
Director of Schools	142,906	142,490	143,490	584
Office of the Principal	1,415,641	1,400,370	1,423,370	7,729
Fiscal Services	207,040	227,900	212,900	5,860
Operation of Plant	1,975,669	2,005,970	1,975,970	301
Maintenance of Plant	608,171	620,830	620,830	12,659
Transportation	1,724,751	1,735,810	1,775,810	51,059
<u>Operation of Non-instructional Services</u>				
Food Service	80,367	77,480	80,580	213
Early Childhood Education	295,928	308,087	308,087	12,159
<u>Capital Outlay</u>				
Regular Capital Outlay	787,252	215,000	914,382	127,130
<u>Principal on Debt</u>				
Education	0	775,304	88	88
<u>Interest on Debt</u>				
Education	0	134,500	379	379
<u>Other Debt Service</u>				
Education	888,337	0	888,337	0
Total Expenditures	<u>\$ 26,723,250</u>	<u>\$ 26,508,701</u>	<u>\$ 27,422,249</u>	<u>\$ 698,999</u>

(Continued)

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ (82,853)	\$ (816,195)	\$ (910,265)	\$ 827,412
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 33,925	\$ 40,000	\$ 40,000	\$ (6,075)
Transfers In	13,160	10,000	10,000	3,160
Transfers Out	(200,000)	(300,000)	(300,000)	100,000
Total Other Financing Sources	\$ (152,915)	\$ (250,000)	\$ (250,000)	\$ 97,085
Net Change in Fund Balance	\$ (235,768)	\$ (1,066,195)	\$ (1,160,265)	\$ 924,497
Fund Balance, July 1, 2013	4,247,142	4,239,502	4,239,502	7,640
Fund Balance, June 30, 2014	\$ 4,011,374	\$ 3,173,307	\$ 3,079,237	\$ 932,137

Exhibit I-9

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Macon County School Department
School Federal Projects Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,108,277	\$ 2,333,136	\$ 3,023,948	\$ (915,671)
Total Revenues	\$ 2,108,277	\$ 2,333,136	\$ 3,023,948	\$ (915,671)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 610,836	\$ 617,513	\$ 964,234	\$ 353,398
Special Education Program	622,504	613,655	845,853	223,349
Vocational Education Program	43,154	42,443	43,233	79
<u>Support Services</u>				
Other Student Support	27,410	49,750	48,960	21,550
Regular Instruction Program	657,322	808,219	894,631	237,309
Special Education Program	138,218	99,842	228,738	90,520
Transportation	56,710	60,782	62,782	6,072
Total Expenditures	\$ 2,156,154	\$ 2,292,204	\$ 3,088,431	\$ 932,277
Excess (Deficiency) of Revenues Over Expenditures	\$ (47,877)	\$ 40,932	\$ (64,483)	\$ 16,606
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 200,000	\$ 146,863	\$ 0	\$ 200,000
Transfers Out	(13,160)	(189,769)	(15,401)	2,241
Total Other Financing Sources	\$ 186,840	\$ (42,906)	\$ (15,401)	\$ 202,241
Net Change in Fund Balance	\$ 138,963	\$ (1,974)	\$ (79,884)	\$ 218,847
Fund Balance, July 1, 2013	79,884	79,884	79,884	0
Fund Balance, June 30, 2014	\$ 218,847	\$ 77,910	\$ 0	\$ 218,847

Exhibit I-10

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Macon County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 472,307	\$ 545,000	\$ 545,000	\$ (72,693)
Other Local Revenues	377,637	0	0	377,637
Federal Government	1,372,898	1,405,000	1,405,000	(32,102)
Total Revenues	<u>\$ 2,222,842</u>	<u>\$ 1,950,000</u>	<u>\$ 1,950,000</u>	<u>\$ 272,842</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,861,757	\$ 1,950,000	\$ 1,950,000	\$ 88,243
Total Expenditures	<u>\$ 1,861,757</u>	<u>\$ 1,950,000</u>	<u>\$ 1,950,000</u>	<u>\$ 88,243</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 361,085</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 361,085</u>
Net Change in Fund Balance	\$ 361,085	\$ 0	\$ 0	\$ 361,085
Fund Balance, July 1, 2013	0	0	0	0
Fund Balance, June 30, 2014	<u>\$ 361,085</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 361,085</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Macon County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Upgrade Projects	\$ 661,351	3.75%	4-13-09	4-13-14	\$ 304,405	\$ 0	\$ 304,405	\$ 0
Energy Efficiency Loan	138,649	0	6-3-09	6-30-16	59,421	0	19,807	39,614
Little League Lights	224,500	3.49	3-15-10	3-15-14	83,282	0	83,282	0
Highway and Refunding	4,645,531	2.04	9-1-09	9-1-19	3,435,249	0	871,000	2,564,249
E-911 Building	153,529	2.49	12-13-11	11-18-16	124,323	0	29,936	94,387
Tanker Building	47,700	2.45	3-28-12	3-28-17	38,160	0	9,540	28,620
West Macon Rescue Building	61,514	2.25	8-7-12	8-7-17	61,514	0	12,303	49,211
School Security, Equipment, and Patrol Cars	142,022	2.09	4-26-13	4-26-18	142,022	0	28,081	113,941
LES School Roof	587,993	2.02	10-30-13	10-1-18	0	587,993	0	587,993
Macon County Library Roof	72,000	1.47	9-11-13	9-11-16	0	72,000	0	72,000
County Road Repairs	1,000,000	2.29	11-13-13	11-13-19 (1)	0	1,000,000	0	1,000,000
Total Payable through General Debt Service Fund					\$ 4,248,376	\$ 1,659,993	\$ 1,358,354	\$ 4,550,015

Contributions Due by the School Department from the General

Purpose School Fund to the General Debt Service Fund

School Refunding	4,766,431	3.66	9-29-10	10-1-18	\$ 2,992,823	\$ 0	\$ 595,804	\$ 2,397,019
Energy Efficiency Loan	2,223,244	.75	7-19-11	3-1-24	1,985,931	0	179,512	1,806,419
Total Contributions Due by the School Department from the General					\$ 4,978,754	\$ 0	\$ 775,316	\$ 4,203,438

Purpose School Fund to the General Debt Service Fund

Total Notes Payable	\$ 9,227,130	\$ 1,659,993	\$ 2,133,670	\$ 8,753,453
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GENERAL BONDED DEBT

Payable through General Debt Service Fund

General Obligation Refunding Bonds

Total General Bonded Debt	\$ 3,830,660	1.96	5-30-13	6-1-19	\$ 3,830,660	\$ 0	\$ 638,160	\$ 3,192,500
	\$ 3,830,660	\$ 0	\$ 638,160	\$ 3,192,500				

(1) Total amount approved was \$2,000,000, of which \$1,000,000 remains available for draw as of June 30, 2014.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 1,797,661	\$ 270,151	\$ 2,067,812
2016	1,823,646	218,791	2,042,437
2017	1,826,322	165,063	1,991,385
2018	1,451,082	109,617	1,560,699
2019	852,127	106,140	958,267
2020	301,993	26,775	328,768
2021	189,179	4,609	193,788
2022	190,607	3,181	193,788
2023	192,022	1,766	193,788
2024	128,814	407	129,221
Total	<u>\$ 8,753,453</u>	<u>\$ 906,500</u>	<u>\$ 9,659,953</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 638,500	\$ 62,573	\$ 701,073
2016	638,500	50,058	688,558
2017	638,500	37,544	676,044
2018	638,500	25,030	663,530
2019	638,500	12,515	651,015
Total	<u>\$ 3,192,500</u>	<u>\$ 187,720</u>	<u>\$ 3,380,220</u>

Exhibit J-3

Macon County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Macon County School Department
For the Year Ended June 30, 2014

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General	Risk Management Director's Salary	\$ <u>2,400</u>
<u>DISCRETELY PRESENTED MACON COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Operations	\$ 200,000
School Federal Projects	General Purpose School	Indirect Costs	<u>13,160</u>
Total Transfers Discretely Presented Macon County School Department			\$ <u>213,160</u>

Macon County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Macon County School Department
For the Year Ended June 30, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 71,184 (1)	50,000	Western Surety Company
Supervisor of Roads	Section 8-24-102, TCA	67,795	100,000	"
Director of Schools	State Board of Education and Local Board of Education	94,441 (2)	(3)	RLI Insurance Company
Assessor of Property Trustee	Section 8-24-102, TCA	61,632	50,000	Western Surety Company
County Clerk	Section 8-24-102, TCA	61,632 (4)	930,100	Western Surety Company
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	61,632	50,000	RLI Insurance Company
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	61,632 (5)	60,000	Western Surety Company
Register of Deeds	Section 8-24-102, TCA	61,632	75,000	The Cincinnati Insurance Company
Sheriff	Section 8-24-102, TCA	67,795 (6)	25,000	RLI Insurance Company
			25,000	Western Surety Company
<u>Other Bonds</u>				
County Employees	Public Employee - Blanket Bond		1,000,000	Local Government Insurance Pool
School Department Employees	Public Employee - Blanket Bond		150,000	Tennessee Risk Management Trust

(1) Includes \$1,800 for serving as a consultant to the County Commission.
(2) Includes \$900 for a chief executive officer training supplement. Does not include \$6,345 for health insurance supplement.
(3) Includes employee blanket bond coverage for the director of schools.
(4) Includes \$1,200 for attending County Commission meetings.
(5) Does not include \$5,794 in special commissioner fees.
(6) Does not include \$600 for a law enforcement training supplement.

Exhibit J-5

Macon County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2014

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,176,208	\$ 0	\$ 0	\$ 172,156	\$ 0
Trustee's Collections - Prior Year	139,164	0	0	5,968	0
Trustee's Collections - Bankruptcy	425	0	0	18	0
Circuit/Clerk and Master Collections - Prior Years	94,813	0	0	4,063	0
Interest and Penalty	18,455	0	0	790	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	295,607	0	0	0	0
Hotel/Motel Tax	6,556	0	0	0	0
Wheel Tax	305,166	0	0	0	0
Litigation Tax - General	109,732	0	0	0	0
Litigation Tax - Special Purpose	382	4,147	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	47	0	0	0	0
Business Tax	130,283	0	0	0	0
Adequate Facilities/Development Tax	117,174	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	75,899	0	0	3,133	0
Wholesale Beer Tax	145,407	0	0	0	0
Interstate Telecommunications Tax	1,683	0	0	0	0
Total Local Taxes	\$ 5,617,001	\$ 4,147	\$ 0	\$ 186,128	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 21,039	\$ 0	\$ 0	\$ 0	\$ 0
Permits					
Beer Permits	1,140	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control
<u>Licenses and Permits (Cont.)</u>					
<u>Permits (Cont.)</u>					
Building Permits	11,196 \$	0 \$	0 \$	0 \$	0
Other Permits	190	0	0	0	0
Total Licenses and Permits	33,565 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	15,282 \$	0 \$	0 \$	0 \$	0
Officers Costs	50	0	0	0	0
DUI Treatment Fines	4,321	0	0	0	0
Data Entry Fee - Circuit Court	876	0	0	0	0
<u>General Sessions Court</u>					
Fines	20,948	0	0	0	0
Fines for Littering	258	0	0	0	0
Officers Costs	30,326	0	0	0	0
Game and Fish Fines	140	0	0	0	0
Drug Control Fines	119	0	0	0	13,210
Jail Fees	11,151	0	0	0	0
District Attorney General Fees	16,768	0	0	0	0
Data Entry Fee - General Sessions Court	6,544	0	0	0	0
Courtroom Security Fee	1,871	0	0	0	0
<u>Juvenile Court</u>					
Fines	3,860	0	0	0	0
Officers Costs	5,674	0	0	0	0
Interpreter Fee	238	0	0	0	0
Data Entry Fee - Juvenile Court	696	0	0	0	0
Courtroom Security Fee	123	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
Chancery Court					
Officers Costs	4,024 \$	0 \$	0 \$	0 \$	0
Data Entry Fee - Chancery Court	2,616	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 125,885 \$	0 \$	0 \$	0 \$	13,210
<u>Charges for Current Services</u>					
General Service Charges					
Transfer Waste Stations Collection Charge	0 \$	0 \$	0 \$	96,412 \$	0
Patient Charges	1,559,549	0	0	0	0
<u>Fees</u>					
Copy Fees	1,110	0	0	0	0
Library Fees	100,173	0	79,658	0	0
Greenbelt Late Application Fee	100	0	0	0	0
Telephone Commissions	64,748	0	0	0	0
Vending Machine Collections	169	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	8,659	0	0	0	0
Probation Fees	114,381	0	0	0	0
Data Processing Fee - Sheriff	2,675	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,750	0	0	0	0
Total Charges for Current Services	\$ 1,856,314 \$	0 \$	79,658 \$	96,412 \$	0
<u>Other Local Revenues</u>					
Recurring Items					
Investment Income	33,937 \$	0 \$	0 \$	0 \$	0

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Lease/Rentals	\$ 21,975	\$ 0	\$ 0	\$ 0	\$ 0	0
Sale of Materials and Supplies	14,375	0	0	0	0	0
Commissary Sales	29,261	0	0	0	0	0
Sale of Animals/Livestock	20	0	0	0	0	0
Miscellaneous Refunds	74,629	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	2,970	0	0	0	0	0
Contributions and Gifts	1,089	0	0	0	0	0
Total Other Local Revenues	\$ 178,256	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 87,499	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	56,498	0	0	0	0	0
General Sessions Court Clerk	127,092	0	0	0	0	0
Clerk and Master	90,008	0	0	0	0	0
Juvenile Court Clerk	19,567	0	0	0	0	0
Register	67,757	0	0	0	0	0
Sheriff	7,227	0	0	0	0	0
Trustee	288,453	0	0	0	0	0
Total Fees Received from County Officials	\$ 744,101	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Solid Waste Grants	\$ 0	\$ 0	\$ 0	\$ 10,411	\$ 0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	14,400	0	0	0	0
Health and Welfare Grants					
Health Department Programs	129,282	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	0
Litter Program	35,600	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	32,140	0	0	0	0
Beer Tax	9,456	0	0	0	0
Alcoholic Beverage Tax	40,944	0	0	0	0
State Revenue Sharing - T.V.A.	252,544	0	0	0	0
Contracted Prisoner Boarding	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	18,955	0	0	0	0
Other State Grants	1,128	0	0	0	0
Other State Revenues	6,670	0	0	0	0
Total State of Tennessee	\$ 541,119	\$ 0	\$ 0	\$ 10,411	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 1,264,114	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Law Enforcement Grants	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	36,030	0	0	0	0
<u>Direct Federal Revenue</u>	4,700	0	0	0	0
Other Direct Federal Revenue					
Total Federal Government	\$ 1,309,844	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 44,610	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	357,180	0	0	0	0
Total Other Governments and Citizens Groups	\$ 401,790	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 10,807,875	\$ 4,147	\$ 79,658	\$ 292,951	\$ 13,210

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 384,673	\$ 0	\$ 0	\$ 4,733,037	
Trustee's Collections - Prior Year	0	14,262	0	0	159,394	
Trustee's Collections - Bankruptcy	0	31	0	0	474	
Circuit/Clerk and Master Collections - Prior Years	0	9,376	0	0	108,252	
Interest and Penalty	0	1,749	0	0	20,994	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	295,607	
Hotel/Motel Tax	0	0	0	0	6,556	
Wheel Tax	0	0	1,021,645	0	1,326,811	
Litigation Tax - General	0	0	46,546	0	156,278	
Litigation Tax - Special Purpose	0	0	0	0	4,529	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	4,192	0	4,239	
Business Tax	0	0	0	0	130,283	
Adequate Facilities/Development Tax	0	0	0	0	117,174	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	6,924	0	0	85,956	
Wholesale Beer Tax	0	0	0	0	145,407	
Interstate Telecommunications Tax	0	0	0	0	1,683	
Total Local Taxes	\$ 0	\$ 417,015	\$ 1,072,383	\$ 0	\$ 7,296,674	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,039	
Beer Permits	0	0	0	0	1,140	

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Building Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	11,196
Other Permits	0	0	0	0	0	190
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	33,565
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	15,282
Officers Costs	0	0	0	0	0	50
DUI Treatment Fines	0	0	0	0	0	4,321
Data Entry Fee - Circuit Court	0	0	0	0	0	876
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	20,948
Fines for Littering	0	0	0	0	0	258
Officers Costs	0	0	0	0	0	30,326
Game and Fish Fines	0	0	0	0	0	140
Drug Control Fines	0	0	0	0	0	13,329
Jail Fees	0	0	0	0	0	11,151
District Attorney General Fees	0	0	0	0	0	16,768
Data Entry Fee - General Sessions Court	0	0	0	0	0	6,544
Courtroom Security Fee	0	0	0	0	0	1,871
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	3,860
Officers Costs	0	0	0	0	0	5,674
Interpreter Fee	0	0	0	0	0	238
Data Entry Fee - Juvenile Court	0	0	0	0	0	696
Courtroom Security Fee	0	0	0	0	0	123

(Continued)

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Debt Service Fund</u>	
	<u>Constitutional Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>General Debt Service</u>	<u>Total</u>
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Chancery Court</u>					
Officers Costs	0 \$	0 \$	0 \$	0 \$	4,024
Data Entry Fee - Chancery Court	0	0	0	0	2,616
Total Fines, Forfeitures, and Penalties	0 \$	0 \$	0 \$	0 \$	139,095
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Transfer Waste Stations Collection Charge	0 \$	0 \$	0 \$	0 \$	96,412
Patient Charges	0	0	0	0	1,559,549
<u>Fees</u>					
Copy Fees	0	0	0	0	1,110
Library Fees	0	0	0	0	179,831
Greenbelt Late Application Fee	0	0	0	0	100
Telephone Commissions	0	0	0	0	64,748
Vending Machine Collections	0	0	0	0	169
Constitutional Officers' Fees and Commissions	234,673	0	0	0	234,673
Special Commissioner Fees/Special Master Fees	5,794	0	0	0	5,794
Data Processing Fee - Register	0	0	0	0	8,659
Probation Fees	0	0	0	0	114,381
Data Processing Fee - Sheriff	0	0	0	0	2,675
Sexual Offender Registration Fee - Sheriff	0	0	0	0	4,750
Total Charges for Current Services	240,467 \$	0 \$	0 \$	0 \$	2,272,851
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0 \$	0 \$	0 \$	0 \$	33,937

(Continued)

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Debt Service Fund</u>		<u>Total</u>
	<u>Constitutional Officers - Fees</u>	<u>Highway / Public Works</u>		<u>General Debt</u>	<u>Service</u>	
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Lease/Rentals	\$ 0	\$ 0	\$ 9,600	\$ 0	\$ 0	\$ 31,575
Sale of Materials and Supplies	0	1,572	0	0	0	15,947
Commissary Sales	0	0	0	0	0	29,261
Sale of Animals/Livestock	0	0	0	0	0	20
Miscellaneous Refunds	0	9,478	8	0	0	84,115
<u>Nonrecurring Items</u>						
Sale of Equipment	0	16,591	0	0	0	19,561
Contributions and Gifts	0	0	0	0	0	1,089
Total Other Local Revenues	\$ 0	\$ 27,641	\$ 9,608	\$ 0	\$ 0	\$ 215,505
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 87,499
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	56,498
General Sessions Court Clerk	0	0	0	0	0	127,092
Clerk and Master	0	0	0	0	0	90,008
Juvenile Court Clerk	0	0	0	0	0	19,567
Register	0	0	0	0	0	67,757
Sheriff	0	0	0	0	0	7,227
Trustee	0	0	0	0	0	288,453
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 744,101

(Continued)

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Debt Service Fund</u>		<u>Total</u>
	<u>Constituti- onal Officers - Fees</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>			
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Solid Waste Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,411
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	14,400
Health and Welfare Grants	0	0	0	0	0	129,282
<u>Public Works Grants</u>						
Bridge Program	0	132,017	0	0	0	132,017
Litter Program	0	0	0	0	0	35,600
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	32,140
Beer Tax	0	0	0	0	0	9,456
Alcoholic Beverage Tax	0	0	0	0	0	40,944
State Revenue Sharing - T.V.A.	0	0	0	0	0	252,544
Contracted Prisoner Boarding	0	0	0	988,615	0	988,615
Gasoline and Motor Fuel Tax	0	1,495,099	0	0	0	1,495,099
Petroleum Special Tax	0	16,053	0	0	0	16,053
Registrar's Salary Supplement	0	0	0	0	0	18,955
Other State Grants	0	0	0	0	0	1,128
Other State Revenues	0	0	0	0	0	6,670
<u>Total State of Tennessee</u>	<u>\$ 0</u>	<u>\$ 1,643,169</u>	<u>\$ 988,615</u>	<u>\$ 988,615</u>	<u>\$ 0</u>	<u>3,183,314</u>
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,264,114
Disaster Relief	0	94,348	0	0	0	94,348

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Fund		Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Law Enforcement Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,000	
Other Federal through State Direct Federal Revenue	0	0	0	0	36,030	
Other Direct Federal Revenue	0	0	0	0	4,700	
Total Federal Government	\$ 0	\$ 94,348	\$ 0	\$ 0	\$ 1,404,192	
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board Contributions	\$ 0	\$ 0	\$ 0	\$ 893,920	\$ 44,610	
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 893,920	\$ 1,251,100	
Total	\$ 240,467	\$ 2,182,173	\$ 0	\$ 2,964,526	\$ 16,585,007	

Exhibit J-6

Macon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Macon County School Department
For the Year Ended June 30, 2014

	General Purpose School	Special Revenue Funds		Total
		School Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,809,095	\$ 0	\$ 0	\$ 2,809,095
Trustee's Collections - Prior Year	113,009	0	0	113,009
Trustee's Collections - Bankruptcy	239	0	0	239
Circuit/Clerk and Master Collections - Prior Years	66,528	0	0	66,528
Interest and Penalty	12,954	0	0	12,954
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,891,159	0	0	1,891,159
<u>Statutory Local Taxes</u>				
Bank Excise Tax	51,326	0	0	51,326
Interstate Telecommunications Tax	2,247	0	0	2,247
Total Local Taxes	\$ 4,946,557	\$ 0	\$ 0	\$ 4,946,557
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,900	\$ 0	\$ 0	\$ 1,900
Total Licenses and Permits	\$ 1,900	\$ 0	\$ 0	\$ 1,900
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 4,600	\$ 0	\$ 0	\$ 4,600
Tuition - Other	625	0	0	625
Lunch Payments - Children	0	0	230,821	230,821
Lunch Payments - Adults	0	0	57,421	57,421
Income from Breakfast	0	0	25,997	25,997
A la carte Sales	\$ 0	\$ 0	158,068	\$ 158,068
Receipts from Individual Schools	65,157	0	0	65,157
Total Charges for Current Services	\$ 70,382	\$ 0	\$ 472,307	\$ 542,689
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Lease/Rentals	\$ 1	\$ 0	\$ 0	\$ 1
Sale of Materials and Supplies	1,189	0	0	1,189
E-Rate Funding	51,553	0	0	51,553
Miscellaneous Refunds	30,992	0	982	31,974
<u>Nonrecurring Items</u>				
Sale of Equipment	22,761	0	0	22,761
Damages Recovered from Individuals	206	0	0	206
Contributions and Gifts	2,082	0	376,655	378,737
<u>Other Local Revenues</u>				
Other Local Revenues	937	0	0	937
Total Other Local Revenues	\$ 109,721	\$ 0	\$ 377,637	\$ 487,358

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 109,027	\$ 0	\$ 0	\$ 109,027
<u>State Education Funds</u>				
Basic Education Program	19,580,000	0	0	19,580,000
Early Childhood Education	295,928	0	0	295,928
School Food Service	18,683	0	0	18,683
Driver Education	14,325	0	0	14,325
Other State Education Funds	467,235	0	0	467,235
Career Ladder Program	125,788	0	0	125,788
Career Ladder - Extended Contract	14,770	0	0	14,770
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	181,630	0	0	181,630
Other State Grants	2,000	0	0	2,000
Total State of Tennessee	<u>\$ 20,809,386</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,809,386</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 936,300	\$ 936,300
USDA - Commodities	0	0	96,316	96,316
Breakfast	0	0	340,282	340,282
Vocational Education - Basic Grants to States	0	60,558	0	60,558
Title I Grants to Local Education Agencies	0	929,649	0	929,649
Special Education - Grants to States	114,458	790,342	0	904,800
Special Education Preschool Grants	0	31,054	0	31,054
English Language Acquisition Grants	0	6,656	0	6,656
Eisenhower Professional Development State Grants	0	136,216	0	136,216
Race-to-the-Top - ARRA	0	153,802	0	153,802
Total Federal Government	<u>\$ 114,458</u>	<u>\$ 2,108,277</u>	<u>\$ 1,372,898</u>	<u>\$ 3,595,633</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 587,993	\$ 0	\$ 0	\$ 587,993
Total Other Governments and Citizens Groups	<u>\$ 587,993</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 587,993</u>
Total	<u>\$ 26,640,397</u>	<u>\$ 2,108,277</u>	<u>\$ 2,222,842</u>	<u>\$ 30,971,516</u>

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

County Official/Administrative Officer	\$	1,800	
Board and Committee Members Fees		32,941	
Social Security		2,668	
State Retirement		118	
Audit Services		6,674	
Consultants		215	
Dues and Memberships		1,350	
Legal Services		58,922	
Legal Notices, Recording, and Court Costs		804	
Total County Commission			\$ 105,492

Board of Equalization

Board and Committee Members Fees	\$	840	
Total Board of Equalization			840

Beer Board

Legal Notices, Recording, and Court Costs	\$	166	
Total Beer Board			166

Budget and Finance Committee

Legal Notices, Recording, and Court Costs	\$	154	
Other Supplies and Materials		172	
Total Budget and Finance Committee			326

Other Boards and Committees

Legal Notices, Recording, and Court Costs	\$	1,414	
Other Supplies and Materials		427	
Total Other Boards and Committees			1,841

County Mayor/Executive

County Official/Administrative Officer	\$	71,184	
Accountants/Bookkeepers		90,610	
Overtime Pay		1,700	
Social Security		12,357	
State Retirement		8,658	
Dues and Memberships		1,350	
Maintenance and Repair Services - Office Equipment		8,425	
Postal Charges		1,295	
Printing, Stationery, and Forms		3,406	
Travel		2,154	
Other Contracted Services		3,407	
Office Supplies		2,980	
Data Processing Equipment		459	
Office Equipment		1,389	
Total County Mayor/Executive			209,374

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Other Contracted Services	\$ 7,133	
Total County Attorney		\$ 7,133

Election Commission

County Official/Administrative Officer	\$ 55,468	
Deputy(ies)	25,866	
Temporary Personnel	1,740	
Election Commission	5,940	
Election Workers	3,170	
Social Security	6,076	
State Retirement	5,344	
Dues and Memberships	175	
Legal Notices, Recording, and Court Costs	1,738	
Maintenance and Repair Services - Equipment	10,688	
Postal Charges	2,360	
Printing, Stationery, and Forms	1,565	
Rentals	200	
Travel	3,497	
Other Contracted Services	9,500	
Office Supplies	2,838	
Utilities	5,605	
Data Processing Equipment	36,030	
Total Election Commission		177,800

Register of Deeds

County Official/Administrative Officer	\$ 61,632	
Deputy(ies)	40,017	
Social Security	7,681	
State Retirement	6,603	
Dues and Memberships	522	
Legal Notices, Recording, and Court Costs	445	
Printing, Stationery, and Forms	4,874	
Office Supplies	1,254	
Data Processing Equipment	5,292	
Total Register of Deeds		128,320

Planning

Supervisor/Director	\$ 31,518	
In-service Training	225	
Social Security	2,379	
State Retirement	2,071	
Contracts with Government Agencies	9,250	
Dues and Memberships	125	
Legal Notices, Recording, and Court Costs	104	
Travel	6,421	
Other Contracted Services	225	
Office Supplies	346	
Premiums on Corporate Surety Bonds	700	
Total Planning		53,364

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Supervisor/Director	\$	24,540	
Overtime Pay		2,850	
Social Security		1,945	
State Retirement		1,800	
Communication		26,564	
Licenses		175	
Maintenance and Repair Services - Buildings		7,998	
Electricity		19,615	
Water and Sewer		7,209	
Other Supplies and Materials		5,128	
Building Improvements		3,971	
Office Equipment		2,240	
Total County Buildings			\$ 104,035

Other Facilities

Custodial Personnel	\$	19,324	
Maintenance Personnel		27,477	
Social Security		3,360	
State Retirement		3,075	
Communication		32,345	
Maintenance and Repair Services - Buildings		32,902	
Pest Control		1,360	
Travel		993	
Custodial Supplies		3,597	
Electricity		97,711	
Water and Sewer		76,784	
Total Other Facilities			298,928

Other General Administration

Supervisor/Director	\$	1,224	
Social Security		94	
State Retirement		80	
Total Other General Administration			1,398

Preservation of Records

Part-time Personnel	\$	7,453	
Social Security		570	
Other Supplies and Materials		1,962	
Total Preservation of Records			9,985

Risk Management

Supervisor/Director	\$	12,646	
Social Security		967	
Medical and Dental Services		94	
Other Contracted Services		2,961	
Total Risk Management			16,668

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance

Central Services

Dispatchers/Radio Operators	\$	238,404	
Overtime Pay		54,497	
Social Security		21,837	
State Retirement		17,027	
Maintenance and Repair Services - Buildings		492	
Utilities		12,457	
Total Central Services			\$ 344,714

Property Assessor's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		50,555	
Overtime Pay		72	
Other Salaries and Wages		7,032	
Social Security		8,910	
State Retirement		7,376	
Contracts with Other Public Agencies		9,207	
Postal Charges		451	
Printing, Stationery, and Forms		30	
Travel		171	
Office Supplies		158	
Premiums on Corporate Surety Bonds		175	
Total Property Assessor's Office			145,769

Reappraisal Program

Maintenance and Repair Services - Vehicles	\$	698	
Postal Charges		426	
Gasoline		1,224	
Office Supplies		19	
Data Processing Equipment		619	
Total Reappraisal Program			2,986

County Trustee's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		54,155	
Overtime Pay		1,540	
Other Salaries and Wages		9,291	
Social Security		9,349	
State Retirement		7,708	
Data Processing Services		6,621	
Dues and Memberships		507	
Legal Notices, Recording, and Court Costs		66	
Maintenance and Repair Services - Office Equipment		8,405	
Postal Charges		3,854	
Printing, Stationery, and Forms		938	
Travel		428	
Office Supplies		489	
Premiums on Corporate Surety Bonds		2,188	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Data Processing Equipment	\$	250	
Office Equipment		295	
Total County Trustee's Office			\$ 167,716

County Clerk's Office

Social Security	\$	14,472	
State Retirement		12,262	
Maintenance and Repair Services - Office Equipment		2,250	
Postal Charges		8,746	
Printing, Stationery, and Forms		98	
Office Supplies		1,086	
Other Supplies and Materials		5,736	
Premiums on Corporate Surety Bonds		175	
Total County Clerk's Office			44,825

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		148,955	
Overtime Pay		5,025	
Jury and Witness Expense		6,025	
Social Security		15,436	
State Retirement		12,542	
Dues and Memberships		407	
Postal Charges		4,081	
Printing, Stationery, and Forms		3,183	
Travel		1,444	
Other Contracted Services		10,487	
Instructional Supplies and Materials		1,110	
Office Supplies		9,957	
Premiums on Corporate Surety Bonds		100	
Other Charges		1,000	
Data Processing Equipment		15,089	
Office Equipment		388	
Total Circuit Court			296,861

General Sessions Court

Judge(s)	\$	95,823	
Social Security		7,330	
State Retirement		6,296	
Dues and Memberships		50	
Travel		1,394	
Total General Sessions Court			110,893

Chancery Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		25,866	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Temporary Personnel	\$	12,674	
Social Security		7,513	
State Retirement		6,486	
Dues and Memberships		467	
Legal Notices, Recording, and Court Costs		209	
Maintenance and Repair Services - Office Equipment		7,081	
Postal Charges		800	
Travel		542	
Office Supplies		1,911	
Premiums on Corporate Surety Bonds		275	
Data Processing Equipment		2,298	
Office Equipment		79	
Total Chancery Court			\$ 127,833

Juvenile Court

Youth Service Officer(s)	\$	28,547	
Social Security		2,035	
State Retirement		1,876	
Contracts with Government Agencies		1,950	
Dues and Memberships		265	
Printing, Stationery, and Forms		428	
Travel		894	
Office Supplies		871	
Other Supplies and Materials		357	
Total Juvenile Court			37,223

Judicial Commissioners

County Official/Administrative Officer	\$	23,660	
Social Security		1,808	
Travel		417	
Office Supplies		537	
Total Judicial Commissioners			26,422

Probation Services

Probation Officer(s)	\$	75,292	
Overtime Pay		910	
Social Security		4,891	
State Retirement		5,007	
Evaluation and Testing		4,454	
Postal Charges		100	
Printing, Stationery, and Forms		496	
Travel		179	
Office Supplies		748	
Premiums on Corporate Surety Bonds		300	
Office Equipment		797	
Total Probation Services			93,174

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,795	
Deputy(ies)		978,986	
Salary Supplements		15,000	
Clerical Personnel		109,893	
Overtime Pay		14,537	
Other Salaries and Wages		33,638	
In-service Training		1,424	
Social Security		89,570	
State Retirement		78,095	
Contracts with Private Agencies		6,892	
Confidential Drug Enforcement Payments		4,927	
Dues and Memberships		1,720	
Maintenance and Repair Services - Equipment		2,518	
Maintenance and Repair Services - Vehicles		15,414	
Travel		5,169	
Other Contracted Services		9,678	
Gasoline		83,091	
Lubricants		3,231	
Office Supplies		6,694	
Tires and Tubes		6,574	
Uniforms		4,151	
Premiums on Corporate Surety Bonds		3,233	
Workers' Compensation Insurance		3,089	
Law Enforcement Equipment		39,529	
Motor Vehicles		76,867	
Office Equipment		2,049	
Total Sheriff's Department			\$ 1,663,764

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	303	
Law Enforcement Equipment		1,620	
Total Administration of the Sexual Offender Registry			1,923

Jail

County Official/Administrative Officer	\$	31,862	
Medical Personnel		40,412	
Guards		428,027	
Cafeteria Personnel		52,681	
Overtime Pay		208	
Other Salaries and Wages		38,509	
Social Security		43,935	
State Retirement		36,479	
Medical and Dental Services		70,395	
Travel		2,760	
Custodial Supplies		17,808	
Food Supplies		133,379	
Office Supplies		3,301	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Uniforms	\$	690	
Other Supplies and Materials		11,644	
Communication Equipment		23,687	
Data Processing Equipment		12,525	
Law Enforcement Equipment		1,651	
Office Equipment		3,348	
Other Equipment		26,423	
Total Jail			\$ 979,724

Workhouse

Truck Drivers	\$	20,702	
Guards		20,702	
Social Security		2,987	
State Retirement		1,360	
Maintenance and Repair Services - Vehicles		496	
Instructional Supplies and Materials		11,800	
Other Charges		2,465	
Other Equipment		1,513	
Total Workhouse			62,025

Fire Prevention and Control

Contributions	\$	1,500	
Maintenance and Repair Services - Vehicles		3,063	
Diesel Fuel		447	
Total Fire Prevention and Control			5,010

Rural Fire Protection

Other Salaries and Wages	\$	10,905	
Contributions		5,000	
Maintenance Agreements		2,500	
Total Rural Fire Protection			18,405

Civil Defense

Supervisor/Director	\$	6,016	
Social Security		460	
Maintenance and Repair Services - Vehicles		268	
Gasoline		832	
Utilities		2,913	
Total Civil Defense			10,489

Rescue Squad

Other Salaries and Wages	\$	5,000	
Contributions		25,000	
Maintenance and Repair Services - Vehicles		695	
Gasoline		845	
Other Equipment		1,610	
Total Rescue Squad			33,150

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Disaster Relief

Other Salaries and Wages	\$	2,486	
In-service Training		518	
Maintenance and Repair Services - Vehicles		686	
Gasoline		867	
Utilities		3,696	
Other Equipment		2,150	
Total Disaster Relief			\$ 10,403

Other Emergency Management

In-service Training	\$	268	
Maintenance and Repair Services - Equipment		786	
Maintenance and Repair Services - Vehicles		1,081	
Other Contracted Services		250	
Gasoline		746	
Utilities		3,291	
Other Equipment		3,674	
Total Other Emergency Management			10,096

County Coroner/Medical Examiner

Medical Personnel	\$	1,750	
Medical and Dental Services		16,950	
Total County Coroner/Medical Examiner			18,700

Other Public Safety

Maintenance Personnel	\$	2,717	
In-service Training		1,779	
Maintenance and Repair Services - Equipment		1,922	
Road Signs		3,658	
Other Equipment		3,253	
Total Other Public Safety			13,329

Public Health and Welfare

Local Health Center

Janitorial Services	\$	6,000	
Maintenance and Repair Services - Buildings		4,421	
Custodial Supplies		208	
Drugs and Medical Supplies		942	
Instructional Supplies and Materials		3,208	
Office Supplies		654	
Uniforms		389	
Utilities		15,792	
Other Supplies and Materials		1,156	
Other Charges		14,346	
Total Local Health Center			47,116

Rabies and Animal Control

Part-time Personnel	\$	15,066	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Social Security	\$	1,153	
Maintenance and Repair Services - Vehicles		572	
Veterinary Services		1,975	
Gasoline		2,546	
Utilities		1,918	
Other Supplies and Materials		3,511	
Total Rabies and Animal Control			\$ 26,741

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,168	
Accountants/Bookkeepers		65,327	
Medical Personnel		598,866	
Overtime Pay		371,001	
Social Security		79,223	
State Retirement		68,812	
Dues and Memberships		690	
Laundry Service		7,000	
Licenses		2,018	
Maintenance and Repair Services - Buildings		8,909	
Maintenance and Repair Services - Vehicles		66,059	
Postal Charges		500	
Other Contracted Services		58,244	
Custodial Supplies		3,719	
Drugs and Medical Supplies		63,878	
Gasoline		73,437	
Instructional Supplies and Materials		6,040	
Office Supplies		16,779	
Tires and Tubes		4,198	
Uniforms		10,678	
Utilities		62,717	
Workers' Compensation Insurance		2,596	
Other Charges		10,227	
Communication Equipment		73,287	
Motor Vehicles		77,513	
Other Equipment		17,084	
Total Ambulance/Emergency Medical Services			1,797,970

Crippled Children Services

Contracts with Government Agencies	\$	1,439	
Total Crippled Children Services			1,439

Other Local Health Services

Social Workers	\$	30,542	
Part-time Personnel		56,130	
Social Security		6,483	
State Retirement		3,259	
Travel		3,795	
Total Other Local Health Services			100,209

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Regional Mental Health Center

Contributions	\$ 7,953	
Total Regional Mental Health Center		\$ 7,953

Appropriation to State

Other Contracted Services	\$ 41,900	
Total Appropriation to State		41,900

Other Local Welfare Services

Contributions	\$ 101,663	
Pauper Burials	700	
Drugs and Medical Supplies	52	
Total Other Local Welfare Services		102,415

Social, Cultural, and Recreational Services

Adult Activities

Matching Share	\$ 6,000	
Total Adult Activities		6,000

Senior Citizens Assistance

Contributions	\$ 12,000	
Total Senior Citizens Assistance		12,000

Libraries

Supervisor/Director	\$ 25,042	
Clerical Personnel	55,984	
Social Security	6,128	
State Retirement	2,617	
Communication	3,966	
Dues and Memberships	370	
Maintenance and Repair Services - Buildings	1,969	
Postal Charges	106	
Printing, Stationery, and Forms	368	
Travel	556	
Other Contracted Services	3,340	
Custodial Supplies	411	
Library Books/Media	8,895	
Office Supplies	1,457	
Utilities	13,511	
Other Supplies and Materials	1,386	
Data Processing Equipment	3,081	
Office Equipment	1,562	
Site Development	444,018	
Total Libraries		574,767

Parks and Fair Boards

Contributions	\$ 15,891	
Site Development	52,620	
Total Parks and Fair Boards		68,511

(Continued)

Exhibit J-7

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

General Fund (Cont.)Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$	36,573	
Secretary(ies)		9,715	
State Retirement		8,633	
Maintenance and Repair Services - Buildings		743	
Utilities		4,328	
Total Agricultural Extension Service			\$ 59,992

Soil Conservation

Contributions	\$	30,000	
Total Soil Conservation			30,000

Other OperationsTourism

Other Supplies and Materials	\$	1,557	
Total Tourism			1,557

Industrial Development

Contributions	\$	15,800	
Rentals		4,200	
Other Contracted Services		1,200	
Total Industrial Development			21,200

Veterans' Services

Supervisor/Director	\$	19,310	
Social Security		1,477	
State Retirement		1,269	
Dues and Memberships		51	
Travel		982	
Other Contracted Services		399	
Office Supplies		372	
Total Veterans' Services			23,860

Other Charges

Employee and Dependent Insurance	\$	314,581	
Liability Insurance		154,551	
Trustee's Commission		119,873	
Workers' Compensation Insurance		224,353	
Total Other Charges			813,358

Contributions to Other Agencies

Maintenance and Repair Services - Buildings	\$	1,736	
Matching Share		9,950	
Total Contributions to Other Agencies			11,686

Employee Benefits

Social Security	\$	657	
Unemployment Compensation		20,429	
Total Employee Benefits			21,086

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Dues and Memberships	\$	5,611	
Office Supplies		100	
Other Supplies and Materials		14,652	
Total Miscellaneous			\$ 20,363

Capital Projects

General Administration Projects

Site Development	\$	2,500	
Total General Administration Projects			2,500

Public Safety Projects

Consultants	\$	2,500	
Engineering Services		51,209	
Legal Notices, Recording, and Court Costs		332	
Other Equipment		1,204,663	
Total Public Safety Projects			1,258,704

Highway and Street Capital Projects

Bridge Construction	\$	8,777	
Motor Vehicles		199,900	
Total Highway and Street Capital Projects			208,677

Education Capital Projects

Contributions	\$	587,993	
Total Education Capital Projects			587,993

Total General Fund \$ 11,189,101

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	17,417	
Trustee's Commission		44	
Other Equipment		2,512	
Total County Buildings			\$ 19,973

Total Courthouse and Jail Maintenance Fund 19,973

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Maintenance and Repair Services - Buildings	\$	330	
Printing, Stationery, and Forms		53	
Travel		758	
Library Books/Media		18,683	
Office Supplies		1,300	
Other Supplies and Materials		4,000	
Office Equipment		28,136	
Total Libraries			\$ 53,260

Total Public Library Fund 53,260

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Transfer Stations

Accountants/Bookkeepers	\$	34,622	
Equipment Operators - Heavy		62,039	
Overtime Pay		1,724	
Social Security		7,204	
State Retirement		3,935	
Employee and Dependent Insurance		9,141	
Maintenance and Repair Services - Vehicles		12,847	
Travel		958	
Contracts for Landfill Facilities		60,919	
Custodial Supplies		641	
Gasoline		22,218	
Office Supplies		2,024	
Utilities		6,434	
Other Supplies and Materials		5,216	
Trustee's Commission		4,057	
Landfill Closure/Postclosure Care Costs		10,313	
Total Transfer Stations			<u>\$ 244,292</u>

Total Solid Waste/Sanitation Fund \$ 244,292

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	4,950	
Trustee's Commission		126	
Motor Vehicles		3,970	
Total Drug Enforcement			<u>\$ 9,046</u>

Total Drug Control Fund 9,046

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	67,757	
Total Register of Deeds			\$ 67,757

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	170,805	
Total County Clerk's Office			170,805

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	5,794	
Total Chancery Court			<u>5,794</u>

Total Constitutional Officers - Fees Fund 244,356

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,795	
Secretary(ies)		55,001	
Overtime Pay		6,362	
Advertising		466	
Data Processing Services		7,466	
Dues and Memberships		2,366	
Evaluation and Testing		1,072	
Janitorial Services		1,457	
Laundry Service		916	
Postal Charges		288	
Printing, Stationery, and Forms		804	
Travel		181	
Custodial Supplies		478	
Office Supplies		1,313	
Other Charges		1,052	
Data Processing Equipment		375	
Total Administration			\$ 147,392

Highway and Bridge Maintenance

Equipment Operators	\$	127,252	
Truck Drivers		178,397	
Laborers		243,901	
Overtime Pay		7,843	
Rentals		6,000	
Other Contracted Services		9,288	
Asphalt		111,402	
Asphalt - Cold Mix		40,367	
Concrete		3,727	
Crushed Stone		218,343	
Diesel Fuel		214,431	
Pipe - Metal		13,728	
Road Signs		1,459	
Salt		4,767	
Small Tools		821	
Wood Products		5,576	
Other Supplies and Materials		2,534	
Other Charges		341	
Total Highway and Bridge Maintenance			1,190,177

Operation and Maintenance of Equipment

Mechanic(s)	\$	80,611	
Overtime Pay		175	
Freight Expenses		630	
Maintenance and Repair Services - Equipment		26,188	
Towing Services		1,125	
Other Contracted Services		3,195	
Equipment and Machinery Parts		138,295	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Garage Supplies	\$	7,399	
Gasoline		34,121	
Lubricants		9,886	
Small Tools		6,116	
Tires and Tubes		34,894	
Total Operation and Maintenance of Equipment			\$ 342,635

Other Charges

Communication	\$	12,392	
Pest Control		105	
Electricity		5,503	
Water and Sewer		1,039	
Liability Insurance		82,639	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		23,172	
Liability Claims		966	
Total Other Charges			126,166

Employee Benefits

Social Security	\$	47,571	
State Retirement		46,545	
Medical Insurance		76,914	
Unemployment Compensation		6,078	
Employer Medicare		11,126	
Workers' Compensation Insurance		55,622	
Total Employee Benefits			243,856

Capital Outlay

General Construction Materials	\$	2,778	
Bridge Construction		145,170	
Highway Construction		30,000	
Highway Equipment		54,774	
Other Capital Outlay		14,435	
Total Capital Outlay			247,157

Capital Projects

Highway and Street Capital Projects

Asphalt	\$	162,270	
Crushed Stone		152,004	
Diesel Fuel		20,927	
Pipe - Metal		33,031	
Total Highway and Street Capital Projects			368,232

Total Highway/Public Works Fund \$ 2,665,615

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Bonds	\$ 638,160	
Principal on Notes	144,889	
Total General Government		\$ 783,049
<u>Highways and Streets</u>		
Principal on Notes	\$ 749,060	
Total Highways and Streets		749,060
<u>Education</u>		
Principal on Notes	\$ 1,239,721	
Total Education		1,239,721
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 75,292	
Interest on Notes	9,464	
Total General Government		84,756
<u>Highways and Streets</u>		
Interest on Notes	\$ 116,623	
Total Highways and Streets		116,623
<u>Education</u>		
Interest on Notes	\$ 150,489	
Total Education		150,489
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 10,840	
Other Debt Service	500	
Total General Government		11,340
Total General Debt Service Fund		\$ 3,135,038
Total Governmental Funds - Primary Government		\$ 17,560,681

Exhibit J-8

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Macon County School Department
For the Year Ended June 30, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,579,179	
Career Ladder Program	74,888	
Career Ladder Extended Contracts	28,340	
Homebound Teachers	13,635	
Educational Assistants	340,059	
Other Salaries and Wages	10,000	
Certified Substitute Teachers	50,651	
Non-certified Substitute Teachers	90,304	
Social Security	527,417	
State Retirement	784,533	
Life Insurance	5,756	
Medical Insurance	1,126,086	
Unemployment Compensation	18,660	
Employer Medicare	124,063	
Other Fringe Benefits	42,977	
Contracts with Other Public Agencies	2,513	
Contracts with Private Agencies	59,549	
Maintenance and Repair Services - Equipment	198,000	
Instructional Supplies and Materials	70,827	
Textbooks	292,000	
Fee Waivers	23,786	
Regular Instruction Equipment	506,113	
Total Regular Instruction Program		\$ 12,969,336

Alternative Instruction Program

Teachers	\$ 107,074	
Career Ladder Program	833	
Educational Assistants	28,086	
Certified Substitute Teachers	2,069	
Non-certified Substitute Teachers	2,510	
Social Security	6,539	
State Retirement	7,709	
Life Insurance	53	
Medical Insurance	10,133	
Unemployment Compensation	391	
Employer Medicare	1,948	
Instructional Supplies and Materials	273	
Regular Instruction Equipment	895	
Total Alternative Instruction Program		168,513

Special Education Program

Teachers	\$ 1,041,959
Career Ladder Program	3,000
Homebound Teachers	6,397
Educational Assistants	116,526
Speech Pathologist	44,331

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Certified Substitute Teachers	\$	1,869	
Non-certified Substitute Teachers		11,093	
Social Security		71,005	
State Retirement		103,440	
Life Insurance		765	
Medical Insurance		145,317	
Unemployment Compensation		2,866	
Employer Medicare		16,673	
Other Fringe Benefits		13,304	
Contracts with Private Agencies		31,085	
Maintenance and Repair Services - Equipment		151	
Other Contracted Services		44,454	
Instructional Supplies and Materials		11,786	
Special Education Equipment		5,869	
Total Special Education Program			\$ 1,671,890

Vocational Education Program

Teachers	\$	555,209	
Career Ladder Program		2,000	
Certified Substitute Teachers		3,108	
Non-certified Substitute Teachers		6,985	
Social Security		32,592	
State Retirement		49,478	
Life Insurance		360	
Medical Insurance		61,520	
Unemployment Compensation		1,050	
Employer Medicare		7,652	
Contracts with Other School Systems		250,248	
Instructional Supplies and Materials		7,276	
Vocational Instruction Equipment		2,138	
Total Vocational Education Program			979,616

Adult Education Program

Teachers	\$	1,200	
Social Security		74	
State Retirement		79	
Employer Medicare		17	
Total Adult Education Program			1,370

Support Services

Attendance

Supervisor/Director	\$	62,616	
Career Ladder Program		2,542	
Other Salaries and Wages		13,902	
Social Security		3,716	
State Retirement		5,786	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Life Insurance	\$	18	
Medical Insurance		7,267	
Unemployment Compensation		144	
Employer Medicare		1,071	
Contracts with Private Agencies		25,641	
Travel		2,980	
Other Supplies and Materials		3,876	
Attendance Equipment		4,203	
Total Attendance			\$ 133,762

Health Services

Assistant(s)	\$	21,916	
Supervisor/Director		62,393	
Medical Personnel		165,122	
Social Security		14,380	
State Retirement		20,260	
Medical Insurance		10,932	
Unemployment Compensation		749	
Employer Medicare		3,363	
Other Fringe Benefits		11,018	
Communication		1,200	
Travel		9,505	
Other Contracted Services		8,280	
Drugs and Medical Supplies		6,002	
Other Supplies and Materials		2,508	
Other Charges		9,122	
Total Health Services			346,750

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		307,429	
Social Security		17,873	
State Retirement		27,832	
Life Insurance		171	
Medical Insurance		43,678	
Unemployment Compensation		430	
Employer Medicare		4,180	
Contracts with Government Agencies		187,255	
Evaluation and Testing		14,559	
Other Contracted Services		25,192	
Other Supplies and Materials		31,490	
Other Equipment		41,678	
Total Other Student Support			707,767

Regular Instruction Program

Supervisor/Director	\$	70,037	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Career Ladder Program	\$	8,041	
Career Ladder Extended Contracts		6,000	
Librarians		332,356	
Instructional Computer Personnel		70,220	
Clerical Personnel		18,809	
Other Salaries and Wages		38,700	
In-service Training		3,492	
Social Security		31,612	
State Retirement		48,086	
Life Insurance		283	
Medical Insurance		50,598	
Unemployment Compensation		773	
Employer Medicare		7,411	
Travel		4,063	
Library Books/Media		26,705	
Other Supplies and Materials		42,660	
In Service/Staff Development		9,735	
Other Charges		51,988	
Other Equipment		16,452	
Total Regular Instruction Program			\$ 838,021

Alternative Instruction Program

Travel	\$	187	
Total Alternative Instruction Program			187

Special Education Program

Supervisor/Director	\$	66,929	
Career Ladder Program		1,000	
Psychological Personnel		34,559	
Assessment Personnel		44,323	
Clerical Personnel		24,443	
Social Security		5,211	
State Retirement		7,638	
Life Insurance		29	
Medical Insurance		8,968	
Unemployment Compensation		363	
Employer Medicare		2,350	
Travel		8,869	
In Service/Staff Development		1,212	
Total Special Education Program			205,894

Vocational Education Program

Other Salaries and Wages	\$	19,461	
Unemployment Compensation		82	
Employer Medicare		282	
Travel		3,362	
Other Supplies and Materials		346	
Total Vocational Education Program			23,533

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-behalf Payments to OPEB	\$ 109,027	
Total Other Programs		\$ 109,027

Board of Education

Other Salaries and Wages	\$ 650	
Board and Committee Members Fees	13,100	
Social Security	852	
State Retirement	43	
Unemployment Compensation	1	
Employer Medicare	199	
Payments to Retirees	34,200	
Audit Services	6,500	
Dues and Memberships	13,166	
Legal Services	7,984	
Travel	4,634	
Trustee's Commission	114,652	
Workers' Compensation Insurance	207,874	
Refund to Applicant for Criminal Investigation	2,034	
Other Charges	30,896	
Other Equipment	4,737	
Total Board of Education		441,522

Director of Schools

County Official/Administrative Officer	\$ 93,541	
Career Ladder Program	900	
Life Insurance	19	
Medical Insurance	6,345	
Unemployment Compensation	72	
Employer Medicare	1,461	
Communication	21,088	
Dues and Memberships	2,247	
Postal Charges	4,985	
Travel	665	
Other Contracted Services	2,864	
Office Supplies	6,569	
Office Equipment	2,150	
Total Director of Schools		142,906

Office of the Principal

Principals	\$ 515,735	
Career Ladder Program	6,331	
Accountants/Bookkeepers	150,593	
Assistant Principals	267,607	
Clerical Personnel	198,313	
Social Security	67,498	
State Retirement	85,711	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Life Insurance	\$	328	
Medical Insurance		78,305	
Unemployment Compensation		2,223	
Employer Medicare		15,787	
Other Fringe Benefits		18,186	
Communication		2,510	
Travel		1,165	
Other Charges		2,000	
Administration Equipment		3,349	
Total Office of the Principal			\$ 1,415,641

Fiscal Services

Accountants/Bookkeepers	\$	71,360	
Clerical Personnel		84,576	
Social Security		9,232	
State Retirement		9,994	
Medical Insurance		11,724	
Unemployment Compensation		394	
Employer Medicare		2,159	
Other Fringe Benefits		2,256	
Data Processing Services		8,142	
Travel		779	
Other Contracted Services		1,739	
Data Processing Supplies		2,480	
Office Supplies		935	
Administration Equipment		1,270	
Total Fiscal Services			207,040

Operation of Plant

Custodial Personnel	\$	562,096	
Other Salaries and Wages		7,957	
Social Security		33,753	
State Retirement		34,064	
Medical Insurance		17,340	
Unemployment Compensation		2,319	
Employer Medicare		7,894	
Other Fringe Benefits		46,318	
Maintenance and Repair Services - Equipment		29,691	
Disposal Fees		32,400	
Custodial Supplies		115,012	
Electricity		654,760	
Natural Gas		79,607	
Propane Gas		4,271	
Water and Sewer		145,294	
Other Supplies and Materials		4,889	
Building and Contents Insurance		198,004	
Total Operation of Plant			1,975,669

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	38,500	
Clerical Personnel		21,400	
Maintenance Personnel		204,185	
Other Salaries and Wages		9,546	
Social Security		15,921	
State Retirement		16,203	
Medical Insurance		26,320	
Unemployment Compensation		659	
Employer Medicare		3,723	
Other Fringe Benefits		15,709	
Travel		4,936	
Other Contracted Services		41,866	
Other Supplies and Materials		177,885	
Maintenance Equipment		31,318	
Total Maintenance of Plant			\$ 608,171

Transportation

Supervisor/Director	\$	38,500	
Mechanic(s)		142,366	
Bus Drivers		549,524	
Clerical Personnel		22,656	
Other Salaries and Wages		17,986	
Social Security		45,570	
State Retirement		41,101	
Medical Insurance		11,713	
Unemployment Compensation		2,919	
Employer Medicare		11,038	
Other Fringe Benefits		2,256	
Medical and Dental Services		8,956	
Travel		1,439	
Diesel Fuel		348,120	
Garage Supplies		37,597	
Lubricants		13,649	
Tires and Tubes		39,163	
Vehicle Parts		154,833	
Other Charges		13,940	
Transportation Equipment		221,425	
Total Transportation			1,724,751

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	61,704	
Career Ladder Program		1,000	
Social Security		3,747	
State Retirement		5,568	
Life Insurance		29	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

Medical Insurance	\$	7,371	
Unemployment Compensation		72	
Employer Medicare		876	
Total Food Service			\$ 80,367

Early Childhood Education

Supervisor/Director	\$	3,001	
Teachers		135,083	
Clerical Personnel		2,082	
Educational Assistants		44,309	
Certified Substitute Teachers		640	
Non-certified Substitute Teachers		1,454	
Social Security		10,617	
State Retirement		15,169	
Life Insurance		86	
Medical Insurance		19,654	
Unemployment Compensation		467	
Employer Medicare		2,490	
Other Contracted Services		800	
Instructional Supplies and Materials		38,583	
In Service/Staff Development		7,542	
Other Equipment		13,951	
Total Early Childhood Education			295,928

Capital Outlay

Regular Capital Outlay

Architects	\$	16,169	
Building Construction		582,882	
Building Improvements		122,190	
Land		36,264	
Other Capital Outlay		29,747	
Total Regular Capital Outlay			787,252

Principal on Debt

Education

Debt Service Contribution to Primary Government	\$	775,316	
Total Education			775,316

Interest on Debt

Education

Debt Service Contribution to Primary Government	\$	113,021	
Total Education			113,021

Total General Purpose School Fund \$ 26,723,250

(Continued)

Exhibit J-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Educational Assistants	\$	412,370	
Other Salaries and Wages		5,600	
Certified Substitute Teachers		3,520	
Non-certified Substitute Teachers		8,084	
Social Security		23,784	
State Retirement		22,916	
Unemployment Compensation		2,447	
Employer Medicare		5,761	
Other Contracted Services		6,832	
Instructional Supplies and Materials		52,116	
Regular Instruction Equipment		67,406	
Total Regular Instruction Program			\$ 610,836

Special Education Program

Educational Assistants	\$	410,035	
Other Salaries and Wages		20,685	
Non-certified Substitute Teachers		306	
Social Security		25,801	
State Retirement		26,140	
Medical Insurance		23,331	
Unemployment Compensation		2,265	
Employer Medicare		6,036	
Maintenance and Repair Services - Equipment		2,359	
Other Contracted Services		61,423	
Instructional Supplies and Materials		8,940	
Other Supplies and Materials		360	
Special Education Equipment		34,823	
Total Special Education Program			622,504

Vocational Education Program

Instructional Supplies and Materials	\$	850	
Vocational Instruction Equipment		42,304	
Total Vocational Education Program			43,154

Support Services

Other Student Support

Other Salaries and Wages	\$	2,000	
Social Security		124	
State Retirement		180	
Employer Medicare		30	
Travel		14,626	
Other Charges		10,450	
Total Other Student Support			27,410

Regular Instruction Program

Supervisor/Director	\$	68,204	
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(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Clerical Personnel	\$	25,798	
Other Salaries and Wages		328,430	
Social Security		20,381	
State Retirement		30,104	
Life Insurance		171	
Medical Insurance		30,878	
Unemployment Compensation		787	
Employer Medicare		5,745	
Other Contracted Services		45,240	
Other Supplies and Materials		3,326	
In Service/Staff Development		95,805	
Other Equipment		2,453	
Total Regular Instruction Program			\$ 657,322

Special Education Program

Other Salaries and Wages	\$	4,258	
In-service Training		225	
Social Security		267	
State Retirement		398	
Life Insurance		2	
Medical Insurance		448	
Employer Medicare		63	
Travel		1,427	
Other Contracted Services		101,602	
Other Supplies and Materials		8,907	
In Service/Staff Development		20,621	
Total Special Education Program			138,218

Transportation

Bus Drivers	\$	22,137	
Other Salaries and Wages		28,987	
Social Security		3,113	
State Retirement		1,454	
Unemployment Compensation		291	
Employer Medicare		728	
Total Transportation			56,710

Total School Federal Projects Fund \$ 2,156,154

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Accountants/Bookkeepers	\$	15,000	
Cafeteria Personnel		618,492	
In-service Training		3,516	
Social Security		35,310	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

State Retirement	\$	35,611	
Medical Insurance		33,298	
Unemployment Compensation		3,126	
Employer Medicare		8,366	
Other Fringe Benefits		53,705	
Communication		4,470	
Maintenance and Repair Services - Equipment		4,508	
Travel		2,141	
Other Contracted Services		13,939	
Food Supplies		878,291	
Office Supplies		2,175	
USDA - Commodities		96,316	
Other Supplies and Materials		8,945	
Workers' Compensation Insurance		20,107	
In Service/Staff Development		40	
Other Charges		1,027	
Administration Equipment		9,808	
Food Service Equipment		13,566	
Total Food Service			<u>\$ 1,861,757</u>

Total Central Cafeteria Fund \$ 1,861,757

Total Governmental Funds - Macon County School Department \$ 30,741,161

Exhibit J-9

Macon County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,588,716
Total Cash Receipts	<u>\$ 1,588,716</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,572,829
Trustee's Commission	15,887
Total Cash Disbursements	<u>\$ 1,588,716</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2013	<u>0</u>
 Cash Balance, June 30, 2014	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Macon County's basic financial statements, and have issued our report thereon dated March 3, 2015. Our report includes a reference to other auditors who audited the financial statements of the discretely presented Macon County Emergency Communications District, as described in our report on Macon County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider these deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2014-001, 2014-002, and 2014-005.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2014-004(A,B), 2014-008, 2014-009, 2014-010, and 2014-011.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Macon County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2014-003, 2014-004(C), 2014-006, and 2014-007.

Macon County's Responses to the Findings

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

Purpose of this Report

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

March 3, 2015

JPW/sb



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Macon County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Macon County's major federal programs for the year ended June 30, 2014. Macon County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Macon County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Macon County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Macon County's compliance.

Opinion on Each Major Federal Program

In our opinion, Macon County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Macon County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Macon County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Macon County's internal control over compliance.

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

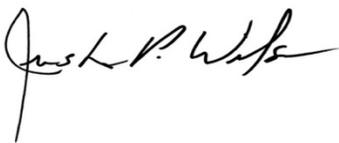
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Macon County's basic financial statements. We issued our report thereon dated March 3, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

March 3, 2015

JPW/sb

Macon County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2014

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Communities Facilities Loans and Grants	10.766	N/A	\$ 1,500
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	96,316 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	340,282
National School Lunch Program	10.555	(2)	936,300 (3)
Total U.S. Department of Agriculture			<u>\$ 1,374,398</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	(2)	\$ 1,264,114
Home Investment Partnerships Program	14.239	(2)	36,030
Total U.S. Department of Housing and Urban Development			<u>\$ 1,300,144</u>
U.S. Department of Transportation:			
Passed through Tennessee Secretary of State:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	(2)	\$ 5,000
Total U.S. Department of Transportation			<u>\$ 5,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(2)	\$ 984,039
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	901,151
Special Education - Preschool Grants	84.173	(2)	30,738
Vocational Education - Basic Grants to States	84.048	(2)	60,558
Improving Teacher Quality State Grants	84.367	(2)	141,963
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	155,759
Passed-through Wilson County School Department:			
English Language Acquisition Grants	84.365	(2)	9,565
Total U.S. Department of Education			<u>\$ 2,283,773</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 94,348
Total U.S. Department of Homeland Security:			<u>\$ 94,348</u>
Total Expenditures of Federal Grants			<u>\$ 5,057,663</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Technology Readiness Investment- State Department of Education	N/A	(2)	\$ 302,989
Safe Schools Act - State Department of Education	N/A	(2)	23,800
ConnecTN - State Department of Education	N/A	(2)	10,817
Coordinated School Health - State Department of Education	N/A	(2)	112,433
Statewide Student Management System - State Department of Education	N/A	(2)	7,746
ACT/Explore/Plan-Testing - State Department of Education	N/A	(2)	9,451
Early Childhood Education - Pilot/State - State Department of Education	N/A	(2)	295,928
Library Grant - Secretary of State, Tennessee State Library and Archives	N/A	(2)	1,128
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	10,411
Rural Health Services - State Department of Health	N/A	(2)	129,282
Litter Program - State Department of Transportation	N/A	(2)	35,600
Student Ticket Subsidy - Tennessee Arts Commission	N/A	(2)	2,000
 Total State Grants			\$ 941,584

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,032,617.

Macon County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Macon County, Tennessee, for the year ended June 30, 2013, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-001	140	Material audit adjustments were required for proper financial statement presentation.
2013-002	141	The Codes Enforcement Office did not have adequate controls for its computer application

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-005	143	Deficiencies were noted in the maintenance of accounting records

OFFICE OF REGISTER OF DEEDS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-006	144	The office maintained a duplicate set of accounting records

OFFICES OF COUNTY MAYOR; SUPERVISOR OF ROADS; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; AND REGISTER OF DEEDS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-009	145	Duties were not segregated adequately

OFFICES OF COUNTY CLERK AND REGISTER OF DEEDS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-010	146	Multiple employees operated from the same cash drawer

MACON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An unmodified opinion was issued on the financial statements of Macon County.
2. The audit of the financial statements of Macon County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be material weaknesses.
3. The audit did not disclose any instances of noncompliance that are material to the financial statements of Macon County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Community Development Block Grant/State's Program (CFDA No. 14.228), and the State Fiscal Stabilization Funds – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Macon County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 2014-001

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

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

At June 30, 2014, certain general ledger account balances in the General Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Audit adjustments were required to increase receivables and the allowance for uncollectible receivables by \$1,670,373 and \$912,804, respectively. Generally accepted accounting principles require Macon County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 2014-002

A LIBRARY ADDITION WAS NOT RECORDED IN THE CAPITAL ASSET RECORDS

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

During 2014, Macon County constructed a library addition for \$444,018. This addition was omitted from the county's capital asset records. Generally accepted accounting principles require accountability for all assets owned by the county, such as equipment, vehicles, buildings, and infrastructure. This deficiency can be attributed to a lack of management

oversight. We provided management with audit adjustments, which they accepted to properly present capital assets in the financial statements of this report. Without accurate inventory records, the county cannot adequately control its assets.

RECOMMENDATION

The office should maintain accurate capital asset records for all county owned assets as required by generally accepted accounting principles.

FINDING 2014-003

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

Expenditures exceeded total appropriations in the General Debt Service Fund by \$11,276.

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Other Operations:	
Other Charges	\$ 9,133
Capital Projects:	
General Administration Projects	2,500

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

These deficiencies exist because management failed to stay within the spending limits authorized by the County Commission and failed to correct budgetary deficiencies noted in the prior-year audit report, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission as required by state statute.

FINDING 2014-004

THE CODES ENFORCEMENT OFFICE DID NOT HAVE ADEQUATE CONTROLS FOR ITS COMPUTER APPLICATION

(A. and B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; C. – Noncompliance Under *Government Auditing Standards*)

The following deficiencies were identified:

- A. The application did not provide a record of changes to previously issued receipts and permits. Users had the capability to change information on receipts and permits, leaving no evidence of the original information.
- B. Permits and receipts could be deleted from the application, leaving no evidence of the original transaction.
- C. In-lieu-of using prenumbered receipt stock, the office generated receipts on plain paper. Because the software did not generate the receipt number but instead allowed the user to assign the receipt number, duplicate receipt numbers could be assigned or a gap in receipt numbers could be created. This is a violation of Section 9-2-103, *Tennessee Code Annotated*, which provides for receipts to be prenumbered consecutively. In-lieu-of prenumbered receipts, computer-generated receipts may be printed on plain paper only if the receipt number is generated by the software and cannot be manipulated.

Sound business practices dictate that proper application controls be implemented. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. Since the vendor did not design the system with proper controls, inappropriate system activity could occur.

RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the permit application that would provide an audit trail for any changes to receipts or permits. The capability of deleting permits and receipts should be removed from the application. Instead, an option to void receipts that properly reflects receipt activity on the daily reports should be implemented. The application should assign receipt numbers that cannot be manipulated by the user. These controls would help to ensure the reliability and integrity of the information maintained by the system.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2014-005

A SCHOOL BUS WAS NOT PROPERLY VALUED AND DEPRECIATED IN THE CAPITAL ASSET RECORDS

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

On July 3, 2013, the School Department purchased a 77-passenger school bus for \$65,000; however, the school bus was recorded in the department's capital asset records for \$6,500,000. This resulted in capital assets and current-year depreciation being overstated by \$6,435,000 and \$919,285, respectively, at June 30, 2014. Generally accepted accounting principles require accountability for all assets owned by the School Department, such as equipment, vehicles, and infrastructure. This deficiency can be attributed to a lack of management oversight. We provided management with audit adjustments, which they accepted to properly present capital assets in the financial statements of this report. Without accurate inventory records, the School Department cannot adequately control its assets.

RECOMMENDATION

The office should maintain accurate capital asset records for all School Department owned assets as required by generally accepted accounting principles.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The finding has been corrected. Measures have been taken to ensure this oversight does not happen in the future.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 2014-006

EXECUTION DOCKET TRIAL BALANCES WERE NOT RECONCILED WITH CASH JOURNAL CONTROLS

(Noncompliance Under *Government Auditing Standards*)

At June 30, 2014, the circuit, general sessions, and juvenile courts clerk prepared execution docket trial balances as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*. However, these trial balances did not reconcile with the general ledger. The clerk had unidentified balances of \$84, \$431, and \$6,849, in Circuit, General Sessions, and Juvenile Courts, respectively. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, *TCA*, as it relates to the execution docket balances. This statute provides that any funds held by the courts for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office.

RECOMMENDATION

Execution docket trial balances should be reconciled with general ledger accounts. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

FINDING 2014-007

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

(Noncompliance Under *Government Auditing Standards*)

The office did not deposit some funds within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds to an official bank account within three days of collection. In several instances during the period under examination, collections were held in the office up to eight days before being deposited to an official bank account. This deficiency was the result of a lack of management oversight. The delay in depositing funds increases the risks of fraud and misappropriation.

RECOMMENDATION

The clerk should ensure that all funds are deposited in the official bank account within three days of collection as required by state statute.

OFFICE OF REGISTER OF DEEDS

FINDING 2014-008

THE OFFICE MAINTAINED A DUPLICATE SET OF ACCOUNTING RECORDS

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

The office maintained a complete set of manual and automated accounting records. Both manual and automated records are often maintained when electronic records are first installed to ease implementation problems that might arise. However, once electronic records are fully functional, sound business practices dictate that the manual records be discontinued. Maintaining both manual and electronic records resulted in increased costs for operations. The practice of keeping a duplicate set of accounting records is the result of the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The office should discontinue maintaining a duplicate set of accounting records. Accounting records should be maintained electronically, giving consideration to the costs associated with the acquisition, on-going maintenance of the computer system, and additional labor costs for maintaining manual accounting records.

OFFICE OF SHERIFF

FINDING 2014-009

THE COMMISSARY BANK STATEMENT WAS NOT RECONCILED WITH THE GENERAL LEDGER

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

The Sheriff's Department operated a commissary to provide inmates with various items. Monthly bank statements were not reconciled with the computerized general ledger during the period under examination. The failure to reconcile bank statements results in a loss of control over assets. This deficiency can be attributed to a lack of management oversight.

RECOMMENDATION

Bank statements should be reconciled with the general ledger monthly.

MANAGEMENT'S RESPONSE – SHERIFF

The Sheriff's Department called in the County Technical Assistance Service for assistance and found that the bank balance and commissary money did not reconcile. This discrepancy appears to be a technical issue in the computer system with Oasis. We have asked Oasis several times to fix this issue, and we had another conversation with Oasis recently telling them this has to be fixed now. Oasis is currently working to resolve the issue within their software at which time the computerized balance should reconcile with the general ledger.

OFFICES OF COUNTY MAYOR; SUPERVISOR OF ROADS; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; AND REGISTER OF DEEDS

FINDING 2014-010

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the officials and employees in the Offices of County Mayor; Supervisor of Roads; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; and Register of Deeds. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; AND REGISTER OF DEEDS

FINDING 2014-011

MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

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

Multiple employees operated from the same cash drawer in the Offices of the County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; and Register of Deeds. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to that employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should assign each employee their own cash drawer.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

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

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Macon County.

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

Macon County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

**MACON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014**

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