

**ANNUAL FINANCIAL REPORT**  
**MACON COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2015**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



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

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

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

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***State Auditors***

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

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## MACON COUNTY, TENNESSEE

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# ***Summary of Audit Findings***

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

## ***Scope***

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

## ***Results***

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

Our audit resulted in six 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**

- ◆ The Public Library Fund was not maintained in accordance with generally accepted accounting principles and state statute.
- ◆ The Codes Enforcement Office did not have adequate controls for its computer application.

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### **OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK**

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

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

- ◆ Multiple employees operated from the same cash drawer.

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# INTRODUCTORY SECTION

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Macon County Officials  
June 30, 2015

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**Officials**

Steve Jones, County Mayor  
Audie Cook, Supervisor of Roads  
Tony Boles, Director of Schools  
Diane Cook, Trustee  
Rick Shoulders, Assessor of Property  
Connie Blackwell, County Clerk  
Rick Gann, Circuit, General Sessions, and Juvenile Courts Clerk  
Kristin Reid, Clerk and Master  
Cynthia Jones, Register of Deeds  
Mark Gammons, Sheriff

**Board of County Commissioners**

Steve Jones, County Mayor, Chairman	
Shannon Wix	Bryan Carter
Chris Wix	Justin Dyer
Kenneth Witte	Kimmy Warf
Jeff Hughes	Troy Brawner
Todd Gentry	Bobby Ray King
Phillip Snow	Helen Hesson
Mike Jenkins	Wendell Jones
Scott Gammons	Don Stevens
Charles Porter	Benton Bartley
Michelle Phillips	Barry King

**Purchasing Commission**

Steve Jones, County Mayor  
Connie Blackwell, County Clerk  
Kristin Reid, Clerk and Master

**Board of Education**

Jeff Harper, Chairman  
Jimmy Cook  
Wayne Marsh  
Rebekah Tuttle  
Steve Walton

**Audit Committee**

Mike Prock, Chairman  
Lonnie Stevens  
Marty Coley  
Bryan Carter

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## FINANCIAL SECTION

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

Independent Auditor's Report

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, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Tennessee, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison 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. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

### ***Emphasis of Matter***

We draw attention to Note I.D.8. to the financial statements, which describes a restatement increasing the beginning Governmental Activities net position of Macon County by \$382,647 and a restatement decreasing the discretely presented Macon County School Department's net position by (\$3,755,135) on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of

the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plan on pages 74-80 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 September 30, 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,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

September 30, 2015

JPW/kp

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit School Department</u>
<u>ASSETS</u>		
Cash	\$ 7,220,862	\$ 100
Equity in Pooled Cash and Investments	52,842	4,535,285
Accounts Receivable	2,081,297	2,547
Allowance for Uncollectibles	(1,204,102)	0
Due from Other Governments	367,761	1,070,152
Due from Component Units	3,426,776	0
Property Taxes Receivable	5,296,000	3,270,342
Allowance for Uncollectible Property Taxes	(171,032)	(106,855)
Net Pension Asset	1,092,907	1,405,684
Capital Assets:		
Assets Not Depreciated:		
Land	778,506	382,263
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,453,470	10,803,525
Infrastructure	14,820,516	0
Other Capital Assets	3,008,556	1,871,306
Total Assets	<u>\$ 44,224,359</u>	<u>\$ 23,234,349</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows - Pension Changes in Experience	\$ 0	\$ 128,823
Deferred Outflows - Pension Contributions After Measurement Date	154,369	1,272,613
Deferred Outflows - Pension Other Deferrals	0	5,962
Total Deferred Outflows of Resources	<u>\$ 154,369</u>	<u>\$ 1,407,398</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 78,348
Accrued Interest Payable	86,304	0
Payroll Deductions Payable	32,429	0
Due to Primary Government	0	3,426,776
Due to State of Tennessee	0	5,246
Other Current Liabilities	1,100	0
Noncurrent Liabilities:		
Due Within One Year	2,464,021	0
Due in More Than One Year	9,004,153	1,912,063
Total Liabilities	<u>\$ 11,588,007</u>	<u>\$ 5,422,433</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 4,980,273	\$ 3,071,906
Deferred Inflows - Pension Changes in Experience	210,674	260,737
Deferred Inflows - Pension Changes in Investment Earnings	499,669	4,990,455
Total Deferred Inflows of Resources	<u>\$ 5,690,616</u>	<u>\$ 8,323,098</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit School Department</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 20,185,356	\$ 13,057,094
Restricted for:		
Debt Service	3,212,369	0
General Government	134,906	0
Administration of Justice	47,091	0
Public Safety	90,402	0
Social, Cultural, and Recreational Services	23,717	0
Highway/Public Works	1,439,272	0
Other Purposes	536,933	0
Education	0	4,342,746
Central Cafeteria	0	385,753
Unrestricted	<u>1,430,059</u>	<u>(6,889,377)</u>
Total Net Position	<u>\$ 27,100,105</u>	<u>\$ 10,896,216</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, 2015

Functions/Programs	Program Revenues			Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Total Governmental Activities	Macon County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,346,236	\$ 127,622	\$ 15,164	\$ 1,892,241	\$ 688,791	\$ 0
Finance	1,116,320	565,428	0	0	(550,892)	0
Administration of Justice	908,360	592,623	13,500	0	(302,237)	0
Public Safety	3,395,547	1,138,862	205,744	4,860	(2,046,081)	0
Public Health and Welfare	3,093,339	1,521,976	160,350	0	(1,411,013)	0
Social, Cultural, and Recreational Services	323,285	43,290	0	0	(279,995)	0
Agriculture and Natural Resources	72,055	0	0	0	(72,055)	0
Highways	3,372,864	44,932	1,502,065	311,055	(1,514,812)	0
Education	39,062	0	0	0	(39,062)	0
Interest on Long-term Debt	255,069	0	0	0	(255,069)	0
<b>Total Primary Government</b>	<b>\$ 13,922,137</b>	<b>\$ 4,034,733</b>	<b>\$ 1,896,823</b>	<b>\$ 2,208,156</b>	<b>\$ (5,782,425)</b>	<b>\$ 0</b>
Component Unit:						
Macon County School Department	\$ 28,263,198	\$ 581,951	\$ 3,326,769	\$ 0	\$ 0	\$ (24,354,478)
<b>Total Component Units</b>	<b>\$ 28,263,198</b>	<b>\$ 581,951</b>	<b>\$ 3,326,769</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (24,354,478)</b>

(Continued)

Exhibit B

Macon County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
				Government Total	Macon County School Department
Expenses	Contributions	Contributions	Governmental Activities		
<b>General Revenues:</b>					
<b>Taxes:</b>					
Property Taxes Levied for General Purposes				\$ 5,014,649	\$ 3,153,731
Local Option Sales Tax				312,782	1,997,897
Wheel Tax				1,331,809	0
Litigation Tax				193,350	0
Business Tax				151,494	0
Adequate Facilities/Development Tax				226,509	0
Wholesale Beer Tax				129,033	0
Interstate Telecommunications Tax				0	2,130
Other Local Taxes				21,376	0
Grants and Contributions Not Restricted to Specific Purposes				569,829	21,143,345
Pension Income				0	44,515
Unrestricted Investment Income				27,928	0
Miscellaneous				207,571	38,844
Gain on Disposal of Capital Assets				0	15,400
<b>Total General Revenues</b>				<b>\$ 8,186,330</b>	<b>\$ 26,395,862</b>
Change in Net Position				\$ 2,403,905	\$ 2,041,384
Net Position, July 1, 2014				24,313,553	12,609,967
Restatement - See Note I.D.8.				382,647	(3,755,135)
<b>Net Position, June 30, 2015</b>				<b>\$ 27,100,105</b>	<b>\$ 10,896,216</b>

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

Macon County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2015

	<u>Major Funds</u>			<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Highway / Public Works</u>	<u>General Debt Service</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>	
<b>ASSETS</b>						
Cash	\$ 0	\$ 0	\$ 0	\$ 52,842	\$ 52,842	\$ 52,842
Equity in Pooled Cash and Investments	2,491,823	1,198,299	3,233,257	297,483	7,220,862	7,220,862
Accounts Receivable	2,073,353	0	0	7,944	2,081,297	2,081,297
Allowance for Uncollectibles	(1,204,102)	0	0	0	(1,204,102)	(1,204,102)
Due from Other Governments	49,670	252,675	65,416	0	367,761	367,761
Property Taxes Receivable	4,655,537	441,166	0	199,297	5,296,000	5,296,000
Allowance for Uncollectible Property Taxes	(150,357)	(14,311)	0	(6,364)	(171,032)	(171,032)
Total Assets	\$ 7,915,924	\$ 1,877,829	\$ 3,298,673	\$ 551,202	\$ 13,643,628	\$ 13,643,628

LIABILITIES

Payroll Deductions Payable	\$ 31,808	\$ 0	\$ 0	\$ 621	\$ 32,429	\$ 32,429
Other Current Liabilities	1,100	0	0	0	1,100	1,100
Total Liabilities	\$ 32,908	\$ 0	\$ 0	\$ 621	\$ 33,529	\$ 33,529

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 4,377,970	\$ 414,687	\$ 0	\$ 187,616	\$ 4,980,273	\$ 4,980,273
Deferred Delinquent Property Taxes	116,442	11,138	0	4,867	132,447	132,447
Other Deferred/Unavailable Revenue	863,904	126,338	0	0	990,242	990,242
Total Deferred Inflows of Resources	\$ 5,358,316	\$ 552,163	\$ 0	\$ 192,483	\$ 6,102,962	\$ 6,102,962

FUND BALANCES

Restricted:						
Restricted for General Government	\$ 134,906	\$ 0	\$ 0	\$ 0	\$ 134,906	\$ 134,906

(Continued)

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	
\$	47,091	0	0	0	0	47,091
	15,230	0	0	75,172	0	90,402
	0	0	0	200,025	0	200,025
	0	0	0	23,717	0	23,717
	0	1,325,666	0	0	0	1,325,666
	0	0	3,298,673	0	0	3,298,673
	0	0	0	59,184	0	59,184
	2,327,473	0	0	0	0	2,327,473
	<u>2,524,700</u>	<u>1,325,666</u>	<u>3,298,673</u>	<u>358,098</u>	<u>0</u>	<u>7,507,137</u>
	\$ 7,915,924	\$ 1,877,829	\$ 3,298,673	\$ 551,202	\$ 0	\$ 13,643,628

FUND BALANCES (Cont.)

Restricted (Cont.):
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, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$	7,507,137
(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		7,453,470
Add: infrastructure net of accumulated depreciation		14,820,516
Add: other capital assets net of accumulated depreciation		<u>3,008,556</u>
		26,061,048
(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	\$	(8,180,292)
Less: bonds payable		(2,554,000)
Add: debt to be contributed by the School Department		3,426,776
Less: compensated absences payable		(272,952)
Less: accrued interest on notes		(86,304)
Less: landfill closure/postclosure care costs		<u>(460,930)</u>
		(8,127,702)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$	154,369
Less: deferred inflows of resources related to pensions		<u>(710,343)</u>
		(555,974)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,092,907
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,122,689</u>
Net position of governmental activities (Exhibit A)	\$	<u><u>27,100,105</u></u>

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

Exhibit C-3

Macon County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>						
Local Taxes	\$ 5,711,267	\$ 427,373	\$ 1,097,019	\$ 185,513	\$ 7,421,172	
Licenses and Permits	50,737	0	0	0	50,737	
Fines, Forfeitures, and Penalties	139,007	0	0	7,870	146,877	
Charges for Current Services	1,621,616	0	0	339,068	1,960,684	
Other Local Revenues	481,694	5,383	8,000	0	495,077	
Fees Received From County Officials	732,511	0	0	732,511	0	
State of Tennessee	534,718	1,823,120	869,385	22,849	3,250,072	
Federal Government	1,895,441	0	0	0	1,895,441	
Other Governments and Citizens Groups	221,139	0	871,794	0	1,092,933	
Total Revenues	\$ 11,388,130	\$ 2,255,876	\$ 2,846,198	\$ 555,300	\$ 17,045,504	
<u>Expenditures</u>						
Current:						
General Government	\$ 1,332,399	\$ 0	\$ 0	\$ 0	\$ 1,332,399	
Finance	772,385	0	0	178,623	951,008	
Administration of Justice	730,972	0	0	16,382	747,354	
Public Safety	2,816,850	0	0	91	2,816,941	
Public Health and Welfare	2,118,794	0	0	249,635	2,368,429	
Social, Cultural, and Recreational Services	186,736	0	0	40,581	227,317	
Agriculture and Natural Resources	76,382	0	0	0	76,382	
Other Operations	1,013,820	0	0	0	1,013,820	
Highways	0	2,398,588	0	0	2,398,588	
Debt Service:						
Principal on Debt	0	0	2,286,661	0	2,286,661	
Interest on Debt	0	0	287,630	0	287,630	
Other Debt Service	0	0	11,063	0	11,063	

(Continued)

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	\$ 1,864,652	\$ 925,948	\$ 0	\$ 0	\$ 0	\$ 2,790,600
Total Expenditures	\$ 10,912,990	\$ 3,324,536	\$ 2,585,354	\$ 485,312	\$ 485,312	\$ 17,308,192
Excess (Deficiency) of Revenues Over Expenditures	\$ 475,140	\$ (1,068,660)	\$ 260,844	\$ 69,988	\$ 69,988	\$ (262,688)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 75,000	\$ 1,000,000	\$ 0	\$ 0	\$ 0	\$ 1,075,000
Insurance Recovery	30,729	0	0	0	0	30,729
Transfers In	18,206	0	0	0	0	18,206
Transfers Out	0	(2,400)	0	(15,806)	(15,806)	(18,206)
Total Other Financing Sources (Uses)	\$ 123,935	\$ 997,600	\$ 0	\$ (15,806)	\$ (15,806)	\$ 1,105,729
Net Change in Fund Balances	\$ 599,075	\$ (71,060)	\$ 260,844	\$ 54,182	\$ 54,182	\$ 843,041
Fund Balance, July 1, 2014	1,925,625	1,396,726	3,037,829	303,916	303,916	6,664,096
Fund Balance, June 30, 2015	\$ 2,524,700	\$ 1,325,666	\$ 3,298,673	\$ 358,098	\$ 358,098	\$ 7,507,137

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, 2015

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

Net change in fund balances - total governmental funds (Exhibit C-3)	\$	843,041
 (1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,666,261	
Less: current-year depreciation expense	<u>(754,659)</u>	911,602
 (2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2014	\$ (1,096,218)	
Add: deferred delinquent property taxes and other deferred June 30, 2015	<u>1,122,689</u>	26,471
 (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:		
Add: principal payments on bonds	\$ 638,500	
Add: principal payments on notes	1,648,161	
Less: notes proceeds	(1,075,000)	
Less: contributions from the School Department for notes	<u>(776,662)</u>	434,999
 (4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in net pension liability/asset	\$ 710,260	
Change in deferred outflows of resources related to pensions	154,369	
Change in deferred inflows of resources related to pensions	(710,343)	
Change in accrued interest payable	32,561	
Change in compensated absences payable	(1,394)	
Change in landfill closure/postclosure care costs	<u>2,339</u>	<u>187,792</u>
 Change in net position of governmental activities (Exhibit B)	 \$	 <u><u>2,403,905</u></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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues</b>				
Local Taxes	\$ 5,711,267	\$ 5,422,258	\$ 5,422,258	\$ 289,009
Licenses and Permits	50,737	33,250	33,250	17,487
Fines, Forfeitures, and Penalties	139,007	112,450	112,450	26,557
Charges for Current Services	1,621,616	1,617,000	1,698,257	(76,641)
Other Local Revenues	481,694	216,000	386,052	95,642
Fees Received From County Officials	732,511	882,000	882,000	(149,489)
State of Tennessee	534,718	573,512	575,202	(40,484)
Federal Government	1,895,441	595,000	1,895,741	(300)
Other Governments and Citizens Groups	221,139	0	114,284	106,855
<b>Total Revenues</b>	<b>\$ 11,388,130</b>	<b>\$ 9,451,470</b>	<b>\$ 11,119,494</b>	<b>\$ 268,636</b>
<b>Expenditures</b>				
<u>General Government</u>				
County Commission	\$ 92,969	\$ 100,234	\$ 100,434	\$ 7,465
Board of Equalization	840	2,500	2,500	1,660
Beer Board	248	350	350	102
Budget and Finance Committee	552	1,200	1,200	648
Other Boards and Committees	1,098	2,000	1,800	702
County Mayor/Executive	227,096	218,569	234,721	7,625
County Attorney	6,975	8,431	8,431	1,456
Election Commission	155,626	161,379	161,379	5,753
Register of Deeds	134,241	131,929	144,338	10,097
Planning	59,062	59,925	64,925	5,863
Building	112,648	7,000	115,378	2,730
County Buildings	206,922	116,337	224,785	17,863
Other Facilities	305,494	306,745	306,745	1,251
Other General Administration	1,398	1,400	1,400	2
Preservation of Records	10,360	10,362	10,362	2
Risk Management	16,870	18,174	18,174	1,304
<u>Finance</u>				
Central Services	402,287	413,854	418,542	16,255
Property Assessor's Office	153,004	153,900	154,870	1,866
Reappraisal Program	4,849	7,000	6,030	1,181
County Trustee's Office	174,593	165,898	185,133	10,540
County Clerk's Office	37,652	244,545	244,545	206,893
<u>Administration of Justice</u>				
Circuit Court	328,222	302,327	348,077	19,855
General Sessions Court	109,612	109,682	109,682	70
Chancery Court	129,453	135,355	135,355	5,902
Juvenile Court	39,364	45,267	49,467	10,103
Judicial Commissioners	26,377	28,707	28,707	2,330
Probation Services	97,944	94,304	99,804	1,860
<u>Public Safety</u>				
Sheriff's Department	1,645,005	1,660,074	1,704,583	59,578
Administration of the Sexual Offender Registry	2,524	2,000	2,869	345
Jail	1,000,592	984,043	1,083,374	82,782
Workhouse	62,092	65,670	65,670	3,578
Fire Prevention and Control	3,766	6,660	6,660	2,894

(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>				
Rural Fire Protection	\$ 11,050	\$ 16,000	\$ 16,000	\$ 4,950
Civil Defense	11,920	15,823	15,823	3,903
Rescue Squad	8,595	8,900	8,900	305
Disaster Relief	17,409	18,100	18,101	692
Other Emergency Management	14,328	14,300	15,454	1,126
County Coroner/Medical Examiner	25,620	25,100	29,100	3,480
Other Public Safety	13,949	16,151	16,151	2,202
<u>Public Health and Welfare</u>				
Local Health Center	53,615	81,258	104,913	51,298
Rabies and Animal Control	46,271	29,292	47,299	1,028
Ambulance/Emergency Medical Services	1,752,873	1,789,792	1,800,458	47,585
Crippled Children Services	1,439	1,439	1,439	0
Other Local Health Services	112,310	141,900	141,900	29,590
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	102,433	59,723	105,830	3,397
<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	133,391	140,591	140,591	7,200
Parks and Fair Boards	35,345	26,500	37,292	1,947
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	46,382	52,124	52,124	5,742
Soil Conservation	30,000	30,000	30,000	0
<u>Other Operations</u>				
Tourism	1,852	3,000	3,000	1,148
Industrial Development	21,200	21,200	21,200	0
Veterans' Services	24,570	24,065	24,880	310
Other Charges	917,849	947,139	971,021	53,172
Contributions to Other Agencies	11,312	12,960	12,960	1,648
Employee Benefits	21,319	26,000	26,074	4,755
Miscellaneous	15,718	5,268	16,465	747
<u>Support Services</u>				
Other Programs	0	11,300	790	790
<u>Capital Projects</u>				
General Administration Projects	526,372	595,000	595,000	68,628
Public Safety Projects	1,298,741	0	1,298,741	0
Other General Government Projects	39,062	44,173	44,173	5,111
Highway and Street Capital Projects	477	474	977	500
Total Expenditures	\$ 10,912,990	\$ 9,791,246	\$ 11,704,799	\$ 791,809
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 475,140	\$ (339,776)	\$ (585,305)	\$ 1,060,445
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 75,000	\$ 0	\$ 75,000	\$ 0
Insurance Recovery	30,729	1,569	28,830	1,899

(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) (Cont.)</u>				
Transfers In	\$ 18,206	\$ 0	\$ 15,806	\$ 2,400
Total Other Financing Sources	\$ 123,935	\$ 1,569	\$ 119,636	\$ 4,299
Net Change in Fund Balance	\$ 599,075	\$ (338,207)	\$ (465,669)	\$ 1,064,744
Fund Balance, July 1, 2014	1,925,625	1,959,382	1,959,382	(33,757)
Fund Balance, June 30, 2015	\$ 2,524,700	\$ 1,621,175	\$ 1,493,713	\$ 1,030,987

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 427,373	\$ 414,319	\$ 414,319	\$ 13,054
Other Local Revenues	5,383	8,600	8,600	(3,217)
State of Tennessee	1,823,120	2,796,702	2,796,702	(973,582)
Total Revenues	<u>\$ 2,255,876</u>	<u>\$ 3,219,621</u>	<u>\$ 3,219,621</u>	<u>\$ (963,745)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 150,314	\$ 156,478	\$ 158,578	\$ 8,264
Highway and Bridge Maintenance	896,507	986,772	968,272	71,765
Operation and Maintenance of Equipment	281,498	304,644	314,044	32,546
Other Charges	142,223	142,755	146,255	4,032
Employee Benefits	247,826	260,747	262,747	14,921
Capital Outlay	680,220	1,848,427	1,849,927	1,169,707
<u>Capital Projects</u>				
Highway and Street Capital Projects	925,948	1,631,768	1,631,768	705,820
Total Expenditures	<u>\$ 3,324,536</u>	<u>\$ 5,331,591</u>	<u>\$ 5,331,591</u>	<u>\$ 2,007,055</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,068,660)</u>	<u>\$ (2,111,970)</u>	<u>\$ (2,111,970)</u>	<u>\$ 1,043,310</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 0
Transfers Out	(2,400)	(2,400)	(2,400)	0
Total Other Financing Sources	<u>\$ 997,600</u>	<u>\$ 997,600</u>	<u>\$ 997,600</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (71,060)	\$ (1,114,370)	\$ (1,114,370)	\$ 1,043,310
Fund Balance, July 1, 2014	1,396,726	1,246,455	1,246,455	150,271
Fund Balance, June 30, 2015	<u>\$ 1,325,666</u>	<u>\$ 132,085</u>	<u>\$ 132,085</u>	<u>\$ 1,193,581</u>

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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 953,180
Accounts Receivable	17,832
Due from Other Governments	<u>308,698</u>
Total Assets	<u>\$ 1,279,710</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 308,698
Due to Litigants, Heirs, and Others	<u>971,012</u>
Total Liabilities	<u>\$ 1,279,710</u>

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

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**MACON COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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

**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 financial statements of the Macon County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2015.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary 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 one and one half 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. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are for pension changes in experience, changes in proportionate share of contributions, as well as employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, 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 4<sup>th</sup> 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.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of restrictions related to pension obligations totaling \$536,933.

As of June 30, 2015, Macon County had \$4,858,600 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**

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement to Macon County's and the

Macon County School Department's beginning net position has been recognized on the Statement of Activities totaling \$382,647 and (\$3,755,135); respectively.

**E. Pension Plans**

**Primary Government**

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

**Discretely Presented Macon County School Department**

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

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

**A. Explanation of certain differences between 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**

#### **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.

#### **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, 2015.

**B. Capital Assets**

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

**Governmental Activities:**

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets			
Not Depreciated:			
Land	\$ 778,506	\$ 0	\$ 778,506
Total Capital Assets			
Not Depreciated	\$ 778,506	\$ 0	\$ 778,506
Capital Assets Depreciated:			
Buildings and			
Improvements	\$ 11,088,399	\$ 75,000	\$ 11,163,399
Infrastructure	18,270,977	203,333	18,474,310
Other Capital Assets	5,139,647	1,387,928	6,527,575
Total Capital Assets			
Depreciated	\$ 34,499,023	\$ 1,666,261	\$ 36,165,284

**Governmental Activities (Cont.):**

	Balance 7-1-14	Increases	Balance 6-30-15
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 3,479,289	\$ 230,640	\$ 3,709,929
Infrastructure	3,491,551	162,243	3,653,794
Other Capital Assets	3,157,243	361,776	3,519,019
Total Accumulated Depreciation	<u>\$ 10,128,083</u>	<u>\$ 754,659</u>	<u>\$ 10,882,742</u>
Total Capital Assets Depreciated, Net	<u>\$ 24,370,940</u>	<u>\$ 911,602</u>	<u>\$ 25,282,542</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,149,446</u>	<u>\$ 911,602</u>	<u>\$ 26,061,048</u>

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

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

**Governmental Activities:**

General Government	\$ 12,821
Administration of Justice	110,735
Public Safety	149,181
Public Health and Welfare	158,613
Social, Cultural, and Recreational	50,992
Highway/Public Works	<u>272,317</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 754,659</u>

**Discretely Presented Macon County School Department**

**Governmental Activities:**

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets				
Not Depreciated:				
Land	\$ 382,263	\$ 0	\$ 0	\$ 382,263
Total Capital Assets				
Not Depreciated	\$ 382,263	\$ 0	\$ 0	\$ 382,263
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 24,102,064	\$ 0	\$ 0	\$ 24,102,064
Other Capital Assets	4,077,630	135,504	(247,912)	3,965,222
Total Capital Assets				
Depreciated	\$ 28,179,694	\$ 135,504	\$ (247,912)	\$ 28,067,286
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 12,678,625	\$ 619,914	\$ 0	\$ 13,298,539
Other Capital Assets	2,099,071	242,757	(247,912)	2,093,916
Total Accumulated				
Depreciation	\$ 14,777,696	\$ 862,671	\$ (247,912)	\$ 15,392,455
Total Capital Assets				
Depreciated, Net	\$ 13,401,998	\$ (727,167)	\$ 0	\$ 12,674,831
Governmental Activities				
Capital Assets, Net	\$ 13,784,261	\$ (727,167)	\$ 0	\$ 13,057,094

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

**Governmental Activities:**

Instruction	\$ 619,914
Support Services	<u>242,757</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 862,671</u></u>

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

**Due to/from Primary Government and Component Unit:**

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Unit: School Department:	\$ 3,426,776

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, 2015, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In General Fund
Highway/Public Works Fund	\$ 2,400
Nonmajor governmental	15,806
Total	<u>\$ 18,206</u>

**Discretely Presented Macon County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 19,188
Nonmajor governmental funds	13,012	0
Total	<u>\$ 13,012</u>	<u>\$ 19,188</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.

**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, 2015, will be retired from the General Debt Service Fund.

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

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	1.96	%	6-1-19	\$ 3,830,660	\$ 2,554,000
Capital Outlay Notes	0 to 3.66		3-1-24	14,913,613	8,180,292

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2015, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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>\$ 2,554,000</u>	<u>\$ 125,147</u>	<u>\$ 2,679,147</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 1,769,417	\$ 184,194	\$ 1,953,611
2017	1,762,333	140,408	1,902,741
2018	1,709,393	96,029	1,805,422
2019	1,098,938	95,813	1,194,751
2020	1,139,589	22,801	1,162,390
2021-2024	700,622	9,963	710,585
Total	<u>\$ 8,180,292</u>	<u>\$ 549,208</u>	<u>\$ 8,729,500</u>

There is \$3,298,673 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes totaled \$482, 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 6-30-15
<u>Notes Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Refunding	\$ 1,801,215
Energy Efficient Loan	<u>1,625,561</u>
Total	<u>\$ 3,426,776</u>

Changes in Long-term Obligations

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

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2014	\$ 3,192,500	\$ 8,753,453
Additions	0	1,075,000
Reductions	(638,500)	(1,648,161)
	<u>\$ 2,554,000</u>	<u>\$ 8,180,292</u>
Balance, June 30, 2015		
	<u>\$ 2,554,000</u>	<u>\$ 8,180,292</u>
Balance Due Within One Year	<u>\$ 638,500</u>	<u>\$ 1,769,417</u>

	<u>Compensated Absences</u>	<u>Landfill Postclosure Care Costs</u>
Balance, July 1, 2014	\$ 271,558	\$ 463,269
Additions	6,519	7,035
Reductions	(5,125)	(9,374)
	<u>\$ 272,952</u>	<u>\$ 460,930</u>
Balance, June 30, 2015		
	<u>\$ 272,952</u>	<u>\$ 460,930</u>
Balance Due Within One Year	<u>\$ 27,296</u>	<u>\$ 28,808</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 11,468,174
Less: Balance Due Within One Year	<u>(2,464,021)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 9,004,153</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, 2015, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2014	\$ 1,807,453
Additions	268,862
Reductions	<u>(164,252)</u>
Balance, June 30, 2015	<u>\$ 1,912,063</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 1,912,063
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,912,063</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, 2015, were \$92,079 and \$18,963, 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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

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

outflows/inflows, and expenses/expenditures.

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

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

**C. Contingent Liabilities**

The county is involved in several pending lawsuits. The county attorney has not responded to requests to provide estimates of the potential claims not covered by insurance. However, management believes that any claims resulting from such litigation would not materially affect the county's financial statements.

**D. Changes in Administration**

On August 31, 2014, Shelvy Linville left the Office of County Mayor and was succeeded by Steve Jones, 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.

**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 \$460,930 reported as postclosure care liability at June 30, 2015, represents amounts based on what it would cost to perform all postclosure care in 2015. 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, 2015, the county did not appropriate any operating subsidies to the Macon County Joint Economic and Community Development/Industrial Board.

**G. Retirement Commitments**

**Tennessee Consolidated Retirement System (TCRS)**

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Macon County and non-certified employees of the discretely presented Macon County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 44.69 percent and the non-certified employees of the discretely present School Department comprise 55.31 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

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

a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

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

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

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	62
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	209
Active Employees	367
 Total	 <u>638</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Macon County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Macon County were 276,748 based on a rate of 3.27 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Macon County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

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

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

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

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

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

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

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

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

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

**Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 14,584,379	\$ 14,852,899	\$ (268,520)
Changes for the year:			
Service Cost	\$ 790,999	\$ 0	\$ 790,999
Interest	1,136,097	0	1,136,097
Differences Between Expected and Actual Experience	(549,980)	0	(549,980)
Contributions-Employer	0	587,705	(587,705)
Contributions-Employees	0	447,413	(447,413)
Net Investment Income	0	2,532,807	(2,532,807)
Benefit Payments, Including Refunds of Employee Contributions	(454,825)	(454,825)	0
Administrative Expense	0	(13,802)	13,802
Other Changes	0	0	0
Net Changes	\$ 922,291	\$ 3,099,298	\$ (2,177,007)
Balance, June 30, 2014	\$ 15,506,670	\$ 17,952,197	\$ (2,445,527)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	44.69%	\$ 6,929,930	\$ 8,022,837	\$ (1,092,907)
School Department	55.31%	8,576,740	9,929,360	(1,352,620)
Total		\$ 15,506,670	\$ 17,952,197	\$ (2,445,527)

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

	1% Decrease	Current Discount Rate	1% Increase
<u>Macon County</u>	<u>6.5%</u>	<u>7.5%</u>	<u>8.5%</u>
Net Pension Liability	\$ (124,610)	\$ (2,445,527)	\$ (4,348,236)

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

*Pension Expense.* For the year ended June 30, 2015, Macon County recognized pension expense of \$186.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 471,411
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,118,077
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>276,748</u>	<u>N/A</u>
Total	<u>\$ 276,748</u>	<u>\$ 1,589,488</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 154,369	\$ 710,343
School Department	122,379	879,145
Total	\$ 276,748	\$ 1,589,488

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

Year Ending June 30	Amount
2016	\$ (358,088)
2017	(358,088)
2018	(358,088)
2019	(358,088)
2020	(78,569)
Thereafter	(78,569)

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

**Discretely Presented Macon County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Macon County and non-certified employees of the discretely presented Macon County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 44.69 percent and the non-certified employees of the discretely present School Department comprise 55.31 percent of the plan based on census data.

## **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information About the Pension Plan**

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

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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level approved by the TCRS Board of Trustees is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$37,348, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 37,348	N/A

The Macon County School Department’s employer contributions of \$37,348 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

## **Teacher Legacy Pension Plan**

### **General Information About the Pension Plan**

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

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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of

Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Macon County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$1,112,886, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

*Pension Assets.* At June 30, 2015, the Macon County School Department reported an asset of \$53,063 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Macon County School Department's proportion of the net pension asset was based on the Macon County School Department's employer contribution to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Claiborne County School Department's portion was 0.326550 percent. The proportion measured as of June 30, 2013, was 0.326128 percent.

*Pension Income.* For the year ended June 30, 2015, the Macon County School Department recognized a pension income of \$44,515.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 128,823	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,372,047
Changes in Proportion and Differences Between LEA's Contributions and Proportionate Share of Contributions LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	5,962	0
	<u>1,112,886</u>	<u>N/A</u>
Total	<u>\$ 1,247,671</u>	<u>\$ 4,372,047</u>

The Macon County School Department's employer contributions of \$1,112,886 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (1,070,547)
2017	(1,070,547)
2018	(1,070,547)
2019	(1,070,547)
2020	22,464
Thereafter	22,464

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

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

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

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

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

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability      \$ 8,949,661    \$ (53,063)    \$ (7,506,343)

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

**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* 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 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, 2015, the School Department made contributions totaling \$164,252 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Insurance Plan
	<hr/>
ARC	\$ 267,000
Interest on the NOPEBO	72,298
Adjustment to the ARC	(70,436)
Annual OPEB cost	<hr/> \$ 268,862
Amount of contribution	(164,252)
Increase/decrease in NOPEBO	<hr/> \$ 104,610
Net OPEB obligation, 7-1-14	<hr/> 1,807,453
	<hr/>
Net OPEB obligation, 6-30-15	<u><u>\$ 1,912,063</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>		<hr/>	<hr/>	<hr/>
6-30-13	Local Education Group	\$ 460,512	32	% \$ 1,730,269
6-30-14	"	259,783	70	1,807,453
6-30-15	"	268,862	61	1,912,063

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 seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in fiscal year 2016 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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

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

	<u>2014</u>
<b>Total Pension Liability (Asset)</b>	
Service Cost	\$ 790,999
Interest	1,136,097
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(549,980)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	(454,825)
Net Change in Total Pension Liability (Asset)	\$ 922,291
Total Pension Liability (Asset), Beginning	<u>14,584,379</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 15,506,670</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 587,705
Contributions - Employee	447,413
Net Investment Income	2,532,807
Benefit Payments, Including Refunds of Employee Contributions	(454,825)
Administrative Expense	(13,802)
Net Change in Plan Fiduciary Net Position	\$ 3,099,298
Plan Fiduciary Net Position, Beginning	<u>14,852,899</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 17,952,197</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ (2,445,527)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	115.77%
Covered Employee Payroll	\$ 8,945,171
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	27.34%

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

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

Exhibit E-2

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

	2014	2015
Actuarially Determined Contribution	\$ 587,705	\$ 276,748
Less Contributions in Relation to the Actuarially Determined Contribution	(587,705)	(276,748)
Contribution Deficiency (Excess)	<u>0</u>	<u>0</u>
Covered Employee Payroll	\$ 8,945,171	\$ 9,960,088
Contributions as a Percentage of Covered Employee Payroll	6.57%	2.78%

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

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

Exhibit E-3

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

	<u>2015</u>
Actuarially Determined Contribution	\$ 23,343
Less Contributions in Relation to the Actuarially Determined Contribution	(37,348)
Contribution Deficiency (Excess)	<u><u>\$ (14,006)</u></u>
Covered Employee Payroll	\$ 933,691
Contributions as a Percentage of Covered Employee Payroll	4.00%

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

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,138,156	\$ 1,112,886
Less Contributions in Relation to the Actuarially Determined Contribution	(1,138,156)	(1,112,886)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 12,817,063	\$ 12,310,743
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

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

Exhibit E-5

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

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.326550%
School Department's Proportionate Share of the Net Pension Asset	\$ 53,063
Covered Employee Payroll	\$ 12,817,063
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

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

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

Exhibit E-6

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

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-10	\$ 0	\$ 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, 2015**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	1 Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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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.

Macon County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	<u>Special Revenue Funds</u>				Total Nonmajor Governmental Funds
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
Cash	\$ 545	\$ 100	\$ 0	\$ 52,197	\$ 52,842
Equity in Pooled Cash and Investments	23,172	199,139	75,172	0	297,483
Accounts Receivable	0	957	0	6,987	7,944
Property Taxes Receivable	0	199,297	0	0	199,297
Allowance for Uncollectible Property Taxes	0	(6,364)	0	0	(6,364)
<b>Total Assets</b>	<b>\$ 23,717</b>	<b>\$ 393,129</b>	<b>\$ 75,172</b>	<b>\$ 59,184</b>	<b>\$ 551,202</b>
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 0	\$ 621	\$ 0	\$ 0	\$ 621
Total Liabilities	\$ 0	\$ 621	\$ 0	\$ 0	\$ 621
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 187,616	\$ 0	\$ 0	\$ 187,616
Deferred Delinquent Property Taxes	0	4,867	0	0	4,867
Total Deferred Inflows of Resources	\$ 0	\$ 192,483	\$ 0	\$ 0	\$ 192,483
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 0	\$ 75,172	\$ 0	\$ 75,172
Restricted for Public Health and Welfare	0	200,025	0	0	200,025

(Continued)

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

Special Revenue Funds						Total Nonmajor Governmental Funds
Public Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees			
\$ 23,717	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,717
0	0	0	0	59,184	59,184	59,184
\$ 23,717	\$ 200,025	\$ 75,172	\$ 59,184	\$ 59,184	\$ 59,184	\$ 358,098
\$ 23,717	\$ 393,129	\$ 75,172	\$ 59,184	\$ 59,184	\$ 59,184	\$ 551,202

FUND BALANCES (Cont.)

Restricted (Cont.):  
 Restricted for Social, Cultural, and Recreational Services  
 Committed:  
 Committed for Finance  
 Total Fund Balances  
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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, 2015

	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	\$ 0	\$ 0	\$ 185,513	\$ 0	\$ 0	\$ 0	\$ 185,513
Fines, Forfeitures, and Penalties	0	0	0	7,870	0	0	7,870
Charges for Current Services	0	21,300	83,546	0	234,222	0	339,068
State of Tennessee	0	0	22,849	0	0	0	22,849
Total Revenues	\$ 0	\$ 21,300	\$ 291,908	\$ 7,870	\$ 234,222	\$ 0	\$ 555,300
<u>Expenditures</u>							
Current:							
Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 178,623	\$ 0	\$ 178,623
Administration of Justice	0	0	0	0	16,382	0	16,382
Public Safety	0	0	0	91	0	0	91
Public Health and Welfare	0	0	249,635	0	0	0	249,635
Social, Cultural, and Recreational Services	0	40,581	0	0	0	0	40,581
Total Expenditures	\$ 0	\$ 40,581	\$ 249,635	\$ 91	\$ 195,005	\$ 0	\$ 485,312
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (19,281)	\$ 42,273	\$ 7,779	\$ 39,217	\$ 69,988	\$ 69,988
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (15,806)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (15,806)
Total Other Financing Sources (Uses)	\$ (15,806)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (15,806)
Net Change in Fund Balances	\$ (15,806)	\$ (19,281)	\$ 42,273	\$ 7,779	\$ 39,217	\$ 54,182	\$ 54,182
Fund Balance, July 1, 2014	15,806	42,998	157,752	67,393	19,967	303,916	303,916
Fund Balance, June 30, 2015	\$ 0	\$ 23,717	\$ 200,025	\$ 75,172	\$ 59,184	\$ 358,098	\$ 358,098

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (15,806)	\$ 0	\$ (15,806)	\$ 0
Total Other Financing Sources	\$ (15,806)	\$ 0	\$ (15,806)	\$ 0
Net Change in Fund Balance	\$ (15,806)	\$ 0	\$ (15,806)	\$ 0
Fund Balance, July 1, 2014	15,806	0	15,806	0
Fund Balance, June 30, 2015	\$ 0	\$ 0	\$ 0	\$ 0

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 21,300	\$ 8,000	\$ 8,000	\$ 13,300
Total Revenues	\$ 21,300	\$ 8,000	\$ 8,000	\$ 13,300
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 40,581	\$ 22,900	\$ 45,468	\$ 4,887
Total Expenditures	\$ 40,581	\$ 22,900	\$ 45,468	\$ 4,887
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,281)	\$ (14,900)	\$ (37,468)	\$ 18,187
Net Change in Fund Balance	\$ (19,281)	\$ (14,900)	\$ (37,468)	\$ 18,187
Fund Balance, July 1, 2014	42,998	57,001	57,001	(14,003)
Fund Balance, June 30, 2015	\$ 23,717	\$ 42,101	\$ 19,533	\$ 4,184

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 185,513	\$ 184,415	\$ 184,415	\$ 1,098
Charges for Current Services	83,546	75,000	75,850	7,696
State of Tennessee	22,849	10,000	22,849	0
Total Revenues	<u>\$ 291,908</u>	<u>\$ 269,415</u>	<u>\$ 283,114</u>	<u>\$ 8,794</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Transfer Stations	\$ 249,635	\$ 266,303	\$ 267,153	\$ 17,518
Total Expenditures	<u>\$ 249,635</u>	<u>\$ 266,303</u>	<u>\$ 267,153</u>	<u>\$ 17,518</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 42,273</u>	<u>\$ 3,112</u>	<u>\$ 15,961</u>	<u>\$ 26,312</u>
Net Change in Fund Balance	\$ 42,273	\$ 3,112	\$ 15,961	\$ 26,312
Fund Balance, July 1, 2014	157,752	157,754	157,754	(2)
Fund Balance, June 30, 2015	<u>\$ 200,025</u>	<u>\$ 160,866</u>	<u>\$ 173,715</u>	<u>\$ 26,310</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 7,870	\$ 5,000	\$ 5,000	\$ 2,870
Total Revenues	\$ 7,870	\$ 5,000	\$ 5,000	\$ 2,870
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 91	\$ 5,200	\$ 5,200	\$ 5,109
Total Expenditures	\$ 91	\$ 5,200	\$ 5,200	\$ 5,109
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,779	\$ (200)	\$ (200)	\$ 7,979
Net Change in Fund Balance	\$ 7,779	\$ (200)	\$ (200)	\$ 7,979
Fund Balance, July 1, 2014	67,393	67,393	67,393	0
Fund Balance, June 30, 2015	\$ 75,172	\$ 67,193	\$ 67,193	\$ 7,979

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit G

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,097,019	\$ 1,050,000	\$ 1,050,000	\$ 47,019
Other Local Revenues	8,000	9,600	9,600	(1,600)
State of Tennessee	869,385	850,000	850,000	19,385
Other Governments and Citizens Groups	871,794	0	866,094	5,700
Total Revenues	<u>\$ 2,846,198</u>	<u>\$ 1,909,600</u>	<u>\$ 2,775,694</u>	<u>\$ 70,504</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 724,974	\$ 813,607	\$ 724,974	\$ 0
Highways and Streets	570,949	571,109	570,949	0
Education	990,738	140,567	990,738	0
<u>Interest on Debt</u>				
General Government	68,621	0	68,621	0
Highways and Streets	103,122	182,980	103,188	66
Education	115,887	0	115,887	0
<u>Other Debt Service</u>				
General Government	11,063	0	11,500	437
Total Expenditures	<u>\$ 2,585,354</u>	<u>\$ 1,708,263</u>	<u>\$ 2,585,857</u>	<u>\$ 503</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 260,844</u>	<u>\$ 201,337</u>	<u>\$ 189,837</u>	<u>\$ 71,007</u>
Net Change in Fund Balance	\$ 260,844	\$ 201,337	\$ 189,837	\$ 71,007
Fund Balance, July 1, 2014	<u>3,037,829</u>	<u>2,871,503</u>	<u>2,871,503</u>	<u>166,326</u>
Fund Balance, June 30, 2015	<u>\$ 3,298,673</u>	<u>\$ 3,072,840</u>	<u>\$ 3,061,340</u>	<u>\$ 237,333</u>

# Fiduciary Funds

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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.

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

Constitutional Officers - Agency 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, 2015

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 953,180	\$ 953,180
Accounts Receivable	0	17,832	17,832
Due from Other Governments	308,698	0	308,698
Total Assets	<u>\$ 308,698</u>	<u>\$ 971,012</u>	<u>\$ 1,279,710</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 308,698	\$ 0	\$ 308,698
Due to Litigants, Heirs, and Others	0	971,012	971,012
Total Liabilities	<u>\$ 308,698</u>	<u>\$ 971,012</u>	<u>\$ 1,279,710</u>

## Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,685,861	\$ 1,685,861	\$ 0
Due from Other Governments	274,006	308,698	274,006	308,698
Total Assets	\$ 274,006	\$ 1,994,559	\$ 1,959,867	\$ 308,698
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 274,006	\$ 1,994,559	\$ 1,959,867	\$ 308,698
Total Liabilities	\$ 274,006	\$ 1,994,559	\$ 1,959,867	\$ 308,698
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 492,423	\$ 6,190,043	\$ 5,729,286	\$ 953,180
Accounts Receivable	17,080	17,832	17,080	17,832
Total Assets	\$ 509,503	\$ 6,207,875	\$ 5,746,366	\$ 971,012
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 509,503	\$ 6,207,875	\$ 5,746,366	\$ 971,012
Total Liabilities	\$ 509,503	\$ 6,207,875	\$ 5,746,366	\$ 971,012
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 492,423	\$ 6,190,043	\$ 5,729,286	\$ 953,180
Equity in Pooled Cash and Investments	0	1,685,861	1,685,861	0
Accounts Receivable	17,080	17,832	17,080	17,832
Due from Other Governments	274,006	308,698	274,006	308,698
Total Assets	\$ 783,509	\$ 8,202,434	\$ 7,706,233	\$ 1,279,710
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 274,006	\$ 1,994,559	\$ 1,959,867	\$ 308,698
Due to Litigants, Heirs, and Others	509,503	6,207,875	5,746,366	971,012
Total Liabilities	\$ 783,509	\$ 8,202,434	\$ 7,706,233	\$ 1,279,710

# Macon County School Department

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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.

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

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

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

Exhibit I-1

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 16,684,560	\$ 1,690	\$ 1,901,783	\$ (14,781,087)
Support Services	9,249,520	53,599	0	(9,195,921)
Operation of Non-instructional Services	2,239,686	526,662	1,424,986	(288,038)
Other Debt Service	89,432	0	0	(89,432)
<b>Total Governmental Activities</b>	<b>\$ 28,263,198</b>	<b>\$ 581,951</b>	<b>\$ 3,326,769</b>	<b>\$ (24,354,478)</b>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,153,731
Local Option Sales Tax				1,997,897
Interstate Telecommunications Tax				2,130
Grants and Contributions Not Restricted to Specific Programs				21,143,345
Pension Income				44,515
Miscellaneous				38,844
Gain on Disposal of Capital Assets				15,400
<b>Total General Revenues</b>				<b>\$ 26,395,862</b>
Change in Net Position				\$ 2,041,384
Net Position, July 1, 2014				12,609,967
Restatement - See Note I.D.8.				(3,755,135)
<b>Net Position, June 30, 2015</b>				<b>\$ 10,896,216</b>

Exhibit I-2

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

	<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	4,104,409	430,876	4,535,285
Accounts Receivable	1,960	587	2,547
Due from Other Governments	912,008	158,144	1,070,152
Property Taxes Receivable	3,270,342	0	3,270,342
Allowance for Uncollectible Property Taxes	(106,855)	0	(106,855)
Total Assets	<u>\$ 8,181,864</u>	<u>\$ 589,707</u>	<u>\$ 8,771,571</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 76,440	\$ 1,908	\$ 78,348
Due to State of Tennessee	3,200	2,046	5,246
Total Liabilities	<u>\$ 79,640</u>	<u>\$ 3,954</u>	<u>\$ 83,594</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,071,906	\$ 0	\$ 3,071,906
Deferred Delinquent Property Taxes	83,829	0	83,829
Other Deferred/Unavailable Revenue	171,545	0	171,545
Total Deferred Inflows of Resources	<u>\$ 3,327,280</u>	<u>\$ 0</u>	<u>\$ 3,327,280</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 3,709,544	\$ 385,753	\$ 4,095,297
Committed:			
Committed for Education	0	200,000	200,000
Assigned:			
Assigned for Education	160,235	0	160,235
Unassigned	905,165	0	905,165
Total Fund Balances	<u>\$ 4,774,944</u>	<u>\$ 585,753</u>	<u>\$ 5,360,697</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,181,864</u>	<u>\$ 589,707</u>	<u>\$ 8,771,571</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, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	5,360,697
(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		10,803,525	
Add: other capital assets net of accumulated depreciation		<u>1,871,306</u>	13,057,094
(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	\$	(3,426,776)	
Less: other postemployment benefits liability		<u>(1,912,063)</u>	(5,338,839)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	1,407,398	
Less: deferred inflows of resources related to pensions		<u>(5,251,192)</u>	(3,843,794)
(4) Net pension assets of the cost-sharing plan are not current financial resources and therefore are not reported in the governmental funds.			1,405,684
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>255,374</u>
Net position of governmental activities (Exhibit A)		\$	<u>10,896,216</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, 2015

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 5,179,402	\$ 0	\$ 5,179,402
Licenses and Permits	1,824	0	1,824
Charges for Current Services	63,510	464,842	528,352
Other Local Revenues	109,745	589	110,334
State of Tennessee	20,670,283	0	20,670,283
Federal Government	104,308	3,655,481	3,759,789
Total Revenues	<u>\$ 26,129,072</u>	<u>\$ 4,120,912</u>	<u>\$ 30,249,984</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 15,469,214	\$ 1,455,484	\$ 16,924,698
Support Services	8,570,676	763,145	9,333,821
Operation of Non-Instructional Services	374,077	1,903,225	2,277,302
Capital Outlay	116,885	0	116,885
Debt Service:			
Other Debt Service	866,094	0	866,094
Total Expenditures	<u>\$ 25,396,946</u>	<u>\$ 4,121,854</u>	<u>\$ 29,518,800</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 732,126</u>	<u>\$ (942)</u>	<u>\$ 731,184</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 37,620	\$ 587	\$ 38,207
Transfers In	13,012	19,188	32,200
Transfers Out	(19,188)	(13,012)	(32,200)
Total Other Financing Sources (Uses)	<u>\$ 31,444</u>	<u>\$ 6,763</u>	<u>\$ 38,207</u>
Net Change in Fund Balances	\$ 763,570	\$ 5,821	\$ 769,391
Fund Balance, July 1, 2014	4,011,374	579,932	4,591,306
Fund Balance, June 30, 2015	<u>\$ 4,774,944</u>	<u>\$ 585,753</u>	<u>\$ 5,360,697</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, 2015

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	769,391
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	135,504	
Less: current-year depreciation expense		<u>(862,671)</u>	(727,167)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2014	\$	(245,291)	
Add: deferred delinquent property taxes and other deferred June 30, 2015		<u>255,374</u>	10,083
(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.			
Add: principal contributions on notes to the primary government			776,662
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in pension liability/asset	\$	5,160,819	
Change in deferred outflows of resources related to pensions		1,407,398	
Change in deferred inflows of resources related to pensions		(5,251,192)	
Change in other postemployment benefits liability		<u>(104,610)</u>	<u>1,212,415</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 2,041,384</u>

Exhibit I-6

Macon County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Macon County School Department  
June 30, 2015

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	44,352	386,524	430,876
Accounts Receivable	0	587	587
Due from Other Governments	158,144	0	158,144
Total Assets	<u>\$ 202,496</u>	<u>\$ 387,211</u>	<u>\$ 589,707</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,337	\$ 571	\$ 1,908
Due to State of Tennessee	1,159	887	2,046
Total Liabilities	<u>\$ 2,496</u>	<u>\$ 1,458</u>	<u>\$ 3,954</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 385,753	\$ 385,753
Committed:			
Committed for Education	200,000	0	200,000
Total Fund Balances	<u>\$ 200,000</u>	<u>\$ 385,753</u>	<u>\$ 585,753</u>
Total Liabilities and Fund Balances	<u>\$ 202,496</u>	<u>\$ 387,211</u>	<u>\$ 589,707</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, 2015

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 464,842	\$ 464,842
Other Local Revenues	0	589	589
Federal Government	2,249,430	1,406,051	3,655,481
Total Revenues	<u>\$ 2,249,430</u>	<u>\$ 1,871,482</u>	<u>\$ 4,120,912</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,455,484	\$ 0	\$ 1,455,484
Support Services	763,145	0	763,145
Operation of Non-instructional Services	36,636	1,866,589	1,903,225
Total Expenditures	<u>\$ 2,255,265</u>	<u>\$ 1,866,589</u>	<u>\$ 4,121,854</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,835)</u>	<u>\$ 4,893</u>	<u>\$ (942)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 587	\$ 587
Transfers In	0	19,188	19,188
Transfers Out	(13,012)	0	(13,012)
Total Other Financing Sources (Uses)	<u>\$ (13,012)</u>	<u>\$ 19,775</u>	<u>\$ 6,763</u>
Net Change in Fund Balances	\$ (18,847)	\$ 24,668	\$ 5,821
Fund Balance, July 1, 2014	218,847	361,085	579,932
Fund Balance, June 30, 2015	<u>\$ 200,000</u>	<u>\$ 385,753</u>	<u>\$ 585,753</u>

Exhibit I-8

Macon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Macon County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 5,179,402	\$ 0	\$ 5,179,402	\$ 5,023,392	\$ 5,023,392	\$ 156,010
Licenses and Permits	1,824	0	1,824	2,000	2,000	(176)
Charges for Current Services	63,510	0	63,510	51,000	51,000	12,510
Other Local Revenues	109,745	0	109,745	70,400	70,400	39,345
State of Tennessee	20,670,283	0	20,670,283	20,611,487	20,722,529	(52,246)
Federal Government	104,308	0	104,308	115,000	115,000	(10,692)
<b>Total Revenues</b>	<b>\$ 26,129,072</b>	<b>\$ 0</b>	<b>\$ 26,129,072</b>	<b>\$ 25,873,279</b>	<b>\$ 25,984,321</b>	<b>\$ 144,751</b>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 12,559,870	\$ 0	\$ 12,559,870	\$ 13,132,926	\$ 13,105,736	\$ 545,866
Alternative Instruction Program	156,364	0	156,364	184,094	184,094	27,730
Special Education Program	1,802,642	0	1,802,642	1,946,737	1,946,737	144,095
Vocational Education Program	950,338	0	950,338	1,073,678	1,048,595	98,257
<u>Support Services</u>						
Attendance	122,307	0	122,307	122,640	125,140	2,833
Health Services	354,577	0	354,577	370,621	370,621	16,044
Other Student Support	638,571	0	638,571	702,050	702,050	63,479
Regular Instruction Program	775,110	0	775,110	845,048	865,048	89,938
Alternative Instruction Program	0	0	0	600	600	600
Special Education Program	223,727	0	223,727	258,872	258,872	35,145
Vocational Education Program	31,276	0	31,276	32,490	37,490	6,214
Other Programs	111,042	0	111,042	0	111,042	0
Board of Education	465,598	0	465,598	479,130	493,130	27,532
Director of Schools	149,140	0	149,140	144,930	154,703	5,563

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Office of the Principal	\$ 1,354,587	\$ 0	\$ 1,354,587	\$ 1,397,275	\$ 1,397,275	\$ 42,688
Fiscal Services	218,098	0	218,098	222,424	223,424	5,326
Operation of Plant	1,958,860	0	1,958,860	2,027,307	2,027,307	68,447
Maintenance of Plant	563,926	0	563,926	641,952	641,952	78,026
Transportation	1,603,857	160,235	1,764,092	1,830,902	1,830,902	66,810
<u>Operation of Non-Instructional Services</u>						
Food Service	77,727	0	77,727	80,900	80,900	3,173
Early Childhood Education	296,350	0	296,350	309,574	309,574	13,224
<u>Capital Outlay</u>						
Regular Capital Outlay	116,885	0	116,885	225,000	225,000	108,115
<u>Principal on Debt</u>						
Education	0	0	0	776,804	0	0
Interest on Debt	0	0	0	111,100	0	0
<u>Other Debt Service</u>						
Education	866,094	0	866,094	0	866,094	0
Total Expenditures	\$ 25,396,946	\$ 160,235	\$ 25,557,181	\$ 26,917,054	\$ 27,006,286	\$ 1,449,105
Excess (Deficiency) of Revenues Over Expenditures	\$ 732,126	\$ (160,235)	\$ 571,891	\$ (1,043,775)	\$ (1,021,965)	\$ 1,593,856
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 37,620	\$ 0	\$ 37,620	\$ 20,000	\$ 20,000	\$ 17,620
Transfers In	13,012	0	13,012	15,000	15,000	(1,988)

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers Out	\$ (19,188) \$	0 \$	(19,188) \$	(19,188) \$	(19,188) \$	0
Total Other Financing Sources	\$ 31,444 \$	0 \$	31,444 \$	15,812 \$	15,812 \$	15,632
Net Change in Fund Balance Fund Balance, July 1, 2014	\$ 763,570 \$	(160,235) \$	603,335 \$	(1,027,963) \$	(1,006,153) \$	1,609,488
Fund Balance, June 30, 2015	\$ 4,011,374	0	4,011,374	3,509,849	3,509,849	501,525
	\$ 4,774,944 \$	(160,235) \$	4,614,709 \$	2,481,886 \$	2,503,696 \$	2,111,013

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,249,430	\$ 2,237,165	\$ 3,175,829	\$ (926,399)
Total Revenues	\$ 2,249,430	\$ 2,237,165	\$ 3,175,829	\$ (926,399)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 761,637	\$ 664,750	\$ 965,660	\$ 204,023
Special Education Program	647,494	663,949	844,644	197,150
Vocational Education Program	46,353	46,353	46,353	0
<u>Support Services</u>				
Other Student Support	30,390	50,366	250,366	219,976
Regular Instruction Program	582,219	665,586	785,750	203,531
Special Education Program	99,148	44,980	181,876	82,728
Transportation	51,388	55,903	55,903	4,515
<u>Operation of Non-instructional Services</u>				
Community Services	36,636	50,000	50,000	13,364
Total Expenditures	\$ 2,255,265	\$ 2,241,887	\$ 3,180,552	\$ 925,287
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,835)	\$ (4,722)	\$ (4,723)	\$ (1,112)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (13,012)	\$ (14,123)	\$ (14,123)	\$ 1,111
Total Other Financing Sources	\$ (13,012)	\$ (14,123)	\$ (14,123)	\$ 1,111
Net Change in Fund Balance	\$ (18,847)	\$ (18,845)	\$ (18,846)	\$ (1)
Fund Balance, July 1, 2014	218,847	18,845	18,846	200,001
Fund Balance, June 30, 2015	\$ 200,000	\$ 0	\$ 0	\$ 200,000

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 464,842	\$ 547,000	\$ 547,000	\$ (82,158)
Other Local Revenues	589	1,100	1,100	(511)
Federal Government	1,406,051	1,500,000	1,500,000	(93,949)
Total Revenues	<u>\$ 1,871,482</u>	<u>\$ 2,048,100</u>	<u>\$ 2,048,100</u>	<u>\$ (176,618)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,866,589	\$ 2,067,300	\$ 2,067,300	\$ 200,711
Total Expenditures	<u>\$ 1,866,589</u>	<u>\$ 2,067,300</u>	<u>\$ 2,067,300</u>	<u>\$ 200,711</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,893</u>	<u>\$ (19,200)</u>	<u>\$ (19,200)</u>	<u>\$ 24,093</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 587	\$ 0	\$ 0	\$ 587
Transfers In	19,188	19,200	19,200	(12)
Total Other Financing Sources	<u>\$ 19,775</u>	<u>\$ 19,200</u>	<u>\$ 19,200</u>	<u>\$ 575</u>
Net Change in Fund Balance	\$ 24,668	\$ 0	\$ 0	\$ 24,668
Fund Balance, July 1, 2014	<u>361,085</u>	<u>0</u>	<u>0</u>	<u>361,085</u>
Fund Balance, June 30, 2015	<u>\$ 385,753</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 385,753</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-15
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Energy Efficiency Loan	\$ 138,649	0%	6-3-09	6-30-16	\$ 39,614	\$ 0	\$ 19,807	\$ 19,807
Highway and Refunding	4,645,531	2.04	9-1-09	9-1-19	2,564,249	0	470,095	2,094,154
E-911 Building	153,529	2.49	12-13-11	11-18-16	94,387	0	30,690	63,697
Tanker Building	47,700	2.45	3-28-12	3-28-17	28,620	0	9,540	19,080
West Macon Rescue Building	61,514	2.25	8-7-12	8-7-17	49,211	0	12,303	36,908
School Security, Equipment, and Patrol Cars	142,022	2.09	4-26-13	4-26-18	113,941	0	28,404	85,537
LES School Roof	587,993	2.02	10-30-13	10-1-18	587,993	0	109,993	478,000
Macon County Library Roof	72,000	1.47	9-11-13	9-11-16	72,000	0	24,000	48,000
County Road Repairs	2,000,000	2.29	11-13-13	11-13-19	1,000,000	1,000,000	166,667	1,833,333
Storage Building	75,000	1.74	3-17-15	3-17-20	0	75,000	0	75,000
Total Payable through General Debt Service Fund					\$ 4,550,015	\$ 1,075,000	\$ 871,499	\$ 4,753,516
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>								
School Refunding	4,766,431	3.66	9-29-10	10-1-18	\$ 2,397,019	\$ 0	\$ 595,804	\$ 1,801,215
Energy Efficiency Loan	2,223,244	.75	7-19-11	3-1-24	1,806,419	0	180,858	1,625,561
Total Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund					\$ 4,203,438	\$ 0	\$ 776,662	\$ 3,426,776
Total Notes Payable					\$ 8,753,453	\$ 1,075,000	\$ 1,648,161	\$ 8,180,292
<b>GENERAL BONDED DEBT</b>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds	3,830,660	1.96	5-30-13	6-1-19	\$ 3,192,500	\$ 0	\$ 638,500	\$ 2,554,000
Total General Bonded Debt					\$ 3,192,500	\$ 0	\$ 638,500	\$ 2,554,000

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 1,769,417	\$ 184,194	\$ 1,953,611
2017	1,762,333	140,408	1,902,741
2018	1,709,393	96,029	1,805,422
2019	1,098,938	95,813	1,194,751
2020	1,139,589	22,801	1,162,390
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>\$ 8,180,292</u>	<u>\$ 549,208</u>	<u>\$ 8,729,500</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
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>\$ 2,554,000</u>	<u>\$ 125,147</u>	<u>\$ 2,679,147</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, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General	Risk management director's salary	\$ 2,400
Courthouse and Jail Maintenance	General	Close fund	15,806
Total Primary Government			<u>\$ 18,206</u>
<u>DISCRETELY PRESENTED MACON COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Operations	\$ 19,188
School Federal Projects	General Purpose School	Indirect costs	13,012
Total Transfers Discretely Presented Macon County School Department			<u>\$ 32,200</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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Shelvy Linville (7-1-14 through 8-31-14)	Section 8-24-102, TCA, and County Commission	\$ 13,873 (1)	\$ 50,000	Western Surety Company
Steve Jones (9-1-14 through 6-30-15)	Section 8-24-102, TCA, and County Commission	61,666 (2)	50,000	"
Supervisor of Roads	Section 8-24-102, TCA	70,228	100,000	"
Director of Schools	State Board of Education and Local Board of Education	82,210 (3)	(4)	
Assessor of Property	Section 8-24-102, TCA	63,843	50,000	RLI Insurance Company
Trustee	Section 8-24-102, TCA	63,843	1,149,074	Auto Owners Mutual Insurance Company
County Clerk:				
James Howser (7-1-14 through 8-31-14)	Section 8-24-102, TCA	11,951 (5)	50,000	RLI Insurance Company
Connie Blackwell (9-1-14 through 6-30-15)	Section 8-24-102, TCA	53,092 (6)	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	63,843	60,000	Western Surety Company
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	63,843 (7)	75,000	The Cincinnati Insurance Company
Register of Deeds:				
Melinda Ferguson (7-1-14 through 8-31-14)	Section 8-24-102, TCA	11,751	25,000	RLI Insurance Company
Cynthia Jones (9-1-14 through 6-30-15)	Section 8-24-102, TCA	52,092	100,000	"
Sheriff	Section 8-24-102, TCA	70,228 (8)	100,000	"
Other Bonds				
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 \$300 for serving as a consultant to the County Commission.
- (2) Includes \$1,500 for serving as a consultant to the County Commission.
- (3) Includes \$1,000 for a chief executive officer training supplement.
- (4) Includes employee blanket bond coverage for the director of schools.
- (5) Includes \$200 for attending County Commission meetings.
- (6) Includes \$1,000 for attending County Commission meetings.
- (7) Does not include \$16,382 in special commissioner fees.
- (8) 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, 2015

	Special Revenue Funds						Highway / Public Works
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 4,131,877	\$ 0	\$ 172,547	\$ 0	\$ 0	\$ 0	398,602
Trustee's Collections - Prior Year	136,032	0	5,607	0	0	0	12,427
Trustee's Collections - Bankruptcy	323	0	14	0	0	0	28
Circuit Clerk/Clerk and Master Collections - Prior Years	102,922	0	4,248	0	0	0	9,437
Interest and Penalty	42,989	0	909	0	0	0	2,023
<u>County Local Option Taxes</u>							
Local Option Sales Tax	287,782	0	0	0	0	0	0
Hotel/Motel Tax	19,781	0	0	0	0	0	0
Wheel Tax	290,160	0	0	0	0	0	0
Litigation Tax - General	137,340	0	0	0	0	0	0
Litigation Tax - Special Purpose	640	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0
Business Tax	151,494	0	0	0	0	0	0
Adequate Facilities/Development Tax	226,466	0	7	0	0	0	36
<u>Statutory Local Taxes</u>							
Bank Excise Tax	52,833	0	2,181	0	0	0	4,820
Wholesale Beer Tax	129,033	0	0	0	0	0	0
Interstate Telecommunications Tax	1,595	0	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 5,711,267</b>	<b>\$ 0</b>	<b>\$ 185,513</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>427,373</b>
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 30,823	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>							
Beer Permits	475	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Building Permits	\$ 18,552	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	887	0	0	0	0	0
<b>Total Licenses and Permits</b>	<b>\$ 50,737</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 19,846	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
DUI Treatment Fines	5,196	0	0	0	0	0
Data Entry Fee - Circuit Court	1,463	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	19,243	0	0	0	0	0
Fines for Littering	153	0	0	0	0	0
Officers Costs	29,095	0	0	0	0	0
Game and Fish Fines	27	0	0	0	0	0
Drug Control Fines	0	0	0	7,870	0	0
Jail Fees	13,576	0	0	0	0	0
District Attorney General Fees	18,762	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,478	0	0	0	0	0
Courtroom Security Fee	2,332	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	3,409	0	0	0	0	0
Officers Costs	5,759	0	0	0	0	0
Interpreter Fee	246	0	0	0	0	0
Data Entry Fee - Juvenile Court	730	0	0	0	0	0
Courtroom Security Fee	113	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	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court</u>						
Officers Costs	2,844 \$	0 \$	0 \$	0 \$	0 \$	0
Data Entry Fee - Chancery Court	8,735	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 139,007 \$	0 \$	0 \$	7,870 \$	0 \$	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Transfer Waste Stations Collection Charge	0 \$	0 \$	83,546 \$	0 \$	0 \$	0
Patient Charges	1,412,736	0	0	0	0	0
Other General Service Charges	100	0	0	0	0	0
<u>Fees</u>						
Copy Fees	141	0	0	0	0	0
Library Fees	0	21,300	0	0	0	0
Greenbelt Late Application Fee	350	0	0	0	0	0
Telephone Commissions	72,497	0	0	0	0	0
Vending Machine Collections	175	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	217,840	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	16,382	0
Data Processing Fee - Register	6,850	0	0	0	0	0
Probation Fees	119,864	0	0	0	0	0
Data Processing Fee - Sheriff	3,458	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	5,445	0	0	0	0	0
Total Charges for Current Services	\$ 1,621,616 \$	21,300 \$	83,546 \$	0 \$	234,222 \$	0

(Continued)

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 27,928	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	21,990	0	0	0	0	0
Sale of Materials and Supplies	43,834	0	0	0	0	1,098
Commissary Sales	32,406	0	0	0	0	0
Miscellaneous Refunds	169,357	0	0	0	0	4,285
<u>Nonrecurring Items</u>						
Contributions and Gifts	186,148	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	31	0	0	0	0	0
Total Other Local Revenues	\$ 481,694	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,383
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 55,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	78,353	0	0	0	0	0
General Sessions Court Clerk	137,976	0	0	0	0	0
Clerk and Master	67,245	0	0	0	0	0
Juvenile Court Clerk	22,468	0	0	0	0	0
Register	70,256	0	0	0	0	0
Sheriff	8,656	0	0	0	0	0
Trustee	292,557	0	0	0	0	0
Total Fees Received From County Officials	\$ 732,511	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	0	22,849	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	15,600	0	0	0	0	0
Other Public Safety Grants	4,860	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	101,901	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	311,055
Litter Program	35,600	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	18,141	0	0	0	0	0
Beer Tax	8,357	0	0	0	0	0
Alcoholic Beverage Tax	42,954	0	0	0	0	0
State Revenue Sharing - T.V.A.	274,645	0	0	0	0	0
Contracted Prisoner Boarding	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,496,012
Petroleum Special Tax	0	0	0	0	0	16,053
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Revenues	3,996	0	0	0	0	0
Total State of Tennessee	\$ 534,718	\$ 0	\$ 22,849	\$ 0	\$ 0	\$ 1,823,120
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 1,892,241	\$ 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	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	\$ 3,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	\$ 1,895,441	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board Contributions	\$ 150,373	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	70,766	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 221,139	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 11,388,130	\$ 21,300	\$ 291,908	\$ 7,870	\$ 234,222	\$ 2,255,876

(Continued)

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

	Debt Service Fund	Total
	General Debt Service	
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	0 \$	4,703,026
Trustee's Collections - Prior Year	0	154,066
Trustee's Collections - Bankruptcy	0	365
Circuit Clerk/Clerk and Master Collections - Prior Years	0	116,607
Interest and Penalty	0	45,921
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	287,782
Hotel/Motel Tax	0	19,781
Wheel Tax		
Litigation Tax - General	1,041,649	1,331,809
Litigation Tax - Special Purpose	40,075	177,415
Litigation Tax - Jail, Workhouse, or Courthouse	0	640
Business Tax	15,295	15,295
Adequate Facilities/Development Tax	0	151,494
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	226,509
Wholesale Beer Tax	0	59,834
Interstate Telecommunications Tax	0	129,033
Total Local Taxes	0	1,595
	<u>\$ 1,097,019 \$</u>	<u>7,421,172</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	0 \$	30,823
<u>Permits</u>		
Beer Permits	0	475

(Continued)

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

	Debt Service Fund	General Debt Service	Total
<u>Licenses and Permits (Cont.)</u>			
<u>Permits (Cont.)</u>			
Building Permits	0 \$		18,552
Other Permits	0		887
<b>Total Licenses and Permits</b>	<b>0 \$</b>		<b>50,737</b>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	0 \$		19,846
DUI Treatment Fines	0		5,196
Data Entry Fee - Circuit Court	0		1,463
<u>General Sessions Court</u>			
Fines	0		19,243
Fines for Littering	0		153
Officers Costs	0		29,095
Game and Fish Fines	0		27
Drug Control Fines	0		7,870
Jail Fees	0		13,576
District Attorney General Fees	0		18,762
Data Entry Fee - General Sessions Court	0		7,478
Courtroom Security Fee	0		2,332
<u>Juvenile Court</u>			
Fines	0		3,409
Officers Costs	0		5,759
Interpreter Fee	0		246
Data Entry Fee - Juvenile Court	0		730
Courtroom Security Fee	0		113

(Continued)

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

	Debt Service Fund	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Chancery Court</u>			
Officers Costs	0 \$		2,844
Data Entry Fee - Chancery Court	0		8,735
Total Fines, Forfeitures, and Penalties	<u>0 \$</u>		<u>146,877</u>
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Transfer Waste Stations Collection Charge	0 \$		83,546
Patient Charges	0		1,412,736
Other General Service Charges	0		100
<u>Fees</u>			
Copy Fees	0		141
Library Fees	0		21,300
Greenbelt Late Application Fee	0		350
Telephone Commissions	0		72,497
Vending Machine Collections	0		175
Constitutional Officers' Fees and Commissions	0		217,840
Special Commissioner Fees/Special Master Fees	0		16,382
Data Processing Fee - Register	0		6,850
Probation Fees	0		119,864
Data Processing Fee - Sheriff	0		3,458
Sexual Offender Registration Fee - Sheriff	0		5,445
Total Charges for Current Services	<u>0 \$</u>		<u>1,960,684</u>

(Continued)

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

	Debt Service Fund	General Debt Service	Total
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	0	0	27,928
Lease/Rentals	8,000		29,990
Sale of Materials and Supplies	0		44,932
Commissary Sales	0		32,406
Miscellaneous Refunds	0		173,642
<u>Nonrecurring Items</u>			
Contributions and Gifts	0		186,148
<u>Other Local Revenues</u>			
Other Local Revenues	0		31
<b>Total Other Local Revenues</b>	<b>8,000</b>	<b>0</b>	<b>495,077</b>
<u>Fees Received From County Officials</u>			
<u>Excess Fees</u>			
County Clerk	0	0	55,000
<u>Fees In-Lieu-of Salary</u>			
Circuit Court Clerk	0		78,353
General Sessions Court Clerk	0		137,976
Clerk and Master	0		67,245
Juvenile Court Clerk	0		22,468
Register	0		70,256
Sheriff	0		8,656
Trustee	0		292,557
<b>Total Fees Received From County Officials</b>	<b>0</b>	<b>0</b>	<b>732,511</b>

(Continued)

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

	Debt Service Fund	General Debt Service	Total
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	0 \$		13,500
Solid Waste Grants	0		22,849
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0		15,600
Other Public Safety Grants	0		4,860
<u>Health and Welfare Grants</u>			
Health Department Programs	0		101,901
<u>Public Works Grants</u>			
State Aid Program	0		311,055
Litter Program	0		35,600
<u>Other State Revenues</u>			
Income Tax	0		18,141
Beer Tax	0		8,357
Alcoholic Beverage Tax	0		42,954
State Revenue Sharing - T.V.A.	0		274,645
Contracted Prisoner Boarding	869,385		869,385
Gasoline and Motor Fuel Tax	0		1,496,012
Petroleum Special Tax	0		16,053
Registrar's Salary Supplement	0		15,164
Other State Revenues	0		3,996
Total State of Tennessee	<u>\$ 869,385 \$</u>		<u>3,250,072</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	0 \$		1,892,241
	\$		

(Continued)

Exhibit J-5

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

	Debt Service Fund	General Debt Service	Total
<u>Federal Government (Cont.)</u>			
<u>Direct Federal Revenue</u>			
Other Direct Federal Revenue	0 \$		3,200
Total Federal Government	<u>0 \$</u>		<u>1,895,441</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Prisoner Board	0 \$		150,373
Contributions	871,794		942,560
Total Other Governments and Citizens Groups	<u>871,794 \$</u>		<u>1,092,933</u>
Total	<u>2,846,198 \$</u>		<u>17,045,504</u>

Macon County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Macon County School Department  
For the Year Ended June 30, 2015

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,975,199	\$ 0	\$ 0	\$ 0	2,975,199
Trustee's Collections - Prior Year	92,106	0	0	0	92,106
Trustee's Collections - Bankruptcy	208	0	0	0	208
Circuit Clerk/Clerk and Master Collections - Prior Years	69,599	0	0	0	69,599
Interest and Penalty	15,037	0	0	0	15,037
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,989,396	0	0	0	1,989,396
<u>Statutory Local Taxes</u>					
Bank Excise Tax	35,727	0	0	0	35,727
Interstate Telecommunications Tax	2,130	0	0	0	2,130
Total Local Taxes	\$ 5,179,402	\$ 0	\$ 0	\$ 0	5,179,402
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	1,824	0	0	0	1,824
Total Licenses and Permits	\$ 1,824	\$ 0	\$ 0	\$ 0	1,824
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Regular Day Students	\$ 1,690	\$ 0	\$ 0	\$ 0	1,690
Lunch Payments - Children	0	0	238,758	0	238,758
Lunch Payments - Adults	0	0	49,744	0	49,744
Income from Breakfast	0	0	22,717	0	22,717
A la Carte Sales	0	0	153,623	0	153,623

(Continued)

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

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Receipts from Individual Schools	\$ 61,820	\$ 0	\$ 0	\$ 0	\$ 61,820
Total Charges for Current Services	<u>\$ 63,510</u>	<u>\$ 0</u>	<u>\$ 464,842</u>	<u>\$ 528,352</u>	
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Lease/Rentals	\$ 1	\$ 0	\$ 0	\$ 0	1
Sale of Materials and Supplies	1,176	0	0	0	1,176
E-Rate Funding	53,598	0	0	0	53,598
Miscellaneous Refunds	37,081	0	589	0	37,670
<u>Nonrecurring Items</u>					
Sale of Equipment	15,363	0	0	0	15,363
Damages Recovered from Individuals	35	0	0	0	35
Contributions and Gifts	1,617	0	0	0	1,617
<u>Other Local Revenues</u>	874	0	0	0	874
Total Other Local Revenues	<u>\$ 109,745</u>	<u>\$ 0</u>	<u>\$ 589</u>	<u>\$ 110,334</u>	
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 111,042	\$ 0	\$ 0	\$ 0	111,042
<u>State Education Funds</u>					
Basic Education Program	19,627,556	0	0	0	19,627,556
Early Childhood Education	296,352	0	0	0	296,352
School Food Service	18,935	0	0	0	18,935

(Continued)

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Driver Education	\$ 13,912	\$ 0	\$ 0	\$ 0	13,912
Other State Education Funds	292,743	0	0	0	292,743
Career Ladder Program	106,353	0	0	0	106,353
Career Ladder - Extended Contract	14,770	0	0	0	14,770
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	181,630	0	0	0	181,630
Other State Grants	6,990	0	0	0	6,990
<u>Total State of Tennessee</u>	<u>\$ 20,670,283</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>20,670,283</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 965,051	\$ 0	965,051
USDA - Commodities	0	0	104,268	0	104,268
Breakfast	0	0	330,591	0	330,591
USDA - Other	0	0	6,141	0	6,141
Vocational Education - Basic Grants to States	0	65,720	0	0	65,720
Title I Grants to Local Education Agencies	0	1,184,899	0	0	1,184,899
Special Education - Grants to States	104,308	771,045	0	0	875,353
Special Education Preschool Grants	0	23,020	0	0	23,020
English Language Acquisition Grants	0	5,637	0	0	5,637
Eisenhower Professional Development State Grants	0	135,433	0	0	135,433
Race to the Top - ARRA	0	27,040	0	0	27,040
Other Federal through State	0	36,636	0	0	36,636
<u>Total Federal Government</u>	<u>\$ 104,308</u>	<u>\$ 2,249,430</u>	<u>\$ 1,406,051</u>	<u>\$ 0</u>	<u>3,759,789</u>
<u>Total</u>	<u>\$ 26,129,072</u>	<u>\$ 2,249,430</u>	<u>\$ 1,871,482</u>	<u>\$ 0</u>	<u>30,249,984</u>

Exhibit J-7

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

General Fund

General Government

County Commission

County Official/Administrative Officer	\$	1,800	
Board and Committee Members Fees		33,150	
Social Security		2,673	
State Retirement		62	
Audit Services		6,674	
Consultants		250	
Dues and Memberships		1,350	
Legal Services		45,715	
Legal Notices, Recording, and Court Costs		1,295	
Total County Commission			\$ 92,969

Board of Equalization

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

Beer Board

Legal Notices, Recording, and Court Costs	\$	248	
Total Beer Board			248

Budget and Finance Committee

Legal Notices, Recording, and Court Costs	\$	552	
Total Budget and Finance Committee			552

Other Boards and Committees

Legal Notices, Recording, and Court Costs	\$	928	
Other Supplies and Materials		170	
Total Other Boards and Committees			1,098

County Mayor/Executive

County Official/Administrative Officer	\$	73,739	
Accountants/Bookkeepers		93,667	
Overtime Pay		1,700	
Social Security		12,788	
State Retirement		4,450	
Dues and Memberships		1,350	
Maintenance and Repair Services - Office Equipment		9,167	
Printing, Stationery, and Forms		3,919	
Travel		4,865	
Other Contracted Services		3,062	
Office Supplies		2,183	
Premiums on Corporate Surety Bonds		175	
Data Processing Equipment		2,000	
Office Equipment		14,031	
Total County Mayor/Executive			227,096

County Attorney

Other Contracted Services	\$	6,975	
Total County Attorney			6,975

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	57,459	
Deputy(ies)		26,642	
Temporary Personnel		5,220	
Election Commission		6,930	
Election Workers		7,040	
Social Security		6,530	
State Retirement		2,750	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		5,084	
Maintenance and Repair Services - Equipment		15,457	
Postal Charges		1,670	
Printing, Stationery, and Forms		330	
Rentals		400	
Travel		4,225	
Other Contracted Services		9,500	
Office Supplies		1,191	
Utilities		4,983	
Premiums on Corporate Surety Bonds		40	
Total Election Commission			\$ 155,626

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		30,572	
Social Security		7,122	
State Retirement		2,972	
Dues and Memberships		522	
Legal Notices, Recording, and Court Costs		950	
Printing, Stationery, and Forms		1,764	
Travel		837	
Office Supplies		3,271	
Other Supplies and Materials		262	
Premiums on Corporate Surety Bonds		197	
Data Processing Equipment		18,547	
Office Equipment		3,382	
Total Register of Deeds			134,241

Planning

Supervisor/Director	\$	32,464	
Social Security		2,294	
State Retirement		1,062	
Contracts with Government Agencies		9,250	
Dues and Memberships		125	
Legal Notices, Recording, and Court Costs		164	
Travel		6,179	
Other Contracted Services		5,295	
Office Supplies		1,529	
Premiums on Corporate Surety Bonds		700	
Total Planning			59,062

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Building

Maintenance and Repair Services - Buildings	\$	108,385	
Electricity		3,117	
Water and Sewer		1,146	
Total Building			\$ 112,648

County Buildings

Supervisor/Director	\$	26,266	
Overtime Pay		2,850	
Social Security		2,078	
State Retirement		952	
Communication		24,164	
Licenses		175	
Maintenance and Repair Services - Buildings		12,646	
Other Contracted Services		275	
Electricity		17,468	
Water and Sewer		5,723	
Other Supplies and Materials		6,082	
Other Charges		75,000	
Building Improvements		24,727	
Office Equipment		1,180	
Other Equipment		7,336	
Total County Buildings			206,922

Other Facilities

Custodial Personnel	\$	20,700	
Maintenance Personnel		26,948	
Social Security		3,434	
State Retirement		1,558	
Communication		36,522	
Maintenance and Repair Services - Buildings		35,308	
Pest Control		1,530	
Travel		130	
Custodial Supplies		3,993	
Electricity		84,222	
Water and Sewer		91,149	
Total Other Facilities			305,494

Other General Administration

Supervisor/Director	\$	1,261	
Social Security		96	
State Retirement		41	
Total Other General Administration			1,398

Preservation of Records

Part-time Personnel	\$	7,768	
Social Security		594	
Other Supplies and Materials		1,998	
Total Preservation of Records			10,360

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Risk Management

Supervisor/Director	\$	13,021	
Social Security		996	
Other Contracted Services		2,853	
Total Risk Management			\$ 16,870

Finance

Central Services

Dispatchers/Radio Operators	\$	242,451	
Overtime Pay		55,737	
Social Security		22,248	
State Retirement		8,586	
Maintenance and Repair Services - Buildings		1,268	
Utilities		13,231	
Liability Insurance		5,064	
Site Development		53,702	
Total Central Services			402,287

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		52,072	
Overtime Pay		74	
Other Salaries and Wages		7,429	
Social Security		9,230	
State Retirement		3,793	
Contracts with Other Public Agencies		14,800	
Legal Notices, Recording, and Court Costs		52	
Postal Charges		507	
Printing, Stationery, and Forms		653	
Travel		194	
Office Supplies		182	
Premiums on Corporate Surety Bonds		175	
Total Property Assessor's Office			153,004

Reappraisal Program

Maintenance and Repair Services - Vehicles	\$	998	
Gasoline		1,074	
Office Supplies		93	
Data Processing Equipment		2,684	
Total Reappraisal Program			4,849

County Trustee's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		47,586	
Overtime Pay		761	
Other Salaries and Wages		10,909	
Social Security		9,119	
State Retirement		3,668	

(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 Services	\$	3,567	
Dues and Memberships		507	
Maintenance and Repair Services - Office Equipment		12,393	
Postal Charges		3,858	
Printing, Stationery, and Forms		191	
Travel		854	
Office Supplies		476	
Premiums on Corporate Surety Bonds		6,904	
Office Equipment		9,957	
Total County Trustee's Office			\$ 174,593

County Clerk's Office

Social Security	\$	14,303	
State Retirement		6,189	
Maintenance and Repair Services - Office Equipment		1,059	
Postal Charges		4,621	
Printing, Stationery, and Forms		1,141	
Office Supplies		913	
Other Supplies and Materials		8,482	
Premiums on Corporate Surety Bonds		612	
Office Equipment		332	
Total County Clerk's Office			37,652

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		152,898	
Overtime Pay		3,320	
Jury and Witness Expense		5,124	
Social Security		16,520	
State Retirement		6,822	
Dues and Memberships		527	
Maintenance and Repair Services - Equipment		1,343	
Postal Charges		4,001	
Printing, Stationery, and Forms		2,454	
Travel		1,102	
Other Contracted Services		9,748	
Instructional Supplies and Materials		1,880	
Office Supplies		9,110	
Premiums on Corporate Surety Bonds		1,090	
Other Charges		1,196	
Data Processing Equipment		45,750	
Office Equipment		1,494	
Total Circuit Court			328,222

General Sessions Court

Judge(s)	\$	97,260	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Social Security	\$	7,440	
State Retirement		3,180	
Dues and Memberships		150	
Travel		1,582	
Total General Sessions Court			\$ 109,612

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		26,642	
Temporary Personnel		12,834	
Social Security		7,755	
State Retirement		3,131	
Dues and Memberships		467	
Legal Notices, Recording, and Court Costs		40	
Maintenance and Repair Services - Office Equipment		7,085	
Postal Charges		891	
Travel		394	
Office Supplies		2,021	
Premiums on Corporate Surety Bonds		275	
Data Processing Equipment		3,611	
Office Equipment		464	
Total Chancery Court			129,453

Juvenile Court

Youth Service Officer(s)	\$	29,404	
Social Security		2,191	
State Retirement		964	
Contracts with Government Agencies		4,950	
Dues and Memberships		70	
Printing, Stationery, and Forms		397	
Travel		864	
Office Supplies		524	
Total Juvenile Court			39,364

Judicial Commissioners

County Official/Administrative Officer	\$	24,370	
Social Security		1,857	
Travel		150	
Total Judicial Commissioners			26,377

Probation Services

Probation Officer(s)	\$	81,762	
Overtime Pay		900	
Social Security		5,406	
State Retirement		2,703	
Evaluation and Testing		4,490	
Postal Charges		100	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

Printing, Stationery, and Forms	\$	499	
Travel		219	
Office Supplies		746	
Premiums on Corporate Surety Bonds		320	
Office Equipment		799	
Total Probation Services			\$ 97,944

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,228	
Deputy(ies)		997,951	
Salary Supplements		15,600	
Clerical Personnel		108,932	
Overtime Pay		12,921	
Other Salaries and Wages		31,757	
In-service Training		8,245	
Social Security		91,344	
State Retirement		39,576	
Contracts with Private Agencies		7,232	
Confidential Drug Enforcement Payments		3,767	
Dues and Memberships		1,500	
Maintenance and Repair Services - Equipment		924	
Maintenance and Repair Services - Vehicles		11,728	
Travel		4,620	
Other Contracted Services		10,950	
Gasoline		65,989	
Lubricants		4,504	
Office Supplies		5,767	
Tires and Tubes		9,809	
Uniforms		12,651	
Premiums on Corporate Surety Bonds		4,925	
Workers' Compensation Insurance		3,050	
Law Enforcement Equipment		12,142	
Motor Vehicles		100,453	
Office Equipment		8,440	
Total Sheriff's Department			1,645,005

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	1,500	
Law Enforcement Equipment		1,024	
Total Administration of the Sexual Offender Registry			2,524

Jail

County Official/Administrative Officer	\$	33,078	
Medical Personnel		40,550	
Salary Supplements		13,500	
Guards		424,922	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Cafeteria Personnel	\$	45,895	
Overtime Pay		10,988	
Other Salaries and Wages		37,454	
Social Security		45,244	
State Retirement		18,648	
Medical and Dental Services		98,642	
Travel		2,143	
Custodial Supplies		18,522	
Food Supplies		133,324	
Office Supplies		3,320	
Uniforms		3,198	
Other Supplies and Materials		9,496	
Communication Equipment		9,506	
Data Processing Equipment		11,376	
Law Enforcement Equipment		3,314	
Office Equipment		468	
Other Equipment		37,004	
Total Jail			\$ 1,000,592

Workhouse

Truck Drivers	\$	21,487	
Guards		21,487	
Social Security		3,110	
State Retirement		703	
Maintenance and Repair Services - Vehicles		511	
Instructional Supplies and Materials		10,769	
Other Charges		1,963	
Other Equipment		2,062	
Total Workhouse			62,092

Fire Prevention and Control

Contributions	\$	1,500	
Maintenance and Repair Services - Vehicles		1,499	
Diesel Fuel		767	
Total Fire Prevention and Control			3,766

Rural Fire Protection

Other Salaries and Wages	\$	6,050	
Contributions		2,500	
Maintenance Agreements		2,500	
Total Rural Fire Protection			11,050

Civil Defense

Supervisor/Director	\$	6,197	
Social Security		474	
Maintenance and Repair Services - Vehicles		1,205	
Gasoline		713	

(Continued)

Exhibit J-7

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Civil Defense (Cont.)</u>		
Utilities	\$ 2,669	
Other Equipment	662	
Total Civil Defense		\$ 11,920
 <u>Rescue Squad</u>		
Other Salaries and Wages	\$ 5,000	
In-service Training	2,185	
Maintenance and Repair Services - Vehicles	694	
Gasoline	543	
Other Equipment	173	
Total Rescue Squad		8,595
 <u>Disaster Relief</u>		
Other Salaries and Wages	\$ 2,500	
Maintenance and Repair Services - Buildings	7,452	
Maintenance and Repair Services - Vehicles	893	
Gasoline	453	
Utilities	3,729	
Other Equipment	2,382	
Total Disaster Relief		17,409
 <u>Other Emergency Management</u>		
In-service Training	\$ 1,162	
Maintenance and Repair Services - Buildings	1,400	
Maintenance and Repair Services - Equipment	566	
Maintenance and Repair Services - Vehicles	2,778	
Other Contracted Services	300	
Custodial Supplies	99	
Drugs and Medical Supplies	161	
Gasoline	409	
Office Supplies	300	
Utilities	4,022	
Other Equipment	3,131	
Total Other Emergency Management		14,328
 <u>County Coroner/Medical Examiner</u>		
Medical Personnel	\$ 1,050	
Medical and Dental Services	24,570	
Total County Coroner/Medical Examiner		25,620
 <u>Other Public Safety</u>		
Maintenance Personnel	\$ 2,717	
In-service Training	2,462	
Maintenance and Repair Services - Buildings	525	
Maintenance and Repair Services - Equipment	30	
Road Signs	4,000	
Other Equipment	4,215	
Total Other Public Safety		13,949

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Janitorial Services	\$	6,075	
Maintenance and Repair Services - Buildings		4,321	
Custodial Supplies		93	
Drugs and Medical Supplies		564	
Instructional Supplies and Materials		25,773	
Office Supplies		588	
Uniforms		439	
Utilities		15,482	
Other Supplies and Materials		280	
Total Local Health Center			\$ 53,615

Rabies and Animal Control

Part-time Personnel	\$	21,796	
Social Security		1,667	
State Retirement		378	
Maintenance and Repair Services - Vehicles		3,687	
Veterinary Services		3,482	
Gasoline		2,944	
Utilities		4,019	
Other Supplies and Materials		8,298	
Total Rabies and Animal Control			46,271

Ambulance/Emergency Medical Services

Supervisor/Director	\$	50,643	
Accountants/Bookkeepers		68,751	
Medical Personnel		646,065	
Overtime Pay		395,135	
Social Security		85,990	
State Retirement		36,945	
Dues and Memberships		520	
Laundry Service		8,020	
Licenses		2,418	
Maintenance and Repair Services - Buildings		8,288	
Maintenance and Repair Services - Vehicles		40,351	
Postal Charges		1,000	
Travel		250	
Other Contracted Services		44,042	
Custodial Supplies		3,855	
Drugs and Medical Supplies		69,829	
Gasoline		61,985	
Instructional Supplies and Materials		5,571	
Office Supplies		8,773	
Tires and Tubes		3,869	
Uniforms		11,195	
Utilities		50,344	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		3,520	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Charges	\$	6,990	
Communication Equipment		2,742	
Motor Vehicles		120,639	
Other Equipment		15,043	
Total Ambulance/Emergency Medical Services			\$ 1,752,873

Crippled Children Services

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

Other Local Health Services

Social Workers	\$	55,977	
Part-time Personnel		40,879	
Social Security		7,215	
State Retirement		1,831	
Travel		3,112	
Other Supplies and Materials		3,296	
Total Other Local Health Services			112,310

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	\$	96,160	
Maintenance and Repair Services - Vehicles		1,000	
Pauper Burials		300	
Drugs and Medical Supplies		71	
Other Charges		4,902	
Total Other Local Welfare Services			102,433

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	\$	25,794	
Clerical Personnel		58,294	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Custodial Personnel	\$	6,574	
Social Security		6,613	
State Retirement		1,346	
Communication		4,309	
Dues and Memberships		395	
Maintenance and Repair Services - Buildings		2,426	
Postal Charges		196	
Printing, Stationery, and Forms		774	
Travel		544	
Other Contracted Services		1,218	
Custodial Supplies		1,173	
Library Books/Media		5,218	
Office Supplies		1,073	
Utilities		14,337	
Other Supplies and Materials		1,007	
Data Processing Equipment		1,100	
Office Equipment		1,000	
Total Libraries			\$ 133,391

Parks and Fair Boards

Contributions	\$	24,553	
Other Charges		10,792	
Total Parks and Fair Boards			35,345

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	27,678	
Secretary(ies)		7,112	
Social Security		1,643	
State Retirement		5,195	
Maintenance and Repair Services - Buildings		936	
Utilities		3,818	
Total Agricultural Extension Service			46,382

Soil Conservation

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

Other Operations

Tourism

Dues and Memberships	\$	400	
Other Supplies and Materials		1,452	
Total Tourism			1,852

Industrial Development

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Supervisor/Director	\$	19,889	
Social Security		1,521	
State Retirement		650	
Dues and Memberships		51	
Travel		855	
Other Contracted Services		399	
Office Supplies		1,205	
Total Veterans' Services			\$ 24,570

Other Charges

Employee and Dependent Insurance	\$	363,183	
Liability Insurance		177,461	
Trustee's Commission		119,763	
Workers' Compensation Insurance		257,442	
Total Other Charges			917,849

Contributions to Other Agencies

Maintenance and Repair Services - Buildings	\$	1,362	
Matching Share		9,950	
Total Contributions to Other Agencies			11,312

Employee Benefits

Unemployment Compensation	\$	20,245	
Other Charges		1,074	
Total Employee Benefits			21,319

Miscellaneous

Dues and Memberships	\$	5,211	
Other Supplies and Materials		10,000	
Other Charges		507	
Total Miscellaneous			15,718

Capital Projects

General Administration Projects

Consultants	\$	29,080	
Engineering Services		27,700	
Legal Notices, Recording, and Court Costs		214	
Site Development		469,378	
Total General Administration Projects			526,372

Public Safety Projects

Consultants	\$	46,817	
Site Development		64,213	
Other Equipment		1,187,711	
Total Public Safety Projects			1,298,741

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Capital Projects (Cont.)

Other General Government Projects

Site Development	\$ 39,062	
Total Other General Government Projects		\$ 39,062

Highway and Street Capital Projects

Bridge Construction	\$ 477	
Total Highway and Street Capital Projects		<u>477</u>

Total General Fund		\$ 10,912,990
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Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Maintenance and Repair Services - Buildings	\$ 389	
Travel	1,674	
Custodial Supplies	305	
Library Books/Media	12,190	
Other Supplies and Materials	6,310	
Other Charges	2,565	
Office Equipment	8,305	
Other Equipment	<u>8,843</u>	
Total Libraries		<u>\$ 40,581</u>

Total Public Library Fund		40,581
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Solid Waste/Sanitation Fund

Public Health and Welfare

Transfer Stations

Accountants/Bookkeepers	\$ 35,922	
Equipment Operators - Heavy	70,672	
Overtime Pay	2,126	
Social Security	8,002	
State Retirement	2,046	
Employee and Dependent Insurance	11,261	
Maintenance and Repair Services - Vehicles	12,207	
Travel	1,015	
Contracts for Landfill Facilities	60,385	
Custodial Supplies	1,015	
Gasoline	17,043	
Office Supplies	2,426	
Utilities	7,402	
Other Supplies and Materials	4,940	
Premiums on Corporate Surety Bonds	100	
Trustee's Commission	3,699	
Landfill Closure/Postclosure Care Costs	<u>9,374</u>	
Total Transfer Stations		<u>\$ 249,635</u>

Total Solid Waste/Sanitation Fund		249,635
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(Continued)

Exhibit J-7

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

<u>Drug Control Fund</u>			
<u>Public Safety</u>			
<u>Drug Enforcement</u>			
Trustee's Commission	\$	91	
Total Drug Enforcement			\$ 91
Total Drug Control Fund			\$ 91
<u>Constitutional Officers - Fees Fund</u>			
<u>Finance</u>			
<u>County Clerk's Office</u>			
Constitutional Officers' Operating Expenses	\$	178,623	
Total County Clerk's Office			\$ 178,623
<u>Administration of Justice</u>			
<u>Chancery Court</u>			
Special Commissioner Fees/Special Master Fees	\$	16,382	
Total Chancery Court			16,382
Total Constitutional Officers - Fees Fund			195,005
<u>Highway/Public Works Fund</u>			
<u>Highways</u>			
<u>Administration</u>			
County Official/Administrative Officer	\$	70,228	
Secretary(ies)		55,898	
Overtime Pay		6,377	
Advertising		525	
Data Processing Services		7,589	
Dues and Memberships		2,386	
Evaluation and Testing		1,413	
Janitorial Services		1,524	
Laundry Service		916	
Legal Notices, Recording, and Court Costs		17	
Postal Charges		392	
Printing, Stationery, and Forms		345	
Tuition		125	
Custodial Supplies		515	
Office Supplies		1,173	
Other Charges		491	
Data Processing Equipment		400	
Total Administration			\$ 150,314
<u>Highway and Bridge Maintenance</u>			
Equipment Operators	\$	162,593	
Truck Drivers		230,544	
Laborers		229,169	
Overtime Pay		15,396	
Other Contracted Services		2,403	
Asphalt - Cold Mix		35,793	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Concrete	\$	1,800	
Crushed Stone		98,193	
Diesel Fuel		109,644	
Ice		48	
Pipe - Metal		53	
Road Signs		1,450	
Salt		3,296	
Small Tools		378	
Wood Products		2,714	
Other Supplies and Materials		2,796	
Other Charges		237	
Total Highway and Bridge Maintenance	\$		896,507

Operation and Maintenance of Equipment

Mechanic(s)	\$	65,591	
Overtime Pay		965	
Freight Expenses		2,113	
Maintenance and Repair Services - Equipment		17,404	
Towing Services		285	
Other Contracted Services		843	
Equipment and Machinery Parts		105,067	
Garage Supplies		5,773	
Gasoline		11,881	
Lubricants		23,139	
Small Tools		2,339	
Tires and Tubes		46,098	
Total Operation and Maintenance of Equipment			281,498

Other Charges

Communication	\$	14,312	
Pest Control		105	
Electricity		5,578	
Water and Sewer		1,716	
Liability Insurance		94,479	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		23,683	
Liability Claims		2,000	
Total Other Charges			142,223

Employee Benefits

Social Security	\$	52,054	
State Retirement		25,051	
Medical Insurance		91,848	
Unemployment Compensation		7,059	
Employer Medicare		12,174	
Workers' Compensation Insurance		59,640	
Total Employee Benefits			247,826

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

General Construction Materials	\$	3,453	
Bridge Construction		21,456	
Highway Construction		238,960	
State Aid Projects		416,351	
Total Capital Outlay			\$ 680,220

Capital Projects

Highway and Street Capital Projects

Laborers	\$	2,784	
Overtime Pay		37	
Asphalt		476,257	
Crushed Stone		333,005	
Diesel Fuel		85,688	
Pipe - Metal		28,113	
Other Supplies and Materials		64	
Total Highway and Street Capital Projects			925,948

Total Highway/Public Works Fund \$ 3,324,536

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	638,500	
Principal on Notes		86,474	
Total General Government			\$ 724,974

Highways and Streets

Principal on Notes	\$	570,949	
Total Highways and Streets			570,949

Education

Principal on Notes	\$	990,738	
Total Education			990,738

Interest on Debt

General Government

Interest on Bonds	\$	62,573	
Interest on Notes		6,048	
Total General Government			68,621

Highways and Streets

Interest on Notes	\$	103,122	
Total Highways and Streets			103,122

Education

Interest on Notes	\$	115,887	
Total Education			115,887

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 11,063	
Total General Government	<u>11,063</u>	\$ <u>11,063</u>
 Total General Debt Service Fund		 <u>\$ 2,585,354</u>
 Total Governmental Funds - Primary Government		 <u>\$ 17,308,192</u>

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, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	8,599,626	
Career Ladder Program		63,638	
Career Ladder Extended Contracts		24,337	
Homebound Teachers		11,966	
Educational Assistants		301,350	
Bonus Payments		146,750	
Other Salaries and Wages		11,250	
Certified Substitute Teachers		44,436	
Non-certified Substitute Teachers		77,253	
Social Security		530,333	
State Retirement		804,042	
Life Insurance		5,935	
Medical Insurance		953,594	
Unemployment Compensation		14,104	
Employer Medicare		125,646	
Other Fringe Benefits		234	
Contracts with Other Public Agencies		175	
Contracts with Private Agencies		60,060	
Maintenance and Repair Services - Equipment		202,752	
Instructional Supplies and Materials		73,457	
Textbooks		258,406	
Fee Waivers		27,596	
Other Charges		233	
Regular Instruction Equipment		222,697	
Total Regular Instruction Program			\$ 12,559,870

Alternative Instruction Program

Teachers	\$	91,533	
Career Ladder Program		1,167	
Educational Assistants		25,342	
Certified Substitute Teachers		1,080	
Non-certified Substitute Teachers		3,774	
Social Security		7,021	
State Retirement		8,656	
Life Insurance		65	
Medical Insurance		15,646	
Unemployment Compensation		303	
Employer Medicare		1,657	
Instructional Supplies and Materials		120	
Total Alternative Instruction Program			156,364

Special Education Program

Teachers	\$	1,089,601	
Career Ladder Program		3,707	
Homebound Teachers		13,445	
Educational Assistants		120,403	

(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.)

Speech Pathologist	\$	86,289	
Certified Substitute Teachers		2,680	
Non-certified Substitute Teachers		17,824	
Social Security		77,062	
State Retirement		110,999	
Life Insurance		849	
Medical Insurance		148,029	
Unemployment Compensation		2,256	
Employer Medicare		17,688	
Contracts with Private Agencies		34,238	
Maintenance and Repair Services - Equipment		608	
Other Contracted Services		45,000	
Instructional Supplies and Materials		3,951	
Other Supplies and Materials		120	
Special Education Equipment		27,893	
Total Special Education Program	\$		1,802,642

Vocational Education Program

Teachers	\$	515,663	
Certified Substitute Teachers		2,720	
Non-certified Substitute Teachers		7,854	
Social Security		30,156	
State Retirement		45,058	
Life Insurance		375	
Medical Insurance		42,613	
Unemployment Compensation		937	
Employer Medicare		7,296	
Contracts with Other School Systems		285,415	
Instructional Supplies and Materials		8,371	
Vocational Instruction Equipment		3,880	
Total Vocational Education Program			950,338

Support Services

Attendance

Supervisor/Director	\$	62,834	
Career Ladder Program		3,000	
Other Salaries and Wages		1,257	
Social Security		3,641	
State Retirement		5,951	
Life Insurance		19	
Medical Insurance		7,417	
Unemployment Compensation		54	
Employer Medicare		870	
Contracts with Private Agencies		25,756	
Travel		3,534	
Other Supplies and Materials		3,700	
Attendance Equipment		4,274	
Total Attendance			122,307

(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.)

Health Services

Assistant(s)	\$	19,380	
Supervisor/Director		74,515	
Medical Personnel		165,617	
Social Security		15,107	
State Retirement		19,822	
Medical Insurance		26,356	
Unemployment Compensation		629	
Employer Medicare		3,533	
Travel		6,466	
Other Contracted Services		3,936	
Drugs and Medical Supplies		5,815	
Other Supplies and Materials		2,444	
Other Charges		10,957	
Total Health Services			\$ 354,577

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		307,361	
Social Security		17,744	
State Retirement		28,237	
Life Insurance		171	
Medical Insurance		35,826	
Unemployment Compensation		321	
Employer Medicare		4,150	
Contracts with Government Agencies		186,148	
Evaluation and Testing		14,219	
Other Contracted Services		25,110	
Other Supplies and Materials		4,833	
Other Equipment		9,451	
Total Other Student Support			638,571

Regular Instruction Program

Supervisor/Director	\$	70,382	
Career Ladder Program		7,947	
Career Ladder Extended Contracts		6,000	
Librarians		330,397	
Instructional Computer Personnel		69,182	
Clerical Personnel		19,264	
Other Salaries and Wages		26,639	
In-service Training		1,020	
Social Security		30,488	
State Retirement		44,334	
Life Insurance		259	
Medical Insurance		35,239	
Unemployment Compensation		622	
Employer Medicare		7,142	

(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.)

Travel	\$	7,348	
Other Contracted Services		3,350	
Library Books/Media		28,281	
Other Supplies and Materials		12,287	
In Service/Staff Development		3,980	
Other Charges		52,578	
Other Equipment		18,371	
Total Regular Instruction Program			\$ 775,110

Special Education Program

Supervisor/Director	\$	67,109	
Career Ladder Program		1,000	
Psychological Personnel		45,715	
Assessment Personnel		40,479	
Clerical Personnel		25,472	
Social Security		7,935	
State Retirement		10,923	
Life Insurance		60	
Medical Insurance		15,701	
Unemployment Compensation		333	
Employer Medicare		2,436	
Travel		4,564	
In Service/Staff Development		2,000	
Total Special Education Program			223,727

Vocational Education Program

Other Salaries and Wages	\$	23,905	
Unemployment Compensation		54	
Employer Medicare		338	
Travel		6,116	
Other Supplies and Materials		175	
In Service/Staff Development		688	
Total Vocational Education Program			31,276

Other Programs

On-behalf Payments to OPEB	\$	111,042	
Total Other Programs			111,042

Board of Education

Other Salaries and Wages	\$	800	
Board and Committee Members Fees		10,850	
Social Security		722	
State Retirement		26	
Unemployment Compensation		2	
Employer Medicare		169	
Payments to Retirees		31,680	

(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.)

Board of Education (Cont.)

Audit Services	\$	4,300	
Dues and Memberships		17,297	
Legal Services		16,177	
Travel		3,247	
Judgments		2,500	
Trustee's Commission		117,521	
Workers' Compensation Insurance		225,526	
Refund to Applicant for Criminal Investigation		2,394	
Other Charges		32,387	
Total Board of Education			\$ 465,598

Director of Schools

County Official/Administrative Officer	\$	81,210	
Career Ladder Program		1,000	
Other Salaries and Wages		8,379	
Social Security		5,037	
State Retirement		7,362	
Life Insurance		24	
Medical Insurance		5,888	
Unemployment Compensation		54	
Employer Medicare		1,300	
Communication		22,630	
Dues and Memberships		2,247	
Postal Charges		4,950	
Travel		1,942	
Other Contracted Services		2,450	
Office Supplies		4,667	
Total Director of Schools			149,140

Office of the Principal

Principals	\$	518,591	
Career Ladder Program		6,000	
Accountants/Bookkeepers		140,093	
Assistant Principals		228,020	
Clerical Personnel		204,248	
Social Security		65,481	
State Retirement		75,427	
Life Insurance		324	
Medical Insurance		87,147	
Unemployment Compensation		1,688	
Employer Medicare		15,316	
Communication		2,509	
Travel		577	
Other Charges		2,000	
Administration Equipment		7,166	
Total Office of the Principal			1,354,587

(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.)

Fiscal Services

Accountants/Bookkeepers	\$	73,501	
Clerical Personnel		89,951	
Social Security		9,825	
State Retirement		5,364	
Medical Insurance		13,088	
Unemployment Compensation		273	
Employer Medicare		2,273	
Data Processing Services		8,925	
Travel		1,819	
Other Contracted Services		1,674	
Data Processing Supplies		1,659	
Office Supplies		1,023	
Administration Equipment		8,723	
Total Fiscal Services			\$ 218,098

Operation of Plant

Custodial Personnel	\$	582,862	
Other Salaries and Wages		10,411	
Social Security		35,556	
State Retirement		17,863	
Medical Insurance		63,607	
Unemployment Compensation		1,631	
Employer Medicare		8,315	
Other Fringe Benefits		4,685	
Maintenance and Repair Services - Equipment		30,582	
Disposal Fees		32,405	
Custodial Supplies		109,422	
Electricity		637,341	
Natural Gas		69,030	
Propane Gas		5,013	
Water and Sewer		133,231	
Other Supplies and Materials		4,935	
Building and Contents Insurance		205,865	
Plant Operation Equipment		6,106	
Total Operation of Plant			1,958,860

Maintenance of Plant

Supervisor/Director	\$	42,000	
Clerical Personnel		22,339	
Maintenance Personnel		206,649	
Other Salaries and Wages		5,328	
Social Security		16,202	
State Retirement		8,148	
Life Insurance		2	
Medical Insurance		44,679	
Unemployment Compensation		527	

(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 (Cont.)

Employer Medicare	\$	3,789	
Travel		2,052	
Other Contracted Services		43,647	
Other Supplies and Materials		145,087	
Maintenance Equipment		23,477	
Total Maintenance of Plant			\$ 563,926

Transportation

Supervisor/Director	\$	42,000	
Mechanic(s)		146,456	
Bus Drivers		578,161	
Clerical Personnel		25,263	
Other Salaries and Wages		16,589	
Social Security		47,094	
State Retirement		22,271	
Medical Insurance		17,348	
Unemployment Compensation		2,263	
Employer Medicare		11,650	
Medical and Dental Services		7,629	
Travel		2,547	
Diesel Fuel		282,631	
Garage Supplies		42,688	
Lubricants		21,275	
Tires and Tubes		31,989	
Vehicle Parts		147,516	
Other Charges		17,083	
Transportation Equipment		141,404	
Total Transportation			1,603,857

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	61,704	
Career Ladder Program		1,000	
Social Security		3,696	
State Retirement		5,668	
Life Insurance		29	
Medical Insurance		4,712	
Unemployment Compensation		54	
Employer Medicare		864	
Total Food Service			77,727

Early Childhood Education

Supervisor/Director	\$	3,015	
Teachers		136,626	
Clerical Personnel		2,077	
Educational Assistants		46,080	

(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.)

Early Childhood Education (Cont.)

Certified Substitute Teachers	\$	240	
Non-certified Substitute Teachers		1,785	
Social Security		10,863	
State Retirement		14,303	
Life Insurance		87	
Medical Insurance		18,477	
Unemployment Compensation		376	
Employer Medicare		2,543	
Maintenance and Repair Services - Equipment		60	
Travel		5,688	
Other Contracted Services		225	
Instructional Supplies and Materials		37,825	
In Service/Staff Development		4,080	
Other Equipment		12,000	
Total Early Childhood Education			\$ 296,350

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	30,404	
Other Capital Outlay		86,481	
Total Regular Capital Outlay			116,885

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	866,094	
Total Education			866,094

Total General Purpose School Fund \$ 25,396,946

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	98,552	
Educational Assistants		319,335	
Certified Substitute Teachers		3,200	
Non-certified Substitute Teachers		7,140	
Social Security		24,752	
State Retirement		18,125	
Life Insurance		58	
Medical Insurance		7,800	
Unemployment Compensation		1,398	
Employer Medicare		5,834	
Instructional Supplies and Materials		84,116	
Regular Instruction Equipment		191,327	
Total Regular Instruction Program			\$ 761,637

(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.)

Instruction (Cont.)

Special Education Program

Educational Assistants	\$	429,308	
Other Salaries and Wages		10,800	
Social Security		26,065	
State Retirement		13,946	
Medical Insurance		43,797	
Unemployment Compensation		1,694	
Employer Medicare		6,104	
Maintenance and Repair Services - Equipment		1,197	
Other Contracted Services		78,288	
Instructional Supplies and Materials		13,646	
Special Education Equipment		22,649	
Total Special Education Program			\$ 647,494

Vocational Education Program

Vocational Instruction Equipment	\$	46,353	
Total Vocational Education Program			46,353

Support Services

Other Student Support

Other Salaries and Wages	\$	2,000	
Social Security		124	
State Retirement		180	
Employer Medicare		30	
Travel		16,218	
Other Charges		11,838	
Total Other Student Support			30,390

Regular Instruction Program

Supervisor/Director	\$	68,369	
Clerical Personnel		26,710	
Other Salaries and Wages		317,594	
Social Security		22,311	
State Retirement		33,344	
Life Insurance		202	
Medical Insurance		28,793	
Unemployment Compensation		549	
Employer Medicare		5,603	
Other Supplies and Materials		844	
In Service/Staff Development		72,852	
Other Equipment		5,048	
Total Regular Instruction Program			582,219

Special Education Program

Other Salaries and Wages	\$	4,272	
Social Security		246	
State Retirement		386	

(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.)

Special Education Program (Cont.)

Life Insurance	\$	2	
Medical Insurance		346	
Employer Medicare		58	
Maintenance and Repair Services - Equipment		358	
Travel		4,678	
Other Contracted Services		68,405	
Other Supplies and Materials		9,164	
In Service/Staff Development		11,233	
Total Special Education Program			\$ 99,148

Transportation

Bus Drivers	\$	22,142	
Other Salaries and Wages		24,822	
Social Security		2,826	
State Retirement		724	
Unemployment Compensation		210	
Employer Medicare		664	
Total Transportation			51,388

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	6,892	
Teachers		13,280	
Clerical Personnel		1,000	
Educational Assistants		1,545	
Other Salaries and Wages		4,750	
Social Security		1,703	
State Retirement		1,174	
Unemployment Compensation		24	
Employer Medicare		398	
Instructional Supplies and Materials		2,706	
In Service/Staff Development		2,000	
Other Equipment		1,164	
Total Community Services			36,636

Total School Federal Projects Fund \$ 2,255,265

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Accountants/Bookkeepers	\$	15,450	
Cafeteria Personnel		603,783	
In-service Training		1,026	
Social Security		35,539	
State Retirement		17,881	
Medical Insurance		90,099	

(Continued)

Exhibit J-8

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

<u>Central Cafeteria Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Food Service (Cont.)</u>		
Unemployment Compensation	\$	2,325
Employer Medicare		8,343
Other Fringe Benefits		1,171
Communication		4,135
Maintenance and Repair Services - Equipment		7,517
Travel		830
Other Contracted Services		14,829
Food Supplies		917,619
Office Supplies		688
USDA - Commodities		104,268
Other Supplies and Materials		11,040
Workers' Compensation Insurance		21,517
Other Charges		1,591
Administration Equipment		2,292
Food Service Equipment		4,646
Total Food Service		<u>\$ 1,866,589</u>
Total Central Cafeteria Fund		<u>\$ 1,866,589</u>
Total Governmental Funds - Macon County School Department		<u><u>\$ 29,518,800</u></u>

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, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,685,861
Total Cash Receipts	<u>\$ 1,685,861</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,669,002
Trustee's Commission	16,859
Total Cash Disbursements	<u>\$ 1,685,861</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2014	<u>0</u>
 Cash Balance, June 30, 2015	 <u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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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, 2015, and the related notes to the financial statements, which collectively comprise Macon County's basic financial statements, and have issued our report thereon dated September 30, 2015.

**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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2015-002 (A,B), 2015-005, and 2015-006.

### **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: 2015-001, 2015-002(C), 2015-003, and 2015-004.

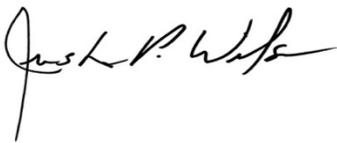
### **Response to Findings**

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,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

September 30, 2015

JPW/kp



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 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, 2015. 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, 2015.

### **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.

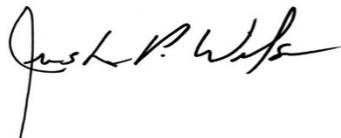
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2015, and the related notes to the financial statements, which collectively comprise Macon County's basic financial statements. We issued our report thereon dated September 30, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

September 30, 2015

JPW/kp

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(2)	\$ 104,268 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	330,591
National School Lunch Program	10.555	(2)	966,964 (3)
Total U.S. Department of Agriculture			\$ 1,401,823
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)	\$ 1,892,241
Total U.S. Department of Housing and Urban Development			\$ 1,892,241
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(2)	\$ 1,197,856
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	879,003
Special Education - Preschool Grants	84.173	(2)	23,336
Vocational Education - Basic Grants to States	84.048	(2)	65,720
Twenty-first Century Community Learning Centers	84.287	(2)	36,636
Improving Teacher Quality State Grants	84.367	(2)	137,342
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	27,056
English Language Acquisition Grants	84.365	(2)	5,637
Total U.S. Department of Education			\$ 2,372,586
Total Expenditures of Federal Grants			\$ 5,666,650

(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>			
Safe Schools Act - State Department of Education	N/A	(2)	\$ 23,000
ConnecTN - State Department of Education	N/A	(2)	10,676
Coordinated School Health - State Department of Education	N/A	(2)	114,942
Three Star Program - State Department on Economic and Community Development	N/A	(2)	4,990
ACT/Explore/Plan-Testing - State Department of Education	N/A	(2)	5,897
Early Childhood Education - Pilot/State - State Department of Education	N/A	(2)	296,352
Juvenile Justice State Supplement Funds - State Commission on Children and Youth	N/A	(2)	13,500
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	22,849
High Visibility Enforcement Grant - Governor's Highway Safety Office	N/A	(2)	4,860
Rural Health Services - State Department of Health	N/A	(2)	101,901
Litter Program - State Department of Transportation	N/A	(2)	35,600
Student Ticket Subsidy - Tennessee Arts Commission	N/A	(2)	<u>2,000</u>
<b>Total State Grants</b>			<b><u>\$ 636,567</u></b>

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 \$1,071,232.

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

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Macon County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-004	158	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>
2014-006	159	Execution docket trial balances were not reconciled with cash journal controls
2014-007	160	The office did not deposit some funds within three days of collection

**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>
2014-010	161	Duties were not segregated adequately

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-011	162	Multiple employees operated from the same cash drawer

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**MACON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2015**

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

1. Our report on the financial statements of Macon County is unmodified.
2. The audit of the financial statements of Macon County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit did not disclose any instances of noncompliance that are material to the financial statements of Macon County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. 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 county mayor, county clerk, and the register of deeds 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 2015-001

#### **THE PUBLIC LIBRARY FUND WAS NOT MAINTAINED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND STATE STATUTE** (Noncompliance Under *Government Auditing Standards*)

Macon County maintains a Public Library Fund (a nonmajor special revenue fund) to account for library operations. The Public Library Fund's primary revenue source is library fines/fees, which by its nature is not restricted or committed to expenditure for specified purposes but may be expended at the discretion of the County Commission. Therefore, the Public Library Fund does not meet the criteria for a special revenue fund as defined by Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 provides that 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 and capital projects. GASB Statement No. 54 further provides that funds maintained as special revenue funds that do not meet the criteria for separate reporting in external financial statements should be presented as part of the General Fund or a qualifying special revenue fund for external reporting; however, Macon County did not follow this guidance in the financial statements presented to us for audit; therefore the Public Library Fund is not combined with the General Fund or a qualifying special revenue fund in the financial statements of this report. However, we do not consider this noncompliance with GASB Statement No. 54 to be material to the financial statements of this report. In addition, Section 9-3-212(d), *Tennessee Code Annotated*, provides that local governments maintain their books and records in accordance with generally accepted accounting principles and rules and regulations prescribed by the state Comptroller's Office.

#### RECOMMENDATION

Macon County should maintain its funds in compliance with generally accepted accounting principles and state statute.

#### MANAGEMENT'S RESPONSE – COUNTY MAYOR

After meeting with auditors and getting a better understanding of this finding, the mayor will meet with the library director and Library Board, if necessary, to make appropriate corrections to meet generally accepted accounting principles.

FINDING 2015-002

**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 in controls for the office’s computer application:

- 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. These controls would help ensure the reliability and integrity of the information maintained by the system. Since the vendor did not design the system with these controls, inappropriate system activity could occur. These deficiencies are also a result of management’s failure to correct the finding noted in the prior-year audit report. The office changed to a new software package in May 2015. Controls over the new application will be evaluated in the 2015-16 audit cycle.

RECOMMENDATION

Management should ensure proper application controls are implemented in the new software application.

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**OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK**

**FINDING 2015-003**

**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. As part of our audit procedures for obtaining reasonable assurance that funds were deposited with the county trustee within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected 54 receipts to examine. In 24 instances, collections were held in the office from four to 32 days before being deposited in the office bank account. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. 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.

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**FINDING 2015-004**

**EXECUTION DOCKET TRIAL BALANCES WERE NOT  
RECONCILED WITH CASH JOURNAL CONTROLS**

(Noncompliance Under *Government Auditing Standards*)

At June 30, 2015, 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 ledgers. The clerk had unidentified balances of \$84, \$131, and \$6,800 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. This deficiency exists due to the failure of management to identify all funds on deposit with the court.

**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.

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

**FINDING 2015-005**

**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.

**MANAGEMENT'S RESPONSE – COUNTY MAYOR**

The mayor and office staff will review the daily operations in the Mayor's Office and contact our County Technical Assistance Service representative to assist in making possible corrections. Since this is an area of concern that has repeatedly been an audit finding, it should be reviewed to see what corrections are needed. This was brought to the attention of the Budget Committee by the mayor in the 2015-16 budget meetings. The mayor requested an additional employee for the Mayor's Office, but due to budget restraints, the Budget Committee chose not to fund the request.

**MANAGEMENT'S RESPONSE – COUNTY CLERK**

I am aware of the finding and would be glad to work on a solution to help in this matter. Our office is very busy and it requires all of my employees to be able to do a variety of jobs. I feel the office would not run as efficiently if I had to segregate the duties for one person to do one specific job. With this being my first full year as County Clerk, I am trying to find new ways of making the office operate smoothly while being customer service friendly. I will work to be a good steward of the duties entrusted to me.

**MANAGEMENT'S RESPONSE – REGISTER OF DEEDS**

I am aware that this finding has been repeated for the last several years since I was a part-time employee of the previous register of deeds. We are a very small county, and we do not have enough employees to segregate our duties. The office employs myself, one deputy clerk, and one part-time deputy. As a rule, there are only two of us here at the most, and sometimes only one. Due to these facts, it would be very difficult to segregate the

duties. Some days we are very busy, and other days we are not. Hiring another employee would be an extra burden for the county, and I feel it is my responsibility to take that into consideration.

#### AUDITOR'S COMMENT

We have not recommended hiring additional employees. We realize that due to limited resources and personnel, management may not be able to fully segregate duties among employees. However, duties should be segregated to the extent possible.

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

##### FINDING 2015-006

##### **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**

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

Multiple employees operated from the same cash drawer in the 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.

#### MANAGEMENT'S RESPONSE – REGISTER OF DEEDS

We try to limit the involvement at each work station while serving our customers quickly and efficiently. If there are two of us here, my deputy clerk does the receipting at the counter, and I index the documents. If she is with another customer and someone comes in, rather than have them wait, I receipt their documents for them. We only have one computer station at our counter and only one cash drawer. To use another cash drawer or bag, we would have to log out of our program and log on again under a different user name. This can be very time consuming, causing our customers to have an extended wait. We begin our day with \$0. If change has to be returned it would be very difficult, and the possibility of making an error would be greater, if we had to borrow from another drawer.

AUDITOR'S COMMENT

Good internal controls dictate that each employee have 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.

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

This has been discussed by the Mayor with our CTAS Representative. At this time, funding would be the first concern of creating a whole new county department. Getting the other major departments, such as Macon County School System and Macon County Highway Department, would most likely create much opposition. This will be discussed more and carried to the budget committee for further guidance.

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

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