

ANNUAL FINANCIAL REPORT
MACON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2016

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

MACON COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Macon County, Tennessee
For the Year Ended June 30, 2016

Scope

We have audited the basic financial statements of Macon County as of and for the year ended June 30, 2016.

Results

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

Our audit resulted in seven 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.
- ◆ General ledger payroll deduction accounts were not reconciled with payroll reports and payments.
- ◆ Cash on deposit with the trustee was not reconciled timely.

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.

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

- ◆ Duties were not segregated adequately.
-

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

- ◆ Multiple employees operated from the same cash drawer.

INTRODUCTORY SECTION

Macon County Officials
June 30, 2016

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

Rebekah Tuttle, Chairman
Jimmy Cook
Wayne Marsh
Jeff Harper
Bryan Nichols

Audit Committee

Mike Prock, Chairman
Lonnie Stevens
Marty Coley
Bryan Carter

FINANCIAL SECTION



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

Independent Auditor's Report

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, 2016, 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, 2016, and the respective changes in financial position and respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Macon County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability (asset) and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability (asset), and schedule of funding progress - other postemployment benefits plan on pages 77-84 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 by us. In our opinion, the procedures performed as described above, 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, 2016, on our consideration of Macon County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Macon County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 30, 2016

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Macon County, Tennessee
Statement of Net Position
June 30, 2016

	<u>Primary Government Governmental Activities</u>	<u>Component Unit School Department</u>
<u>ASSETS</u>		
Cash	\$ 42,709	\$ 100
Equity in Pooled Cash and Investments	7,443,939	5,131,451
Accounts Receivable	2,430,745	11,575
Allowance for Uncollectibles	(688,215)	0
Due from Other Governments	709,418	673,994
Due from Component Units	3,280,029	0
Property Taxes Receivable	5,108,202	3,469,098
Allowance for Uncollectible Property Taxes	(358,204)	(240,880)
Net Pension Asset - Agent Plan	701,343	555,994
Net Pension Asset - Teacher Retirement Plan	0	18,134
Capital Assets:		
Assets Not Depreciated:		
Land	778,506	382,263
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,216,775	10,227,783
Infrastructure	16,003,811	0
Other Capital Assets	3,412,520	2,030,427
Total Assets	<u>\$ 46,081,578</u>	<u>\$ 22,259,939</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows - Pension Changes in Experience	\$ 228,029	\$ 288,858
Deferred Outflows - Pension Changes in Investment Earnings	356,547	2,716,004
Deferred Outflows - Pension Contributions After Measurement Date	160,928	1,307,307
Deferred Outflows - Pension Other Deferrals	0	28,799
Total Deferred Outflows of Resources	<u>\$ 745,504</u>	<u>\$ 4,340,968</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 43,460
Accrued Interest Payable	72,069	0
Payroll Deductions Payable	23,665	0
Due to Primary Government	0	3,280,029
Due to State of Tennessee	0	6,232
Due to Litigants, Heirs, and Others	630	0
Other Current Liabilities	2,024	0
Noncurrent Liabilities:		
Due Within One Year	2,594,538	0
Due in More Than One Year	8,062,615	2,196,973
Total Liabilities	<u>\$ 10,755,541</u>	<u>\$ 5,526,694</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 4,600,287	\$ 3,133,454
Deferred Inflows - Pension Changes in Experience	219,127	2,275,917
Deferred Inflows - Pension Changes in Investment Earnings	467,748	3,672,223
Total Deferred Inflows of Resources	<u>\$ 5,287,162</u>	<u>\$ 9,081,594</u>

(Continued)

Exhibit A

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

	<u>Primary Governmental Activities</u>	<u>Component Unit School Department</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 22,020,573	\$ 12,640,473
Restricted for:		
Debt Service	2,697,320	0
General Government	145,036	0
Administration of Justice	30,407	0
Public Safety	119,306	0
Social, Cultural, and Recreational Services	1,302	0
Highway/Public Works	1,274,363	0
Other Purposes	759,972	0
Education	0	1,244,624
Unrestricted	<u>3,736,100</u>	<u>(1,892,478)</u>
Total Net Position	<u>\$ 30,784,379</u>	<u>\$ 11,992,619</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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities Total	Component Unit Macon County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,851,391	\$ 165,485	\$ 44,424	\$ 497,371	\$ (1,144,111)	\$ 0
Finance	1,044,056	589,162	0	0	(454,894)	0
Administration of Justice	882,374	661,593	13,500	0	(207,281)	0
Public Safety	3,148,212	1,013,968	211,383	0	(1,922,861)	0
Public Health and Welfare	2,891,589	2,033,213	178,326	0	(680,050)	0
Social, Cultural, and Recreational Services	352,416	41,939	811	0	(309,666)	0
Agriculture and Natural Resources	95,443	0	0	0	(95,443)	0
Highways	1,848,152	262	1,605,288	244,338	1,736	0
Education	631,283	0	0	0	(631,283)	0
Interest on Long-term Debt	201,641	0	0	0	(201,641)	0
Total Primary Government	\$ 12,946,557	\$ 4,505,622	\$ 2,053,732	\$ 741,709	\$ (5,645,494)	\$ 0
Component Unit:						
Macon County School Department	\$ 30,850,207	\$ 561,134	\$ 3,867,647	\$ 0	\$ 0	\$ (26,421,426)
Total Component Units	\$ 30,850,207	\$ 561,134	\$ 3,867,647	\$ 0	\$ 0	\$ (26,421,426)

(Continued)

Exhibit B

Macon County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Governmental Total Activities	Macon County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 5,053,352	\$ 3,207,030
Local Option Sales Tax					305,536	2,121,474
Hotel/Motel Tax					23,663	0
Wheel Tax					1,325,476	0
Litigation Tax					203,947	0
Business Tax					145,974	0
Adequate Facilities/Development Tax					181,631	0
Wholesale Beer Tax					127,764	0
Interstate Telecommunications Tax					4,217	2,134
Grants and Contributions Not Restricted to Specific Programs					1,737,984	22,101,743
Unrestricted Investment Income					29,321	0
Miscellaneous					190,903	85,448
Total General Revenues					<u>\$ 9,329,768</u>	<u>\$ 27,517,829</u>
Change in Net Position					\$ 3,684,274	\$ 1,096,403
Net Position, July 1, 2015					<u>27,100,105</u>	<u>10,896,216</u>
Net Position, June 30, 2016					<u>\$ 30,784,379</u>	<u>\$ 11,992,619</u>

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

Exhibit C-1

Macon County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 42,709	\$ 42,709
Equity in Pooled Cash and Investments	3,479,395	1,032,380	2,701,389	230,775	7,443,939
Accounts Receivable	2,419,919	0	0	10,826	2,430,745
Allowance for Uncollectibles	(688,215)	0	0	0	(688,215)
Due from Other Governments	373,104	268,314	68,000	0	709,418
Property Taxes Receivable	4,445,059	476,055	0	187,088	5,108,202
Allowance for Uncollectible Property Taxes	(312,175)	(32,922)	0	(13,107)	(358,204)
Total Assets	\$ 9,717,087	\$ 1,743,827	\$ 2,769,389	\$ 458,291	\$ 14,688,594
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 9,267	\$ 13,650	\$ 0	\$ 748	\$ 23,665
Due to Litigants, Heirs, and Others	0	0	0	630	630
Other Current Liabilities	2,024	0	0	0	2,024
Total Liabilities	\$ 11,291	\$ 13,650	\$ 0	\$ 1,378	\$ 26,319
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 4,001,244	\$ 430,512	\$ 0	\$ 168,531	\$ 4,600,287
Deferred Delinquent Property Taxes	120,872	11,591	0	5,000	137,463
Other Deferred/Unavailable Revenue	1,629,820	127,426	0	0	1,757,246
Total Deferred Inflows of Resources	\$ 5,751,936	\$ 569,529	\$ 0	\$ 173,531	\$ 6,494,996

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 145,036	\$ 0	\$ 0	\$ 0	\$ 145,036
Restricted for Administration of Justice	30,407	0	0	0	30,407
Restricted for Public Safety	16,113	0	0	103,193	119,306
Restricted for Public Health and Welfare	0	0	0	128,388	128,388
Restricted for Social, Cultural, and Recreational Services	0	0	0	1,302	1,302
Restricted for Highways/Public Works	0	1,160,648	0	0	1,160,648
Restricted for Debt Service	0	0	2,769,389	0	2,769,389
Committed:					
Committed for Finance	0	0	0	50,499	50,499
Unassigned	3,762,304	0	0	0	3,762,304
Total Fund Balances	<u>\$ 3,953,860</u>	<u>\$ 1,160,648</u>	<u>\$ 2,769,389</u>	<u>\$ 283,382</u>	<u>\$ 8,167,279</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,717,087</u>	<u>\$ 1,743,827</u>	<u>\$ 2,769,389</u>	<u>\$ 458,291</u>	<u>\$ 14,688,594</u>

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, 2016

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)		\$ 8,167,279
(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	7,216,775	
Add: infrastructure net of accumulated depreciation	16,003,811	
Add: other capital assets net of accumulated depreciation	<u>3,412,520</u>	27,411,612
(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	\$ (8,010,026)	
Less: bonds payable	(1,915,500)	
Add: debt to be contributed by the School Department	3,280,029	
Less: compensated absences payable	(274,520)	
Less: accrued interest on notes and bonds	(72,069)	
Less: landfill postclosure care costs	<u>(457,107)</u>	(7,449,193)
(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	\$ 745,504	
Less: deferred inflows of resources related to pensions	<u>(686,875)</u>	58,629
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		701,343
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,894,709</u>
Net position of governmental activities (Exhibit A)		<u>\$ 30,784,379</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, 2016

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 5,725,416	\$ 430,153	\$ 1,101,758	\$ 188,346	\$ 7,445,673
Licenses and Permits	80,589	0	0	0	80,589
Fines, Forfeitures, and Penalties	145,241	0	0	31,335	176,576
Charges for Current Services	1,467,261	0	0	335,221	1,802,482
Other Local Revenues	500,824	28,371	9,617	0	538,812
Fees Received From County Officials	835,134	0	0	0	835,134
State of Tennessee	1,065,765	1,848,538	788,662	24,259	3,727,224
Federal Government	516,631	0	0	0	516,631
Other Governments and Citizens Groups	92,539	0	850,220	0	942,759
Total Revenues	\$ 10,429,400	\$ 2,307,062	\$ 2,750,257	\$ 579,161	\$ 16,065,880
<u>Expenditures</u>					
Current:					
General Government	\$ 1,518,088	\$ 0	\$ 0	\$ 0	\$ 1,518,088
Finance	725,499	0	0	197,518	923,017
Administration of Justice	722,700	0	0	5,798	728,498
Public Safety	3,103,814	0	0	3,314	3,107,128
Public Health and Welfare	2,074,089	0	0	409,712	2,483,801
Social, Cultural, and Recreational Services	200,453	0	0	37,535	237,988
Agriculture and Natural Resources	97,215	0	0	0	97,215
Other Operations	1,202,078	0	0	0	1,202,078
Highways	0	2,203,948	0	0	2,203,948
Debt Service:					
Principal on Debt	0	0	3,054,750	0	3,054,750
Interest on Debt	0	0	215,876	0	215,876
Other Debt Service	0	0	8,915	0	8,915

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 531,600	\$ 767,843	\$ 0	\$ 631,283	\$ 1,930,726
Total Expenditures	\$ 10,175,536	\$ 2,971,791	\$ 3,279,541	\$ 1,285,160	\$ 17,712,028
Excess (Deficiency) of Revenues Over Expenditures	\$ 253,864	\$ (664,729)	\$ (529,284)	\$ (705,999)	\$ (1,646,148)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 1,114,701	\$ 500,000	\$ 0	\$ 631,283	\$ 2,245,984
Insurance Recovery	58,195	2,111	0	0	60,306
Transfers In	2,400	0	0	0	2,400
Transfers Out	0	(2,400)	0	0	(2,400)
Total Other Financing Sources (Uses)	\$ 1,175,296	\$ 499,711	\$ 0	\$ 631,283	\$ 2,306,290
Net Change in Fund Balances	\$ 1,429,160	\$ (165,018)	\$ (529,284)	\$ (74,716)	\$ 660,142
Fund Balance, July 1, 2015	2,524,700	1,325,666	3,298,673	358,098	7,507,137
Fund Balance, June 30, 2016	\$ 3,953,860	\$ 1,160,648	\$ 2,769,389	\$ 283,382	\$ 8,167,279

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

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, 2016

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)	\$	660,142
(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	\$ 2,247,615	
Less: current-year depreciation expense	<u>(849,387)</u>	1,398,228
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(47,664)
(3) 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, 2015	\$ (1,122,689)	
Add: deferred delinquent property taxes and other deferred June 30, 2016	<u>1,894,709</u>	772,020
(4) 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	2,416,250	
Add: note proceeds contributed to the School Department	631,283	
Less: notes proceeds	<u>(2,245,984)</u>	
Less: contributions from the School Department for notes	<u>(778,030)</u>	662,019
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in net pension liability/asset	\$ (391,564)	
Change in deferred outflows of resources related to pensions	591,135	
Change in deferred inflows of resources related to pensions	23,468	
Change in accrued interest payable	14,235	
Change in compensated absences payable	<u>(1,568)</u>	
Change in landfill closure/postclosure care costs	<u>3,823</u>	<u>239,529</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>3,684,274</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 5,725,416	\$ 5,578,355	\$ 5,578,355	\$ 147,061
Licenses and Permits	80,589	36,500	36,500	44,089
Fines, Forfeitures, and Penalties	145,241	127,450	127,450	17,791
Charges for Current Services	1,467,261	1,627,350	1,709,008	(241,747)
Other Local Revenues	500,824	375,000	558,713	(57,889)
Fees Received From County Officials	835,134	897,000	744,000	91,134
State of Tennessee	1,065,765	547,500	566,521	499,244
Federal Government	516,631	1,075,000	1,136,631	(620,000)
Other Governments and Citizens Groups	92,539	105,000	121,622	(29,083)
Total Revenues	\$ 10,429,400	\$ 10,369,155	\$ 10,578,800	\$ (149,400)
Expenditures				
General Government				
County Commission	\$ 148,038	\$ 126,195	\$ 166,195	\$ 18,157
Board of Equalization	1,260	2,500	2,500	1,240
Beer Board	0	850	850	850
Budget and Finance Committee	1,195	1,200	1,200	5
Other Boards and Committees	1,913	2,000	2,000	87
County Mayor/Executive	225,878	230,638	235,135	9,257
County Attorney	7,026	8,431	8,431	1,405
Election Commission	149,787	165,559	166,554	16,767
Register of Deeds	125,421	130,802	131,769	6,348
Planning	61,844	67,309	75,203	13,359
Building	328,213	72,000	531,176	202,963
County Buildings	118,268	131,873	132,517	14,249
Other Facilities	321,031	310,711	327,275	6,244
Other General Administration	1,395	1,400	1,400	5
Preservation of Records	9,745	10,362	10,684	939
Risk Management	17,074	18,174	18,496	1,422
Finance				
Central Services	355,874	363,854	368,950	13,076
Property Assessor's Office	159,770	158,747	168,259	8,489
Reappraisal Program	6,897	15,400	7,500	603
County Trustee's Office	166,224	172,013	173,634	7,410
County Clerk's Office	36,734	244,545	41,531	4,797
Administration of Justice				
Circuit Court	314,285	314,327	318,245	3,960
General Sessions Court	111,241	111,409	111,409	168
Chancery Court	132,358	135,870	137,182	4,824
Juvenile Court	42,341	45,267	45,911	3,570
Judicial Commissioners	26,939	28,707	29,212	2,273
Probation Services	95,536	95,004	96,937	1,401
Public Safety				
Sheriff's Department	1,680,838	1,659,115	1,754,180	73,342
Administration of the Sexual Offender Registry	2,373	2,000	2,750	377
Jail	1,127,514	1,084,712	1,211,000	83,486
Workhouse	64,363	65,670	67,505	3,142
Fire Prevention and Control	4,826	6,660	6,660	1,834

(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	\$ 7,150	\$ 16,000	\$ 16,000	\$ 8,850
Civil Defense	150,654	190,823	190,823	40,169
Rescue Squad	10,761	11,900	11,900	1,139
Disaster Relief	17,496	18,100	18,100	604
Other Emergency Management	12,332	14,300	14,301	1,969
County Coroner/Medical Examiner	12,350	27,750	27,750	15,400
Other Public Safety	13,157	18,751	18,951	5,794
<u>Public Health and Welfare</u>				
Local Health Center	36,947	57,857	58,617	21,670
Rabies and Animal Control	37,407	40,907	42,596	5,189
Ambulance/Emergency Medical Services	1,767,189	1,789,792	1,812,218	45,029
Crippled Children Services	1,439	1,439	1,439	0
Other Local Health Services	123,422	141,900	141,900	18,478
Regional Mental Health Center	7,953	7,953	7,953	0
Appropriation to State	41,140	41,900	41,140	0
Other Local Welfare Services	58,592	59,723	59,723	1,131
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	6,000	6,000	6,000	0
Senior Citizens Assistance	15,000	15,000	15,000	0
Libraries	155,383	159,492	162,691	7,308
Parks and Fair Boards	24,070	25,250	25,250	1,180
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	51,608	55,385	55,385	3,777
Soil Conservation	45,607	48,731	50,385	4,778
<u>Other Operations</u>				
Tourism	2,019	3,000	3,000	981
Industrial Development	17,000	21,200	21,200	4,200
Veterans' Services	25,255	29,065	29,404	4,149
Other Charges	964,477	949,139	979,666	15,189
Contributions to Other Agencies	161,051	12,960	160,976	(75)
Employee Benefits	15,530	26,000	25,500	9,970
Miscellaneous	16,746	5,268	17,068	322
<u>Support Services</u>				
Other Programs	0	11,300	0	0
<u>Capital Projects</u>				
General Administration Projects	36,280	620,000	619,999	583,719
Public Safety Projects	495,320	452,000	497,371	2,051
Total Expenditures	\$ 10,175,536	\$ 10,662,189	\$ 11,484,556	\$ 1,309,020
Excess (Deficiency) of Revenues Over Expenditures	\$ 253,864	\$ (293,034)	\$ (905,756)	\$ 1,159,620
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 1,114,701	\$ 175,000	\$ 610,319	\$ 504,382
Insurance Recovery	58,195	0	58,195	0
Transfers In	2,400	0	2,400	0
Total Other Financing Sources	\$ 1,175,296	\$ 175,000	\$ 670,914	\$ 504,382

(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	
Net Change in Fund Balance	\$ 1,429,160	\$ (118,034)	\$ (234,842)	\$ 1,664,002
Fund Balance, July 1, 2015	2,524,700	2,480,515	2,310,469	214,231
Fund Balance, June 30, 2016	<u>\$ 3,953,860</u>	<u>\$ 2,362,481</u>	<u>\$ 2,075,627</u>	<u>\$ 1,878,233</u>

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

Exhibit C-6

Macon County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 430,153	\$ 422,790	\$ 422,790	\$ 7,363
Other Local Revenues	28,371	7,000	7,000	21,371
State of Tennessee	1,848,538	2,651,377	2,651,377	(802,839)
Total Revenues	<u>\$ 2,307,062</u>	<u>\$ 3,081,167</u>	<u>\$ 3,081,167</u>	<u>\$ (774,105)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 162,764	\$ 171,378	\$ 170,626	\$ 7,862
Highway and Bridge Maintenance	821,938	1,014,106	1,005,026	183,088
Operation and Maintenance of Equipment	318,450	342,153	339,625	21,175
Other Charges	138,926	148,755	148,755	9,829
Employee Benefits	255,582	260,514	277,874	22,292
Capital Outlay	506,288	1,503,447	1,498,447	992,159
<u>Capital Projects</u>				
Highway and Street Capital Projects	767,843	1,205,823	1,205,823	437,980
Total Expenditures	<u>\$ 2,971,791</u>	<u>\$ 4,646,176</u>	<u>\$ 4,646,176</u>	<u>\$ 1,674,385</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (664,729)</u>	<u>\$ (1,565,009)</u>	<u>\$ (1,565,009)</u>	<u>\$ 900,280</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 500,000	\$ 500,000	\$ 500,000	\$ 0
Insurance Recovery	2,111	0	0	2,111
Transfers Out	(2,400)	(2,400)	(2,400)	0
Total Other Financing Sources	<u>\$ 499,711</u>	<u>\$ 497,600</u>	<u>\$ 497,600</u>	<u>\$ 2,111</u>
Net Change in Fund Balance	<u>\$ (165,018)</u>	<u>\$ (1,067,409)</u>	<u>\$ (1,067,409)</u>	<u>\$ 902,391</u>
Fund Balance, July 1, 2015	<u>1,325,666</u>	<u>1,270,053</u>	<u>1,270,053</u>	<u>55,613</u>
Fund Balance, June 30, 2016	<u>\$ 1,160,648</u>	<u>\$ 202,644</u>	<u>\$ 202,644</u>	<u>\$ 958,004</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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 747,137
Accounts Receivable	33,776
Due from Other Governments	<u>300,201</u>
Total Assets	<u>\$ 1,081,114</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 300,201
Due to Litigants, Heirs, and Others	<u>780,913</u>
Total Liabilities	<u>\$ 1,081,114</u>

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

MACON COUNTY, TENNESSEE
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MACON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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 Macon County Emergency Communications District, a component unit requiring discreet presentation was excluded from this report due to materiality calculations; therefore, the effect of its omission will not affect our opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The 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 material to the component units' opinion unit and therefore have been omitted from this report.

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Macon County issues all debt for the discretely presented Macon County School Department. Net debt issues totaling \$631,283 were contributed by the county to the School Department during the year ended June 30, 2016.

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. An emphasis is placed on major funds within the governmental category. Macon County has no proprietary funds to report.

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

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

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has 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, pension changes in investment earnings, 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. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These 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 4th for vacation) and sick leave benefits. There is no liability for unpaid accumulated sick leave (excluding the Highway Department, which guarantees payment) since Macon County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

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

6. Long-term Obligations

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

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, landfill postclosure care costs, pension liabilities 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 \$759,972. The account Restricted for Education for the discretely presented Macon County School Department includes restrictions related to pension obligations totaling \$673,938.

As of June 30, 2016, Macon County had \$4,534,487 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.

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

A. Budgetary Information

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

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

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

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

B. Budget Deficit

The budget and subsequent amendments approved by the County Commission for the Public Library Fund resulted in appropriations exceeding estimated available funding by \$4,981.

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, 2016.

B. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets				
Not Depreciated:				
Land	\$ 778,506	\$ 0	\$ 0	\$ 778,506
Total Capital Assets				
Not Depreciated	\$ 778,506	\$ 0	\$ 0	\$ 778,506
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 11,163,399	\$ 0	\$ 0	\$ 11,163,399
Infrastructure	18,474,310	1,359,560	0	19,833,870
Other Capital Assets	6,527,575	888,055	(158,195)	7,257,435
Total Capital Assets				
Depreciated	\$ 36,165,284	\$ 2,247,615	\$ (158,195)	\$ 38,254,704
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 3,709,929	\$ 236,695	\$ 0	\$ 3,946,624
Infrastructure	3,653,794	176,265	0	3,830,059
Other Capital Assets	3,519,019	436,427	(110,531)	3,844,915
Total Accumulated				
Depreciation	\$ 10,882,742	\$ 849,387	\$ (110,531)	\$ 11,621,598
Total Capital Assets				
Depreciated, Net	\$ 25,282,542	\$ 1,398,228	\$ (47,664)	\$ 26,633,106
Governmental Activities				
Capital Assets, Net	\$ 26,061,048	\$ 1,398,228	\$ (47,664)	\$ 27,411,612

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

Governmental Activities:

General Government	\$	14,934
Finance		1,480
Administration of Justice		110,737
Public Safety		235,098
Public Health and Welfare		149,628
Social, Cultural, and Recreational		50,992
Highway/Public Works		<u>286,518</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u>849,387</u>

Discretely Presented Macon County School Department

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets				
Not Depreciated:				
Land	\$ 382,263	\$ 0	\$ 0	\$ 382,263
Total Capital Assets				
Not Depreciated	<u>\$ 382,263</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 382,263</u>
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 24,102,064	\$ 41,095	\$ 0	\$ 24,143,159
Other Capital Assets	3,965,222	411,024	(219,390)	4,156,856
Total Capital Assets				
Depreciated	<u>\$ 28,067,286</u>	<u>\$ 452,119</u>	<u>\$ (219,390)</u>	<u>\$ 28,300,015</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 13,298,539	\$ 616,837	\$ 0	\$ 13,915,376
Other Capital Assets	2,093,916	250,053	(217,540)	2,126,429
Total Accumulated				
Depreciation	<u>\$ 15,392,455</u>	<u>\$ 866,890</u>	<u>\$ (217,540)</u>	<u>\$ 16,041,805</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 12,674,831</u>	<u>\$ (414,771)</u>	<u>\$ (1,850)</u>	<u>\$ 12,258,210</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 13,057,094</u>	<u>\$ (414,771)</u>	<u>\$ (1,850)</u>	<u>\$ 12,640,473</u>

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

Governmental Activities:

Instruction	\$ 616,837
Support Services	<u>250,053</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 866,890</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, was as follows:

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component Unit: School Department:	\$ 3,280,029

The Due to the Primary Government is the balance of three 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, 2016, consisted of the following amounts:

Primary Government

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

Discretely Presented Macon County School Department

	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
Transfers Out		
General Purpose School Fund	\$ 0	\$ 16,523
Nonmajor governmental funds	11,700	0
Total	\$ 11,700	\$ 16,523

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, 2016, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	1.96 %	6-1-19	\$ 3,830,660	\$ 1,915,500
Capital Outlay Notes	0.75 to 3.66	7-1-24	16,023,212	8,010,026

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2016, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 638,500	\$ 37,544	\$ 676,044
2018	638,500	25,030	663,530
2019	638,500	12,515	651,015
Total	<u>\$ 1,915,500</u>	<u>\$ 75,089</u>	<u>\$ 1,990,589</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 1,900,017	\$ 164,354	\$ 2,064,371
2018	2,016,798	121,906	2,138,704
2019	1,420,656	116,902	1,537,558
2020	1,422,714	37,053	1,459,767
2021	520,144	11,585	531,729
2022-2024	729,697	9,040	738,737
Total	<u>\$ 8,010,026</u>	<u>\$ 460,840</u>	<u>\$ 8,470,866</u>

There is \$2,769,389 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and notes totaled \$446, 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 6-30-16
<u>Notes Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Refunding	\$ 1,205,411
Energy Efficient Loan	1,443,335
Energy Efficiency School Initiative	<u>631,283</u>
Total	<u>\$ 3,280,029</u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2015	\$ 2,554,000	\$ 8,180,292
Additions	0	2,245,984
Reductions	<u>(638,500)</u>	<u>(2,416,250)</u>
Balance, June 30, 2016	<u>\$ 1,915,500</u>	<u>\$ 8,010,026</u>
Balance Due Within One Year	<u>\$ 638,500</u>	<u>\$ 1,900,017</u>

	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2015	\$ 272,952	\$ 460,930
Additions	291,291	5,420
Reductions	<u>(289,723)</u>	<u>(9,243)</u>
Balance, June 30, 2016	<u>\$ 274,520</u>	<u>\$ 457,107</u>
Balance Due Within One Year	<u>\$ 27,452</u>	<u>\$ 28,569</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 10,657,153
Less: Balance Due Within One Year	<u>(2,594,538)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,062,615</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, 2016, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Net Pension Liability - Cost Sharing Plan*
Balance, July 1, 2015	\$ 1,912,063	\$ (53,063)
Additions	326,712	2,443,060
Reductions	<u>(176,481)</u>	<u>(2,255,318)</u>
Balance, June 30, 2016	<u>\$ 2,062,294</u>	<u>\$ 134,679</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

*At July 1, 2015, the cost-sharing plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 2,196,973
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,196,973</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, 2016, were \$91,765 and \$23,125, 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. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments, address specific payables to defined benefit plans, and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

C. Contingent Liabilities

The county is involved in several pending lawsuits. The attorney for the county estimates that the potential claims against the county not covered by

insurance resulting from such litigation would not materially affect the county's financial statements.

D. Landfill 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 \$457,107 reported as postclosure care liability at June 30, 2016, represents amounts based on what it would cost to perform all postclosure care in 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. 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, 2016, the county did not appropriate any operating subsidies to the Macon County Joint Economic and Community Development/Industrial Board.

F. Retirement Commitments

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 comprised 55.78 percent and the non-certified employees of the discretely presented School Department comprised

44.22 percent, of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/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, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	74
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	218
Active Employees	384
 Total	 <u>676</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 their 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, the Actuarial Determined Contribution (ADC) for Macon County was \$300,865 based on a rate of 3.27 percent of covered 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 contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Macon County's net pension liability (asset) was measured as of June 30, 2015, 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, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections

that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	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 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, 2014	\$ 15,506,670	\$ 17,952,197	\$ (2,445,527)
Changes for the year:			
Service Cost	\$ 804,543	\$ 0	\$ 804,543
Interest	1,205,650	0	1,205,650
Differences Between Expected and Actual Experience	476,935	0	476,935
Contributions-Employer	0	300,865	(300,865)
Contributions-Employees	0	460,037	(460,037)
Net Investment Income	0	557,524	(557,524)
Benefit Payments, Including Refunds of Employee Contributions	(471,752)	(471,752)	0
Administrative Expense	0	(19,488)	19,488
Other Changes	0	0	0
Net Changes	\$ 2,015,376	\$ 827,186	\$ 1,188,190
Balance, June 30, 2015	\$ 17,522,046	\$ 18,779,383	\$ (1,257,337)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	55.78%	\$ 9,773,797	\$ 10,475,140	\$ (701,343)
School Department	44.22%	7,748,249	8,304,243	(555,994)
Total		\$ 17,522,046	\$ 18,779,383	\$ (1,257,337)

Sensitivity of the Net Pension 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 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:

Macon County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 1,358,306 \$ (1,257,337) \$ (3,394,969)

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

Pension Expense. For the year ended June 30, 2016, Macon County recognized pension expense of \$82,964.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 408,801	\$ 392,842
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	639,202	838,558
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	288,111	N/A
Total	<u>\$ 1,336,114</u>	<u>\$ 1,231,400</u>

The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” 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	\$ 745,504	\$ 686,875
School Department	590,610	544,525
Total	<u>\$ 1,336,114</u>	<u>\$ 1,231,400</u>

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

Year Ending June 30	Amount
2017	\$ (130,153)
2018	(130,153)
2019	(130,153)
2020	149,366
2021	(10,435)
Thereafter	68,134

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 55.78 percent and the non-certified employees of the discretely presented School Department comprise 44.22 percent of the plan based on contribution 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.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher Retirement Plan were \$58,161, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2016, the Macon County School Department reported an asset of \$18,134 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, 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 share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Macon County School Department's proportion was .450758 percent.

Pension Expense. For the year ended June 30, 2016, the Macon County School Department recognized pension expense of \$23,765.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 0	\$ 5,902
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,466	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>58,161</u>	<u>N/A</u>
Total	<u>\$ 59,627</u>	<u>\$ 5,902</u>

The Macon County School Department's employer contributions of \$58,161, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2017. 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
2017	\$ (125)
2018	(125)
2019	(125)
2020	(125)
2021	(492)
Thereafter	(3,443)

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

Actuarial Assumptions. The total pension liability in the June 30, 2015, 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, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the 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 the 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 \$ 3,216 \$ (18,134) \$ (33,792)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the 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.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired

prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including 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 are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Macon County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$1,121,963, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2016, the Macon County School Department reported a liability of \$134,679 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Macon County School Department's proportion of the net pension liability (asset) was based on the Macon County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Macon County School Department's proportion was .328779 percent. The proportion measured at June 30, 2014, was .326550 percent.

Negative Pension Expense. For the year ended June 30, 2016, the Macon County School Department recognized negative pension expense of \$107,943.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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
Difference Between Expected and Actual Experience	\$ 108,086	\$ 2,096,300
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,431,883	3,301,413
Changes in Proportion of Net Pension Liability (Asset)	28,799	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	1,121,963	N/A
Total	<u>\$ 3,690,731</u>	<u>\$ 5,397,713</u>

The Macon County School Department's employer contributions of \$1,121,963 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, 2017. 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
2017	\$ (884,384)
2018	(884,384)
2019	(884,384)
2020	216,088
2021	(391,883)
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2015, 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 adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, 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 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 all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the 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 the 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%
---	------------------------	-------------------------------------	------------------------

Net Pension Liability \$ 9,181,968 \$ 134,679 \$ (7,355,409)

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

G. 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 (PPO) plan for health care benefits. Subsequent to age 65, members who are also in the state’s retirement system may participate in a state-administered medicare supplement plan that does not include pharmacy. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state’s website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees’ premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2015, the School Department made contributions totaling \$176,481 for other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Insurance Plan
	<hr/>
ARC	\$ 327,000
Interest on the NOPEBO	71,702
Adjustment to the ARC	(71,990)
Annual OPEB cost	<hr/> \$ 326,712
Amount of contribution	(176,481)
Increase/decrease in NOPEBO	<hr/> \$ 150,231
Net OPEB obligation, 7-1-15	<hr/> 1,912,063
	<hr/>
Net OPEB obligation, 6-30-16	<u>\$ 2,062,294</u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Education Group	\$ 259,783	70	% \$ 1,807,453
6-30-15	"	268,862	61	1,912,063
6-30-16	"	326,712	54	2,062,294

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

(dollars in thousands)

	Local Education Group Insurance Plan
	<hr/>
Actuarial valuation date	7-1-15
Actuarial accrued liability (AAL)	\$ 3,014
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,014
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 13,107
UAAL as a % of covered payroll	23%

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, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. 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. Payroll is assumed to grow at a rate of three percent.

H. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-207, *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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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>	<u>2015</u>
Total Pension Liability (Asset)		
Service Cost	\$ 790,999	\$ 804,543
Interest	1,136,097	1,205,650
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(549,980)	476,935
Changes in Assumptions	0	0
Benefit Payments, Including Refunds of Employee Contributions	(454,825)	(471,752)
Net Change in Total Pension Liability (Asset)	<u>\$ 922,291</u>	<u>\$ 2,015,376</u>
Total Pension Liability (Asset), Beginning	<u>14,584,379</u>	<u>15,506,670</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 15,506,670</u>	<u>\$ 17,522,046</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 587,705	\$ 300,865
Contributions - Employee	447,413	460,037
Net Investment Income	2,532,807	557,524
Benefit Payments, Including Refunds of Employee Contributions	(454,825)	(471,752)
Administrative Expense	(13,802)	(19,488)
Net Change in Plan Fiduciary Net Position	<u>\$ 3,099,298</u>	<u>\$ 827,186</u>
Plan Fiduciary Net Position, Beginning	<u>14,852,899</u>	<u>17,952,197</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 17,952,197</u>	<u>\$ 18,779,383</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ (2,445,527)</u>	<u>\$ (1,257,337)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	115.77%	107.18%
Covered Employee Payroll	\$ 8,945,171	\$ 9,200,754
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(27.34)%	(13.67)%

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	2016
Actuarially Determined Contribution	\$ 587,705	\$ 300,865	\$ 288,111
Less Contributions in Relation to the Actuarially Determined Contribution	(587,705)	(300,865)	(288,111)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 8,945,171	\$ 9,200,754	\$ 8,718,054
Contributions as a Percentage of Covered Payroll	6.57%	3.27%	3.27%

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>	<u>2016</u>
Contractually Required Contribution	\$ 23,414	\$ 36,350
Less Contributions in Relation to the Contractually Required Contribution	(37,462)	(58,161)
Contribution Deficiency (Excess)	<u>\$ (14,048)</u>	<u>\$ (21,811)</u>
 Covered Payroll	 \$ 936,549	 \$ 1,453,984
 Contributions as a Percentage of Covered Payroll	 4.00%	 4.00%

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

Exhibit E-4

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>	<u>2016</u>
Contractually Required Contribution	\$ 1,138,156	\$ 1,112,630	\$ 1,121,963
Less Contributions in Relation to the Actuarially Determined Contribution	(1,138,156)	(1,112,630)	(1,121,963)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 12,817,063	\$ 12,307,885	\$ 12,385,234
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	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 Pension Plan of TCRS
Discretely Presented Macon County School Department
For the Fiscal Year Ended June 30 *

	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.450758%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (18,134)
Covered Employee Payroll	\$ 936,549
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

* 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 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>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.326550%	0.328779%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (53,063)	\$ 134,679
Covered Payroll	\$ 12,817,063	\$ 12,307,885
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.414002)%	1.094251%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

* 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-7

Macon County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Macon County School Department
June 30, 2016

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-11	\$ 0	\$ 4,130	\$ 4,130	0%	\$ 11,909	35 %
"	7-1-13	0	2,514	2,514	0	12,424	20
"	7-1-15	0	3,014	3,014	0	13,107	23

MACON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2016 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%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Exhibit F-1

Macon County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>					
Cash	\$ 545	\$ 100	\$ 0	\$ 42,064	\$ 42,709
Equity in Pooled Cash and Investments	757	126,825	103,193	0	230,775
Accounts Receivable	0	1,761	0	9,065	10,826
Property Taxes Receivable	0	187,088	0	0	187,088
Allowance for Uncollectible Property Taxes	0	(13,107)	0	0	(13,107)
Total Assets	<u>\$ 1,302</u>	<u>\$ 302,667</u>	<u>\$ 103,193</u>	<u>\$ 51,129</u>	<u>\$ 458,291</u>
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 0	\$ 748	\$ 0	\$ 0	\$ 748
Due to Litigants, Heirs, and Others	0	0	0	630	630
Total Liabilities	<u>\$ 0</u>	<u>\$ 748</u>	<u>\$ 0</u>	<u>\$ 630</u>	<u>\$ 1,378</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 168,531	\$ 0	\$ 0	\$ 168,531
Deferred Delinquent Property Taxes	0	5,000	0	0	5,000
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 173,531</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 173,531</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 0	\$ 103,193	\$ 0	\$ 103,193

(Continued)

Exhibit F-1

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	
<u>FUND BALANCES (Cont.)</u>					
Restricted (Cont.):					
Restricted for Public Health and Welfare	\$ 0	\$ 128,388	\$ 0	\$ 0	\$ 128,388
Restricted for Social, Cultural, and Recreational Services	1,302	0	0	0	1,302
Committed:					
Committed for Finance	0	0	0	50,499	50,499
Total Fund Balances	<u>\$ 1,302</u>	<u>\$ 128,388</u>	<u>\$ 103,193</u>	<u>\$ 50,499</u>	<u>\$ 283,382</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,302</u>	<u>\$ 302,667</u>	<u>\$ 103,193</u>	<u>\$ 51,129</u>	<u>\$ 458,291</u>

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, 2016

	Special Revenue Funds				
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 188,346	\$ 0	\$ 0	\$ 188,346
Fines, Forfeitures, and Penalties	0	0	31,335	0	31,335
Charges for Current Services	15,120	125,470	0	194,631	335,221
State of Tennessee	0	24,259	0	0	24,259
Total Revenues	\$ 15,120	\$ 338,075	\$ 31,335	\$ 194,631	\$ 579,161
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 0	\$ 0	\$ 197,518	\$ 197,518
Administration of Justice	0	0	0	5,798	5,798
Public Safety	0	0	3,314	0	3,314
Public Health and Welfare	0	409,712	0	0	409,712
Social, Cultural, and Recreational Services	37,535	0	0	0	37,535
Capital Projects	0	0	0	0	0
Total Expenditures	\$ 37,535	\$ 409,712	\$ 3,314	\$ 203,316	\$ 653,877
Excess (Deficiency) of Revenues Over Expenditures	\$ (22,415)	\$ (71,637)	\$ 28,021	\$ (8,685)	\$ (74,716)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ (22,415)	\$ (71,637)	\$ 28,021	\$ (8,685)	\$ (74,716)
Fund Balance, July 1, 2015	23,717	200,025	75,172	59,184	358,098
Fund Balance, June 30, 2016	\$ 1,302	\$ 128,388	\$ 103,193	\$ 50,499	\$ 283,382

(Continued)

Exhibit F-2

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

	<u>Capital</u> <u>Projects Fund</u>	Total Nonmajor Governmental Funds
	Education Capital Projects	
<hr/>		
<u>Revenues</u>		
Local Taxes	\$ 0	\$ 188,346
Fines, Forfeitures, and Penalties	0	31,335
Charges for Current Services	0	335,221
State of Tennessee	0	24,259
Total Revenues	<u>\$ 0</u>	<u>\$ 579,161</u>
<u>Expenditures</u>		
Current:		
Finance	\$ 0	\$ 197,518
Administration of Justice	0	5,798
Public Safety	0	3,314
Public Health and Welfare	0	409,712
Social, Cultural, and Recreational Services	0	37,535
Capital Projects	631,283	631,283
Total Expenditures	<u>\$ 631,283</u>	<u>\$ 1,285,160</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (631,283)</u>	<u>\$ (705,999)</u>
<u>Other Financing Sources (Uses)</u>		
Notes Issued	\$ 631,283	\$ 631,283
Total Other Financing Sources (Uses)	<u>\$ 631,283</u>	<u>\$ 631,283</u>
Net Change in Fund Balances	\$ 0	\$ (74,716)
Fund Balance, July 1, 2015	0	358,098
Fund Balance, June 30, 2016	<u>\$ 0</u>	<u>\$ 283,382</u>

Exhibit F-3

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Public Library Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 15,120	\$ 18,000	\$ 18,000	\$ (2,880)
Total Revenues	\$ 15,120	\$ 18,000	\$ 18,000	\$ (2,880)
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 37,535	\$ 22,900	\$ 46,699	\$ 9,164
Total Expenditures	\$ 37,535	\$ 22,900	\$ 46,699	\$ 9,164
Excess (Deficiency) of Revenues Over Expenditures	\$ (22,415)	\$ (4,900)	\$ (28,699)	\$ 6,284
Net Change in Fund Balance	\$ (22,415)	\$ (4,900)	\$ (28,699)	\$ 6,284
Fund Balance, July 1, 2015	23,717	23,718	23,718	(1)
Fund Balance, June 30, 2016	\$ 1,302	\$ 18,818	\$ (4,981)	\$ 6,283

Exhibit F-4

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 188,346	\$ 185,256	\$ 185,256	\$ 3,090
Charges for Current Services	125,470	75,000	86,002	39,468
State of Tennessee	24,259	12,000	17,000	7,259
Total Revenues	<u>\$ 338,075</u>	<u>\$ 272,256</u>	<u>\$ 288,258</u>	<u>\$ 49,817</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Transfer Stations	\$ 409,712	\$ 266,303	\$ 460,050	\$ 50,338
Total Expenditures	<u>\$ 409,712</u>	<u>\$ 266,303</u>	<u>\$ 460,050</u>	<u>\$ 50,338</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (71,637)</u>	<u>\$ 5,953</u>	<u>\$ (171,792)</u>	<u>\$ 100,155</u>
Net Change in Fund Balance	\$ (71,637)	\$ 5,953	\$ (171,792)	\$ 100,155
Fund Balance, July 1, 2015	200,025	200,027	200,027	(2)
Fund Balance, June 30, 2016	<u>\$ 128,388</u>	<u>\$ 205,980</u>	<u>\$ 28,235</u>	<u>\$ 100,153</u>

Exhibit F-5

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 31,335	\$ 5,000	\$ 5,000	\$ 26,335
Total Revenues	\$ 31,335	\$ 5,000	\$ 5,000	\$ 26,335
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 3,314	\$ 5,200	\$ 5,300	\$ 1,986
Total Expenditures	\$ 3,314	\$ 5,200	\$ 5,300	\$ 1,986
Excess (Deficiency) of Revenues Over Expenditures	\$ 28,021	\$ (200)	\$ (300)	\$ 28,321
Net Change in Fund Balance	\$ 28,021	\$ (200)	\$ (300)	\$ 28,321
Fund Balance, July 1, 2015	75,172	75,172	75,172	0
Fund Balance, June 30, 2016	\$ 103,193	\$ 74,972	\$ 74,872	\$ 28,321

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,101,758	\$ 1,055,000	\$ 1,055,000	\$ 46,758
Other Local Revenues	9,617	9,600	9,600	17
State of Tennessee	788,662	850,000	850,000	(61,338)
Other Governments and Citizens Groups	850,220	0	844,630	5,590
Total Revenues	<u>\$ 2,750,257</u>	<u>\$ 1,914,600</u>	<u>\$ 2,759,230</u>	<u>\$ (8,973)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 816,120	\$ 803,012	\$ 817,909	\$ 1,789
Highways and Streets	813,127	444,247	813,128	1
Education	1,425,503	160,601	1,425,503	0
<u>Interest on Debt</u>				
General Government	53,605	0	54,268	663
Highways and Streets	83,028	408,337	86,843	3,815
Education	79,243	0	84,028	4,785
<u>Other Debt Service</u>				
General Government	8,915	12,000	12,000	3,085
Total Expenditures	<u>\$ 3,279,541</u>	<u>\$ 1,828,197</u>	<u>\$ 3,293,679</u>	<u>\$ 14,138</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (529,284)</u>	<u>\$ 86,403</u>	<u>\$ (534,449)</u>	<u>\$ 5,165</u>
Net Change in Fund Balance	\$ (529,284)	\$ 86,403	\$ (534,449)	\$ 5,165
Fund Balance, July 1, 2015	<u>3,298,673</u>	<u>3,298,673</u>	<u>2,677,820</u>	<u>620,853</u>
Fund Balance, June 30, 2016	<u>\$ 2,769,389</u>	<u>\$ 3,385,076</u>	<u>\$ 2,143,371</u>	<u>\$ 626,018</u>

Fiduciary Funds

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

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

Constitutional Officers - Agency 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, 2016

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 747,137	\$ 747,137
Accounts Receivable	0	33,776	33,776
Due from Other Governments	300,201	0	300,201
Total Assets	<u>\$ 300,201</u>	<u>\$ 780,913</u>	<u>\$ 1,081,114</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 300,201	\$ 0	\$ 300,201
Due to Litigants, Heirs, and Others	0	780,913	780,913
Total Liabilities	<u>\$ 300,201</u>	<u>\$ 780,913</u>	<u>\$ 1,081,114</u>

Exhibit H-2

Macon County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,818,780	\$ 1,818,780	\$ 0
Due from Other Governments	308,698	300,201	308,698	300,201
Total Assets	\$ 308,698	\$ 2,118,981	\$ 2,127,478	\$ 300,201
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 308,698	\$ 2,118,981	\$ 2,127,478	\$ 300,201
Total Liabilities	\$ 308,698	\$ 2,118,981	\$ 2,127,478	\$ 300,201
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 953,180	\$ 5,552,440	\$ 5,758,483	\$ 747,137
Accounts Receivable	17,832	33,776	17,832	33,776
Total Assets	\$ 971,012	\$ 5,586,216	\$ 5,776,315	\$ 780,913
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 971,012	\$ 5,586,216	\$ 5,776,315	\$ 780,913
Total Liabilities	\$ 971,012	\$ 5,586,216	\$ 5,776,315	\$ 780,913
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 953,180	\$ 5,552,440	\$ 5,758,483	\$ 747,137
Equity in Pooled Cash and Investments	0	1,818,780	1,818,780	0
Accounts Receivable	17,832	33,776	17,832	33,776
Due from Other Governments	308,698	300,201	308,698	300,201
Total Assets	\$ 1,279,710	\$ 7,705,197	\$ 7,903,793	\$ 1,081,114
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 308,698	\$ 2,118,981	\$ 2,127,478	\$ 300,201
Due to Litigants, Heirs, and Others	971,012	5,586,216	5,776,315	780,913
Total Liabilities	\$ 1,279,710	\$ 7,705,197	\$ 7,903,793	\$ 1,081,114

Macon County School Department

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

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

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

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

Exhibit I-1

Macon County, Tennessee
Statement of Activities
Discretely Presented Macon County School Department
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 18,026,864	\$ 2,360	\$ 2,190,686	\$ 0	\$ (15,833,818)
Support Services	10,395,844	57,318	0	0	(10,338,526)
Operation of Non-instructional Services	2,427,499	501,456	1,676,961	0	(249,082)
Total Governmental Activities	\$ 30,850,207	\$ 561,134	\$ 3,867,647	\$ 0	\$ (26,421,426)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 3,207,030
Local Option Sales Tax					2,121,474
Interstate Telecommunications Tax					2,134
Grants and Contributions Not Restricted to Specific Programs					22,101,743
Miscellaneous					85,448
Total General Revenues					\$ 27,517,829
Change in Net Position					\$ 1,096,403
Net Position, July 1, 2015					10,896,216
Net Position, June 30, 2016					\$ 11,992,619

Exhibit I-2

Macon County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Macon County School Department
June 30, 2016

	<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	4,663,214	468,237	5,131,451
Accounts Receivable	11,575	0	11,575
Due from Other Governments	500,536	173,458	673,994
Property Taxes Receivable	3,469,098	0	3,469,098
Allowance for Uncollectible Property Taxes	(240,880)	0	(240,880)
Total Assets	<u>\$ 8,403,543</u>	<u>\$ 641,795</u>	<u>\$ 9,045,338</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 43,460	\$ 0	\$ 43,460
Due to State of Tennessee	4,397	1,835	6,232
Total Liabilities	<u>\$ 47,857</u>	<u>\$ 1,835</u>	<u>\$ 49,692</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,133,454	\$ 0	\$ 3,133,454
Deferred Delinquent Property Taxes	87,012	0	87,012
Other Deferred/Unavailable Revenue	175,660	0	175,660
Total Deferred Inflows of Resources	<u>\$ 3,396,126</u>	<u>\$ 0</u>	<u>\$ 3,396,126</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 131,945	\$ 438,741	\$ 570,686
Committed:			
Committed for Education	0	201,219	201,219
Unassigned	4,827,615	0	4,827,615
Total Fund Balances	<u>\$ 4,959,560</u>	<u>\$ 639,960</u>	<u>\$ 5,599,520</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,403,543</u>	<u>\$ 641,795</u>	<u>\$ 9,045,338</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, 2016

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)		\$ 5,599,520
(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	10,227,783	
Add: other capital assets net of accumulated depreciation	<u>2,030,427</u>	12,640,473
(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	\$ (3,280,029)	
Less: net pension liability - cost sharing legacy plan	(134,679)	
Less: other postemployment benefits liability	<u>(2,062,294)</u>	(5,477,002)
(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	\$ 4,340,968	
Less: deferred inflows of resources related to pensions	<u>(5,948,140)</u>	(1,607,172)
(4) Net pension assets of the agent and cost-sharing hybrid pension plans are not current financial resources and therefore are not reported in the governmental funds.		574,128
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>262,672</u>
Net position of governmental activities (Exhibit A)		<u>\$ 11,992,619</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, 2016

	<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	\$ 5,375,839	\$ 0	\$ 5,375,839
Licenses and Permits	1,843	0	1,843
Charges for Current Services	79,701	424,115	503,816
Other Local Revenues	163,556	916	164,472
State of Tennessee	21,454,367	0	21,454,367
Federal Government	112,240	4,329,535	4,441,775
Other Governments and Citizens Groups	631,283	0	631,283
Total Revenues	<u>\$ 27,818,829</u>	<u>\$ 4,754,566</u>	<u>\$ 32,573,395</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 16,466,482	\$ 1,798,960	\$ 18,265,442
Support Services	9,753,338	817,019	10,570,357
Operation of Non-Instructional Services	375,173	2,089,203	2,464,376
Capital Outlay	220,739	0	220,739
Debt Service:			
Other Debt Service	844,630	0	844,630
Total Expenditures	<u>\$ 27,660,362</u>	<u>\$ 4,705,182</u>	<u>\$ 32,365,544</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 158,467</u>	<u>\$ 49,384</u>	<u>\$ 207,851</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 30,972	\$ 0	\$ 30,972
Transfers In	11,700	16,523	28,223
Transfers Out	(16,523)	(11,700)	(28,223)
Total Other Financing Sources (Uses)	<u>\$ 26,149</u>	<u>\$ 4,823</u>	<u>\$ 30,972</u>
Net Change in Fund Balances	\$ 184,616	\$ 54,207	\$ 238,823
Fund Balance, July 1, 2015	4,774,944	585,753	5,360,697
Fund Balance, June 30, 2016	<u>\$ 4,959,560</u>	<u>\$ 639,960</u>	<u>\$ 5,599,520</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, 2016

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)		\$ 238,823
(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	\$ 452,119	
Less: current-year depreciation expense	<u>(866,890)</u>	(414,771)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(1,850)
(3) 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, 2015	\$ (255,374)	
Add: deferred delinquent property taxes and other deferred June 30, 2016	<u>262,672</u>	7,298
(4) 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	\$ 778,030	
Less: note proceeds contributed from the primary government	<u>(631,283)</u>	146,747
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in pension asset - agent plann	\$ (796,626)	
Change in pension asset - teacher retirement plam	18,134	
Change in pension liability - teacher legacy retirement plan	(187,742)	
Change in deferred outflows of resources related to pensions	2,933,570	
Change in deferred inflows of resources related to pensions	(696,948)	
Change in other postemployment benefits liability	<u>(150,231)</u>	1,120,157
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,096,404</u>

Exhibit I-6

Macon County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Macon County School Department
June 30, 2016

	<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	28,893	439,344	468,237
Due from Other Governments	173,458	0	173,458
Total Assets	<u>\$ 202,351</u>	<u>\$ 439,444</u>	<u>\$ 641,795</u>
<u>LIABILITIES</u>			
Due to State of Tennessee	\$ 1,132	\$ 703	\$ 1,835
Total Liabilities	<u>\$ 1,132</u>	<u>\$ 703</u>	<u>\$ 1,835</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 438,741	\$ 438,741
Committed:			
Committed for Education	201,219	0	201,219
Total Fund Balances	<u>\$ 201,219</u>	<u>\$ 438,741</u>	<u>\$ 639,960</u>
Total Liabilities and Fund Balances	<u>\$ 202,351</u>	<u>\$ 439,444</u>	<u>\$ 641,795</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, 2016

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 424,115	\$ 424,115
Other Local Revenues	0	916	916
Federal Government	2,670,911	1,658,624	4,329,535
Total Revenues	<u>\$ 2,670,911</u>	<u>\$ 2,083,655</u>	<u>\$ 4,754,566</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,798,960	\$ 0	\$ 1,798,960
Support Services	817,019	0	817,019
Operation of Non-Instructional Services	42,013	2,047,190	2,089,203
Total Expenditures	<u>\$ 2,657,992</u>	<u>\$ 2,047,190</u>	<u>\$ 4,705,182</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 12,919</u>	<u>\$ 36,465</u>	<u>\$ 49,384</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 16,523	\$ 16,523
Transfers Out	(11,700)	0	(11,700)
Total Other Financing Sources (Uses)	<u>\$ (11,700)</u>	<u>\$ 16,523</u>	<u>\$ 4,823</u>
Net Change in Fund Balances	\$ 1,219	\$ 52,988	\$ 54,207
Fund Balance, July 1, 2015	<u>200,000</u>	<u>385,753</u>	<u>585,753</u>
Fund Balance, June 30, 2016	<u>\$ 201,219</u>	<u>\$ 438,741</u>	<u>\$ 639,960</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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 5,375,839	\$ 0	\$ 5,375,839	\$ 5,109,541	\$ 5,109,541	\$ 266,298
Licenses and Permits	1,843	0	1,843	2,000	2,000	(157)
Charges for Current Services	79,701	0	79,701	51,000	51,000	28,701
Other Local Revenues	163,556	0	163,556	65,800	65,800	97,756
State of Tennessee	21,454,367	0	21,454,367	22,147,737	21,531,607	(77,240)
Federal Government	112,240	0	112,240	110,000	110,000	2,240
Other Governments and Citizens Groups	631,283	0	631,283	0	731,020	(99,737)
Total Revenues	\$ 27,818,829	\$ 0	\$ 27,818,829	\$ 27,486,078	\$ 27,600,968	\$ 217,861
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 13,414,719	\$ 0	\$ 13,414,719	\$ 13,983,870	\$ 13,955,770	\$ 541,051
Alternative Instruction Program	129,127	0	129,127	174,380	174,380	45,253
Special Education Program	1,844,675	0	1,844,675	1,960,230	1,960,230	115,555
Vocational Education Program	1,077,961	0	1,077,961	1,133,980	1,132,730	54,769
<u>Support Services</u>						
Attendance	114,846	0	114,846	132,560	132,560	17,714
Health Services	373,884	0	373,884	380,950	380,950	7,066
Other Student Support	621,607	0	621,607	712,830	696,307	74,700
Regular Instruction Program	805,986	0	805,986	878,050	878,050	72,064
Alternative Instruction Program	0	0	0	600	600	600
Special Education Program	244,176	0	244,176	253,830	256,830	12,654
Vocational Education Program	30,003	0	30,003	32,960	34,210	4,207
Other Programs	114,890	0	114,890	0	114,890	0
Board of Education	484,681	0	484,681	482,330	494,330	9,649

(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)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Director of Schools	\$ 144,066	\$ 0	\$ 144,066	\$ 150,360	\$ 150,360	\$ 6,294
Office of the Principal	1,464,292	0	1,464,292	1,454,980	1,471,080	6,788
Fiscal Services	213,549	0	213,549	224,790	224,790	11,241
Operation of Plant	2,571,319	0	2,571,319	2,773,700	2,745,700	174,381
Maintenance of Plant	622,205	0	622,205	657,230	657,230	35,025
Transportation	1,947,834	(160,235)	1,787,599	1,823,750	1,848,750	61,151
<u>Operation of Non-Instructional Services</u>						
Food Service	74,236	0	74,236	83,270	83,270	9,034
Early Childhood Education	300,937	0	300,937	308,087	308,087	7,150
<u>Capital Outlay</u>						
Regular Capital Outlay	220,739	0	220,739	200,000	265,000	44,261
<u>Principal on Debt</u>						
Education	0	0	0	863,804	0	0
<u>Interest on Debt</u>						
Education	0	0	0	92,600	0	0
<u>Other Debt Service</u>						
Education	844,630	0	844,630	0	891,404	46,774
Total Expenditures	\$ 27,660,362	\$ (160,235)	\$ 27,500,127	\$ 28,759,141	\$ 28,857,508	\$ 1,357,381
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 158,467	\$ 160,235	\$ 318,702	\$ (1,273,063)	\$ (1,256,540)	\$ 1,575,242
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 30,972	\$ 0	\$ 30,972	\$ 20,000	\$ 20,000	\$ 10,972

(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)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers In	\$ 11,700	\$ 0	\$ 11,700	\$ 15,000	\$ 15,000	\$ (3,300)
Transfers Out	(16,523)	0	(16,523)	0	(16,523)	0
Total Other Financing Sources	<u>\$ 26,149</u>	<u>\$ 0</u>	<u>\$ 26,149</u>	<u>\$ 35,000</u>	<u>\$ 18,477</u>	<u>\$ 7,672</u>
Net Change in Fund Balance	\$ 184,616	\$ 160,235	\$ 344,851	\$ (1,238,063)	\$ (1,238,063)	\$ 1,582,914
Fund Balance, July 1, 2015	<u>4,774,944</u>	<u>(160,235)</u>	<u>4,614,709</u>	<u>4,198,058</u>	<u>4,198,058</u>	<u>416,651</u>
Fund Balance, June 30, 2016	<u>\$ 4,959,560</u>	<u>\$ 0</u>	<u>\$ 4,959,560</u>	<u>\$ 2,959,995</u>	<u>\$ 2,959,995</u>	<u>\$ 1,999,565</u>

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,670,911	\$ 3,264,373	\$ 3,270,513	\$ (599,602)
Total Revenues	\$ 2,670,911	\$ 3,264,373	\$ 3,270,513	\$ (599,602)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 994,597	\$ 1,126,340	\$ 1,111,955	\$ 117,358
Special Education Program	766,333	909,356	909,356	143,023
Vocational Education Program	38,030	40,776	38,030	0
<u>Support Services</u>				
Other Student Support	43,023	192,251	174,974	131,951
Regular Instruction Program	652,021	753,873	794,398	142,377
Special Education Program	82,055	125,480	125,480	43,425
Vocational Education Program	1,021	999	1,022	1
Transportation	38,899	53,598	53,598	14,699
<u>Operation of Non-Instructional Services</u>				
Community Services	42,013	50,000	50,000	7,987
Total Expenditures	\$ 2,657,992	\$ 3,252,673	\$ 3,258,813	\$ 600,821
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,919	\$ 11,700	\$ 11,700	\$ 1,219
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (11,700)	\$ (11,700)	\$ (11,700)	\$ 0
Total Other Financing Sources	\$ (11,700)	\$ (11,700)	\$ (11,700)	\$ 0
Net Change in Fund Balance	\$ 1,219	\$ 0	\$ 0	\$ 1,219
Fund Balance, July 1, 2015	200,000	200,000	200,000	0
Fund Balance, June 30, 2016	\$ 201,219	\$ 200,000	\$ 200,000	\$ 1,219

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 424,115	\$ 475,000	\$ 475,000	\$ (50,885)
Other Local Revenues	916	1,500	1,500	(584)
Federal Government	1,658,624	1,660,000	1,660,000	(1,376)
Total Revenues	<u>\$ 2,083,655</u>	<u>\$ 2,136,500</u>	<u>\$ 2,136,500</u>	<u>\$ (52,845)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,047,190	\$ 2,136,500	\$ 2,136,500	\$ 89,310
Total Expenditures	<u>\$ 2,047,190</u>	<u>\$ 2,136,500</u>	<u>\$ 2,136,500</u>	<u>\$ 89,310</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 36,465</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,465</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 16,523	\$ 0	\$ 0	\$ 16,523
Total Other Financing Sources	<u>\$ 16,523</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,523</u>
Net Change in Fund Balance	\$ 52,988	\$ 0	\$ 0	\$ 52,988
Fund Balance, July 1, 2015	<u>385,753</u>	<u>385,753</u>	<u>385,753</u>	<u>0</u>
Fund Balance, June 30, 2016	<u>\$ 438,741</u>	<u>\$ 385,753</u>	<u>\$ 385,753</u>	<u>\$ 52,988</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Macon County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-16
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Energy Efficiency Loan	\$ 138,649	0%	6-3-09	6-8-16	\$ 19,807	\$ 0	\$ 19,807	\$ 0
Highway and Refunding	4,645,531	2.04	9-1-09	9-1-19	2,094,154	0	401,546	1,692,608
E-911 Building	153,529	2.49	12-13-11	8-28-15	63,697	0	63,697	0
Tanker Building	47,700	2.45	3-28-12	8-28-15	19,080	0	19,080	0
West Macon Rescue Building	61,514	2.25	8-7-12	8-25-15	36,908	0	36,908	0
School Security, Equipment, and Patrol Cars	142,022	2.09	4-26-13	4-26-18	85,537	0	28,385	57,152
LES School Roof	587,993	2.02	10-30-13	9-15-15	478,000	0	478,000	0
Macon County Library Roof	72,000	1.47	9-11-13	8-25-15	48,000	0	48,000	0
County Road Repairs	2,000,000	2.29	11-13-13	11-13-19	1,833,333	0	366,667	1,466,666
Storage Building	75,000	1.74	3-17-15	8-25-15	75,000	0	75,000	0
Rescue Equipment	137,838	1.74	9-1-15	9-1-20	0	137,838	0	137,838
Courthouse Roof & HVAC Renovations	435,319	1.96	2-18-15	3-18-21	0	435,319	0	435,319
Westside Elementary Roof	541,544	1.74	6-6-16	6-6-21	0	541,544	0	541,544
County Road Repairs	500,000	2.24	12-7-15	4-23-20	0	500,000	101,130	398,870
Total Payable through General Debt Service Fund					<u>\$ 4,753,516</u>	<u>\$ 1,614,701</u>	<u>\$ 1,638,220</u>	<u>\$ 4,729,997</u>
<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	\$ 1,801,215	\$ 0	\$ 595,804	\$ 1,205,411
Energy Efficiency Loan	2,223,244	.75	7-19-11	3-1-24	1,625,561	0	182,226	1,443,335
Energy Efficiency School Initiative	(1)	.75	6-17-15	7-1-24	0	631,283	0	631,283
Total Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund					<u>\$ 3,426,776</u>	<u>\$ 631,283</u>	<u>\$ 778,030</u>	<u>\$ 3,280,029</u>
Total Notes Payable					<u>\$ 8,180,292</u>	<u>\$ 2,245,984</u>	<u>\$ 2,416,250</u>	<u>\$ 8,010,026</u>
GENERAL BONDED DEBT								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds	3,830,660	1.96	5-30-13	6-1-19	\$ 2,554,000	\$ 0	\$ 638,500	\$ 1,915,500
Total General Bonded Debt					<u>\$ 2,554,000</u>	<u>\$ 0</u>	<u>\$ 638,500</u>	<u>\$ 1,915,500</u>

(1) Total amount approved was \$731,020, of which \$99,737 remains available for draw as of June 30, 2016.

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 1,900,017	\$ 164,354	\$ 2,064,371
2018	2,016,798	121,906	2,138,704
2019	1,420,656	116,902	1,537,558
2020	1,422,714	37,053	1,459,767
2021	520,144	11,585	531,729
2022	295,811	5,209	301,020
2023	298,018	3,002	301,020
2024	135,868	829	136,697
Total	\$ 8,010,026	\$ 460,840	\$ 8,470,866

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 638,500	\$ 37,544	\$ 676,044
2018	638,500	25,030	663,530
2019	638,500	12,515	651,015
Total	\$ 1,915,500	\$ 75,089	\$ 1,990,589

Exhibit J-3

Macon County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Macon County School Department
For the Year Ended June 30, 2016

<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
Total Primary Government			<u>\$ 2,400</u>
<u>DISCRETELY PRESENTED MACON COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Operations	\$ 16,523
School Federal Projects	General Purpose School	Indirect costs	<u>11,700</u>
Total Transfers Discretely Presented Macon County School Department			<u>\$ 28,223</u>

Exhibit J-4

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, 2016

Official	Authorization for Salary	Salary Paid During Period		Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i> , and County Commission	\$ 73,738	(1)	100,000	Western Surety Company
Supervisor of Roads	Section 8-24-102, <i>TCA</i>	70,228		100,000	"
Director of Schools	State Board of Education and Local Board of Education	81,600	(2)	100,000	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	63,843		50,000	RLI Insurance Company
Trustee	Section 8-24-102, <i>TCA</i>	63,843		1,149,074	Auto Owners Mutual Insurance Company
County Clerk	Section 8-24-102, <i>TCA</i>	63,843	(3)	100,000	RLI Insurance Company
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	63,843		110,000	Western Surety Company
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	63,843	(4)	125,000	Auto Owners Mutual Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	63,843		100,000	RLI Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	70,228	(5)	100,000	Western Surety Company
<u>Other Bonds</u>					
County Employees	Public Employee - Blanket Bond			1,000,000	Local Government Insurance Pool
School Department Employees	Public Employee - Blanket Bond			150,000	Tennessee Risk Management Trust

- (1) Does not include \$3,125 for serving as a consultant to the County Commission.
(2) Does not include \$900 for a chief executive officer training supplement or a one time bonus of \$1,200.
(3) Does not include \$1,250 for attending County Commission meetings.
(4) Does not include \$5,798 in special commissioner fees.
(5) 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, 2016

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,240,393	\$ 0	\$ 177,034	\$ 0	\$ 0	\$ 404,150
Discount on Property Taxes	(38,869)	0	(1,621)	0	0	(3,711)
Trustee's Collections - Prior Year	131,003	0	5,468	0	0	13,536
Trustee's Collections - Bankruptcy	1,361	0	22	0	0	106
Circuit Clerk/Clerk and Master Collections - Prior Years	81,952	0	3,421	0	0	6,792
Interest and Penalty	24,004	0	1,002	0	0	2,293
<u>County Local Option Taxes</u>						
Local Option Sales Tax	303,138	0	0	0	0	0
Hotel/Motel Tax	23,663	0	0	0	0	0
Wheel Tax	285,042	0	0	0	0	0
Litigation Tax - General	142,325	0	0	0	0	0
Litigation Tax - Special Purpose	298	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	145,974	0	0	0	0	0
Adequate Facilities/Development Tax	181,631	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	72,895	0	3,020	0	0	6,987
Wholesale Beer Tax	127,764	0	0	0	0	0
Interstate Telecommunications Tax	2,842	0	0	0	0	0
Total Local Taxes	\$ 5,725,416	\$ 0	\$ 188,346	\$ 0	\$ 0	\$ 430,153
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 45,805	\$ 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>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Building Permits	\$ 33,993	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Permits	791	0	0	0	0	0
Total Licenses and Permits	<u>\$ 80,589</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 20,718	\$ 0	\$ 0	\$ 0	\$ 0	0
Jail Fees	437	0	0	0	0	0
DUI Treatment Fines	4,242	0	0	0	0	0
Data Entry Fee - Circuit Court	1,616	0	0	0	0	0
Courtroom Security Fee	116	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	24,429	0	0	0	0	0
Fines for Littering	43	0	0	0	0	0
Officers Costs	33,880	0	0	0	0	0
Game and Fish Fines	133	0	0	0	0	0
Drug Control Fines	0	0	0	31,335	0	0
Jail Fees	14,919	0	0	0	0	0
District Attorney General Fees	20,890	0	0	0	0	0
DUI Treatment Fines	1,200	0	0	0	0	0
Data Entry Fee - General Sessions Court	8,406	0	0	0	0	0
Courtroom Security Fee	2,736	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	3,287	0	0	0	0	0
Officers Costs	1,159	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>Juvenile Court (Cont.)</u>						
Interpreter Fee	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Juvenile Court	780	0	0	0	0	0
Courtroom Security Fee	225	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	3,316	0	0	0	0	0
Data Entry Fee - Chancery Court	2,609	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 145,241	\$ 0	\$ 0	\$ 31,335	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Transfer Waste Stations Collection Charge	\$ 0	\$ 0	\$ 125,470	\$ 0	\$ 0	\$ 0
Patient Charges	1,236,256	0	0	0	0	0
Other General Service Charges	1,035	0	0	0	0	0
<u>Fees</u>						
Copy Fees	112	0	0	0	0	0
Library Fees	4,844	15,120	0	0	0	0
Greenbelt Late Application Fee	350	0	0	0	0	0
Telephone Commissions	80,875	0	0	0	0	0
Vending Machine Collections	135	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	188,833	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	5,798	0
Data Processing Fee - Register	7,370	0	0	0	0	0
Probation Fees	128,014	0	0	0	0	0
Data Processing Fee - Sheriff	3,545	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,725	0	0	0	0	0
Total Charges for Current Services	\$ 1,467,261	\$ 15,120	\$ 125,470	\$ 0	\$ 194,631	\$ 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>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 29,321	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	21,975	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	262
Commissary Sales	36,707	0	0	0	0	0
Miscellaneous Refunds	215,040	0	0	0	0	18,803
<u>Nonrecurring Items</u>						
Sale of Equipment	8,059	0	0	0	0	9,306
Contributions and Gifts	189,722	0	0	0	0	0
Total Other Local Revenues	\$ 500,824	\$ 0	\$ 0	\$ 0	\$ 0	28,371
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 102,000	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	96,303	0	0	0	0	0
General Sessions Court Clerk	154,225	0	0	0	0	0
Clerk and Master	72,934	0	0	0	0	0
Juvenile Court Clerk	24,198	0	0	0	0	0
Register	77,720	0	0	0	0	0
Sheriff	9,425	0	0	0	0	0
Trustee	298,329	0	0	0	0	0
Total Fees Received From County Officials	\$ 835,134	\$ 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>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	13,800	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	118,066	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	223,714
State Aid Program	0	0	0	0	0	20,624
Litter Program	32,131	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	522,868	0	0	0	0	0
Alcoholic Beverage Tax	45,975	0	0	0	0	0
State Revenue Sharing - T.V.A.	281,719	0	0	0	0	0
Contracted Prisoner Boarding	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,586,809
Petroleum Special Tax	0	0	0	0	0	17,391
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	10,811	0	24,259	0	0	0
Other State Revenues	11,731	0	0	0	0	0
Total State of Tennessee	\$ 1,065,765	\$ 0	\$ 24,259	\$ 0	\$ 0	1,848,538
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 497,371	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Federal through State	19,260	0	0	0	0	0
Total Federal Government	\$ 516,631	\$ 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>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 92,539	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	0	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 92,539</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 10,429,400</u>	<u>\$ 15,120</u>	<u>\$ 338,075</u>	<u>\$ 31,335</u>	<u>\$ 194,631</u>	<u>\$ 2,307,062</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 4,821,577
Discount on Property Taxes	0	(44,201)
Trustee's Collections - Prior Year	0	150,007
Trustee's Collections - Bankruptcy	0	1,489
Circuit Clerk/Clerk and Master Collections - Prior Years	0	92,165
Interest and Penalty	0	27,299
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	303,138
Hotel/Motel Tax	0	23,663
Wheel Tax	1,040,434	1,325,476
Litigation Tax - General	41,119	183,444
Litigation Tax - Special Purpose	0	298
Litigation Tax - Jail, Workhouse, or Courthouse	20,205	20,205
Business Tax	0	145,974
Adequate Facilities/Development Tax	0	181,631
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	82,902
Wholesale Beer Tax	0	127,764
Interstate Telecommunications Tax	0	2,842
Total Local Taxes	<u>\$ 1,101,758</u>	<u>\$ 7,445,673</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	\$ 0	\$ 45,805

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>Licenses and Permits (Cont.)</u>		
<u>Permits</u>		
Building Permits	\$ 0	\$ 33,993
Other Permits	0	791
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 80,589</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 20,718
Jail Fees	0	437
DUI Treatment Fines	0	4,242
Data Entry Fee - Circuit Court	0	1,616
Courtroom Security Fee	0	116
<u>General Sessions Court</u>		
Fines	0	24,429
Fines for Littering	0	43
Officers Costs	0	33,880
Game and Fish Fines	0	133
Drug Control Fines	0	31,335
Jail Fees	0	14,919
District Attorney General Fees	0	20,890
DUI Treatment Fines	0	1,200
Data Entry Fee - General Sessions Court	0	8,406
Courtroom Security Fee	0	2,736
<u>Juvenile Court</u>		
Fines	0	3,287
Officers Costs	0	1,159

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Juvenile Court (Cont.)</u>		
Interpreter Fee	\$ 0	\$ 100
Data Entry Fee - Juvenile Court	0	780
Courtroom Security Fee	0	225
<u>Chancery Court</u>		
Officers Costs	0	3,316
Data Entry Fee - Chancery Court	0	2,609
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 176,576</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Transfer Waste Stations Collection Charge	\$ 0	\$ 125,470
Patient Charges	0	1,236,256
Other General Service Charges	0	1,035
<u>Fees</u>		
Copy Fees	0	112
Library Fees	0	19,964
Greenbelt Late Application Fee	0	350
Telephone Commissions	0	80,875
Vending Machine Collections	0	135
Constitutional Officers' Fees and Commissions	0	188,833
Special Commissioner Fees/Special Master Fees	0	5,798
Data Processing Fee - Register	0	7,370
Probation Fees	0	128,014
Data Processing Fee - Sheriff	0	3,545
Sexual Offender Registration Fee - Sheriff	0	4,725
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 1,802,482</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 29,321
Lease/Rentals	9,600	31,575
Sale of Materials and Supplies	0	262
Commissary Sales	0	36,707
Miscellaneous Refunds	17	233,860
<u>Nonrecurring Items</u>		
Sale of Equipment	0	17,365
Contributions and Gifts	0	189,722
Total Other Local Revenues	<u>\$ 9,617</u>	<u>\$ 538,812</u>
<u>Fees Received From County Officials</u>		
<u>Excess Fees</u>		
County Clerk	\$ 0	\$ 102,000
<u>Fees In-Lieu-of Salary</u>		
Circuit Court Clerk	0	96,303
General Sessions Court Clerk	0	154,225
Clerk and Master	0	72,934
Juvenile Court Clerk	0	24,198
Register	0	77,720
Sheriff	0	9,425
Trustee	0	298,329
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 835,134</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 13,500
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	13,800
<u>Health and Welfare Grants</u>		
Health Department Programs	0	118,066
<u>Public Works Grants</u>		
Bridge Program	0	223,714
State Aid Program	0	20,624
Litter Program	0	32,131
<u>Other State Revenues</u>		
Income Tax	0	522,868
Alcoholic Beverage Tax	0	45,975
State Revenue Sharing - T.V.A.	0	281,719
Contracted Prisoner Boarding	788,662	788,662
Gasoline and Motor Fuel Tax	0	1,586,809
Petroleum Special Tax	0	17,391
Registrar's Salary Supplement	0	15,164
Other State Grants	0	35,070
Other State Revenues	0	11,731
Total State of Tennessee	<u>\$ 788,662</u>	<u>\$ 3,727,224</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Community Development	\$ 0	\$ 497,371
Other Federal through State	0	19,260
Total Federal Government	<u>\$ 0</u>	<u>\$ 516,631</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service Fund</u>	
	General Debt Service	Total
<hr/>		
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Prisoner Board	\$ 0	\$ 92,539
Contributions	850,220	850,220
Total Other Governments and Citizens Groups	<u>\$ 850,220</u>	<u>\$ 942,759</u>
Total	<u>\$ 2,750,257</u>	<u>\$ 16,065,880</u>

Exhibit J-6

Macon County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Macon County School Department
For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,052,579	\$ 0	\$ 0	\$ 3,052,579
Discount on Property Taxes	(27,982)	0	0	(27,982)
Trustee's Collections - Prior Year	101,949	0	0	101,949
Trustee's Collections - Bankruptcy	1,025	0	0	1,025
Circuit Clerk/Clerk and Master Collections - Prior Years	58,996	0	0	58,996
Interest and Penalty	17,280	0	0	17,280
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,117,359	0	0	2,117,359
<u>Statutory Local Taxes</u>				
Bank Excise Tax	52,499	0	0	52,499
Interstate Telecommunications Tax	2,134	0	0	2,134
Total Local Taxes	<u>\$ 5,375,839</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,375,839</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,843	\$ 0	\$ 0	\$ 1,843
Total Licenses and Permits	<u>\$ 1,843</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,843</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 2,360	\$ 0	\$ 0	\$ 2,360
Lunch Payments - Children	0	0	187,466	187,466
Lunch Payments - Adults	0	0	59,900	59,900
Income from Breakfast	0	0	16,127	16,127

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
A la Carte Sales	\$ 0	\$ 0	\$ 160,622	\$ 160,622
Receipts from Individual Schools	77,341	0	0	77,341
Total Charges for Current Services	<u>\$ 79,701</u>	<u>\$ 0</u>	<u>\$ 424,115</u>	<u>\$ 503,816</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Lease/Rentals	\$ 2,701	\$ 0	\$ 0	\$ 2,701
Sale of Materials and Supplies	283	0	0	283
E-Rate Funding	54,617	0	0	54,617
Miscellaneous Refunds	84,203	0	916	85,119
<u>Nonrecurring Items</u>				
Sale of Equipment	2,777	0	0	2,777
Damages Recovered from Individuals	69	0	0	69
Contributions and Gifts	18,751	0	0	18,751
<u>Other Local Revenues</u>				
Other Local Revenues	155	0	0	155
Total Other Local Revenues	<u>\$ 163,556</u>	<u>\$ 0</u>	<u>\$ 916</u>	<u>\$ 164,472</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 114,890	\$ 0	\$ 0	\$ 114,890
<u>State Education Funds</u>				
Basic Education Program	20,271,000	0	0	20,271,000
Early Childhood Education	300,939	0	0	300,939

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
School Food Service	\$ 18,337	\$ 0	\$ 0	\$ 18,337
Driver Education	15,304	0	0	15,304
Other State Education Funds	291,451	0	0	291,451
Career Ladder Program	106,341	0	0	106,341
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	181,630	0	0	181,630
Other State Grants	154,475	0	0	154,475
Total State of Tennessee	<u>\$ 21,454,367</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,454,367</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,127,410	\$ 1,127,410
USDA - Commodities	0	0	87,531	87,531
Breakfast	0	0	424,161	424,161
USDA - Other	0	0	12,522	12,522
USDA Food Service Equipment Grant	0	0	7,000	7,000
Vocational Education - Basic Grants to States	0	69,026	0	69,026
Title I Grants to Local Education Agencies	0	1,462,818	0	1,462,818
Special Education - Grants to States	112,240	860,022	0	972,262
Special Education Preschool Grants	0	27,264	0	27,264
Eisenhower Professional Development State Grants	0	208,558	0	208,558
Other Federal through State	0	43,223	0	43,223
Total Federal Government	<u>\$ 112,240</u>	<u>\$ 2,670,911</u>	<u>\$ 1,658,624</u>	<u>\$ 4,441,775</u>

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<hr/>				
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 631,283	\$ 0	\$ 0	\$ 631,283
Total Other Governments and Citizens Groups	<u>\$ 631,283</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 631,283</u>
 Total	 <u>\$ 27,818,829</u>	 <u>\$ 2,670,911</u>	 <u>\$ 2,083,655</u>	 <u>\$ 32,573,395</u>

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2016

General Fund

General Government

County Commission

County Official/Administrative Officer	\$	3,125	
Board and Committee Members Fees		50,800	
Social Security		4,125	
Pensions		104	
Audit Services		6,674	
Consultants		275	
Dues and Memberships		1,350	
Legal Services		80,660	
Legal Notices, Recording, and Court Costs		925	
Total County Commission			\$ 148,038

Board of Equalization

Board and Committee Members Fees	\$	1,260	
Total Board of Equalization			1,260

Budget and Finance Committee

Legal Notices, Recording, and Court Costs	\$	765	
Other Supplies and Materials		430	
Total Budget and Finance Committee			1,195

Other Boards and Committees

Legal Notices, Recording, and Court Costs	\$	1,422	
Other Supplies and Materials		491	
Total Other Boards and Committees			1,913

County Mayor/Executive

County Official/Administrative Officer	\$	73,738	
Accountants/Bookkeepers		99,603	
Overtime Pay		3,075	
Social Security		13,037	
Pensions		4,537	
Dues and Memberships		1,350	
Maintenance and Repair Services - Equipment		1,793	
Maintenance and Repair Services - Office Equipment		8,074	
Postal Charges		1,097	
Printing, Stationery, and Forms		4,438	
Travel		4,950	
Other Contracted Services		2,422	
Office Supplies		4,090	
Premiums on Corporate Surety Bonds		391	
Data Processing Equipment		371	
Office Equipment		2,912	
Total County Mayor/Executive			225,878

County Attorney

Other Contracted Services	\$	7,026	
Total County Attorney			7,026

(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)		27,269	
Temporary Personnel		2,705	
Election Commission		5,700	
Election Workers		5,040	
Social Security		6,270	
Pensions		2,771	
Legal Notices, Recording, and Court Costs		3,422	
Maintenance and Repair Services - Buildings		82	
Maintenance and Repair Services - Equipment		14,425	
Postal Charges		1,452	
Printing, Stationery, and Forms		961	
Rentals		200	
Travel		6,725	
Other Contracted Services		9,500	
Office Supplies		1,367	
Utilities		4,439	
Total Election Commission	\$		149,787

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		36,559	
Social Security		7,580	
Pensions		2,923	
Dues and Memberships		748	
Legal Notices, Recording, and Court Costs		758	
Printing, Stationery, and Forms		2,642	
Travel		1,053	
Office Supplies		2,879	
Other Supplies and Materials		242	
Premiums on Corporate Surety Bonds		197	
Data Processing Equipment		5,758	
Office Equipment		239	
Total Register of Deeds			125,421

Planning

Supervisor/Director	\$	33,426	
Board and Committee Members Fees		1,775	
Social Security		2,571	
Pensions		1,093	
Contracts with Government Agencies		9,250	
Dues and Memberships		170	
Legal Notices, Recording, and Court Costs		327	
Postal Charges		231	
Travel		3,257	
Other Contracted Services		150	
Office Supplies		1,675	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Premiums on Corporate Surety Bonds	\$	700	
Motor Vehicles		7,219	
Total Planning			\$ 61,844

Building

Engineering Services	\$	7,273	
Legal Notices, Recording, and Court Costs		200	
Maintenance and Repair Services - Buildings		73,650	
Electricity		4,264	
Water and Sewer		990	
Building Improvements		81,929	
Communication Equipment		159,907	
Total Building			328,213

County Buildings

Supervisor/Director	\$	27,414	
Overtime Pay		3,371	
Social Security		2,247	
Pensions		1,024	
Communication		26,150	
Licenses		175	
Maintenance and Repair Services - Buildings		15,889	
Other Contracted Services		700	
Electricity		13,055	
Water and Sewer		4,673	
Other Supplies and Materials		7,618	
Building Improvements		14,864	
Office Equipment		1,088	
Total County Buildings			118,268

Other Facilities

Custodial Personnel	\$	21,321	
Maintenance Personnel		27,414	
Social Security		3,562	
Pensions		1,594	
Communication		31,885	
Maintenance and Repair Services - Buildings		39,569	
Pest Control		1,870	
Travel		111	
Custodial Supplies		4,127	
Electricity		97,276	
Water and Sewer		92,302	
Total Other Facilities			321,031

Other General Administration

Supervisor/Director	\$	1,261	
Social Security		93	
Pensions		41	
Total Other General Administration			1,395

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Part-time Personnel	\$	7,521	
Social Security		575	
Other Supplies and Materials		1,649	
Total Preservation of Records			\$ 9,745

Risk Management

Supervisor/Director	\$	13,333	
Social Security		1,020	
Other Contracted Services		2,721	
Total Risk Management			17,074

Finance

Central Services

Dispatchers/Radio Operators	\$	245,738	
Overtime Pay		59,981	
Social Security		22,579	
Pensions		9,382	
Maintenance and Repair Services - Buildings		1,127	
Utilities		17,067	
Total Central Services			355,874

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		53,313	
Overtime Pay		297	
Other Salaries and Wages		6,016	
Social Security		9,255	
Pensions		3,841	
Contracts with Other Public Agencies		13,010	
Legal Notices, Recording, and Court Costs		169	
Postal Charges		502	
Printing, Stationery, and Forms		174	
Travel		479	
Office Supplies		196	
Premiums on Corporate Surety Bonds		175	
Motor Vehicles		8,500	
Total Property Assessor's Office			159,770

Reappraisal Program

Maintenance and Repair Services - Vehicles	\$	912	
Postal Charges		818	
Gasoline		1,576	
Office Supplies		100	
Data Processing Equipment		3,491	
Total Reappraisal Program			6,897

(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

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		53,360	
Overtime Pay		1,292	
Other Salaries and Wages		11,018	
Social Security		9,598	
Pensions		3,874	
Data Processing Services		10,222	
Dues and Memberships		658	
Legal Notices, Recording, and Court Costs		56	
Maintenance and Repair Services - Office Equipment		8,810	
Postal Charges		1,880	
Printing, Stationery, and Forms		197	
Travel		490	
Office Supplies		591	
Office Equipment		335	
Total County Trustee's Office			\$ 166,224

County Clerk's Office

Social Security	\$	14,513	
Pensions		6,397	
Maintenance and Repair Services - Office Equipment		1,201	
Postal Charges		4,259	
Printing, Stationery, and Forms		819	
Office Supplies		1,458	
Other Supplies and Materials		7,552	
Premiums on Corporate Surety Bonds		395	
Office Equipment		140	
Total County Clerk's Office			36,734

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		157,727	
Overtime Pay		2,774	
Jury and Witness Expense		4,093	
Social Security		16,256	
Pensions		6,414	
Dues and Memberships		518	
Postal Charges		4,015	
Printing, Stationery, and Forms		2,188	
Travel		785	
Other Contracted Services		10,938	
Instructional Supplies and Materials		1,955	
Office Supplies		10,529	
Premiums on Corporate Surety Bonds		1,258	
Other Charges		1,473	
Data Processing Equipment		28,960	
Office Equipment		559	
Total Circuit Court			314,285

(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

Judge(s)	\$	98,816	
Social Security		7,559	
Pensions		3,231	
Dues and Memberships		150	
Travel		1,485	
Total General Sessions Court			\$ 111,241

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		27,260	
Temporary Personnel		15,471	
Social Security		8,004	
Pensions		2,979	
Dues and Memberships		458	
Legal Notices, Recording, and Court Costs		200	
Maintenance and Repair Services - Office Equipment		8,240	
Postal Charges		908	
Travel		193	
Office Supplies		2,167	
Premiums on Corporate Surety Bonds		1,500	
Data Processing Equipment		1,135	
Total Chancery Court			132,358

Juvenile Court

Youth Service Officer(s)	\$	30,380	
Social Security		2,238	
Pensions		994	
Contracts with Government Agencies		6,450	
Dues and Memberships		125	
Printing, Stationery, and Forms		489	
Travel		533	
Office Supplies		892	
Other Supplies and Materials		240	
Total Juvenile Court			42,341

Judicial Commissioners

County Official/Administrative Officer	\$	24,905	
In-service Training		150	
Social Security		1,884	
Total Judicial Commissioners			26,939

Probation Services

Probation Officer(s)	\$	79,139	
Overtime Pay		1,107	
Social Security		5,280	
Pensions		2,624	
Evaluation and Testing		4,479	

(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.)

Postal Charges	\$	100	
Printing, Stationery, and Forms		595	
Travel		224	
Office Supplies		791	
Premiums on Corporate Surety Bonds		200	
Office Equipment		997	
Total Probation Services			\$ 95,536

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,228	
Deputy(ies)		1,028,808	
Salary Supplements		13,800	
Clerical Personnel		115,833	
Overtime Pay		7,214	
Other Salaries and Wages		31,948	
In-service Training		6,370	
Social Security		93,666	
Pensions		40,881	
Contracts with Private Agencies		6,592	
Confidential Drug Enforcement Payments		4,133	
Dues and Memberships		1,500	
Maintenance and Repair Services - Equipment		1,669	
Maintenance and Repair Services - Vehicles		12,287	
Travel		6,043	
Other Contracted Services		5,634	
Gasoline		51,905	
Lubricants		3,559	
Office Supplies		5,838	
Tires and Tubes		6,054	
Uniforms		7,266	
Premiums on Corporate Surety Bonds		3,700	
Workers' Compensation Insurance		2,746	
Other Charges		3,800	
Law Enforcement Equipment		19,613	
Motor Vehicles		127,414	
Office Equipment		2,337	
Total Sheriff's Department			1,680,838

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	1,400	
Law Enforcement Equipment		973	
Total Administration of the Sexual Offender Registry			2,373

Jail

County Official/Administrative Officer	\$	33,418	
Assistant(s)		2,496	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical Personnel	\$	77,678	
Guards		502,982	
Cafeteria Personnel		44,189	
Overtime Pay		1,392	
Other Salaries and Wages		42,265	
Social Security		52,248	
Pensions		22,147	
Medical and Dental Services		119,681	
Travel		2,014	
Custodial Supplies		19,761	
Food Supplies		133,318	
Office Supplies		3,038	
Uniforms		1,700	
Other Supplies and Materials		11,716	
Communication Equipment		6,872	
Data Processing Equipment		13,832	
Law Enforcement Equipment		3,879	
Office Equipment		1,238	
Other Equipment		31,650	
Total Jail			\$ 1,127,514

Workhouse

Truck Drivers	\$	22,110	
Guards		22,110	
Social Security		3,219	
Pensions		723	
Maintenance and Repair Services - Vehicles		401	
Instructional Supplies and Materials		11,024	
Other Charges		2,861	
Other Equipment		1,915	
Total Workhouse			64,363

Fire Prevention and Control

Contributions	\$	1,500	
Maintenance and Repair Services - Vehicles		2,975	
Diesel Fuel		351	
Total Fire Prevention and Control			4,826

Rural Fire Protection

Other Salaries and Wages	\$	4,650	
Maintenance Agreements		2,500	
Total Rural Fire Protection			7,150

Civil Defense

Supervisor/Director	\$	6,346	
Social Security		485	
Maintenance and Repair Services - Vehicles		988	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Gasoline	\$	544	
Office Supplies		49	
Utilities		2,617	
Other Equipment		139,625	
Total Civil Defense			\$ 150,654

Rescue Squad

Other Salaries and Wages	\$	5,000	
In-service Training		1,522	
Maintenance and Repair Services - Vehicles		2,084	
Gasoline		597	
Other Equipment		1,558	
Total Rescue Squad			10,761

Disaster Relief

Other Salaries and Wages	\$	2,500	
In-service Training		471	
Maintenance and Repair Services - Buildings		7,524	
Maintenance and Repair Services - Vehicles		2,048	
Gasoline		346	
Utilities		2,519	
Other Equipment		2,088	
Total Disaster Relief			17,496

Other Emergency Management

In-service Training	\$	538	
Maintenance and Repair Services - Buildings		751	
Maintenance and Repair Services - Equipment		511	
Maintenance and Repair Services - Vehicles		808	
Other Contracted Services		300	
Custodial Supplies		237	
Drugs and Medical Supplies		772	
Gasoline		197	
Office Supplies		299	
Utilities		2,661	
Other Equipment		5,258	
Total Other Emergency Management			12,332

County Coroner/Medical Examiner

Medical Personnel	\$	1,550	
Medical and Dental Services		10,800	
Total County Coroner/Medical Examiner			12,350

Other Public Safety

Maintenance Personnel	\$	2,717	
In-service Training		1,698	
Maintenance and Repair Services - Buildings		140	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Road Signs	\$	3,967	
Other Equipment		4,635	
Total Other Public Safety			\$ 13,157

Public Health and Welfare

Local Health Center

Janitorial Services	\$	6,000	
Maintenance and Repair Services - Buildings		8,123	
Drugs and Medical Supplies		549	
Instructional Supplies and Materials		6,040	
Office Supplies		971	
Uniforms		390	
Utilities		14,602	
Other Supplies and Materials		272	
Total Local Health Center			36,947

Rabies and Animal Control

Attendants	\$	23,754	
Social Security		1,780	
Pensions		777	
Maintenance and Repair Services - Buildings		725	
Maintenance and Repair Services - Vehicles		990	
Travel		476	
Veterinary Services		5,341	
Gasoline		1,782	
Utilities		957	
Other Supplies and Materials		825	
Total Rabies and Animal Control			37,407

Ambulance/Emergency Medical Services

Supervisor/Director	\$	51,271	
Accountants/Bookkeepers		63,088	
Medical Personnel		617,619	
Overtime Pay		400,051	
Social Security		83,804	
Pensions		35,494	
Dues and Memberships		520	
Laundry Service		9,440	
Licenses		2,250	
Maintenance and Repair Services - Buildings		13,598	
Maintenance and Repair Services - Vehicles		64,547	
Postal Charges		1,000	
Travel		22	
Other Contracted Services		51,594	
Custodial Supplies		3,037	
Drugs and Medical Supplies		78,875	
Gasoline		38,729	

(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.)

Instructional Supplies and Materials	\$	8,454	
Office Supplies		12,410	
Tires and Tubes		12,082	
Uniforms		9,979	
Utilities		46,651	
Premiums on Corporate Surety Bonds		200	
Workers' Compensation Insurance		6,309	
Communication Equipment		3,354	
Motor Vehicles		115,466	
Other Equipment		<u>37,345</u>	
Total Ambulance/Emergency Medical Services	\$		1,767,189

Crippled Children Services

Contracts with Government Agencies	\$	<u>1,439</u>	
Total Crippled Children Services			1,439

Other Local Health Services

Social Workers	\$	58,966	
Part-time Personnel		44,438	
Social Security		7,717	
Pensions		1,923	
Travel		2,824	
Other Supplies and Materials		<u>7,554</u>	
Total Other Local Health Services			123,422

Regional Mental Health Center

Contributions	\$	<u>7,953</u>	
Total Regional Mental Health Center			7,953

Appropriation to State

Other Contracted Services	\$	<u>41,140</u>	
Total Appropriation to State			41,140

Other Local Welfare Services

Contributions	\$	56,210	
Pauper Burials		800	
Drugs and Medical Supplies		69	
Utilities		513	
Workers' Compensation Insurance		<u>1,000</u>	
Total Other Local Welfare Services			58,592

Social, Cultural, and Recreational Services

Adult Activities

Matching Share	\$	<u>6,000</u>	
Total Adult Activities			6,000

(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.)

Senior Citizens Assistance

Contributions	\$ 15,000	
Total Senior Citizens Assistance		\$ 15,000

Libraries

Supervisor/Director	\$ 26,406	
Clerical Personnel	73,601	
Custodial Personnel	8,081	
Social Security	7,824	
Pensions	1,464	
Communication	3,892	
Dues and Memberships	365	
Maintenance and Repair Services - Buildings	3,444	
Postal Charges	192	
Printing, Stationery, and Forms	481	
Travel	1,205	
Other Contracted Services	2,998	
Custodial Supplies	675	
Library Books/Media	5,032	
Office Supplies	512	
Utilities	14,562	
Other Supplies and Materials	932	
Other Charges	481	
Data Processing Equipment	2,721	
Office Equipment	515	
Total Libraries		155,383

Parks and Fair Boards

Contributions	\$ 24,070	
Total Parks and Fair Boards		24,070

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$ 29,872	
Secretary(ies)	8,112	
Social Security	1,034	
Pensions	7,160	
Dues and Memberships	435	
Maintenance and Repair Services - Buildings	960	
Utilities	4,035	
Total Agricultural Extension Service		51,608

Soil Conservation

Clerical Personnel	\$ 22,185	
Social Security	1,697	
Pensions	725	
Contributions	21,000	
Total Soil Conservation		45,607

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations

Tourism

Other Supplies and Materials	\$ 2,019	
Total Tourism		\$ 2,019

Industrial Development

Contributions	\$ 15,800	
Other Contracted Services	1,200	
Total Industrial Development		17,000

Veterans' Services

Supervisor/Director	\$ 17,248	
Social Security	1,319	
Pensions	64	
Travel	721	
Other Contracted Services	5,399	
Office Supplies	504	
Total Veterans' Services		25,255

Other Charges

Employee and Dependent Insurance	\$ 413,491	
Liability Insurance	182,040	
Trustee's Commission	121,483	
Workers' Compensation Insurance	247,463	
Total Other Charges		964,477

Contributions to Other Agencies

Salary Supplements	\$ 400	
Maintenance and Repair Services - Buildings	2,827	
Matching Share	10,060	
Building Improvements	147,764	
Total Contributions to Other Agencies		161,051

Employee Benefits

Unemployment Compensation	\$ 15,504	
Other Charges	26	
Total Employee Benefits		15,530

Miscellaneous

Dues and Memberships	\$ 5,611	
Other Supplies and Materials	11,135	
Total Miscellaneous		16,746

Capital Projects

General Administration Projects

Engineering Services	\$ 33,904	
Legal Notices, Recording, and Court Costs	2,376	
Total General Administration Projects		36,280

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Capital Projects (Cont.)

Public Safety Projects

Consultants	\$	44,952	
Other Equipment		450,368	
Total Public Safety Projects			\$ 495,320

Total General Fund \$ 10,175,536

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Travel	\$	940	
Library Books/Media		6,846	
Other Supplies and Materials		1,108	
Other Charges		28,641	
Total Libraries			\$ 37,535

Total Public Library Fund 37,535

Solid Waste/Sanitation Fund

Public Health and Welfare

Transfer Stations

Accountants/Bookkeepers	\$	36,546	
Equipment Operators - Heavy		68,575	
Overtime Pay		3,717	
Social Security		7,889	
Pensions		2,972	
Employee and Dependent Insurance		16,511	
Maintenance and Repair Services - Vehicles		15,469	
Travel		1,023	
Contracts for Landfill Facilities		85,102	
Custodial Supplies		701	
Gasoline		12,849	
Office Supplies		1,501	
Utilities		6,707	
Other Supplies and Materials		4,780	
Premiums on Corporate Surety Bonds		100	
Trustee's Commission		3,807	
Landfill Closure/Postclosure Care Costs		9,243	
Other Charges		4,503	
Building Construction		47,149	
Solid Waste Equipment		80,568	
Total Transfer Stations			\$ 409,712

Total Solid Waste/Sanitation Fund 409,712

(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>			
Confidential Drug Enforcement Payments	\$	3,000	
Trustee's Commission		239	
Law Enforcement Equipment		75	
Total Drug Enforcement		<u> </u>	\$ 3,314
Total Drug Control Fund			\$ 3,314
 <u>Constitutional Officers - Fees Fund</u>			
<u>Finance</u>			
<u>County Clerk's Office</u>			
Constitutional Officers' Operating Expenses	\$	197,518	
Total County Clerk's Office		<u> </u>	\$ 197,518
 <u>Administration of Justice</u>			
<u>Chancery Court</u>			
Special Commissioner Fees/Special Master Fees	\$	5,798	
Total Chancery Court		<u> </u>	5,798
Total Constitutional Officers - Fees Fund			203,316
 <u>Highway/Public Works Fund</u>			
<u>Highways</u>			
<u>Administration</u>			
County Official/Administrative Officer	\$	70,228	
Secretary(ies)		58,346	
Overtime Pay		8,068	
Advertising		484	
Data Processing Services		8,010	
Dues and Memberships		2,366	
Evaluation and Testing		1,086	
Janitorial Services		1,182	
Laundry Service		916	
Postal Charges		392	
Printing, Stationery, and Forms		644	
Travel		614	
Custodial Supplies		444	
Office Supplies		1,311	
Other Charges		882	
Data Processing Equipment		7,791	
Total Administration		<u> </u>	\$ 162,764
 <u>Highway and Bridge Maintenance</u>			
Equipment Operators	\$	186,449	
Truck Drivers		204,954	
Laborers		188,219	
Overtime Pay		20,020	
Other Contracted Services		2,511	

(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.)

Asphalt	\$	4,275	
Asphalt - Cold Mix		31,912	
Concrete		80	
Crushed Stone		115,792	
Diesel Fuel		51,520	
Ice		56	
Pipe - Metal		3,494	
Road Signs		980	
Salt		5,865	
Small Tools		497	
Wood Products		2,683	
Other Supplies and Materials		2,631	
Total Highway and Bridge Maintenance			\$ 821,938

Operation and Maintenance of Equipment

Mechanic(s)	\$	85,894	
Overtime Pay		1,740	
Freight Expenses		2,786	
Maintenance and Repair Services - Equipment		20,956	
Towing Services		275	
Other Contracted Services		2,580	
Equipment and Machinery Parts		119,069	
Garage Supplies		6,521	
Gasoline		10,931	
Lubricants		8,909	
Small Tools		6,034	
Tires and Tubes		52,755	
Total Operation and Maintenance of Equipment			318,450

Other Charges

Communication	\$	12,416	
Pest Control		105	
Electricity		4,902	
Water and Sewer		935	
Liability Insurance		95,778	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		24,440	
Total Other Charges			138,926

Employee Benefits

Social Security	\$	52,656	
Pensions		24,880	
Medical Insurance		103,711	
Unemployment Compensation		7,103	
Employer Medicare		12,315	
Workers' Compensation Insurance		54,917	
Total Employee Benefits			255,582

(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	\$	2,667	
Bridge Construction		247,312	
Highway Construction		236,021	
Highway Equipment		15,500	
State Aid Projects		4,788	
Total Capital Outlay			\$ 506,288

Capital Projects

Highway and Street Capital Projects

Laborers	\$	24,899	
Overtime Pay		472	
Asphalt		333,382	
Crushed Stone		311,295	
Diesel Fuel		64,892	
Pipe - Metal		32,577	
Other Supplies and Materials		326	
Total Highway and Street Capital Projects			767,843

Total Highway/Public Works Fund \$ 2,971,791

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	638,500	
Principal on Notes		177,620	
Total General Government			\$ 816,120

Highways and Streets

Principal on Notes	\$	813,127	
Total Highways and Streets			813,127

Education

Principal on Notes	\$	1,425,503	
Total Education			1,425,503

Interest on Debt

General Government

Interest on Bonds	\$	50,058	
Interest on Notes		3,547	
Total General Government			53,605

Highways and Streets

Interest on Notes	\$	83,028	
Total Highways and Streets			83,028

Education

Interest on Notes	\$	79,243	
Total Education			79,243

(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	\$	8,915	
Total General Government			\$ 8,915
Total General Debt Service Fund			\$ 3,279,541
<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	631,283	
Total Education Capital Projects			\$ 631,283
Total Education Capital Projects Fund			631,283
Total Governmental Funds - Primary Government			\$ 17,712,028

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, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	8,856,343	
Career Ladder Program		61,119	
Career Ladder Extended Contracts		10,344	
Homebound Teachers		16,736	
Educational Assistants		328,897	
Bonus Payments		179,100	
Other Salaries and Wages		11,300	
Certified Substitute Teachers		40,181	
Non-certified Substitute Teachers		82,191	
Social Security		550,850	
Pensions		825,000	
Life Insurance		5,869	
Medical Insurance		942,915	
Unemployment Compensation		14,091	
Employer Medicare		130,119	
Contracts with Other Public Agencies		6,956	
Contracts with Private Agencies		64,622	
Maintenance and Repair Services - Equipment		209,241	
Instructional Supplies and Materials		88,949	
Textbooks		247,814	
Fee Waivers		27,027	
Other Charges		76	
Regular Instruction Equipment		714,979	
Total Regular Instruction Program			\$ 13,414,719

Alternative Instruction Program

Teachers	\$	77,205	
Educational Assistants		22,328	
Bonus Payments		750	
Certified Substitute Teachers		1,680	
Non-certified Substitute Teachers		255	
Social Security		5,822	
Pensions		7,381	
Life Insurance		60	
Medical Insurance		11,718	
Unemployment Compensation		267	
Employer Medicare		1,385	
Instructional Supplies and Materials		276	
Total Alternative Instruction Program			129,127

Special Education Program

Teachers	\$	1,160,004	
Career Ladder Program		5,000	
Homebound Teachers		19,600	
Educational Assistants		128,732	
Speech Pathologist		47,097	

(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.)

Bonus Payments	\$	20,250	
Certified Substitute Teachers		2,446	
Non-certified Substitute Teachers		13,071	
Social Security		81,578	
Pensions		117,207	
Life Insurance		828	
Medical Insurance		136,013	
Unemployment Compensation		2,258	
Employer Medicare		19,135	
Contracts with Private Agencies		28,789	
Other Contracted Services		58,866	
Instructional Supplies and Materials		2,641	
Other Supplies and Materials		140	
Special Education Equipment		1,020	
Total Special Education Program			\$ 1,844,675

Vocational Education Program

Teachers	\$	571,880	
Career Ladder Program		2,000	
Bonus Payments		9,150	
Certified Substitute Teachers		3,921	
Non-certified Substitute Teachers		7,961	
Social Security		35,593	
Pensions		52,607	
Life Insurance		400	
Medical Insurance		41,334	
Unemployment Compensation		777	
Employer Medicare		8,388	
Contracts with Other School Systems		294,152	
Other Contracted Services		3,000	
Instructional Supplies and Materials		8,940	
Vocational Instruction Equipment		37,858	
Total Vocational Education Program			1,077,961

Support Services

Attendance

Supervisor/Director	\$	65,838	
Career Ladder Program		1,383	
Bonus Payments		1,200	
Social Security		3,978	
Pensions		6,185	
Life Insurance		27	
Medical Insurance		4,513	
Unemployment Compensation		54	
Employer Medicare		930	
Contracts with Private Agencies		9,912	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Travel	\$	7,355	
Other Supplies and Materials		3,837	
Attendance Equipment		9,634	
Total Attendance			\$ 114,846

Health Services

Assistant(s)	\$	22,624	
Supervisor/Director		75,530	
Medical Personnel		170,984	
Social Security		15,667	
Pensions		20,853	
Medical Insurance		32,317	
Unemployment Compensation		492	
Employer Medicare		3,664	
Communication		1,200	
Travel		12,716	
Other Contracted Services		3,240	
Drugs and Medical Supplies		6,004	
Other Supplies and Materials		2,491	
Other Charges		6,102	
Total Health Services			373,884

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		299,158	
Bonus Payments		7,050	
Social Security		17,276	
Pensions		27,526	
Life Insurance		158	
Medical Insurance		32,010	
Unemployment Compensation		323	
Employer Medicare		4,138	
Contracts with Government Agencies		189,722	
Evaluation and Testing		23,662	
Other Contracted Services		3,300	
Other Supplies and Materials		4,997	
Other Equipment		7,287	
Total Other Student Support			621,607

Regular Instruction Program

Supervisor/Director	\$	77,854	
Career Ladder Program		7,000	
Librarians		320,752	
Instructional Computer Personnel		70,586	
Clerical Personnel		28,267	
Bonus Payments		10,350	

(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.)

Other Salaries and Wages	\$	59,240	
In-service Training		765	
Social Security		28,745	
Pensions		42,483	
Life Insurance		233	
Medical Insurance		31,329	
Unemployment Compensation		757	
Employer Medicare		7,889	
Travel		7,083	
Other Contracted Services		3,645	
Library Books/Media		26,366	
Other Supplies and Materials		9,056	
In Service/Staff Development		15,997	
Other Charges		29,679	
Other Equipment		27,910	
Total Regular Instruction Program			\$ 805,986

Special Education Program

Supervisor/Director	\$	68,609	
Career Ladder Program		917	
Psychological Personnel		52,646	
Assessment Personnel		49,173	
Clerical Personnel		26,048	
Bonus Payments		1,500	
Social Security		8,941	
Pensions		12,032	
Life Insurance		57	
Medical Insurance		14,412	
Unemployment Compensation		236	
Employer Medicare		2,799	
Travel		3,076	
In Service/Staff Development		1,534	
Other Equipment		2,196	
Total Special Education Program			244,176

Vocational Education Program

Other Salaries and Wages	\$	25,813	
Unemployment Compensation		48	
Employer Medicare		364	
Travel		2,917	
Other Supplies and Materials		426	
In Service/Staff Development		435	
Total Vocational Education Program			30,003

Other Programs

On-behalf Payments to OPEB	\$	114,890	
Total Other Programs			114,890

(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

Other Salaries and Wages	\$	800	
Board and Committee Members Fees		11,350	
Social Security		753	
Pensions		26	
Employer Medicare		176	
Payments to Retirees		31,080	
Audit Services		4,300	
Dues and Memberships		18,358	
Legal Services		5,793	
Travel		2,494	
Trustee's Commission		119,466	
Workers' Compensation Insurance		237,066	
Refund to Applicant for Criminal Investigation		2,044	
Other Charges		50,975	
Total Board of Education			\$ 484,681

Director of Schools

County Official/Administrative Officer	\$	81,600	
Career Ladder Program		900	
Bonus Payments		1,200	
Social Security		5,175	
Pensions		7,567	
Life Insurance		29	
Medical Insurance		5,492	
Unemployment Compensation		54	
Employer Medicare		1,210	
Communication		22,795	
Dues and Memberships		2,694	
Postal Charges		4,831	
Travel		1,393	
Other Contracted Services		2,270	
Office Supplies		5,393	
Administration Equipment		1,463	
Total Director of Schools			144,066

Office of the Principal

Principals	\$	549,546	
Career Ladder Program		4,296	
Accountants/Bookkeepers		165,302	
Assistant Principals		254,352	
Clerical Personnel		212,774	
Bonus Payments		12,600	
Social Security		72,095	
Pensions		84,845	
Life Insurance		337	
Medical Insurance		83,426	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Unemployment Compensation	\$	1,654	
Employer Medicare		16,862	
Communication		2,202	
Travel		416	
Administration Equipment		3,585	
Total Office of the Principal			\$ 1,464,292

Fiscal Services

Accountants/Bookkeepers	\$	74,653	
Clerical Personnel		89,655	
Social Security		9,741	
Pensions		5,373	
Medical Insurance		14,278	
Unemployment Compensation		258	
Employer Medicare		2,278	
Data Processing Services		11,436	
Travel		2,684	
Other Contracted Services		499	
Data Processing Supplies		1,950	
Office Supplies		744	
Total Fiscal Services			213,549

Operation of Plant

Custodial Personnel	\$	598,010	
Other Salaries and Wages		10,945	
Social Security		36,154	
Pensions		18,292	
Medical Insurance		75,067	
Unemployment Compensation		1,524	
Employer Medicare		8,455	
Contracts with Private Agencies		631,283	
Maintenance and Repair Services - Equipment		31,500	
Disposal Fees		32,400	
Custodial Supplies		118,850	
Electricity		618,877	
Natural Gas		47,096	
Propane Gas		2,825	
Water and Sewer		121,223	
Other Supplies and Materials		4,515	
Building and Contents Insurance		211,018	
Plant Operation Equipment		3,285	
Total Operation of Plant			2,571,319

Maintenance of Plant

Supervisor/Director	\$	42,624	
Clerical Personnel		23,290	

(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.)

Maintenance Personnel	\$	224,133	
Other Salaries and Wages		5,328	
Social Security		17,266	
Pensions		8,876	
Medical Insurance		47,261	
Unemployment Compensation		525	
Employer Medicare		4,038	
Travel		1,494	
Other Contracted Services		48,908	
Other Supplies and Materials		181,408	
Maintenance Equipment		17,054	
Total Maintenance of Plant			\$ 622,205

Transportation

Supervisor/Director	\$	42,624	
Mechanic(s)		149,045	
Bus Drivers		600,468	
Clerical Personnel		26,002	
Other Salaries and Wages		19,450	
Social Security		49,110	
Pensions		22,688	
Medical Insurance		15,860	
Unemployment Compensation		2,174	
Employer Medicare		12,097	
Medical and Dental Services		8,386	
Travel		2,684	
Diesel Fuel		196,483	
Garage Supplies		69,211	
Lubricants		25,883	
Tires and Tubes		40,902	
Vehicle Parts		219,901	
Other Charges		28,990	
Transportation Equipment		415,876	
Total Transportation			1,947,834

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	58,394	
Career Ladder Program		1,000	
Bonus Payments		1,050	
Social Security		3,570	
Pensions		5,464	
Life Insurance		24	
Medical Insurance		3,845	
Unemployment Compensation		54	
Employer Medicare		835	
Total Food Service			74,236

(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

Supervisor/Director	\$	3,073	
Teachers		140,013	
Career Ladder Program		1,000	
Clerical Personnel		2,129	
Educational Assistants		47,097	
Bonus Payments		3,150	
Certified Substitute Teachers		400	
Non-certified Substitute Teachers		1,866	
Social Security		11,066	
Pensions		14,789	
Life Insurance		87	
Medical Insurance		17,903	
Unemployment Compensation		342	
Employer Medicare		2,629	
Maintenance and Repair Services - Equipment		257	
Travel		5,500	
Other Contracted Services		439	
Instructional Supplies and Materials		36,136	
In Service/Staff Development		2,000	
Other Equipment		11,061	
Total Early Childhood Education			\$ 300,937

Capital Outlay

Regular Capital Outlay

Architects	\$	22,629	
Building Improvements		114,919	
Other Capital Outlay		83,191	
Total Regular Capital Outlay			220,739

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	844,630	
Total Education			844,630

Total General Purpose School Fund \$ 27,660,362

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	207,735	
Educational Assistants		333,945	
Certified Substitute Teachers		2,680	
Non-certified Substitute Teachers		7,326	
Social Security		31,404	
Pensions		27,679	
Life Insurance		108	

(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.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	10,918	
Unemployment Compensation		1,469	
Employer Medicare		7,596	
Instructional Supplies and Materials		195,369	
Regular Instruction Equipment		168,368	
Total Regular Instruction Program			\$ 994,597

Special Education Program

Educational Assistants	\$	452,274	
Other Salaries and Wages		8,775	
Social Security		26,860	
Pensions		14,023	
Medical Insurance		60,886	
Unemployment Compensation		1,650	
Employer Medicare		6,294	
Maintenance and Repair Services - Equipment		1,248	
Other Contracted Services		118,889	
Instructional Supplies and Materials		7,942	
Other Supplies and Materials		122	
Special Education Equipment		67,370	
Total Special Education Program			766,333

Vocational Education Program

Instructional Supplies and Materials	\$	3,563	
Vocational Instruction Equipment		34,467	
Total Vocational Education Program			38,030

Support Services

Other Student Support

Other Salaries and Wages	\$	1,500	
Social Security		93	
Pensions		136	
Employer Medicare		22	
Travel		16,799	
In Service/Staff Development		10,455	
Other Charges		14,018	
Total Other Student Support			43,023

Regular Instruction Program

Supervisor/Director	\$	69,755	
Clerical Personnel		17,267	
Other Salaries and Wages		350,650	
Social Security		25,514	
Pensions		38,569	
Life Insurance		228	
Medical Insurance		29,390	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Unemployment Compensation	\$	456	
Employer Medicare		5,967	
Other Supplies and Materials		4,167	
In Service/Staff Development		91,520	
Other Equipment		18,538	
Total Regular Instruction Program			\$ 652,021

Special Education Program

Other Salaries and Wages	\$	4,371	
Social Security		253	
Pensions		395	
Life Insurance		2	
Medical Insurance		346	
Employer Medicare		59	
Maintenance and Repair Services - Equipment		362	
Travel		5,805	
Other Contracted Services		50,518	
Other Supplies and Materials		8,446	
In Service/Staff Development		11,498	
Total Special Education Program			82,055

Vocational Education Program

In Service/Staff Development	\$	1,021	
Total Vocational Education Program			1,021

Transportation

Bus Drivers	\$	10,526	
Other Salaries and Wages		25,247	
Social Security		2,193	
Pensions		248	
Unemployment Compensation		170	
Employer Medicare		515	
Total Transportation			38,899

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	8,384	
Teachers		15,140	
Clerical Personnel		2,000	
Other Salaries and Wages		6,450	
Social Security		1,972	
Pensions		1,730	
Employer Medicare		463	
Instructional Supplies and Materials		4,154	
In Service/Staff Development		1,720	
Total Community Services			42,013

Total School Federal Projects Fund \$ 2,657,992

(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</u>		
<u>Operation of Non-Instructional Services</u>		
<u>Food Service</u>		
Accountants/Bookkeepers	\$	15,738
Cafeteria Personnel		609,323
In-service Training		2,202
Social Security		36,126
Pensions		18,078
Medical Insurance		95,349
Unemployment Compensation		2,105
Employer Medicare		8,490
Communication		4,031
Maintenance and Repair Services - Equipment		8,135
Travel		1,233
Other Contracted Services		17,042
Food Supplies		1,081,795
Office Supplies		525
USDA - Commodities		87,531
Other Supplies and Materials		15,682
Workers' Compensation Insurance		22,692
Other Charges		560
Food Service Equipment		20,553
Total Food Service		<u>2,047,190</u>
	\$	<u>2,047,190</u>
Total Central Cafeteria Fund		\$ <u>2,047,190</u>
Total Governmental Funds - Macon County School Department		\$ <u><u>32,365,544</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, 2016

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,818,780
Total Cash Receipts	<u>\$ 1,818,780</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,800,592
Trustee's Commission	18,188
Total Cash Disbursements	<u>\$ 1,818,780</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2015	<u>0</u>
 Cash Balance, June 30, 2016	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

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, 2016, 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, 2016.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2016-002, 2016-003, 2016-006, and 2016-007.

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: 2016-001, 2016-004, and 2016-005.

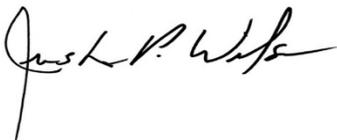
Macon County's Responses to Findings

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, 2016

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
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**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether

noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

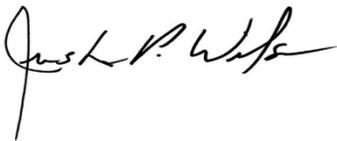
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Tennessee, as of and for the year ended June 30, 2016, 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, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 30, 2016

JPW/kp

Macon County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2016

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	(3)	\$ 87,531 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(3)	424,161
National School Lunch Program	10.555	(3)	1,139,932 (4)
Child Nutrition Discretionary Grants Limited Availability	10.579	(3)	7,000
Total U.S. Department of Agriculture			\$ 1,658,624
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	(3)	\$ 497,371
Total U.S. Department of Housing and Urban Development			\$ 497,371
U.S. Elections Assistance Commission:			
Passed-through Tennessee Department of State:			
Help America Vote Act Requirements Payments	90.401	(3)	\$ 19,260
Total U.S. Elections Assistance Commission:			\$ 19,260
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(3)	\$ 1,462,808
Special Education Cluster:			
Special Education - Grants to States	84.027	(3)	972,262
Special Education - Preschool Grants	84.173	(3)	27,264
Vocational Education - Basic Grants to States	84.048	(3)	69,026
Twenty-first Century Community Learning Centers	84.287	(3)	42,014
Improving Teacher Quality State Grants	84.367	(3)	208,558
Total U.S. Department of Education			\$ 2,781,932
Total Expenditures of Federal Grants			\$ 4,957,187

(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	(3)	\$ 22,770
ConnecTN - State Department of Education	N/A	(3)	9,892
Coordinated School Health - State Department of Education	N/A	(3)	115,000
Three Star Program - State Department on Economic and Community Development	N/A	(3)	10,000
ACT/Explore/Plan-Testing - State Department of Education	N/A	(3)	6,813
Early Childhood Education - Pilot/State - State Department of Education	N/A	(3)	300,939
Juvenile Justice State Supplement Funds - State Commission on Children and Youth	N/A	(3)	13,500
Waste Tire Grant - State Department of Environment and Conservation	N/A	(3)	24,259
Library Grant - State Library and Archives	N/A	(3)	811
Rural Health Services - State Department of Health	N/A	(3)	118,066
Litter Program - State Department of Transportation	N/A	(3)	<u>32,131</u>
 Total State Grants			 <u>\$ 654,181</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Macon County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Total for CFDA No. 10.555 is \$1,227,463.

Macon County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Macon County, Tennessee, for the year ended June 30, 2016

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	168	2015-001	The Public Library was not Maintained in Accordance with Generally Accepted Accounting Principles and State Statute	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	169	2015-002	The Codes Enforcement Office did not have Adequate Controls for its Computer Application	N/A	Corrected
2015	170	2015-003	The Office of Circuit, General Sessions, and Juvenile Courts Clerk did not Deposit Some Funds within Three Days	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	170	2015-004	The Office of Circuit, General Sessions, and Juvenile Courts Clerk's Execution Docket Trial Balances were not Reconciled with Cash Journal Controls	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	171-172	2015-005	The Offices of County Mayor; Supervisor of Roads; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk had a Lack of Segregation of Duties	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	171-172	2015-005	The Office of Register of Deeds had a Lack of Segregation of Duties	N/A	Corrected
2015	172-173	2015-006	The Offices of County Clerk; and Circuit, General Sessions, and Juvenile Courts Clerk had Multiple Employees Operating from the Same Cash Drawer	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	172-173	2015-006	The Office of Register of Deeds had Multiple Employees Operating from the Same Cash Drawer		Corrected

Prior-year Federal Awards Findings

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

MACON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Macon County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553 and 10.555 Child Nutrition Cluster: School Breakfast Program and National School Lunch Program
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, of the financial statements of Macon County, Tennessee, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. The county mayor, supervisor of roads, county clerk, and the circuit, general sessions, and juvenile courts clerk provided corrective action plans, which are paraphrased in the Management's Corrective Action Plan section of this report.

OFFICE OF COUNTY MAYOR

FINDING 2016-001

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 in 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. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR

A motion was made by the Legislative Body on April 18, 2016, to close this account and eliminate the 115 Account. Office staff had been waiting to reconcile the account until all checks were cleared. The Mayor’s Office staff closed this account as of 9/23/2016, and it will no longer exist.

As mayor I feel that Macon County through actions taken by the legislative body and the Mayor’s Office Staff was taking the appropriate actions recommended by the Comptroller’s Office to close this account and that this should not be in the final findings for Macon County.

FINDING 2016-002

**GENERAL LEDGER PAYROLL DEDUCTION ACCOUNTS
WERE NOT RECONCILED WITH PAYROLL REPORTS
AND PAYMENTS**

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

General ledger payroll deduction accounts were not reconciled with payroll reports and payments. Sound business practices dictate that these reconciliations be performed monthly. The failure to regularly reconcile payroll deduction accounts allowed errors to remain undiscovered and uncorrected. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR

After discussion with auditors, the mayor’s staff will review the payroll deductions account and reconcile the transactions. It was brought to our attention by auditors that this should have been done monthly by the payroll clerk. The payroll clerk apparently was not trained in this and did not realize it was to be done monthly. After discussion with office staff the payroll accounts will be reviewed and reconciled. The payroll clerk will be trained in the reconciliation procedures and be assigned the task of reconciling the accounts monthly. A second office staff will monitor and review the reconciled accounts for accuracy.

FINDING 2016-003

CASH ON DEPOSIT WITH THE TRUSTEE WAS NOT RECONCILED TIMELY

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

Our audit revealed that general ledger cash accounts were not reconciled with county trustee reports in a timely manner. The reconciliations with the trustee for the months of December 2015 through June 2016 were not completed until July 2016. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with the records of the county trustee monthly. The failure to currently reconcile cash accounts with the trustee reports allows errors to remain undiscovered and uncorrected. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

The office should reconcile all funds' general ledger cash accounts with county trustee reports monthly as required by state statute and any errors discovered should be corrected promptly.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

During the past few years Macon County used an independent source Mr. Danny Wilson to reconcile and close the monthly and yearly accounts. During the 2015/2016 budget year Mr. Wilson became sick and after several months Mr. Wilson passed away. Administration had depended on Mr. Wilson and assumed he would be returning and did not actually realize the seriousness of Mr. Wilson's illness. When it was brought to the Mayor's attention that our monthly closings had not been done since December we began to address the problem. The County Mayor contacted CTAS and Local Government (our software provider) and asked for assistance. We also asked for assistance from our neighboring county's office staff who was familiar with monthly closings with the "Local Government" software. We were still not able to reconcile the accounts. Finally, CTAS was able to send a financial accountant who was able to get the accounts reconciled and closed. Our staff has now been trained and started doing the monthly and yearly closings. This should prevent any future issues and assure that the accounts are closed in a timely manner.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 2016-004

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 15 receipts to examine. In five instances, collections were held in the office from four to 13 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 all funds are deposited in the official bank account within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

I concur with this finding and have taken the proper steps to correct it. As of July 1, 2016, the office is no longer accepting citation payments prior to being entered into the system. Manual receipts are no longer used, which will prevent the holding of funds until being receipted into the Local Government TNCIS system.

FINDING 2016-005

EXECUTION DOCKET TRIAL BALANCES WERE NOT RECONCILED WITH CASH JOURNAL CONTROLS
(Noncompliance Under *Government Auditing Standards*)

At June 30, 2016, the circuit, general sessions, and juvenile courts clerk prepared execution docket trial balances as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*. However, these trial balances did not reconcile with the general ledger. The clerk had unidentified balances of \$84, \$131, and \$6,849 in Circuit, General Sessions, and Juvenile Courts, respectively. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, *TCA*, as it relates to the execution docket balances. This statute provides that any funds held by the courts for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists due to the failure of management to identify all funds on deposit with the court and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Execution docket trial balances should be reconciled with general ledger accounts. Any funds held by the 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.

MANAGEMENT'S RESPONSE – CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

I concur with this finding and have taken the proper steps to correct it. I have tried to enlist the help of CTAS and have continually been put off due to some reason or another.

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

FINDING 2016-006

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; and Circuit, General Sessions, and Juvenile Courts Clerk. Officials and employees responsible for maintaining the accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability in 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 control 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

This has been a previous finding. It was discussed on several occasions and each time it was felt by office staff that due to the work load, an additional staff member would be needed to implement new office procedures to allow for segregation of duties. An additional staff member has been added in the Mayor's Office in the 2016/2017 budget. Job descriptions will be reviewed and written under the internal control recommendations to provide appropriate financial accountability. The County Mayor will review and revise all job descriptions for Mayor's Office staff. The Mayor will then ask the Comptroller's Office to review the changes to help eliminate this finding in the future. This will begin immediately and be implemented as soon as possible to resolve any future findings.

MANAGEMENT'S RESPONSE – SUPERVISOR OF ROADS

We concur with this finding. We did not have in place adequate separation of duties, but as of July 1, 2016, we have implemented new internal controls. Please refer to the Corrective Action Plan for details.

MANAGEMENT'S RESPONSE – COUNTY CLERK

We concur with the finding. We had not fully completed the implementation of the new guidelines for this office at the end of the physical year.

MANAGEMENT'S RESPONSE – CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

I concur with this finding and have taken the proper steps to correct it. An internal control's policy has been put in place to better segregate the duties of each deputy in the office. I have hired a bookkeeper to assist with this process.

OFFICES OF COUNTY CLERK AND CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 2016-007 **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 County Clerk and Circuit, General Sessions, and Juvenile Courts Clerk. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to 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 clerk 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. Also, this deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should assign each employee their own cash drawer.

MANAGEMENT'S RESPONSE – COUNTY CLERK

We concur with the finding. We had not fully completed the implementation of the new guidelines for this office at the end of the physical year.

MANAGEMENT'S RESPONSE – CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

I concur with this finding and have taken the proper steps to correct it. I have provided a cash drawer for each employee that receipts funds in this office.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016.

**Macon County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2016**

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

Corrective Action - Financial Statement Findings

OFFICE OF COUNTY MAYOR

FINDING 2016-001 **THE PUBLIC LIBRARY FUND WAS NOT MAINTAINED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND STATE STATUTE**

Response and Corrective Action Plan Prepared by:	Steve Jones, County Mayor, Macon County, Tennessee
Person Responsible for Implementing the Corrective Action:	Mayor's Office Staff – Anita Hesson and Alecia King
Anticipated Completion Date of Corrective Action:	September 23, 2016
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	Management was waiting for all checks to clear before closing the fund

Planned Corrective Action:

A motion was made by the Legislative Body on April 18, 2016, to close this account and eliminate the 115 Account. Office staff had been waiting to reconcile the account until all checks were cleared. The Mayor's Office staff closed this account as of 9/23/2016 and it will no longer exist.

FINDING 2016-002 **GENERAL LEDGER PAYROLL DEDUCTION ACCOUNTS WERE NOT RECONCILED WITH PAYROLL REPORTS AND PAYMENTS**

Response and Corrective Action Plan Prepared by:	Steve Jones, County Mayor, Macon County, Tennessee
Person Responsible for Implementing the Corrective Action:	Mayor's Office Staff – Kristy Roberts, Alecia King, and Anita Hesson
Anticipated Completion Date of Corrective Action:	Fiscal Year 2016-2017
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

After discussion with auditors, the mayor's staff will review the payroll deductions account and reconcile the transactions. It was brought to our attention by auditors that this should have been done monthly by the payroll clerk. The payroll clerk apparently was not trained in this and did not realize it was to be done monthly. After discussion with office staff the payroll accounts will be reviewed and reconciled. The payroll clerk will be trained in the reconciliation procedures and be assigned the task of reconciling the accounts monthly. A second office staff will monitor and review the reconciled accounts for accuracy.

FINDING 2016-003

CASH ON DEPOSIT WITH THE TRUSTEE WAS NOT RECONCILED TIMELY

Response and Corrective Action Plan Prepared by:	Steve Jones, County Mayor, Macon County, Tennessee
Person Responsible for Implementing the Corrective Action:	Mayor's Office Staff – Kristy Roberts, Anita Hesson
Anticipated Completion Date of Corrective Action:	Fiscal Year 2016-2017
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

During the past few years Macon County used an independent source Mr. Danny Wilson to reconcile and close the monthly and yearly accounts. During the 2015/2016 budget year Mr. Wilson became sick and after several months Mr. Wilson passed away. Administration had depended on Mr. Wilson and assumed he would be returning and did not actually realize the seriousness of Mr. Wilson's illness. When it was brought to the mayor's attention that our monthly closings had not been done since December we began to address the problem. The county mayor contacted CTAS and Local Government (our software provider) and asked for assistance. We also asked for assistance from our neighboring county's office staff who was familiar with monthly closings with the "Local Government" software. We were still not able to reconcile the accounts. Finally, CTAS was able to send a financial accountant who was able to get the accounts reconciled and closed. Our staff has now been trained and started doing the monthly and yearly closings. This should prevent any future issues and assure that the accounts are closed in a timely manner.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 2016-004

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

Response and Corrective Action Plan Prepared by:	Rick Gann, Circuit, General Sessions, and Juvenile Courts Clerk, Macon County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same

Anticipated Completion Date of Corrective Action: July 1, 2016
Repeat Finding: Yes
Reason Why Corrective Action was Not Taken – PY Lack of resources and the proper knowledge of how to correct it

Planned Corrective Action:

This office no longer uses manual receipts, which were the source of the funds that were not deposited within three business days of collection.

FINDING 2016-005 **EXECUTION DOCKET TRIAL BALANCES WERE NOT RECONCILED WITH CASH JOURNAL CONTROLS**

Response and Corrective Action Plan Prepared by: Rick Gann, Circuit, General Sessions, and Juvenile Courts Clerk, Macon County, Tennessee
Person Responsible for Implementing the Corrective Action: Same
Anticipated Completion Date of Corrective Action: Fiscal Year 2016-2017
Repeat Finding: Yes
Reason Why Corrective Action was Not Taken – PY Lack of resources and the proper knowledge of how to correct it

Planned Corrective Action:

For the last year, I have tried to enlist the help of CTAS to assist with the deficiencies in the accounting records and have not had any luck. My chief deputy has corrected some of the deficiencies with the help of Local Government, the software provider.

OFFICE OF COUNTY MAYOR

FINDING 2016-006 **DUTIES WERE NOT SEGREGATED ADEQUATELY**

Response and Corrective Action Plan Prepared by: Steve Jones, County Mayor, Macon County, Tennessee
Person Responsible for Implementing the Corrective Action: County Mayor and Office Staff
Anticipated Completion Date of Corrective Action: Fiscal Year 2016-2017
Repeat Finding: Yes
Reason Why Corrective Action was Not Taken – PY Official did not believe they had the resources to correct this finding

Planned Corrective Action:

This has been a previous finding. It was discussed on several occasions and each time it was felt by office staff that due to the work load, an additional staff member would be needed to implement new office procedures to allow for segregation of duties. An additional staff member has been added in the Mayor's Office in the 2016/2017 budget. Job descriptions will be reviewed and written under the internal control recommendations to provide appropriate financial accountability. The county mayor will review and revise all job descriptions for Mayor's Office staff. The mayor will then ask the Comptroller's Office to review the changes to help eliminate this finding in the future. This will begin immediately and be implemented as soon as possible to resolve any future findings.

OFFICE OF SUPERVISOR OF ROADS

FINDING 2016-006

DUTIES WERE NOT SEGREGATED ADEQUATELY

Response and Corrective Action Plan Prepared by:	Audie Cook, Supervisor of Roads, Macon County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	Fiscal Year 2016-2017
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	Official did not believe they had the resources to correct this finding

Planned Corrective Action:

The Macon County Highway Department has implemented procedures to insure separation of duties as much as possible with a two employee office staff.

OFFICE OF COUNTY CLERK

FINDING 2016-006

DUTIES WERE NOT SEGREGATED ADEQUATELY

Response and Corrective Action Plan Prepared by:	Connie Blackwell, County Clerk, Macon County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	Fiscal Year 2016-2017
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	Official did not believe they had the resources to correct this finding

Planned Corrective Action:

We had begun to train another deputy clerk to be the back up to the county clerk as far as bookkeeping procedures. This is a new process and will not be learned immediately. With

training I feel as though I will be able to satisfy the finding within the next fiscal year and I continue to train every chance that time will allow. I have two deputies that can also sign checks in my absence. The Macon County Clerk's Office is a very busy office and it is probable that I may have to receipt and work up customers from time to time. I have just recently in the September 19, 2016, meeting of the County Commission had a budget amendment passed that will give me the ability to hire another full time deputy that I feel will help greatly in this finding.

OFFICE OF CIRCUIT, SESSIONS, AND JUVENILE COURTS CLERK

FINDING 2016-006 DUTIES WERE NOT SEGREGATED ADEQUATELY

Response and Corrective Action Plan Prepared by:	Rick Gann, Circuit, Sessions, and Juvenile Courts Clerk, Macon County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	Fiscal Year 2016-2017
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	Lack of resources and the proper knowledge of how to correct it

Planned Corrective Action:

Corrective action has been implemented as of 7/1/2016. We have followed the recommendations of CTAS to adequately segregate the duties in the office. The County Commission has allowed me to hire another employee to serve as bookkeeper.

OFFICE OF COUNTY CLERK

FINDING 2016-007 MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER

Response and Corrective Action Plan Prepared by:	Connie Blackwell, County Clerk, Macon County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	Fiscal Year 2016-2017
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	Official did not believe they had the resources to correct this finding

Planned Corrective Action:

At the June 20, 2016 meeting of the County Commission resolution #6-64/2016 was passed changing the cash on hand from \$100 to \$600. We put in a request for the additional \$500 to the County Mayor's Office. We received the money from the County Mayor's Office on August 3, 2016. We had purchased six locking money bags for each employee to use. We have

been using six different locking bags for our daily business since August 12, 2016. That procedure is working great and we have had no problems and will continue this way of handling our daily cash from now on forward.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 2016-007

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

Response and Corrective Action Plan Prepared by:	Connie Blackwell, County Clerk, Macon County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	Fiscal Year 2016-2017
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	Official did not believe they had the resources to correct this finding

Planned Corrective Action:

For better internal controls, I have added a cash drawer for each deputy who receipts money.

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