

ANNUAL FINANCIAL REPORT
MACON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018



DIVISION OF LOCAL GOVERNMENT AUDIT



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FOR THE YEAR ENDED JUNE 30, 2018

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

TERYN MCNEAL, CPA
Senior Auditor

FERMAN PRIDE, CGFM
KELLEY MCNEAL, CPA, CGFM
State Auditors

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

MACON COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Macon County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	25-28
Highway/Public Works Fund	C-6	29
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	30
Index and Notes to the Financial Statements		31-80
REQUIRED SUPPLEMENTARY INFORMATION:		81
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-1	82
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-2	83
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Macon County School Department	E-3	84
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Macon County School Department	E-4	85

	Exhibit	Page(s)
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Pension Plan of TCRS – Discretely Presented Macon County School Department	E-5	86
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Macon County School Department	E-6	87
Schedule of Changes in the Total OPEB Liability and Related Ratios – Discretely Presented Macon County School Department	E-7	88
Notes to the Required Supplementary Information		89
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		90
Nonmajor Governmental Funds:		91
Combining Balance Sheet	F-1	92-93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	94
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	F-3	95
Drug Control Fund	F-4	96
General Capital Projects Fund	F-5	97
Major Governmental Fund:		98
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	99
Fiduciary Funds:		100
Combining Statement of Fiduciary Assets and Liabilities	H-1	101
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	102
Component Unit:		
Discretely Presented Macon County School Department:		103
Statement of Activities	I-1	104
Balance Sheet – Governmental Funds	I-2	105
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	106
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	107
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	108
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	109
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	110
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	111-113
School Federal Projects Fund	I-9	114
Central Cafeteria Fund	I-10	115
Statement of Fiduciary Net Position	I-11	116
Statement of Changes in Fiduciary Net Position	I-12	117

	Exhibit	Page(s)
Miscellaneous Schedules:		118
Schedule of Changes in Long-term Notes and Bonds	J-1	119
Schedule of Long-term Debt Requirements by Year	J-2	120
Schedule of Transfers – Primary Government and Discretely Presented Macon County School Department	J-3	121
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Macon County School Department	J-4	122
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	123-134
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Macon County School Department	J-6	135-137
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	138-154
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Macon County School Department	J-8	155-165
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	166
 <u>SINGLE AUDIT SECTION</u>		 167
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 <i>Government Auditing Standards</i>		168-169
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 Uniform Guidance		170-172
Schedule of Expenditures of Federal Awards and State Grants		173
Summary Schedule of Prior-year Findings		174
Schedule of Findings and Questioned Costs		175-177
Management's Corrective Action Plan		178-179
Best Practice		180

Summary of Audit Findings

Annual Financial Report
Macon County, Tennessee
For the Year Ended June 30, 2018

Scope

We have audited the basic financial statements of Macon County as of and for the year ended June 30, 2018.

Results

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

Our audit resulted in one finding and recommendation, which we have reviewed with Macon County management. The detailed finding, recommendation, and management's response is included in the Single Audit section of this report.

Finding

The following is a summary of the audit finding:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office did not reconcile the health insurance clearing account with insurance billings.

INTRODUCTORY SECTION

Macon County Officials
June 30, 2018

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	Tony Wix
Chris Wix	Justin Dyer
Kenneth Witte	Kimmy Warf
Jeff Hughes	Barry King
Todd Gentry	Bobby Ray King
Phillip Snow	Helen Hesson
Mike Jenkins	Wendell Jones
Scott Gammons	Don Stevens
Charles Porter	Benton Bartley
Michelle Phillips	Jarhea Wilmore

Purchasing Commission

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

Board of Education

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

Audit Committee

Mike Prock, Chairman
Lonnie Stevens
Marty Coley
Bryan Carter

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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, 2018, 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, 2018, and the respective changes in financial position and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Macon County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note 1.D.8 to the financial statements, which describes a restatement reducing the beginning net position of the discretely presented Macon County School Department by \$1,357,429. This restatement was necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability (asset) and related ratios, schedules of county and school contributions, and schedule of school's proportionate share of the net pension liability (asset), and schedule of changes in the school's total OPEB liability and

related ratios on pages 82-89 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 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), miscellaneous schedules and other information such as the introductory section and management's corrective action plan are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

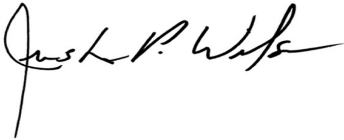
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Macon County School Department (a discretely presented component unit), schedule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

The introductory section and management's corrective action plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2018, 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 the effectiveness of Macon County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Macon County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 8, 2018

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Macon County, Tennessee
Statement of Net Position
June 30, 2018

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>School Department</u>
<u>ASSETS</u>		
Cash	\$ 28,667	\$ 100
Equity in Pooled Cash and Investments	6,749,996	7,520,205
Accounts Receivable	901,568	0
Allowance for Uncollectibles	(498,728)	0
Due from Other Governments	730,921	1,192,166
Due from Component Units	1,683,288	0
Property Taxes Receivable	5,649,877	3,506,992
Allowance for Uncollectible Property Taxes	(327,825)	(203,799)
Net Pension Asset - Agent Plan	702,334	470,960
Net Pension Asset - Teacher Retirement Plan	0	76,265
Net Pension Asset - Teacher Legacy Plan	0	116,786
Capital Assets:		
Assets Not Depreciated:		
Land	848,506	382,263
Construction in Progress	0	84,360
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,412,683	9,099,506
Infrastructure	18,371,101	0
Other Capital Assets	3,635,767	2,122,863
Total Assets	<u>\$ 45,888,155</u>	<u>\$ 24,368,667</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 163,138	\$ 182,475
Pension Changes in Assumptions	232,638	1,151,814
Pension Changes in Investment Earnings	0	17,728
Pension Contributions After Measurement Date	337,371	1,474,199
Pension Other Deferrals	0	185,004
OPEB Benefits Paid After Measurement Date	0	147,395
Total Deferred Outflows of Resources	<u>\$ 733,147</u>	<u>\$ 3,158,615</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 25,000
Accrued Interest Payable	40,316	0
Payroll Deductions Payable	20,424	0
Due to Primary Government	0	1,683,288
Due to Litigants, Heirs, and Others	1,104	0
Noncurrent Liabilities:		
Due Within One Year	2,164,379	0
Due in More Than One Year	4,171,621	3,615,398
Total Liabilities	<u>\$ 6,397,844</u>	<u>\$ 5,323,686</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 5,171,637	\$ 3,208,793
Pension Changes in Experience	354,915	2,654,826
Pension Changes in Investment Earnings	9,462	10,448
OPEB Changes in Assumptions	0	168,062
Total Deferred Inflows of Resources	<u>\$ 5,536,014</u>	<u>\$ 6,042,129</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 27,868,663	\$ 11,688,992
Restricted for:		
Debt Service	1,509,570	0
General Government	167,890	0
Finance	102	0
Administration of Justice	14,821	0
Public Safety	162,716	0
Social, Cultural, and Recreational Services	13,988	0
Highway/Public Works	822,181	0
Capital Projects	64,316	0
Pensions	702,334	664,011
Central Cafeteria	0	764,477
Education	0	114,707
Unrestricted	<u>3,360,863</u>	<u>2,929,280</u>
Total Net Position	<u>\$ 34,687,444</u>	<u>\$ 16,161,467</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, 2018

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 Government	Component Unit
					Total Governmental Activities	Macon County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,281,837	\$ 193,050	\$ 165,441	\$ 0	\$ (923,346)	\$ 0
Finance	1,162,668	631,386	0	0	(531,282)	0
Administration of Justice	997,152	713,052	8,591	0	(275,509)	0
Public Safety	3,533,310	1,012,720	213,172	19,484	(2,287,934)	0
Public Health and Welfare	2,755,172	1,412,233	211,650	0	(1,131,289)	0
Social, Cultural, and Recreational Services	392,230	45,708	0	0	(346,522)	0
Agriculture and Natural Resources	112,532	0	0	0	(112,532)	0
Highways	2,976,701	1,385	1,965,467	691,365	(318,484)	0
Education	29,316	0	0	0	(29,316)	0
Interest on Long-term Debt	102,723	0	0	0	(102,723)	0
Total Primary Government	\$ 13,343,641	\$ 4,009,534	\$ 2,564,321	\$ 710,849	\$ (6,058,937)	\$ 0
Component Unit:						
Macon County School Department	\$ 32,622,246	\$ 492,815	\$ 4,265,785	\$ 125,606	\$ 0	\$ (27,738,040)
Total Component Units	\$ 32,622,246	\$ 492,815	\$ 4,265,785	\$ 125,606	\$ 0	\$ (27,738,040)

(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
					Government Total Governmental Activities	Macon County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 5,403,551	\$ 3,400,269
Local Option Sales Tax					242,302	2,202,675
Hotel/Motel Tax					23,551	0
Wheel Tax					1,422,197	0
Litigation Tax					239,059	0
Business Tax					174,895	0
Mineral Severance Tax					913	0
Adequate Facilities/Development Tax					261,523	0
Wholesale Beer Tax					81,666	0
Interstate Telecommunications Tax					120,899	0
Grants and Contributions Not Restricted to Specific Programs					732,063	24,982,923
Unrestricted Investment Income					39,357	0
Miscellaneous					55,202	39,612
Total General Revenues					<u>\$ 8,797,178</u>	<u>\$ 30,625,479</u>
Change in Net Position					\$ 2,738,241	\$ 2,887,439
Net Position, July 1, 2017					31,949,203	14,631,457
Restatement - See Note I.D.8.					0	(1,357,429)
Net Position, June 30, 2018					<u>\$ 34,687,444</u>	<u>\$ 16,161,467</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, 2018

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 425	\$ 0	\$ 0	\$ 28,242	\$ 28,667
Equity in Pooled Cash and Investments	2,678,589	1,355,169	2,117,223	599,015	6,749,996
Accounts Receivable	868,883	0	0	32,685	901,568
Allowance for Uncollectibles	(498,728)	0	0	0	(498,728)
Due from Other Governments	332,398	335,523	63,000	0	730,921
Property Taxes Receivable	4,964,989	496,148	0	188,740	5,649,877
Allowance for Uncollectible Property Taxes	(288,138)	(28,719)	0	(10,968)	(327,825)
Total Assets	<u>\$ 8,058,418</u>	<u>\$ 2,158,121</u>	<u>\$ 2,180,223</u>	<u>\$ 837,714</u>	<u>\$ 13,234,476</u>
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 0	\$ 20,424	\$ 0	\$ 0	\$ 20,424
Due to Litigants, Heirs, and Others	0	0	0	1,104	1,104
Total Liabilities	<u>\$ 0</u>	<u>\$ 20,424</u>	<u>\$ 0</u>	<u>\$ 1,104</u>	<u>\$ 21,528</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 4,544,496	\$ 454,450	\$ 0	\$ 172,691	\$ 5,171,637
Deferred Delinquent Property Taxes	125,058	12,263	0	4,801	142,122
Other Deferred/Unavailable Revenue	350,677	158,484	0	0	509,161
Total Deferred Inflows of Resources	<u>\$ 5,020,231</u>	<u>\$ 625,197</u>	<u>\$ 0</u>	<u>\$ 177,492</u>	<u>\$ 5,822,920</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 167,890	\$ 0	\$ 0	\$ 0	\$ 167,890

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES (Cont.)</u>					
Restricted (Cont.):					
Restricted for Finance	\$ 102	\$ 0	\$ 0	\$ 0	\$ 102
Restricted for Administration of Justice	14,821	0	0	0	14,821
Restricted for Public Safety	21,383	0	0	141,333	162,716
Restricted for Public Health and Welfare	0	0	0	161,438	161,438
Restricted for Social, Cultural, and Recreational Services	13,988	0	0	0	13,988
Restricted for Highways/Public Works	0	676,769	0	0	676,769
Restricted for Capital Outlay	0	835,731	0	230,000	1,065,731
Restricted for Debt Service	0	0	1,549,886	0	1,549,886
Restricted for Capital Projects	0	0	0	64,316	64,316
Committed:					
Committed for General Government	1,107,875	0	0	0	1,107,875
Committed for Finance	0	0	0	59,723	59,723
Committed for Debt Service	0	0	630,337	0	630,337
Assigned:					
Assigned for General Government	37,752	0	0	0	37,752
Assigned for Finance	72	0	0	0	72
Assigned for Administration of Justice	1,823	0	0	0	1,823
Assigned for Public Safety	15,695	0	0	0	15,695
Assigned for Public Health and Welfare	7,880	0	0	2,308	10,188
Assigned for Social, Cultural, and Recreational Services	1,296	0	0	0	1,296
Assigned for Other Operations	330	0	0	0	330
Unassigned	1,647,280	0	0	0	1,647,280
Total Fund Balances	\$ 3,038,187	\$ 1,512,500	\$ 2,180,223	\$ 659,118	\$ 7,390,028
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,058,418	\$ 2,158,121	\$ 2,180,223	\$ 837,714	\$ 13,234,476

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

Macon County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	7,390,028
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	848,506	
Add: buildings and improvements net of accumulated depreciation		7,412,683	
Add: infrastructure net of accumulated depreciation		18,371,101	
Add: other capital assets net of accumulated depreciation		<u>3,635,767</u>	30,268,057
(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	\$	(5,101,674)	
Less: bonds payable		(638,500)	
Add: debt to be contributed by the School Department		1,683,288	
Less: compensated absences payable		(320,087)	
Less: accrued interest on notes and bonds		(40,316)	
Less: landfill closure/postclosure care costs		<u>(275,739)</u>	(4,693,028)
(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	\$	733,147	
Less: deferred inflows of resources related to pensions		<u>(364,377)</u>	368,770
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			702,334
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>651,283</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>34,687,444</u></u>

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

Exhibit C-3

Macon County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 6,238,368	\$ 478,233	\$ 1,164,798	\$ 186,969	\$ 8,068,368
Licenses and Permits	90,574	0	0	0	90,574
Fines, Forfeitures, and Penalties	171,610	0	0	18,971	190,581
Charges for Current Services	1,500,368	0	0	423,524	1,923,892
Other Local Revenues	365,163	15,265	6,000	76	386,504
Fees Received From County Officials	855,250	0	0	0	855,250
State of Tennessee	779,645	2,634,244	849,262	207,672	4,470,823
Federal Government	5,000	0	0	0	5,000
Other Governments and Citizens Groups	0	0	924,272	0	924,272
Total Revenues	\$ 10,005,978	\$ 3,127,742	\$ 2,944,332	\$ 837,212	\$ 16,915,264
<u>Expenditures</u>					
Current:					
General Government	\$ 1,375,212	\$ 0	\$ 0	\$ 0	\$ 1,375,212
Finance	793,180	0	0	229,595	1,022,775
Administration of Justice	822,426	0	0	7,155	829,581
Public Safety	3,271,091	0	0	6,981	3,278,072
Public Health and Welfare	2,118,647	0	0	365,186	2,483,833
Social, Cultural, and Recreational Services	247,095	0	0	0	247,095
Agriculture and Natural Resources	113,212	0	0	0	113,212
Other Operations	1,159,577	0	0	0	1,159,577
Highways	0	3,706,949	0	0	3,706,949
Debt Service:					
Principal on Debt	0	0	2,515,799	0	2,515,799
Interest on Debt	0	0	111,542	0	111,542
Other Debt Service	0	0	11,740	0	11,740

(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	\$ 0	\$ 0	\$ 0	\$ 249,496	\$ 249,496
Total Expenditures	\$ 9,900,440	\$ 3,706,949	\$ 2,639,081	\$ 858,413	\$ 17,104,883
<u>Excess (Deficiency) of Revenues</u>					
Over Expenditures	\$ 105,538	\$ (579,207)	\$ 305,251	\$ (21,201)	\$ (189,619)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 1,000,000	\$ 0	\$ 230,000	\$ 1,230,000
Insurance Recovery	8,282	12,123	0	0	20,405
Transfers In	2,400	300,000	0	151,941	454,341
Transfers Out	(151,941)	(2,400)	(300,000)	0	(454,341)
Total Other Financing Sources (Uses)	\$ (141,259)	\$ 1,309,723	\$ (300,000)	\$ 381,941	\$ 1,250,405
<u>Net Change in Fund Balances</u>					
Fund Balance, July 1, 2017	\$ (35,721)	\$ 730,516	\$ 5,251	\$ 360,740	\$ 1,060,786
Fund Balance, June 30, 2018	\$ 3,073,908	\$ 781,984	\$ 2,174,972	\$ 298,378	\$ 6,329,242
Fund Balance, June 30, 2018	\$ 3,038,187	\$ 1,512,500	\$ 2,180,223	\$ 659,118	\$ 7,390,028

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, 2018

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)		\$ 1,060,786
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,881,230	
Less: current-year depreciation expense	<u>(1,004,952)</u>	876,278
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Add: capital asset donations	\$ 14,500	
Less: book value of capital assets disposed	<u>(41,960)</u>	(27,460)
(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, 2017	\$ (582,761)	
Add: deferred delinquent property taxes and other deferred June 30, 2018	<u>651,283</u>	68,522
(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	1,877,299	
Less: notes proceeds	(1,230,000)	
Less: contributions from the School Department for notes	<u>(897,764)</u>	388,035
(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	\$ 429,480	
Change in deferred outflows of resources related to pensions	(145,085)	
Change in deferred inflows of resources related to pensions	(97,289)	
Change in accrued interest payable	8,819	
Change in compensated absences payable	(1,179)	
Change in landfill closure/postclosure care costs	<u>177,334</u>	<u>372,080</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,738,241</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 (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,238,368	\$ 0	\$ 0	\$ 6,238,368	\$ 5,979,760	\$ 5,979,760	\$ 258,608
Licenses and Permits	90,574	0	0	90,574	50,700	50,700	39,874
Fines, Forfeitures, and Penalties	171,610	0	0	171,610	127,650	127,650	43,960
Charges for Current Services	1,500,368	0	0	1,500,368	1,672,600	1,770,510	(270,142)
Other Local Revenues	365,163	0	0	365,163	342,000	398,193	(33,030)
Fees Received From County Officials	855,250	0	0	855,250	925,000	740,000	115,250
State of Tennessee	779,645	0	0	779,645	612,800	631,695	147,950
Federal Government	5,000	0	0	5,000	18,000	5,000	0
Other Governments and Citizens Groups	0	0	0	0	10,000	10,000	(10,000)
Total Revenues	\$ 10,005,978	\$ 0	\$ 0	\$ 10,005,978	\$ 9,738,510	\$ 9,713,508	\$ 292,470
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 94,539	\$ 0	\$ 19,995	\$ 114,534	\$ 127,707	\$ 127,930	\$ 13,396
Board of Equalization	2,786	0	0	2,786	2,500	3,000	214
Beer Board	0	0	0	0	850	850	850
Budget and Finance Committee	1,572	0	168	1,740	2,000	2,000	260
Other Boards and Committees	2,789	0	11	2,800	3,000	3,000	200
County Mayor/Executive	281,164	(1,472)	749	280,441	294,839	297,377	16,936
County Attorney	8,431	0	0	8,431	8,431	8,431	0
Election Commission	181,704	0	111	181,815	180,953	208,849	27,034
Register of Deeds	140,002	0	1,273	141,275	143,654	147,154	5,879
Development	21,831	0	1,962	23,793	66,000	66,000	42,207
Planning	53,293	0	1,093	54,386	70,702	70,702	16,316
Building	67,155	0	526	67,681	77,600	88,748	21,067
County Buildings	126,806	(413)	3,058	129,451	135,030	144,605	15,154
Other Facilities	358,429	(1,532)	8,188	365,085	364,420	392,769	27,684
Other General Administration	1,616	0	0	1,616	1,623	1,623	7
Preservation of Records	16,000	0	0	16,000	18,417	18,417	2,417
Risk Management	17,095	0	616	17,711	18,863	18,863	1,152

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance</u>							
Central Services	\$ 364,225	\$ 0	\$ 72	\$ 364,297	\$ 386,861	\$ 386,861	\$ 22,564
Property Assessor's Office	202,746	0	0	202,746	201,646	203,146	400
Reappraisal Program	2,515	0	0	2,515	6,600	4,600	2,085
County Trustee's Office	177,890	0	0	177,890	185,818	185,818	7,928
County Clerk's Office	45,804	0	0	45,804	281,952	52,480	6,676
<u>Administration of Justice</u>							
Circuit Court	362,309	(300)	1,811	363,820	371,832	381,432	17,612
General Sessions Court	114,664	0	0	114,664	115,179	115,179	515
Chancery Court	145,796	(25)	0	145,771	154,039	154,039	8,268
Juvenile Court	40,121	0	12	40,133	48,484	48,484	8,351
Judicial Commissioners	27,537	0	0	27,537	31,345	31,345	3,808
Probation Services	131,999	0	0	131,999	133,912	133,912	1,913
<u>Public Safety</u>							
Sheriff's Department	1,732,350	(3,042)	3,999	1,733,307	1,744,938	1,809,542	76,235
Administration of the Sexual Offender Registry	1,755	0	145	1,900	2,000	2,800	900
Jail	1,335,480	(3,757)	7,263	1,338,986	1,382,825	1,475,217	136,231
Workhouse	70,151	(4,475)	4	65,680	71,919	85,119	19,439
Fire Prevention and Control	5,941	0	47	5,988	6,660	6,660	672
Rural Fire Protection	12,310	0	0	12,310	16,000	16,000	3,690
Civil Defense	15,495	0	0	15,495	17,511	18,511	3,016
Rescue Squad	11,072	(30)	2,553	13,595	15,650	16,200	2,605
Disaster Relief	31,161	0	0	31,161	28,810	32,285	1,124
Other Emergency Management	12,878	(159)	732	13,451	14,800	14,800	1,349
County Coroner/Medical Examiner	25,675	0	951	26,626	37,750	37,750	11,124
Other Public Safety	16,823	0	0	16,823	19,351	19,351	2,528
<u>Public Health and Welfare</u>							
Local Health Center	42,407	(3,048)	1,560	40,919	49,512	51,741	10,822
Rabies and Animal Control	65,789	(240)	1,935	67,484	75,849	77,649	10,165
Ambulance/Emergency Medical Services	1,786,841	(8,769)	4,383	1,782,455	1,862,495	1,893,667	111,212

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Crippled Children Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,439	\$ 1,439	\$ 1,439
Other Local Health Services	115,494	0	0	115,494	146,500	151,500	36,006
Regional Mental Health Center	7,953	0	0	7,953	7,953	7,953	0
Appropriation to State	41,140	0	0	41,140	41,140	41,140	0
Other Local Welfare Services	59,023	0	0	59,023	59,723	59,723	700
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	6,000	0	0	6,000	6,000	6,000	0
Senior Citizens Assistance	15,000	0	0	15,000	15,000	15,000	0
Libraries	164,804	(120)	183	164,867	166,622	171,121	6,254
Parks and Fair Boards	46,405	0	0	46,405	36,405	46,905	500
Other Social, Cultural, and Recreational	14,886	0	1,113	15,999	17,500	22,391	6,392
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	66,978	0	0	66,978	71,646	71,646	4,668
Soil Conservation	46,234	0	0	46,234	53,479	53,479	7,245
<u>Other Operations</u>							
Tourism	2,428	0	0	2,428	3,000	3,000	572
Industrial Development	21,451	0	0	21,451	23,700	49,200	27,749
Veterans' Services	24,344	0	0	24,344	30,169	30,169	5,825
Other Charges	1,061,393	0	0	1,061,393	1,166,187	1,166,187	104,794
Contributions to Other Agencies	11,340	0	335	11,675	13,700	13,700	2,025
Employee Benefits	9,783	(128)	0	9,655	26,000	26,000	16,345
Miscellaneous	28,838	0	0	28,838	5,700	33,000	4,162
<u>Instruction</u>							
Other	0	0	0	0	7,000	0	0
<u>Support Services</u>							
Other Programs	0	0	0	0	20,300	0	0
Total Expenditures	\$ 9,900,440	\$ (27,510)	\$ 64,848	\$ 9,937,778	\$ 10,699,490	\$ 10,824,459	\$ 886,681

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 105,538	\$ 27,510	\$ (64,848)	\$ 68,200	\$ (960,980)	\$ (1,110,951)	\$ 1,179,151
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 8,282	\$ 0	\$ 0	\$ 8,282	\$ 0	\$ 8,080	\$ 202
Transfers In	2,400	0	0	2,400	0	0	2,400
Transfers Out	(151,941)	0	0	(151,941)	(64,835)	(243,791)	91,850
Total Other Financing Sources	\$ (141,259)	\$ 0	\$ 0	\$ (141,259)	\$ (64,835)	\$ (235,711)	\$ 94,452
Net Change in Fund Balance	\$ (35,721)	\$ 27,510	\$ (64,848)	\$ (73,059)	\$ (1,025,815)	\$ (1,346,662)	\$ 1,273,603
Fund Balance, July 1, 2017	3,073,908	(27,510)	0	3,046,398	2,879,712	2,879,712	166,686
Fund Balance, June 30, 2018	\$ 3,038,187	\$ 0	\$ (64,848)	\$ 2,973,339	\$ 1,853,897	\$ 1,533,050	\$ 1,440,289

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 478,233	\$ 462,339	\$ 463,252	\$ 14,981
Other Local Revenues	15,265	4,500	4,500	10,765
State of Tennessee	2,634,244	3,072,426	3,072,426	(438,182)
Total Revenues	<u>\$ 3,127,742</u>	<u>\$ 3,539,265</u>	<u>\$ 3,540,178</u>	<u>\$ (412,436)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 164,051	\$ 169,553	\$ 169,553	\$ 5,502
Highway and Bridge Maintenance	1,462,924	1,535,920	1,564,420	101,496
Operation and Maintenance of Equipment	291,456	370,033	332,783	41,327
Other Charges	147,577	157,475	155,475	7,898
Employee Benefits	292,732	319,903	319,903	27,171
Capital Outlay	1,348,209	1,705,047	2,728,833	1,380,624
Total Expenditures	<u>\$ 3,706,949</u>	<u>\$ 4,257,931</u>	<u>\$ 5,270,967</u>	<u>\$ 1,564,018</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (579,207)</u>	<u>\$ (718,666)</u>	<u>\$ (1,730,789)</u>	<u>\$ 1,151,582</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 1,000,000	\$ 0	\$ 1,000,000	\$ 0
Insurance Recovery	12,123	0	12,123	0
Transfers In	300,000	300,000	300,000	0
Transfers Out	(2,400)	(2,400)	(2,400)	0
Total Other Financing Sources	<u>\$ 1,309,723</u>	<u>\$ 297,600</u>	<u>\$ 1,309,723</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 730,516	\$ (421,066)	\$ (421,066)	\$ 1,151,582
Fund Balance, July 1, 2017	<u>781,984</u>	<u>522,067</u>	<u>522,067</u>	<u>259,917</u>
Fund Balance, June 30, 2018	<u>\$ 1,512,500</u>	<u>\$ 101,001</u>	<u>\$ 101,001</u>	<u>\$ 1,411,499</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, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,148,089
Accounts Receivable	65,433
Due from Other Governments	<u>335,882</u>
Total Assets	<u>\$ 1,549,404</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 335,882
Due to Litigants, Heirs, and Others	<u>1,213,522</u>
Total Liabilities	<u>\$ 1,549,404</u>

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

MACON COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	32
B. Government-wide and Fund Financial Statements	33
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	34
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	36
2. Receivables and Payables	37
3. Capital Assets	37
4. Deferred Outflows/Inflows of Resources	38
5. Compensated Absences	39
6. Long-term Obligations	39
7. Net Position and Fund Balance	40
8. Restatement	42
E. Pension Plans	42
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	42
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	43
III. Stewardship, Compliance, and Accountability	
Budgetary Information	43
IV. Detailed Notes on All Funds	
A. Deposits and Investments	44
B. Capital Assets	45
C. Construction Commitments	48
D. Interfund Receivables, Payables, and Transfers	48
E. Long-term Obligations	49
F. On-Behalf Payments	53
V. Other Information	
A. Risk Management	53
B. Accounting Changes	54
C. Contingent Liabilities	55
D. Landfill Postclosure Care Costs	55
E. Joint Venture	55
F. Retirement Commitments	
1. Tennessee Consolidated Retirement System (TCRS)	56
2. Deferred Compensation	73
G. Other Postemployment Benefits (OPEB)	74
H. Purchasing Laws	79
I. Subsequent Events	80

MACON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

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

The 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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2018.

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 types:

Capital Projects Fund – The General Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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 types:

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.

Private-purpose Trust Fund – The Endowment Fund is used to account for an endowment received by the School Department to fund scholarships for deserving high school graduates to attend the University of Tennessee or Belmont University.

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 amortized cost using a stable net asset value. 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 five 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 \$10,000 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 acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
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 other postemployment benefits paid after the measurement date, pension changes in experience, pension changes in assumptions, 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, other postemployment benefits changes in assumptions 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.

As of June 30, 2018, Macon County had \$2,275,049 in outstanding debt for capital purposes for the discretely presented Macon County School Department. This debt is a liability of Macon County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Macon County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

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

8. **Restatement**

In prior years, the government was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Macon County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. A restatement reducing the beginning net position of the discretely presented Macon County School Department by \$1,357,429 has been recognized to account for the transitional requirements.

E. **Pension Plans**

Primary Government

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

Discretely Presented Macon County School Department

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

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

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

Primary Government

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

Discretely Presented Macon County School Department

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

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

Primary Government

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

Discretely Presented Macon County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (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, and

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.

At June 30, 2018, the Macon County School Department had outstanding encumbrances in budget funds as follows:

<u>Fund</u>	<u>Amount</u>
Primary Government:	
Major Fund:	
General	\$ 64,848
Discretely Presented School Department:	
Major Fund:	
General Purpose School	473,200

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, 2018.

B. Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets				
Not Depreciated:				
Land	\$ 848,506	\$ 0	\$ 0	\$ 848,506
Total Capital Assets				
Not Depreciated	\$ 848,506	\$ 0	\$ 0	\$ 848,506
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 11,332,670	\$ 524,436	\$ 0	\$ 11,857,106
Infrastructure	21,964,760	667,227	0	22,631,987
Other Capital Assets	7,468,291	704,067	(211,677)	7,960,681
Total Capital Assets				
Depreciated	\$ 40,765,721	\$ 1,895,730	\$ (211,677)	\$ 42,449,774
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 4,183,813	\$ 260,610	\$ 0	\$ 4,444,423
Infrastructure	4,011,775	249,111	0	4,260,886
Other Capital Assets	3,999,400	495,231	(169,717)	4,324,914
Total Accumulated				
Depreciation	\$ 12,194,988	\$ 1,004,952	\$ (169,717)	\$ 13,030,223
Total Capital Assets				
Depreciated, Net	\$ 28,570,733	\$ 890,778	\$ (41,960)	\$ 29,419,551
Governmental Activities				
Capital Assets, Net	\$ 29,419,239	\$ 890,778	\$ (41,960)	\$ 30,268,057

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

Governmental Activities:

General Government	\$	33,555
Finance		1,615
Administration of Justice		110,735
Public Safety		234,090
Public Health and Welfare		193,715
Social, Cultural, and Recreational		50,992
Highway/Public Works		<u>380,250</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u><u>1,004,952</u></u>

Discretely Presented Macon County School Department

Governmental Activities:

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets				
Not Depreciated:				
Land	\$ 382,263	\$ 0	\$ 0	\$ 382,263
Construction in Progress	0	84,360	0	84,360
Total Capital Assets				
Not Depreciated	<u>\$ 382,263</u>	<u>\$ 84,360</u>	<u>\$ 0</u>	<u>\$ 466,623</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 24,143,159	\$ 95,441	\$ 0	\$ 24,238,600
Other Capital Assets	4,509,823	269,357	0	4,779,180
Total Capital Assets Depreciated	<u>\$ 28,652,982</u>	<u>\$ 364,798</u>	<u>\$ 0</u>	<u>\$ 29,017,780</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 14,527,421	\$ 611,673	\$ 0	\$ 15,139,094
Other Capital Assets	2,385,260	271,057	0	2,656,317
Total Accumulated Depreciation	<u>\$ 16,912,681</u>	<u>\$ 882,730</u>	<u>\$ 0</u>	<u>\$ 17,795,411</u>
 Total Capital Assets Depreciated, Net	 <u>\$ 11,740,301</u>	 <u>\$ (517,932)</u>	 <u>\$ 0</u>	 <u>\$ 11,222,369</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 12,122,564</u>	 <u>\$ (433,572)</u>	 <u>\$ 0</u>	 <u>\$ 11,688,992</u>

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

Governmental Activities:

Instruction	\$ 611,197
Support Services	<u>271,533</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 882,730</u>

C. Construction Commitments

At June 30, 2018, the discretely presented School Department had uncompleted construction contracts of approximately \$473,200 for the construction of a high school corridor connector. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, 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:	\$ 1,683,288

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, 2018, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	Highway/ Public Works	Nonmajor Governmental Funds
General	\$ 0	\$ 0	\$ 151,941
Highway/Public Works Fund	2,400	0	0
General Debt Service Fund	0	300,000	0
Total	\$ 2,400	\$ 300,000	\$ 151,941

Discretely Presented Macon County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 17,063
Nonmajor governmental funds	16,079	0
Total	\$ 16,079	\$ 17,063

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.

E. 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, 2018, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-18
General Obligation Bonds	1.96	% 6-1-19	\$ 3,830,660	\$ 638,500
Capital Outlay Notes	0.75 to 2.89	6-1-24	11,813,048	5,101,674

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2018, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 638,500	\$ 12,515	\$ 651,015
Total	\$ 638,500	\$ 12,515	\$ 651,015

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 1,482,169	\$ 88,534	\$ 1,570,703
2020	1,499,215	60,419	1,559,634
2021	704,099	31,968	736,067
2022	511,522	20,591	532,113
2023	517,932	12,850	530,782
2024	386,737	5,098	391,835
Total	\$ 5,101,674	\$ 219,460	\$ 5,321,134

There is \$2,180,223 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$29, based on the 2010 federal census. Total debt per capita, including bonds and notes totaled \$258, 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.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-18</u>
<u>Notes Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficiency Loan	\$ 1,074,764
Energy Efficiency School Initiative	<u>608,524</u>
Total	<u>\$ 1,683,288</u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2017	\$ 1,277,000	\$ 5,748,973
Additions	0	1,230,000
Reductions	<u>(638,500)</u>	<u>(1,877,299)</u>
Balance, June 30, 2018	<u>\$ 638,500</u>	<u>\$ 5,101,674</u>
Balance Due Within One Year	<u>\$ 638,500</u>	<u>\$ 1,482,169</u>

	<u>Compensated Absences</u>	<u>Landfill Postclosure Care Costs</u>
Balance, July 1, 2017	\$ 318,908	\$ 453,073
Additions	338,842	4,876
Reductions	<u>(337,663)</u>	<u>(182,210)</u>
Balance, June 30, 2018	<u>\$ 320,087</u>	<u>\$ 275,739</u>
Balance Due Within One Year	<u>\$ 32,010</u>	<u>\$ 11,700</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 6,336,000
Less: Balance Due Within One Year	<u>(2,164,379)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,171,621</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, 2018, was as follows:

Governmental Activities:

	Other Postemployment Benefits*	Net Pension Liability - Legacy Plan**
Balance, July 1, 2017	\$ 3,627,316	\$ 2,147,888
Additions	462,929	1,348,873
Reductions	<u>(474,847)</u>	<u>(3,613,547)</u>
Balance, June 30, 2018	<u>\$ 3,615,398</u>	<u>\$ (116,786)</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

*OPEB balance at July 1, 2017, was restated. See Note I.D.8.

**At June 30, 2018, the legacy plan has a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 3,615,398
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,615,398</u>

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

F. On-Behalf Payments – Discretely Presented 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 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, 2018, were \$88,680 and \$25,175, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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 \$275,739 reported as postclosure care liability at June 30, 2018, represents amounts based on what it would cost to perform all postclosure care in 2018. 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, 2018, the county did not appropriate any operating subsidies to the Macon County Joint Economic and Community Development/Industrial Board.

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Macon County and non-certified employees of the discretely presented Macon County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 59.86 percent, the non-certified employees of the discretely presented School Department comprise 40.14 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, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	86
Inactive Employees Entitled to But Not Yet Receiving Benefits	270
Active Employees	380
Total	<u><u>736</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. 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, 2018, the employer contribution for Macon County was \$569,802 based on a rate of 5.5 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, 2017, 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 (asset) as of the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from 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, 2016	\$ 18,975,923	\$ 19,464,383	\$ (488,460)
Changes for the Year:			
Service Cost	\$ 883,684	\$ 0	\$ 883,684
Interest	1,466,373	0	1,466,373
Differences Between Expected and Actual Experience	(257,428)	0	(257,428)
Changes in Assumptions	453,410	0	453,410
Contributions-Employer	0	541,225	(541,225)
Contributions-Employees	0	492,022	(492,022)
Net Investment Income	0	2,229,569	(2,229,569)
Benefit Payments, Including Refunds of Employee Contributions	(615,935)	(615,935)	0
Administrative Expense	0	(31,943)	31,943
Other Changes	0	0	0
Net Changes	\$ 1,930,104	\$ 2,614,938	\$ (684,834)
Balance, June 30, 2017	\$ 20,906,027	\$ 22,079,321	\$ (1,173,294)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	59.86%	\$ 12,514,348	\$ 13,216,682	\$ (702,334)
School Department	40.14%	8,391,679	8,862,639	(470,960)
Total		\$ 20,906,027	\$ 22,079,321	\$ (1,173,294)

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 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<u>Macon County</u>	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>

Net Pension Liability (asset) \$ 1,907,867 \$ (1,173,294) \$ (3,693,458)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2018, Macon County recognized pension expense of \$317,956.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, 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	\$ 272,533	\$ 592,909
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	15,806
Changes in Assumptions	388,637	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	<u>569,802</u>	<u>N/A</u>
Total	<u>\$ 1,230,972</u>	<u>\$ 608,715</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” 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	\$ 733,147	\$ 364,377
School Department	<u>497,825</u>	<u>244,338</u>
Total	<u>\$ 1,230,972</u>	<u>\$ 608,715</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
2019	\$ (97,742)
2020	181,777
2021	21,976
2022	(82,237)
2023	687
Thereafter	27,998

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 59.86 percent and the non-certified employees of the discretely presented School Department comprise 40.14 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 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. 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 are 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, 2018, to the Teacher Retirement Plan were \$84,823, 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, 2018, the School Department reported a liability (asset) of (\$76,265) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was 0.289062 percent. The proportion as of June 30, 2016, was 0.331469 percent.

Pension Expense or (Negative Pension Expense). For the year ended June 30, 2018, the School Department recognized pension expense of \$35,174.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,673	\$ 5,736
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,104
Changes in Assumptions	6,700	0
Changes in Proportion of Net Pension Liability (Asset)	7,523	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	84,823	N/A
Total	<u>\$ 101,719</u>	<u>\$ 9,840</u>

The School Department's employer contributions of \$84,823, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2019. 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
2019	\$ 218
2020	218
2021	(17)
2022	(1,073)
2023	862
Thereafter	6,847

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School Department's proportionate share of the net pension liability (asset)

calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset) \$ 15,216 \$ (76,265) \$ (143,367)

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 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. 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 are available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Macon County School Department for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were \$1,156,945, which is 9.08 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, 2018, the School Department reported a liability (asset) of (\$116,786) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School

Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was 0.356946 percent. The proportion measured at June 30, 2016, was 0.343693 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2018, the School Department recognized pension expense of \$56,653.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 70,407	\$ 2,411,096
Changes in Assumptions	989,115	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	17,728	0
Changes in Proportion of Net Pension Liability (Asset)	177,481	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	1,156,945	N/A
Total	<u>\$ 2,411,676</u>	<u>\$ 2,411,096</u>

The School Department's employer contributions of \$1,156,945 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2019. 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
2019	\$ (780,366)
2020	414,384
2021	(245,672)
2022	(544,710)
2023	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the

TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability (asset) was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset) \$ 10,479,092 \$ (116,786) \$ (8,874,979)

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

2. Deferred Compensation

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

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$104,422 and teachers contributed \$39,825 to this deferred compensation pension plan.

G. Other Postemployment Benefits (OPEB)

Discretely Presented Macon County School Department

Macon County School Department provides OPEB benefits to its certified and non-certified retirees through a state administered public entity risk pool. For reporting purposes, the plan is considered a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meet the criteria of paragraph 4 of GASB Statement No. 75.

OPEB Provided Through State Administered Public Entity Risk Pools

The Macon County School Department provides healthcare benefits to its certified and non-certified retirees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified and non-certified retirees of Macon County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare. However, the School Department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The School Department's total OPEB liability for the plan was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the June 30, 2017, actuarial valuation of the plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2017 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 7.5% for the 2018 calendar year, and gradually decreasing over a 33-year period to an ultimate trend of rate of 3.53% with .18% added to approximate the effect of the excise tax
Retirees Share of Benefit	
Related Cost	Discussed under each plan

The discount rate was 3.56%, based on the daily rate of Fidelity's 20-year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Changes in Assumptions. The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

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

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

Benefits Provided. The Macon County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. During the year, Macon County provided a direct subsidy of \$120 per month toward the cost of the insurance plan selected by the retiree for certified employees only. Also, the state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	26
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	466
Total	<u><u>492</u></u>

A state insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$147,395 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Macon County</u>	<u>State of</u>	<u>Total OPEB</u>
	<u>School Department</u>	<u>TN</u>	
	<u>67.4175%</u>	<u>32.5825%</u>	
Balance July 1, 2016	\$ 3,627,316	\$ 1,753,062	\$ 5,380,378
Changes for the Year:			
Service Cost	\$ 208,030	\$ 100,539	\$ 308,569
Interest	109,891	53,110	163,001
Changes in			
Benefit Terms	0	0	0
Difference between			
Expected and Actuarial			
Experience	0	0	0
Changes in Assumption			
and Other Inputs	(185,941)	(89,864)	(275,805)
Benefit Payments	(143,898)	(69,545)	(213,443)
Net Changes	\$ (11,918)	\$ (5,760)	\$ (17,678)
Balance June 30, 2017	\$ 3,615,398	\$ 1,747,302	\$ 5,362,700

The Macon County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Macon County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$145,008 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Macon County School Department's proportionate share of the collective OPEB liability was 67.4175% and the State of Tennessee's share was 32.5825%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$445,050, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	168,062
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	<u>147,395</u>	<u>0</u>
Total	<u>\$ 147,395</u>	<u>\$ 168,062</u>

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

Year Ending June 30	School Department
2019	\$ (17,879)
2020	(17,879)
2021	(17,879)
2022	(17,879)
2023	(17,879)
Thereafter	(78,667)

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that

is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease	Current Discount Rate	1% Increase
	2.56%	3.56%	4.56%

Proportionate Share of the Collective Total OPEB Liability	\$ 3,908,331	\$ 3,615,398	\$ 3,337,350
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the School Department’s proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Current Rates	1% Increase
	6.5 to 2.71%	7.5 to 3.71%	8.5 to 4.71%

Proportionate Share of the Collective Total OPEB Liability	\$ 3,167,924	\$ 3,615,398	\$ 4,149,760
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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 discretely presented Macon County 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.

I. Subsequent Events

Trustee Diane Cook left office on August 31, 2018, and was succeeded by Kim Parks effective September 1, 2018.

On October 9, 2018, Macon County issued capital outlay notes totaling \$153,000 for solid waste convenience center land.

**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

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 790,999	\$ 804,543	\$ 868,450	\$ 883,684
Interest	1,136,097	1,205,650	1,357,503	1,466,373
Changes in Benefit Terms	0	0	0	0
Differences Between Actual and Expected Experience	(549,980)	476,935	(191,174)	(257,428)
Changes in Assumptions	0	0	0	453,410
Benefit Payments, Including Refunds of Employee Contributions	(454,825)	(471,752)	(580,902)	(615,935)
Net Change in Total Pension Liability	\$ 922,291	\$ 2,015,376	\$ 1,453,877	\$ 1,930,104
Total Pension Liability, Beginning	14,584,379	15,506,670	17,522,046	18,975,923
Total Pension Liability, Ending (a)	\$ 15,506,670	\$ 17,522,046	\$ 18,975,923	\$ 20,906,027
Plan Fiduciary Net Position				
Contributions - Employer	\$ 587,705	\$ 300,865	\$ 313,116	\$ 541,225
Contributions - Employee	447,413	460,037	479,781	492,022
Net Investment Income	2,532,807	557,524	501,429	2,229,569
Benefit Payments, Including Refunds of Employee Contributions	(454,825)	(471,752)	(580,902)	(615,935)
Administrative Expense	(13,802)	(19,488)	(28,424)	(31,943)
Net Change in Plan Fiduciary Net Position	\$ 3,099,298	\$ 827,186	\$ 685,000	\$ 2,614,938
Plan Fiduciary Net Position, Beginning	14,852,899	17,952,197	18,779,383	19,464,383
Plan Fiduciary Net Position, Ending (b)	\$ 17,952,197	\$ 18,779,383	\$ 19,464,383	\$ 22,079,321
Net Pension Liability (Asset), Ending (a - b)	\$ (2,445,527)	\$ (1,257,337)	\$ (488,460)	\$ (1,173,294)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	115.77%	107.18%	102.57%	105.61%
Covered Payroll	\$ 8,945,171	\$ 9,200,754	\$ 9,575,405	\$ 9,840,446
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(27.34)%	(13.67)%	(5.10)%	(11.92)%

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	2017	2018
Actuarially Determined Contribution	\$ 587,705	\$ 300,865	\$ 313,116	\$ 541,286	\$ 569,802
Less Contributions in Relation to the Actuarially Determined Contribution	(587,705)	(300,865)	316,116	(541,286)	(569,802)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 629,232</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 8,945,171	\$ 9,200,754	\$ 9,575,405	\$ 9,840,937	\$ 10,349,717
Contributions as a Percentage of Covered Payroll	6.57%	3.27%	3.27%	5.50%	5.50%

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

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

	2015	2016	2017	2018
Contractually Required Contribution	\$ 37,462	\$ 58,339	\$ 75,889	\$ 84,823
Less Contributions in Relation to the				
Contractually Required Contribution	(37,462)	(58,339)	(75,889)	(84,823)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 Covered Payroll	 \$ 936,549	 \$ 1,458,466	 \$ 1,897,226	 \$ 2,120,554
 Contributions as a Percentage of Covered Payroll	 4.00%	 4.00%	 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

	2014	2015	2016	2017	2018
Contractually Required Contribution	\$ 1,138,156	\$ 1,112,630	\$ 1,121,558	\$ 1,140,654	\$ 1,156,945
Less Contributions in Relation to the Actuarially Determined Contribution	(1,138,156)	(1,112,630)	(1,121,558)	(1,140,654)	(1,156,945)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 12,817,063	\$ 12,307,885	\$ 12,406,626	\$ 12,617,873	\$ 12,739,827
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%

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>	<u>2017</u>	<u>2018</u>
School Department's Proportion of the Net Pension Asset	0.450758%	0.331469%	0.289062%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (18,134)	\$ (34,507)	\$ (76,265)
Covered Payroll	\$ 936,549	\$ 1,458,466	\$ 1,897,226
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

* 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-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 *

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Asset	0.326550%	0.328779%	0.343693%	0.356946%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (53,063)	\$ 134,679	\$ 2,147,888	\$ (116,786)
Covered Payroll	\$ 12,817,063	\$ 12,307,885	\$ 12,406,626	\$ 12,617,873
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.414002)%	1.094251%	17.31%	(0.93)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

* 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 Changes in the Total OPEB Liability and Related Ratios - Local Education Plan
Discretely Presented Macon County School Department
For the Fiscal Year Ended June 30

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 308,569
Interest	163,001
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(275,805)
Benefit Payments	<u>(213,443)</u>
Net Change in Total OPEB Liability	\$ (17,678)
Total OPEB Liability, Beginning	<u>5,380,378</u>
 Total OPEB Liability, Ending	 <u>\$ 5,362,700</u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 1,747,302
Employer Proportionate Share of the Total OPEB Liability	3,615,398
 Covered Employee Payroll	 \$ 14,860,381
Net OPEB Liability as a Percentage of Covered Employee Payroll	0.24

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

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

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

MACON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal 2017 were calculated based on the June 30, 2018, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation,
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 Adjustments	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.

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.

Capital Projects Fund

The General Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Exhibit F-1

Macon County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	<u>Special Revenue Funds</u>				<u>Capital Projects Fund</u>		
	<u>Solid Waste / Sanitation</u>	<u>Drug Control</u>	<u>Constitutional Officers - Fees</u>	<u>Total</u>	<u>General Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>	
<u>ASSETS</u>							
Cash	\$ 100	\$ 0	\$ 28,142	\$ 28,242	\$ 0	\$ 28,242	
Equity in Pooled Cash and Investments	163,366	141,333	0	304,699	294,316	599,015	
Accounts Receivable	0	0	32,685	32,685	0	32,685	
Property Taxes Receivable	188,740	0	0	188,740	0	188,740	
Allowance for Uncollectible Property Taxes	(10,968)	0	0	(10,968)	0	(10,968)	
Total Assets	\$ 341,238	\$ 141,333	\$ 60,827	\$ 543,398	\$ 294,316	\$ 837,714	
<u>LIABILITIES</u>							
Due to Litigants, Heirs, and Others	\$ 0	\$ 0	\$ 1,104	\$ 1,104	\$ 0	\$ 1,104	
Total Liabilities	\$ 0	\$ 0	\$ 1,104	\$ 1,104	\$ 0	\$ 1,104	
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred Current Property Taxes	\$ 172,691	\$ 0	\$ 0	\$ 172,691	\$ 0	\$ 172,691	
Deferred Delinquent Property Taxes	4,801	0	0	4,801	0	4,801	
Total Deferred Inflows of Resources	\$ 177,492	\$ 0	\$ 0	\$ 177,492	\$ 0	\$ 177,492	
<u>FUND BALANCES</u>							
Restricted:							
Restricted for Public Safety	\$ 0	\$ 141,333	\$ 0	\$ 141,333	\$ 0	\$ 141,333	
Restricted for Public Health and Welfare	161,438	0	0	161,438	0	161,438	

(Continued)

Exhibit F-1

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

	<u>Special Revenue Funds</u>				<u>Capital</u>	<u>Total</u>
	<u>Solid</u>	<u>Drug</u>	<u>Constitu -</u>	<u>Total</u>	<u>Projects Fund</u>	
	<u>Waste /</u>	<u>Control</u>	<u>tional</u>		<u>General</u>	<u>Nonmajor</u>
	<u>Sanitation</u>		<u>Officers -</u>		<u>Capital</u>	<u>Governmental</u>
			<u>Fees</u>		<u>Projects</u>	<u>Funds</u>
<u>FUND BALANCES (Cont.)</u>						
Restricted (Cont.):						
Restricted for Capital Outlay	\$ 0	\$ 0	\$ 0	\$ 0	230,000	\$ 230,000
Restricted for Capital Projects	0	0	0	0	64,316	64,316
Committed:						
Committed for Finance	0	0	59,723	59,723	0	59,723
Assigned:						
Assigned for Public Health and Welfare	2,308	0	0	2,308	0	2,308
Total Fund Balances	\$ 163,746	\$ 141,333	\$ 59,723	\$ 364,802	\$ 294,316	\$ 659,118
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 341,238	\$ 141,333	\$ 60,827	\$ 543,398	\$ 294,316	\$ 837,714

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, 2018

	Special Revenue Funds				Capital	Total	
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Projects Fund General Capital Projects		Nonmajor Governmental Funds
<u>Revenues</u>							
Local Taxes	\$ 186,969	\$ 0	\$ 0	\$ 186,969	\$ 0	\$ 186,969	
Fines, Forfeitures, and Penalties	0	18,971	0	18,971	0	18,971	
Charges for Current Services	179,042	0	244,482	423,524	0	423,524	
Other Local Revenues	76	0	0	76	0	76	
State of Tennessee	72,521	0	0	72,521	135,151	207,672	
Total Revenues	<u>\$ 438,608</u>	<u>\$ 18,971</u>	<u>\$ 244,482</u>	<u>\$ 702,061</u>	<u>\$ 135,151</u>	<u>\$ 837,212</u>	
<u>Expenditures</u>							
Current:							
Finance	\$ 0	\$ 0	\$ 229,595	\$ 229,595	\$ 0	\$ 229,595	
Administration of Justice	0	0	7,155	7,155	0	7,155	
Public Safety	0	6,981	0	6,981	0	6,981	
Public Health and Welfare	365,186	0	0	365,186	0	365,186	
Capital Projects	0	0	0	0	249,496	249,496	
Total Expenditures	<u>\$ 365,186</u>	<u>\$ 6,981</u>	<u>\$ 236,750</u>	<u>\$ 608,917</u>	<u>\$ 249,496</u>	<u>\$ 858,413</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 73,422</u>	<u>\$ 11,990</u>	<u>\$ 7,732</u>	<u>\$ 93,144</u>	<u>\$ (114,345)</u>	<u>\$ (21,201)</u>	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 230,000	\$ 230,000	
Transfers In	60,000	0	0	60,000	91,941	151,941	
Total Other Financing Sources (Uses)	<u>\$ 60,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 60,000</u>	<u>\$ 321,941</u>	<u>\$ 381,941</u>	
Net Change in Fund Balances	\$ 133,422	\$ 11,990	\$ 7,732	\$ 153,144	\$ 207,596	\$ 360,740	
Fund Balance, July 1, 2017	30,324	129,343	51,991	211,658	86,720	298,378	
Fund Balance, June 30, 2018	<u>\$ 163,746</u>	<u>\$ 141,333</u>	<u>\$ 59,723</u>	<u>\$ 364,802</u>	<u>\$ 294,316</u>	<u>\$ 659,118</u>	

Exhibit F-3

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 186,969	\$ 0	\$ 0	\$ 186,969	\$ 185,191	\$ 185,191	\$ 1,778
Charges for Current Services	179,042	0	0	179,042	120,000	120,000	59,042
Other Local Revenues	76	0	0	76	0	0	76
State of Tennessee	72,521	0	0	72,521	12,000	62,000	10,521
Total Revenues	\$ 438,608	\$ 0	\$ 0	\$ 438,608	\$ 317,191	\$ 367,191	\$ 71,417
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Transfer Stations	\$ 365,186	\$ (2,124)	\$ 2,308	\$ 365,370	\$ 318,073	\$ 379,038	\$ 13,668
Total Expenditures	\$ 365,186	\$ (2,124)	\$ 2,308	\$ 365,370	\$ 318,073	\$ 379,038	\$ 13,668
Excess (Deficiency) of Revenues Over Expenditures	\$ 73,422	\$ 2,124	\$ (2,308)	\$ 73,238	\$ (882)	\$ (11,847)	\$ 85,085
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 202	\$ (202)
Transfers In	60,000	0	0	60,000	0	0	60,000
Total Other Financing Sources	\$ 60,000	\$ 0	\$ 0	\$ 60,000	\$ 0	\$ 202	\$ 59,798
Net Change in Fund Balance	\$ 133,422	\$ 2,124	\$ (2,308)	\$ 133,238	\$ (882)	\$ (11,645)	\$ 144,883
Fund Balance, July 1, 2017	30,324	(2,124)	0	28,200	75,780	75,780	(47,580)
Fund Balance, June 30, 2018	\$ 163,746	\$ 0	\$ (2,308)	\$ 161,438	\$ 74,898	\$ 64,135	\$ 97,303

Exhibit F-4

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 18,971	\$ 5,000	\$ 8,500	\$ 10,471
Total Revenues	\$ 18,971	\$ 5,000	\$ 8,500	\$ 10,471
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 6,981	\$ 5,200	\$ 10,935	\$ 3,954
Total Expenditures	\$ 6,981	\$ 5,200	\$ 10,935	\$ 3,954
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,990	\$ (200)	\$ (2,435)	\$ 14,425
Net Change in Fund Balance	\$ 11,990	\$ (200)	\$ (2,435)	\$ 14,425
Fund Balance, July 1, 2017	129,343	129,178	129,178	165
Fund Balance, June 30, 2018	\$ 141,333	\$ 128,978	\$ 126,743	\$ 14,590

Exhibit F-5

Macon County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Capital Projects Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
State of Tennessee	\$ 135,151	\$ 0	\$ 135,151	\$ 0
Total Revenues	\$ 135,151	\$ 0	\$ 135,151	\$ 0
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 0	\$ 10,000	\$ 240,000	\$ 240,000
<u>Capital Projects</u>				
General Administration Projects	220,180	64,835	222,485	2,305
Education Capital Projects	29,316	0	29,807	491
Total Expenditures	\$ 249,496	\$ 74,835	\$ 492,292	\$ 242,796
Excess (Deficiency) of Revenues Over Expenditures	\$ (114,345)	\$ (74,835)	\$ (357,141)	\$ 242,796
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 230,000	\$ 0	\$ 0	\$ 230,000
Transfers In	91,941	64,835	279,475	(187,534)
Total Other Financing Sources	\$ 321,941	\$ 64,835	\$ 279,475	\$ 42,466
Net Change in Fund Balance	\$ 207,596	\$ (10,000)	\$ (77,666)	\$ 285,262
Fund Balance, July 1, 2017	86,720	111,475	111,475	(24,755)
Fund Balance, June 30, 2018	\$ 294,316	\$ 101,475	\$ 33,809	\$ 260,507

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,164,798	\$ 1,160,000	\$ 1,160,000	\$ 4,798
Other Local Revenues	6,000	11,000	6,000	0
State of Tennessee	849,262	680,000	680,000	169,262
Other Governments and Citizens Groups	924,272	0	923,902	370
Total Revenues	<u>\$ 2,944,332</u>	<u>\$ 1,851,000</u>	<u>\$ 2,769,902</u>	<u>\$ 174,430</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 723,991	\$ 723,969	\$ 723,991	\$ 0
Highways and Streets	727,065	785,239	727,065	0
Education	1,064,743	108,309	1,064,743	0
<u>Interest on Debt</u>				
General Government	32,006	32,029	32,006	0
Highways and Streets	47,270	51,334	47,270	0
Education	32,266	7,539	32,266	0
<u>Other Debt Service</u>				
General Government	11,740	12,000	12,003	263
Total Expenditures	<u>\$ 2,639,081</u>	<u>\$ 1,720,419</u>	<u>\$ 2,639,344</u>	<u>\$ 263</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 305,251</u>	<u>\$ 130,581</u>	<u>\$ 130,558</u>	<u>\$ 174,693</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (300,000)	\$ (300,000)	\$ (300,000)	\$ 0
Total Other Financing Sources	<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 5,251	\$ (169,419)	\$ (169,442)	\$ 174,693
Fund Balance, July 1, 2017	<u>2,174,972</u>	<u>1,951,543</u>	<u>1,951,543</u>	<u>223,429</u>
Fund Balance, June 30, 2018	<u>\$ 2,180,223</u>	<u>\$ 1,782,124</u>	<u>\$ 1,782,101</u>	<u>\$ 398,122</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, 2018

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,148,089	\$ 1,148,089
Accounts Receivable	0	65,433	65,433
Due from Other Governments	335,882	0	335,882
Total Assets	<u>\$ 335,882</u>	<u>\$ 1,213,522</u>	<u>\$ 1,549,404</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 335,882	\$ 0	\$ 335,882
Due to Litigants, Heirs, and Others	0	1,213,522	1,213,522
Total Liabilities	<u>\$ 335,882</u>	<u>\$ 1,213,522</u>	<u>\$ 1,549,404</u>

Exhibit H-2

Macon County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,966,710	\$ 1,966,710	\$ 0
Due from Other Governments	328,575	335,882	328,575	335,882
Total Assets	\$ 328,575	\$ 2,302,592	\$ 2,295,285	\$ 335,882
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 328,575	\$ 2,302,592	\$ 2,295,285	\$ 335,882
Total Liabilities	\$ 328,575	\$ 2,302,592	\$ 2,295,285	\$ 335,882
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 814,565	\$ 7,119,657	\$ 6,786,133	\$ 1,148,089
Accounts Receivable	52,724	65,433	52,724	65,433
Total Assets	\$ 867,289	\$ 7,185,090	\$ 6,838,857	\$ 1,213,522
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 867,289	\$ 7,185,090	\$ 6,838,857	\$ 1,213,522
Total Liabilities	\$ 867,289	\$ 7,185,090	\$ 6,838,857	\$ 1,213,522
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 814,565	\$ 7,119,657	\$ 6,786,133	\$ 1,148,089
Equity in Pooled Cash and Investments	0	1,966,710	1,966,710	0
Accounts Receivable	52,724	65,433	52,724	65,433
Due from Other Governments	328,575	335,882	328,575	335,882
Total Assets	\$ 1,195,864	\$ 9,487,682	\$ 9,134,142	\$ 1,549,404
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 328,575	\$ 2,302,592	\$ 2,295,285	\$ 335,882
Due to Litigants, Heirs, and Others	867,289	7,185,090	6,838,857	1,213,522
Total Liabilities	\$ 1,195,864	\$ 9,487,682	\$ 9,134,142	\$ 1,549,404

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, two Special Revenue Funds, and one Fiduciary Fund.

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.

Endowment Fund – The Endowment Fund is used to account for an endowment received by the School Department to fund scholarships for deserving high school graduates to attend the University of Tennessee or Belmont University.

Exhibit I-1

Macon County, Tennessee
Statement of Activities
Discretely Presented Macon County School Department
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 18,916,485	\$ 1,540	\$ 2,348,393	\$ 125,606	\$ (16,440,946)
Support Services	11,049,484	350	0	0	(11,049,134)
Operation of Non-instructional Services	2,656,277	490,925	1,917,392	0	(247,960)
Total Governmental Activities	\$ 32,622,246	\$ 492,815	\$ 4,265,785	\$ 125,606	\$ (27,738,040)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 3,400,269
Local Option Sales Tax					2,202,675
Grants and Contributions Not Restricted to Specific Programs					24,982,923
Miscellaneous					39,612
Total General Revenues					\$ 30,625,479
Change in Net Position					\$ 2,887,439
Net Position, July 1, 2017					14,631,457
Restatement - See Note I.D.8.					(1,357,429)
Net Position, June 30, 2018					\$ 16,161,467

Exhibit I-2

Macon County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Macon County School Department
June 30, 2018

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Purpose</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>mental</u>	<u>Funds</u>
		<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	6,693,643	826,562	7,520,205
Due from Other Governments	1,050,168	141,998	1,192,166
Property Taxes Receivable	3,506,992	0	3,506,992
Allowance for Uncollectible Property Taxes	(203,799)	0	(203,799)
Total Assets	<u>\$ 11,047,004</u>	<u>\$ 968,660</u>	<u>\$ 12,015,664</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 25,000	\$ 0	\$ 25,000
Total Liabilities	<u>\$ 25,000</u>	<u>\$ 0</u>	<u>\$ 25,000</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,208,793	\$ 0	\$ 3,208,793
Deferred Delinquent Property Taxes	89,195	0	89,195
Other Deferred/Unavailable Revenue	173,000	0	173,000
Total Deferred Inflows of Resources	<u>\$ 3,470,988</u>	<u>\$ 0</u>	<u>\$ 3,470,988</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 110,524	\$ 768,660	\$ 879,184
Committed:			
Committed for Education	2,826,152	200,000	3,026,152
Assigned:			
Assigned for Education	473,569	0	473,569
Unassigned	4,140,771	0	4,140,771
Total Fund Balances	<u>\$ 7,551,016</u>	<u>\$ 968,660</u>	<u>\$ 8,519,676</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,047,004</u>	<u>\$ 968,660</u>	<u>\$ 12,015,664</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, 2018

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)		\$	8,519,676
(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: construction in progress		84,360	
Add: buildings and improvements net of accumulated depreciation		9,099,506	
Add: other capital assets net of accumulated depreciation		<u>2,122,863</u>	11,688,992
(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	\$	(1,683,288)	
Less: other postemployment benefits liability		<u>(3,615,398)</u>	(5,298,686)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years:			
Add: deferred outflows of resources related to pensions	\$	3,011,220	
Less: deferred inflows of resources related to pensions		(2,665,274)	
Add: deferred outflows of resources related to OPEB		147,395	
Less: deferred inflows of resources related to OPEB		<u>(168,062)</u>	325,279
(4) Net pension assets of the agent, teacher retirement, and cost-sharing hybrid pension plans are not current financial resources and therefore are not reported in the governmental funds.			
Pension Asset - agent plan			470,960
Pension Asset - teacher retirement plan			76,265
Pension Asset - teacher legacy retirement plan			116,786
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>262,195</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>16,161,467</u></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, 2018

	<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	\$ 5,680,791	\$ 0	\$ 5,680,791
Licenses and Permits	1,767	0	1,767
Charges for Current Services	67,411	425,054	492,465
Other Local Revenues	45,759	597	46,356
State of Tennessee	24,669,125	0	24,669,125
Federal Government	132,600	4,503,795	4,636,395
Other Governments and Citizens Groups	0	750	750
Total Revenues	<u>\$ 30,597,453</u>	<u>\$ 4,930,196</u>	<u>\$ 35,527,649</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 17,602,209	\$ 1,630,935	\$ 19,233,144
Support Services	10,041,458	858,296	10,899,754
Operation of Non-Instructional Services	377,007	2,314,892	2,691,899
Capital Outlay	435,592	0	435,592
Debt Service:			
Other Debt Service	918,902	0	918,902
Total Expenditures	<u>\$ 29,375,168</u>	<u>\$ 4,804,123</u>	<u>\$ 34,179,291</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,222,285</u>	<u>\$ 126,073</u>	<u>\$ 1,348,358</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 29,891	\$ 522	\$ 30,413
Transfers In	16,079	17,063	33,142
Transfers Out	(17,063)	(16,079)	(33,142)
Total Other Financing Sources (Uses)	<u>\$ 28,907</u>	<u>\$ 1,506</u>	<u>\$ 30,413</u>
Net Change in Fund Balances	\$ 1,251,192	\$ 127,579	\$ 1,378,771
Fund Balance, July 1, 2017	<u>6,299,824</u>	<u>841,081</u>	<u>7,140,905</u>
Fund Balance, June 30, 2018	<u>\$ 7,551,016</u>	<u>\$ 968,660</u>	<u>\$ 8,519,676</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, 2018

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)		\$ 1,378,771
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 449,158	
Less: current-year depreciation expense	<u>(882,730)</u>	(433,572)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Less: deferred delinquent property taxes and other deferred June 30, 2017	\$ (280,159)	
Add: deferred delinquent property taxes and other deferred June 30, 2018	<u>262,195</u>	(17,964)
<p>(3) The contributions of long-term debt (e.g., notes) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Add: principal contributions on notes to the primary government		897,764
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in pension asset - agent plan	\$ 255,354	
Change in pension asset - teacher retirement plan	41,758	
Change in pension asset - teacher legacy retirement plan	2,264,674	
Change in deferred outflows of resources related to pensions	(1,496,833)	
Change in deferred inflows of resources related to pensions	150,134	
Change in net OPEB liability (net of restatement)	11,918	
Change in deferred outflows related to OPEB (net of restatement)	3,497	
Change in deferred inflows related to OPEB	<u>(168,062)</u>	<u>1,062,440</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,887,439</u>

Exhibit I-6

Macon County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Macon County School Department
June 30, 2018

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 100	\$ 100
Equity in Pooled Cash and Investments	77,467	749,095	826,562
Due from Other Governments	126,716	15,282	141,998
Total Assets	<u>\$ 204,183</u>	<u>\$ 764,477</u>	<u>\$ 968,660</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 4,183	\$ 764,477	\$ 768,660
Committed:			
Committed for Education	200,000	0	200,000
Total Fund Balances	<u>\$ 204,183</u>	<u>\$ 764,477</u>	<u>\$ 968,660</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, 2018

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 425,054	\$ 425,054
Other Local Revenues	0	597	597
Federal Government	2,607,418	1,896,377	4,503,795
Other Governments and Citizens Groups	0	750	750
Total Revenues	<u>\$ 2,607,418</u>	<u>\$ 2,322,778</u>	<u>\$ 4,930,196</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,630,935	\$ 0	\$ 1,630,935
Support Services	858,296	0	858,296
Operation of Non-Instructional Services	98,553	2,216,339	2,314,892
Total Expenditures	<u>\$ 2,587,784</u>	<u>\$ 2,216,339</u>	<u>\$ 4,804,123</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 19,634</u>	<u>\$ 106,439</u>	<u>\$ 126,073</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$ 522	\$ 522
Transfers In	0	17,063	17,063
Transfers Out	(16,079)	0	(16,079)
Total Other Financing Sources (Uses)	<u>\$ (16,079)</u>	<u>\$ 17,585</u>	<u>\$ 1,506</u>
Net Change in Fund Balances	\$ 3,555	\$ 124,024	\$ 127,579
Fund Balance, July 1, 2017	200,628	640,453	841,081
Fund Balance, June 30, 2018	<u>\$ 204,183</u>	<u>\$ 764,477</u>	<u>\$ 968,660</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, 2018

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 5,680,791	\$ 0	\$ 5,680,791	\$ 5,406,993	\$ 5,406,993	\$ 273,798
Licenses and Permits	1,767	0	1,767	2,000	2,000	(233)
Charges for Current Services	67,411	0	67,411	66,000	66,000	1,411
Other Local Revenues	45,759	0	45,759	36,901	38,151	7,608
State of Tennessee	24,669,125	0	24,669,125	24,081,717	24,342,712	326,413
Federal Government	132,600	0	132,600	130,000	132,601	(1)
Total Revenues	\$ 30,597,453	\$ 0	\$ 30,597,453	\$ 29,723,611	\$ 29,988,457	\$ 608,996
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 14,057,455	\$ 0	\$ 14,057,455	\$ 14,865,183	\$ 14,776,233	\$ 718,778
Alternative Instruction Program	178,585	0	178,585	193,052	193,052	14,467
Special Education Program	2,106,133	0	2,106,133	2,178,637	2,206,238	100,105
Career and Technical Education Program	1,260,036	0	1,260,036	1,221,760	1,343,260	83,224
<u>Support Services</u>						
Attendance	112,050	0	112,050	126,200	126,200	14,150
Health Services	419,734	0	419,734	449,134	449,134	29,400
Other Student Support	719,422	0	719,422	751,730	751,730	32,308
Regular Instruction Program	872,604	0	872,604	847,635	949,235	76,631
Special Education Program	272,035	0	272,035	341,540	316,540	44,505
Career and Technical Education Program	36,439	0	36,439	36,210	39,710	3,271
Technology	424,244	0	424,244	438,321	438,321	14,077
Other Programs	113,855	0	113,855	0	113,855	0
Board of Education	547,100	0	547,100	601,620	601,620	54,520
Director of Schools	156,566	0	156,566	164,545	164,545	7,979

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Office of the Principal	\$ 1,549,056	\$ 0	\$ 1,549,056	\$ 1,566,804	\$ 1,566,804	\$ 17,748
Fiscal Services	259,736	0	259,736	279,690	279,690	19,954
Operation of Plant	1,988,762	0	1,988,762	2,156,900	2,156,900	168,138
Maintenance of Plant	727,903	0	727,903	750,080	750,080	22,177
Transportation	1,841,952	0	1,841,952	2,027,462	2,027,462	185,510
<u>Operation of Non-Instructional Services</u>						
Food Service	62,487	0	62,487	83,410	83,410	20,923
Early Childhood Education	314,520	0	314,520	308,087	318,827	4,307
<u>Capital Outlay</u>						
Regular Capital Outlay	435,592	473,200	908,792	950,000	950,000	41,208
<u>Principal on Debt</u>						
Education	0	0	0	898,650	0	0
<u>Interest on Debt</u>						
Education	0	0	0	25,510	0	0
<u>Other Debt Service</u>						
Education	918,902	0	918,902	0	924,160	5,258
Total Expenditures	\$ 29,375,168	\$ 473,200	\$ 29,848,368	\$ 31,262,160	\$ 31,527,006	\$ 1,678,638
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 1,222,285	\$ (473,200)	\$ 749,085	\$ (1,538,549)	\$ (1,538,549)	\$ 2,287,634
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 29,891	\$ 0	\$ 29,891	\$ 20,000	\$ 20,000	\$ 9,891
Transfers In	16,079	0	16,079	15,000	15,000	1,079

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers Out	\$ (17,063)	\$ 0	\$ (17,063)	\$ (28,438)	\$ (28,438)	\$ 11,375
Total Other Financing Sources	\$ 28,907	\$ 0	\$ 28,907	\$ 6,562	\$ 6,562	\$ 22,345
Net Change in Fund Balance	\$ 1,251,192	\$ (473,200)	\$ 777,992	\$ (1,531,987)	\$ (1,531,987)	\$ 2,309,979
Fund Balance, July 1, 2017	6,299,824	0	6,299,824	5,432,112	5,432,112	867,712
Fund Balance, June 30, 2018	\$ 7,551,016	\$ (473,200)	\$ 7,077,816	\$ 3,900,125	\$ 3,900,125	\$ 3,177,691

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,607,418	\$ 2,562,187	\$ 2,988,460	\$ (381,042)
Total Revenues	\$ 2,607,418	\$ 2,562,187	\$ 2,988,460	\$ (381,042)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 793,773	\$ 762,141	\$ 895,542	\$ 101,769
Special Education Program	796,487	732,878	836,942	40,455
Career and Technical Education Program	40,675	49,507	51,430	10,755
<u>Support Services</u>				
Other Student Support	45,995	68,299	147,444	101,449
Regular Instruction Program	709,937	675,708	788,688	78,751
Special Education Program	38,968	73,953	59,843	20,875
Career and Technical Education Program	1,832	2,000	1,832	0
Transportation	61,564	64,860	68,860	7,296
<u>Operation of Non-Instructional Services</u>				
Community Services	98,553	121,800	121,800	23,247
Total Expenditures	\$ 2,587,784	\$ 2,551,146	\$ 2,972,381	\$ 384,597
Excess (Deficiency) of Revenues Over Expenditures	\$ 19,634	\$ 11,041	\$ 16,079	\$ 3,555
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (16,079)	\$ (11,041)	\$ (16,079)	\$ 0
Total Other Financing Sources	\$ (16,079)	\$ (11,041)	\$ (16,079)	\$ 0
Net Change in Fund Balance	\$ 3,555	\$ 0	\$ 0	\$ 3,555
Fund Balance, July 1, 2017	200,628	0	0	200,628
Fund Balance, June 30, 2018	\$ 204,183	\$ 0	\$ 0	\$ 204,183

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 425,054	\$ 545,000	\$ 545,000	\$ (119,946)
Other Local Revenues	597	1,000	1,000	(403)
Federal Government	1,896,377	1,864,000	1,864,000	32,377
Other Governments and Citizens Groups	750	0	0	750
Total Revenues	<u>\$ 2,322,778</u>	<u>\$ 2,410,000</u>	<u>\$ 2,410,000</u>	<u>\$ (87,222)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,216,339	\$ 2,438,438	\$ 2,438,438	\$ 222,099
Total Expenditures	<u>\$ 2,216,339</u>	<u>\$ 2,438,438</u>	<u>\$ 2,438,438</u>	<u>\$ 222,099</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 106,439</u>	<u>\$ (28,438)</u>	<u>\$ (28,438)</u>	<u>\$ 134,877</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 522	\$ 0	\$ 0	\$ 522
Transfers In	17,063	28,438	28,438	(11,375)
Total Other Financing Sources	<u>\$ 17,585</u>	<u>\$ 28,438</u>	<u>\$ 28,438</u>	<u>\$ (10,853)</u>
Net Change in Fund Balance	\$ 124,024	\$ 0	\$ 0	\$ 124,024
Fund Balance, July 1, 2017	<u>640,453</u>	<u>0</u>	<u>0</u>	<u>640,453</u>
Fund Balance, June 30, 2018	<u>\$ 764,477</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 764,477</u>

Exhibit I-11

Macon County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Macon County School Department
Fiduciary Fund
June 30, 2018

	<u>Private- Purpose Trust Fund</u>	<u>Endowment Fund</u>
<u>ASSETS</u>		
Equity in Pooled Cash and Investments	\$ 356,990	
<u>NET POSITION</u>		
Held in Trust for Scholarships	\$ 356,990	

Exhibit I-12

Macon County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Macon County School Department
Fiduciary Fund
For the Year Ended June 30, 2018

	Private- Purpose <u>Trust Fund</u>	<u>Endowment Fund</u>
<u>ADDITIONS</u>		
Other Local Revenues:		
Nonrecurring Items:		
Contributions and Gifts	\$ 0	
Total Additions	<u>\$ 0</u>	
Change in Net Position	\$ 0	
Net Position July 1, 2017	<u>356,990</u>	
Net Position June 30, 2018	<u>\$ 356,990</u>	

MISCELLANEOUS SCHEDULES

Exhibit J-1

Macon County, Tennessee
Schedule of Changes in Long-term Notes and Bonds
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-18
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Highway and Refunding	\$ 4,645,531	2.04%	9-1-09	9-1-19	\$ 1,282,497	\$ 0	\$ 419,068	\$ 863,429
County Road Repairs	2,000,000	2.29	11-13-13	11-13-19	1,099,999	0	366,667	733,332
Courthouse Roof & HVAC Renovations	435,319	1.96	2-18-15	3-18-21	352,190	0	85,491	266,699
Westside Elementary Roof	541,544	1.74	6-6-16	6-6-21	433,235	0	108,309	324,926
EMA Brush Truck and Rescue Truck & Equipment	230,000	2.89	6-1-18	6-1-23	0	230,000	0	230,000
Total Payable through General Debt Service Fund					<u>\$ 3,167,921</u>	<u>\$ 230,000</u>	<u>\$ 979,535</u>	<u>\$ 2,418,386</u>
<u>Payable through Highway/Public Works Fund</u>								
Highway Equipment	1,000,000	2.49	1-10-18	1-10-24	\$ 0	\$ 1,000,000	\$ 0	\$ 1,000,000
Total Payable through Highway/Public Works Fund					<u>\$ 0</u>	<u>\$ 1,000,000</u>	<u>\$ 0</u>	<u>\$ 1,000,000</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	7-27-17	\$ 609,607	\$ 0	\$ 609,607	\$ 0
Energy Efficiency Loan	2,223,244	.75	7-19-11	3-1-24	1,259,740	0	184,976	1,074,764
Energy Efficiency School Initiative	737,410	.75	6-17-15	6-1-24	711,705	0	103,181	608,524
Total Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund					<u>\$ 2,581,052</u>	<u>\$ 0</u>	<u>\$ 897,764</u>	<u>\$ 1,683,288</u>
Total Notes Payable					<u>\$ 5,748,973</u>	<u>\$ 1,230,000</u>	<u>\$ 1,877,299</u>	<u>\$ 5,101,674</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	\$ 1,277,000	\$ 0	\$ 638,500	\$ 638,500
Total General Bonded Debt					<u>\$ 1,277,000</u>	<u>\$ 0</u>	<u>\$ 638,500</u>	<u>\$ 638,500</u>

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 1,482,169	\$ 88,534	\$ 1,570,703
2020	1,499,215	60,419	1,559,634
2021	704,099	31,968	736,067
2022	511,522	20,591	532,113
2023	517,932	12,850	530,782
2024	386,737	5,098	391,835
Total	\$ 5,101,674	\$ 219,460	\$ 5,321,134

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 638,500	\$ 12,515	\$ 651,015
Total	\$ 638,500	\$ 12,515	\$ 651,015

Exhibit J-3

Macon County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Macon County School Department
For the Year Ended June 30, 2018

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Fund projects	\$ 91,941
General	Sold Waste/Sanitation	Operations	60,000
General Debt Service	Highway/Public Works	Highway equipment	300,000
Highway/Public Works	General	Risk management director's salary	<u>2,400</u>
Total Primary Government			<u>\$ 454,341</u>
<u>DISCRETELY PRESENTED MACON COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Operations	\$ 17,063
School Federal Projects	General Purpose School	Indirect costs	<u>16,079</u>
Total Transfers Discretely Presented Macon County School Department			<u>\$ 33,142</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, 2018

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 79,326 (1)	100,000	Western Surety Company
Supervisor of Roads	Section 8-24-102, TCA	75,550	100,000	"
Director of Schools	State Board of Education and Local Board of Education	88,925 (2)	100,000	"
Assessor of Property	Section 8-24-102, TCA	68,682	50,000	RLI Insurance Company
Trustee	Section 8-24-102, TCA	68,682	1,149,074	Auto Owners Mutual Insurance Company
County Clerk	Section 8-24-102, TCA	68,682 (3)	100,000	RLI Insurance Company
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	68,682	110,000	Western Surety Company
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	68,682 (4)	125,000	Auto Owners Mutual Insurance Company
Register of Deeds	Section 8-24-102, TCA	68,682	100,000	RLI Insurance Company
Sheriff	Section 8-24-102, TCA	75,550 (5)	100,000	Western Surety Company
<u>Other Bonds</u>				
County Employees	Public Employee - Blanket Bond		400,000	Local Government Insurance Pool
School Department Employees	Public Employee - Blanket Bond		400,000	Tennessee Risk Management Trust

- (1) Does not include \$2,400 for serving as a consultant to the County Commission.
(2) Does not include \$1,000 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 \$7,155 for 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, 2018

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,587,639	\$ 176,114	\$ 0	\$ 0	\$ 449,471	\$ 0
Discount on Property Taxes	(42,794)	(1,641)	0	0	(4,198)	0
Trustee's Collections - Prior Year	128,070	5,394	0	0	14,186	0
Circuit Clerk/Clerk and Master Collections - Prior Years	62,947	2,942	0	0	7,233	0
Interest and Penalty	22,682	939	0	0	2,401	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	244,365	0	0	0	0	0
Hotel/Motel Tax	23,551	0	0	0	0	0
Wheel Tax	327,105	0	0	0	0	1,095,092
Litigation Tax - General	169,101	0	0	0	0	29,211
Litigation Tax - Special Purpose	252	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	40,495
Business Tax	174,895	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	913	0
Adequate Facilities/Development Tax	261,523	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	76,467	3,221	0	0	8,227	0
Wholesale Beer Tax	81,666	0	0	0	0	0
Interstate Telecommunications Tax	120,899	0	0	0	0	0
Total Local Taxes	<u>\$ 6,238,368</u>	<u>\$ 186,969</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 478,233</u>	<u>\$ 1,164,798</u>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 51,620	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Building Permits	\$ 38,194	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	760	0	0	0	0	0
Total Licenses and Permits	\$ 90,574	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 28,395	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
DUI Treatment Fines	1,793	0	0	0	0	0
Data Entry Fee - Circuit Court	1,848	0	0	0	0	0
Courtroom Security Fee	5,128	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	31,053	0	0	0	0	0
Officers Costs	40,568	0	0	0	0	0
Game and Fish Fines	22	0	0	0	0	0
Drug Control Fines	0	0	15,651	0	0	0
Jail Fees	13,447	0	0	0	0	0
District Attorney General Fees	16,683	0	0	0	0	0
DUI Treatment Fines	4,174	0	0	0	0	0
Data Entry Fee - General Sessions Court	8,777	0	0	0	0	0
Courtroom Security Fee	2,992	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	4,390	0	0	0	0	0
Officers Costs	4,689	0	0	0	0	0
Data Entry Fee - Juvenile Court	656	0	0	0	0	0
Courtroom Security Fee	110	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court</u>						
Officers Costs	\$ 4,705	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Chancery Court	2,180	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	3,320	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 171,610	\$ 0	\$ 18,971	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Transfer Waste Stations Collection Charge	\$ 0	\$ 179,042	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	1,208,434	0	0	0	0	0
Other General Service Charges	10,978	0	0	0	0	0
<u>Fees</u>						
Copy Fees	1,085	0	0	0	0	0
Library Fees	24,545	0	0	0	0	0
Greenbelt Late Application Fee	1,050	0	0	0	0	0
Telephone Commissions	77,825	0	0	0	0	0
Vending Machine Collections	81	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	244,482	0	0
Data Processing Fee - Register	7,898	0	0	0	0	0
Probation Fees	160,030	0	0	0	0	0
Data Processing Fee - Sheriff	3,540	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,800	0	0	0	0	0
Data Processing Fee - County Clerk	102	0	0	0	0	0
Total Charges for Current Services	\$ 1,500,368	\$ 179,042	\$ 0	\$ 244,482	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 39,357	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	21,163	0	0	0	0	6,000
Sale of Materials and Supplies	0	0	0	0	1,385	0
Commissary Sales	53,430	0	0	0	0	0
Sale of Animals/Livestock	515	0	0	0	0	0
Miscellaneous Refunds	41,246	76	0	0	13,880	0
<u>Nonrecurring Items</u>						
Sale of Equipment	18,640	0	0	0	0	0
Contributions and Gifts	190,812	0	0	0	0	0
Total Other Local Revenues	\$ 365,163	\$ 76	\$ 0	\$ 0	\$ 15,265	\$ 6,000
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 78,301	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	100,128	0	0	0	0	0
General Sessions Court Clerk	172,872	0	0	0	0	0
Clerk and Master	57,572	0	0	0	0	0
Juvenile Court Clerk	21,174	0	0	0	0	0
Register	93,122	0	0	0	0	0
Sheriff	16,425	0	0	0	0	0
Trustee	315,656	0	0	0	0	0
Total Fees Received From County Officials	\$ 855,250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	17,400	0	0	0	0	0
Other Public Safety Grants	4,984	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	91,584	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	137,364	0
State Aid Program	0	0	0	0	554,001	0
Litter Program	47,505	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	171,617	0	0	0	0	0
Beer Tax	29,055	0	0	0	0	0
Alcoholic Beverage Tax	38,665	0	0	0	0	0
State Revenue Sharing - T.V.A.	270,556	0	0	0	0	0
State Revenue Sharing - Telecommunications	69,398	0	0	0	0	0
Contracted Prisoner Boarding	0	0	0	0	0	849,262
Gasoline and Motor Fuel Tax	0	0	0	0	1,926,826	0
Petroleum Special Tax	0	0	0	0	16,053	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	15,000	72,521	0	0	0	0
Other State Revenues	4,217	0	0	0	0	0
Total State of Tennessee	\$ 779,645	\$ 72,521	\$ 0	\$ 0	\$ 2,634,244	\$ 849,262

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Federal Government</u>						
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 924,272
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 924,272
Total	\$ 10,005,978	\$ 438,608	\$ 18,971	\$ 244,482	\$ 3,127,742	\$ 2,944,332

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>		
	General	Capital	Total
	Projects	Projects	
<hr/>			
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$	0	\$ 5,213,224
Discount on Property Taxes		0	(48,633)
Trustee's Collections - Prior Year		0	147,650
Circuit Clerk/Clerk and Master Collections - Prior Years		0	73,122
Interest and Penalty		0	26,022
<u>County Local Option Taxes</u>			
Local Option Sales Tax		0	244,365
Hotel/Motel Tax		0	23,551
Wheel Tax		0	1,422,197
Litigation Tax - General		0	198,312
Litigation Tax - Special Purpose		0	252
Litigation Tax - Jail, Workhouse, or Courthouse		0	40,495
Business Tax		0	174,895
Mineral Severance Tax		0	913
Adequate Facilities/Development Tax		0	261,523
<u>Statutory Local Taxes</u>			
Bank Excise Tax		0	87,915
Wholesale Beer Tax		0	81,666
Interstate Telecommunications Tax		0	120,899
Total Local Taxes	<u>\$</u>	<u>0</u>	<u>\$ 8,068,368</u>
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	\$	0	\$ 51,620

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>		
	General	Capital	Total
	Projects	Projects	
<u>Licenses and Permits (Cont.)</u>			
<u>Permits</u>			
Building Permits	\$ 0	\$ 38,194	
Other Permits	0	760	
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 90,574</u>	
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 28,395	
DUI Treatment Fines	0	1,793	
Data Entry Fee - Circuit Court	0	1,848	
Courtroom Security Fee	0	5,128	
<u>General Sessions Court</u>			
Fines	0	31,053	
Officers Costs	0	40,568	
Game and Fish Fines	0	22	
Drug Control Fines	0	15,651	
Jail Fees	0	13,447	
District Attorney General Fees	0	16,683	
DUI Treatment Fines	0	4,174	
Data Entry Fee - General Sessions Court	0	8,777	
Courtroom Security Fee	0	2,992	
<u>Juvenile Court</u>			
Fines	0	4,390	
Officers Costs	0	4,689	
Data Entry Fee - Juvenile Court	0	656	
Courtroom Security Fee	0	110	

(Continued)

Exhibit J-5

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

	<u>Capital</u>		
	<u>Projects Fund</u>		
	General	Capital	Total
	Projects	Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Chancery Court</u>			
Officers Costs	\$ 0	\$ 4,705	
Data Entry Fee - Chancery Court	0	2,180	
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	3,320	
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 190,581</u>	
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Transfer Waste Stations Collection Charge	\$ 0	\$ 179,042	
Patient Charges	0	1,208,434	
Other General Service Charges	0	10,978	
<u>Fees</u>			
Copy Fees	0	1,085	
Library Fees	0	24,545	
Greenbelt Late Application Fee	0	1,050	
Telephone Commissions	0	77,825	
Vending Machine Collections	0	81	
Constitutional Officers' Fees and Commissions	0	244,482	
Data Processing Fee - Register	0	7,898	
Probation Fees	0	160,030	
Data Processing Fee - Sheriff	0	3,540	
Sexual Offender Registration Fee - Sheriff	0	4,800	
Data Processing Fee - County Clerk	0	102	
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 1,923,892</u>	

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>		
	General	Capital	Total
	Projects	Projects	
<hr/>			
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0		\$ 39,357
Lease/Rentals	0		27,163
Sale of Materials and Supplies	0		1,385
Commissary Sales	0		53,430
Sale of Animals/Livestock	0		515
Miscellaneous Refunds	0		55,202
<u>Nonrecurring Items</u>			
Sale of Equipment	0		18,640
Contributions and Gifts	0		190,812
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 386,504</u>
<u>Fees Received From County Officials</u>			
<u>Excess Fees</u>			
County Clerk	\$ 0		\$ 78,301
<u>Fees In-Lieu-of Salary</u>			
Circuit Court Clerk	0		100,128
General Sessions Court Clerk	0		172,872
Clerk and Master	0		57,572
Juvenile Court Clerk	0		21,174
Register	0		93,122
Sheriff	0		16,425
Trustee	0		315,656
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 855,250</u>

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>		<u>General Capital Projects</u>	<u>Total</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$	0	\$	4,500
<u>Public Safety Grants</u>				
Law Enforcement Training Programs		0		17,400
Other Public Safety Grants		0		4,984
<u>Health and Welfare Grants</u>				
Health Department Programs		0		91,584
<u>Public Works Grants</u>				
Bridge Program		0		137,364
State Aid Program		0		554,001
Litter Program		0		47,505
<u>Other State Revenues</u>				
Income Tax		0		171,617
Beer Tax		0		29,055
Alcoholic Beverage Tax		0		38,665
State Revenue Sharing - T.V.A.		0		270,556
State Revenue Sharing - Telecommunications		0		69,398
Contracted Prisoner Boarding		0		849,262
Gasoline and Motor Fuel Tax		0		1,926,826
Petroleum Special Tax		0		16,053
Registrar's Salary Supplement		0		15,164
Other State Grants		135,151		222,672
Other State Revenues		0		4,217
Total State of Tennessee	\$	135,151	\$	4,470,823

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>		<u>General Capital Projects</u>	<u>Total</u>
<hr/>				
<u>Federal Government</u>				
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	\$	0	\$	5,000
Total Federal Government	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>5,000</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$	0	\$	924,272
Total Other Governments and Citizens Groups	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>924,272</u>
Total	<u>\$</u>	<u>135,151</u>	<u>\$</u>	<u>16,915,264</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, 2018

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,272,043	\$ 0	\$ 0	\$ 3,272,043
Discount on Property Taxes	(30,522)	0	0	(30,522)
Trustee's Collections - Prior Year	100,655	0	0	100,655
Circuit Clerk/Clerk and Master Collections - Prior Years	53,584	0	0	53,584
Interest and Penalty	17,473	0	0	17,473
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,207,675	0	0	2,207,675
<u>Statutory Local Taxes</u>				
Bank Excise Tax	59,883	0	0	59,883
Total Local Taxes	<u>\$ 5,680,791</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,680,791</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,767	\$ 0	\$ 0	\$ 1,767
Total Licenses and Permits	<u>\$ 1,767</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,767</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 1,540	\$ 0	\$ 0	\$ 1,540
Lunch Payments - Children	0	0	191,015	191,015
Lunch Payments - Adults	0	0	66,009	66,009
Income from Breakfast	0	0	57,960	57,960
A la Carte Sales	0	0	110,070	110,070
Receipts from Individual Schools	65,871	0	0	65,871
Total Charges for Current Services	<u>\$ 67,411</u>	<u>\$ 0</u>	<u>\$ 425,054</u>	<u>\$ 492,465</u>

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Lease/Rentals	\$ 350	\$ 0	\$ 0	\$ 350
Sale of Materials and Supplies	754	0	0	754
Miscellaneous Refunds	37,521	0	597	38,118
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	740	0	0	740
Contributions and Gifts	6,254	0	0	6,254
<u>Other Local Revenues</u>				
Other Local Revenues	140	0	0	140
Total Other Local Revenues	<u>\$ 45,759</u>	<u>\$ 0</u>	<u>\$ 597</u>	<u>\$ 46,356</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 113,855	\$ 0	\$ 0	\$ 113,855
<u>State Education Funds</u>				
Basic Education Program	23,368,000	0	0	23,368,000
Early Childhood Education	314,519	0	0	314,519
School Food Service	21,015	0	0	21,015
Driver Education	11,241	0	0	11,241
Other State Education Funds	291,451	0	0	291,451
Career Ladder Program	82,009	0	0	82,009
Vocational Equipment	124,856	0	0	124,856
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	181,630	0	0	181,630
Other State Grants	160,549	0	0	160,549
Total State of Tennessee	<u>\$ 24,669,125</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,669,125</u>

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,249,001	\$ 1,249,001
USDA - Commodities	0	0	170,427	170,427
Breakfast	0	0	446,528	446,528
USDA - Other	0	0	16,669	16,669
USDA Food Service Equipment Grant	0	0	13,752	13,752
Vocational Education - Basic Grants to States	0	71,272	0	71,272
Title I Grants to Local Education Agencies	0	1,253,161	0	1,253,161
Special Education - Grants to States	132,600	862,991	0	995,591
Special Education Preschool Grants	0	34,031	0	34,031
English Language Acquisition Grants	0	18,643	0	18,643
Rural Education	0	55,659	0	55,659
Eisenhower Professional Development State Grants	0	182,768	0	182,768
Other Federal through State	0	128,893	0	128,893
Total Federal Government	\$ 132,600	\$ 2,607,418	\$ 1,896,377	\$ 4,636,395
<u>Other Governments and Citizens Groups</u>				
<u>Other</u>				
Other	\$ 0	\$ 0	\$ 750	\$ 750
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 750	\$ 750
Total	\$ 30,597,453	\$ 2,607,418	\$ 2,322,778	\$ 35,527,649

Exhibit J-7

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2018

General Fund

General Government

County Commission

County Official/Administrative Officer	\$	2,400	
Board and Committee Members Fees		47,175	
Social Security		3,785	
Pensions		228	
Audit Services		8,232	
Consultants		475	
Dues and Memberships		1,350	
Legal Services		30,028	
Legal Notices, Recording, and Court Costs		866	
Total County Commission			\$ 94,539

Board of Equalization

Board and Committee Members Fees	\$	2,786	
Total Board of Equalization			2,786

Budget and Finance Committee

Legal Notices, Recording, and Court Costs	\$	632	
Other Supplies and Materials		940	
Total Budget and Finance Committee			1,572

Other Boards and Committees

Legal Notices, Recording, and Court Costs	\$	2,789	
Total Other Boards and Committees			2,789

County Mayor/Executive

County Official/Administrative Officer	\$	79,326	
Accountants/Bookkeepers		126,930	
Overtime Pay		3,175	
Social Security		15,905	
Pensions		9,618	
Dues and Memberships		1,350	
Maintenance and Repair Services - Equipment		1,550	
Maintenance and Repair Services - Office Equipment		20,712	
Postal Charges		1,100	
Printing, Stationery, and Forms		3,796	
Travel		1,836	
Other Contracted Services		9,137	
Office Supplies		2,185	
Premiums on Corporate Surety Bonds		424	
Data Processing Equipment		485	
Office Equipment		3,635	
Total County Mayor/Executive			281,164

County Attorney

Other Contracted Services	\$	8,431	
Total County Attorney			8,431

(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	\$	61,633	
Deputy(ies)		27,951	
Temporary Personnel		6,230	
Election Commission		9,975	
Election Workers		13,145	
Social Security		7,272	
Pensions		4,927	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		5,475	
Maintenance and Repair Services - Buildings		426	
Maintenance and Repair Services - Equipment		18,846	
Postal Charges		1,821	
Printing, Stationery, and Forms		815	
Rentals		300	
Travel		5,195	
Other Contracted Services		10,500	
Office Supplies		1,998	
Utilities		2,494	
Liability Insurance		2,526	
Total Election Commission			\$ 181,704

Register of Deeds

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		40,281	
Social Security		8,235	
Pensions		5,265	
Dues and Memberships		622	
Legal Notices, Recording, and Court Costs		792	
Printing, Stationery, and Forms		2,676	
Travel		770	
Office Supplies		2,747	
Other Supplies and Materials		418	
Premiums on Corporate Surety Bonds		259	
Data Processing Equipment		9,235	
Office Equipment		20	
Total Register of Deeds			140,002

Development

Maintenance and Repair Services - Buildings	\$	17,581	
Other Contracted Services		4,250	
Total Development			21,831

Planning

Supervisor/Director	\$	33,920	
Board and Committee Members Fees		1,400	
In-service Training		408	
Social Security		2,580	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Pensions	\$	1,866	
Contracts with Government Agencies		9,250	
Dues and Memberships		135	
Legal Notices, Recording, and Court Costs		412	
Maintenance and Repair Services - Vehicles		739	
Postal Charges		262	
Travel		35	
Gasoline		1,503	
Office Supplies		83	
Premiums on Corporate Surety Bonds		700	
Total Planning			\$ 53,293

Building

Communication	\$	5,430	
Maintenance and Repair Services - Buildings		50,654	
Electricity		9,737	
Water and Sewer		1,334	
Total Building			67,155

County Buildings

Supervisor/Director	\$	28,100	
Overtime Pay		3,150	
Social Security		2,329	
Pensions		1,719	
Communication		27,433	
Licenses		175	
Maintenance and Repair Services - Buildings		9,978	
Other Contracted Services		1,325	
Electricity		17,078	
Water and Sewer		6,632	
Other Supplies and Materials		5,462	
Other Charges		564	
Building Improvements		21,337	
Office Equipment		1,524	
Total County Buildings			126,806

Other Facilities

Custodial Personnel	\$	21,842	
Maintenance Personnel		28,101	
Social Security		3,581	
Pensions		2,747	
Communication		33,521	
Maintenance and Repair Services - Buildings		43,605	
Pest Control		1,870	
Custodial Supplies		4,406	
Electricity		92,486	
Water and Sewer		126,270	
Total Other Facilities			358,429

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration

Supervisor/Director	\$	1,433	
Social Security		104	
Pensions		79	
Total Other General Administration			\$ 1,616

Preservation of Records

Part-time Personnel	\$	7,896	
Social Security		604	
Contributions		7,500	
Total Preservation of Records			16,000

Risk Management

Supervisor/Director	\$	13,666	
Social Security		1,045	
Other Contracted Services		2,384	
Total Risk Management			17,095

Finance

Central Services

Dispatchers/Radio Operators	\$	254,216	
Overtime Pay		57,239	
Social Security		23,051	
Pensions		15,983	
Maintenance and Repair Services - Buildings		603	
Utilities		13,086	
Other Charges		47	
Total Central Services			364,225

Property Assessor's Office

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		81,378	
Other Salaries and Wages		12,905	
Social Security		12,182	
Pensions		6,783	
Contracts with Other Public Agencies		19,294	
Legal Notices, Recording, and Court Costs		162	
Postal Charges		556	
Printing, Stationery, and Forms		141	
Travel		325	
Office Supplies		99	
Premiums on Corporate Surety Bonds		175	
Office Equipment		64	
Total Property Assessor's Office			202,746

Reappraisal Program

Maintenance and Repair Services - Vehicles	\$	758	
Gasoline		1,474	
Data Processing Equipment		283	
Total Reappraisal Program			2,515

(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	\$	68,682	
Deputy(ies)		54,686	
Overtime Pay		1,198	
Other Salaries and Wages		11,656	
Social Security		10,137	
Pensions		6,851	
Data Processing Services		10,063	
Dues and Memberships		707	
Maintenance and Repair Services - Office Equipment		10,960	
Postal Charges		1,038	
Printing, Stationery, and Forms		25	
Travel		733	
Office Supplies		842	
Office Equipment		312	
Total County Trustee's Office			\$ 177,890

County Clerk's Office

Social Security	\$	16,850	
Pensions		12,624	
Maintenance and Repair Services - Office Equipment		425	
Postal Charges		4,380	
Printing, Stationery, and Forms		1,506	
Office Supplies		1,801	
Other Supplies and Materials		7,798	
Premiums on Corporate Surety Bonds		420	
Total County Clerk's Office			45,804

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		188,268	
Temporary Personnel		12,108	
Overtime Pay		514	
Jury and Witness Expense		5,741	
Social Security		18,506	
Pensions		13,086	
Dues and Memberships		547	
Legal Notices, Recording, and Court Costs		137	
Maintenance and Repair Services - Equipment		350	
Postal Charges		5,831	
Printing, Stationery, and Forms		2,615	
Travel		633	
Other Contracted Services		1,113	
Instructional Supplies and Materials		1,885	
Office Supplies		8,935	
Premiums on Corporate Surety Bonds		1,200	
Other Charges		1,018	

(Continued)

Exhibit J-7

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

<u>General Fund (Cont.)</u>		
<u>Administration of Justice (Cont.)</u>		
<u>Circuit Court (Cont.)</u>		
Data Processing Equipment	\$ 29,814	
Office Equipment	1,326	
Total Circuit Court		\$ 362,309
<u>General Sessions Court</u>		
Judge(s)	\$ 100,201	
Social Security	7,665	
Pensions	5,511	
Dues and Memberships	150	
Travel	1,137	
Total General Sessions Court		114,664
<u>Chancery Court</u>		
County Official/Administrative Officer	\$ 68,682	
Deputy(ies)	48,638	
Social Security	8,823	
Pensions	6,423	
Dues and Memberships	507	
Legal Notices, Recording, and Court Costs	179	
Maintenance and Repair Services - Office Equipment	9,568	
Postal Charges	908	
Travel	485	
Office Supplies	1,583	
Total Chancery Court		145,796
<u>Juvenile Court</u>		
Youth Service Officer(s)	\$ 30,001	
Social Security	2,295	
Pensions	1,650	
Contracts with Government Agencies	2,250	
Dues and Memberships	125	
Postal Charges	49	
Printing, Stationery, and Forms	462	
Travel	1,301	
Office Supplies	822	
Other Supplies and Materials	1,166	
Total Juvenile Court		40,121
<u>Judicial Commissioners</u>		
County Official/Administrative Officer	\$ 25,578	
Social Security	1,957	
Pensions	2	
Total Judicial Commissioners		27,537
<u>Probation Services</u>		
Probation Officer(s)	\$ 107,435	
Overtime Pay	1,991	

(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.)

Social Security	\$	7,733	
Pensions		6,018	
Evaluation and Testing		5,367	
Postal Charges		100	
Printing, Stationery, and Forms		900	
Travel		209	
Office Supplies		848	
Premiums on Corporate Surety Bonds		400	
Office Equipment		998	
Total Probation Services			\$ 131,999

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	75,550	
Deputy(ies)		1,055,085	
Salary Supplements		17,400	
Clerical Personnel		119,354	
Overtime Pay		2,217	
Other Salaries and Wages		36,618	
In-service Training		7,515	
Social Security		98,063	
Pensions		71,960	
Contracts with Private Agencies		3,912	
Confidential Drug Enforcement Payments		406	
Dues and Memberships		1,500	
Maintenance and Repair Services - Equipment		718	
Maintenance and Repair Services - Vehicles		17,692	
Travel		3,080	
Other Contracted Services		3,813	
Gasoline		78,676	
Lubricants		2,426	
Office Supplies		6,225	
Tires and Tubes		7,458	
Uniforms		4,350	
Premiums on Corporate Surety Bonds		3,500	
Workers' Compensation Insurance		500	
Other Charges		5,287	
Building Improvements		22,543	
Law Enforcement Equipment		25,534	
Motor Vehicles		60,473	
Office Equipment		495	
Total Sheriff's Department			1,732,350

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	1,400	
Law Enforcement Equipment		355	
Total Administration of the Sexual Offender Registry			1,755

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

County Official/Administrative Officer	\$	33,051	
Medical Personnel		83,289	
Guards		601,094	
Cafeteria Personnel		50,856	
Overtime Pay		4,435	
Other Salaries and Wages		50,548	
In-service Training		100	
Social Security		61,206	
Pensions		44,065	
Medical and Dental Services		112,641	
Travel		911	
Custodial Supplies		21,183	
Food Supplies		181,521	
Office Supplies		2,689	
Uniforms		2,859	
Other Supplies and Materials		12,056	
Communication Equipment		6,025	
Data Processing Equipment		25,400	
Law Enforcement Equipment		3,395	
Office Equipment		556	
Other Equipment		37,600	
Total Jail			\$ 1,335,480

Workhouse

Truck Drivers	\$	26,422	
Guards		17,440	
Social Security		3,069	
Pensions		528	
Maintenance and Repair Services - Vehicles		1,313	
Instructional Supplies and Materials		17,004	
Other Charges		2,260	
Other Equipment		2,115	
Total Workhouse			70,151

Fire Prevention and Control

Contributions	\$	1,500	
Maintenance and Repair Services - Vehicles		4,263	
Diesel Fuel		178	
Total Fire Prevention and Control			5,941

Rural Fire Protection

Other Salaries and Wages	\$	7,310	
Contributions		2,500	
Maintenance Agreements		2,500	
Total Rural Fire Protection			12,310

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

Supervisor/Director	\$	6,254	
In-service Training		235	
Social Security		478	
Maintenance and Repair Services - Vehicles		1,934	
Gasoline		1,383	
Office Supplies		548	
Utilities		2,139	
Other Equipment		2,524	
Total Civil Defense	\$		15,495

Rescue Squad

Other Salaries and Wages	\$	5,000	
In-service Training		900	
Maintenance and Repair Services - Vehicles		134	
Gasoline		460	
Utilities		3,000	
Liability Insurance		1,100	
Other Equipment		478	
Total Rescue Squad			11,072

Disaster Relief

Other Salaries and Wages	\$	3,499	
In-service Training		271	
Maintenance and Repair Services - Buildings		2,676	
Maintenance and Repair Services - Vehicles		1,945	
Gasoline		295	
Utilities		3,671	
Motor Vehicles		3,475	
Other Equipment		15,329	
Total Disaster Relief			31,161

Other Emergency Management

In-service Training	\$	162	
Maintenance and Repair Services - Buildings		511	
Maintenance and Repair Services - Equipment		555	
Maintenance and Repair Services - Vehicles		850	
Other Contracted Services		250	
Custodial Supplies		70	
Drugs and Medical Supplies		395	
Gasoline		309	
Office Supplies		297	
Utilities		4,908	
Other Equipment		4,571	
Total Other Emergency Management			12,878

County Coroner/Medical Examiner

Medical Personnel	\$	1,300	
Medical and Dental Services		24,375	
Total County Coroner/Medical Examiner			25,675

(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

Maintenance Personnel	\$	2,717	
In-service Training		2,691	
Dues and Memberships		545	
Maintenance and Repair Services - Buildings		166	
Maintenance and Repair Services - Equipment		838	
Road Signs		3,992	
Other Equipment		5,874	
Total Other Public Safety			\$ 16,823

Public Health and Welfare

Local Health Center

Advertising	\$	198	
Janitorial Services		6,400	
Maintenance and Repair Services - Buildings		5,134	
Custodial Supplies		438	
Drugs and Medical Supplies		725	
Instructional Supplies and Materials		13,432	
Office Supplies		1,535	
Uniforms		316	
Utilities		13,978	
Other Supplies and Materials		251	
Total Local Health Center			42,407

Rabies and Animal Control

Attendants	\$	23,818	
Social Security		1,822	
Pensions		1,271	
Maintenance and Repair Services - Buildings		527	
Maintenance and Repair Services - Vehicles		1,147	
Veterinary Services		3,010	
Gasoline		1,615	
Uniforms		136	
Utilities		3,123	
Other Supplies and Materials		127	
Motor Vehicles		29,193	
Total Rabies and Animal Control			65,789

Ambulance/Emergency Medical Services

Supervisor/Director	\$	55,000	
Accountants/Bookkeepers		57,624	
Medical Personnel		642,021	
Overtime Pay		406,043	
In-service Training		23,778	
Social Security		86,556	
Pensions		60,032	
Dues and Memberships		620	
Laundry Service		6,869	

(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.)

Licenses	\$	2,000	
Maintenance and Repair Services - Buildings		9,964	
Maintenance and Repair Services - Vehicles		38,096	
Postal Charges		123	
Travel		357	
Other Contracted Services		34,205	
Custodial Supplies		1,480	
Drugs and Medical Supplies		75,878	
Gasoline		44,322	
Instructional Supplies and Materials		3,648	
Office Supplies		8,033	
Tires and Tubes		5,722	
Uniforms		11,984	
Utilities		49,645	
Workers' Compensation Insurance		500	
Fines, Assessments, and Penalties		21,521	
Communication Equipment		300	
Motor Vehicles		139,010	
Other Equipment		1,510	
Total Ambulance/Emergency Medical Services			\$ 1,786,841

Other Local Health Services

Social Workers	\$	58,201	
Part-time Personnel		34,400	
Social Security		6,818	
Pensions		3,201	
Travel		3,049	
Instructional Supplies and Materials		1,800	
Other Supplies and Materials		8,025	
Total Other Local Health Services			115,494

Regional Mental Health Center

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

Appropriation to State

Other Contracted Services	\$	41,140	
Total Appropriation to State			41,140

Other Local Welfare Services

Contributions	\$	57,723	
Pauper Burials		1,300	
Total Other Local Welfare Services			59,023

Social, Cultural, and Recreational Services

Adult Activities

Matching Share	\$	6,000	
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	\$	26,994	
Clerical Personnel		74,479	
Custodial Personnel		8,278	
Social Security		7,604	
Pensions		3,514	
Communication		5,131	
Dues and Memberships		395	
Maintenance and Repair Services - Buildings		5,239	
Postal Charges		196	
Printing, Stationery, and Forms		335	
Travel		500	
Other Contracted Services		1,479	
Custodial Supplies		942	
Library Books/Media		4,487	
Office Supplies		613	
Utilities		13,920	
Other Supplies and Materials		1,334	
Data Processing Equipment		9,364	
Total Libraries			164,804

Parks and Fair Boards

Contributions	\$	34,405	
Utilities		12,000	
Total Parks and Fair Boards			46,405

Other Social, Cultural, and Recreational

Maintenance and Repair Services - Buildings	\$	102	
Travel		2,175	
Custodial Supplies		11	
Library Books/Media		4,811	
Office Supplies		346	
Other Supplies and Materials		215	
Other Charges		6,939	
Data Processing Equipment		287	
Total Other Social, Cultural, and Recreational			14,886

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	31,661	
Secretary(ies)		9,787	
Social Security		18,686	
Dues and Memberships		300	
Maintenance and Repair Services - Buildings		982	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Travel	\$	1,000	
Utilities		4,562	
Total Agricultural Extension Service			\$ 66,978

Soil Conservation

Clerical Personnel	\$	22,301	
Social Security		1,706	
Pensions		1,227	
Contributions		21,000	
Total Soil Conservation			46,234

Other Operations

Tourism

Dues and Memberships	\$	400	
Other Supplies and Materials		2,028	
Total Tourism			2,428

Industrial Development

Contributions	\$	19,960	
Other Contracted Services		61	
Other Charges		1,430	
Total Industrial Development			21,451

Veterans' Services

Supervisor/Director	\$	15,525	
Social Security		978	
Pensions		56	
Dues and Memberships		35	
Travel		555	
Other Contracted Services		6,892	
Office Supplies		303	
Total Veterans' Services			24,344

Other Charges

Employee and Dependent Insurance	\$	485,789	
Liability Insurance		191,219	
Trustee's Commission		126,859	
Workers' Compensation Insurance		257,526	
Total Other Charges			1,061,393

Contributions to Other Agencies

Maintenance and Repair Services - Buildings	\$	1,280	
Matching Share		10,060	
Total Contributions to Other Agencies			11,340

Employee Benefits

Unemployment Compensation	\$	9,384	
Other Charges		399	
Total Employee Benefits			9,783

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Contributions	\$	7,000	
Dues and Memberships		5,211	
Other Supplies and Materials		14,933	
Other Charges		1,694	
Total Miscellaneous			\$ 28,838

Total General Fund \$ 9,900,440

Solid Waste/Sanitation Fund

Public Health and Welfare

Transfer Stations

Accountants/Bookkeepers	\$	37,461	
Equipment Operators - Heavy		94,588	
Overtime Pay		3,798	
Social Security		9,889	
Pensions		6,399	
Employee and Dependent Insurance		24,311	
Maintenance and Repair Services - Vehicles		15,998	
Travel		546	
Contracts for Landfill Facilities		101,927	
Custodial Supplies		1,834	
Gasoline		27,305	
Office Supplies		2,212	
Utilities		6,806	
Other Supplies and Materials		8,880	
Trustee's Commission		3,711	
Landfill Closure/Postclosure Care Costs		10,378	
Motor Vehicles		9,143	
Total Transfer Stations			\$ 365,186

Total Solid Waste/Sanitation Fund 365,186

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	1,000	
Other Charges		4,948	
Law Enforcement Equipment		1,033	
Total Drug Enforcement			\$ 6,981

Total Drug Control Fund 6,981

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	229,595	
Total County Clerk's Office			\$ 229,595

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 7,155	
Total Chancery Court		\$ 7,155

Total Constitutional Officers - Fees Fund \$ 236,750

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 75,550	
Secretary(ies)	61,402	
Overtime Pay	7,981	
Advertising	513	
Data Processing Services	9,665	
Dues and Memberships	2,366	
Evaluation and Testing	409	
Janitorial Services	1,312	
Laundry Service	881	
Legal Notices, Recording, and Court Costs	34	
Postal Charges	303	
Printing, Stationery, and Forms	568	
Travel	11	
Custodial Supplies	599	
Office Supplies	965	
Other Charges	1,193	
Data Processing Equipment	299	
Total Administration		\$ 164,051

Highway and Bridge Maintenance

Equipment Operators	\$ 224,052	
Truck Drivers	184,661	
Laborers	184,241	
Overtime Pay	9,825	
Rentals	142	
Other Contracted Services	2,042	
Asphalt	224,417	
Asphalt - Cold Mix	18,675	
Concrete	4,914	
Crushed Stone	441,164	
Diesel Fuel	137,715	
Ice	28	
Pipe - Metal	13,234	
Road Signs	4,126	
Salt	4,923	
Small Tools	250	
Wood Products	5,896	
Other Supplies and Materials	2,619	
Total Highway and Bridge Maintenance		1,462,924

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	85,353	
Overtime Pay		966	
Freight Expenses		1,579	
Maintenance and Repair Services - Equipment		16,450	
Towing Services		650	
Other Contracted Services		1,007	
Equipment and Machinery Parts		99,953	
Garage Supplies		6,796	
Gasoline		16,039	
Lubricants		20,214	
Small Tools		1,027	
Tires and Tubes		41,422	
Total Operation and Maintenance of Equipment	\$		291,456

Other Charges

Communication	\$	7,866	
Pest Control		115	
Electricity		5,989	
Water and Sewer		1,282	
Liability Insurance		102,964	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		28,511	
Liability Claims		500	
Total Other Charges			147,577

Employee Benefits

Social Security	\$	51,710	
Pensions		43,740	
Medical Insurance		114,833	
Unemployment Compensation		5,975	
Employer Medicare		12,093	
Workers' Compensation Insurance		64,381	
Total Employee Benefits			292,732

Capital Outlay

Maintenance and Repair Services - Equipment	\$	6,719	
Equipment and Machinery Parts		20,215	
General Construction Materials		1,201	
Bridge Construction		142,542	
Highway Construction		225,775	
Highway Equipment		406,959	
State Aid Projects		544,798	
Total Capital Outlay			1,348,209

Total Highway/Public Works Fund \$ 3,706,949

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Bonds	\$ 638,500	
Principal on Notes	85,491	
Total General Government		\$ 723,991
<u>Highways and Streets</u>		
Principal on Notes	\$ 727,065	
Total Highways and Streets		727,065
<u>Education</u>		
Principal on Notes	\$ 1,064,743	
Total Education		1,064,743
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 25,030	
Interest on Notes	6,976	
Total General Government		32,006
<u>Highways and Streets</u>		
Interest on Notes	\$ 47,270	
Total Highways and Streets		47,270
<u>Education</u>		
Interest on Notes	\$ 32,266	
Total Education		32,266
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 11,740	
Total General Government		11,740
Total General Debt Service Fund		\$ 2,639,081
<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Legal Notices, Recording, and Court Costs	\$ 97	
Other Supplies and Materials	128,633	
Other Equipment	91,450	
Total General Administration Projects		\$ 220,180
<u>Education Capital Projects</u>		
Site Development	\$ 29,316	
Total Education Capital Projects		29,316
Total General Capital Projects Fund		249,496
Total Governmental Funds - Primary Government		<u>\$ 17,104,883</u>

Exhibit J-8

Macon County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Macon County School Department
For the Year Ended June 30, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,537,319	
Career Ladder Program	49,029	
Career Ladder Extended Contracts	24,995	
Homebound Teachers	10,830	
Educational Assistants	443,203	
Bonus Payments	183,000	
Certified Substitute Teachers	65,897	
Non-certified Substitute Teachers	75,177	
Social Security	596,739	
Pensions	901,296	
Life Insurance	5,936	
Medical Insurance	1,421,233	
Unemployment Compensation	5,905	
Employer Medicare	141,269	
Contracts with Other Public Agencies	4,537	
Instructional Supplies and Materials	79,224	
Textbooks - Bound	265,000	
Fee Waivers	20,006	
Other Charges	60	
Regular Instruction Equipment	226,800	
Total Regular Instruction Program		\$ 14,057,455

Alternative Instruction Program

Teachers	\$ 109,883	
Career Ladder Program	2,000	
Educational Assistants	28,802	
Bonus Payments	2,400	
Certified Substitute Teachers	1,325	
Non-certified Substitute Teachers	214	
Social Security	8,752	
Pensions	11,032	
Life Insurance	58	
Medical Insurance	11,818	
Unemployment Compensation	75	
Employer Medicare	2,066	
Instructional Supplies and Materials	160	
Total Alternative Instruction Program		178,585

Special Education Program

Teachers	\$ 1,197,183	
Career Ladder Program	3,000	
Homebound Teachers	17,671	
Educational Assistants	143,956	
Speech Pathologist	15,071	
Bonus Payments	21,150	
Certified Substitute Teachers	2,341	

(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.)

Non-certified Substitute Teachers	\$	7,599	
Social Security		82,020	
Pensions		120,152	
Life Insurance		769	
Medical Insurance		262,841	
Unemployment Compensation		867	
Employer Medicare		19,233	
Contracts with Private Agencies		38,135	
Other Contracted Services		150,660	
Instructional Supplies and Materials		3,971	
Other Supplies and Materials		204	
Special Education Equipment		19,310	
Total Special Education Program			\$ 2,106,133

Career and Technical Education Program

Teachers	\$	595,970	
Career Ladder Program		1,000	
Bonus Payments		8,700	
Certified Substitute Teachers		4,321	
Non-certified Substitute Teachers		7,150	
Social Security		36,293	
Pensions		53,849	
Life Insurance		404	
Medical Insurance		62,163	
Unemployment Compensation		427	
Employer Medicare		8,689	
Contracts with Other School Systems		325,787	
Other Contracted Services		3,000	
Instructional Supplies and Materials		9,000	
Vocational Instruction Equipment		143,283	
Total Career and Technical Education Program			1,260,036

Support Services

Attendance

Supervisor/Director	\$	65,820	
Career Ladder Program		1,000	
Bonus Payments		1,200	
Social Security		4,058	
Pensions		6,176	
Life Insurance		29	
Medical Insurance		6,090	
Unemployment Compensation		21	
Employer Medicare		949	
Contracts with Private Agencies		10,306	
Travel		7,747	
Other Supplies and Materials		3,894	
Attendance Equipment		4,760	
Total Attendance			112,050

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Assistant(s)	\$	23,664	
Supervisor/Director		78,526	
Medical Personnel		179,139	
Social Security		16,098	
Pensions		23,285	
Medical Insurance		59,853	
Unemployment Compensation		234	
Employer Medicare		3,765	
Communication		1,200	
Travel		6,916	
Other Contracted Services		2,034	
Drugs and Medical Supplies		6,000	
Other Supplies and Materials		3,356	
Other Charges		1,612	
Health Equipment		14,052	
Total Health Services			\$ 419,734

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		330,532	
Bonus Payments		6,900	
Social Security		19,668	
Pensions		31,093	
Life Insurance		172	
Medical Insurance		49,769	
Unemployment Compensation		126	
Employer Medicare		4,600	
Contracts with Government Agencies		190,772	
Evaluation and Testing		23,244	
Other Contracted Services		30,500	
Other Supplies and Materials		2,442	
Other Equipment		24,604	
Total Other Student Support			719,422

Regular Instruction Program

Supervisor/Director	\$	81,058	
Career Ladder Program		9,000	
Librarians		349,005	
Instructional Computer Personnel		13,500	
Clerical Personnel		20,640	
Bonus Payments		11,100	
Other Salaries and Wages		130,211	
In-service Training		960	
Social Security		32,418	
Pensions		49,318	
Life Insurance		256	

(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.)

Medical Insurance	\$	54,255	
Unemployment Compensation		272	
Employer Medicare		8,431	
Travel		3,688	
Other Contracted Services		3,651	
Library Books/Media		29,210	
Other Supplies and Materials		13,217	
In Service/Staff Development		12,009	
Other Charges		30,408	
Other Equipment		19,997	
Total Regular Instruction Program			\$ 872,604

Special Education Program

Supervisor/Director	\$	72,898	
Career Ladder Program		1,000	
Psychological Personnel		77,679	
Assessment Personnel		34,404	
Clerical Personnel		27,283	
Bonus Payments		1,050	
Social Security		10,187	
Pensions		14,916	
Life Insurance		60	
Medical Insurance		22,544	
Unemployment Compensation		155	
Employer Medicare		2,952	
Travel		4,879	
Other Supplies and Materials		58	
In Service/Staff Development		1,970	
Total Special Education Program			272,035

Career and Technical Education Program

Other Salaries and Wages	\$	25,750	
Unemployment Compensation		21	
Employer Medicare		367	
Travel		6,496	
Other Supplies and Materials		235	
In Service/Staff Development		2,096	
Other Charges		1,474	
Total Career and Technical Education Program			36,439

Technology

Supervisor/Director	\$	73,641	
Clerical Personnel		20,188	
Bonus Payments		1,200	
Social Security		5,531	
Pensions		7,906	

(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.)

Technology (Cont.)

Life Insurance	\$	28	
Medical Insurance		8,208	
Unemployment Compensation		40	
Employer Medicare		1,294	
Maintenance and Repair Services - Equipment		212,448	
Internet Connectivity		66,054	
Software		14,764	
Other Equipment		12,942	
Total Technology			\$ 424,244

Other Programs

On-behalf Payments to OPEB	\$	113,855	
Total Other Programs			113,855

Board of Education

Board and Committee Members Fees	\$	15,200	
Social Security		942	
Employer Medicare		220	
Payments to Retirees		28,163	
Audit Services		8,000	
Dues and Memberships		20,565	
Legal Services		24,065	
Travel		3,627	
Judgments		5,000	
Trustee's Commission		125,083	
Workers' Compensation Insurance		258,645	
Refund to Applicant for Criminal Investigation		2,431	
Other Charges		55,159	
Total Board of Education			547,100

Director of Schools

County Official/Administrative Officer	\$	88,925	
Career Ladder Program		1,000	
Bonus Payments		1,200	
Social Security		5,627	
Pensions		8,274	
Life Insurance		29	
Medical Insurance		7,619	
Unemployment Compensation		22	
Employer Medicare		1,316	
Communication		23,911	
Dues and Memberships		2,490	
Postal Charges		4,367	
Travel		3,368	
Other Contracted Services		2,983	
Office Supplies		5,435	
Total Director of Schools			156,566

(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

Principals	\$	581,102	
Career Ladder Program		3,000	
Accountants/Bookkeepers		181,506	
Assistant Principals		242,913	
Clerical Personnel		209,729	
Bonus Payments		12,600	
Social Security		73,851	
Pensions		95,846	
Life Insurance		324	
Medical Insurance		120,029	
Unemployment Compensation		653	
Employer Medicare		17,272	
Communication		2,419	
Travel		52	
Other Charges		3,000	
Administration Equipment		4,760	
Total Office of the Principal			\$ 1,549,056

Fiscal Services

Accountants/Bookkeepers	\$	77,664	
Clerical Personnel		108,562	
Social Security		10,974	
Pensions		10,302	
Medical Insurance		25,526	
Unemployment Compensation		119	
Employer Medicare		2,566	
Data Processing Services		13,364	
Travel		2,671	
Other Contracted Services		1,418	
Data Processing Supplies		2,000	
Office Supplies		1,000	
Administration Equipment		3,570	
Total Fiscal Services			259,736

Operation of Plant

Custodial Personnel	\$	610,044	
Other Salaries and Wages		10,492	
Social Security		37,305	
Pensions		31,148	
Medical Insurance		104,984	
Unemployment Compensation		694	
Employer Medicare		8,726	
Disposal Fees		32,400	
Custodial Supplies		119,098	
Electricity		642,971	
Natural Gas		56,992	

(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.)

Operation of Plant (Cont.)

Propane Gas	\$	1,760	
Water and Sewer		112,099	
Other Supplies and Materials		3,836	
Building and Contents Insurance		216,213	
Total Operation of Plant			\$ 1,988,762

Maintenance of Plant

Supervisor/Director	\$	44,304	
Clerical Personnel		24,532	
Maintenance Personnel		254,058	
Other Salaries and Wages		5,328	
Social Security		19,659	
Pensions		17,290	
Medical Insurance		65,513	
Unemployment Compensation		248	
Employer Medicare		4,598	
Travel		4,062	
Other Contracted Services		73,636	
Other Supplies and Materials		208,446	
Maintenance Equipment		6,229	
Total Maintenance of Plant			727,903

Transportation

Supervisor/Director	\$	42,311	
Mechanic(s)		148,545	
Bus Drivers		609,217	
Clerical Personnel		27,317	
Other Salaries and Wages		20,067	
Social Security		47,291	
Pensions		38,075	
Medical Insurance		38,791	
Unemployment Compensation		894	
Employer Medicare		12,155	
Medical and Dental Services		10,289	
Travel		2,459	
Diesel Fuel		254,649	
Garage Supplies		16,571	
Lubricants		21,881	
Tires and Tubes		28,852	
Vehicle Parts		192,469	
Other Charges		26,076	
Transportation Equipment		304,043	
Total Transportation			1,841,952

(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

Food Service

Supervisor/Director	\$	49,297	
Career Ladder Program		167	
Social Security		2,973	
Pensions		2,845	
Life Insurance		5	
Medical Insurance		6,460	
Unemployment Compensation		45	
Employer Medicare		695	
Total Food Service			\$ 62,487

Early Childhood Education

Supervisor/Director	\$	3,199	
Teachers		149,096	
Career Ladder Program		1,000	
Educational Assistants		48,712	
Bonus Payments		3,300	
Certified Substitute Teachers		45	
Non-certified Substitute Teachers		2,289	
Social Security		11,923	
Pensions		16,812	
Life Insurance		88	
Medical Insurance		32,444	
Unemployment Compensation		135	
Employer Medicare		2,789	
Travel		3,035	
Other Contracted Services		67	
Instructional Supplies and Materials		24,378	
In Service/Staff Development		5,795	
Other Charges		3,188	
Other Equipment		6,225	
Total Early Childhood Education			314,520

Capital Outlay

Regular Capital Outlay

Architects	\$	27,209	
Building Improvements		147,015	
Other Capital Outlay		261,368	
Total Regular Capital Outlay			435,592

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	918,902	
Total Education			918,902

Total General Purpose School Fund \$ 29,375,168

(Continued)

Exhibit J-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	201,270	
Educational Assistants		320,427	
Certified Substitute Teachers		5,774	
Non-certified Substitute Teachers		8,240	
Social Security		30,947	
Pensions		33,274	
Life Insurance		115	
Medical Insurance		25,500	
Unemployment Compensation		558	
Employer Medicare		7,300	
Instructional Supplies and Materials		92,245	
Other Charges		320	
Regular Instruction Equipment		67,803	
Total Regular Instruction Program	\$		793,773

Special Education Program

Educational Assistants	\$	496,036	
Other Salaries and Wages		8,325	
Social Security		28,593	
Pensions		23,622	
Medical Insurance		70,000	
Unemployment Compensation		818	
Employer Medicare		6,741	
Maintenance and Repair Services - Equipment		364	
Other Contracted Services		156,221	
Instructional Supplies and Materials		5,225	
Other Supplies and Materials		234	
Special Education Equipment		308	
Total Special Education Program			796,487

Career and Technical Education Program

Instructional Supplies and Materials	\$	2,439	
Other Supplies and Materials		1,245	
Vocational Instruction Equipment		36,991	
Total Career and Technical Education Program			40,675

Support Services

Other Student Support

Other Salaries and Wages	\$	1,500	
Social Security		93	
Pensions		136	
Employer Medicare		22	
Travel		12,000	
Other Contracted Services		4,000	
In Service/Staff Development		10,492	
Other Charges		17,752	
Total Other Student Support			45,995

(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

Supervisor/Director	\$	72,770	
Clerical Personnel		28,253	
Other Salaries and Wages		379,778	
Social Security		26,495	
Pensions		40,244	
Life Insurance		217	
Medical Insurance		49,327	
Unemployment Compensation		195	
Employer Medicare		6,617	
Other Supplies and Materials		420	
In Service/Staff Development		90,706	
Other Charges		885	
Other Equipment		14,030	
Total Regular Instruction Program			\$ 709,937

Special Education Program

Other Salaries and Wages	\$	4,586	
Social Security		273	
Pensions		416	
Life Insurance		2	
Medical Insurance		533	
Employer Medicare		64	
Maintenance and Repair Services - Equipment		1,029	
Travel		2,520	
Other Contracted Services		10,990	
Other Supplies and Materials		13,462	
In Service/Staff Development		5,093	
Total Special Education Program			38,968

Career and Technical Education Program

In Service/Staff Development	\$	1,832	
Total Career and Technical Education Program			1,832

Transportation

Bus Drivers	\$	22,129	
Other Salaries and Wages		33,983	
Social Security		3,478	
Pensions		1,025	
Unemployment Compensation		135	
Employer Medicare		814	
Total Transportation			61,564

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	11,388	
Teachers		58,215	

(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.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Clerical Personnel	\$	3,000	
Other Salaries and Wages		9,190	
Social Security		5,052	
Pensions		6,354	
Life Insurance		1	
Medical Insurance		313	
Unemployment Compensation		12	
Employer Medicare		1,182	
Food Supplies		207	
Instructional Supplies and Materials		713	
Other Charges		1,060	
Other Equipment		1,866	
Total Community Services			\$ 98,553

Total School Federal Projects Fund \$ 2,587,784

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Accountants/Bookkeepers	\$	16,718	
Cafeteria Personnel		649,960	
In-service Training		4,993	
Social Security		38,545	
Pensions		33,617	
Medical Insurance		148,706	
Unemployment Compensation		886	
Employer Medicare		9,051	
Communication		3,904	
Maintenance and Repair Services - Equipment		2,157	
Travel		2,475	
Other Contracted Services		19,876	
Food Supplies		1,010,672	
Office Supplies		1,678	
USDA - Commodities		170,427	
Other Supplies and Materials		18,520	
Workers' Compensation Insurance		24,689	
In Service/Staff Development		993	
Other Charges		840	
Administration Equipment		4,226	
Food Service Equipment		53,406	
Total Food Service			\$ 2,216,339

Total Central Cafeteria Fund 2,216,339

Total Governmental Funds - Macon County School Department \$ 34,179,291

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, 2018

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,966,710
Total Cash Receipts	<u>\$ 1,966,710</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,947,043
Trustee's Commission	19,667
Total Cash Disbursements	<u>\$ 1,966,710</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2017	<u>0</u>
 Cash Balance, June 30, 2018	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Macon County's basic financial statements, and have issued our report thereon dated November 8, 2018.

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 a certain deficiency in internal control, described in the

accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency: 2018-001.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

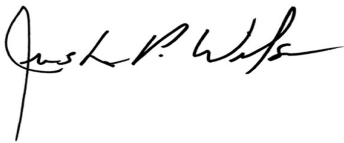
Macon County's Response to the Finding

Macon County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Macon County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

November 8, 2018

JPW/yu



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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

Independent Auditor's Report

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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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, 2018.

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.

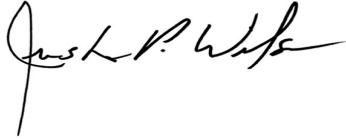
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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, 2018, and the related notes to the financial statements, which collectively comprise Macon County's basic financial statements. We issued our report thereon dated November 8, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on 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.

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 at the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 8, 2018

JPW/yu

Macon County, Tennessee, and the Macon County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2018

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:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(3)	\$ 170,427 (5)
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	(3)	446,528
National School Lunch Program	10.555	(3)	1,265,670 (5)
Child Nutrition Discretionary Grants Limited Availability	10.579	(3)	13,752
Total U.S. Department of Agriculture			\$ 1,896,377
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies			
	84.010	(3)	\$ 1,249,538
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	(3)	995,591
Special Education - Preschool Grants	84.173	(3)	34,031
Career and Technical Education - Basic Grants to States	84.048	(3)	71,272
Twenty-first Century Community Learning Centers	84.287	(3)	99,247
Rural Education	84.358	(3)	55,659
Student Support and Academic Enrichment Program	84.424	(3)	17,881
English Language Acquisition State Grants	84.365	(3)	18,643
Supporting Effective Instruction State Grants	84.367	(3)	182,768
Total U.S. Department of Education			\$ 2,724,630
U.S. Department of Health and Human Services:			
Passed-through State Department of Human Services:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	(3)	\$ 11,833
Total U.S. Department of Health and Human Services			\$ 11,833
Total Expenditures of Federal Grants			\$ 4,632,840
			Contract
			Number
<u>State Grants</u>			
Safe Schools Act - State Department of Education	N/A	(3)	\$ 23,450
ConnecTN - State Department of Education	N/A	(3)	10,097
Coordinated School Health - State Department of Education	N/A	(3)	115,000
Early Childhood Education - Pilot/State - State Department of Education	N/A	(3)	314,519
Read To Be Ready - State Department of Education	N/A	(3)	9,002
CTE Equipment - State Department of Education	N/A	(3)	124,856
Student Ticket Subsidy - Tennessee Arts Commission	N/A	(3)	3,000
Three Star Program - State Department on Economic and Community Development	N/A	(3)	15,000
High Visibility Enforcement Grant - Governor's Highway Safety Grant	N/A	(3)	4,984
Clean Tennessee Energy Grant - State Department of Environment and Conversation	N/A	(3)	135,151
Juvenile Justice State Supplement Funds - State Commission on Children and Youth	N/A	(3)	4,500
Waste Tire Grant - State Department of Environment and Conservation	N/A	(3)	22,521
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(3)	50,000
Rural Health Services - State Department of Health	N/A	(3)	91,584
Litter Program - State Department of Transportation	N/A	(3)	47,505
Total State Grants			\$ 971,169

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 minimis cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$1,882,625; Special Education Cluster total \$1,029,622.
- (5) Total CFDA No. 10.555 \$1,436,097.

Macon County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2018

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, 2018.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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OFFICE OF COUNTY MAYOR

2017	178	2017-001	Solid Waste/Sanitation Fund appropriations exceeded estimated available funding	N/A	Corrected
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OFFICES OF COUNTY CLERK

2017	178-179	2017-002	Duties were not segregated adequately	N/A	Corrected
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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, 2018

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 Number: 84.010 Title I Grants to Local Educational Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2018-001

THE OFFICE DID NOT RECONCILE THE HEALTH INSURANCE CLEARING ACCOUNT WITH INSURANCE BILLINGS

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

The School Department participates in the state-administered Local Education Group Insurance Fund to provide its employees with health insurance coverage. Insurance premiums are funded by employee payroll deductions and School Department contributions that are deposited into an insurance clearing account. Employee payroll deductions and School Department contributions were not reconciled with health insurance billings monthly. As a result, at June 30, 2018, the School Department had an unidentified balance of \$263,439 in the insurance clearing account. Sound business practices dictate that employee payroll deductions and employer contributions be reconciled with insurance billings monthly. The failure to regularly reconcile the payroll deductions and the employer's contributions with billings is a significant deficiency that increases the risks that errors will not be discovered and corrected in a timely manner. These deficiencies resulted from a lack of management oversight.

RECOMMENDATION

Officials should ensure that employee health insurance deductions and School Department contributions are reconciled with health insurance billings monthly. Any errors discovered should be corrected promptly. Steps should be taken to identify the unidentified balance in the insurance clearing account.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We concur with audit finding 2018-001; the office had deficiencies in accounting for employee health insurance transactions. We will go forward with new account reconciliation procedures to ensure the insurance account is balanced and accounted for monthly. We will also look at previous years insurance accounts and apply new reconciliation procedures to find any discrepancies.

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, 2018.

Macon County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2018

We reviewed the financial statement and federal award finding and recommendation 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 plan for all financial statement finding and federal award finding is presented in this section and has been indexed below. The corrective action plan was prepared by management and has been presented as it was submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF DIRECTOR OF SCHOOLS

2018-001	The office did not reconcile the health insurance clearing account with insurance billings	179
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Casey Brawner
School Nursing Supervisor
Mary Tom Walker
School Psychologist
Shawn Carter
Supervisor of Instruction
Kathy Cothron
Career and Technical
Dawn Thompson
Supervisor of Attendance
Rick Taylor
Supervisor of Transportation



David Flynn
Technology Director
Cindy Gammons
Federal Programs Director
Cathy Stafford
Special Education Supervisor
Terin Coe
Food Services Supervisor
Rita Wilburn
Data Analyst
Randy Robinson
Supervisor of Maintenance

Corrective Action Plan

FINDING: THE OFFICE DID NOT RECONCILE THE HEALTH INSURANCE CLEARING ACCOUNT WITH INSURANCE BILLINGS

Response and Corrective Action Plan Prepared by:
Tony Boles, Director of Schools

Person Responsible for Implementing the Corrective Action:
Tony Boles, Director of Schools


Anticipated Completion Date of Corrective Action:
June 30th 2019

Repeat Finding:
No

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

Planned Corrective Action:

Corrective Action Plan will start with the current fiscal year and previous years. The corrective action taken will be to reconcile the State of Tennessee Collections Applied Report with the Macon County Board of Education payroll deduction report and Trustee Teacher Insurance report each month. We will also reconcile the payroll insurance deposit with the trustee teacher insurance program report monthly as well. Any discrepancies discovered in the reconciliation process will be accounted for and adjustments will be made accordingly. Corrective action plan will be implemented immediately and we anticipate conclusion of the process by June 30th, 2019.

Signature: 
Signature: _____

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BEST PRACTICE

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

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