

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

**FOR THE YEAR ENDED JUNE 30, 2019**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**MACON COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

*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*  
*DELANEY OLDHAM*  
*BARBARA SHULTS*  
*State Auditors*

This financial report is available at [www.comptroller.tn.gov](http://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		10-12
BASIC FINANCIAL STATEMENTS:		13
Government-wide Financial Statements:		
Statement of Net Position	A	14-15
Statement of Activities	B	16-17
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	18-19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	21-22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	23
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	24-27
Highway/Public Works Fund	C-6	28
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	29
Index and Notes to the Financial Statements		30-83
REQUIRED SUPPLEMENTARY INFORMATION:		84
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	85
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-2	86
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Macon County School Department	E-3	87
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Macon County School Department	E-4	88

	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	89
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	90
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan - Discretely Presented Macon County School Department	E-7	91
Notes to the Required Supplementary Information		92
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		93
Nonmajor Governmental Funds:		94
Combining Balance Sheet	F-1	95-96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	97-98
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	F-3	99
Drug Control Fund	F-4	100
General Capital Projects Fund	F-5	101
Major Governmental Fund:		102
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	103
Fiduciary Funds:		104
Combining Statement of Fiduciary Assets and Liabilities	H-1	105
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	106
Component Unit:		
Discretely Presented Macon County School Department:		107
Statement of Activities	I-1	108
Balance Sheet – Governmental Funds	I-2	109
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	110
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	111
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	112
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	113
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	114
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	115-116
School Federal Projects Fund	I-9	117
Central Cafeteria Fund	I-10	118

	Exhibit	Page(s)
Statement of Fiduciary Net Position	I-11	119
Statement of Changes in Fiduciary Net Position	I-12	120
Miscellaneous Schedules:		121
Schedule of Changes in Long-term Notes and Bonds	J-1	122
Schedule of Long-term Debt Requirements by Year	J-2	123
Schedule of Transfers – Primary Government and Discretely Presented Macon County School Department	J-3	124
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Macon County School Department	J-4	125
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	126-137
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Macon County School Department	J-6	138-141
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	142-159
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Macon County School Department	J-8	160-170
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	171
 <u>SINGLE AUDIT SECTION</u>		 172
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>		173-174
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		175-177
Schedule of Expenditures of Federal Awards and State Grants		178
Summary Schedule of Prior-year Findings		179
Schedule of Findings and Questioned Costs		180-183
Management's Corrective Action Plan		184-186
Best Practice		187

# ***Summary of Audit Findings***

Annual Financial Report  
Macon County, Tennessee  
For the Year Ended June 30, 2019

## ***Scope***

We have audited the basic financial statements of Macon County as of and for the year ended June 30, 2019.

## ***Results***

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

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

## ***Findings***

The following is a summary of the audit findings:

### **OFFICE OF COUNTY MAYOR**

- ◆ The Solid Waste Department had deficiencies in computer system backup procedures.
- ◆ The Solid Waste Department did not issue consecutively numbered receipts for payments on customer accounts.

---

---

# INTRODUCTORY SECTION

---

---

# Macon County Officials

## June 30, 2019

---

### **Officials**

Steve Jones, County Mayor  
Audie Cook, Supervisor of Roads  
Tony Boles, Director of Schools  
Kim Parks, 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	
Marcus Smith	Tony Wix
Michael Slayton	Justin Dyer
Kenneth Witte	Scott Cothron
Jeff Hughes	Barry King
Todd Gentry	Chad West
Phillip Snow	Helen Hesson
Mike Jenkins	Wendell Jones
Scott Gammons	Kyle Petty
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  
Jed Goad  
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  
*Deputy Comptroller*

## 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, 2019, 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, 2019, and the respective changes in financial position and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension liability, and schedule of school's other postemployment benefits liability and related ratios, as listed in the table of contents, 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 the 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.

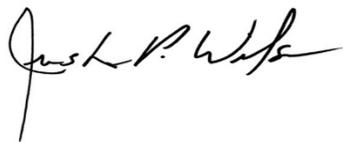
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Macon County School Department (a discretely presented component unit), schedule 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 October 22, 2019, 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 solely 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

October 22, 2019

JPW/kp

---

---

# BASIC FINANCIAL STATEMENTS

---

---

Exhibit A

Macon County, Tennessee  
Statement of Net Position  
June 30, 2019

	<u>Primary Governmental Activities</u>	<u>Component Unit School Department</u>
<u>ASSETS</u>		
Cash	\$ 987	\$ 201
Equity in Pooled Cash and Investments	6,106,002	7,127,133
Accounts Receivable	1,115,623	0
Allowance for Uncollectibles	(703,294)	0
Due from Other Governments	556,345	1,149,975
Due from Component Units	1,392,958	0
Property Taxes Receivable	5,880,142	3,333,407
Allowance for Uncollectible Property Taxes	(338,914)	(194,534)
Net Pension Asset - Agent Plan	1,143,421	787,707
Net Pension Asset - Teacher Retirement Plan	0	110,592
Net Pension Asset - Teacher Legacy Plan	0	1,279,228
Restricted Asset:		
Amounts Accumulated for Pension Benefits	0	52,554
Capital Assets:		
Assets Not Depreciated:		
Land	1,001,506	382,263
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,178,924	9,312,759
Infrastructure	19,211,254	0
Other Capital Assets	4,110,467	1,974,034
Total Assets	<u>\$ 46,655,421</u>	<u>\$ 25,315,319</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 121,024	\$ 348,215
Pension Changes in Assumptions	191,760	892,839
Pension Contributions After Measurement Date	362,463	1,635,788
Pension Changes in Proportion	0	167,478
OPEB Changes in Assumptions	0	89,085
OPEB Benefits Paid After Measurement Date	0	146,526
Total Deferred Outflows of Resources	<u>\$ 675,247</u>	<u>\$ 3,279,931</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 400
Accrued Interest Payable	28,350	0
Payroll Deductions Payable	25,760	0
Due to Primary Government	0	1,392,958
Due to Litigants, Heirs, and Others	426	0
Noncurrent Liabilities:		
Due Within One Year - Debt	1,505,958	0
Due Within One Year - Other	41,324	0
Due in More Than One Year - Debt	2,201,324	0
Due in More Than One Year - Other	508,781	3,640,630
Total Liabilities	<u>\$ 4,311,923</u>	<u>\$ 5,033,988</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Unit School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 5,392,215	\$ 3,046,418
Pension Changes in Experience	429,781	2,026,262
Pension Changes in Investment Earnings	68,361	331,755
OPEB Changes in Experience	0	233,117
OPEB Changes in Proportion	0	8,165
OPEB Changes in Assumptions	0	149,843
Total Deferred Inflows of Resources	<u>\$ 5,890,357</u>	<u>\$ 5,795,560</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 29,802,551	\$ 11,669,056
Restricted for:		
Debt Service	1,014,208	0
General Government	181,436	0
Finance	501	0
Administration of Justice	13,321	0
Public Safety	196,525	0
Social, Cultural, and Recreational Services	16,392	0
Highway/Public Works	869,203	0
Capital Projects	366,290	0
Pensions	1,143,421	2,230,081
Central Cafeteria	0	826,171
Education	0	140,906
Unrestricted	<u>3,524,540</u>	<u>2,899,488</u>
Total Net Position	<u>\$ 37,128,388</u>	<u>\$ 17,765,702</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, 2019

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 Total Governmental Activities	Component Unit Macon County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 1,658,696	\$ 263,536	\$ 19,587	\$ 0	\$ (1,375,573)	\$ 0
Finance	1,291,867	602,491	7,621	0	(681,755)	0
Administration of Justice	1,070,371	649,214	9,000	0	(412,157)	0
Public Safety	3,839,562	932,005	298,694	0	(2,608,863)	0
Public Health and Welfare	3,124,100	1,349,779	214,264	0	(1,560,057)	0
Social, Cultural, and Recreational Services	384,937	52,836	0	0	(332,101)	0
Agriculture and Natural Resources	125,865	0	0	0	(125,865)	0
Highways	3,179,126	644	2,095,603	1,481,990	399,111	0
Interest on Long-term Debt	89,111	0	0	0	(89,111)	0
<b>Total Primary Government</b>	<b>\$ 14,763,635</b>	<b>\$ 3,850,505</b>	<b>\$ 2,644,769</b>	<b>\$ 1,481,990</b>	<b>\$ (6,786,371)</b>	<b>\$ 0</b>
Component Unit:						
Macon County School Department	\$ 34,497,820	\$ 465,852	\$ 4,500,342	\$ 0	\$ 0	\$ (29,531,626)
<b>Total Component Units</b>	<b>\$ 34,497,820</b>	<b>\$ 465,852</b>	<b>\$ 4,500,342</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (29,531,626)</b>

(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 Governmental Activities	Component Unit Macon County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 5,482,921	\$ 3,399,772
Local Option Sales Tax					598,537	2,266,044
Hotel/Motel Tax					22,095	0
Wheel Tax					1,451,440	0
Litigation Tax					222,514	0
Business Tax					173,902	0
Mineral Severance Tax					2,237	0
Adequate Facilities/Development Tax					228,145	0
Wholesale Beer Tax					84,105	0
Grants and Contributions Not Restricted to Specific Programs					643,308	25,451,109
Unrestricted Investment Income					72,396	2,653
Miscellaneous					245,715	16,283
Total General Revenues					<u>\$ 9,227,315</u>	<u>\$ 31,135,861</u>
Change in Net Position					\$ 2,440,944	\$ 1,604,235
Net Position, July 1, 2018					<u>34,687,444</u>	<u>16,161,467</u>
Net Position, June 30, 2019					<u>\$ 37,128,388</u>	<u>\$ 17,765,702</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, 2019

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 545	\$ 0	\$ 0	\$ 442	\$ 987
Equity in Pooled Cash and Investments	2,294,777	801,847	2,225,782	783,596	6,106,002
Accounts Receivable	1,114,733	806	0	84	1,115,623
Allowance for Uncollectibles	(703,294)	0	0	0	(703,294)
Due from Other Governments	136,054	357,501	62,790	0	556,345
Property Taxes Receivable	5,220,905	475,139	0	184,098	5,880,142
Allowance for Uncollectible Property Taxes	(300,507)	(27,703)	0	(10,704)	(338,914)
Total Assets	<u>\$ 7,763,213</u>	<u>\$ 1,607,590</u>	<u>\$ 2,288,572</u>	<u>\$ 957,516</u>	<u>\$ 12,616,891</u>
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 0	\$ 25,760	\$ 0	\$ 0	\$ 25,760
Due to Litigants, Heirs, and Others	0	0	0	426	426
Total Liabilities	<u>\$ 0</u>	<u>\$ 25,760</u>	<u>\$ 0</u>	<u>\$ 426</u>	<u>\$ 26,186</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 4,789,456	\$ 434,341	\$ 0	\$ 168,418	\$ 5,392,215
Deferred Delinquent Property Taxes	122,004	12,218	0	4,633	138,855
Other Deferred/Unavailable Revenue	305,504	173,538	0	0	479,042
Total Deferred Inflows of Resources	<u>\$ 5,216,964</u>	<u>\$ 620,097</u>	<u>\$ 0</u>	<u>\$ 173,051</u>	<u>\$ 6,010,112</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 181,436	\$ 0	\$ 0	\$ 0	\$ 181,436

(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	\$ 501	\$ 0	\$ 0	\$ 0	\$ 501
Restricted for Administration of Justice	13,321	0	0	0	13,321
Restricted for Public Safety	23,728	0	0	172,797	196,525
Restricted for Public Health and Welfare	0	0	0	149,827	149,827
Restricted for Social, Cultural, and Recreational Services	16,392	0	0	0	16,392
Restricted for Highways/Public Works	0	707,389	0	0	707,389
Restricted for Capital Outlay	0	254,344	0	83,125	337,469
Restricted for Debt Service	0	0	1,042,558	0	1,042,558
Restricted for Capital Projects	0	0	0	366,290	366,290
Committed:					
Committed for General Government	642,440	0	0	0	642,440
Committed for Debt Service	0	0	1,246,014	0	1,246,014
Assigned:					
Assigned for General Government	39,122	0	0	0	39,122
Assigned for Finance	590	0	0	0	590
Assigned for Administration of Justice	1,958	0	0	0	1,958
Assigned for Public Safety	34,435	0	0	0	34,435
Assigned for Public Health and Welfare	7,127	0	0	5,959	13,086
Assigned for Social, Cultural, and Recreational Services	3,531	0	0	0	3,531
Assigned for Other Operations	2,319	0	0	0	2,319
Assigned for Capital Projects	0	0	0	6,041	6,041
Unassigned	1,579,349	0	0	0	1,579,349
Total Fund Balances	\$ 2,546,249	\$ 961,733	\$ 2,288,572	\$ 784,039	\$ 6,580,593
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,763,213	\$ 1,607,590	\$ 2,288,572	\$ 957,516	\$ 12,616,891

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, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	6,580,593
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,001,506	
Add: buildings and improvements net of accumulated depreciation		7,178,924	
Add: infrastructure net of accumulated depreciation		19,211,254	
Add: other capital assets net of accumulated depreciation		<u>4,110,467</u>	31,502,151
(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	\$	(3,707,282)	
Add: debt to be contributed by the School Department		1,392,958	
Less: compensated absences payable		(296,233)	
Less: accrued interest on notes		(28,350)	
Less: landfill closure/postclosure care costs		<u>(253,872)</u>	(2,892,779)
(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	\$	675,247	
Less: deferred inflows of resources related to pensions		<u>(498,142)</u>	177,105
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			1,143,421
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>617,897</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>37,128,388</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, 2019

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 6,181,211	\$ 491,756	\$ 1,502,499	\$ 186,182	\$ 8,361,648
Licenses and Permits	159,292	0	0	0	159,292
Fines, Forfeitures, and Penalties	136,546	0	0	40,830	177,376
Charges for Current Services	1,408,882	0	0	188,496	1,597,378
Other Local Revenues	667,871	64,380	6,000	1,246	739,497
Fees Received From County Officials	1,016,262	0	0	0	1,016,262
State of Tennessee	826,963	2,912,935	737,241	23,984	4,501,123
Federal Government	15,200	0	0	0	15,200
Other Governments and Citizens Groups	17,500	0	301,956	0	319,456
Total Revenues	<u>\$ 10,429,727</u>	<u>\$ 3,469,071</u>	<u>\$ 2,547,696</u>	<u>\$ 440,738</u>	<u>\$ 16,887,232</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,391,595	\$ 0	\$ 0	\$ 0	\$ 1,391,595
Finance	1,120,474	0	0	59,723	1,180,197
Administration of Justice	870,186	0	0	5,580	875,766
Public Safety	3,656,061	0	0	9,366	3,665,427
Public Health and Welfare	2,137,927	0	0	428,698	2,566,625
Social, Cultural, and Recreational Services	249,241	0	0	0	249,241
Agriculture and Natural Resources	123,369	0	0	0	123,369
Other Operations	1,134,384	0	0	0	1,134,384
Highways	0	3,845,934	0	0	3,845,934
Debt Service:					
Principal on Debt	0	156,597	2,148,045	0	2,304,642
Interest on Debt	0	24,900	76,177	0	101,077
Other Debt Service	0	0	15,125	0	15,125

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 11,576	\$ 0	\$ 0	\$ 505,760	\$ 517,336
Total Expenditures	\$ 10,694,813	\$ 4,027,431	\$ 2,239,347	\$ 1,009,127	\$ 17,970,718
Excess (Deficiency) of Revenues Over Expenditures	\$ (265,086)	\$ (558,360)	\$ 308,349	\$ (568,389)	\$ (1,083,486)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 271,750	\$ 271,750
Insurance Recovery	2,209	92	0	0	2,301
Transfers In	2,400	9,901	0	421,560	433,861
Transfers Out	(231,461)	(2,400)	(200,000)	0	(433,861)
Total Other Financing Sources (Uses)	\$ (226,852)	\$ 7,593	\$ (200,000)	\$ 693,310	\$ 274,051
Net Change in Fund Balances	\$ (491,938)	\$ (550,767)	\$ 108,349	\$ 124,921	\$ (809,435)
Fund Balance, July 1, 2018	3,038,187	1,512,500	2,180,223	659,118	7,390,028
Fund Balance, June 30, 2019	\$ 2,546,249	\$ 961,733	\$ 2,288,572	\$ 784,039	\$ 6,580,593

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, 2019

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)		\$	(809,435)
(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	\$	1,813,733	
Less: current-year depreciation expense		(1,213,928)	599,805
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.			
Add: capital asset donations	\$	649,604	
Add: gain on disposal of capital assets		16,559	
Less: loss on disposal of capital assets		(6,774)	
Less: book value of capital assets disposed		(25,100)	634,289
(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, 2018	\$	(651,283)	
Add: deferred delinquent property taxes and other deferred June 30, 2019		617,897	(33,386)
(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		1,666,142	
Less: notes proceeds		(271,750)	
Less: contributions from the School Department for notes		(290,330)	1,742,562
(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	\$	441,087	
Change in deferred outflows of resources related to pensions		(57,900)	
Change in deferred inflows of resources related to pensions		(133,765)	
Change in accrued interest payable		11,966	
Change in compensated absences payable		23,854	
Change in landfill closure/postclosure care costs		21,867	307,109
Change in net position of governmental activities (Exhibit B)		\$	<u>2,440,944</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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 6,181,211	\$ 0	\$ 0	\$ 6,181,211	\$ 6,121,996	\$ 6,121,996	\$ 59,215
Licenses and Permits	159,292	0	0	159,292	93,700	93,700	65,592
Fines, Forfeitures, and Penalties	136,546	0	0	136,546	148,200	148,200	(11,654)
Charges for Current Services	1,408,882	0	0	1,408,882	1,618,500	1,707,417	(298,535)
Other Local Revenues	667,871	0	0	667,871	407,200	552,244	115,627
Fees Received From County Officials	1,016,262	0	0	1,016,262	984,000	984,000	32,262
State of Tennessee	826,963	0	0	826,963	830,500	855,615	(28,652)
Federal Government	15,200	0	0	15,200	20,000	12,760	2,440
Other Governments and Citizens Groups	17,500	0	0	17,500	0	17,500	0
<b>Total Revenues</b>	<b>\$ 10,429,727</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,429,727</b>	<b>\$ 10,224,096</b>	<b>\$ 10,493,432</b>	<b>\$ (63,705)</b>
<b>Expenditures</b>							
<b>General Government</b>							
County Commission	\$ 71,843	\$ (19,995)	\$ 14,811	\$ 66,659	\$ 129,198	\$ 129,264	\$ 62,605
Board of Equalization	1,501	0	0	1,501	2,500	2,500	999
Beer Board	49	0	0	49	850	850	801
Budget and Finance Committee	933	(168)	1,607	2,372	3,000	3,000	628
Other Boards and Committees	2,438	(11)	657	3,084	4,000	4,000	916
County Mayor/Executive	291,310	(749)	5,548	296,109	310,623	314,322	18,213
County Attorney	3,513	0	3,316	6,829	8,500	8,500	1,671
Election Commission	172,085	(111)	3,820	175,794	184,561	186,361	10,567
Register of Deeds	142,681	(1,273)	94	141,502	148,959	148,959	7,457
Development	45,557	(1,962)	508	44,103	76,000	91,605	47,502
Planning	91,592	(1,093)	2,174	92,673	105,460	106,440	13,767
Building	40,709	(176)	2,380	42,913	77,600	80,100	37,187
County Buildings	120,918	(3,058)	1,668	119,528	172,196	178,196	58,668
Other Facilities	370,659	(8,188)	400	362,871	409,031	414,031	51,160
Other General Administration	1,617	0	0	1,617	1,623	1,623	6
Preservation of Records	18,875	0	0	18,875	18,973	20,973	2,098
Risk Management	15,315	(616)	650	15,349	20,423	21,204	5,855

(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 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance</u>							
Central Services	\$ 397,138	\$ (72)	\$ 35	\$ 397,101	\$ 406,861	\$ 406,861	\$ 9,760
Property Assessor's Office	202,872	0	155	203,027	212,708	212,708	9,681
Reappraisal Program	6,495	0	0	6,495	12,100	12,100	5,605
County Trustee's Office	218,733	0	0	218,733	197,970	225,382	6,649
County Clerk's Office	295,236	0	400	295,636	293,277	305,641	10,005
<u>Administration of Justice</u>							
Circuit Court	384,255	(1,811)	667	383,111	382,679	399,493	16,382
General Sessions Court	117,455	0	0	117,455	117,562	117,562	107
Chancery Court	156,605	0	634	157,239	161,715	161,715	4,476
Juvenile Court	40,629	(12)	266	40,883	49,684	49,684	8,801
Judicial Commissioners	27,535	0	0	27,535	32,214	32,214	4,679
Probation Services	143,707	0	390	144,097	139,261	145,754	1,657
<u>Public Safety</u>							
Sheriff's Department	1,980,894	(3,999)	1,002	1,977,897	1,916,403	2,062,333	84,436
Administration of the Sexual Offender Registry	3,206	(145)	0	3,061	2,000	4,050	989
Jail	1,456,222	(7,263)	2,071	1,451,030	1,411,802	1,528,924	77,894
Workhouse	75,303	(4)	173	75,472	83,515	83,515	8,043
Fire Prevention and Control	5,613	(47)	2,148	7,714	8,950	8,950	1,236
Rural Fire Protection	39,730	0	0	39,730	75,000	75,000	35,270
Civil Defense	12,642	0	5,159	17,801	20,221	25,773	7,972
Rescue Squad	6,521	(2,553)	2,497	6,465	10,650	10,651	4,186
Disaster Relief	27,243	0	100	27,343	27,810	27,810	467
Other Emergency Management	10,519	(732)	678	10,465	18,800	18,800	8,335
County Coroner/Medical Examiner	20,200	(951)	17,300	36,549	37,750	37,750	1,201
Other Public Safety	17,968	0	3,306	21,274	30,960	30,960	9,686
<u>Public Health and Welfare</u>							
Local Health Center	55,685	(880)	415	55,220	38,810	63,611	8,391
Rabies and Animal Control	62,941	(2,965)	2,085	62,061	55,460	75,396	13,335
Ambulance/Emergency Medical Services	1,814,606	(4,383)	5,126	1,815,349	1,973,636	1,904,185	88,836

(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 7/1/2018	Add: Encumbrances 6/30/2019	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	95,220	0	0	95,220	193,840	193,920	98,700
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	59,323	0	0	59,323	59,723	59,723	400
Other Public Health and Welfare	1,059	0	0	1,059	0	1,361	302
<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	176,708	(183)	1,574	178,099	175,871	183,293	5,194
Parks and Fair Boards	30,665	0	2,000	32,665	36,125	47,165	14,500
Other Social, Cultural, and Recreational	20,868	(1,113)	716	20,471	20,000	24,650	4,179
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	67,718	0	0	67,718	76,732	76,732	9,014
Soil Conservation	55,651	0	0	55,651	55,656	55,656	5
<u>Other Operations</u>							
Tourism	2,200	0	400	2,600	3,000	3,000	400
Industrial Development	47,338	0	412	47,750	23,700	48,350	600
Veterans' Services	28,153	0	157	28,310	30,786	31,266	2,956
Other Charges	1,020,985	0	0	1,020,985	1,130,211	1,130,211	109,226
Contributions to Other Agencies	12,280	(335)	150	12,095	14,500	14,500	2,405
Employee Benefits	6,200	0	0	6,200	26,000	26,000	19,800
Miscellaneous	17,228	0	1,433	18,661	5,700	23,000	4,339
<u>Instruction</u>							
Other	0	0	0	0	7,000	0	0
<u>Support Services</u>							
Other Programs	0	0	0	0	10,300	0	0
<u>Capital Projects</u>							
Highway and Street Capital Projects	11,576	0	0	11,576	0	11,576	0
Total Expenditures	\$ 10,694,813	\$ (64,848)	\$ 89,082	\$ 10,719,047	\$ 11,331,971	\$ 11,740,685	\$ 1,021,638

(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 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ (265,086)	\$ 64,848	\$ (89,082)	\$ (289,320)	\$ (1,107,875)	\$ (1,247,253)	\$ 957,933
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,209	\$ 0	\$ 0	\$ 2,209	\$ 0	\$ 2,209	\$ 0
Transfers In	2,400	0	0	2,400	0	2,400	0
Transfers Out	(231,461)	0	0	(231,461)	0	(435,311)	203,850
Total Other Financing Sources	\$ (226,852)	\$ 0	\$ 0	\$ (226,852)	\$ 0	\$ (430,702)	\$ 203,850
Net Change in Fund Balance Fund Balance, July 1, 2018	\$ (491,938) 3,038,187	\$ 64,848 (64,848)	\$ (89,082) 0	\$ (516,172) 2,973,339	\$ (1,107,875) 2,924,144	\$ (1,677,955) 2,924,144	\$ 1,161,783 49,195
Fund Balance, June 30, 2019	\$ 2,546,249	\$ 0	\$ (89,082)	\$ 2,457,167	\$ 1,816,269	\$ 1,246,189	\$ 1,210,978

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 491,756	\$ 475,450	\$ 475,450	\$ 16,306
Other Local Revenues	64,380	54,500	77,500	(13,120)
State of Tennessee	2,912,935	3,350,634	3,350,634	(437,699)
Total Revenues	<u>\$ 3,469,071</u>	<u>\$ 3,880,584</u>	<u>\$ 3,903,584</u>	<u>\$ (434,513)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 170,141	\$ 178,408	\$ 179,408	\$ 9,267
Highway and Bridge Maintenance	1,471,235	1,524,589	1,559,089	87,854
Operation and Maintenance of Equipment	303,879	358,908	334,108	30,229
Other Charges	144,435	149,975	151,575	7,140
Employee Benefits	287,204	345,539	355,440	68,236
Capital Outlay	1,469,040	2,290,586	2,301,286	832,246
<u>Principal on Debt</u>				
Highways and Streets	156,597	156,597	156,597	0
<u>Interest on Debt</u>				
Highways and Streets	24,900	25,900	25,900	1,000
Total Expenditures	<u>\$ 4,027,431</u>	<u>\$ 5,030,502</u>	<u>\$ 5,063,403</u>	<u>\$ 1,035,972</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (558,360)</u>	<u>\$ (1,149,918)</u>	<u>\$ (1,159,819)</u>	<u>\$ 601,459</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 92	\$ 0	\$ 0	\$ 92
Transfers In	9,901	0	9,901	0
Transfers Out	(2,400)	(2,400)	(2,400)	0
Total Other Financing Sources	<u>\$ 7,593</u>	<u>\$ (2,400)</u>	<u>\$ 7,501</u>	<u>\$ 92</u>
Net Change in Fund Balance	\$ (550,767)	\$ (1,152,318)	\$ (1,152,318)	\$ 601,551
Fund Balance, July 1, 2018	1,512,500	1,269,886	1,269,886	242,614
Fund Balance, June 30, 2019	<u>\$ 961,733</u>	<u>\$ 117,568</u>	<u>\$ 117,568</u>	<u>\$ 844,165</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, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,189,809
Accounts Receivable	94,050
Due from Other Governments	<u>345,004</u>
Total Assets	<u>\$ 1,628,863</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 345,004
Due to Litigants, Heirs, and Others	<u>1,283,859</u>
Total Liabilities	<u>\$ 1,628,863</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)
<b>I. Summary of Significant Accounting Policies</b>	
A. Reporting Entity	31
B. Government-wide and Fund Financial Statements	32
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	33
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	35
2. Receivables and Payables	36
3. Restricted Assets	36
4. Capital Assets	37
5. Deferred Outflows/Inflows of Resources	37
6. Compensated Absences	38
7. Long-term Debt and Long-term Obligations	39
8. Net Position and Fund Balance	39
E. Pension Plans	41
F. Other Postemployment Benefits (OPEB) Plan	42
<b>II. Reconciliation of Government-wide and Fund Financial Statements</b>	
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	42
<b>III. Stewardship, Compliance, and Accountability</b>	
Budgetary Information	43
<b>IV. Detailed Notes on All Funds</b>	
A. Deposits and Investments	44
B. Capital Assets	49
C. Interfund Receivables, Payables, and Transfers	51
D. Long-term Debt	52
E. Long-term Obligations	54
F. On-Behalf Payments	55
<b>V. Other Information</b>	
A. Risk Management	56
B. Accounting Changes	57
C. Contingent Liabilities	57
D. Change in Administration	57
E. Landfill Postclosure Care Costs	58
F. Joint Venture	58
G. Retirement Commitments	
1. Tennessee Consolidated Retirement System (TCRS)	58
2. Deferred Compensation	76
H. Other Postemployment Benefits (OPEB)	76
I. Purchasing Laws	82
J. Subsequent Events	83

**MACON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**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, 2019.

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 four 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. Restricted Assets**

Restricted assets also consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Macon County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating

investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Macon County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Macon County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the School Department.

**4. 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

**5. 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 changes in assumptions, other postemployment benefits paid after the measurement date, pension changes in experience, pension changes in assumptions, 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 experience, other deferrals related to other postemployment benefits, 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.

## **6. Compensated Absences**

It is the county's policy to permit employees to accumulate earned but unused vacation (excluding the Highway Department, which closes the week of Christmas and the week of July 4<sup>th</sup> for vacation) and sick leave benefits. There is no liability for unpaid accumulated sick leave (excluding the Highway Department, which guarantees payment) since Macon County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

It is the School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Custodians, maintenance employees, mechanics, bookkeepers, and cafeteria managers are paid for all unused sick leave at the end of the

fiscal year. The School Department's leave policy does not guarantee payment for accumulated vacation when employees separate from service with the department.

**7. Long-term Debt and 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.

**8. 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, 2019, Macon County had \$1,670,958 in outstanding debt for capital purposes for the discretely presented Macon County School Department. This debt is a liability of Macon County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Macon County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of

decision-making authority, and shall remain binding unless removed in the same manner.

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

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

**E. Pension Plans**

**Primary Government**

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

**Discretely Presented Macon County School Department**

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

**F. Other Postemployment Benefit (OPEB) Plan**

**Discretely Presented Macon County School Department**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Macon County School Department. For this purpose, the School Department recognizes benefit payments when due and payable in accordance with benefit terms. The School Department's OPEB plan is not administered through a trust.

**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, 2019, Macon County and the discretely presented Macon County School Department had outstanding encumbrances in budgeted funds as follows:

<u>Fund</u>	<u>Amount</u>
Primary Government:	
General	\$ 89,082
Nonmajor Governmental	<u>95,125</u>
Total	<u>\$ 184,207</u>
Discretely Presented School Department:	
General Purpose School	<u>\$ 888,356</u>
Total	<u>\$ 888,356</u>

#### 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, 2019.

### **TCRS Stabilization Trust**

**Legal Provisions.** The Macon County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School Department has placed funds into the irrevocable trust as authorized by 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 trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School Department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Macon County School Department may not impose any restrictions on investments placed by the trust on their behalf.

**Investment Balances.** Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in

active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined using amortized cost, which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent

external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2019, the Macon County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 16,292
Developed Market International Equity	N/A	N/A	7,358
Emerging Market International Equity	N/A	N/A	2,102
U.S. Fixed Income	N/A	N/A	10,511
Real Estate	N/A	N/A	5,255
Short-term Securities	N/A	N/A	525
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	10,511
Total			\$ 52,554

Investment by fair value level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity Developed Market	\$ 16,292	\$ 16,292	\$ 0	\$ 0	0
International Equity Emerging Market	7,358	7,358	0	0	0
International Equity	2,102	2,102	0	0	0
U.S. Fixed Income Real Estate	10,511 5,255	0 0	10,511 0	0 5,255	0 0
Short-term Securities	525	0	525	0	0
Private Equity and Strategic Lending	10,511	0	0	0	10,511
<b>Total</b>	<b>\$ 52,554</b>	<b>\$ 25,752</b>	<b>\$ 11,036</b>	<b>\$ 5,255</b>	<b>10,511</b>

**Risks and Uncertainties.** The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Macon County School Department does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Macon County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Macon County School Department places no limit on the amount the county may invest in one issuer.

**Custodial Credit Risk.** Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Macon County School Department to pay retirement benefits of the School Department employees.

For further information concerning the School Department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2019, was as follows:

**Governmental Activities:**

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets				
Not Depreciated:				
Land	\$ 848,506	\$ 153,000	\$ 0	\$ 1,001,506
Total Capital Assets				
Not Depreciated	\$ 848,506	\$ 153,000	\$ 0	\$ 1,001,506
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 11,857,106	\$ 60,825	\$ 0	\$ 11,917,931
Infrastructure	22,631,987	1,258,254	0	23,890,241
Other Capital Assets	7,960,681	991,258	(151,922)	8,800,017
Total Capital Assets				
Depreciated	\$ 42,449,774	\$ 2,310,337	\$ (151,922)	\$ 44,608,189
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 4,444,423	\$ 294,584	\$ 0	\$ 4,739,007
Infrastructure	4,260,886	418,101	0	4,678,987
Other Capital Assets	4,324,914	501,243	(136,607)	4,689,550
Total Accumulated				
Depreciation	\$ 13,030,223	\$ 1,213,928	\$ (136,607)	\$ 14,107,544
Total Capital Assets				
Depreciated, Net	\$ 29,419,551	\$ 1,096,409	\$ (15,315)	\$ 30,500,645
Governmental Activities				
Capital Assets, Net	\$ 30,268,057	\$ 1,249,409	\$ (15,315)	\$ 31,502,151

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

**Governmental Activities:**

General Government	\$ 44,334
Finance	1,947
Administration of Justice	126,555
Public Safety	224,637
Public Health and Welfare	178,425
Social, Cultural, and Recreational	54,926
Highway/Public Works	<u>583,104</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,213,928</u></u>

**Discretely Presented Macon County School Department**

**Governmental Activities:**

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets				
Not Depreciated:				
Land	\$ 382,263	\$ 0	\$ 0	\$ 382,263
Construction in Progress	84,360	0	(84,360)	0
Total Capital Assets				
Not Depreciated	<u>\$ 466,623</u>	<u>\$ 0</u>	<u>\$ (84,360)</u>	<u>\$ 382,263</u>
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 24,238,600	\$ 826,086	\$ 0	\$ 25,064,686
Other Capital Assets	4,779,180	122,666	0	4,901,846
Total Capital Assets				
Depreciated	<u>\$ 29,017,780</u>	<u>\$ 948,752</u>	<u>\$ 0</u>	<u>\$ 29,966,532</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 15,139,094	\$ 612,833	\$ 0	\$ 15,751,927
Other Capital Assets	2,656,317	271,495	0	2,927,812
Total Accumulated				
Depreciation	<u>\$ 17,795,411</u>	<u>\$ 884,328</u>	<u>\$ 0</u>	<u>\$ 18,679,739</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 11,222,369</u>	<u>\$ 64,424</u>	<u>\$ 0</u>	<u>\$ 11,286,793</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 11,688,992</u>	<u>\$ 64,424</u>	<u>\$ (84,360)</u>	<u>\$ 11,669,056</u>

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

**Governmental Activities:**

Instruction	\$ 610,542
Support Services	<u>273,786</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 884,328</u>

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

The composition of interfund balances as of June 30, 2019, was as follows:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Component Unit:	
Primary Government:	School Department:	
Governmental Activities	Governmental Activities	\$ 1,392,958

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

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2019, consisted of the following amounts:

**Primary Government**

<u>Transfers Out</u>	<u>Transfers In</u>		
	General Fund	Highway/ Public Works	Nonmajor Governmental Funds
General	\$ 0	\$ 9,901	\$ 221,560
Highway/Public Works Fund	2,400	0	0
General Debt Service Fund	0	0	200,000
Total	<u>\$ 2,400</u>	<u>\$ 9,901</u>	<u>\$ 421,560</u>

**Discretely Presented Macon County School Department**

	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
<u>Transfers Out</u>		
General Purpose School Fund	\$ 0	\$ 11,264
Nonmajor governmental funds	30,133	0
<b>Total</b>	<b>\$ 30,133</b>	<b>\$ 11,264</b>

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

**D. Long-term Debt**

**Primary Government**

Notes

Direct Borrowing and Direct Placements - Macon County issues capital outlay notes to fund capital facilities and other capital outlay purchases, such as equipment, for the primary government and the discretely presented School Department. Capital outlay notes are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes outstanding were issued for original terms of up to 13 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

Capital outlay notes outstanding as of June 30, 2019, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-19</u>
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	0.75 to 2.78 %	6-1-24	\$ 11,854,798	\$ 3,707,282

The annual requirements to amortize all notes outstanding as of June 30, 2019, including interest payments, are presented in the following table:

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2020	\$ 1,505,958	\$ 62,579	\$ 1,568,537
2021	711,572	34,078	745,650
2022	519,851	22,521	542,372
2023	527,111	14,604	541,715
2024	442,790	6,653	449,443
Total	<u>\$ 3,707,282</u>	<u>\$ 140,435</u>	<u>\$ 3,847,717</u>

There is \$2,288,572 available in the General Debt Service Fund to service long-term debt. Total debt per capita (consisting of notes) totaled \$167, based on the 2010 federal census.

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

Description of Debt	Outstanding 6-30-19
<u>Notes Payable - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficiency Loan	\$ 888,395
Energy Efficiency School Initiative	<u>504,563</u>
Total	<u>\$ 1,392,958</u>

#### Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2019, was as follows:

Governmental Activities:

	Bonds	Notes - Direct Placement
	<u>          </u>	<u>          </u>
Balance, July 1, 2018	\$ 638,500	\$ 5,101,674
Additions	0	271,750
Reductions	<u>(638,500)</u>	<u>(1,666,142)</u>
Balance, June 30, 2019	<u>\$ 0</u>	<u>\$ 3,707,282</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 1,505,958</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 3,707,282
Less: Balance Due Within One Year - Debt	<u>(1,505,958)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 2,201,324</u>

**E. Long-term Obligations**

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2019, was as follows:

Governmental Activities:

	Compensated Absences	Landfill Postclosure Care Costs
	<u>          </u>	<u>          </u>
Balance, July 1, 2018	\$ 320,087	\$ 275,739
Additions	294,953	5,708
Reductions	<u>(318,807)</u>	<u>(27,575)</u>
Balance, June 30, 2019	<u>\$ 296,233</u>	<u>\$ 253,872</u>
Balance Due Within One Year	<u>\$ 29,624</u>	<u>\$ 11,700</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.

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 550,105
Less: Balance Due Within One Year - Other	<u>(41,324)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 508,781</u>

**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, 2019, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2018	\$ 3,615,398
Additions	589,139
Reductions	<u>(563,907)</u>
Balance, June 30, 2019	<u>\$ 3,640,630</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 3,640,630
Less: Balance Due Within One Year - Other	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 3,640,630</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, 2019, were \$72,411 and \$31,726,

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. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Macon County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes accounting and reporting requirements for certain asset retirement obligations (AROs) associated with tangible capital assets. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, and expense/expenditures. In addition, this standard establishes note disclosure requirements for AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period* amends paragraphs 5 through 22 of GASB Statement No. 62. This standard establishes that interest cost incurred before the end of a construction period should be recognized as an expense/expenditure. The changes adopted to conform with this standard are to be applied prospectively.

**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. Changes in Administration**

On August 31, 2018, Diane Cook left the Office of Trustee and was succeeded by Kim Parks.

**E. 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 \$253,872 reported as postclosure care liability at June 30, 2019, represents amounts based on what it would cost to perform all postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Venture**

The Macon County Joint Economic and Community Development/Industrial Board is a joint venture between Macon County and the cities of Lafayette and Red Boiling Springs. The board comprises the county mayor, city mayors, and five additional members. The purpose of the board is to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens. The county and cities will provide the majority of funding for the board based on the percentage of their population compared to the total census of the county when financial activity begins. During the year ended June 30, 2019, the county did not appropriate any operating subsidies to the Macon County Joint Economic and Community Development/Industrial Board.

**G. 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 59.21 percent, the non-certified employees of the discretely presented School Department comprise 40.79 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

*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, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	93
Inactive Employees Entitled to But Not Yet Receiving Benefits	303
Active Employees	397
Total	793

*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, 2019, the employer contribution for Macon County was \$608,266 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, 2018, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2018, 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 3.44% 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, 2018, 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 investments 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
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.

*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, 2017	\$ 20,906,027	\$ 22,079,321	\$ (1,173,294)
Changes for the Year:			
Service Cost	\$ 915,727	\$ 0	\$ 915,727
Interest	1,561,532	0	1,561,532
Differences Between Expected and Actual Experience	(321,538)	0	(321,538)
Changes in Assumptions	0	0	0
Contributions-Employer	0	569,958	(569,958)
Contributions-Employees	0	528,308	(528,308)
Net Investment Income	0	1,853,199	(1,853,199)
Benefit Payments, Including Refunds of Employee Contributions	(566,771)	(566,771)	0
Administrative Expense	0	(37,910)	37,910
Other Changes	0	0	0
Net Changes	<u>\$ 1,588,950</u>	<u>\$ 2,346,784</u>	<u>\$ (757,834)</u>
Balance, June 30, 2018	<u>\$ 22,494,977</u>	<u>\$ 24,426,105</u>	<u>\$ (1,931,128)</u>

		Total Pension Liability	Fiduciary Net Position	Pension Liability (Asset)
Primary Government	59.21%	\$ 13,319,276	\$ 14,462,697	\$ (1,143,421)
School Department	40.79%	9,175,701	9,963,408	(787,707)
Total		<u>\$ 22,494,977</u>	<u>\$ 24,426,105</u>	<u>\$ (1,931,128)</u>

*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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 1,334,931	\$ (1,931,128)	\$ (4,609,960)

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

*Pension Expense or Negative Pension Expense.* For the year ended June 30, 2019, Macon County recognized pension expense of \$177,630.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, 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	\$ 204,399	\$ 725,858
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	115,456
Changes in Assumptions	323,864	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	<u>608,266</u>	<u>N/A</u>
Total	<u>\$ 1,136,529</u>	<u>\$ 841,314</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” 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	\$ 675,247	\$ 498,142
School Department	<u>461,282</u>	<u>343,172</u>
Total	<u>\$ 1,136,529</u>	<u>\$ 841,314</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
2020	\$ 88,932
2021	(70,869)
2022	(175,082)
2023	(92,158)
2024	(17,936)
Thereafter	(45,934)

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 59.21 percent and the non-certified employees of the discretely presented School Department comprise 40.79 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

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

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions

are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$48,382, which is 1.94 percent of covered payroll. In addition, employer contributions of \$49,901, which is 2.06 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, 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, 2019, the School Department reported a liability (asset) of (\$110,592) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, 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, 2018, the School Department's proportion was .243847 percent. The proportion as of June 30, 2017, was .289062 percent.

*Pension Expense.* For the year ended June 30, 2019, the School Department recognized pension expense of \$39,289.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, 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	\$ 6,264	\$ 4,405
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	6,247
Changes in Assumptions	5,217	0
Changes in Proportion of Net Pension Liability (Asset)	17,849	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	48,382	N/A
Total	<u>\$ 77,712</u>	<u>\$ 10,652</u>

The School Department's employer contributions of \$48,382, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ending June 30, 2020. 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
2020	\$ 712
2021	513
2022	(377)
2023	1,255
2024	2,088
Thereafter	14,487

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, 2018, 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 3.44% 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, 2018, 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 investments 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.

*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%
Net Pension Liability	\$ 17,098	\$ (110,592)	\$ (204,668)

*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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

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

credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including 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, 2019, to the Teacher Legacy Pension Plan were \$1,341,603, which is 10.46 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, 2019, the School Department reported a liability (asset) of (\$1,279,228) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, 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 long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the School Department's proportion was .363529 percent. The proportion measured at June 30, 2017, was .356946 percent.

*Pension Expense.* For the year ended June 30, 2019, the School Department recognized negative pension expense of (\$322,487).

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, 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	\$ 258,576	\$ 1,725,780
Changes in Assumptions	755,518	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	278,413
Changes in Proportion of Net Pension Liability (Asset)	149,629	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	<u>1,341,603</u>	N/A
Total	<u>\$ 2,505,326</u>	<u>\$ 2,004,193</u>

The School Department's employer contributions of \$1,341,603 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ending June 30, 2020. 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
2020	\$ 307,405
2021	(364,825)
2022	(669,273)
2023	(113,777)
2024	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, 2018, 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 3.44% 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 actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018, 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.

*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%
--	----------------------	--------------------------------	----------------------

Net Pension Liability    \$    9,861,097    \$ (1,279,228)    \$ (10,496,295)

*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 \$124,277 and teachers contributed \$45,389 to this deferred compensation pension plan.

**H. 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, 2018, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs.* The total OPEB liability in the June 30, 2018, 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, 2018 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.62%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.75% for the 2019 calendar year, and gradually decreasing over a 32-year period to an ultimate trend of rate of 3.53% with .32% added to approximate the effect of the excise tax
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.62 percent%, 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, 2018, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, 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 percent load for males and a -3 percent 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 percent load.

*Changes in Assumptions.* The discount rate changed from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of the measurement date of June 30, 2018. The healthcare cost trend rate changed from 5.40 percent as of the beginning of the measurement period to 6.75 percent as of the measurement date of June 30, 2018.

#### **Closed Local Education OPEB Plan (LEP) (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 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 20 percent 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, 2018, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	25
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees Eligible for Future Benefits	393
Active Employees Not Eligible for Future Benefits	47
Total	<u>465</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 \$146,526 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		Total OPEB Liability
	<u>Macon County School Department 67.265%</u>	<u>State of TN 32.735%</u>	
Balance July 1, 2017	\$ 3,615,398	\$ 1,747,302	\$ 5,362,700
Changes for the Year:			
Service Cost	\$ 190,914	\$ 92,909	\$ 283,823
Interest	132,582	64,522	197,104
Changes in Benefit Terms	16,802	8,177	24,979
Difference between Expected and Actuarial Experience	(257,400)	(125,266)	(382,666)
Changes in Proportion	(8,178)	8,178	0
Changes in Assumption and Other Inputs	98,365	47,870	146,235
Benefit Payments	(147,853)	(71,953)	(219,806)
Net Changes	\$ 25,232	\$ 24,437	\$ 49,669
Balance June 30, 2018	\$ 3,640,630	\$ 1,771,739	\$ 5,412,369

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 \$150,476 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 67.265% and the State of Tennessee's share was 32.735%.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, the School Department recognized OPEB expense of \$457,081, including the state's share of the expense. At June 30, 2019, 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	\$ 233,117
Changes of Assumptions/Inputs	89,085	149,843
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	0	8,165
Benefits Paid After the Measurement Date of June 30, 2018	<u>146,526</u>	<u>0</u>
Total	<u>\$ 235,611</u>	<u>\$ 391,125</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
2020	\$ (33,693)
2021	(33,693)
2022	(33,693)
2023	(33,693)
2024	(33,693)
Thereafter	(133,575)

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
	2.62%	3.62%	4.62%

Proportionate Share of the Collective Total OPEB Liability	\$ 3,930,737	\$ 3,640,630	\$ 3,365,447
--	--------------	--------------	--------------

*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
	5.75 to 2.85%	6.75 to 3.85%	7.75 to 4.85%

Proportionate Share of the Collective Total OPEB Liability	\$ 3,206,149	\$ 3,640,630	\$ 4,157,173
--	--------------	--------------	--------------

## I. Purchasing Laws

### Office of County Mayor

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

### Office of Supervisor of Roads

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

Office of Director of Schools

Purchasing procedures for the 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.

**J. Subsequent Events**

On September 17, 2019, Macon County issued capital outlay notes totaling \$5,000,000 for a paving project.

---

---

**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	2018
<b>Total Pension Liability</b>					
Service Cost	\$ 790,999	\$ 804,543	\$ 868,450	\$ 883,684	\$ 915,727
Interest	1,136,097	1,205,650	1,357,503	1,466,373	1,561,532
Differences Between Actual and Expected Experience	(549,980)	476,935	(191,174)	(257,428)	(321,538)
Changes in Assumptions	0	0	0	453,410	0
Benefit Payments, Including Refunds of Employee Contributions	(454,825)	(471,752)	(580,902)	(615,935)	(566,771)
Net Change in Total Pension Liability	\$ 922,291	\$ 2,015,376	\$ 1,453,877	\$ 1,930,104	\$ 1,588,950
Total Pension Liability, Beginning	14,584,379	15,506,670	17,522,046	18,975,923	20,906,027
Total Pension Liability, Ending (a)	\$ 15,506,670	\$ 17,522,046	\$ 18,975,923	\$ 20,906,027	\$ 22,494,977
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 587,705	\$ 300,865	\$ 313,116	\$ 541,225	\$ 569,958
Contributions - Employee	447,413	460,037	479,781	492,022	528,308
Net Investment Income	2,532,807	557,524	501,429	2,229,569	1,853,199
Benefit Payments, Including Refunds of Employee Contributions	(454,825)	(471,752)	(580,902)	(615,935)	(566,771)
Administrative Expense	(13,802)	(19,488)	(28,424)	(31,943)	(37,910)
Net Change in Plan Fiduciary Net Position	\$ 3,099,298	\$ 827,186	\$ 685,000	\$ 2,614,938	\$ 2,346,784
Plan Fiduciary Net Position, Beginning	14,852,899	17,952,197	18,779,383	19,464,383	22,079,321
Plan Fiduciary Net Position, Ending (b)	\$ 17,952,197	\$ 18,779,383	\$ 19,464,383	\$ 22,079,321	\$ 24,426,105
Net Pension Liability (Asset), Ending (a - b)	\$ (2,445,527)	\$ (1,257,337)	\$ (488,460)	\$ (1,173,294)	\$ (1,931,128)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	115.77%	107.18%	102.57%	105.61%	108.58%
Covered Payroll	\$ 8,945,171	\$ 9,200,754	\$ 9,575,405	\$ 9,840,446	\$ 10,362,870
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(27.34)%	(13.67)%	(5.10)%	(11.92)%	(18.64)%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented 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	2019
Actuarially Determined Contribution	\$ 587,705	\$ 300,865	\$ 313,116	\$ 541,286	\$ 569,958	\$ 608,266
Less Contributions in Relation to the						
Actuarially Determined Contribution	(587,705)	(300,865)	316,116	(541,286)	(569,958)	(608,266)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 629,232	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 8,945,171	\$ 9,200,754	\$ 9,575,405	\$ 9,840,937	\$ 10,362,870	\$ 11,059,361
Contributions as a Percentage of						
Covered Payroll	6.57%	3.27%	3.27%	5.50%	5.50%	5.50%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the 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	2019*
Contractually Required Contribution	\$ 37,462	\$ 58,339	\$ 75,889	\$ 85,237	\$ 48,382
Less Contributions in Relation to the					
Contractually Required Contribution	(37,462)	(58,339)	(75,889)	(85,237)	(48,382)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 936,549	\$ 1,458,466	\$ 1,897,226	\$ 2,121,214	\$ 2,489,787
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%

\* - In FY 2019 the School Department placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed 2.06 percent of covered payroll into the Pension Stabilization Reserve Trust.

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	2019
Contractually Required Contribution	\$ 1,138,156	\$ 1,112,630	\$ 1,121,558	\$ 1,140,654	\$ 1,155,848	\$ 1,341,603
Less Contributions in Relation to the Actuarially Determined Contribution	(1,138,156)	(1,112,630)	(1,121,558)	(1,140,654)	(1,155,848)	(1,341,603)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 12,817,063	\$ 12,307,885	\$ 12,406,626	\$ 12,617,873	\$ 12,739,253	\$ 12,826,009
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
School Department's Proportion of the Net Pension Asset	0.450758%	0.331469%	0.289062%	0.243847%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (18,134)	\$ (34,507)	\$ (76,265)	\$ (110,592)
Covered Payroll	\$ 936,549	\$ 1,458,466	\$ 1,897,226	\$ 2,121,214
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.21)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Asset	0.326550%	0.328779%	0.343693%	0.356946%	0.363529%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (53,063)	\$ 134,679	\$ 2,147,888	\$ (116,786)	\$ (1,279,228)
Covered Payroll	\$ 12,817,063	\$ 12,307,885	\$ 12,406,626	\$ 12,617,873	\$ 12,739,253
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)%	(10.04)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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

	2017	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 308,569	\$ 283,823
Interest	163,001	197,104
Changes in Benefit Terms	0	24,979
Differences Between Actual and Expected Experience	0	(382,666)
Changes in Assumptions or Other Inputs	(275,805)	146,235
Benefit Payments	(213,443)	(219,806)
Net Change in Total OPEB Liability	\$ (17,678)	\$ 49,669
Total OPEB Liability, Beginning	5,380,378	5,362,700
Total OPEB Liability, Ending	<u>\$ 5,362,700</u>	<u>\$ 5,412,369</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,747,302	\$ 1,771,739
Employer Proportionate Share of the Total OPEB Liability	3,615,398	3,640,630
Covered Employee Payroll	\$ 14,860,381	\$ 19,784,896
Net OPEB Liability as a Percentage of Covered Employee Payroll	0.24	0.18

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%
2019	3.62%

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, 2019**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal 2019 were calculated based on the June 30, 2017, 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	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4.00%
Investment Rate of Return	7.25%, 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	2.25%

*Changes in Assumptions:* In 2017, the following assumptions were changed: (1) decreased the inflation rate from 3.0 to 2.5 percent; (2) decreased the investment rate from 7.5 to 7.25 percent; (3) decreased the cost-of-living adjustment from 2.5 to 2.25 percent; (4) decreased the salary growth rate graded ranges from an average of 4.25 to 4.0 percent; and (5) modified the mortality assumptions.

---

---

**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, 2019

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	
<u>ASSETS</u>						
Cash	\$ 100	\$ 0	\$ 342	\$ 442	\$ 0	\$ 442
Equity in Pooled Cash and Investments	155,343	172,797	0	328,140	455,456	783,596
Accounts Receivable	0	0	84	84	0	84
Property Taxes Receivable	184,098	0	0	184,098	0	184,098
Allowance for Uncollectible Property Taxes	(10,704)	0	0	(10,704)	0	(10,704)
<b>Total Assets</b>	<b>\$ 328,837</b>	<b>\$ 172,797</b>	<b>\$ 426</b>	<b>\$ 502,060</b>	<b>\$ 455,456</b>	<b>\$ 957,516</b>
<u>LIABILITIES</u>						
Due to Litigants, Heirs, and Others	\$ 0	\$ 0	\$ 426	\$ 426	\$ 0	\$ 426
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 426</b>	<b>\$ 426</b>	<b>\$ 0</b>	<b>\$ 426</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 168,418	\$ 0	\$ 0	\$ 168,418	\$ 0	\$ 168,418
Deferred Delinquent Property Taxes	4,633	0	0	4,633	0	4,633
<b>Total Deferred Inflows of Resources</b>	<b>\$ 173,051</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 173,051</b>	<b>\$ 0</b>	<b>\$ 173,051</b>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 172,797	\$ 0	\$ 172,797	\$ 0	\$ 172,797
Restricted for Public Health and Welfare	149,827	0	0	149,827	0	149,827

(Continued)

Exhibit F-1

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

FUND BALANCES (Cont.)

Restricted (Cont.):

    Restricted for Capital Outlay  
    Restricted for Capital Projects

Assigned:

    Assigned for Public Health and Welfare  
    Assigned for Capital Projects

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 83,125	\$ 83,125
0	0	0	0	366,290	366,290
5,959	0	0	5,959	0	5,959
0	0	0	0	6,041	6,041
<u>\$ 155,786</u>	<u>\$ 172,797</u>	<u>\$ 0</u>	<u>\$ 328,583</u>	<u>\$ 455,456</u>	<u>\$ 784,039</u>
<u>\$ 328,837</u>	<u>\$ 172,797</u>	<u>\$ 426</u>	<u>\$ 502,060</u>	<u>\$ 455,456</u>	<u>\$ 957,516</u>

Exhibit F-2

Macon County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2019

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 186,182	\$ 0	\$ 0	\$ 186,182	\$ 0	\$ 186,182
Fines, Forfeitures, and Penalties	0	40,830	0	40,830	0	40,830
Charges for Current Services	182,916	0	5,580	188,496	0	188,496
Other Local Revenues	1,246	0	0	1,246	0	1,246
State of Tennessee	23,984	0	0	23,984	0	23,984
<b>Total Revenues</b>	<b>\$ 394,328</b>	<b>\$ 40,830</b>	<b>\$ 5,580</b>	<b>\$ 440,738</b>	<b>\$ 0</b>	<b>\$ 440,738</b>
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 59,723	\$ 59,723	\$ 0	\$ 59,723
Administration of Justice	0	0	5,580	5,580	0	5,580
Public Safety	0	9,366	0	9,366	0	9,366
Public Health and Welfare	428,698	0	0	428,698	0	428,698
Capital Projects	0	0	0	0	505,760	505,760
<b>Total Expenditures</b>	<b>\$ 428,698</b>	<b>\$ 9,366</b>	<b>\$ 65,303</b>	<b>\$ 503,367</b>	<b>\$ 505,760</b>	<b>\$ 1,009,127</b>
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (34,370)	\$ 31,464	\$ (59,723)	\$ (62,629)	\$ (505,760)	\$ (568,389)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 271,750	\$ 271,750
Transfers In	26,410	0	0	26,410	395,150	421,560
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 26,410</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 26,410</b>	<b>\$ 666,900</b>	<b>\$ 693,310</b>

(Continued)

Exhibit F-2

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

	Special Revenue Funds				Capital Projects Fund	Total
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Nonmajor Governmental Funds
Net Change in Fund Balances	\$ (7,960)	\$ 31,464	\$ (59,723)	\$ (36,219)	\$ 161,140	\$ 124,921
Fund Balance, July 1, 2018	163,746	141,333	59,723	364,802	294,316	659,118
Fund Balance, June 30, 2019	\$ 155,786	\$ 172,797	\$ 0	\$ 328,583	\$ 455,456	\$ 784,039

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 186,182	\$ 0	\$ 0	\$ 186,182	\$ 172,691	\$ 172,691	\$ 13,491
Charges for Current Services	182,916	0	0	182,916	165,000	165,000	17,916
Other Local Revenues	1,246	0	0	1,246	0	1,846	(600)
State of Tennessee	23,984	0	0	23,984	25,000	25,000	(1,016)
<b>Total Revenues</b>	<b>\$ 394,328</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 394,328</b>	<b>\$ 362,691</b>	<b>\$ 364,537</b>	<b>\$ 29,791</b>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Transfer Stations	\$ 428,698	\$ (2,308)	\$ 5,959	\$ 432,349	\$ 385,608	\$ 469,183	\$ 36,834
<b>Total Expenditures</b>	<b>\$ 428,698</b>	<b>\$ (2,308)</b>	<b>\$ 5,959</b>	<b>\$ 432,349</b>	<b>\$ 385,608</b>	<b>\$ 469,183</b>	<b>\$ 36,834</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (34,370)	\$ 2,308	\$ (5,959)	\$ (38,021)	\$ (22,917)	\$ (104,646)	\$ 66,625
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 715	\$ (715)
Transfers In	26,410	0	0	26,410	0	30,260	(3,850)
<b>Total Other Financing Sources</b>	<b>\$ 26,410</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 26,410</b>	<b>\$ 0</b>	<b>\$ 30,975</b>	<b>\$ (4,565)</b>
Net Change in Fund Balance	\$ (7,960)	\$ 2,308	\$ (5,959)	\$ (11,611)	\$ (22,917)	\$ (73,671)	\$ 62,060
Fund Balance, July 1, 2018	163,746	(2,308)	0	161,438	158,641	158,641	2,797
<b>Fund Balance, June 30, 2019</b>	<b>\$ 155,786</b>	<b>\$ 0</b>	<b>\$ (5,959)</b>	<b>\$ 149,827</b>	<b>\$ 135,724</b>	<b>\$ 84,970</b>	<b>\$ 64,857</b>

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 40,830	\$ 8,000	\$ 11,500	\$ 29,330
Total Revenues	\$ 40,830	\$ 8,000	\$ 11,500	\$ 29,330
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 9,366	\$ 8,200	\$ 11,700	\$ 2,334
Total Expenditures	\$ 9,366	\$ 8,200	\$ 11,700	\$ 2,334
Excess (Deficiency) of Revenues Over Expenditures	\$ 31,464	\$ (200)	\$ (200)	\$ 31,664
Net Change in Fund Balance	\$ 31,464	\$ (200)	\$ (200)	\$ 31,664
Fund Balance, July 1, 2018	141,333	141,927	141,927	(594)
Fund Balance, June 30, 2019	\$ 172,797	\$ 141,727	\$ 141,727	\$ 31,070

Exhibit F-5

Macon County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Capital Projects Fund  
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>						
<u>Capital Projects</u>						
General Administration Projects	\$ 66,914	\$ 0	\$ 66,914	\$ 200,000	\$ 400,000	\$ 333,086
Public Safety Projects	271,496	89,166	360,662	230,000	529,550	168,888
Public Health and Welfare Projects	167,350	0	167,350	215,109	382,459	215,109
Other General Government Projects	0	0	0	375,000	375,000	375,000
Total Expenditures	\$ 505,760	\$ 89,166	\$ 594,926	\$ 1,020,109	\$ 1,687,009	\$ 1,092,083
Excess (Deficiency) of Revenues Over Expenditures	\$ (505,760)	\$ (89,166)	\$ (594,926)	\$ (1,020,109)	\$ (1,687,009)	\$ 1,092,083
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 271,750	\$ 0	\$ 271,750	\$ 215,109	\$ 486,859	\$ (215,109)
Transfers In	395,150	0	395,150	575,000	970,150	(575,000)
Total Other Financing Sources	\$ 666,900	\$ 0	\$ 666,900	\$ 790,109	\$ 1,457,009	\$ (790,109)
Net Change in Fund Balance	\$ 161,140	\$ (89,166)	\$ 71,974	\$ (230,000)	\$ (230,000)	\$ 301,974
Fund Balance, July 1, 2018	294,316	0	294,316	294,316	294,316	0
Fund Balance, June 30, 2019	\$ 455,456	\$ (89,166)	\$ 366,290	\$ 64,316	\$ 64,316	\$ 301,974

# **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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,502,499	\$ 1,160,000	\$ 1,160,000	\$ 342,499
Other Local Revenues	6,000	6,000	6,000	0
State of Tennessee	737,241	680,000	680,000	57,241
Other Governments and Citizens Groups	301,956	0	301,956	0
Total Revenues	<u>\$ 2,547,696</u>	<u>\$ 1,846,000</u>	<u>\$ 2,147,956</u>	<u>\$ 399,740</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 955,686	\$ 725,668	\$ 1,047,668	\$ 91,982
Highways and Streets	733,932	793,768	733,934	2
Education	458,427	108,309	458,427	0
<u>Interest on Debt</u>				
General Government	24,443	17,816	37,632	13,189
Highways and Streets	31,981	34,408	31,981	0
Education	19,753	5,654	19,753	0
<u>Other Debt Service</u>				
General Government	15,125	12,000	15,125	0
Total Expenditures	<u>\$ 2,239,347</u>	<u>\$ 1,697,623</u>	<u>\$ 2,344,520</u>	<u>\$ 105,173</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 308,349</u>	<u>\$ 148,377</u>	<u>\$ (196,564)</u>	<u>\$ 504,913</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (400,000)</u>	<u>\$ 200,000</u>
Total Other Financing Sources	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (400,000)</u>	<u>\$ 200,000</u>
Net Change in Fund Balance	\$ 108,349	\$ (51,623)	\$ (596,564)	\$ 704,913
Fund Balance, July 1, 2018	<u>2,180,223</u>	<u>2,077,479</u>	<u>2,077,479</u>	<u>102,744</u>
Fund Balance, June 30, 2019	<u>\$ 2,288,572</u>	<u>\$ 2,025,856</u>	<u>\$ 1,480,915</u>	<u>\$ 807,657</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, 2019

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,189,809	\$ 1,189,809
Accounts Receivable	0	94,050	94,050
Due from Other Governments	345,004	0	345,004
Total Assets	<u>\$ 345,004</u>	<u>\$ 1,283,859</u>	<u>\$ 1,628,863</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 345,004	\$ 0	\$ 345,004
Due to Litigants, Heirs, and Others	0	1,283,859	1,283,859
Total Liabilities	<u>\$ 345,004</u>	<u>\$ 1,283,859</u>	<u>\$ 1,628,863</u>

Exhibit H-2

Macon County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,961,365	\$ 1,961,365	\$ 0
Due from Other Governments	335,882	345,004	335,882	345,004
<b>Total Assets</b>	<b>\$ 335,882</b>	<b>\$ 2,306,369</b>	<b>\$ 2,297,247</b>	<b>\$ 345,004</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 335,882	\$ 2,306,369	\$ 2,297,247	\$ 345,004
<b>Total Liabilities</b>	<b>\$ 335,882</b>	<b>\$ 2,306,369</b>	<b>\$ 2,297,247</b>	<b>\$ 345,004</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,148,089	\$ 6,974,909	\$ 6,933,189	\$ 1,189,809
Accounts Receivable	65,433	94,050	65,433	94,050
<b>Total Assets</b>	<b>\$ 1,213,522</b>	<b>\$ 7,068,959</b>	<b>\$ 6,998,622</b>	<b>\$ 1,283,859</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,213,522	\$ 7,068,959	\$ 6,998,622	\$ 1,283,859
<b>Total Liabilities</b>	<b>\$ 1,213,522</b>	<b>\$ 7,068,959</b>	<b>\$ 6,998,622</b>	<b>\$ 1,283,859</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,148,089	\$ 6,974,909	\$ 6,933,189	\$ 1,189,809
Equity in Pooled Cash and Investments	0	1,961,365	1,961,365	0
Accounts Receivable	65,433	94,050	65,433	94,050
Due from Other Governments	335,882	345,004	335,882	345,004
<b>Total Assets</b>	<b>\$ 1,549,404</b>	<b>\$ 9,375,328</b>	<b>\$ 9,295,869</b>	<b>\$ 1,628,863</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 335,882	\$ 2,306,369	\$ 2,297,247	\$ 345,004
Due to Litigants, Heirs, and Others	1,213,522	7,068,959	6,998,622	1,283,859
<b>Total Liabilities</b>	<b>\$ 1,549,404</b>	<b>\$ 9,375,328</b>	<b>\$ 9,295,869</b>	<b>\$ 1,628,863</b>

# 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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 18,679,000	\$ 1,440	\$ 2,319,225	\$ 0	\$ (16,358,335)
Support Services	13,082,798	13,414	168,449	0	(12,900,935)
Operation of Non-instructional Services	2,736,022	450,998	2,012,668	0	(272,356)
<b>Total Governmental Activities</b>	<b>\$ 34,497,820</b>	<b>\$ 465,852</b>	<b>\$ 4,500,342</b>	<b>\$ 0</b>	<b>\$ (29,531,626)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 3,399,772
Local Option Sales Tax					2,266,044
Grants and Contributions Not Restricted to Specific Programs					25,451,109
Unrestricted Investment Income					2,653
Miscellaneous					16,283
<b>Total General Revenues</b>					<b>\$ 31,135,861</b>
Change in Net Position					\$ 1,604,235
Net Position, July 1, 2018					16,161,467
Net Position, June 30, 2019					<b>\$ 17,765,702</b>

Exhibit I-2

Macon County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Macon County School Department  
June 30, 2019

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 201	\$ 201
Equity in Pooled Cash and Investments	6,163,250	963,883	7,127,133
Due from Other Governments	1,083,539	66,436	1,149,975
Property Taxes Receivable	3,333,407	0	3,333,407
Allowance for Uncollectible Property Taxes	(194,534)	0	(194,534)
Restricted Assets	52,554	0	52,554
Total Assets	<u>\$ 10,438,216</u>	<u>\$ 1,030,520</u>	<u>\$ 11,468,736</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 400	\$ 400
Total Liabilities	<u>\$ 0</u>	<u>\$ 400</u>	<u>\$ 400</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,046,418	\$ 0	\$ 3,046,418
Deferred Delinquent Property Taxes	86,080	0	86,080
Other Deferred/Unavailable Revenue	183,175	0	183,175
Total Deferred Inflows of Resources	<u>\$ 3,315,673</u>	<u>\$ 0</u>	<u>\$ 3,315,673</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 136,957	\$ 830,120	\$ 967,077
Restricted for Hybrid Retirement Stabilization Funds	52,554	0	52,554
Committed:			
Committed for Education	2,967,328	200,000	3,167,328
Assigned:			
Assigned for Education	888,927	0	888,927
Unassigned	3,076,777	0	3,076,777
Total Fund Balances	<u>\$ 7,122,543</u>	<u>\$ 1,030,120</u>	<u>\$ 8,152,663</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,438,216</u>	<u>\$ 1,030,520</u>	<u>\$ 11,468,736</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, 2019

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)		\$	8,152,663
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	382,263	
Add: buildings and improvements net of accumulated depreciation		9,312,759	
Add: other capital assets net of accumulated depreciation		<u>1,974,034</u>	11,669,056
(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	\$	(1,392,958)	
Less: other postemployment benefits liability		<u>(3,640,630)</u>	(5,033,588)
(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	\$	3,044,320	
Less: deferred inflows of resources related to pensions		(2,358,017)	
Add: deferred outflows of resources related to OPEB		235,611	
Less: deferred inflows of resources related to OPEB		<u>(391,125)</u>	530,789
(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	\$	787,707	
Pension Asset - teacher retirement plan		110,592	
Pension Asset - teacher legacy retirement plan		<u>1,279,228</u>	2,177,527
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>269,255</u>
Net position of governmental activities (Exhibit A)		\$	<u>17,765,702</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, 2019

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 5,717,494	\$ 0	\$ 5,717,494
Licenses and Permits	1,653	0	1,653
Charges for Current Services	62,948	389,490	452,438
Other Local Revenues	42,476	1,369	43,845
State of Tennessee	25,182,877	0	25,182,877
Federal Government	100,166	4,596,522	4,696,688
Total Revenues	<u>\$ 31,107,614</u>	<u>\$ 4,987,381</u>	<u>\$ 36,094,995</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 18,452,845	\$ 1,549,996	\$ 20,002,841
Support Services	10,714,921	936,123	11,651,044
Operation of Non-Instructional Services	368,756	2,420,933	2,789,689
Capital Outlay	1,850,903	0	1,850,903
Debt Service:			
Other Debt Service	301,956	0	301,956
Total Expenditures	<u>\$ 31,689,381</u>	<u>\$ 4,907,052</u>	<u>\$ 36,596,433</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (581,767)</u>	<u>\$ 80,329</u>	<u>\$ (501,438)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 134,425	\$ 0	\$ 134,425
Transfers In	30,133	11,264	41,397
Transfers Out	(11,264)	(30,133)	(41,397)
Total Other Financing Sources (Uses)	<u>\$ 153,294</u>	<u>\$ (18,869)</u>	<u>\$ 134,425</u>
Net Change in Fund Balances	\$ (428,473)	\$ 61,460	\$ (367,013)
Fund Balance, July 1, 2018	7,551,016	968,660	8,519,676
Fund Balance, June 30, 2019	<u>\$ 7,122,543</u>	<u>\$ 1,030,120</u>	<u>\$ 8,152,663</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, 2019

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)		\$	(367,013)
(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	\$	864,392	
Less: current-year depreciation expense		<u>(884,328)</u>	(19,936)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2018	\$	(262,195)	
Add: deferred delinquent property taxes and other deferred June 30, 2019		<u>269,255</u>	7,060
(3) The contributions of long-term debt (e.g., notes) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Add: principal contributions on notes to the primary government			290,330
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in pension asset - agent plan	\$	316,747	
Change in pension asset - teacher retirement plan		34,327	
Change in pension asset - teacher legacy plan		1,162,442	
Change in deferred outflows of resources related to pensions		33,100	
Change in deferred inflows of resources related to pensions		307,257	
Change in net OPEB liability		(25,232)	
Change in net deferred outflows related to OPEB		88,216	
Change in deferred inflows related to OPEB		<u>(223,063)</u>	1,693,794
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,604,235</u>

Exhibit I-6

Macon County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Macon County School Department  
June 30, 2019

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 201	\$ 201
Equity in Pooled Cash and Investments	155,199	808,684	963,883
Due from Other Governments	49,150	17,286	66,436
Total Assets	<u>\$ 204,349</u>	<u>\$ 826,171</u>	<u>\$ 1,030,520</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 400	\$ 0	\$ 400
Total Liabilities	<u>\$ 400</u>	<u>\$ 0</u>	<u>\$ 400</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 3,949	\$ 826,171	\$ 830,120
Committed:			
Committed for Education	200,000	0	200,000
Total Fund Balances	<u>\$ 203,949</u>	<u>\$ 826,171</u>	<u>\$ 1,030,120</u>
Total Liabilities and Fund Balances	<u>\$ 204,349</u>	<u>\$ 826,171</u>	<u>\$ 1,030,520</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, 2019

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 389,490	\$ 389,490
Other Local Revenues	0	1,369	1,369
Federal Government	2,605,272	1,991,250	4,596,522
Total Revenues	<u>\$ 2,605,272</u>	<u>\$ 2,382,109</u>	<u>\$ 4,987,381</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,549,996	\$ 0	\$ 1,549,996
Support Services	936,123	0	936,123
Operation of Non-Instructional Services	89,254	2,331,679	2,420,933
Total Expenditures	<u>\$ 2,575,373</u>	<u>\$ 2,331,679</u>	<u>\$ 4,907,052</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 29,899</u>	<u>\$ 50,430</u>	<u>\$ 80,329</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 11,264	\$ 11,264
Transfers Out	(30,133)	0	(30,133)
Total Other Financing Sources (Uses)	<u>\$ (30,133)</u>	<u>\$ 11,264</u>	<u>\$ (18,869)</u>
Net Change in Fund Balances	\$ (234)	\$ 61,694	\$ 61,460
Fund Balance, July 1, 2018	204,183	764,477	968,660
Fund Balance, June 30, 2019	<u>\$ 203,949</u>	<u>\$ 826,171</u>	<u>\$ 1,030,120</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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,717,494	\$ 0	\$ 0	\$ 5,717,494	\$ 5,409,293	\$ 5,409,293	\$ 308,201
Licenses and Permits	1,653	0	0	1,653	2,000	2,000	(347)
Charges for Current Services	62,948	0	0	62,948	54,000	54,000	8,948
Other Local Revenues	42,476	0	0	42,476	23,901	23,901	18,575
State of Tennessee	25,182,877	0	0	25,182,877	24,864,622	25,103,359	79,518
Federal Government	100,166	0	0	100,166	130,000	130,000	(29,834)
<b>Total Revenues</b>	<b>\$ 31,107,614</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 31,107,614</b>	<b>\$ 30,483,816</b>	<b>\$ 30,722,553</b>	<b>\$ 385,061</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 14,958,304	\$ 0	\$ 0	\$ 14,958,304	\$ 15,719,201	\$ 15,744,901	\$ 786,597
Alternative Instruction Program	179,186	0	0	179,186	195,989	195,989	16,803
Special Education Program	2,164,740	0	0	2,164,740	2,429,329	2,412,329	247,589
Career and Technical Education Program	1,150,615	0	0	1,150,615	1,232,760	1,228,960	78,345
<u>Support Services</u>							
Attendance	124,229	0	0	124,229	131,060	131,060	6,831
Health Services	417,241	0	0	417,241	449,536	459,536	42,295
Other Student Support	828,284	0	0	828,284	858,666	886,366	58,082
Regular Instruction Program	869,534	0	0	869,534	933,537	937,179	67,645
Special Education Program	370,751	0	0	370,751	362,567	381,367	10,616
Career and Technical Education Program	32,231	0	0	32,231	34,660	36,660	4,429
Technology	461,316	0	0	461,316	473,647	473,605	12,289
Other Programs	104,137	0	0	104,137	0	104,137	0
Board of Education	528,910	0	0	528,910	631,870	707,370	178,460
Director of Schools	166,952	0	150	167,102	175,152	175,152	8,050
Office of the Principal	1,632,308	0	0	1,632,308	1,762,470	1,686,770	54,462
Fiscal Services	266,892	0	0	266,892	283,846	291,846	24,954
Operation of Plant	2,055,379	0	0	2,055,379	2,155,385	2,155,385	100,006
Maintenance of Plant	900,399	0	21,100	921,499	791,026	933,026	11,527

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 1,956,358	\$ 0	\$ 0	\$ 1,956,358	\$ 2,092,947	\$ 2,096,697	\$ 140,339
<u>Operation of Non-Instructional Services</u>							
Food Service	53,373	0	0	53,373	55,264	55,264	1,891
Early Childhood Education	315,383	0	0	315,383	311,992	319,142	3,759
<u>Capital Outlay</u>							
Regular Capital Outlay	1,850,903	(473,200)	867,106	2,244,809	1,950,000	2,330,000	85,191
<u>Principal on Debt</u>							
Education	0	0	0	0	291,000	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	11,800	0	0
<u>Other Debt Service</u>							
Education	301,956	0	0	301,956	0	302,800	844
Total Expenditures	\$ 31,689,381	\$ (473,200)	\$ 888,356	\$ 32,104,537	\$ 33,333,704	\$ 34,045,541	\$ 1,941,004
Excess (Deficiency) of Revenues Over Expenditures							
	\$ (581,767)	\$ 473,200	\$ (888,356)	\$ (996,923)	\$ (2,849,888)	\$ (3,322,988)	\$ 2,326,065
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 134,425	\$ 0	\$ 0	\$ 134,425	\$ 20,000	\$ 113,100	\$ 21,325
Transfers In	30,133	0	0	30,133	15,000	15,000	15,133
Transfers Out	(11,264)	0	0	(11,264)	(11,264)	(11,264)	0
Total Other Financing Sources	\$ 153,294	\$ 0	\$ 0	\$ 153,294	\$ 23,736	\$ 116,836	\$ 36,458
Net Change in Fund Balance							
Fund Balance, July 1, 2018	\$ (428,473)	\$ 473,200	\$ (888,356)	\$ (843,629)	\$ (2,826,152)	\$ (3,206,152)	\$ 2,362,523
	7,551,016	(473,200)	0	7,077,816	7,086,018	7,086,018	(8,202)
Fund Balance, June 30, 2019	\$ 7,122,543	\$ 0	\$ (888,356)	\$ 6,234,187	\$ 4,259,866	\$ 3,879,866	\$ 2,354,321

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,605,272	\$ 2,911,493	\$ 2,951,742	\$ (346,470)
Total Revenues	\$ 2,605,272	\$ 2,911,493	\$ 2,951,742	\$ (346,470)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 786,242	\$ 880,148	\$ 906,118	\$ 119,876
Special Education Program	724,830	745,385	766,385	41,555
Career and Technical Education Program	38,924	38,900	38,924	0
<u>Support Services</u>				
Other Student Support	50,984	79,690	79,309	28,325
Regular Instruction Program	740,096	816,995	826,741	86,645
Special Education Program	77,197	124,182	99,000	21,803
Career and Technical Education Program	2,358	2,000	2,358	0
Transportation	65,488	61,868	70,584	5,096
<u>Operation of Non-Instructional Services</u>				
Community Services	89,254	126,465	126,465	37,211
Total Expenditures	\$ 2,575,373	\$ 2,875,633	\$ 2,915,884	\$ 340,511
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 29,899	\$ 35,860	\$ 35,858	\$ (5,959)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (30,133)	\$ (35,862)	\$ (35,862)	\$ 5,729
Total Other Financing Sources	\$ (30,133)	\$ (35,862)	\$ (35,862)	\$ 5,729
Net Change in Fund Balance				
Fund Balance, July 1, 2018	\$ (234)	\$ (2)	\$ (4)	\$ (230)
Fund Balance, June 30, 2019	\$ 204,183	\$ 204,183	\$ 204,183	\$ 0
Fund Balance, June 30, 2019	\$ 203,949	\$ 204,181	\$ 204,179	\$ (230)

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 389,490	\$ 505,000	\$ 505,000	\$ (115,510)
Other Local Revenues	1,369	1,000	1,000	369
Federal Government	1,991,250	1,987,375	1,987,375	3,875
Total Revenues	<u>\$ 2,382,109</u>	<u>\$ 2,493,375</u>	<u>\$ 2,493,375</u>	<u>\$ (111,266)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Transportation	\$ 0	\$ 18,500	\$ 0	\$ 0
<u>Operation of Non-Instructional Services</u>				
Food Service	2,331,679	2,497,008	2,515,508	183,829
Total Expenditures	<u>\$ 2,331,679</u>	<u>\$ 2,515,508</u>	<u>\$ 2,515,508</u>	<u>\$ 183,829</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 50,430</u>	<u>\$ (22,133)</u>	<u>\$ (22,133)</u>	<u>\$ 72,563</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 11,264	\$ 22,133	\$ 22,133	\$ (10,869)
Total Other Financing Sources	<u>\$ 11,264</u>	<u>\$ 22,133</u>	<u>\$ 22,133</u>	<u>\$ (10,869)</u>
Net Change in Fund Balance	\$ 61,694	\$ 0	\$ 0	\$ 61,694
Fund Balance, July 1, 2018	<u>764,477</u>	<u>0</u>	<u>0</u>	<u>764,477</u>
Fund Balance, June 30, 2019	<u>\$ 826,171</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 826,171</u>

Exhibit I-11

Macon County, Tennessee  
Statement of Fiduciary Net Position  
Discretely Presented Macon County School Department  
Fiduciary Fund  
June 30, 2019

	<u>Private- Purpose Trust Fund</u>
	<u>Endowment Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	<u>\$ 362,292</u>
<u>NET POSITION</u>	
Held in Trust for Scholarships	<u>\$ 362,292</u>

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, 2019

	Private- Purpose Trust Fund
	Endowment Fund
<u>ADDITIONS</u>	
Investment Income:	
Interest	\$ 5,355
Total Additions	<u>\$ 5,355</u>
<u>DEDUCTIONS</u>	
Education:	
Trustee's Commission	\$ 53
Total Deductions	<u>\$ 53</u>
Change in Net Position	\$ 5,302
Net Position July 1, 2018	<u>356,990</u>
Net Position June 30, 2019	<u><u>\$ 362,292</u></u>

---

---

## MISCELLANEOUS SCHEDULES

---

---

Exhibit J-1

Macon County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
For the Year Ended June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-19
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Highway and Refunding	\$ 4,645,531	2.04%	9-1-09	9-1-19	\$ 863,429	\$ 0	\$ 427,054	\$ 436,375
County Road Repairs	2,000,000	2.29	11-13-13	11-13-19	733,332	0	366,666	366,666
Courthouse Roof & HVAC Renovations	435,319	1.96	2-18-16	3-18-21	266,699	0	87,186	179,513
Westside Elementary Roof	541,544	1.74	6-6-16	6-6-21	324,926	0	108,309	216,617
EMA Brush Truck and Rescue Truck & Equipment	230,000	2.89	6-1-18	5-30-19	230,000	0	230,000	0
Land for Convenience Site	153,000	2.78	10-9-18	10-9-23	0	153,000	0	153,000
Jail Body Scanner	118,750	2.76	4-17-19	4-17-24	0	118,750	0	118,750
Total Payable through General Debt Service Fund					<u>\$ 2,418,386</u>	<u>\$ 271,750</u>	<u>\$ 1,219,215</u>	<u>\$ 1,470,921</u>
<u>Payable through Highway/Public Works Fund</u>								
Highway Equipment	1,000,000	2.49	1-10-18	1-10-24	\$ 1,000,000	\$ 0	\$ 156,597	\$ 843,403
Total Payable through Highway/Public Works Fund					<u>\$ 1,000,000</u>	<u>\$ 0</u>	<u>\$ 156,597</u>	<u>\$ 843,403</u>
<u>Payable by the School Department Contributions from the General Purpose School Fund to the General Debt Service Fund</u>								
Energy Efficiency Loan	2,223,244	0.75	7-19-11	3-1-24	\$ 1,074,764	\$ 0	\$ 186,369	\$ 888,395
Energy Efficiency School Initiative	737,410	0.75	6-17-15	6-1-24	608,524	0	103,961	504,563
Total Payable by the School Department Contributions from the General Purpose School Fund to the General Debt Service Fund					<u>\$ 1,683,288</u>	<u>\$ 0</u>	<u>\$ 290,330</u>	<u>\$ 1,392,958</u>
Total Notes Payable					<u>\$ 5,101,674</u>	<u>\$ 271,750</u>	<u>\$ 1,666,142</u>	<u>\$ 3,707,282</u>
<b>GENERAL BONDED DEBT</b>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds	3,830,660	1.96	5-30-13	5-15-19	\$ 638,500	\$ 0	\$ 638,500	\$ 0
Total General Bonded Debt					<u>\$ 638,500</u>	<u>\$ 0</u>	<u>\$ 638,500</u>	<u>\$ 0</u>

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2020	\$ 1,505,958	\$ 62,579	\$ 1,568,537
2021	711,572	34,078	745,650
2022	519,851	22,521	542,372
2023	527,111	14,604	541,715
2024	442,790	6,653	449,443
Total	<u>\$ 3,707,282</u>	<u>\$ 140,435</u>	<u>\$ 3,847,717</u>

Exhibit J-3

Macon County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Macon County School Department  
For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Fund projects and capital outlay purchase	\$ 195,150
General	Highway/Public Works	Worker's compensation audit	9,901
General	Sold Waste/Sanitation	Leachate system project	26,410
General Debt Service	General Capital Projects	Waterline project	200,000
Highway/Public Works	General	Risk management director's salary	<u>2,400</u>
Total Primary Government			<u>\$ 433,861</u>
<u>DISCRETELY PRESENTED MACON COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Salaries	\$ 11,264
School Federal Projects	General Purpose School	Indirect costs	<u>30,133</u>
Total Transfers Discretely Presented Macon County School Department			<u>\$ 41,397</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, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i> , and County Commission	\$ 83,238 (1)	100,000	Western Surety Company
Supervisor of Roads	Section 8-24-102, <i>TCA</i>	79,276	100,000	"
Director of Schools	State Board of Education and Local Board of Education	93,371 (2)	100,000	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	72,069	50,000	RLI Insurance Company
Trustee:				
Diane Cook (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	14,414	1,149,074	Auto Owners Mutual Insurance Company
Kim Parks (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	57,655	1,250,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	72,069 (3)	100,000	RLI Insurance Company
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	72,069	110,000	Western Surety Company
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	72,069 (4)	125,000	Auto Owners Mutual Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	72,069	100,000	RLI Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	79,276 (5)	100,000	"
<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 \$ 2,500 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 \$1,100 for attending county commission meetings.
- (4) Does not include \$5,580 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, 2019

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,633,162	\$ 176,057	\$ 0	\$ 0	\$ 463,303
Discount on Property Taxes	(42,523)	(1,619)	0	0	(4,250)
Trustee's Collections - Prior Year	132,056	5,069	0	0	12,950
Trustee's Collections - Bankruptcy	102	4	0	0	10
Circuit Clerk/Clerk and Master Collections - Prior Years	77,982	2,706	0	0	7,370
Interest and Penalty	20,946	803	0	0	2,060
<u>County Local Option Taxes</u>					
Local Option Sales Tax	284,975	0	0	0	0
Hotel/Motel Tax	22,095	0	0	0	0
Wheel Tax	333,831	0	0	0	0
Litigation Tax - General	149,841	0	0	0	0
Litigation Tax - Special Purpose	237	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	173,902	0	0	0	0
Mineral Severance Tax	0	0	0	0	2,237
Adequate Facilities/Development Tax	228,145	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	82,355	3,162	0	0	8,076
Wholesale Beer Tax	84,105	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 6,181,211</b>	<b>\$ 186,182</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 491,756</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 109,151	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	\$ 1,211	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	48,830	0	0	0	0
Other Permits	100	0	0	0	0
Total Licenses and Permits	\$ 159,292	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 17,637	\$ 0	\$ 0	\$ 0	\$ 0
DUI Treatment Fines	570	0	0	0	0
Data Entry Fee - Circuit Court	1,466	0	0	0	0
Courtroom Security Fee	4,296	0	0	0	0
<u>General Sessions Court</u>					
Fines	19,318	0	0	0	0
Officers Costs	42,228	0	0	0	0
Game and Fish Fines	27	0	0	0	0
Drug Control Fines	0	0	11,859	0	0
Jail Fees	13,226	0	0	0	0
District Attorney General Fees	13,432	0	0	0	0
DUI Treatment Fines	4,574	0	0	0	0
Data Entry Fee - General Sessions Court	8,199	0	0	0	0
Courtroom Security Fee	2,517	0	0	0	0
<u>Juvenile Court</u>					
Fines	442	0	0	0	0
Officers Costs	2,004	0	0	0	0
Interpreter Fee	48	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court (Cont.)</u>					
Data Entry Fee - Juvenile Court	\$ 416	\$ 0	\$ 0	\$ 0	\$ 0
Courtroom Security Fee	23	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	4,123	0	0	0	0
Data Entry Fee - Chancery Court	2,000	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	28,971	0	0
Total Fines, Forfeitures, and Penalties	\$ 136,546	\$ 0	\$ 40,830	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Transfer Waste Stations Collection Charge	\$ 0	\$ 182,916	\$ 0	\$ 0	\$ 0
Patient Charges	1,121,837	0	0	0	0
Other General Service Charges	968	0	0	0	0
Service Charges	8,190	0	0	0	0
<u>Fees</u>					
Copy Fees	206	0	0	0	0
Library Fees	23,273	0	0	0	0
Greenbelt Late Application Fee	600	0	0	0	0
Telephone Commissions	76,922	0	0	0	0
Vending Machine Collections	110	0	0	0	0
Constitutional Officers' Fees and Commissions	700	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	5,580	0
Data Processing Fee - Register	7,964	0	0	0	0
Probation Fees	158,074	0	0	0	0

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds</u>				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Data Processing Fee - Sheriff	\$ 3,939	\$ 0	\$ 0	\$ 0	\$ 0
Sexual Offender Registration Fee - Sheriff	5,550	0	0	0	0
Data Processing Fee - County Clerk	399	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	150	0	0	0	0
Total Charges for Current Services	<u>\$ 1,408,882</u>	<u>\$ 182,916</u>	<u>\$ 0</u>	<u>\$ 5,580</u>	<u>\$ 0</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 72,396	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	45,563	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	644
Commissary Sales	87,823	0	0	0	0
Sale of Animals/Livestock	4,156	0	0	0	0
Miscellaneous Refunds	182,553	0	0	0	33,844
<u>Nonrecurring Items</u>					
Sale of Equipment	6,721	1,246	0	0	29,892
Contributions and Gifts	268,659	0	0	0	0
Total Other Local Revenues	<u>\$ 667,871</u>	<u>\$ 1,246</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 64,380</u>
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 279,242	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	77,641	0	0	0	0
General Sessions Court Clerk	159,367	0	0	0	0
Clerk and Master	55,664	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received From County Officials (Cont.)</u>					
<u>Fees In-Lieu-of Salary (Cont.)</u>					
Juvenile Court Clerk	\$ 10,873	\$ 0	\$ 0	\$ 0	0
Register	96,064	0	0	0	0
Sheriff	15,311	0	0	0	0
Trustee	322,100	0	0	0	0
Total Fees Received From County Officials	\$ 1,016,262	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	15,000	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	137,439	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	832,386
Litter Program	52,331	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	41,517	0	0	0	0
Beer Tax	17,960	0	0	0	0
Vehicle Certificate of Title Fees	7,621	0	0	0	0
Alcoholic Beverage Tax	53,062	0	0	0	0
State Revenue Sharing - T.V.A.	297,414	0	0	0	0
State Revenue Sharing - Telecommunications	175,687	0	0	0	0
Contracted Prisoner Boarding	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,064,496

(Continued)

Exhibit J-5

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

	<u>Special Revenue Funds</u>				
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Petroleum Special Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,053
Registrar's Salary Supplement	11,373	0	0	0	0
Other State Grants	5,000	23,984	0	0	0
Other State Revenues	3,559	0	0	0	0
Total State of Tennessee	<u>\$ 826,963</u>	<u>\$ 23,984</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,912,935</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	10,200	0	0	0	0
Total Federal Government	<u>\$ 15,200</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 17,500	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	<u>\$ 17,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 10,429,727</u>	<u>\$ 394,328</u>	<u>\$ 40,830</u>	<u>\$ 5,580</u>	<u>\$ 3,469,071</u>

(Continued)

Exhibit J-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 5,272,522
Discount on Property Taxes	0	(48,392)
Trustee's Collections - Prior Year	0	150,075
Trustee's Collections - Bankruptcy	0	116
Circuit Clerk/Clerk and Master Collections - Prior Years	0	88,058
Interest and Penalty	0	23,809
<u>County Local Option Taxes</u>		
Local Option Sales Tax	312,454	597,429
Hotel/Motel Tax	0	22,095
Wheel Tax	1,117,609	1,451,440
Litigation Tax - General	19,852	169,693
Litigation Tax - Special Purpose	0	237
Litigation Tax - Jail, Workhouse, or Courthouse	52,584	52,584
Business Tax	0	173,902
Mineral Severance Tax	0	2,237
Adequate Facilities/Development Tax	0	228,145
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	93,593
Wholesale Beer Tax	0	84,105
Total Local Taxes	<u>\$ 1,502,499</u>	<u>\$ 8,361,648</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	\$ 0	\$ 109,151

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Licenses and Permits (Cont.)</u>		
<u>Permits</u>		
Beer Permits	\$ 0	\$ 1,211
Building Permits	0	48,830
Other Permits	0	100
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 159,292</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 17,637
DUI Treatment Fines	0	570
Data Entry Fee - Circuit Court	0	1,466
Courtroom Security Fee	0	4,296
<u>General Sessions Court</u>		
Fines	0	19,318
Officers Costs	0	42,228
Game and Fish Fines	0	27
Drug Control Fines	0	11,859
Jail Fees	0	13,226
District Attorney General Fees	0	13,432
DUI Treatment Fines	0	4,574
Data Entry Fee - General Sessions Court	0	8,199
Courtroom Security Fee	0	2,517
<u>Juvenile Court</u>		
Fines	0	442
Officers Costs	0	2,004
Interpreter Fee	0	48

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Juvenile Court (Cont.)</u>		
Data Entry Fee - Juvenile Court	\$ 0	\$ 416
Courtroom Security Fee	0	23
<u>Chancery Court</u>		
Officers Costs	0	4,123
Data Entry Fee - Chancery Court	0	2,000
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	28,971
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 177,376</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Transfer Waste Stations Collection Charge	\$ 0	\$ 182,916
Patient Charges	0	1,121,837
Other General Service Charges	0	968
Service Charges	0	8,190
<u>Fees</u>		
Copy Fees	0	206
Library Fees	0	23,273
Greenbelt Late Application Fee	0	600
Telephone Commissions	0	76,922
Vending Machine Collections	0	110
Constitutional Officers' Fees and Commissions	0	700
Special Commissioner Fees/Special Master Fees	0	5,580
Data Processing Fee - Register	0	7,964
Probation Fees	0	158,074

(Continued)

Exhibit J-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Fees (Cont.)</u>		
Data Processing Fee - Sheriff	\$ 0	\$ 3,939
Sexual Offender Registration Fee - Sheriff	0	5,550
Data Processing Fee - County Clerk	0	399
Vehicle Insurance Coverage and Reinstatement Fees	0	150
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 1,597,378</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 72,396
Lease/Rentals	6,000	51,563
Sale of Materials and Supplies	0	644
Commissary Sales	0	87,823
Sale of Animals/Livestock	0	4,156
Miscellaneous Refunds	0	216,397
<u>Nonrecurring Items</u>		
Sale of Equipment	0	37,859
Contributions and Gifts	0	268,659
Total Other Local Revenues	<u>\$ 6,000</u>	<u>\$ 739,497</u>
<u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 279,242
Circuit Court Clerk	0	77,641
General Sessions Court Clerk	0	159,367
Clerk and Master	0	55,664

(Continued)

Exhibit J-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Fees Received From County Officials (Cont.)</u>		
<u>Fees In-Lieu-of Salary (Cont.)</u>		
Juvenile Court Clerk	\$ 0	\$ 10,873
Register	0	96,064
Sheriff	0	15,311
Trustee	0	322,100
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 1,016,262</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	15,000
<u>Health and Welfare Grants</u>		
Health Department Programs	0	137,439
<u>Public Works Grants</u>		
State Aid Program	0	832,386
Litter Program	0	52,331
<u>Other State Revenues</u>		
Income Tax	0	41,517
Beer Tax	0	17,960
Vehicle Certificate of Title Fees	0	7,621
Alcoholic Beverage Tax	0	53,062
State Revenue Sharing - T.V.A.	0	297,414
State Revenue Sharing - Telecommunications	0	175,687
Contracted Prisoner Boarding	737,241	737,241
Gasoline and Motor Fuel Tax	0	2,064,496

(Continued)

Exhibit J-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues (Cont.)</u>		
Petroleum Special Tax	\$ 0	\$ 16,053
Registrar's Salary Supplement	0	11,373
Other State Grants	0	28,984
Other State Revenues	0	3,559
Total State of Tennessee	<u>\$ 737,241</u>	<u>\$ 4,501,123</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Civil Defense Reimbursement	\$ 0	\$ 5,000
<u>Direct Federal Revenue</u>		
Other Direct Federal Revenue	0	10,200
Total Federal Government	<u>\$ 0</u>	<u>\$ 15,200</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 301,956	\$ 319,456
Total Other Governments and Citizens Groups	<u>\$ 301,956</u>	<u>\$ 319,456</u>
Total	<u>\$ 2,547,696</u>	<u>\$ 16,887,232</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, 2019

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,271,420	\$ 0	\$ 0	\$ 3,271,420
Discount on Property Taxes	(30,024)	0	0	(30,024)
Trustee's Collections - Prior Year	94,186	0	0	94,186
Trustee's Collections - Bankruptcy	72	0	0	72
Circuit Clerk/Clerk and Master Collections - Prior Years	52,314	0	0	52,314
Interest and Penalty	14,919	0	0	14,919
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,255,869	0	0	2,255,869
<u>Statutory Local Taxes</u>				
Bank Excise Tax	58,738	0	0	58,738
Total Local Taxes	<u>\$ 5,717,494</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,717,494</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,653	\$ 0	\$ 0	\$ 1,653
Total Licenses and Permits	<u>\$ 1,653</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,653</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 1,240	\$ 0	\$ 0	\$ 1,240
Tuition - Other	200	0	0	200
Lunch Payments - Children	0	0	117,075	117,075
Lunch Payments - Adults	0	0	75,538	75,538
Income from Breakfast	0	0	54,612	54,612

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
A la Carte Sales	\$ 0	\$ 0	\$ 141,231	\$ 141,231
Receipts from Individual Schools	61,508	0	0	61,508
Other Charges for Services	0	0	1,034	1,034
<b>Total Charges for Current Services</b>	<b>\$ 62,948</b>	<b>\$ 0</b>	<b>\$ 389,490</b>	<b>\$ 452,438</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 2,653	\$ 0	\$ 0	\$ 2,653
Lease/Rentals	350	0	0	350
Sale of Materials and Supplies	797	0	0	797
E-Rate Funding	13,064	0	0	13,064
Miscellaneous Refunds	8,514	0	1,369	9,883
<u>Nonrecurring Items</u>				
Sale of Equipment	4,559	0	0	4,559
Damages Recovered from Individuals	1,044	0	0	1,044
Contributions and Gifts	6,289	0	0	6,289
<u>Other Local Revenues</u>				
Other Local Revenues	5,206	0	0	5,206
<b>Total Other Local Revenues</b>	<b>\$ 42,476</b>	<b>\$ 0</b>	<b>\$ 1,369</b>	<b>\$ 43,845</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 104,137	\$ 0	\$ 0	\$ 104,137

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 23,856,452	\$ 0	\$ 0	\$ 23,856,452
Early Childhood Education	312,078	0	0	312,078
School Food Service	21,418	0	0	21,418
Driver Education	14,005	0	0	14,005
Other State Education Funds	293,240	0	0	293,240
Career Ladder Program	103,484	0	0	103,484
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	181,630	0	0	181,630
Other State Grants	127,984	0	0	127,984
Safe Schools	168,449	0	0	168,449
Total State of Tennessee	<u>\$ 25,182,877</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,182,877</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,333,116	\$ 1,333,116
USDA - Commodities	0	0	158,754	158,754
Breakfast	0	0	484,961	484,961
USDA - Other	0	0	14,419	14,419
Vocational Education - Basic Grants to States	0	70,840	0	70,840
Title I Grants to Local Education Agencies	0	1,238,657	0	1,238,657
Special Education - Grants to States	100,166	843,584	0	943,750
Special Education Preschool Grants	0	23,930	0	23,930
English Language Acquisition Grants	0	10,478	0	10,478
Rural Education	0	78,548	0	78,548

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Eisenhower Professional Development State Grants	\$ 0	\$ 183,405	\$ 0	\$ 183,405
Other Federal through State	0	155,830	0	155,830
Total Federal Government	<u>\$ 100,166</u>	<u>\$ 2,605,272</u>	<u>\$ 1,991,250</u>	<u>\$ 4,696,688</u>
Total	<u>\$ 31,107,614</u>	<u>\$ 2,605,272</u>	<u>\$ 2,382,109</u>	<u>\$ 36,094,995</u>

Exhibit J-7

Macon County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2019

General Fund

General Government

County Commission

County Official/Administrative Officer	\$	2,500	
Board and Committee Members Fees		46,950	
Social Security		3,777	
Pensions		316	
Audit Services		8,454	
Consultants		300	
Dues and Memberships		1,350	
Legal Services		6,860	
Legal Notices, Recording, and Court Costs		1,294	
Travel		42	
Total County Commission			\$ 71,843

Board of Equalization

Board and Committee Members Fees	\$	1,501	
Total Board of Equalization			1,501

Beer Board

Legal Notices, Recording, and Court Costs	\$	49	
Total Beer Board			49

Budget and Finance Committee

Legal Notices, Recording, and Court Costs	\$	786	
Other Supplies and Materials		147	
Total Budget and Finance Committee			933

Other Boards and Committees

Legal Notices, Recording, and Court Costs	\$	1,516	
Other Supplies and Materials		922	
Total Other Boards and Committees			2,438

County Mayor/Executive

County Official/Administrative Officer	\$	83,238	
Accountants/Bookkeepers		132,584	
Overtime Pay		3,175	
In-service Training		1,659	
Social Security		16,623	
Pensions		10,061	
Dues and Memberships		1,350	
Maintenance and Repair Services - Equipment		1,550	
Maintenance and Repair Services - Office Equipment		19,381	
Postal Charges		13	
Printing, Stationery, and Forms		5,020	
Travel		3,376	
Other Contracted Services		4,834	
Office Supplies		3,280	
Premiums on Corporate Surety Bonds		350	
Data Processing Equipment		3,218	
Office Equipment		1,598	
Total County Mayor/Executive			291,310

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Other Contracted Services	\$ 3,513	
Total County Attorney		\$ 3,513

Election Commission

County Official/Administrative Officer	\$ 64,862	
Deputy(ies)	28,991	
Temporary Personnel	6,160	
Election Commission	7,800	
Election Workers	9,780	
Social Security	8,022	
Pensions	5,158	
Dues and Memberships	350	
Legal Notices, Recording, and Court Costs	5,543	
Maintenance and Repair Services - Buildings	758	
Maintenance and Repair Services - Equipment	10,555	
Postal Charges	1,198	
Printing, Stationery, and Forms	490	
Rentals	100	
Travel	4,217	
Other Contracted Services	12,000	
Office Supplies	1,039	
Utilities	2,383	
Liability Insurance	2,679	
Total Election Commission		172,085

Register of Deeds

County Official/Administrative Officer	\$ 72,069	
Deputy(ies)	40,523	
Social Security	8,652	
Pensions	6,120	
Dues and Memberships	656	
Legal Notices, Recording, and Court Costs	1,044	
Printing, Stationery, and Forms	3,603	
Travel	1,061	
Office Supplies	2,145	
Other Supplies and Materials	192	
Premiums on Corporate Surety Bonds	197	
Data Processing Equipment	6,399	
Office Equipment	20	
Total Register of Deeds		142,681

Development

Maintenance and Repair Services - Buildings	\$ 38,307	
Other Contracted Services	7,250	
Total Development		45,557

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Planning

Supervisor/Director	\$	34,964	
Board and Committee Members Fees		1,725	
In-service Training		484	
Social Security		2,661	
Pensions		1,919	
Communication		440	
Contracts with Government Agencies		9,250	
Dues and Memberships		365	
Legal Notices, Recording, and Court Costs		1,047	
Maintenance and Repair Services - Vehicles		749	
Postal Charges		376	
Travel		467	
Other Contracted Services		400	
Gasoline		1,501	
Office Supplies		2,025	
Other Supplies and Materials		99	
Premiums on Corporate Surety Bonds		700	
Motor Vehicles		30,571	
Office Equipment		1,849	
Total Planning			\$ 91,592

Building

Maintenance and Repair Services - Buildings	\$	27,849	
Maintenance and Repair Services - Equipment		1,257	
Electricity		9,686	
Water and Sewer		1,086	
Other Charges		831	
Total Building			40,709

County Buildings

Supervisor/Director	\$	29,141	
Overtime Pay		2,950	
Social Security		2,455	
Pensions		1,760	
Communication		27,064	
Licenses		175	
Maintenance and Repair Services - Buildings		9,949	
Other Contracted Services		1,875	
Electricity		17,476	
Water and Sewer		6,370	
Other Supplies and Materials		4,649	
Building Improvements		15,368	
Office Equipment		1,686	
Total County Buildings			120,918

Other Facilities

Custodial Personnel	\$	22,900	
---------------------	----	--------	--

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities (Cont.)

Maintenance Personnel	\$	29,141	
Social Security		3,807	
Pensions		2,853	
Communication		33,333	
Maintenance and Repair Services - Buildings		64,269	
Pest Control		2,040	
Custodial Supplies		5,106	
Electricity		101,612	
Water and Sewer		105,598	
Total Other Facilities			\$ 370,659

Other General Administration

Supervisor/Director	\$	1,433	
Social Security		105	
Pensions		79	
Total Other General Administration			1,617

Preservation of Records

Part-time Personnel	\$	8,595	
Social Security		658	
Contributions		7,500	
Other Supplies and Materials		2,122	
Total Preservation of Records			18,875

Risk Management

Supervisor/Director	\$	11,458	
Social Security		877	
Pensions		630	
Other Contracted Services		2,350	
Total Risk Management			15,315

Finance

Central Services

Dispatchers/Radio Operators	\$	278,040	
Overtime Pay		62,839	
Social Security		25,298	
Pensions		17,506	
Maintenance and Repair Services - Buildings		606	
Utilities		12,849	
Total Central Services			397,138

Property Assessor's Office

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		84,490	
Other Salaries and Wages		11,172	
Social Security		12,549	
Pensions		7,075	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Contracts with Other Public Agencies	\$	14,220	
Legal Notices, Recording, and Court Costs		187	
Postal Charges		110	
Printing, Stationery, and Forms		125	
Travel		15	
Office Supplies		87	
Premiums on Corporate Surety Bonds		175	
Office Equipment		598	
Total Property Assessor's Office			\$ 202,872

Reappraisal Program

Maintenance and Repair Services - Vehicles	\$	895	
Postal Charges		1,409	
Gasoline		1,512	
Office Supplies		36	
Data Processing Equipment		2,643	
Total Reappraisal Program			6,495

County Trustee's Office

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		60,942	
Overtime Pay		2,876	
Other Salaries and Wages		12,504	
Social Security		11,143	
Pensions		7,186	
Data Processing Services		9,922	
Dues and Memberships		661	
Maintenance and Repair Services - Office Equipment		31,435	
Postal Charges		288	
Travel		1,273	
Office Supplies		889	
Premiums on Corporate Surety Bonds		6,653	
Data Processing Equipment		612	
Office Equipment		280	
Total County Trustee's Office			218,733

County Clerk's Office

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		166,204	
Overtime Pay		1,100	
Social Security		17,627	
Pensions		13,139	
Dues and Memberships		710	
Maintenance and Repair Services - Office Equipment		33	
Postal Charges		5,341	
Printing, Stationery, and Forms		675	
Travel		1,826	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Office Supplies	\$	2,551	
Other Supplies and Materials		8,335	
Premiums on Corporate Surety Bonds		612	
Office Equipment		5,014	
Total County Clerk's Office			\$ 295,236

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		196,139	
Temporary Personnel		7,789	
Overtime Pay		554	
Other Salaries and Wages		68	
Jury and Witness Expense		8,058	
Social Security		20,421	
Pensions		14,755	
Dues and Memberships		541	
Legal Notices, Recording, and Court Costs		97	
Maintenance and Repair Services - Equipment		110	
Postal Charges		4,376	
Printing, Stationery, and Forms		3,528	
Travel		647	
Other Contracted Services		2,156	
Instructional Supplies and Materials		2,987	
Office Supplies		11,176	
Premiums on Corporate Surety Bonds		1,100	
Other Charges		640	
Data Processing Equipment		36,221	
Office Equipment		226	
Other Equipment		597	
Total Circuit Court			384,255

General Sessions Court

Judge(s)	\$	102,305	
Social Security		7,826	
Pensions		5,627	
Dues and Memberships		150	
Travel		1,547	
Total General Sessions Court			117,455

Chancery Court

County Official/Administrative Officer	\$	72,069	
Deputy(ies)		51,132	
Social Security		9,305	
Pensions		6,768	
Dues and Memberships		601	
Legal Notices, Recording, and Court Costs		89	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Maintenance and Repair Services - Office Equipment	\$	10,296	
Postal Charges		1,160	
Travel		409	
Office Supplies		1,276	
Data Processing Equipment		3,500	
Total Chancery Court			\$ 156,605

Juvenile Court

Youth Service Officer(s)	\$	31,763	
Social Security		2,430	
Pensions		1,742	
Contracts with Government Agencies		1,800	
Dues and Memberships		315	
Postal Charges		110	
Printing, Stationery, and Forms		566	
Travel		575	
Office Supplies		617	
Other Supplies and Materials		711	
Total Juvenile Court			40,629

Judicial Commissioners

County Official/Administrative Officer	\$	25,578	
Social Security		1,957	
Total Judicial Commissioners			27,535

Probation Services

Probation Officer(s)	\$	117,975	
Overtime Pay		1,997	
Social Security		8,969	
Pensions		6,581	
Evaluation and Testing		3,026	
Postal Charges		100	
Printing, Stationery, and Forms		1,100	
Travel		179	
Office Supplies		922	
Premiums on Corporate Surety Bonds		400	
Office Equipment		2,458	
Total Probation Services			143,707

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,276	
Deputy(ies)		1,134,241	
Salary Supplements		14,400	
Clerical Personnel		132,491	
Overtime Pay		2,799	
Other Salaries and Wages		34,627	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

In-service Training	\$	14,921	
Social Security		129,203	
Pensions		75,882	
Contracts with Private Agencies		3,912	
Dues and Memberships		1,500	
Maintenance and Repair Services - Equipment		500	
Maintenance and Repair Services - Vehicles		19,440	
Travel		4,682	
Other Contracted Services		6,462	
Gasoline		70,172	
Lubricants		2,479	
Office Supplies		6,177	
Tires and Tubes		5,010	
Uniforms		9,927	
Premiums on Corporate Surety Bonds		4,698	
Other Charges		4,624	
Law Enforcement Equipment		30,494	
Motor Vehicles		191,826	
Office Equipment		1,151	
Total Sheriff's Department			\$ 1,980,894

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	1,650	
Law Enforcement Equipment		1,556	
Total Administration of the Sexual Offender Registry			3,206

Jail

County Official/Administrative Officer	\$	43,186	
Medical Personnel		83,830	
Guards		642,918	
Cafeteria Personnel		53,814	
Overtime Pay		3,294	
Other Salaries and Wages		51,123	
In-service Training		708	
Social Security		65,952	
Pensions		46,653	
Medical and Dental Services		127,542	
Travel		3,389	
Custodial Supplies		26,423	
Food Supplies		208,440	
Office Supplies		4,944	
Uniforms		3,725	
Other Supplies and Materials		17,821	
Communication Equipment		13,363	
Data Processing Equipment		20,131	
Law Enforcement Equipment		4,452	
Office Equipment		489	
Other Equipment		34,025	
Total Jail			1,456,222

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

Truck Drivers	\$	24,577	
Guards		17,966	
Part-time Personnel		11,525	
Social Security		4,136	
Pensions		2,285	
Maintenance and Repair Services - Vehicles		605	
Instructional Supplies and Materials		11,932	
Other Charges		1,723	
Other Equipment		554	
Total Workhouse			\$ 75,303

Fire Prevention and Control

Contributions	\$	1,500	
Maintenance and Repair Services - Vehicles		3,461	
Diesel Fuel		652	
Total Fire Prevention and Control			5,613

Rural Fire Protection

Other Contracted Services	\$	39,730	
Total Rural Fire Protection			39,730

Civil Defense

Supervisor/Director	\$	6,754	
In-service Training		290	
Social Security		517	
Pensions		289	
Maintenance and Repair Services - Vehicles		948	
Travel		218	
Gasoline		230	
Office Supplies		10	
Uniforms		198	
Communication Equipment		367	
Office Equipment		584	
Other Equipment		2,237	
Total Civil Defense			12,642

Rescue Squad

Maintenance and Repair Services - Vehicles	\$	2,169	
Travel		899	
Gasoline		428	
Utilities		2,050	
Liability Insurance		550	
Other Equipment		425	
Total Rescue Squad			6,521

Disaster Relief

In-service Training	\$	270	
---------------------	----	-----	--

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Disaster Relief (Cont.)

Maintenance and Repair Services - Buildings	\$	4,131	
Maintenance and Repair Services - Vehicles		5,071	
Gasoline		1,065	
Utilities		4,012	
Other Equipment		12,694	
Total Disaster Relief			\$ 27,243

Other Emergency Management

In-service Training	\$	1,543	
Maintenance and Repair Services - Buildings		558	
Maintenance and Repair Services - Equipment		1,982	
Maintenance and Repair Services - Vehicles		1,118	
Other Contracted Services		300	
Custodial Supplies		62	
Drugs and Medical Supplies		224	
Gasoline		366	
Office Supplies		186	
Utilities		3,685	
Other Equipment		495	
Total Other Emergency Management			10,519

County Coroner/Medical Examiner

Medical Personnel	\$	1,600	
Medical and Dental Services		18,600	
Total County Coroner/Medical Examiner			20,200

Other Public Safety

In-service Training	\$	2,610	
Dues and Memberships		870	
Maintenance and Repair Services - Buildings		748	
Maintenance and Repair Services - Equipment		1,018	
Maintenance and Repair Services - Vehicles		4,751	
Gasoline		987	
Road Signs		77	
Utilities		2,072	
Other Equipment		4,835	
Total Other Public Safety			17,968

Public Health and Welfare

Local Health Center

Advertising	\$	760	
Janitorial Services		7,200	
Maintenance and Repair Services - Buildings		31,039	
Drugs and Medical Supplies		673	
Office Supplies		1,804	
Uniforms		487	
Utilities		13,314	
Other Supplies and Materials		408	
Total Local Health Center			55,685

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Attendants	\$	27,559	
Part-time Personnel		1,251	
Overtime Pay		10,573	
Social Security		2,762	
Pensions		1,990	
Maintenance and Repair Services - Buildings		3,659	
Maintenance and Repair Services - Vehicles		240	
Veterinary Services		6,726	
Other Contracted Services		587	
Gasoline		2,338	
Uniforms		675	
Utilities		3,604	
Other Supplies and Materials		977	
Total Rabies and Animal Control			\$ 62,941

Ambulance/Emergency Medical Services

Supervisor/Director	\$	56,036	
Accountants/Bookkeepers		59,559	
Medical Personnel		656,453	
Overtime Pay		493,424	
In-service Training		27,158	
Social Security		120,451	
Pensions		66,675	
Dues and Memberships		875	
Laundry Service		7,675	
Licenses		1,430	
Maintenance and Repair Services - Buildings		15,352	
Maintenance and Repair Services - Vehicles		40,668	
Postal Charges		200	
Travel		304	
Other Contracted Services		37,002	
Custodial Supplies		3,161	
Drugs and Medical Supplies		88,781	
Gasoline		41,399	
Instructional Supplies and Materials		2,839	
Office Supplies		4,138	
Tires and Tubes		3,850	
Uniforms		9,182	
Utilities		48,021	
Workers' Compensation Insurance		1,500	
Fines, Assessments, and Penalties		21,486	
Communication Equipment		1,325	
Other Equipment		5,662	
Total Ambulance/Emergency Medical Services			1,814,606

Other Local Health Services

Social Workers	\$	40,777	
----------------	----	--------	--

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Part-time Personnel	\$	40,485	
Social Security		6,072	
Pensions		2,092	
Travel		2,514	
Instructional Supplies and Materials		3,280	
Total Other Local Health Services			\$ 95,220

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		1,600	
Total Other Local Welfare Services			59,323

Other Public Health and Welfare

Other Supplies and Materials	\$	1,059	
Total Other Public Health and Welfare			1,059

Social, Cultural, and Recreational Services

Adult Activities

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

Senior Citizens Assistance

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

Libraries

Supervisor/Director	\$	32,080	
Clerical Personnel		78,376	
Custodial Personnel		8,798	
Social Security		8,220	
Pensions		3,854	
Communication		5,570	
Dues and Memberships		410	
Maintenance and Repair Services - Buildings		11,163	
Postal Charges		200	
Printing, Stationery, and Forms		565	
Travel		500	
Other Contracted Services		2,234	
Custodial Supplies		1,380	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Library Books/Media	\$	6,825	
Office Supplies		914	
Utilities		13,823	
Other Supplies and Materials		83	
Data Processing Equipment		1,713	
Total Libraries			\$ 176,708

Parks and Fair Boards

Contributions	\$	7,625	
Maintenance and Repair Services - Buildings		11,040	
Utilities		12,000	
Total Parks and Fair Boards			30,665

Other Social, Cultural, and Recreational

Travel	\$	2,413	
Custodial Supplies		188	
Library Books/Media		8,256	
Office Supplies		8	
Other Charges		10,003	
Total Other Social, Cultural, and Recreational			20,868

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	32,672	
Secretary(ies)		9,913	
Social Security		9,648	
Pensions		7,934	
Dues and Memberships		258	
Maintenance and Repair Services - Buildings		999	
Travel		1,000	
Utilities		4,598	
Office Equipment		696	
Total Agricultural Extension Service			67,718

Soil Conservation

Clerical Personnel	\$	29,744	
Social Security		2,275	
Pensions		1,632	
Contributions		22,000	
Total Soil Conservation			55,651

Other Operations

Tourism

Other Supplies and Materials	\$	2,200	
Total Tourism			2,200

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Contributions	\$	20,000	
Other Contracted Services		588	
Other Charges		26,750	
Total Industrial Development			\$ 47,338

Veterans' Services

Supervisor/Director	\$	20,904	
Social Security		1,599	
Pensions		1,148	
Travel		826	
Other Contracted Services		3,429	
Office Supplies		247	
Total Veterans' Services			28,153

Other Charges

Employee and Dependent Insurance	\$	463,914	
Liability Insurance		181,956	
Trustee's Commission		128,360	
Workers' Compensation Insurance		246,755	
Total Other Charges			1,020,985

Contributions to Other Agencies

Maintenance and Repair Services - Buildings	\$	1,420	
Matching Share		10,860	
Total Contributions to Other Agencies			12,280

Employee Benefits

Unemployment Compensation	\$	6,200	
Total Employee Benefits			6,200

Miscellaneous

Contributions	\$	7,000	
Dues and Memberships		5,211	
Other Supplies and Materials		5,017	
Total Miscellaneous			17,228

Capital Projects

Highway and Street Capital Projects

Bridge Construction	\$	11,576	
Total Highway and Street Capital Projects			11,576

Total General Fund \$ 10,694,813

Solid Waste/Sanitation Fund

Public Health and Welfare

Transfer Stations

Accountants/Bookkeepers	\$	38,501	
-------------------------	----	--------	--

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations (Cont.)

Equipment Operators - Heavy	\$	110,119	
Temporary Personnel		230	
Overtime Pay		4,285	
Social Security		12,455	
Pensions		6,637	
Employee and Dependent Insurance		23,099	
Engineering Services		4,014	
Legal Notices, Recording, and Court Costs		747	
Maintenance and Repair Services - Buildings		26,410	
Maintenance and Repair Services - Vehicles		23,096	
Travel		308	
Contracts for Landfill Facilities		118,396	
Custodial Supplies		1,429	
Gasoline		24,586	
Office Supplies		1,570	
Utilities		7,059	
Other Supplies and Materials		10,894	
Trustee's Commission		3,704	
Landfill Closure/Postclosure Care Costs		11,159	
Total Transfer Stations			\$ 428,698

Total Solid Waste/Sanitation Fund \$ 428,698

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	1,500	
Other Charges		5,721	
Law Enforcement Equipment		2,145	
Total Drug Enforcement			\$ 9,366

Total Drug Control Fund 9,366

Constitutional Officers - Fees Fund

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	59,723	
Total County Clerk's Office			\$ 59,723

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	5,580	
Total Chancery Court			5,580

Total Constitutional Officers - Fees Fund 65,303

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	79,276	
Secretary(ies)		63,438	
Overtime Pay		4,429	
Advertising		515	
Data Processing Services		10,150	
Dues and Memberships		2,861	
Evaluation and Testing		564	
Janitorial Services		1,383	
Laundry Service		887	
Legal Notices, Recording, and Court Costs		82	
Postal Charges		440	
Printing, Stationery, and Forms		646	
Custodial Supplies		556	
Office Supplies		1,233	
Other Charges		1,134	
Data Processing Equipment		2,547	
Total Administration			\$ 170,141

Highway and Bridge Maintenance

Equipment Operators	\$	202,309	
Truck Drivers		198,410	
Laborers		184,060	
Overtime Pay		10,703	
Rentals		242	
Other Contracted Services		19,302	
Asphalt		170,064	
Asphalt - Cold Mix		34,373	
Concrete		26,592	
Crushed Stone		413,521	
Diesel Fuel		174,297	
Ice		10	
Pipe - Metal		25,410	
Road Signs		4,267	
Small Tools		772	
Wood Products		3,485	
Other Supplies and Materials		3,418	
Total Highway and Bridge Maintenance			1,471,235

Operation and Maintenance of Equipment

Mechanic(s)	\$	90,560	
Overtime Pay		98	
Freight Expenses		2,027	
Maintenance and Repair Services - Equipment		11,047	
Towing Services		225	
Other Contracted Services		3,241	
Equipment and Machinery Parts		122,458	
Garage Supplies		6,771	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Gasoline	\$	11,312	
Lubricants		16,137	
Small Tools		1,751	
Tires and Tubes		38,252	
Total Operation and Maintenance of Equipment			\$ 303,879

Other Charges

Communication	\$	8,481	
Pest Control		210	
Electricity		5,015	
Water and Sewer		410	
Liability Insurance		97,977	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		30,492	
Liability Claims		1,500	
Total Other Charges			144,435

Employee Benefits

Social Security	\$	51,663	
Pensions		44,047	
Medical Insurance		112,254	
Unemployment Compensation		5,468	
Employer Medicare		12,083	
Workers' Compensation Insurance		61,689	
Total Employee Benefits			287,204

Capital Outlay

Maintenance and Repair Services - Equipment	\$	3,202	
Equipment and Machinery Parts		17,277	
General Construction Materials		3,580	
Bridge Construction		168,392	
Building Construction		64,854	
Highway Equipment		567,252	
State Aid Projects		644,483	
Total Capital Outlay			1,469,040

Principal on Debt

Highways and Streets

Principal on Notes	\$	156,597	
Total Highways and Streets			156,597

Interest on Debt

Highways and Streets

Interest on Notes	\$	24,900	
Total Highways and Streets			24,900

Total Highway/Public Works Fund \$ 4,027,431

(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		<u>317,186</u>	
Total General Government			\$ 955,686
<u>Highways and Streets</u>			
Principal on Notes	\$	<u>733,932</u>	
Total Highways and Streets			733,932
<u>Education</u>			
Principal on Notes	\$	<u>458,427</u>	
Total Education			458,427
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Bonds	\$	12,515	
Interest on Notes		<u>11,928</u>	
Total General Government			24,443
<u>Highways and Streets</u>			
Interest on Notes	\$	<u>31,981</u>	
Total Highways and Streets			31,981
<u>Education</u>			
Interest on Notes	\$	<u>19,753</u>	
Total Education			19,753
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	<u>15,125</u>	
Total General Government			<u>15,125</u>
Total General Debt Service Fund			\$ 2,239,347
<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>General Administration Projects</u>			
Site Development	\$	<u>66,914</u>	
Total General Administration Projects			\$ 66,914
<u>Public Safety Projects</u>			
Engineering Services	\$	15,259	
Motor Vehicles		191,440	
Other Equipment		<u>64,797</u>	
Total Public Safety Projects			271,496
<u>Public Health and Welfare Projects</u>			
Engineering Services	\$	14,350	
Site Development		<u>153,000</u>	
Total Public Health and Welfare Projects			<u>167,350</u>
Total General Capital Projects Fund			<u>505,760</u>
Total Governmental Funds - Primary Government			<u>\$ 17,970,718</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, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,916,006	
Career Ladder Program	46,778	
Career Ladder Extended Contracts	19,800	
Homebound Teachers	19,598	
Educational Assistants	459,615	
Bonus Payments	184,800	
Certified Substitute Teachers	57,708	
Non-certified Substitute Teachers	75,015	
Social Security	617,202	
Pensions	1,007,925	
Life Insurance	6,053	
Medical Insurance	1,563,731	
Unemployment Compensation	5,988	
Employer Medicare	146,670	
Contracts with Other Public Agencies	5,710	
Instructional Supplies and Materials	89,399	
Textbooks - Bound	284,949	
Software	43,175	
Fee Waivers	16,829	
Other Charges	1,388	
Regular Instruction Equipment	389,965	
Total Regular Instruction Program		\$ 14,958,304

Alternative Instruction Program

Teachers	\$ 111,720	
Career Ladder Program	2,000	
Educational Assistants	29,866	
Bonus Payments	2,400	
Certified Substitute Teachers	1,621	
Non-certified Substitute Teachers	549	
Social Security	8,983	
Pensions	12,837	
Life Insurance	58	
Medical Insurance	5,717	
Unemployment Compensation	74	
Employer Medicare	2,125	
Instructional Supplies and Materials	1,236	
Total Alternative Instruction Program		179,186

Special Education Program

Teachers	\$ 1,141,765
Career Ladder Program	3,000
Homebound Teachers	15,953
Educational Assistants	160,840
Speech Pathologist	22,713
Bonus Payments	22,200

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Certified Substitute Teachers	\$	4,456	
Non-certified Substitute Teachers		6,536	
Social Security		79,712	
Pensions		125,987	
Life Insurance		738	
Medical Insurance		285,800	
Unemployment Compensation		813	
Employer Medicare		18,707	
Contracts with Private Agencies		54,348	
Other Contracted Services		207,334	
Instructional Supplies and Materials		3,075	
Special Education Equipment		10,763	
Total Special Education Program			\$ 2,164,740

Career and Technical Education Program

Teachers	\$	579,900	
Career Ladder Program		1,000	
Bonus Payments		9,450	
Certified Substitute Teachers		7,472	
Non-certified Substitute Teachers		4,809	
Social Security		35,463	
Pensions		52,894	
Life Insurance		369	
Medical Insurance		67,878	
Unemployment Compensation		301	
Employer Medicare		8,404	
Contracts with Other School Systems		351,648	
Other Contracted Services		3,000	
Instructional Supplies and Materials		9,000	
Other Supplies and Materials		1,840	
Vocational Instruction Equipment		17,187	
Total Career and Technical Education Program			1,150,615

Support Services

Attendance

Supervisor/Director	\$	66,871	
Career Ladder Program		1,000	
Bonus Payments		1,200	
Social Security		4,142	
Pensions		7,225	
Life Insurance		29	
Medical Insurance		6,619	
Unemployment Compensation		21	
Employer Medicare		969	
Travel		6,573	
Software		14,289	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Other Supplies and Materials	\$	4,547	
Attendance Equipment		10,744	
Total Attendance			\$ 124,229

Health Services

Assistant(s)	\$	23,984	
Supervisor/Director		63,058	
Medical Personnel		181,818	
Social Security		14,498	
Pensions		24,879	
Medical Insurance		76,596	
Unemployment Compensation		224	
Employer Medicare		3,391	
Communication		1,200	
Travel		986	
Drugs and Medical Supplies		5,768	
Other Supplies and Materials		2,465	
In Service/Staff Development		4,095	
Other Charges		10,481	
Health Equipment		3,798	
Total Health Services			417,241

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		333,679	
Bonus Payments		5,700	
Social Security		20,147	
Pensions		34,244	
Life Insurance		174	
Medical Insurance		49,118	
Unemployment Compensation		146	
Employer Medicare		4,712	
Contracts with Government Agencies		247,149	
Evaluation and Testing		24,646	
Other Contracted Services		72,309	
Other Supplies and Materials		13,827	
Other Equipment		19,433	
Total Other Student Support			828,284

Regular Instruction Program

Supervisor/Director	\$	82,250	
Career Ladder Program		8,000	
Librarians		356,979	
Instructional Computer Personnel		13,500	
Clerical Personnel		31,642	
Bonus Payments		10,200	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	114,286	
In-service Training		210	
Social Security		34,021	
Pensions		58,067	
Life Insurance		256	
Medical Insurance		55,666	
Unemployment Compensation		269	
Employer Medicare		8,609	
Travel		2,651	
Other Contracted Services		1,185	
Library Books/Media		31,435	
Other Supplies and Materials		2,923	
In Service/Staff Development		16,260	
Other Charges		13,731	
Other Equipment		27,394	
Total Regular Instruction Program			\$ 869,534

Special Education Program

Supervisor/Director	\$	74,035	
Career Ladder Program		1,000	
Psychological Personnel		140,541	
Assessment Personnel		44,597	
Clerical Personnel		27,667	
Bonus Payments		3,000	
Social Security		14,496	
Pensions		24,385	
Life Insurance		89	
Medical Insurance		30,330	
Unemployment Compensation		135	
Employer Medicare		4,037	
Travel		5,315	
Other Supplies and Materials		136	
In Service/Staff Development		988	
Total Special Education Program			370,751

Career and Technical Education Program

Other Salaries and Wages	\$	25,172	
Unemployment Compensation		21	
Employer Medicare		354	
Travel		4,329	
Other Supplies and Materials		80	
In Service/Staff Development		1,344	
Other Charges		931	
Total Career and Technical Education Program			32,231

(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

Supervisor/Director	\$	74,779	
Clerical Personnel		38,892	
Bonus Payments		1,200	
Social Security		6,688	
Pensions		9,957	
Life Insurance		28	
Medical Insurance		14,275	
Unemployment Compensation		48	
Employer Medicare		1,564	
Internet Connectivity		58,794	
Other Contracted Services		235,983	
Other Equipment		19,108	
Total Technology			\$ 461,316

Other Programs

On-behalf Payments to OPEB	\$	104,137	
Total Other Programs			104,137

Board of Education

Board and Committee Members Fees	\$	15,100	
Social Security		936	
Employer Medicare		219	
Payments to Retirees		25,440	
Audit Services		8,000	
Dues and Memberships		21,589	
Legal Services		76,104	
Travel		3,122	
Trustee's Commission		125,116	
Workers' Compensation Insurance		185,248	
Refund to Applicant for Criminal Investigation		2,218	
Other Charges		65,155	
Other Equipment		663	
Total Board of Education			528,910

Director of Schools

County Official/Administrative Officer	\$	93,371	
Career Ladder Program		1,000	
Bonus Payments		1,200	
Social Security		5,897	
Pensions		9,997	
Life Insurance		29	
Medical Insurance		7,929	
Unemployment Compensation		21	
Employer Medicare		1,379	
Communication		27,016	
Dues and Memberships		2,500	

(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.)

Director of Schools (Cont.)

Postal Charges	\$	4,111	
Travel		3,153	
Other Contracted Services		2,546	
Office Supplies		6,803	
Total Director of Schools			\$ 166,952

Office of the Principal

Principals	\$	599,043	
Career Ladder Program		2,958	
Accountants/Bookkeepers		180,923	
Assistant Principals		253,078	
Clerical Personnel		221,952	
Bonus Payments		11,700	
Social Security		75,666	
Pensions		110,449	
Life Insurance		332	
Medical Insurance		145,645	
Unemployment Compensation		680	
Employer Medicare		17,696	
Communication		2,528	
Travel		452	
Other Charges		8,000	
Administration Equipment		1,206	
Total Office of the Principal			1,632,308

Fiscal Services

Accountants/Bookkeepers	\$	78,432	
Clerical Personnel		100,370	
Social Security		10,038	
Pensions		9,834	
Medical Insurance		36,340	
Unemployment Compensation		109	
Employer Medicare		2,348	
Data Processing Services		15,345	
Travel		2,783	
Other Contracted Services		1,409	
Data Processing Supplies		1,070	
Office Supplies		1,769	
Administration Equipment		7,045	
Total Fiscal Services			266,892

Operation of Plant

Custodial Personnel	\$	607,542	
Other Salaries and Wages		16,837	
Social Security		37,066	
Pensions		31,838	

(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.)

Medical Insurance	\$	120,013	
Unemployment Compensation		693	
Employer Medicare		8,711	
Disposal Fees		35,100	
Custodial Supplies		119,414	
Electricity		669,677	
Natural Gas		53,458	
Propane Gas		2,519	
Water and Sewer		122,251	
Other Supplies and Materials		4,555	
Building and Contents Insurance		225,705	
Total Operation of Plant			\$ 2,055,379

Maintenance of Plant

Supervisor/Director	\$	44,720	
Clerical Personnel		25,276	
Maintenance Personnel		288,373	
Other Salaries and Wages		5,328	
Social Security		21,947	
Pensions		20,166	
Medical Insurance		71,073	
Unemployment Compensation		248	
Employer Medicare		5,133	
Travel		1,640	
Other Contracted Services		82,128	
Other Supplies and Materials		230,868	
Administration Equipment		93,927	
Maintenance Equipment		9,572	
Total Maintenance of Plant			900,399

Transportation

Supervisor/Director	\$	42,640	
Mechanic(s)		174,438	
Bus Drivers		623,611	
Clerical Personnel		26,956	
Other Salaries and Wages		20,216	
Social Security		49,560	
Pensions		40,289	
Medical Insurance		44,415	
Unemployment Compensation		847	
Employer Medicare		12,705	
Medical and Dental Services		6,848	
Travel		2,991	
Diesel Fuel		270,436	
Garage Supplies		18,595	
Lubricants		18,345	

(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.)

Transportation (Cont.)

Tires and Tubes	\$	26,362	
Vehicle Parts		207,747	
Other Charges		24,767	
Transportation Equipment		344,590	
Total Transportation			\$ 1,956,358

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	41,357	
Social Security		2,513	
Pensions		2,275	
Medical Insurance		6,619	
Unemployment Compensation		21	
Employer Medicare		588	
Total Food Service			53,373

Early Childhood Education

Supervisor/Director	\$	3,246	
Teachers		152,598	
Career Ladder Program		1,000	
Educational Assistants		48,979	
Bonus Payments		3,300	
Certified Substitute Teachers		135	
Non-certified Substitute Teachers		1,801	
Social Security		11,698	
Pensions		19,230	
Life Insurance		88	
Medical Insurance		39,010	
Unemployment Compensation		152	
Employer Medicare		2,738	
Travel		1,853	
Instructional Supplies and Materials		16,608	
In Service/Staff Development		3,722	
Other Charges		3,584	
Other Equipment		5,641	
Total Early Childhood Education			315,383

Capital Outlay

Regular Capital Outlay

Architects	\$	756,717	
Building Improvements		1,014,316	
Other Capital Outlay		79,870	
Total Regular Capital Outlay			1,850,903

(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.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 301,956	
Total Education		\$ 301,956

Total General Purpose School Fund \$ 31,689,381

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 228,057	
Educational Assistants	329,403	
Certified Substitute Teachers	5,517	
Non-certified Substitute Teachers	3,907	
Social Security	32,213	
Pensions	40,693	
Life Insurance	115	
Medical Insurance	30,000	
Unemployment Compensation	590	
Employer Medicare	7,611	
Instructional Supplies and Materials	99,124	
Other Charges	336	
Regular Instruction Equipment	8,676	
Total Regular Instruction Program		\$ 786,242

Special Education Program

Educational Assistants	\$ 500,129	
Other Salaries and Wages	7,920	
Social Security	28,122	
Pensions	25,592	
Medical Insurance	70,000	
Unemployment Compensation	819	
Employer Medicare	6,604	
Contracts with Private Agencies	12,370	
Maintenance and Repair Services - Equipment	337	
Other Contracted Services	64,810	
Instructional Supplies and Materials	7,773	
Other Supplies and Materials	113	
Special Education Equipment	241	
Total Special Education Program		724,830

Career and Technical Education Program

Instructional Supplies and Materials	\$ 5,012	
Vocational Instruction Equipment	33,912	
Total Career and Technical Education Program		38,924

(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

Other Student Support

Other Salaries and Wages	\$	1,500	
Social Security		93	
Pensions		157	
Employer Medicare		22	
Travel		13,418	
Other Contracted Services		3,000	
In Service/Staff Development		7,398	
Other Charges		25,396	
Total Other Student Support			\$ 50,984

Regular Instruction Program

Supervisor/Director	\$	78,933	
Clerical Personnel		30,744	
Other Salaries and Wages		409,225	
Social Security		28,781	
Pensions		48,045	
Life Insurance		229	
Medical Insurance		46,452	
Unemployment Compensation		229	
Employer Medicare		7,087	
Other Supplies and Materials		3,966	
In Service/Staff Development		68,746	
Other Charges		17,659	
Total Regular Instruction Program			740,096

Special Education Program

Other Salaries and Wages	\$	4,666	
Social Security		280	
Pensions		488	
Life Insurance		2	
Medical Insurance		577	
Employer Medicare		65	
Travel		2,778	
Other Contracted Services		55,342	
Other Supplies and Materials		10,490	
In Service/Staff Development		2,509	
Total Special Education Program			77,197

Career and Technical Education Program

In Service/Staff Development	\$	2,358	
Total Career and Technical Education Program			2,358

Transportation

Bus Drivers	\$	23,105	
Other Salaries and Wages		36,134	
Social Security		3,672	

(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.)

Transportation (Cont.)

Pensions	\$	1,578	
Unemployment Compensation		140	
Employer Medicare		859	
Total Transportation			\$ 65,488

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	4,000	
Teachers		52,320	
Clerical Personnel		3,000	
Other Salaries and Wages		9,000	
Social Security		4,206	
Pensions		5,605	
Life Insurance		1	
Medical Insurance		330	
Unemployment Compensation		19	
Employer Medicare		987	
Instructional Supplies and Materials		9,786	
Total Community Services			89,254

Total School Federal Projects Fund \$ 2,575,373

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Accountants/Bookkeepers	\$	21,336	
Cafeteria Personnel		669,623	
In-service Training		3,668	
Social Security		40,041	
Pensions		35,128	
Medical Insurance		173,065	
Unemployment Compensation		856	
Employer Medicare		9,421	
Communication		4,896	
Maintenance and Repair Services - Equipment		125	
Travel		1,639	
Other Contracted Services		13,156	
Food Supplies		1,088,654	
Office Supplies		770	
USDA - Commodities		158,754	
Other Supplies and Materials		17,917	
Workers' Compensation Insurance		26,062	
In Service/Staff Development		601	
Other Charges		1,786	
Administration Equipment		9,349	
Food Service Equipment		54,832	
Total Food Service			\$ 2,331,679

Total Central Cafeteria Fund 2,331,679

Total Governmental Funds - Macon County School Department \$ 36,596,433

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, 2019

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,961,365
Total Cash Receipts	<u>\$ 1,961,365</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,941,751
Trustee's Commission	19,614
Total Cash Disbursements	<u>\$ 1,961,365</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2018	<u>0</u>
 Cash Balance, June 30, 2019	 <u><u>\$ 0</u></u>

---

---

## SINGLE AUDIT SECTION

---

---



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**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, 2019, and the related notes to the financial statements, which collectively comprise Macon County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated October 22, 2019.

**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: 2019-002.

### **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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2019-001.

### **Macon County's Responses to the Findings**

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

### **Purpose of this Report**

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

October 22, 2019

JPW/kp



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**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, 2019. 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, 2019.

### **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.

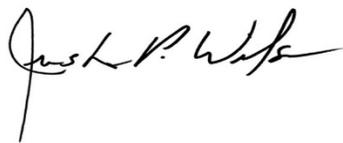
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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, 2019, and the related notes to the financial statements, which collectively comprise Macon County's basic financial statements. We issued our report thereon dated October 22, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 22, 2019

JPW/kp

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, 2019

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)	\$ 158,754 (5)
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	(3)	484,961
National School Lunch Program	10.555	(3)	1,340,225 (5)
Snack Program	10.555	(3)	7,310 (5)
Total U.S. Department of Agriculture			\$ 1,991,250
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(3)	\$ 1,242,841
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	(3)	943,750
Special Education - Preschool Grants	84.173	(3)	23,930
Career and Technical Education - Basic Grants to States	84.048	(3)	70,840
Twenty-first Century Community Learning Centers	84.287	(3)	90,289
Rural Education	84.358	(3)	78,548
Student Support and Academic Enrichment Program	84.424	(3)	18,333
English Language Acquisition State Grants	84.365	(3)	10,478
Supporting Effective Instruction State Grants	84.367	(3)	179,455
Total U.S. Department of Education			\$ 2,658,464
U.S. Department of Health and Human Services:			
Passed-through State Department of Human Services:			
CCDF Cluster: (4)			
Child Care and Development Block Grant	93.575	(3)	\$ 47,208
Total U.S. Department of Health and Human Services			\$ 47,208
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	\$ 5,000
Total U.S. Department of Homeland Security			\$ 5,000
Total Expenditures of Federal Grants			\$ 4,701,922
<u>State Grants</u>	<u>Contract Number</u>		
Safe Schools Act - State Department of Education	N/A	(3)	\$ 168,449
Coordinated School Health - State Department of Education	N/A	(3)	115,000
Early Childhood Education - Pilot/State - State Department of Education	N/A	(3)	312,078
Read To Be Ready - State Department of Education	N/A	(3)	9,984
Student Ticket Subsidy - Tennessee Arts Commission	N/A	(3)	3,000
Three Star Program - State Department on Economic and Community Development	N/A	(3)	5,000
Juvenile Justice State Supplement Funds - State Commission on Children and Youth	N/A	(3)	9,000
Rural Health Services - State Department of Health	N/A	(3)	137,439
Litter Program - State Department of Transportation	N/A	(3)	52,331
Total State Grants			\$ 812,281

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 \$1,991,250; Special Education Cluster total \$967,680; CCDF Cluster total \$47,208.
- (5) Total CFDA No. 10.555 \$1,506,289 .

Macon County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2019

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, 2019.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
-------------	-------------	----------------	------------------	-------------	----------------

**OFFICE OF DIRECTOR OF SCHOOLS**

2018	176	2018-001	The Office Did Not Reconcile The Health Insurance Clearing Account With Insurance Billings	N/A	Corrected
------	-----	----------	--	-----	-----------

***Prior-year Federal Awards Findings***

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

---

**MACON COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

---

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

**Financial Statements:**

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

**Federal Awards:**

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

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are 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 COUNTY MAYOR**

**FINDING 2019-001**                      **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**  
(Noncompliance Under *Government Auditing Standards*)

System backups were not performed daily and regularly stored off-site. Section 10-7-121 *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied daily to storage media, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper backup procedures were implemented in August 2019.

### **RECOMMENDATION**

Management should ensure backups are performed daily and rotated off-site on a weekly basis.

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

We concur with this finding.

---

FINDING 2019-002

**THE SOLID WASTE DEPARTMENT DID NOT ISSUE  
CONSECUTIVELY NUMBERED RECEIPTS FOR  
PAYMENTS ON CUSTOMER ACCOUNTS**

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

Because the billing software did not assign receipt numbers to collections, consecutively numbered receipts were not issued as required by Section 9-2-104, *Tennessee Code Annotated*. Sound business practices dictate that proper application controls be implemented. Since the software did not have the proper controls, inappropriate system activity could occur. When this was brought to management's attention, steps were taken to begin issuing official prenumbered receipts.

RECOMMENDATION

Management should implement the use of official prenumbered receipts for collections on charge accounts.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding.

### **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, 2019.

**Macon County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2019**

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
-------------------	------------------	---------------------------------------

**OFFICE OF COUNTY MAYOR**

2019-001	The office had deficiencies in computer system backup procedures	185
2019-002	The solid waste department did not issue consecutively numbered receipts for payments on customer accounts	186



# Steve Jones

## Macon County Mayor

201 County Courthouse  
Lafayette, Tennessee 37083  
Email: [sjonesmayor@macontn.org](mailto:sjonesmayor@macontn.org)

Phone (615) 666-2363  
Fax (615) 666-5323  
[maconcountyttn.gov](http://maconcountyttn.gov)

### Corrective Action Plan

**FINDING 2019-001**      **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES (*Noncompliance Under Government Auditing Standards*)**

**Response and Corrective Action Plan Prepared by:**  
Debbie Richardson, Solid Waste Director

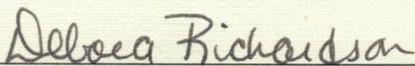
**Person Responsible for Implementing the Corrective Action:**  
Debbie Richardson, Solid Waste Director

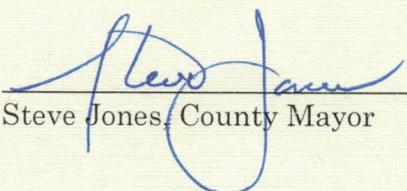
**Anticipated Completion Date of Corrective Action:**  
08/05/2019

**Repeat Finding:**  
No

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

**Planned Corrective Action:**  
Consistent Daily Backup on Portable Hard Drive was implemented on 06/21/2019.  
Consistent Daily Backup on two Portable Hard Drives rotated off-site on weekly basis was implemented on 08/05/2019 after obtaining the necessary second hard drive.

  
\_\_\_\_\_  
Debora Richardson, Solid Waste Director

  
\_\_\_\_\_  
Steve Jones, County Mayor



# Steve Jones

## Macon County Mayor

201 County Courthouse  
Lafayette, Tennessee 37083  
Email: [sjonesmayor@macontn.org](mailto:sjonesmayor@macontn.org)

Phone (615) 666-2363  
Fax (615) 666-5323  
[maconcountyttn.gov](http://maconcountyttn.gov)

### Corrective Action Plan

FINDING 2019-002

THE SOLID WASTE DEPARTMENT DID NOT ISSUE CONSECUTIVELY NUMBERED RECEIPTS FOR PAYMENTS ON CUSTOMER ACCOUNTS (*Internal Control – Significant Deficiency Under Government Auditing Standards*)

**Response and Corrective Action Plan Prepared by:**

Debora Richardson, Solid Waste Director

**Person Responsible for Implementing the Corrective Action:**

Debora Richardson, Solid Waste Director

**Anticipated Completion Date of Corrective Action:**

08/21/2019

**Repeat Finding:**

No

**Reason Corrective Action was Not Taken in the Prior Year:**

N/A

**Planned Corrective Action:**

Receipts were written for each payment for Accounts Receivable Charge Accounts in non-official receipt book beginning 07/01/2019. Receipts were written for each payment for Accounts Receivable Charge Accounts in Official Receipt Book beginning 08/21/2019 after obtaining the correct type of receipt book from professional printing company with consecutively and continuous numbered receipts.

Debbie Richardson, Solid Waste Director

Steve Jones, County Mayor

## **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.