CITY OF MILLINGTON, TENNESSEE

FINANCIAL STATEMENTS

June 30, 2015

Watkins Uiberall, PLLC
Certified Public Accountants & Financial Advisors
Independent Member of BKR International

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen of the
City of Millington, Tennessee:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the statements of budgetary comparison for the general fund and the general purpose school fund, and the aggregate remaining fund information of the City of Millington, Tennessee, (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Millington Municipal Schools (the "School"), which includes the General Purpose School Fund, a major fund, and the remaining funds of the School. The School funds are presented as special revenue funds in the financial statements of the City and represent 49 percent, 59 percent, and 68 percent, respectively of the assets, net position, and revenues of the governmental activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the School, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 controls relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the statements of budgetary comparison for the general fund and the general purpose school fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The City of Millington, Tennessee has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note 11 to the financial statements which describes a restatement decreasing the beginning Government Activities net position by $211,736 and the beginning Business-Type Activities net position by $26,144 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and required supplementary information, 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 and other auditors 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits*

of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed above, and the report of the other auditors, the combining and individual fund statements and schedules and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The other supplementary information on pages 106-112 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Watkins Uiberall, PLLC

Memphis, Tennessee
December 23, 2015

Management's Discussion and Analysis

As management of the City of Millington (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and notes to the financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities and deferred inflows of resources at June 30, 2015 by $107,005,039 (net position). Of this amount, $12,128,207 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2015, the City's governmental funds reported total fund balances of $14,117,663. Of this amount, $7,339,654 (unassigned fund balances) may be used to meet the general government's spending requirements.
- At the end of the current fiscal year, fund balance of the General Fund was $8,832,025. This included a commitment of $3,647,389 for financial stabilization, $1,000,000 for emergencies and $236,891 for library construction. The unassigned fund balance of $3,699,610 represents 30% of total General Fund budgeted expenditures and transfers for FY16.
- During the fiscal year, the City's issued $2,088,158 in notes payable for the continuation of the renovation of the sewer plant. The City retired $720,986 of principal in notes payable and debt due to settlement with Shelby County Board of Education.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information to provide greater detail of data presented in the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the year ended June 30, 2015. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Public Safety, Community Services, Transportation and Environment, Education and Interest and Fiscal Charges. The business-type activities of the City include Water and Sewer Funds.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and General Purpose School Fund, which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of its governmental funds. A summary budgetary comparison statement is included in the basic financial statements for the General Fund and the General Purpose School Fund. Budgetary comparison statements have been provided for each department of the General Fund and the General Purpose School Fund on pages 61 through 81 and for all other governmental funds on pages 88 through 102 to demonstrate compliance with the annual appropriated budget.

The basic governmental fund financial statements are presented on pages 14 and 16.

Proprietary Funds. The City maintains one type of proprietary fund – an Enterprise fund. Such funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Funds operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Funds, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements are presented on pages 20 through 22.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 52 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's and the Millington Municipal School District's annual pension cost, pages 53 through 59.

Other Information. This report also presents certain information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. This information is presented in Note 5 and Note 8 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the City's case, assets exceeded liabilities and deferred inflows of resources by $107,005,039 at June 30, 2015.

Condensed Statement of Net Position
(dollars expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 19,887	$ 13,878	$ 6,607	$ 5,730	$ 26,494	$ 19,608
Capital assets	86,308	86,223	16,403	15,554	102,711	101,777
Total assets	106,195	100,101	23,010	21,284	129,205	121,385
Deferred Outflows of Resources	1,712	-	80	-	1,792	-
Long-term liabilities	13,876	13,676	3,280	1,305	17,156	14,981
Other liabilities	2,371	1,851	397	1,255	2,768	3,106
Total liabilities	16,247	15,527	3,677	2,560	19,924	18,087
Deferred Inflows of Resources	3,913	2,554	154	-	4,067	2,554
Net position:						
Invested in capital assets, net of related debt	79,869	79,414	13,881	15,554	93,750	94,968
Restricted	1,126	233	-	-	1,126	233
Unrestricted	6,752	2,372	5,377	3,171	12,129	5,543
Total net position	$ 87,747	$ 82,019	$ 19,258	$ 18,725	$ 107,005	$ 100,744

By far the largest portion of the City's net position (87.6%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (1.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($12,128,207) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in both categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The positive unrestricted net assets for governmental activities are reflective of the City's practice of maintaining adequate reserves for payment of debt service and capital projects, while funding current operations with current revenue sources.

Condensed Statement of Changes in Net Position
(dollars expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues :						
Program Revenues :						
Charges for Services	$ 3,200	$ 2,982	$ 3,001	$ 3,149	$ 6,201	$ 6,131
Operating Grants and Contributions	15,316	197	-	1	15,316	198
Capital Grants and Contributions	772	46,828	15	16	787	46,844
General Revenues :						
Local Taxes	7,094	6,644	-	-	7,094	6,644
Intergovernmental revenues	15,077	4,093	-	-	15,077	4,093
Interest on Investments	5	6	2	(3)	7	3
Other Revenue	607	248	7	8	614	256
Sale of commercial business line	226	-	-	-	226	-
Transfers	-	(2,290)	-	2,290	-	-
Total Revenues	$ 42,297	$ 58,708	$ 3,025	$ 5,461	$ 45,096	$ 64,169
Expenses :						
General Government	2,680	2,455	-	-	2,680	2,455
Public Safety	6,081	5,934	-	-	6,081	5,934
Community Services	1,221	565	-	-	1,221	565
Transportation and Environment	3,092	2,557	-	-	3,092	2,557
Education	22,975	3,276	-	-	22,975	3,276
Interest on long-term debt	308	240	-	-	308	240
Water	-	-	1,120	1,141	1,120	1,141
Sewer	-	-	1,346	1,312	1,346	1,312
Total Expenses	36,357	15,027	2,466	2,453	38,823	17,480
Increase/(Decrease) in Net Position	5,940	43,681	559	3,008	6,273	46,689
Net Position - July 1, 2013	82,019	38,338	18,725	15,717	100,744	54,055
Cummulative effect of change in accounting principle	(212)	-	(26)	-	(238)	-
Net Position - June 30, 2014	$ 87,747	$ 82,019	$ 19,258	$ 18,725	$ 106,779	$ 100,744

Governmental activities. Governmental activities increased the City's net position by $5,939,947, before the cumulative effect of implementing the new pension accounting standard. Most categories of revenue were higher except capital grants and contributions and other revenues. The City sold its commercial sanitation collection operation and equipment as of June 30, 2015 and received $226,500 for its assets. The large increase in education expenditures was due to the Municipal School System having its first academic year as compared to startup expenditures for a portion of 2014.

Business-type activities. Business-type activities increased the City's net position by $559,670, before the cumulative effect of implementing the new pension accounting standard. The Water Fund increased by $56,541 in net assets. The Sewer Fund increased by $476,985 in net assets due to controlling of expenses.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The basic governmental fund financial statements are presented beginning on page 14.

As of June 30, 2015, the City's governmental funds reported combined ending fund balances of $14,117,663, an increase of $4,544,945 in comparison with the prior year. Approximately 52% of this total amount ($7,339,654) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is made up of non-spendable, $287,582, restricted, $1,126,062, committed, $5,127,810, and assigned $236,555. The General Fund is the chief operating fund of the City.

At June 30, 2015, unassigned fund balance of the General Fund was $3,699,610, while the total fund balance reached $8,832,025. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents 38.2% of total General Fund Expenditures, while total fund balance represents 91.1% of that same amount.

The fund balance of the City's General Fund increased by $1,519,527 during the fiscal year ended June 30, 2015 compared to a $432,727 increase the prior year. This change consisted of three major components. The City Sales Tax Fund was merged into the General Fund resulting in an increase of $1,082,795. Increases in expenditures and transfers were only slightly less than the increases in revenues.

The increase in the fund balance for the General Purpose School Fund of $3,763,073 was the result of conservative control of expenditures in the first year of classes while receiving maximum federal and state funding for the new system.

The decrease in the fund balance for Other Governmental Funds was $737,655. The most significant portion of the decrease is $1,082,795 from merging the City Sales Tax Fund into the General Fund as described above. Capital project funds expended funds accumulated in earlier years for projects resulting in an additional decrease of $401,974. The Sanitation Fund sold its commercial collection system and equipment, while managing revenues and expenditures resulting in an increase of $417,683. Schools were able to generate revenues over expenditures in the cafeteria and capital projects funds of $229,127 combined.

Proprietary funds. The City's Water and Sewer Funds both had a positive change in net position for FY15. User fees support these funds.

General Fund Budgetary Highlights

The General Fund revenues were lower than budgeted by less than 2% or $159,334. When excluding $925,355 budgeted as planned use of fund balance, revenues actually exceeded budget. The overage was a combination of the following categories:

- Taxes over budget by $208,467 with only interest and penalties collections below budget.
- Intergovernmental revenues were $410,923 over budget due to higher than expected collections from state sales and business taxes and county shared fire fees.
- Fines, forfeitures and penalties were under budget by $82,369 with city court collections being the most significant shortage.
- Federal, state and local grants exceeded budget by $131,656.

General Fund expenditures were lower than budgeted by 14% or $1,639,034 and transfers to other funds were lower by $39,827 for a combined amount of $1,678,861. The variance consists of $1,082,795 from the merging of the City Sales Tax Fund that was not expended and $556,239 in operating savings. The operating savings were due to the lower costs associated with a concerted effort of City government to control costs. The largest positive variance was in the Police Department in the amount of $158,731, followed by $155,104 in Arts, Recreation and Parks. Savings were achieved in all other departments as well.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to $102,711,246 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than building, infrastructure, machinery, equipment, and construction in progress. The City's total investment in capital assets for the current fiscal year increased $934,598. Governmental activities increased $85,613 or .1% and business activities increased $848,985 or 5.5%.

Additional information on the City's capital assets can be found in Note 4-D.

Condensed Statement of Capital Assets
(dollars expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 6,061	$ 6,061	$ 727	$ 727	$ 6,788	$ 6,788
Buildings and improvements	54,916	53,706	28,035	25,057	82,951	78,763
Infrastructure	28,786	28,415	-	-	28,786	28,415
Furnishing and equipment	1,580	1,349	3,898	3,898	5,478	5,247
Vehicles	3,786	4,191	665	665	4,451	4,856
Construction in process	755	194	-	1,410	755	1,604
	95,884	93,916	33,325	31,757	129,209	125,673
Less accumulated depreciation	(9,576)	(7,694)	(16,922)	(16,203)	(26,498)	(23,897)
Total capital assets	$ 86,308	$ 86,222	$ 16,403	$ 15,554	$ 102,711	$ 101,776

Long-term debt. At June 30, 2015 the City had total debt outstanding of $17,921,574. Of this amount $14,440,328 comprises debt for governmental activities and $3,481,246 represents debt for business-type activities.

Condensed Statement of Outstanding Debt
(dollars expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation loans	$ 6,439	$ 6,909	$ -	$ -	$ 6,439	$ 6,909
Shelby County Board of Education settlement liability	2,172	2,341	-	-	2,172	2,341
Notes payable - construction	-	-	2,522	453	2,522	453
Net post employment benefit obligation	5,450	4,719	882	758	6,332	5,477
Compensated absences	379	407	77	94	456	501
Millington library exchange	-	-	-	-	-	-
Total long-term liabilities	$ 14,440	$ 14,376	$ 3,481	$ 1,305	$ 17,921	$ 15,681

Although the City is not subject to any state debt limits, the City has developed a debt policy that limits the amount and type of debt it may issue. The City's full faith, credit and taxing power are pledged to the repayment of all general obligation principal and interest.

Additional information on the City's long-term debt can be found in Note 4-E.

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the City's Budget for the 2016 fiscal year are more fully discussed in the Budget document and include:

- The Board of Mayor and Aldermen approved a tax rate to fund FY16 expenditures of $1.53 per $100 of assessed value, the same as the prior year.
- City service rates for water, sewer, sanitation, and storm water remain the same.
- The City has budgeted a $6 million dollar debt issue to fund needed capital improvements, including $1 million for the school system and $1.5 million for beginning the process of systematically repaving streets in the City over an extended period of years.
- The City will continue to reengineer the systems and processes in the delivery of its services and thereby control operating expenses.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Department of Finance, City of Millington, 7930 Nelson Road, Millington, Tennessee 38053. The Comprehensive Annual Financial Report as of June 30, 2015, Fiscal Year 2016 Approved Budget Document and other information about the City may be found on the City's website www.millingtontn.gov.

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 12,980,868	$ 6,166,396	$ 19,147,264
Receivables			
Property taxes	2,909,521	-	2,909,521
City taxes and fees	91,264	-	91,264
Accounts	602,734	435,131	1,037,865
Other	29,854	178	30,032
Less allowance for doubtful accounts	(308,510)	(181,343)	(489,853)
Internal balances	316	(316)	-
Due from other governments	2,693,074	59,782	2,752,856
Inventory	35,187	-	35,187
Restricted cash	6,844	1,430	8,274
Prepaid Items	252,395	53,072	305,467
Net pension asset	592,785	72,389	665,174
Capital assets, not being depreciated	6,816,258	726,949	7,543,207
Capital assets, being depreciated, net	79,492,173	15,675,866	95,168,039
Total assets	106,194,763	23,009,534	129,204,297
DEFERRED OUTFLOWS OF RESOURCES			
Pension changes in experience	208,316	24,268	232,584
Pension contributions submitted after measurement date	1,503,201	55,547	1,558,748
Total deferred outflows of resources	1,711,517	79,815	1,791,332
LIABILITIES			
Accounts payable	350,147	6,686	356,833
Retainage payable	4,569	-	4,569
Accrued expenses	1,294,046	266,044	1,560,090
Unearned revenue	157,635	-	157,635
Customer deposits	-	530	530
Noncurrent liabilities			
Due within one year	564,219	123,540	687,759
Due in more than one year	13,876,109	3,280,289	17,156,398
Total liabilities	16,246,725	3,677,089	19,923,814
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	2,641,366	-	2,641,366
Pension changes in investment earnings	1,271,229	154,181	1,425,410
Total deferred inflows or resources	3,912,595	154,181	4,066,776
NET POSITION			
Net investment in capital assets	79,869,431	13,881,339	93,750,770
Restricted for			
Public safety	316,623	-	316,623
Transportation and environment	596,895	-	596,895
Education	212,544	-	212,544
Unrestricted	6,751,467	5,376,740	12,128,207
Total net position	$ 87,746,960	$ 19,258,079	$ 107,005,039

The accompanying notes are an integral part of the financial statements.

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Primary government:							
Governmental Activities:							
General government	$ 2,680,232	$ 723,930	$ 13,050	$ -	$ (1,943,252)	$ -	$ (1,943,252)
Public safety	6,080,921	733,143	144,576	67,264	(5,135,938)	-	(5,135,938)
Community services	1,221,058	442,477	-	-	(778,581)	-	(778,581)
Transportation and environment	3,091,931	1,211,753	-	704,896	(1,175,282)	-	(1,175,282)
Education	22,975,326	88,557	15,158,716	-	(7,728,053)	-	(7,728,053)
Interest and fiscal charges	308,392	-	-	-	(308,392)	-	(308,392)
Total governmental activities	36,357,860	3,199,860	15,316,342	772,160	(17,069,498)	-	(17,069,498)
Business-type activities:							
Water	1,120,074	1,182,561	-	4,950	-	67,437	67,437
Sewer	1,345,565	1,818,232	-	9,716	-	482,383	482,383
Total business-type activities	2,465,639	3,000,793	-	14,666	-	549,820	549,820
Total primary government	$ 38,823,499	$ 6,200,653	$ 15,316,342	$ 786,826	(17,069,498)	549,820	(16,519,678)
	General revenues:						
	Local taxes				7,093,991	-	7,093,991
	Intergovernmental				15,076,551	-	15,076,551
	Interest on investments				5,256	2,738	7,994
	Other revenues				607,147	7,112	614,259
	Special Items						
	Sale of commercial business line				226,500	-	226,500
	Total general revenues and special items				23,009,445	9,850	23,019,295
	Change in net position				5,939,947	559,670	6,499,617
	Net position - beginning of year, before restatement				82,018,749	18,724,553	100,743,302
	Cumulative effect of change in accounting principle				(211,736)	(26,144)	(237,880)
	Net position - beginning of year, after restatement				81,807,013	18,698,409	100,505,422
	Net position - ending				$ 87,746,960	$ 19,258,079	$ 107,005,039

The accompanying notes are an integral part of the financial statements.

CITY OF MILLINGTON, TENNESSEE

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	General Purpose School Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 7,916,751	$ 3,778,268	$ 1,285,849	$ 12,980,868
Receivables				
Property taxes	2,909,521	-	-	2,909,521
City taxes and fees	91,264	-	-	91,264
Accounts	-	87,895	514,839	602,734
Other	29,854	-	-	29,854
Less allowance for doubtful accounts	(176,456)	-	(132,054)	(308,510)
Due from other funds	10,554	390,761	43,027	444,342
Due from other governments	1,199,730	820,229	673,115	2,693,074
Inventory	24,618	-	10,569	35,187
Restricted cash	6,844	-	-	6,844
Prepaid items	223,517	3,422	25,456	252,395
Total assets	$ 12,236,197	$ 5,080,575	$ 2,420,801	$ 19,737,573
LIABILITIES				
Accounts payable	$ 103,716	$ 125,545	$ 120,886	$ 350,147
Retainage payable	-	-	4,569	4,569
Accrued liabilities	337,419	855,117	78,138	1,270,674
Unearned revenue	230	332,506	24,899	357,635
Due to other funds	264,601	-	179,425	444,026
Total liabilities	705,966	1,313,168	407,917	2,427,051
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Property taxes	2,698,206	-	-	2,698,206
Grants	-	-	494,653	494,653
Total deferred inflows of resources	2,698,206	-	494,653	3,192,859
FUND BALANCES				
Nonspendable	248,135	3,422	36,025	287,582
Restricted	-	123,941	1,002,121	1,126,062
Committed	4,884,280		243,530	5,127,810
Assigned	-	-	236,555	236,555
Unassigned	3,699,610	3,640,044	-	7,339,654
Total fund balances	8,832,025	3,767,407	1,518,231	14,117,663
Total liabilities, deferred inflows of resources, and fund balances	$ 12,236,197	$ 5,080,575	$ 2,420,801	$ 19,737,573

The accompanying notes are an integral part of the financial statements.

CITY OF MILLINGTON, TENNESSEE

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:	
Total governmental fund balances	$14,117,663
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	86,308,431
Some revenues or expenditures reported in the statement of activities are not yet available or expensed and, therefore, are not reported as revenue or expenses in the governmental funds	200,000
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	551,493
Interest on long-term debt is not payable with current financial resources and, therefore, is not reported in the funds.	(23,372)
Long-term liabilities, including notes payable, settlement liability, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(14,440,328)
Net pension asset, deferred outflows, and deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	1,033,073
Net position of governmental activities	$87,746,960

The accompanying notes are an integral part of the financial statements.

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	General Purpose School Fund	Other Governmental Funds	Total
REVENUES				
Taxes	$ 6,936,947	$ -	$ -	$ 6,936,947
Licenses and permits	330,892	-	-	330,892
Intergovernmental	4,070,693	9,589,244	1,416,614	15,076,551
Fines, forfeitures, and penalties	609,231	-	123,912	733,143
Charges for services	835,515	-	1,300,310	2,135,825
Federal, state, and local grants	215,006	12,334,371	3,411,382	15,960,759
Interest on investments	4,536	-	720	5,256
Other revenue	103,416	38,794	470,247	612,457
Total revenues	13,106,236	21,962,409	6,723,185	41,791,830
EXPENDITURES				
Current:				
General government	1,889,409	-	-	1,889,409
Public safety	5,916,860	-	30,936	5,947,796
Community services	1,133,440	-	-	1,133,440
Transportation and environment	750,539	-	1,434,358	2,184,897
Education	-	19,761,493	2,798,038	22,559,531
Debt services				
Principal	-	2,130,219	470,345	2,600,564
Interest and fiscal charges	-	30,858	217,412	248,270
Capital projects	-	239,275	2,570,203	2,809,478
Total expenditures	9,690,248	22,161,845	7,521,292	39,373,385
Excess (deficiency) of revenues over (under) expenditures	3,415,988	(199,436)	(798,107)	2,418,445
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	-	1,900,000	-	1,900,000
Transfers in	1,187,872	2,115,738	1,037,562	4,341,172
Transfers out	(3,084,333)	(53,229)	(1,203,610)	(4,341,172)
Total other financing sources	(1,896,461)	3,962,509	(166,048)	1,900,000
SPECIAL ITEMS				
Sale of commercial business line	-	-	226,500	226,500
Net change in fund balances	1,519,527	3,763,073	(737,655)	4,544,945
Fund balances - beginning	7,312,498	4,334	2,255,886	9,572,718
Fund balances - ending	$ 8,832,025	$ 3,767,407	$ 1,518,231	$ 14,117,663

The accompanying notes are an integral part of the financial statements.

CITY OF MILLINGTON, TENNESSEE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - total governmental funds	$4,544,945
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays, and capital grants and contributions exceeded depreciation in the	85,613
Some revenues or expenditures reported in the statement of activities are not yet available or expensed and, therefore, are not reported as revenue or expenses in the governmental funds	200,000
Changes in interest payable on long-term debt.	1,901
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(73,465)
The issuance of long-term debt (e.g., notes, leases) 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. Compensated absence expenses are reported in the government-wide statement of activities, but do not require the use of current financial resources. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(63,856)
Pension expense represents the costs of benefits accrued in the current year, net of changes in deferred outflows and inflows of resources. This expense is not an expenditure of the funds, and; therefore, has not been recorded as a change in fund balance in the fund financial statements.	1,244,809
Change in net position of governmental activities	$5,939,947

The accompanying notes are an integral part of the financial statements.

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	$ 6,728,480	$ 6,728,480	$ 6,936,947	$ 208,467
Licenses and permits	298,600	298,600	330,892	32,292
Intergovernmental	2,321,770	3,659,770	4,070,693	410,923
Charges for services	807,990	807,990	835,515	27,525
Fines, forfeitures, and penalties	691,600	691,600	609,231	(82,369)
Federal, state, and local grants	-	83,350	215,006	131,656
Interest on investments	2,000	2,000	4,536	2,536
Other	68,425	68,425	103,416	34,991
Planned use of prior year funds	-	925,355	-	(925,355)
Total revenues	10,918,865	13,265,570	13,106,236	(159,334)
EXPENDITURES				
General Government				
Finance and administration	804,069	903,346	859,278	44,068
General government	462,770	1,567,958	473,040	1,094,918
Courts	220,939	237,405	226,643	10,762
Codes and economic development	273,751	251,864	234,719	17,145
Personnel	113,177	101,563	95,729	5,834
Public Safety				
Police department	2,948,565	2,937,206	2,778,475	158,731
Fire department	3,212,170	3,243,170	3,138,385	104,785
Community Services				
Library	321,936	324,436	312,701	11,735
Arts, recreation, and parks	894,593	975,843	820,739	155,104
Public Works	753,213	786,491	750,539	35,952
Total expenditures	10,005,183	11,329,282	9,690,248	1,639,034
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	913,682	1,936,288	3,415,988	1,479,700
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,187,872	1,187,872	-
Transfers out	(913,682)	(3,124,160)	(3,084,333)	39,827
Total other financing sources (uses)	(913,682)	(1,936,288)	(1,896,461)	39,827
Net change in fund balances	$ -	$ -	1,519,527	$ 1,519,527
Fund balance - beginning			7,312,498	
Fund balance - ending			$ 8,832,025	

The accompanying notes are an integral part of the financial statements.

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL PURPOSE SCHOOL FUND

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	$ 9,356,594	$ 9,336,519	$ 9,589,244	$ 252,725
Federal government	245,215	245,215	235,862	(9,353)
State of Tennessee	11,944,843	11,878,848	11,868,000	(10,848)
Other local revenue	-	224,960	230,509	5,549
General contributions	-	2,100,000	2,100,000	-
Other revenue	-	20,205	38,794	18,589
Total revenues	21,546,652	23,805,747	24,062,409	256,662
EXPENDITURES				
Instruction	13,408,942	11,878,010	11,416,535	461,475
Support services	8,922,494	8,818,916	7,818,766	1,000,150
Non-instructional	308,559	533,519	526,192	7,327
Capital outlay	109,118	423,104	239,275	183,829
Inter-fund debt service	2,020,000	2,161,759	2,161,077	682
Total expenditures	24,769,113	23,815,308	22,161,845	1,653,463
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(3,222,461)	(9,561)	1,900,564	1,910,125
OTHER FINANCING SOURCES (USES)				
Debt issuance	1,900,000	1,900,000	1,900,000	-
Transfers in	2,122,461	22,461	15,738	(6,723)
Transfers out	(800,000)	(1,912,900)	(53,229)	1,859,671
Total other financing sources (uses)	3,222,461	9,561	1,862,509	1,852,948
Net change in fund balances	$ -	$ -	3,763,073	$ 3,763,073
Fund balance - beginning			4,334	
Fund balance - ending			$ 3,767,407	

The accompanying notes are an integral part of the financial statements.

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2015

	Water Fund	Sewer Fund	Total Proprietary Funds
ASSETS			
Current assets			
Cash and cash equivalents	$ 892,628	$ 5,273,768	$ 6,166,396
Receivables			
Customers	244,002	191,129	435,131
Other	178	-	178
Less allowance for doubtful accounts	(103,344)	(77,999)	(181,343)
Prepaid expenses	25,708	27,364	53,072
Due from other funds	4,370	-	4,370
Due from other governments	-	59,782	59,782
Total current assets	1,063,542	5,474,044	6,537,586
Noncurrent assets			
Restricted cash	1,235	195	1,430
Net pension asset	34,456	37,933	72,389
Capital assets			
Land	2,407	724,542	726,949
Buildings and improvements	11,190,843	16,843,835	28,034,678
Furnishings and equipment	771,440	3,126,606	3,898,046
Vehicles	167,542	497,551	665,093
Less accumulated depreciation	(5,833,675)	(11,088,276)	(16,921,951)
Total capital assets	6,298,557	10,104,258	16,402,815
Total noncurrent assets	6,334,248	10,142,386	16,476,634
Total assets	7,397,790	15,616,430	23,014,220
DEFERRED OUTFLOWS OF RESOURCES			
Pension changes in experience	11,551	12,717	24,268
Pension contributions submitted after measurement date	26,439	29,108	55,547
Total deferred outflows of resources	37,990	41,825	79,815
LIABILITIES			
Current liabilities			
Accounts payable	5,882	804	6,686
Accrued expenses	72,091	193,053	265,144
Due to other funds	964	3,722	4,686
Customer deposits	1,235	195	1,430
Total current liabilities	80,172	197,774	277,946
Noncurrent liabilities			
Net post employment benefit obligations	374,872	507,481	882,353
State revolving fund loan	-	123,540	123,540
Long-term notes payable	-	2,397,936	2,397,936
Total noncurrent liabilities	374,872	3,028,957	3,403,829
Total liabilities	455,044	3,226,731	3,681,775
DEFERRED INFLOWS OF RESOURCES			
Pension changes in investment earnings	73,387	80,794	154,181
Total deferred inflows of resources	73,387	80,794	154,181
NET POSITION			
Net investment in capital assets	6,298,557	10,104,258	16,402,815
Unrestricted	608,792	2,246,472	2,855,264
Total net position	$ 6,907,349	$ 12,350,730	$ 19,258,079

The accompanying notes are an integral part of the financial statements.

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended June 30, 2015

	Water Fund	Sewer Fund	Total Proprietary Funds
Operating revenues			
Sales	$ 1,123,092	$ 1,782,405	$ 2,905,497
Service connection fees	36,047	10,236	46,283
Forfeited discounts	23,422	25,591	49,013
Federal grants	-	9,216	9,216
Other	1,093	6,019	7,112
Total operating revenues	1,183,654	1,833,467	3,017,121
Operating expenses			
Administrative and general	497,223	627,075	1,124,298
Pumping and filtering	278,140	177,744	455,884
Distribution system	58,906	101,065	159,971
Depreciation	285,805	432,673	718,478
Total operating expenses	1,120,074	1,338,557	2,458,631
Operating income	63,580	494,910	558,490
Nonoperating revenues (expenses)			
Interest income	455	2,283	2,738
Interest expense	-	(7,008)	(7,008)
Total non-operating revenues (expenses)	455	(4,725)	(4,270)
Income before contributions	64,035	490,185	554,220
Capital contributions - tap fees	4,950	500	5,450
Total capital contributions	4,950	500	5,450
Change in net position	68,985	490,685	559,670
Net position - beginning of year, before restatement	6,850,808	11,873,745	18,724,553
Cumulative effect of change in accounting principle	(12,444)	(13,700)	(26,144)
Net position - beginning of year, after restatement	6,838,364	11,860,045	18,698,409
Net position - ending	$ 6,907,349	$ 12,350,730	$ 19,258,079

The accompanying notes are an integral part of the financial statements.

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2015

	Water Fund	Sewer Fund	Total Proprietary Funds
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES			
Receipts from customers and users	$ 1,194,094	$ 1,853,019	$ 3,047,113
Payments to suppliers	(329,431)	(1,501,860)	(1,831,291)
Payments to employees	(478,965)	(407,249)	(886,214)
Other receipts	1,693	6,019	7,712
Net cash provided by (used for) operating activities	387,391	(50,071)	337,320
CASH FLOWS FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES			
Transfers to (from) other funds	4,182	(5,696)	(1,514)
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt	-	2,088,158	2,088,158
Payments on capital debt	-	(20,422)	(20,422)
Capital contributions	4,950	500	5,450
Acquisition and construction of capital assets	(64,697)	(1,502,766)	(1,567,463)
Interest paid on capital debt	-	(7,008)	(7,008)
Net cash from (used for) capital and related financing activities	(59,747)	558,462	498,715
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received	455	2,283	2,738
Net increase in cash and cash equivalents	332,281	504,978	837,259
Cash and cash equivalents - beginning of the year	560,347	4,768,790	5,329,137
Cash and cash equivalents - end of the year	$ 892,628	$ 5,273,768	$ 6,166,396
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income	$ 63,580	$ 494,910	$ 558,490
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	285,805	432,673	718,478
Pension expense in excess of employer contributions	(11,503)	(12,664)	(24,167)
Change in assets and liabilities			
Receivables			
Customers	10,587	7,911	18,498
Other	613	-	613
Prepaid expenses	(691)	(1,446)	(2,137)
Due from other governments	1,233	17,660	18,893
Restricted cash	(900)	-	(900)
Accounts payable	(969)	(1,130,222)	(1,131,191)
Accrued expenses	(19,089)	74,695	55,606
Customer deposits	600	-	600
Net post employment benefit obligations	58,125	66,412	124,537
Net cash provided by (used for) operating activities	$ 387,391	$ (50,071)	$ 337,320

The accompanying notes are an integral part of the financial statements.

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – STUDENT ACTIVITY FUND AGENCY FUND

For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash	$ 220,545	$ 569,778	$ (518,210)	$ 272,113
Inventory	4,045	731	-	4,776
Total assets	$ 224,590	$ 570,509	$ (518,210)	$ 276,889
LIABILITIES				
Due to student groups	$ 87,872	$ 432,248	$ (377,969)	$ 142,151
Due to student general fund	136,718	138,261	(140,241)	134,738
Total liabilities	$ 224,590	$ 570,509	$ (518,210)	$ 276,889

The accompanying notes are an integral part of the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Millington, Tennessee (the City) was incorporated in 1903 and operates under a City Charter enacted in 1903 with various amendments ending in 2014. The City operates under a Mayor and Alderman form of government and provides the following services as authorized by its charter: public health and safety, streets, sanitation, water and sewage, recreation and general administrative services.

The financial statements of the City include the financial statements of Millington Municipal Schools Board of Education ("the School") of the City of Millington, Tennessee. The City has determined that the School's general purpose fund, federal projects fund, cafeteria fund, and capital projects fund represent special revenue funds of the City and the School's student activity funds are an agency fund of the City.

The financial statements of the City have been prepared in accordance with *generally accepted accounting principles* (GAAP) followed in the United States of America. In the United States the Governmental Accounting Standards Board (GASB) is the established and recognized standard-setting body for governmental accounting and financial reporting. The GASB periodically issues new or revised standards that are implemented by the City. As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. However, currently there are no component units.

B. Basis of Presentation

1. Government-wide financial statements

The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

2. Governmental fund financial statements

Separate financial statements are provided for governmental funds, proprietary funds, and agency funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City and accounts for all financial resources of the general government not specifically provided for in other funds. Most of the essential governmental services such as police and fire protection, community services, and general administration are reported in the General Fund.

The General Purpose School Fund is the primary operating fund of the Millington Municipal Schools Board of Education (the "School") and accounts for all the financial resources of the School except those required to be accounted for in another fund.

The City reports the following non-major governmental funds:

The State Street Aid Fund accounts for the receipts and expenditures of the City's share of the proceeds from the state gasoline tax and gasoline inspection fees collected by the State of Tennessee.

The Sanitation Fund accounts for the receipts and expenditures related to sanitation services.

The Drug Fund accounts for the receipts and expenditures related to the City's share of proceeds from state imposed drug fines and confiscations.

The DEA Drug Fund accounts for the receipts and expenditures related to the City's share of proceeds from federal imposed drug fines and confiscations.

The Storm Water Fund accounts for the receipts and expenditures related to the collection, transportation, treatment, and disposition of storm water.

The City Sales Tax Fund accounts for the receipts and expenditures of the City's sales tax.

The School Federal Projects fund accounts for the receipts and expenditures of the School's federally funded programs.

The School Cafeteria Fund accounts for the receipts and expenditures related to the School's cafeteria operations. These funds are required to be maintained in a separate fund.

The School Capital Projects Fund accounts for all the School's capital improvement projects.

The Capital Improvements Fund accounts for the financing of major governmental fund capital asset purchases.

The General Obligation Capital Outlay Notes, Series 2010 Project Fund ("CON Project Fund") accounts for the financing of specific major governmental fund capital asset purchases.

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

The City reports the following major proprietary funds:

The Water Fund accounts for the activities of the City's production, storage, and transportation of potable water.

The Sewer Fund accounts for the activities of the City's collection, transportation, treatment, and disposition of wastewater.

Additionally, the City reports the following fund types:

Agency funds account for assets held by the City in a purely custodial capacity. The City currently has one agency fund. Since agency funds are custodial in nature (i.e. assets equal liabilities) they do not involve the measurement of results of operations. The agency fund is as follows: The School Activities Fund accounts for student activity funds that record transactions for the general school population, or in some cases, for a specific segment of the school population.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer funds are charges to customers for sales and services as well as the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Measurement Focus and Basis of Accounting

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

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 are 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, fines and forfeitures, and miscellaneous revenues (except for investment earnings) are considered to be measurable and available only when cash is received by the City. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end).

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balances

1. Cash and cash equivalents

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. All certificates of deposit are considered to be cash and cash equivalents.

2. Receivables and payables

All trade and taxes receivable are shown net of an allowance for doubtful accounts. All property values are assessed on January 1 of each year. Property taxes receivable are recorded at this lien date. All real and personal property taxes are levied in October of each year, at which time the receivable is recognized as revenue. All unpaid property taxes become delinquent on February 28. Penalties and interest are assessed on unpaid property taxes after the delinquent date.

Receivables due from other governments are primarily from the State of Tennessee and the United State government. No allowance for uncollectible amounts has been recognized.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

3. Inventories and prepaid items

Inventories are valued at cost (first-in, first-out). Inventory in all funds consists of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Restricted assets

Certain cash and cash equivalents of the City are classified as restricted assets on the balance sheet because they are maintained in separate accounts and/or their use is limited by certain agreements and contracts with third parties. Restricted balances include customer deposits for water and sewer services and outstanding court bonds payable.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of three years for property, plant and

equipment. Capital assets for infrastructure are defined as those assets with an initial individual cost of more than $100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated fair market value at the date received. Infrastructure assets purchased or received prior to July 1, 2003 have not been recorded.
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. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings and building improvements	15-50 years
Infrastructure	50 years
Machinery, equipment, and heavy vehicles	7-20 years
Automobiles	5 years

6. Deferred outflows and inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The City has two items that qualify for reporting in this category – a pension related deferral and contributions made to the pension plan in the current fiscal year.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an increase to net position that applies to a future period and is not recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. Deferred inflows for pensions is comprised of the deferral of pension earnings. Unavailable revenues from property taxes are amounts in the governmental funds that were receivable and measurable at year-end but were not available to finance expenditures for the current year.

7. Compensated absences and overtime

Employees earn ten or more days of vacation each year depending on length of service. Vacation leave is to be taken following the period in which it is earned and up to one year's vacation may be carried forward into the next year.

Hourly employees can choose to be paid the overtime worked or to accrue compensatory overtime. Employees earn 1.5 hours of compensatory time for every hour of overtime worked in excess of minimum hours worked requirement according to the Fair Labor Standards Act. Compensatory time must be used by the end of the year except police can carry over 480 hours and fire can carry over 120 hours.

Accumulated unpaid vacation and compensatory overtime is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Upon retirement, unused sick leave will not be paid but will be credited toward service years in calculating pension benefits.

The School's personnel policies do not allow any vested accumulation of annual leave, except for certain administrative employees. Balances of accrued annual leave are not material at year end. Sick leave can be accumulated for an unlimited number of days; however the employee retains no vested interest.

8. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize note issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund balance and flow assumption policy

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – amounts that cannot be spent because they are either in a (a) nonspendable form, including items not expected to be converted to cash, or (b) legally or contractually required to be maintained intact.

- Restricted – amounts constrained to be used for a specific purpose per external parties, constitutional provisions, or enabling legislation.

- Committed – amounts constrained to be used for specific purposes by formal action by ordinance adopted by the City's highest level of decision making authority, the Mayor and Board of Aldermen. Amounts classified as committed are not subject to legal enforceability like restricted resources; however, they cannot be used for any other purpose unless the Board reviews or changes the commitment by taking the same action it employed to impose the commitment. The School's highest level of decision making authority is the Board of Education.

- Assigned – amounts intended to be used by the City for specific purposes, but are neither restricted nor committed. The intent shall be expressed by the Board of Mayor and Aldermen or a designee, such as the Mayor or a committee, authorized by the Board of Mayor and Aldermen for a specific purpose in accordance with the policy established by the Board of Mayor and Aldermen. The nature of the actions necessary to remove or modify an assignment is not as rigid as required under a committed fund balance classification. At this time the Board of Education has maintained the authorization to assign fund balance for the School Funds.

- Unassigned – amounts available for any purpose in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

10. Fund balance committed for General Fund

The Board of Mayor and Aldermen established a financial stabilization account, an emergency account, and a library construction account as committed parts of the fund balance for the General Fund. The financial stabilization account is established as 30% of the appropriations for the next fiscal year in order to have a method of dealing with revenue shortages or other unanticipated budgetary needs. The emergency account is established at $1,000,000 for use in covering catastrophic losses, including natural and man-made disasters. The library construction account is established as 50% of collections from the red light camera/speed van violations less expenditures for the library. The balances of these accounts at June 30, 2015 are $3,647,389, $1,000,000, and $236,891, respectively.

11. Use of estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Pensions

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 City's participation in the Public Employee Retirement Plan and the School's participation in the Teacher Legacy Pension Plan, Teacher Retirement Plan, and Political Subdivision Pension Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from each plan'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 each plan. Investments are reported at fair value.

NOTE 2 – 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

The governmental fund balance sheet includes a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this difference are as follows:

Governmental funds capital assets	$ 95,884,349
Less: accumulated depreciation	(9,575,918)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental funds	$ 86,308,431

The reconciliation also explains that “long-term liabilities, including notes payable, settlement liability, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference are as follows:

Notes payable	$ (8,611,283)
Compensated absences	(378,732)
Net post employment benefit obligation	(5,450,313)
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	$(14,440,328)

Another element of that reconciliation explains that “net pension asset, deferred outflows, and deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.” The details of this difference are as follows:

Net pension asset	$ 592,785
Pension changes in experience	208,316
Pension contributions after measurement date	1,503,201
Pension changes in investment earnings	(1,271,229)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$ 1,033,073

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balance - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of the difference are as follows:

Capital grant and contributions	$ 52,264
Capital outlay	2,358,221
Depreciation expense	(2,277,163)
Loss on disposal of capital assets	(47,709)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 85,613

The reconciliation also states that “the issuance of long-term debt (e.g., notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds." The details of the difference are as follows:

Principal repayment on notes payable	$ 470,345
Principal repayment of settlement liability	230,219
Amortization of settlement liability discount	(62,023)
Compensated absences	28,797
Increase in net post employment benefit obligation	(731,194)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental	$ (63,856)

Another element of that explanation that "pension expense represents the costs of benefits accrued in the current year, net of changes in deferred outflows and inflows of resources. This expenditure is not an expenditure of the funds, and; therefore, has not been recorded as a change in net fund balance in the fund financial statements." The details of this difference are as follows:

Pension contributions after measurement date	$ 1,503,201
Actuarial determined pension expense	(258,392)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 1,244,809

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The Board of Mayor and Aldermen annually approves the operating budgets for all governmental funds. The budget is adopted at the department level presented in the basic financial statements. The schedules with budgetary comparison information shown in the supplementary information are the support required in preparing the budget at the adopted department level.

The City Manager is required by charter to present to the Board of Mayor and Alderman a preliminary budget for the upcoming fiscal year by May 1st. The preliminary budget is compiled from revenue and expense projections as well as requests submitted by each department. The Board of Mayor and Aldermen must pass the preliminary budget on three readings before it is adopted and becomes the approved spending plan for the City.

The City Manager has the authority to transfer the unused portion of any item within the same department. Any revisions that alter the total expenditures of any fund must be approved by the Board of Mayor and Aldermen. Expenditures may not exceed appropriations at the department level. Supplemental appropriations may be authorized by the Board of Mayor and Aldermen through the adoption of appropriate ordinances during the year.

Formal budgetary accounting is employed as a management control for all funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the general fund, special revenue funds, debt service fund, and the proprietary funds. Budgets for the capital projects funds are made on a project basis, spanning more than one fiscal year.

B. Excess of expenditures over appropriations

For the year ended June 30, 2015, other than the Millington Municipal School Cafeteria Fund for which expenditures exceeded appropriations by $20,587, no fund's expenditures exceeded appropriations.

C. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits with financial institutions

At year end, the City's carrying amount of deposits was $19,419,377, including $272,113 of cash held in the student activity fund, and the bank balance was $20,524,323. Of the bank balance, $888,852 was covered by

the Federal Deposit Insurance Corporation with the remaining balance of $19,635,471 being collateralized with the State of Tennessee Bank Collateral Pool with securities held by the pledging financial institution's trust department or agent in the City's name.

State statutes authorize the City to invest in bonds, notes or treasury bills of the United States of America or any of its agencies, certificates of deposit, repurchase agreements utilizing obligations of the United States of America or its agencies as the underlying securities, state pooled investment funds, and mortgage-backed securities. Statutes require that (1) deposits have securities as collateral whose market value is equal to 105 percent of the value of the deposits, less so much of such amount as is insured by federal deposit insurances and (2) securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase agreement. Tennessee Code Annotated Sections 9-4-105 and 9-4-404 state that collateralization coverage for cash deposits may be computed based on average daily balances of the preceding month. City deposit policies follow the State statutes.

B. Receivables

Receivables as of year-end for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for the uncollectible accounts, are as follows:

	General Fund	General Purpose School Fund	Water Fund	Sewer Fund	Nonmajor Governmental Funds	Total
Receivables:						
Property taxes	$ 2,909,521	$ -	$ -	$ -	$ -	$ 2,909,521
City taxes and fees	91,264	-	-	-	-	91,264
Accounts receivable	-	87,895	244,002	191,129	514,839	1,037,865
Other	29,854	-	178	-	-	30,032
Gross receivables	3,030,639	87,895	244,180	191,129	514,839	4,068,682
Less: allowance for doubtful accounts	(176,456)	-	(103,344)	(77,999)	(132,054)	(489,853)
Net total receivables	$ 2,854,183	$ 87,895	$ 140,836	$ 113,130	$ 382,785	$ 3,578,829

Property tax revenues in the general fund are reported net of uncollectible amounts. The allowance for uncollectible property taxes decreased for the current year resulting in an increase in reported revenues of $42,669.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, unavailable revenue of $2,698,206 for property taxes receivable and $494,653 grants was reported in governmental funds.

Unavailable revenues included in property taxes receivable result primarily from the pro-rata share of 2015 property taxes which are unearned and unavailable, but are recorded as receivable on the levy date, as described in Note 1.

C. Interfund receivables, payables, and transfers

At June 30, 2015, amounts to be received or paid with current available resources are reported as receivable and payable to other funds. Outstanding balances result from the time lag between the dates reimbursable expenditures occur and payments between funds are made.

The composition of interfund balances as of June 30, 2015, is as follows:

	Due from:				
Due to:	General Fund	Water Fund	Sewer Fund	Nonmajor Governmental Funds	Total
General fund	$ -	$ 964	$ 1,738	$ 7,852	$ 10,554
General purpose school fund	221,574	-	-	169,187	390,761
Water fund	-	-	1,984	2,386	4,370
Nonmajor governmental funds	43,027	-	-	-	43,027
	$ 264,601	$ 964	$ 3,722	$ 179,425	$ 448,712

Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due and to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. Interfund transfers for the City during the year ended June 30, 2015, are as follows:

	Transfer in:			
Transfer out:	General Fund	General Purpose School Fund	Nonmajor Governmental Funds	Total
General fund	$ -	$ 2,100,000	$ 984,333	$ 3,084,333
General purpose school fund	-	-	53,229	53,229
Nonmajor governmental funds	1,187,872	15,738	-	1,203,610
	$ 1,187,872	$ 2,115,738	$ 1,037,562	$ 4,341,172

The City also loaned the School $1,900,000 of start-up funds at the beginning of the school year. These funds are reported as Other Financing Sources (Uses). The entire principle balance plus 1.41% interest was repaid during fiscal 2015 and is recorded as interfund debt service cost.

D. Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 6,060,989	$ -	$ -	$ 6,060,989
Construction in progress	193,757	1,057,694	(496,183)	755,268
Total capital assets, not being depreciated	6,254,746	1,057,694	(496,183)	6,816,257
Capital assets, being depreciated:				
Buildings and improvements	53,706,300	1,210,183	-	54,916,483
Infrastructure	28,415,645	370,395	-	28,786,040
Furnishings and equipment	1,349,639	239,052	(8,775)	1,579,916
Vehicles	4,190,737	29,343	(434,427)	3,785,653
Total capital assets, being depreciated	87,662,321	1,848,973	(443,202)	89,068,092
Less accumulated depreciation for:				
Buildings and improvements	(4,154,772)	(1,269,344)	-	(5,424,116)
Infrastructure	-	(574,609)	-	(574,609)
Furnishings and equipment	(871,585)	(80,245)	8,775	(943,055)
Vehicles	(2,667,892)	(352,965)	386,719	(2,634,138)
Total accumulated depreciation	(7,694,249)	(2,277,163)	395,494	(9,575,918)
Total capital assets, being depreciated, net	79,968,072	(428,190)	(47,708)	79,492,174
Governmental activities capital assets, net	$ 86,222,818	$ 629,504	$ (543,891)	$ 86,308,431

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 726,949	$ -	$ -	$ 726,949
Construction in progress	1,410,287	1,567,463	(2,977,750)	-
Total capital assets, not being depreciated	2,137,236	1,567,463	(2,977,750)	726,949
Capital assets, being depreciated:				
Buildings and improvements	25,056,928	2,977,750	-	28,034,678
Furnishings and equipment	3,898,046	-	-	3,898,046
Vehicles	665,093	-	-	665,093
Total capital assets, being depreciated	29,620,067	2,977,750	-	32,597,817
Less accumulated depreciation for:				
Buildings and improvements	(12,312,057)	(621,204)	-	(12,933,261)
Furnishings and equipment	(3,456,231)	(64,936)	-	(3,521,167)
Vehicles	(435,185)	(32,338)	-	(467,523)
Total accumulated depreciation	(16,203,473)	(718,478)	-	(16,921,951)
Total capital assets, being depreciated, net	13,416,594	2,259,272	-	15,675,866
Business-type activities capital assets, net	$ 15,553,830	$ 3,826,735	$ (2,977,750)	$ 16,402,815

Depreciation expense was charged to function / programs of the primary government as follows:

Governmental Activities:	
General government	$ 42,272
Public safety	307,073
Community services	114,305
Transportation and environment	808,205
Education	1,005,308
Total depreciation expense - governmental activities	$ 2,277,163
Business-Type Activities:	
Water	$ 285,805
Sewer	432,673
Total depreciation expense - business-type activities	$ 718,478

E. Long-term debt

General obligation loans payable

In November 2000, the City entered into a 15 year loan agreement to borrow $1,800,000 from the Clarksville PBA through the League. The principal on this loan is paid annually while the interest is paid monthly based on a variable interest rate determined monthly by the remarketing agent. The remaining balance was paid in full during 2015.

In June 2011, the City entered into a 25 year loan agreement to borrow $5,000,000 from First Tennessee Bank National Association through the League. The principal on this loan is due on June 1, 2036, while the interest is paid semi-annually at an interest rate of 3.29%.

In October 2010, the City entered into a 10 year General Obligation Capital Outlay Note to borrow $1,000,000 from First Tennessee Bank National Association. The principal on this note is due on October 1, 2020, while the interest is paid semi-annually at an interest rate of 3.78%.

In May 2013, the City entered into a 20 year loan agreement to borrow $1,150,000 from the Clarksville PBA through the League. The principal on this loan is paid annually while the interest is paid semi-annually at an interest rate of 2.73%.

Other long-term liabilities

In March 2000, the City entered into a 15 year agreement with the YMCA. The agreement calls for the City to pay $150,000 per year for 15 years and obligated the YMCA to build a complex in the City for the use of City residents. The remaining balance was paid in full during 2015.

In August 2011, the City entered into a construction loan agreement to borrow up to $2,827,400 from the TN State Revolving Fund Loan. Money is drawn as needed for the construction project. Repayments of principal will begin ninety days after the Project is completed. At June 30, 2015, the balance outstanding was $2,521,476 and the interest rate on this loan was 1.41%.

Settlement liability

In January 2014, the County Commission of Shelby County, Tennessee, the City and the School entered into a settlement agreement to resolve all claims and contentions between the parties concerning the formation of the School. As a condition of the settlement, the School agreed to pay the Shelby County Board of Education twelve annual payments of $230,219 for a total of $2,792,628 due by November 1 of each year commencing on

November 1, 2014. During the year ended June 30, 2015, the School made their first payment of $230,219 and recognized interest expense of $62,023 using an effective interest rate of 2.89%. At June 30, 2015, the net present value outstanding was $2,172,283.

Changes in long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 6,909,345	$ -	$ (470,345)	$ 6,439,000	$ 334,000
Shelby County Board of Education settlement liability	2,762,628	-	(230,219)	2,532,409	230,219
Less deferred amounts:					
For issuance discount	(422,149)	-	62,023	(360,126)	-
Net post employment benefit obligation	4,719,119	860,308	(129,114)	5,450,313	-
Compensated absences	407,529		(28,797)	378,732	-
Total long-term liabilities	$ 14,376,472	$ 860,308	$ (796,452)	$ 14,440,328	$ 564,219

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Notes payable - construction	$ 453,740	$ 2,088,158	$ (20,422)	$ 2,521,476	$ 123,540
Net post employment benefit obligation	757,816	129,173	(4,636)	882,353	-
	$ 1,211,556	$ 2,217,331	$ (25,058)	$ 3,403,829	$ 123,540

Annual debt service requirements for notes payable to maturity based on current interest rates are as follows:

Years Ending	Government Activities		Business-Type Activities	
June 30	Principal	Interest	Principal	Interest
2016	$ 334,000	$ 207,205	$ 123,540	$ 38,784
2017	346,000	195,938	125,292	37,032
2018	358,000	184,252	127,068	32,256
2019	369,000	172,158	128,880	33,444
2020	383,000	159,688	130,704	31,620
2021-2025	1,396,000	643,077	681,876	129,744
2026-2030	1,437,000	432,039	731,652	79,968
2031-2035	1,527,000	191,696	472,464	22,843
2036	289,000	9,508	-	-
	$ 6,439,000	$ 2,195,561	$ 2,521,476	$ 405,691

F. Fund Balances By Purpose

Following is more detailed information on the governmental fund balances:

	General Fund	General Purpose School Fund	Other Governmental Funds	Total
Nonspendable for:				
Inventory	$ 24,618	$ -	$ 10,569	$ 35,187
Prepaid expenses	223,517	3,422	25,456	252,395
Total nonspendable	248,135	3,422	36,025	287,582
Restricted for:				
Drug enforcement	-	-	316,623	316,623
Streets	-	-	94,855	94,855
Sanitation	-	-	502,040	502,040
Schools	-	123,941	88,603	212,544
Total restricted	-	123,941	1,002,121	1,126,062
Committed to:				
Financial stabilization	3,647,389	-	-	3,647,389
Emergency	1,000,000	-	-	1,000,000
Library construction	236,891	-	-	236,891
Drainage control	-	-	243,530	243,530
Total committed	4,884,280	-	243,530	5,127,810
Assigned to:				
Purchase order encumbrances	-	.	129,955	129,955
Debt service	-	-	455	455
Capital improvements	-	-	106,145	106,145
Total assigned	-	-	236,555	236,555
Unassigned	3,699,610	3,640,044	-	7,339,654
Total fund balances	$ 8,832,025	$ 3,767,407	$ 1,518,231	$ 14,117,663

For flow assumption policy regarding use of fund balance types, refer to Note 1(D)(9).

NOTE 5 – PENSION PLANS

The City of Millington and Millington Municipal Schools participate in the following plans administered by the Tennessee Consolidated Retirement System (TCRS).

I. City of Millington, Tennessee Agent Plan
II. Millington Municipal Schools Teacher Legacy Pension Plan
III. Millington Municipal Schools Teacher Retirement Plan
IV. Millington Municipal Schools Political Subdivision Pension Plan

The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

I. City of Millington, Tennessee Agent Plan

A. General Information about the Pension Plan

Plan Description
Employees of Millington are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS.

Benefits Provided
Tennessee Code Annotated Title 8, Chapters 34-37 establishes 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 5 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 at age 55 and vested. 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 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd 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 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest

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

Inactive employees or beneficiaries currently receiving benefits	93
Inactive employees entitled to but not yet receiving benefits	143
Active employees	171
	407

Contributions
Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees of the City are non-contributory. Millington makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Millington were $510,333 based on a rate of 7.84% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Millington's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (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.

B. Net Pension Liability (Asset)

Millington's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability 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 June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Graded salary ranges from 8.97% to 3.71% based on age, including inflation, averaging 4.25%
Investment rate of return	7.5%, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5%

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

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

Discount Rate
The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Millington 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.

C. Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/13	$ 20,545,779	$ 19,794,041	$ 751,738
Changes for the year:			
Service cost	514,637	-	514,637
Interest	1,544,121	-	1,544,121
Differences between expected and actual experience	267,551	-	267,551
Contributions - employer	-	511,544	(511,544)
Contributions - employees	-	-	-
Net investment income	-	3,238,712	(3,238,712)
Benefit payments, including refunds of employee contributions	(944,283)	(944,283)	-
Administrative expenses	-	(7,143)	7,143
Net changes	1,382,026	2,798,830	(1,416,804)
Balance at 6/30/14	$ 21,927,805	$ 22,592,871	$ (665,066)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of Millington calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Millington's net pension liability (asset)	2,354,922	(665,066)	(3,163,514)

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

Pension Expense

For the year ended June 30, 2015, Millington recognized pension expense of $288,304.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 222,959	$ -
Net difference between projected and actual earnings on pension plan investments	-	1,416,523
Contributions subsequent to the measurement date of June 30, 2014	510,333	-
Total	$ 733,292	$ 1,416,523

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	$ (309,539)
2017	(309,539)
2018	(309,539)
2019	(309,539)
2020	44,592
Thereafter	-

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

II. Millington Municipal Schools Teacher Legacy Pension Plan (TLPP)

A. General Information about the Pension Plan

Plan Description
Teachers with membership in the TCRS before July 1, 2014 of Millington Municipal Schools are provided with pensions through the TLPP, a cost sharing multiple-employer pension plan administered by the TCRS. The TLPP 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 (TRP) became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The TRP is a separate cost-sharing, multiple- employer defined benefit plan.

Benefits Provided
Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the TLPP are eligible to retire with an unreduced benefit at age 60 with 5 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 at age 55 and vested. 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 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd 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 3 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.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the TLPP 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 Millington Municipal Schools for the year ended June 30, 2015 to the TLPP were $826,309 which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Assets

At June 30, 2015, the Millington Municipal Schools reported an asset of $108 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Millington Municipal School's proportion of the net pension liability was based on Millington Municipal School's employer contributions to the pension plan during the year ended June 30, 2014 relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014 measurement date, Millington Municipal School's proportion was 0.000664 percent. The proportion measured as of June 30, 2013 was 0.062757 percent.

Pension Expense

For the year ended June 30, 2015, Millington Municipal Schools recognized a pension expense of $1,468.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, Millington Municipal Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 262	$ -
Net difference between projected and actual earnings on pension plan investments	-	8,887
Changes in proportion of Net Pension Liability (Asset)	9,363	-
LEA's contributions subsequent to the measurement date of June 30, 2014	826,309	-
Total	$ 835,934	$ 8,887

Millington Municipal Schools employer contributions of $826,309, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2016	$	(618)
2017		(618)
2018		(618)
2019		(618)
2020		1,604
Thereafter		1,604

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

Actuarial Assumptions

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

Inflation	3.0%
Salary increases	Graded salary ranges from 8.97% to 3.71% based on age, including inflation, averaging 4.25%
Investment rate of return	7.5%, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5%

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

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

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all 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 (Assets) to Changes in the Discount Rate

The following presents Millington Municipal School's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Millington Municipal School's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage--point lower (6.5 percent) or 1- percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Millington Municipal School's proportionate share of the net pension liability (asset)	$ 18,192	$ (108)	$ (15,258)

Pension Plan Fiduciary Net Position

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

III. Millington Municipal Schools Teacher Retirement Plan (TRP) of TCRS

A. General Information about the Pension Plan

Plan Description

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Millington Municipal Schools are provided with pensions through the Teacher Legacy Pension Plan (TLPP), a cost sharing multiple-employer pension plan administered by the TCRS. The TLPP 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 (TRP) became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The TRP is a separate cost-sharing, multiple- employer defined benefit plan.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the TRP are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd 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 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the TRP, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015 to the TRP were $39,873, which is 4 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.

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

Pension Liabilities

Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the separate TRP, there is not a net pension liability to report at June 30, 2015.

Pension Expense
Since the measurement date is June 30, 2014, Millington Municipal Schools did not recognize a pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources
For the year ended June 30, 2015, Millington Municipal Schools reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Millington Municipal Schools contributions subsequent to the measurement date of June 30, 2014	$ 39,873	$ -

Millington Municipal School's employer contributions of $39,873 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

IV. Millington Municipal Schools Political Subdivision Pension Plan (PSPP)

A. General Information about the Pension Plan

Plan Description
Support personnel and non-teachers of Millington Municipal Schools are provided with pensions through the Political Subdivision Pension Plan (PSPP), an agent multiple-employer pension plan administered by the TCRS. Local governments were given the option of selecting the hybrid pension plan. In addition, legislation passed in 2013 permits a local board of education to participate in TCRS separately from the local government. The City of Millington has approved the creation of a separate hybrid plan for Millington Municipal Schools.

Benefits Provided
Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the PSPP are eligible to retire at age 60 with 5 years of service credit or at any age with 30 years of service. A reduced retirement benefit is available to vested members at age 55. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after Millington Municipal Schools Board of Education 43 retirement. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions
Contributions are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Support personnel and non-teachers contribute 5 percent of their salary. The Local Education Agencies (LEAs) makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015 to the PSPP were $182,233, which is 8.14 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.

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

Pension Liabilities
Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the separate Millington Municipal Schools Political Subdivision Pension Plan, there is not a net pension liability to report at June 30, 2015.

Pension Expense
Since the measurement date is June 30, 2014, Millington Municipal Schools did not recognize a pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources
For the year ended June 30, 2015, Millington Municipal Schools reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Millington Municipal Schools contributions subsequent to the measurement date of June 30, 2014	$ 182,233	$ -

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The City has contracted with the Shelby County Trustee to collect real and personal property taxes on behalf of the City. A 2.5% commission is paid to the Trustee plus 90% of the salary, fringe benefits, and authorized expenses of one full time employee of the Trustee. This employee works in City Hall and provides other receipting and administrative functions for the City. Collection fees paid to the Trustee totaled $129,761 for the year ended June 30, 2015.

The City has entered into lease agreements with various governmental units and organizations. The terms of these leases vary and require only nominal token payments, if any. Annual lease payments are not material.

Under the terms of service agreements with the Naval Support Activity - Millington and Shelby County, the City provides service from the sewer treatment plant at a cost of $3.42 per thousand gallons.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

From time to time, several lawsuits against the City are ongoing. The ultimate outcome of the actions is not determinable; however, City officials believe that the outcome of these proceedings, either singularly or in the aggregate, will not have a materially adverse effect on the accompanying general purpose financial statements.

The City is a common paymaster for the Millington Municipal Airport Authority and Millington Industrial Development Board. This arrangement allows these employees to participate in all City employee benefits such as retirement, health insurance, life insurance, and worker's compensation insurance. The City is reimbursed

for all disbursements by the respective entities. As of June 30, 2015, this arrangement ended for the Millington Municipal Airport Authority.

NOTE 7 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City incurred $30,000 in excess of commercial insurance coverage for the year ended June 30, 2015. The School filed an insurance claim related to flooding for approximately $430,000, of which approximately $270,000 was collected prior to June 30, 2015.

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

In addition to the pension benefits described in Note 5, the City provides post-retirement health care and life insurance benefits to all employees who retire from the City under the provisions of the TCRS. Benefit provisions and contribution obligations have been established by the City. The City provides certain healthcare and life insurance coverage at nominal cost to retirees. Currently, 26 retirees and spouses are participating in post-retirement benefits. Expenses for post-retirement healthcare benefits are recognized when premiums are due. The City pays 65% of the premium for health care benefits for retirees and their dependents.

A. Plan Description

The City is the administrator of a single-employer Other Post Employment Benefit plan (OPEB). The plan provides for healthcare and life benefits for retirees through the City's health insurance plans, which covers active and retired participants. The plan does not issue a stand-alone financial report.

B. Funding Policy

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has engaged an actuary to calculate the ARC and related information per the provision of GASB Statement 45 for employers in plans with more than 100 hundred total plan members. The ARC represents a funding level that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The amortization method used is a level dollar, closed approach which amortizes the initial unfunded actuarial liability over thirty years, actuarial gains/losses over ten years, and plan amendments over fifteen years. For fiscal year 2015, the City made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to $133,750 for 2015. These costs are recognized as an expense when claims or premiums are paid.

C. Annual OPEB Cost and Net OPEB Obligation

For the current fiscal year, the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation were as follows:

Annual required contribution	$ 964,368
Interest on net OPEB obligation	25,113
Adjustment to annual required contribution	-
Annual OPEB cost	989,481
Contributions or payments made	(133,750)
Increase in net OPEB obligation	855,731
Net OPEB obligation, beginning of year	5,476,935
Net OPEB obligation, end of year	$ 6,332,666
Percentage of expense contributed	13.52%

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, the date of the most recent actuarial valuation, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2013	$ -	$ 8,853,382	$ 8,853,382	0.00%	$5,658,639	156.46%
July 1, 2011	$ -	$ 10,558,534	$ 10,558,534	0.00%	$6,428,037	164.26%
July 1, 2009	$ -	$ 9,042,099	$ 9,042,099	0.00%	N/A	N/A

E. Actuarial Methods and Assumptions

Actual valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are formed regarding the future. Projections of retiree benefits for financial reporting purposes are based on current plan activities and it is handled by the City and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The annual required contribution for the current year was determined as part of the July 1, 2013, actuarial valuation using the Projected Unit Credit actuarial cost method. The actuarial assumptions include a 4% a year rate of investment return. Per the actuarial study the assumed rate ranges from 7.5% in the short-term to 6.0% in the long-term for health care related costs.

NOTE 9 – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is available to all City employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan must hold all assets for the benefit of participants and their beneficiaries. The plan assets remain the property of the City until paid, subject only to claims of the City's general creditors.

NOTE 10 – DISPOSAL OF OPERATIONS

On June 30, 2015, the City sold the assets comprising its commercial sanitation operations to Waste Connections. As a result of the sale, the City recognized a gain of $226,500 on the disposal of assets used in the commercial sanitation operations as a special item. The City's 2015 expenses and revenues related to its commercial sanitation operations totaled approximately $162,000 and $231,000, respectively.

NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

Effective for the fiscal year ended June 30, 2015, the City of Millington, Tennessee implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions* (an amendment of GASB Statement No. 27) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (an amendment of GASB Statement No. 28). The implementation of the statements required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year 2014). As a result, beginning of the year net position decreased by $237,880.

NOTE 12 – SUBSEQUENT EVENT

Subsequent to June 30, 2015, the City obtained a $6,000,000 loan. The purpose of the loan is to fund a portion of the five year capital improvement program of the City. The program includes road repairs and improvements, improvement and renovation of city and school buildings, drainage improvements, and equipment purchases.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION ASSET AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS

Last Fiscal Year Ending June 30

	2014
Total Pension Liability	
Service cost	$ 514,637
Interest	1,544,121
Changes in benefit terms	-
Differences between actual and expected experience	267,551
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(944,283)
Net change in total pension liability	1,382,026
Total pension liability-beginning	20,545,779
Total pension liability-ending	$ 21,927,805
Plan Fiduciary Net Position	
Contributions-employer	$ 511,544
Contributions-employee	-
Net investment income	3,238,712
Benefit payments, including refunds of employee contributions	(944,283)
Administrative expense	(7,143)
Net change in plan fiduciary net position	2,798,830
Plan fiduciary net position-beginning	19,794,041
Plan fiduciary net position-ending	$ 22,592,871
Net pension asset	$ (665,066)
Plan fiduciary net position as a percentage of total pension liability	103.03%
Covered-employee payroll	$ 6,346,701
Net pension asset as a percentage of covered-employee payroll	10.48%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF THE CITY'S CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS

Last Fiscal Year Ending June 30

	2015	2014
Actuarially determined contribution	$ 510,333	$ 511,544
Contributions in relation to the actuarially determined contribution	510,333	511,544
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 6,512,864	$ 6,346,701
Contributions as a percentage of covered employee payroll	7.84%	8.06%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

NOTES TO THE SCHEDULE OF THE CITY'S CONTRIBUTIONS

For the Year Ended June 30, 2015

NOTE 1 – VALUATION DATE

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

NOTE 2 – METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	20 years
Asset valuation	10-year smoothed within a 20% corridor to market value
Inflation	3.0%
Salary increases	Graded salary ranges from 8.97% to 3.71% based on age, including inflation, averaging 4.25%
Investment Rate of Return	7.5%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5%

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF MILLINGTON MUNICIPAL SCHOOL'S PROPORTIONATE SHARE OF NET PENSION ASSET – TEACHER LEGACY PENSION PLAN OF TCRS

For the Year Ended June 30, 2015*

	2015
Proportion of the net pension asset	0.000664%
Proportionate share of the net pension asset	108
Covered-employee payroll	$ 26,054
Proportionate share of the net pension asset as a percentage of covered-employee payroll	0.41%
Plan fiduciary net position as a percentage of the total pension liability	100.08%

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

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF MILLINGTON MUNICIPAL SCHOOL'S CONTRIBUTIONS – TEACHER LEGACY PENSION PLAN OF TCRS

For Fiscal Years Ended June 30

	2015	2014
Actuarially determined contribution	$ 826,309	$ 2,314
Contributions in relation to the actuarially determined contribution	-	2,314
		-
Contribution deficiency (excess)	$ 826,309	$ -
Covered-employee payroll	$ 9,140,585	$ 26,054
Contributions as a percentage of covered employee payroll	9.04%	8.88%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF MILLINGTON MUNICIPAL SCHOOL'S CONTRIBUTIONS – TEACHER RETIREMENT PLAN OF TCRS

For Fiscal Years Ended June 30

	2015
Actuarially determined contribution	$ 24,921
Contributions in relation to the actuarially determined contribution	39,783
Contribution deficiency (excess)	$ (14,862)
Covered-employee payroll	$ 996,818
Contributions as a percentage of covered employee payroll	4.00%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF MILLINGTON MUNICIPAL SCHOOL'S CONTRIBUTIONS – POLITICAL SUBDIVISION PENSION PLAN OF TCRS

For Fiscal Years Ended June 30

	2015
Actuarially determined contribution	$ 182,233
Contributions in relation to the actuarially determined contribution	182,233
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 2,241,733
Contributions as a percentage of covered employee payroll	8.13%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES – BUDGET AND ACTUAL – GENERAL FUND

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
TAXES				
Property taxes	$ 2,882,480	$ 2,882,480	$ 3,008,297	$ 125,817
Beer tax	450,000	450,000	453,839	3,839
Business tax	1,000	1,000	1,315	315
Local sales tax	3,200,000	3,200,000	3,243,213	43,213
Hotel/Motel tax	125,000	125,000	162,962	37,962
Interest and penalties	40,000	40,000	36,285	(3,715)
CATV franchise tax	30,000	30,000	31,036	1,036
Total taxes	6,728,480	6,728,480	6,936,947	208,467
LICENSES AND PERMITS				
Automobile stickers	189,000	189,000	195,947	6,947
Building and related permits	25,900	25,900	33,213	7,313
Planning and subdivision fees	1,700	1,700	6,341	4,641
Beer application and solicitors	2,000	2,000	2,425	425
Liquor inspection fee	80,000	80,000	92,966	12,966
Total licenses and permits	298,600	298,600	330,892	32,292
INTERGOVERNMENTAL				
State of Tennessee shared taxes				
City sales tax	-	1,338,000	1,455,988	117,988
Business tax	285,000	285,000	405,410	120,410
Sales tax	807,070	807,070	843,101	36,031
Beer tax	5,500	5,500	5,324	(176)
Income tax	10,000	10,000	45,838	35,838
Excise tax	10,500	10,500	12,974	2,474
Mixed drink tax	28,000	28,000	34,376	6,376
Telecommunications sales tax	1,000	1,000	1,090	90
TVA In-Lieu of Tax	123,000	123,000	129,022	6,022
Receipts in lieu of tax - MHA	19,000	19,000	22,205	3,205
Receipts in lieu of tax - MLGW	127,000	127,000	143,936	16,936
Beer privilege tax	3,700	3,700	3,890	190
Fire and ambulance fees	897,000	897,000	958,667	61,667
U.S. Department of Justice DEA overtime	5,000	5,000	8,872	3,872
Total intergovernmental	2,321,770	3,659,770	4,070,693	410,923

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
CHARGES FOR SERVICES				
Airport authority	406,590	406,590	393,038	(13,552)
Recreation	401,400	401,400	442,477	41,077
Total charges for services	807,990	807,990	835,515	27,525
FINES, FORFEITURES, AND PENALTIES	691,600	691,600	609,231	(82,369)
FEDERAL, STATE, AND LOCAL GRANTS	-	83,350	215,006	131,656
INTEREST ON INVESTMENTS	2,000	2,000	4,536	2,536
OTHER REVENUE	68,425	68,425	103,416	34,991
PLANNED USE OF PRIOR YEAR FUNDS	-	925,355	-	(925,355)
TOTAL GENERAL FUND REVENUES	$ 10,918,865	$ 13,265,570	$ 13,106,236	$ (159,334)

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
GENERAL GOVERNMENT				
Finance and Administration				
Salaries	$ 429,301	$ 429,301	$ 409,723	$ 19,578
Overtime	500	500	17	483
Part time	-	3,225	3,185	40
Vacation pay at retirement	-	2,457	2,456	1
Reimbursement for billing by City Hall	(142,400)	(142,400)	(142,400)	-
Health insurance	22,066	21,613	19,240	2,373
Life insurance	2,011	2,011	1,753	258
FICA	26,648	26,919	26,919	-
Medicare	6,232	6,414	6,413	1
Retirement	34,986	34,986	33,245	1,741
Travel expense (Mayor)	1,000	1,000	215	785
Travel and training	10,000	20,856	19,343	1,513
City Beautiful	2,500	2,500	2,500	-
Chamber of Commerce	18,000	18,000	18,000	-
Publications and flags	2,300	2,300	1,579	721
Memberships and dues	6,500	6,500	4,125	2,375
Public relations	3,525	3,525	3,350	175
Advertising	3,000	3,000	1,201	1,799
Tax collection expense	115,000	130,000	129,761	239
Utilities	28,000	25,000	22,094	2,906
Telephone	26,000	22,000	20,816	1,184
Legal and professional	125,000	140,000	138,331	1,669
Audit	28,000	28,000	28,000	-
Repairs and maintenance - equipment	1,500	1,500	-	1,500
Repairs and maintenance - vehicle	1,000	1,000	628	372
Building maintenance	15,000	47,049	46,292	757
Maintenance agreement	10,000	10,000	8,879	1,121
Fuel billed by public works	2,600	2,600	1,817	783
Repairs by public works shop	200	200	60	140
Operational supplies	17,500	12,500	11,744	756
Gas and oil	100	100	-	100
Expendable furnishings and equipment	8,000	5,690	4,992	698
Claims paid direct	-	35,000	35,000	-
Total finance and administration	804,069	903,346	859,278	44,068
General Government				
Workers compensation insurance	$ 140,000	$ 145,647	$ 145,646	$ 1
Medical testing	20,000	9,668	9,668	-
Retiree insurance	138,684	126,220	126,033	187
Legal and professional	-	34,620	22,687	11,933
Audit	-	3,000	3,000	-
Building insurance	34,724	33,088	33,088	-

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government (continued)				
Liability insurance	66,965	69,375	69,374	1
Errors and omissions insurance	21,475	21,729	21,729	-
Auto liability insurance	40,922	41,816	41,815	1
Contingency	-	1,082,795	-	1,082,795
Total general government	462,770	1,567,958	473,040	1,094,918
Courts				
Salaries	127,839	125,171	123,222	1,949
Part time staff	4,000	4,233	4,233	-
Part time staff - prosecutor	16,000	32,600	28,886	3,714
Part time staff - temporary judge	-	1,400	1,400	-
Vacation pay at retirement	-	435	434	1
Health insurance	13,330	15,239	15,239	-
Life insurance	478	478	457	21
FICA	8,174	7,578	6,391	1,187
Medicare	1,912	1,912	1,495	417
Retirement	10,406	9,979	9,979	-
Training and travel	2,500	1,700	746	954
Publications	200	200	30	170
Memberships	100	100	-	100
Utilities	3,500	3,745	3,744	1
Telephone expense	6,000	6,300	6,299	1
Contract labor	2,500	2,500	664	1,836
Repairs and maintenance - equipment	1,500	100	-	100
Building maintenance	3,500	2,000	1,716	284
Maintenance agreement	12,000	17,014	17,014	-
Operational supplies	5,000	4,721	4,694	27
Expendable furnishings and equipment	2,000	-	-	-
Total courts	220,939	237,405	226,643	10,762
Codes & Economic Development				
Salaries	186,850	187,442	187,441	1
Overtime	500	290	285	5
Part time staff	18,200	20,303	20,302	1
Reimbursement by City Engineer	(72,500)	(72,500)	(72,500)	-
Health insurance	8,962	13,899	13,899	-
Life insurance	965	965	956	9
FICA	12,744	12,414	12,412	2
Medicare	2,980	2,928	2,903	25
Retirement	15,250	15,250	15,210	40
Training and travel	3,500	4,776	4,776	-
Postage/printing	100	100	-	100
Publications	4,000	2,000	1,383	617

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Codes & Economic Development (continued)				
Memberships and dues	650	650	225	425
Advertising	3,000	500	357	143
Phone expense	9,000	6,897	6,848	49
Engineering	5,000	1,565	1,565	-
Subdivision review	1,500	1,500	1,423	77
Contract labor	25,000	15,000	12,652	2,348
Subdivision inspection	2,500	2,500	-	2,500
Repairs and maintenance - equipment	1,000	1,000	-	1,000
Repairs and maintenance - vehicle	1,500	1,520	1,519	1
Building maintenance	7,500	1,500	703	797
Maintenance agreement	12,000	13,316	13,315	1
Fuel billed by public works	5,000	5,000	3,902	1,098
Repairs by public works shop	3,000	3,000	1,156	1,844
Mapping and recording fees	400	400	17	383
Operational supplies	3,500	3,500	1,896	1,604
Uniforms	2,000	958	481	477
Gas and oil	150	150	-	150
Expendable furnishings and equipment	4,500	1,500	913	587
Demolitions	5,000	3,541	680	2,861
Total codes & economic development	273,751	251,864	234,719	17,145
Personnel				
Salaries	77,250	63,950	63,757	193
Vacation pay at retirement	-	1,376	1,376	-
Health insurance	4,530	4,530	3,751	779
Life insurance	399	399	309	90
FICA	4,790	4,790	3,876	914
Medicare	1,120	1,120	907	213
Retirement	6,288	5,288	5,172	116
Training and travel	1,497	1,497	-	1,497
Memberships	500	500	95	405
Public relations	2,003	5,668	5,667	1
Telephone	3,500	3,500	3,341	159
Repairs and maintenance - equipment	200	200	-	200
Building maintenance	100	100	-	100
Maintenance agreement	8,000	7,000	6,496	504
Operational supplies	2,500	1,500	982	518
Expendable furnishings and equipment	500	145	-	145
Total personnel	113,177	101,563	95,729	5,834
Total general government	1,874,706	3,062,136	1,889,409	1,172,727

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
PUBLIC SAFETY				
Police Department				
Salaries	1,757,180	1,716,119	1,716,040	79
Overtime	70,000	92,835	92,835	-
Part time	-	15,000	13,860	1,140
Part time - speed van	15,000	15,000	13,269	1,731
School crossing guards	45,500	45,500	34,943	10,557
Holiday pay	56,650	56,650	46,926	9,724
Vacation pay at retirement	-	3,216	3,216	-
Police supplement pay	-	30,600	30,600	-
Health insurance	200,734	200,734	165,103	35,631
Life insurance	9,475	9,475	8,748	727
FICA	120,548	120,548	113,794	6,754
Medicare	28,193	28,193	26,613	1,580
Retirement	153,355	153,355	152,798	557
Training and travel	22,000	22,000	20,858	1,142
Membership	430	430	200	230
Advertising	300	300	-	300
Utilities	16,000	16,000	13,933	2,067
Telephone	38,000	38,000	31,452	6,548
Repairs and maintenance - equipment	5,000	5,000	2,064	2,936
Repairs and maintenance - vehicle	10,000	10,000	7,304	2,696
Building maintenance	19,000	19,000	17,366	1,634
Maintenance agreement	85,300	57,381	47,135	10,246
Fuel billed by public works	105,000	100,000	85,446	14,554
Repairs by public works shop	20,000	25,000	23,883	1,117
Operational supplies	17,000	17,000	15,565	1,435
Equipment purchases	30,000	35,986	33,180	2,806
Jail expense	15,000	15,000	11,503	3,497
Dog expense	500	1,567	1,566	1
Uniforms	28,000	31,933	27,599	4,334
Ammunition	15,000	5,000	2,193	2,807
Police supplies	3,000	3,000	2,576	424
Gas and oil	250	250	184	66
Expendable furnishings and equipment	4,000	17,014	13,613	3,401
Vehicle towing	2,000	2,010	2,010	-
TBI - sex offender fee	150	150	100	50
Auto purchases	56,000	-	-	-
Building improvements	-	27,960	-	27,960
Total police department	2,948,565	2,937,206	2,778,475	158,731

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Fire Department				
Salaries	1,540,584	1,487,595	1,487,595	-
Salaries - value added	9,360	9,360	9,040	320
Overtime	171,583	226,000	226,000	-
Part time	66,752	52,528	21,290	31,238
Holiday pay	53,816	56,587	56,587	-
Vacation pay at retirement	-	10,025	10,022	3
Fire supplement pay	-	21,000	21,000	-
Health insurance	263,136	248,136	241,181	6,955
Life insurance	7,990	7,990	7,739	251
FICA	114,210	110,506	103,233	7,273
Medicare	26,710	26,710	24,143	2,567
Retirement	141,838	145,542	145,542	-
Training and travel	17,000	20,243	19,296	947
Ambulance service	333,041	333,041	333,040	1
Dispatch service	181,300	181,302	181,301	1
Office supplies	2,500	2,500	1,670	830
Membership	1,600	1,600	1,558	42
Utilities	50,500	50,500	41,030	9,470
Telephone	17,500	17,500	14,157	3,343
Repairs and maintenance - equipment	23,000	14,000	8,988	5,012
Repairs and maintenance - vehicle	25,000	49,000	45,152	3,848
Building maintenance	28,000	25,400	21,277	4,123
Maintenance agreement	11,000	11,000	10,958	42
Fire prevention	2,500	2,500	2,057	443
Tires	7,000	6,200	5,845	355
Fuel billed by public works	38,000	38,000	21,700	16,300
Repairs by public works shop	4,000	4,000	229	3,771
Operational supplies	10,600	10,600	7,707	2,893
Safety equipment	18,000	21,943	21,693	250
Medical supplies	5,000	7,600	7,076	524
Fire hose	5,000	5,000	4,853	147
Fire foam	-	10,357	10,356	1
Uniforms	17,500	17,500	13,816	3,684
Gas and oil	150	150	-	150
Expendable furnishings and equipment	18,000	11,255	11,254	1
Total fire department	3,212,170	3,243,170	3,138,385	104,785
Total public safety	6,160,735	6,180,376	5,916,860	263,516

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
COMMUNITY SERVICES				
Library				
Utilities	600	600	297	303
Contracts	308,036	308,036	297,837	10,199
Building maintenance	8,900	13,580	13,579	1
Janitor supplies	4,400	2,220	988	1,232
Total library	321,936	324,436	312,701	11,735
Arts, Recreation, & Parks				
Salaries	231,733	230,136	222,653	7,483
Field supervisors	3,500	3,594	1,373	2,221
Umpires/officials	18,000	18,000	10,426	7,574
Scorekeepers/press box/gate	6,000	6,000	2,840	3,160
Overtime	-	323	322	1
Sports instructor	1,000	1,000	-	1,000
Part time labor/staff	120,919	120,919	113,842	7,077
Vacation pay at retirement	-	1,597	1,596	1
Health insurance	31,254	31,711	29,446	2,265
Life insurance	1,200	1,200	1,116	84
FICA	23,631	23,631	20,814	2,817
Medicare	5,528	5,528	4,868	660
Retirement	18,863	18,863	18,062	801
Travel and training	4,100	5,223	5,193	30
Trophies	1,950	1,950	962	988
Umpires	30,000	30,385	30,385	-
Printing publications	100	100	25	75
Publications	100	100	-	100
Memberships	775	851	791	60
Advertising	9,000	7,591	2,732	4,859
Utilities - electric	127,700	127,700	104,453	23,247
Utilities - water	20,000	20,000	17,319	2,681
Utilities - sewer	19,000	19,000	17,130	1,870
Telephone expense	17,000	17,500	15,881	1,619
Contract labor - goat days	35,040	32,305	21,402	10,903
Legal and professional	-	6,750	6,750	-
Repairs and maintenance - equipment	5,500	12,585	11,332	1,253
Building maintenance	30,500	39,906	34,324	5,582
Maintenance agreements	8,000	7,400	2,736	4,664
Fuel billed by public works	4,500	6,206	5,710	496
Repairs by public works shop	2,500	3,576	3,056	520
Operational supplies	29,200	29,120	14,287	14,833
Concessions	15,000	16,000	14,843	1,157
Rugby field expenses	250	250	229	21
Equipment rentals - goat days	2,500	3,000	3,000	-

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Arts, Recreation, & Parks (continued)				
Uniforms	9,500	9,083	7,073	2,010
Program materials and supplies	16,300	19,250	15,036	4,214
Gas and oil	150	150	-	150
Expendable furnishings and equipment	12,500	14,642	7,612	7,030
Hospitality room - goat days	300	300	229	71
Grounds maintenance	16,000	21,449	21,386	63
Supplies - gift shop	10,000	9,400	9,206	194
SVC - Doyle baseball	1,500	1,500	-	1,500
Lease agreements	4,000	4,000	4,000	-
Equipment purchases	-	11,300	11,300	-
Building improvements	-	34,769	4,999	29,770
Total arts, recreation & parks	894,593	975,843	820,739	155,104
Total community services	1,216,529	1,300,279	1,133,440	166,839
PUBLIC WORKS				
Salaries	498,616	501,091	488,685	12,406
Part time staff	28,000	30,517	30,516	1
Vacation pay at retirement	-	1,060	1,059	1
Reimbursement for drain cleaning	(109,045)	(109,045)	(109,045)	-
Health insurance	80,206	88,851	85,217	3,634
Life insurance	2,582	2,706	2,638	68
FICA	32,650	32,592	29,270	3,322
Medicare	7,636	7,636	6,846	790
Retirement	40,588	40,903	39,526	1,377
Training and travel	1,000	640	-	640
Utilities	38,000	33,054	31,954	1,100
Telephone	11,800	9,611	8,108	1,503
Contract labor	21,280	12,548	12,548	-
Repairs and maintenance - equipment	6,350	5,350	3,152	2,198
Repairs and maintenance - vehicle	5,150	2,401	1,515	886
Building maintenance	7,500	8,345	8,345	-
Maintenance agreement	4,000	4,240	4,240	-
Fuel billed by public works	(304,300)	(305,900)	(215,237)	(90,663)
Gas purchases	180,000	180,000	141,979	38,021
Diesel purchases	141,800	131,300	85,451	45,849
Inventory purchases	85,200	110,200	105,331	4,869
Repairs by public works shop	(77,400)	(91,228)	(91,446)	218
Operational supplies	16,000	13,050	12,047	1,003
Equipment purchases	1,500	1,500	-	1,500
Animal control	1,500	655	343	312
Uniforms	4,500	4,044	2,862	1,182
Gas and oil	3,600	3,600	3,282	318

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Public Works (continued)				
Shop supplies	5,000	5,500	5,025	475
Expendable furnishings and equipment	1,500	3,355	1,855	1,500
Tools	8,000	5,880	4,970	910
Grounds maintenance	10,000	4,000	1,468	2,532
Claims paid direct	-	360	360	-
Equipment purchases	-	47,675	47,675	-
Total public works	753,213	786,491	750,539	35,952
TOTAL GENERAL FUND EXPENDITURES	$ 10,005,183	$ 11,329,282	$ 9,690,248	$ 1,639,034

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES – BUDGET AND ACTUAL – GENERAL PURPOSE SCHOOL FUND

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
LOCAL TAXES				
County Property Tax				
Current Property Tax	$ 6,392,052	$ 6,291,228	$ 6,656,666	$ 365,438
Trustee's Collection - Prior Years	251,727	251,727	167,722	(84,005)
Circuit Clerk Collection Prior Years	-	80,000	90,002	10,002
Payments in Lieu of Taxes	114,176	135,000	136,208	1,208
Local Option Sales Tax	2,550,564	2,550,564	2,509,176	(41,388)
Other Local Taxes				
Mixed Drink Tax	48,075	28,000	29,470	1,470
Total local taxes	9,356,594	9,336,519	9,589,244	252,725
FEDERAL GOVERNMENT				
E-Rate Funding	148,555	148,555	138,976	(9,579)
ROTC Reimbursement	96,660	96,660	96,886	226
Total federal government	245,215	245,215	235,862	(9,353)
STATE OF TENNESSEE				
Education Funds				
Basic Education Program	11,677,000	11,432,000	11,432,000	-
Early Childhood Education	267,843	267,843	267,844	1
Other State Education Funds	-	4,324	4,324	-
Coordinated School Health	-	80,000	72,296	(7,704)
Career Ladder Program	-	34,400	31,868	(2,532)
Career Ladder-Extended Contracts	-	16,949	16,337	(612)
Other State Revenue				-
Safe School Grant	-	13,720	13,720	-
Other State Revenues	-	29,612	29,611	(1)
Total State of Tennessee	11,944,843	11,878,848	11,868,000	(10,848)
OTHER LOCAL REVENUE				
Other Local Revenue	-	224,960	230,509	5,549
Total Other Local Revenue	-	224,960	230,509	5,549
GENERAL CONTRIBUTIONS				
From City of Millington	-	2,100,000	2,100,000	-
Total General Contributions	-	2,100,000	2,100,000	-

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES – BUDGET AND ACTUAL – GENERAL PURPOSE SCHOOL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
OTHER REVENUE				
Recurring Items				
Other Charges for Services	-	-	30	30
Investment Income	-	2,000	3,659	1,659
Lease/Rentals	-	17,000	22,927	5,927
Sale of Material & Supplies	-	-	2,477	2,477
Miscellaneous Refunds	-	-	153	153
Nonrecurring Items				
Damages Recovered from Individuals	-	1,205	3,734	2,529
Contributions and Gifts	-	-	2,400	2,400
Insurance Recovery	-	-	3,414	3,414
Total Other Revenue	-	20,205	38,794	18,589
TOTAL REVENUE	21,546,652	23,805,747	24,062,409	256,662

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL PURPOSE SCHOOL FUND

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
INSTRUCTION				
Regular Instruction				
Teachers	7,673,259	6,792,201	6,682,947	109,254
Career Ladder Program	-	31,600	32,085	(485)
Educational Assistant	56,896	57,513	57,463	50
Certified Substitute Teachers	150,000	-	-	-
Social Security	488,570	426,641	396,196	30,445
State Retirement	690,791	621,383	609,060	12,323
Life Insurance	49,248	27,478	26,235	1,243
Medical Insurance	872,585	563,839	553,910	9,929
Employer Medicare Liability	114,262	99,779	92,634	7,145
Contracts for Substitute Teachers-Certified	-	170,000	209,569	(39,569)
Instructional Supplies & Material	107,460	110,305	107,764	2,541
Textbooks	204,999	204,999	166,364	38,635
Other Supplies & Material	11,037	18,000	15,735	2,265
Fee Waiver	-	25,000	25,000	-
Other Charges	-	45,000	7,485	37,515
Regular Instruction Equipment	-	79,521	-	79,521
Total Regular Instruction	10,419,107	9,273,259	8,982,447	290,812
Alternative School				
Teacher	55,000	61,096	65,192	(4,096)
Homebound Teacher	20,000	48,279	103	48,176
Education Assistant	23,975	23,124	22,520	604
Social Security	6,136	8,215	4,748	3,467
State Retirement	8,875	11,978	7,240	4,738
Life Insurance	708	341	341	-
Medical Insurance	16,310	15,498	15,498	-
Employer Medicare	1,435	1,922	1,111	811
Other Contracted Services	10,000	10,000	3,168	6,832
Instructional Supplies & Material	300	800	343	457
Other Equipment	-	2,000	-	2,000
Total Alternative School	142,739	183,253	120,264	62,989
Special Education Program				
Teacher	940,038	717,005	730,254	(13,249)
Homebound Teacher	-	10,000	-	10,000
Ed Assistant Salary	256,918	240,189	235,987	4,202
Substitute Teacher - Certified	1,400	-	-	-
Substitute Teacher - Non-Certified	2,000	-	-	-

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL PURPOSE SCHOOL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Special Education Program (continued)				
Social Security	74,422	59,346	54,768	4,578
State Retirement	105,893	84,369	85,186	(817)
Life Insurance	8,227	3,873	3,773	100
Medical Insurance	171,255	103,688	102,878	810
Employer Medicare	17,405	13,880	14,425	(545)
Contracts Substitute Teachers-Certified	-	1,400	-	1,400
Contracts Substitute Teachers-(NC)	-	2,000	-	2,000
Other Contracted Services	30,000	180,000	134,636	45,364
Instructional Supplies & Material	2,500	5,000	1,131	3,869
Total Special Education	1,610,059	1,420,750	1,363,038	57,712
Vocational Education				
Teacher	982,036	808,155	777,507	30,648
Social Security	60,886	50,106	46,948	3,158
State Retirement	88,776	73,040	70,269	2,771
Life Insurance	6,750	3,285	3,161	124
Medical Insurance	81,550	36,644	34,732	1,912
Employer Medicare	14,240	11,718	10,980	738
Instructional Supplies & Material	2,800	2,800	300	2,500
Textbooks	-	5,000	4,929	71
Other Supplies & Material	-	8,000	1,960	6,040
Fee Waiver	-	2,000	-	2,000
Total Vocational Education	1,237,038	1,000,748	950,786	49,962
Total Instructional	13,408,943	11,878,010	11,416,535	461,475
SUPPORT SERVICES				
Health Care Services				
Other Salaries	-	53,458	53,458	-
Social Security	-	3,314	3,285	29
State Retirement	-	4,352	4,352	-
Life Insurance	-	218	221	(3)
Employer Medicare	-	775	768	7
Other Contracted Services	132,300	132,300	134,515	(2,215)
Other Supplies & Material	-	5,000	1,089	3,911
In-Service/Staff Development	-	2,500	1,257	1,243
Other Charges	-	15,472	-	15,472
Health Equipment	-	7,962	7,865	97
Total Health Care Services	132,300	225,351	206,810	18,541

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL PURPOSE SCHOOL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Other Student Support				
Guidance Personnel	379,326	354,115	342,185	11,930
Social Worker	-	21,125	15,215	5,910
Social Security	23,518	23,265	20,975	2,290
State Retirement	34,291	33,732	32,300	1,432
Life Insurance	2,607	1,463	1,366	97
Medical Insurance	40,775	32,271	31,508	763
Employer Medicare	5,500	5,440	4,906	534
Travel	-	1,000	2,886	(1,886)
Other Supplies & Material	-	3,140	3,028	112
In-Service/Staff Development	-	530	530	-
Other Charges	-	10,470	-	10,470
Other Equipment	-	10,315	9,876	439
Total Other Student Support	486,018	496,866	464,775	32,091
Regular Instructional Support				
Supervisor	55,000	81,097	62,983	18,114
Career Ladder Program	-	1,800	1,800	-
Career Ladder Extended Contracts	-	16,949	14,000	2,949
Librarian	260,678	253,925	253,925	-
Social Security	19,572	20,951	19,747	1,204
State Retirement	23,565	25,305	24,948	357
Life Insurance	896	1,357	1,024	333
Medical Insurance	32,620	23,418	20,418	3,000
Employer Medicare	4,577	4,900	4,619	281
Contracts with Other Schools - Planning	9,902	-	-	-
Travel	1,500	4,500	2,338	2,162
Other Contracted Services	75,935	85,837	61,544	24,293
Library Books/Media	18,000	18,000	9,950	8,050
Periodicals	-	10,000	-	10,000
Other Supplies & Material	2,000	22,000	15,244	6,756
In-Service/Staff Development	3,000	5,000	285	4,715
Other Charges	50,000	50,000	36,561	13,439
Total Regular Instructional Support	557,246	625,039	529,386	95,653
Alternative Education Support				
Supervisor	42,500	42,750	39,458	3,292
Social Security	2,635	2,651	2,195	456
State Retirement	3,842	3,865	3,567	298
Life Insurance	292	174	172	2
Medical Insurance	4,078	5,388	5,687	(299)

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL PURPOSE SCHOOL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Alt Education Support (continued)				
Employer Medicare	616	619	513	106
Travel	-	1,500	573	927
In-Service Staff Development	-	1,000	-	1,000
Total Alternative Education Support	53,963	57,947	52,165	5,782
Special Education Support				
Supervisor	42,500	42,750	46,042	(3,292)
Psychological	80,000	68,582	68,582	-
Secretary	18,731	15,000	-	15,000
Clerical Salary	88,924	111,536	122,647	(11,111)
Speech	-	15,000	-	15,000
Social Security	14,270	15,678	13,977	1,701
State Retirement	17,210	18,812	18,765	47
Life Insurance	1,453	1,025	892	133
Medical Insurance	32,620	18,108	20,016	(1,908)
Employer Medicare	3,337	3,666	3,269	397
Consultants	16,090	-	-	-
Postal Charges	300	300	-	300
Travel	1,500	2,500	2,405	95
Other Contracted Services	80,000	110,000	57,953	52,047
Other Supplies & Material	6,095	6,395	6,388	7
In-Service/Staff Development	5,000	5,000	821	4,179
Other Equipment	4,000	77	77	-
Total Special Education Support	412,030	434,429	361,834	72,595
Vocational Education Support				
Contracts with Other School Systems	9,910	9,910	10,495	(585)
Total Vocational Education Support	9,910	9,910	10,495	(585)
Board of Education				
Board and Committee Members	17,400	17,400	17,400	-
Social Security	1,079	1,079	1,079	-
State Retirement	-	1,221	1,026	195
Employer Medicare	252	252	252	-
Audit Services	33,000	-	11,000	(11,000)
Contracts with Other School Systems	230,219	-	-	-
Dues & Membership	7,100	7,700	7,700	-
Legal Services	24,000	60,000	44,697	15,303
Travel	9,000	3,000	854	2,146
Other Contracted Services	-	2,000	2,000	-

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL PURPOSE SCHOOL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Board of Education (continued)				
Other Supplies & Material	300	800	312	488
Liability Insurance	23,748	23,203	23,203	-
Workers Compensation Insurance	54,495	65,000	64,622	378
In-Service/Staff Development	5,000	1,000	572	428
Total Board of Education	405,593	182,655	174,717	7,938
Office of the Director of Schools				
Director of Schools	120,000	120,500	120,500	-
Secretary Salary	40,000	40,500	38,776	1,724
Clerical	30,000	33,994	35,871	(1,877)
Social Security	11,780	12,536	12,010	526
State Retirement	21,179	17,627	16,970	657
Life Insurance	1,306	793	793	-
Medical Insurance	28,666	22,053	20,119	1,934
Dental Insurance	-	-	1,064	(1,064)
Employer Medicare	2,755	2,933	2,809	124
Other Fringe Benefits	8,597	7,200	6,972	228
Dues & Membership	3,600	3,600	3,160	440
Postal Charges	2,000	3,000	2,439	561
Travel	2,000	3,000	2,017	983
Other Contracted Services	5,000	11,000	12,403	(1,403)
Office Supplies	6,000	10,000	8,228	1,772
Other Supplies & Material	-	500	260	240
In-Service/Staff Development	3,000	1,000	525	475
Other Charges	-	10,000	9,664	336
Administrative Equipment	3,000	3,000	2,687	313
Total Office of the Director of Schools	288,883	303,236	297,267	5,969
Office of Principal				
Principal	406,604	406,084	406,084	-
Career Ladder Program	-	1,000	1,000	-
Assistant Principal	402,873	485,967	469,579	16,388
Secretary	162,479	167,472	149,284	18,188
Clerical	269,868	295,292	295,720	(428)
Other Salaries	76,172	68,220	46,744	21,476
Social Security	81,716	88,538	80,264	8,274
State Retirement	111,887	122,916	119,278	3,638
Life Insurance	9,047	5,556	5,422	134
Medical Insurance	146,790	116,948	115,189	1,759

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL PURPOSE SCHOOL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Office of Principal (continued)				
Employer Medicare	19,111	20,705	18,772	1,933
Contract with Other Government - SRO	200,000	13,720	13,720	-
Administrative Equipment	-	11,000	-	11,000
Total Office of Principal	1,886,547	1,803,418	1,721,056	82,362
Fiscal Services				
Supervisor	65,000	65,500	65,500	-
Bookkeeper	40,000	45,500	44,121	1,379
Purchasing	-	27,186	28,852	(1,666)
Social Security	6,510	8,568	8,017	551
State Retirement	8,547	11,248	11,272	(24)
Life Insurance	722	560	567	(7)
Medical Insurance	8,155	18,474	16,729	1,745
Employer Medicare	1,523	2,004	1,875	129
Fiscal-Shared Services	66,922	-	-	-
Dues & Membership	150	150	-	150
Travel	500	2,000	1,072	928
Other Contracted Services	8,000	74,922	87,028	(12,106)
Office Supplies	400	700	481	219
Other Supplies & Material	200	1,600	1,205	395
Staff Development	-	2,500	1,525	975
Total Fiscal Services	206,628	260,912	268,244	(7,332)
Human Services				
Supervisor	65,000	65,500	65,500	-
Clerical	40,000	39,121	40,500	(1,379)
Social Security	6,510	6,486	6,113	373
State Retirement	8,547	8,516	8,629	(113)
Life Insurance	722	425	426	(1)
Medical Insurance	16,310	7,725	8,573	(848)
Unemployment Compensation	10,000	1,000	1,758	(758)
Employer Medicare	6,510	1,517	1,430	87
Advertising	-	600	35	565
Shared Services- Benefits	17,919	-	-	-
Dues & Membership	150	260	256	4
Travel	500	1,500	814	686
Other Contracted Services	8,500	10,000	6,497	3,503
Office Supplies	500	6,000	5,186	814
Staff Development	-	700	498	202
Other Charges	-	1,000	997	3
Total Human Services	181,168	150,350	147,212	3,138

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL PURPOSE SCHOOL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Plant Operations				
Supervisor	60,000	60,500	60,500	-
Plant Manager	219,336	196,063	193,278	2,785
Social Security	17,319	15,907	15,065	842
State Retirement	22,738	20,884	20,494	390
Life Insurance	1,920	1,040	1,006	34
Medical Insurance	48,930	19,089	18,667	422
Employer Medicare	4,050	3,720	3,523	197
Dues & Membership	-	200	-	200
Janitorial Services	498,482	498,482	502,218	(3,736)
Travel	-	1,500	1,337	163
Custodial Supplies		1,000	661	339
Electricity	850,000	850,000	603,531	246,469
Uniforms	500	-	-	-
Water & Sewer	18,249	28,000	22,621	5,379
Other Supplies & Material	-	500	54	446
Building & Content Insurance	77,435	74,110	74,110	-
Staff Development	-	100	-	100
Other Charges (Sanitation)	23,760	28,000	27,278	722
Plant Operation Equipment	2,000	5,000	-	5,000
Total Plant Operations	1,844,719	1,804,095	1,544,343	259,752
Plant Maintenance				
Maintenance Personnel	-	38,629	13,501	25,128
Social Security	-	2,395	906	1,489
Medicare	-	560	212	348
Maintenance & Repair - Buildings	50,000	200,000	178,127	21,873
Maintenance & Repair - Equipment	3,000	5,000	2,925	2,075
Maintenance & Repair - Vehicle	-	500	20	480
Other Contracted Services	200,000	200,000	161,051	38,949
Equipment & Machinery Parts	30,000	7,000	5,384	1,616
Gasoline	-	1,500	736	764
Other Supplies & Material	-	2,000	-	2,000
Vehicle & Equip Insurance	-	161	161	-
Other Charges	500	500	104	396
Administrative Equipment	1,000	1,000	-	1,000
Maintenance Equipment	4,000	10,000	3,837	6,163
Total Plant Maintenance	288,500	469,245	366,964	102,281

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL PURPOSE SCHOOL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Pupil Transportation				
Contracts Other School Systems	24,180	24,180	23,114	1,066
Contract Private Agencies	1,432,000	1,260,000	998,157	261,843
Diesel Fuel	211,680	130,000	101,513	28,487
Total Pupil Transportation	1,667,860	1,414,180	1,122,784	291,396
Technology (IT Support)				
Supervisor	65,000	67,300	67,300	-
IT Salary	40,000	75,695	75,695	-
Social Security	6,510	8,866	7,725	1,141
State Retirement	6,512	12,245	11,973	272
Life Insurance	722	552	559	(7)
Medical Insurance	16,310	21,620	24,320	(2,700)
Employer Medicare	1,523	2,074	1,807	267
Communications	26,930	26,930	22,459	4,471
Consultants	2,800	-	-	-
IT-Shared Services	56,763	-	-	-
Maintenance & Repair Services	25,000	25,000	24,966	34
Travel	-	800	-	800
Other Contracted Services	192,294	280,057	257,411	22,646
Office Supplies	600	600	596	4
Other Supplies & Material	10,000	10,000	10,025	(25)
In-Service/Staff Development	3,000	3,000	90	2,910
Other Charges	5,900	5,900	5,144	756
Administrative Equipment	15,644	15,644	15,644	-
Regular Instruction Equipment	25,623	-	-	-
Other Equipment	-	25,000	25,000	-
Total Technology (IT Support)	501,130	581,283	550,714	30,569
Total Support Services	8,922,494	8,818,916	7,818,766	1,000,150
NON-INSTRUCTIONAL				
Early Childhood Education				
Teachers	172,258	225,395	225,395	-
Career Ladder Program	-	1,000	-	1,000
Educational Assistant	55,798	69,421	69,422	(1)
Other Salaries & Wages	-	3,915	1,025	2,890
Social Security	14,139	18,341	17,504	837
State Retirement	20,114	26,117	26,092	25
Life Insurance	1,568	1,192	1,188	4
Medical Insurance	40,775	16,245	16,245	-

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL PURPOSE SCHOOL FUND (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Early Childhood Education (continued)				
Employer Medicare Liability	3,307	4,289	4,094	195
Contracted Substitutes - Certified	-	2,000	1,872	128
Other Contracted Services	-	101,760	101,760	-
Instructional Supplies & Material	600	10,518	10,067	451
Other Supplies & Material	-	3,600	2,660	940
Other Charges	-	3,000	2,151	849
Regular Instructional Equipment	-	-	2,472	(2,472)
Other Equipment	-	46,726	44,245	2,481
Total Early Childhood Education	308,559	533,519	526,192	7,327
Total Non-Instructional	308,559	533,519	526,192	7,327
CAPITAL OUTLAY	109,118	423,104	239,275	183,829
TOTAL EXPENDITURES BEFORE DEBT SERVICE	22,749,113	21,653,549	20,000,768	1,652,781
INTER-FUND DEBT SERVICE				
Principal on Inter-fund Note	1,900,000	1,900,000	1,900,000	-
Interest on Inter-fund Loans	115,250	26,790	26,108	682
Payments on Settlement Obligations	-	230,219	230,219	-
Debt Issuance	4,750	4,750	4,750	-
Total Inter-Fund Debt Service	2,020,000	2,161,759	2,161,077	682
TOTAL EXPENDITURES	24,769,113	23,815,308	22,161,845	1,653,463
OTHER FINANCING SOURCES (USES)				
Notes Issued - Bridge Loan	1,900,000	1,900,000	1,900,000	-
Transfer from Other Funds	2,122,461	22,461	15,738	6,723
Transfer to Other Funds	-	(212,900)	(53,229)	(159,671)
Non Appropriated Restricted Revenue	(800,000)	(800,000)	-	(800,000)
Contingency	-	(900,000)	-	(900,000)
Total Other Financing Sources (Uses)	3,222,461	9,561	1,862,509	(1,852,948)
Total Expenditures & Other Financing Sources	$ 21,546,652	$ 23,805,747	20,299,336	$ 3,506,411

CITY OF MILLINGTON, TENNESSEE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

	Special Revenue Funds				
	State Street Aid Fund	Sanitation Fund	Drug Fund	DEA Drug Fund	Storm Water Fund
ASSETS					
Cash and cash equivalents	$ 68,384	$ 431,385	$ 83,343	$ 234,362	$ 229,101
Receivables					
Accounts	-	236,037	-	-	45,182
Less allowance	-	(107,986)	-	-	(24,068)
Due from other funds	-	-	1,427	-	-
Due from other governments	57,638	-	-	-	15,000
Inventory	-	-	-	-	-
Prepaid items and other assets	-	24,011	-	-	1,445
Total assets	$ 126,022	$ 583,447	$ 84,770	$ 234,362	$ 266,660
LIABILITIES					
Accounts payable	$ 28,791	$ 25,327	$ 2,397	$ -	$ 6,660
Retainage payable	-	-	-	-	-
Accrued liabilities	-	24,344	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	2,376	7,725	-	112	25
Total liabilities	31,167	57,396	2,397	112	6,685
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants	-	-	-	-	15,000
FUND BALANCES					
Nonspendable	-	24,011	-	-	1,445
Restricted	94,855	502,040	82,373	234,250	-
Committed	-	-	-	-	243,530
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	94,855	526,051	82,373	234,250	244,975
Total liabilities, deferred inflows of resources, and fund balances	$ 126,022	$ 583,447	$ 84,770	$ 234,362	$ 266,660

CITY OF MILLINGTON, TENNESSEE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2015

	Special Revenue Funds (continued)			
	City Sales Tax Fund	School Federal Projects Fund	School Cafeteria Fund	School Capital Projects Fund
ASSETS				
Cash and cash equivalents	$ -	$ -	$ 92,900	$ -
Receivables				
Accounts	-	103,895	-	129,725
Less allowance	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	119,316
Inventory	-	-	10,569	-
Prepaid items and other assets	-	-	-	-
Total assets	$ -	$ 103,895	$ 103,469	$ 249,041
LIABILITIES				
Accounts payable	$ -	$ -	$ 158	$ -
Retainage payable	-	-	-	-
Accrued liabilities	-	53,794	-	-
Unearned revenue	-	-	4,139	-
Due to other funds	-	50,101	-	119,086
Total liabilities	-	103,895	4,297	119,086
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	10,569	-
Restricted	-	-	88,603	-
Committed	-	-	-	-
Assigned	-	-	-	129,955
Unassigned	-	-	-	-
Total fund balances	-	-	99,172	129,955
Total liabilities, deferred inflows of resources, and fund balances	$ -	$ 103,895	$ 103,469	$ 249,041

CITY OF MILLINGTON, TENNESSEE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2015

	Capital Improvements Fund	CON Project Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 145,919	$ -	$ 455	$ 1,285,849
Receivables				
Accounts	-	-	-	514,839
Less allowance	-	-	-	(132,054)
Due from other funds	41,600	-	-	43,027
Due from other governments	481,161	-	-	673,115
Inventory	-	-	-	10,569
Prepaid items and other assets	-	-	-	25,456
Total assets	$ 668,680	$ -	$ 455	$ 2,420,801
LIABILITIES				
Accounts payable	$ 57,553	$ -	$ -	$ 120,886
Retainage payable	4,569	-	-	4,569
Accrued liabilities	-	-	-	78,138
Unearned revenue	20,760	-	-	24,899
Due to other funds	-	-	-	179,425
Total liabilities	82,882	-	-	407,917
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants	479,653	-	-	494,653
FUND BALANCES				
Nonspendable	-	-	-	36,025
Restricted	-	-	-	1,002,121
Committed	-	-	-	243,530
Assigned	106,145	-	455	236,555
Unassigned	-	-	-	-
Total fund balances	106,145	-	455	1,518,231
Total liabilities, deferred inflows of resources, and fund balances	$ 668,680	$ -	$ 455	$ 2,420,801

CITY OF MILLINGTON, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2015

	Special Revenue Funds				
	State Street Aid Fund	Sanitation Fund	Drug Fund	DEA Drug Fund	Storm Water Fund
REVENUES					
Intergovernmental					
Gasoline & motor fuel tax	$ 201,504	$ -	$ -	$ -	$ -
Three cent tax	60,048	-	-	-	-
Gas 1989 tax	32,353	-	-	-	-
Petroleum special tax	22,709	-	-	-	-
Other local taxes	-	-	-	-	-
Fines and forfeitures	-	-	3,568	120,344	-
Charges for services	-	961,574	-	-	250,179
Federal, state, and local grants	-	144,245	-	-	-
Interest on investments	35	108	63	141	137
Other revenue	-	22,482	3,936	-	6,173
Total revenues	316,649	1,128,409	7,567	120,485	256,489
EXPENDITURES					
Public safety	-	-	16,371	14,565	-
Transportation and environment	326,061	832,149	-	-	276,148
Education	-	-	-	-	-
Debt service - principal	-	-	-	-	-
Debt service - interest and fiscal charges	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	326,061	832,149	16,371	14,565	276,148
Excess (deficiency) of revenues over (under) expenditures	(9,412)	296,260	(8,804)	105,920	(19,659)
OTHER FINANCING SOURCES (USES)					
Transfers in	32,147	-	-	-	-
Transfers out	-	(105,077)	-	-	-
Total other financing sources	32,147	(105,077)	-	-	-
SPECIAL ITEMS					
Sale of commercial business line	-	226,500	-	-	-
Net change in fund balance	22,735	417,683	(8,804)	105,920	(19,659)
Fund balances - beginning	72,120	108,368	91,177	128,330	264,634
Fund balances - ending	$ 94,855	$ 526,051	$ 82,373	$ 234,250	$ 244,975

CITY OF MILLINGTON, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Special Revenue Funds (continued)			
	City Sales Tax Fund	School Federal Projects Fund	School Cafeteria Fund	School Capital Projects Fund
REVENUES				
Intergovernmental				
Gasoline & motor fuel tax	$ -	$ -	$ -	$ -
Three cent tax	-	-	-	-
Gas 1989 tax	-	-	-	-
Petroleum special tax	-	-	-	-
Other local taxes	-	-	-	1,100,000
Fines and forfeitures	-	-	-	-
Charges for services	-	-	88,557	-
Federal, state, and local grants	-	1,460,507	1,363,838	-
Interest on investments	-	-	-	-
Other revenue	-	-	46	437,610
Total revenues	-	1,460,507	1,452,441	1,537,610
EXPENDITURES				
Public safety	-	-	-	-
Transportation and environment	-	-	-	-
Education	-	1,444,769	1,353,269	-
Debt service - principal	-	-	-	-
Debt service - interest and fiscal charges	-	-	-	-
Capital projects	-	-	-	1,460,884
Total expenditures	-	1,444,769	1,353,269	1,460,884
Excess (deficiency) of revenues over (under) expenditures	-	15,738	99,172	76,726
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	53,229
Transfers out	(1,082,795)	(15,738)	-	-
Total other financing sources	(1,082,795)	(15,738)	-	53,229
SPECIAL ITEMS				
Sale of commercial business line	-	-	-	-
Net change in fund balance	(1,082,795)	-	99,172	129,955
Fund balances - beginning	1,082,795	-	-	-
Fund balances - ending	$ -	$ -	$ 99,172	$ 129,955

CITY OF MILLINGTON, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Capital Improvements Fund	CON Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental				
Gasoline & motor fuel tax	$ -	$ -	$ -	$ 201,504
Three cent tax	-	-	-	60,048
Gas 1989 tax	-	-	-	32,353
Petroleum special tax	-	-	-	22,709
Other local taxes	-	-	-	1,100,000
Fines and forfeitures	-	-	-	123,912
Charges for services	-	-	-	1,300,310
Federal, state, and local grants	442,792	-	-	3,411,382
Interest on investments	212	7	17	720
Other revenue	-	-	-	470,247
Total revenues	443,004	7	17	6,723,185
EXPENDITURES				
Public safety	-	-	-	30,936
Transportation and environment	-	-	-	1,434,358
Education	-	-	-	2,798,038
Debt service - principal	-	-	470,345	470,345
Debt service - interest and fiscal charges	-	-	217,412	217,412
Capital projects	1,095,530	13,789	-	2,570,203
Total expenditures	1,095,530	13,789	687,757	7,521,292
Excess (deficiency) of revenues over (under) expenditures	(652,526)	(13,782)	(687,740)	(798,107)
OTHER FINANCING SOURCES (USES)				
Transfers in	264,334	-	687,852	1,037,562
Transfers out	-	-	-	(1,203,610)
Total other financing sources	264,334	-	687,852	(166,048)
SPECIAL ITEMS				
Sale of commercial business line	-	-	-	226,500
Net change in fund balance	(388,192)	(13,782)	112	(737,655)
Fund balances - beginning	494,337	13,782	343	2,255,886
Fund balances - ending	$ 106,145	$ -	$ 455	$ 1,518,231

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
STATE STREET AID FUND				
REVENUES				
Intergovernmental				
Gasoline and motor fuel tax	$ 195,816	$ 195,816	$ 201,504	$ 5,688
Gas three cent tax	58,526	58,526	60,048	1,522
Gas 1989 tax	31,177	31,177	32,353	1,176
Petroleum special tax	23,192	23,192	22,709	(483)
Interest on investments	15	15	35	20
Total revenues	308,726	308,726	316,649	7,923
EXPENDITURES				
Street Department				
Street lights	250,000	250,000	231,886	18,114
Telephone	2,500	2,500	1,017	1,483
ROW maintenance	15,000	6,500	4,113	2,387
Repair and maintenance equipment	15,000	6,000	5,657	343
Repair and maintenance vehicle	7,000	1,000	597	403
Maintenance agreement	1,200	1,200	375	825
Street and traffic light repair	17,000	17,000	9,408	7,592
Street repair and maintenance	5,000	14,500	11,184	3,316
Sign materials	12,000	11,000	5,847	5,153
Fuel billed by public works	33,000	33,000	21,786	11,214
Repairs by public works shop	10,000	25,000	24,028	972
Operational supplies	7,000	7,000	6,219	781
Uniforms	4,000	4,000	2,191	1,809
Expendable furnishings and equipment	2,000	2,000	1,753	247
Total expenditures	380,700	380,700	326,061	54,639
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(71,974)	(71,974)	(9,412)	62,562
OTHER FINANCING SOURCES (USES)				
Transfers in	71,974	71,974	32,147	(39,827)
Net change in fund balance	$ -	$ -	22,735	$ 22,735
Fund balance - beginning			72,120	
Fund balance - ending			$ 94,855	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
SANITATION FUND				
REVENUES				
Fees for services				
Commercial fees	$ 235,000	$ 235,000	$ 231,176	$ (3,824)
Residential fees	740,000	740,000	730,398	(9,602)
Federal grants	-	164,949	144,245	(20,704)
Interest on investments	75	75	108	33
Other	22,000	22,000	22,482	482
Total revenues	997,075	1,162,024	1,128,409	(33,615)
EXPENDITURES				
Solid Water Control				
Salaries	391,803	394,174	394,173	1
Overtime	1,000	-	-	-
Reimbursement for billing by City Hall	35,600	35,600	35,600	-
Health insurance	84,484	83,249	82,136	1,113
Life insurance	2,030	2,197	2,195	2
FICA	24,354	24,019	21,246	2,773
Medicare	5,696	5,646	4,969	677
Retirement	31,974	31,974	31,878	96
Workers compensation insurance	18,152	20,128	20,127	1
Medical testing	1,000	1,070	385	685
Insurance for retirees	3,000	3,082	3,081	1
Travel and training	400	400	-	400
Advertising	1,000	1,000	63	937
Telephone expense	750	750	690	60
Audit	1,500	1,500	1,500	-
Repairs and maintenance equipment	15,500	11,925	6,885	5,040
Repairs and maintenance vehicle	48,000	66,158	52,707	13,451
Maintenance agreement	5,840	5,840	5,475	365
Fuel billed by public works	63,000	63,000	43,710	19,290
Repairs by public works shop	29,000	34,734	32,720	2,014
Solid waste disposal	27,000	29,318	29,317	1
Operational supplies	7,300	7,300	6,489	811
Equipment purchases	24,500	25,500	25,496	4
Uniforms	4,500	4,806	4,804	2
Expendable furniture and equipment	-	1,155	1,155	-
General liability insurance	3,168	3,280	3,279	1

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
SANITATION FUND (continued)				
Errors and omissions insurance	1,620	1,804	1,803	1
Auto liability insurance	8,825	9,022	9,021	1
Tipping fee	11,000	11,246	11,245	1
Contingency	145,079	177,070	-	177,070
Total expenditures	997,075	1,056,947	832,149	224,798
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	-	105,077	296,260	191,183
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(105,077)	(105,077)	-
SPECIAL ITEMS				
Gain from discontinuation of commercial line	-	-	226,500	(226,500)
Net change in fund balance	$ -	$ -	417,683	$ 417,683
Fund balance - beginning			108,368	
Fund balance - ending			$ 526,051	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
DRUG FUND				
REVENUES				
Fines, forfeitures, and penalties				
Fines and confiscations	$ -	$ -	$ 2,627	$ 2,627
Drug fines	-	-	941	941
Interest on investments	-	-	63	63
Other	-	-	3,936	3,936
Planned use of fund balance	33,792	33,792	-	(33,792)
Total revenues	33,792	33,792	7,567	(26,225)
EXPENDITURES				
Drug Abuse				
Training and travel	2,000	2,155	2,154	1
Educational material	500	500	-	500
Confidential undercover expense	2,000	500	-	500
Phone expense	150	150	84	66
Audit fees	1,000	1,000	1,000	-
Repair and maintenance vehicle	1,000	1,000	129	871
Maintenance agreement	6,142	6,142	4,573	1,569
Fuel billed by public works	4,000	3,500	-	3,500
Equipment	6,000	5,845	801	5,044
Dog expense	3,000	5,000	4,593	407
Police supplies	3,000	3,000	28	2,972
Expendable furnishings and equipment	5,000	5,000	3,009	1,991
Total expenditures	33,792	33,792	16,371	17,421
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	-	-	(8,804)	(8,804)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Net change in fund balance	$ -	$ -	(8,804)	$ (8,804)
Fund balance - beginning			91,177	
Fund balance - ending			$ 82,373	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
DEA DRUG FUND				
REVENUES				
Fines, forfeitures, and penalties				
DEA federal shared proceeds	$ 50,000	$ 50,000	$ 120,344	$ 70,344
Interest on investments	20	20	141	121
Planned use of fund balance	10,480	10,480	-	(10,480)
Total revenues	60,500	60,500	120,485	59,985
EXPENDITURES				
DEA Drug				
Travel and training	6,000	6,000	1,265	4,735
Attorney fees	500	500	-	500
Audit fees	1,000	1,000	1,000	-
Repair and maintenance vehicle	1,000	1,000	49	951
Fuel billed by public works	8,000	8,000	3,705	4,295
Repairs by public works shop	2,000	2,000	705	1,295
Supplies	20,000	20,000	536	19,464
Equipment purchase	10,000	10,000	165	9,835
Gas and oil	1,000	1,000	924	76
Expendable furnishings and equipment	5,000	8,000	6,016	1,984
Vehicle towing	3,000	3,000	200	2,800
Equipment for cars	3,000	-	-	-
Total expenditures	60,500	60,500	14,565	45,935
Net change in fund balance	$ -	$ -	105,920	$ 105,920
Fund balance - beginning			128,330	
Fund balance - ending			$ 234,250	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
STORM WATER FUND				
REVENUES				
Charges for services				
Commercial fees	$ 170,000	$ 170,000	$ 160,049	$ (9,951)
Residential fees	89,500	89,500	90,130	630
Interest on investments	180	180	137	(43)
Other	5,400	5,400	6,173	773
Planned use of fund balance	110,943	110,943	-	(110,943)
Total revenues	376,023	376,023	256,489	(119,534)
EXPENDITURES				
Storm Water Control				
Reimbursement for billing by City Hall	35,600	35,600	35,600	-
Reimbursement for service by City Engineer	72,500	72,500	72,500	-
Reimbursement for drain cleaning by Streets	109,045	109,045	109,045	-
Training and travel	1,500	1,500	577	923
Education/outreach	500	500	400	100
Drainage control	15,000	12,910	10,561	2,349
Membership/Dues	150	150	25	125
Advertising	500	500	-	500
Telephone	1,000	1,000	538	462
Legal and professional	10,000	10,000	-	10,000
Audit	1,500	1,500	1,500	-
Engineering	25,000	24,400	6,660	17,740
Repair and maintenance equipment	-	2,090	2,090	-
Repair and maintenance vehicle	-	608	608	-
Maintenance agreement	10,000	10,000	7,830	2,170
Levee maintenance	75,000	74,317	13,286	61,031
Fuel billed by public works	600	600	425	175
Repairs by public works shop	500	500	21	479
Operational supplies	4,000	5,356	5,356	-
Equipment Purchases	2,000	2,000	-	2,000
Expendable furnishings and equipment	1,000	1,000	-	1,000
State permits and fees	3,500	3,500	3,460	40
Errors and omissions insurance	608	678	678	-
Auto liability insurance	1,520	1,520	1,505	15
Computer software	5,000	4,249	3,483	766
Total expenditures	376,023	376,023	276,148	99,875
Net change in fund balance	$ -	$ -	(19,659)	$ (19,659)
Fund balance - beginning			264,634	
Fund balance - ending			$ 244,975	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
CITY SALES TAX				
REVENUES				
Intergovernmental	$ 1,308,000	$ -	$ -	$ -
Planned use of fund balance	800,000	1,082,795	-	(1,082,795)
Total revenues	2,108,000	1,082,795	-	(1,082,795)
EXPENDITURES				
Education				
Legal and professional	8,000	-	-	-
Total expenditures	8,000	-	-	-
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	2,100,000	1,082,795	-	(1,082,795)
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,100,000)	(1,082,795)	(1,082,795)	-
Net change in fund balance	$ -	$ -	(1,082,795)	$ (1,082,795)
Fund balance - beginning			1,082,795	
Fund balance - ending			$ -	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
SCHOOL FEDERAL PROJECTS FUND				
REVENUES				
Title I, Part A	$ 1,081,574	$ 1,067,999	825,357	$ (242,642)
IDEA Special Ed grants to states	613,607	613,607	571,952	(41,655)
IDEA Pre K	-	7,792	5,873	(1,919)
Title II Part A	111,855	110,789	40,167	(70,622)
Title lll Part A (ELL)	2,889	-	-	-
Consolidated admin	-	18,768	17,158	(1,610)
Total revenues	1,809,925	1,818,955	1,460,507	(358,448)
EXPENDITURES				
INSTRUCTION				
Title I				
Teachers	221,983	187,468	177,917	9,551
Education Assistants	58,445	40,651	37,019	3,632
Substitute Teachers Salary	40,362	-	-	-
Social Security	19,892	14,072	12,526	1,546
State Retirement	18,274	18,299	15,224	3,075
Life Insurance	1,700	1,090	688	402
Medical Insurance	42,000	32,298	18,369	13,929
Employer Medicare	4,672	3,308	2,930	378
Contracts with Other Systems	-	9,515	9,514	1
Contract Substitute Teachers	-	13,793	7,079	6,714
Other Contracted Services	23,814	26,749	18,183	8,566
Instructional Supplies and Materials	50,326	62,873	35,975	26,898
Other Materials and Supplies	33,208	32,803	12,767	20,036
Equipment	46,846	156,276	78,487	77,789
Total title I	561,522	599,195	426,678	172,517
IDEA Special Education				
Teachers	242,460	221,236	221,236	-
Education Assistants	144,480	146,637	144,781	1,856
Speech Pathologists	61,591	-	-	-
Other Salaries	-	6,330	1,000	5,330
Social Security	27,809	22,684	21,052	1,632
State Retirement	39,247	31,755	31,875	(120)
Life Insurance	3,083	1,500	1,467	33
Medical Insurance	81,070	41,899	38,440	3,459
Medicare	6,504	5,305	4,923	382
Maintenance & Repair Services Equipment	1,000	1,000	311	689
Other Contracted Services	-	89,750	83,915	5,835
Instructional Supplies and Materials	-	21,417	8,425	12,992

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
IDEA Special Education (continued)				
Other Charges	6,363	10,000	7,263	2,737
Special Ed Equipment	-	7,110	7,264	(154)
Support Services	-	-	-	-
Other Contracted Services	-	2,520	-	2,520
Support Services Transportation	-	-	-	-
Contracts with Public Carriers	-	4,464	-	4,464
Total IDEA special education	613,607	613,607	571,952	41,655
IDEA Pre-K				
Instructional Supplies & Material	-	2,247	1,084	1,163
Special Ed Equipment	-	4,045	3,368	677
Total IDEA pre-K	-	6,292	4,452	1,840
Total instructional	1,175,129	1,219,094	1,003,082	216,012
SUPPORT SERVICES				
Title I				
Parenting Material	12,995	-	-	-
Social Workers	-	7,500	7,500	-
Social Security	-	465	465	-
State Retirement	-	678	678	-
Life Insurance	-	75	75	-
Medical	-	158	-	158
Medicare	-	109	109	-
Evaluating & Testing	-	6,500	-	6,500
Other Supplies and Materials	-	1,182	-	1,182
Other Charges	-	12,995	6,058	6,937
Secretary	12,500	-	-	-
Other Salaries	343,087	312,428	283,615	28,813
Social Security	22,046	19,371	16,525	2,846
State Retirement	31,015	28,243	23,444	4,799
Life Insurance	2,000	1,679	935	744
Medical Insurance	33,600	24,173	23,923	250
Employer Medicare	5,156	4,530	3,865	665
Travel	-	9,139	2,300	6,839
Library Books	6,000	6,291	5,956	335
In Service/Staff Development	29,588	15,413	8,590	6,823
Supplies & Materials	1,852	-	-	-
Other Equipment	1,000	-	-	-
Total title I	500,839	450,929	384,038	66,891

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Consolidated Admin				
Secretaries	-	14,500	13,925	575
Social Security	-	899	863	36
Medicare	-	211	202	9
Other Supplies & Material	-	1,852	958	894
Other Equipment	-	1,000	900	100
Total consolidated admin	-	18,462	16,848	1,614
Title II				
Other Sal & Wages	60,000	60,000	29,120	30,880
Certified Substitutes	5,000	-	-	-
Social Security	4,030	3,720	1,505	2,215
State Retirement	5,980	5,424	2,321	3,103
Medicare	9,425	870	352	518
Travel	6,388	6,388	251	6,137
Contract Substitute Teachers	-	7,020	234	6,786
In-Service Staff Development	17,784	22,196	5,597	16,599
Other Charges	-	3,000	-	3,000
Total title II	108,607	108,618	39,380	69,238
Title III				
Other Sal & Wages	2,889	-	-	-
Total title III	2,889	-	-	-
IDEA Pre-K				
In-Service & Staff Development	-	1,500	1,421	79
Total IDEA pre-k	-	1,500	1,421	79
Total support services	612,335	579,509	441,687	137,822
Total expenditures	1,787,464	1,798,603	1,444,769	353,834
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	22,461	20,352	15,738	(4,614)
OTHER FINANCING SOURCES (USES)				
Indirect Cost Consolidated Admin	(306)	(306)	(306)	-
Indirect Cost Title I	(19,984)	(17,875)	(14,644)	3,231
Indirect Cost	(2,171)	(2,171)	(788)	1,383
	(22,461)	(20,352)	(15,738)	4,614
Net change in fund balance	$ -	$ -	-	$ -
Fund balance - beginning			-	
Fund balance - ending			$ -	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
SCHOOL CAFETERIA FUND				
REVENUES				
Charges for services				
Lunch Payments-Adults	$ 30,000	$ 23,000	$ 26,036	$ 3,036
Ala Carte	30,000	60,500	62,521	2,021
Total charges for services	60,000	83,500	88,557	5,057
USDA				
Federal Government Revenue	1,018,120	1,249,157	1,289,367	40,210
USGA Commodities	-	-	74,471	74,471
Total USDA	1,018,120	1,249,157	1,363,838	114,681
Other Sources	-	25	46	21
Total revenues	1,078,120	1,332,682	1,452,441	119,759
EXPENDITURES				
Cafeteria Manager	138,782	138,169	135,543	2,626
Part Time	264,176	330,200	324,574	5,626
Social Security	24,983	29,039	26,304	2,735
TCRS	21,018	23,626	23,329	297
Life Insurance	887	1,801	1,138	663
Medical Insurance	89,705	55,926	52,836	3,090
Employer Medicare	5,844	6,791	6,152	639
Audit Services	8,886	-	-	-
Shared Service	29,912	29,912	33,408	(3,496)
Food Supplies	472,725	672,718	655,672	17,046
Other Supplies & Material	13,202	-	-	-
Other Charges	4,000	40,500	16,675	23,825
Food Service Equipment	4,000	4,000	3,167	833
USGA Commodities	-	-	74,471	(74,471)
Total expenditures	1,078,120	1,332,682	1,353,269	(20,587)
Net change in fund balance	$ -	$ -	99,172	$ 99,172
Fund balance - beginning			-	
Fund balance - ending			$ 99,172	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
SCHOOL CAPITAL PROJECTS FUND				
REVENUES				
Other statutory local taxes	$ -	$ 1,100,000	$ 1,100,000	$ -
Other local revenue	-	34,740	34,740	-
Insurance recovery	-	-	402,870	402,870
Transfer in city	-	300,000	-	(300,000)
Total revenues	-	1,434,740	1,537,610	102,870
EXPENDITURES				
Architects	-	82,000	56,687	25,313
Consultants	-	34,740	30,069	4,671
Building improvements	-	1,530,900	1,098,516	432,384
Flood repairs	-	-	275,612	(275,612)
Total expenditures	-	1,647,640	1,460,884	186,756
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	-	(212,900)	76,726	289,626
OTHER FINANCING SOURCES (USES)				
Transfers From Other Fund	-	212,900	53,229	(159,671)
Net change in fund balance	$ -	$ -	129,955	$ 129,955
Fund balance - beginning			-	
Fund balance - ending			$ 129,955	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
CAPITAL IMPROVEMENTS FUND				
REVENUES				
Federal Grants				
Veterans Parkway South	$ 520,000	$ 520,000	$ 36,245	$ (483,755)
Veterans Parkway West	1,508	1,508	63,876	62,368
CDBG - pumps	1,000,000	1,000,000	75,375	(924,625)
CDBG - Newport Channel	250,000	250,000	-	(250,000)
CDBG - flood protection	350,000	236,040	41,600	(194,440)
CDBG - Old Town lighting	-	-	71,304	71,304
CDBG - Baker parking lot	-	54,121	54,121	-
CDBG - Newport Road inlet	-	17,570	49,300	31,730
CDBG - culvert cleaning	-	7,500	7,500	-
CDBG - Newport fence	-	20,371	20,371	-
CDBG - Easley Street culvert	-	14,398	23,100	8,702
TDOT - paving Raleigh Millington Road	-	568,000	-	(568,000)
TDOT - Navy/Church	-	490,000	-	(490,000)
CTI grant match	-	20,670	-	(20,670)
ECD grant CTI utility extension	-	184,536	-	(184,536)
CDBG flood grant	-	1,000,000	-	(1,000,000)
Interest on investments	-	-	212	212
Planned use of fund balance	303,440	303,440	-	(303,440)
Total revenues	2,424,948	4,688,154	443,004	(4,245,150)
EXPENDITURES				
Capital Improvements				
City Hall computers	31,513	31,513	30,924	589
Veterans Parkway - South	666,549	666,549	461,342	205,207
Veterans Parkway - West	1,886	1,886	1,886	-
Street paving	275,000	195,902	195,902	-
Navy/Church Street intersection	-	500,000	13,950	486,050
Newport Channel	250,000	250,000	3,400	246,600
Flood pumps	1,000,000	1,000,000	78,400	921,600
CDBG - Baker parking lot	-	54,121	54,121	-
CDBG - Newport Road inlet	-	17,570	17,570	-
CDBG - culvert cleaning	-	7,500	7,500	-
CDBG - Newport fence	-	20,371	20,371	-
CDBG Easley Street culvert	-	14,398	14,398	-
Flood protection	350,000	236,040	-	236,040
Library	-	88,870	70,267	18,603
Raleigh Millington paving	-	637,098	19,936	617,162
Utility extension	-	230,670	-	230,670

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
CAPITAL IMPROVEMENTS FUND (continued)				
West Union drainage improvement	-	607,500	56,963	550,537
Detention basin	-	250,000	29,100	220,900
Generator - levee pumps	-	100,000	18,000	82,000
Fire training driveway	-	10,000	1,500	8,500
TN CDBG grant administration	-	32,500	-	32,500
Total expenditures	2,574,948	4,952,488	1,095,530	3,856,958
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(150,000)	(264,334)	(652,526)	(388,192)
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	264,334	264,334	-
Net change in fund balance	$ -	$ -	(388,192)	$ (388,192)
Fund balance - beginning			494,337	
Fund balance - ending			$ 106,145	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
CON PROJECT FUND				
REVENUES				
Interest on investments	$ -	$ 7	$ 7	$ -
Planned use of prior year funds	24,581	13,782	-	(13,782)
Total revenues	24,581	13,789	7	(13,782)
EXPENDITURES				
Capital improvements	24,581	13,789	13,789	-
Net change in fund balance	$ -	$ -	(13,782)	$ (13,782)
Fund balance - beginning			13,782	
Fund balance - ending			$ -	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
DEBT SERVICE FUND				
REVENUES				
Interest on investments	$ 5	$ 5	$ 17	$ 12
EXPENDITURES				
Principal retirement				
BNY 1997 loan	173,000	173,000	173,000	-
First TN 2010 CON	94,000	94,000	94,000	-
First TN 2011 loan	72,000	72,000	72,000	-
YMCA agreement	86,345	86,345	86,345	-
2013 TML loan principal payments	45,000	45,000	45,000	-
Interest expense	221,368	217,512	217,412	100
Total expenditures	691,713	687,857	687,757	100
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(691,708)	(687,852)	(687,740)	112
OTHER FINANCING SOURCES (USES)				
Transfers in	691,708	687,852	687,852	-
Net change in fund balance	$ -	$ -	112	$ 112
Fund balance - beginning			343	
Fund balance - ending			$ 455	

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Agency/Program	CFDA Number	Pass-through Entity Identifying Number	Amount Expended
U.S. Department of Homeland Security			
City of Memphis/National Urban Search and Rescue Response System	97.025	N/A	$ 1,895
U.S. Department of Housing and Urban Development			
Shelby County Department of Housing/Community Development Block Grant	14.218	N/A	113,960
State of Tennessee/Hurricane Sandy Community Development Block Grant/Disaster Recovery Grant	14.269		105,563
Shelby County/Hurricane Sandy Community Development Block Grant/Disaster Recovery Grant	14.269		81,800
Total CFDA 14.269			187,363
City of Memphis/Sustainable Communities Regional Planning Grant	14.703	N/A	13,050
Total U.S. Department of Housing and Urban Development			314,373
U.S. Department of Justice			
Direct Award/Community Oriented Policing Services	16.710	2011UMWX0174	76,301
State of Tennessee/Edward Byrne Memorial Justice Grant	16.738	N/A	15,000
Total U.S. Department of Justice			91,301
U.S. Department of Transportation			
State of Tennessee/Highway Planning and Construction	20.205	090009	346,764
State of Tennessee/Highway Planning and Construction	20.205	090010	1,508
State of Tennessee/Highway Planning and Construction	20.205	N/A	13,700
Total CFDA 20.205			361,972
Governor Highway Safety Office/Alcohol Open Container Requirements	20.607	N/A	4,780
Total U.S. Department of Transportation			366,752
Total Federal Awards			$ 774,321

See accompanying notes to schedule of expenditures of federal and state awards

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2015

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal grant activity of the City of Millington, Tennessee under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Millington, Tennessee, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Millington, Tennessee.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF FIDELITY BONDS OF PRINCIPAL OFFICIALS

For the Year Ended June 30, 2015

	Amount of Bond	Surety
Mayor	$ 150,000	TML Risk Management
City Clerk	$ 150,000	TML Risk Management
City Court Clerk	$ 150,000	TML Risk Management
Police Chief	$ 150,000	TML Risk Management
Fire Chief	$ 150,000	TML Risk Management
Seven Alderman (each)	$ 150,000	TML Risk Management

CITY OF MILLINGTON, TENNESSEE

GOVERNMENTAL FUNDS REVENUES BY SOURCE

For the Last Ten Fiscal Years Ended June 30

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	$ 6,936,947	$ 6,643,269	$ 6,200,240	$ 6,351,200	$ 6,465,856	$ 6,279,618	$ 6,036,013	$ 5,945,932	$ 5,812,756	$ 5,722,804
Licenses, permits, and fees	2,024,240	1,971,314	1,843,546	1,932,305	1,668,104	1,659,488	1,646,805	1,744,600	1,629,845	1,122,546
Intergovernmental	15,076,551	4,092,671	3,501,239	2,299,555	2,345,421	2,278,698	2,319,850	2,184,958	1,929,801	1,518,384
Fines, forfeitures, and penalties	733,143	635,598	839,232	1,117,138	1,004,927	788,423	619,930	663,055	706,943	375,089
Federal, state, and local grants	15,960,759	867,738	8,776,233	11,269,191	4,653,741	805,763	180,119	161,624	39,754	89,150
Interest on investments	5,256	5,526	34,954	49,343	107,286	154,129	156,067	361,304	476,430	420,477
Increase (decrease) in fair value of investments	-	-	-	-	-	-	1,168	26,323	10,322	(22,727)
Recreation	442,477	375,109	386,951	389,020	303,377	273,334	142,315	110,872	89,659	76,669
Other	612,457	248,499	156,506	438,376	545,405	531,308	397,272	369,820	388,255	631,286
Total	41,791,830	14,839,724	21,738,901	23,846,128	17,094,117	12,770,761	11,499,539	11,568,488	11,083,765	9,933,678
Other Financing Sources										
Loan proceeds	1,900,000	-	1,150,000	-	6,000,000	-	5,000,000	-	-	-
Operating transfers in	4,341,172	1,866,072	1,035,589	786,511	1,240,955	1,181,314	1,170,577	1,220,631	1,053,660	900,206
	6,241,172	1,866,072	2,185,589	786,511	7,240,955	1,181,314	6,170,577	1,220,631	1,053,660	900,206
Special Items										
Sale of commercial business line	226,500	-	-	-	-	-	-	-	-	-
Total revenues, other financing sources and special items	$ 48,259,502	$ 16,705,796	$ 23,924,490	$ 24,632,639	$ 24,335,072	$ 13,952,075	$ 17,670,116	$ 12,789,119	$ 12,137,425	$ 10,833,884

CITY OF MILLINGTON, TENNESSEE

GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION

For the Last Ten Fiscal Years Ended June 30

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government	$ 1,889,409	$ 1,791,686	$ 1,544,148	$ 1,886,636	$ 1,971,869	$ 1,857,509	$ 1,914,036	$ 1,958,214	$ 1,825,299	$ 1,767,307
Public Safety										
Police	2,778,475	2,674,307	3,111,530	3,291,353	3,246,625	3,198,797	3,135,905	3,461,523	2,962,084	2,635,609
Fire	3,138,385	3,039,007	3,284,079	3,173,985	3,163,826	3,117,054	3,126,272	3,157,058	2,674,949	2,092,261
Drug control	30,936	79,345	120,217	-	-	-	-	-	-	-
Total public safety	5,947,796	5,792,659	6,515,826	6,465,338	6,410,451	6,315,851	6,262,177	6,618,581	5,637,033	4,727,870
Community Services										
Library	312,701	314,345	295,243							
Arts, recreation, and parks	820,739	803,572	1,494,685							
Recreation	-	-	-	591,476	577,727	630,004	715,966	819,612	705,379	636,819
Baker Community Center	-	-	-	230,886	216,451	182,780	269,150	204,168	157,561	145,542
Sports Authority	-	-	-	368,468	419,202	299,911	-	-	-	-
Total community services	1,133,440	1,117,917	1,789,928	1,190,830	1,213,380	1,112,695	985,116	1,023,780	862,940	782,361
Transportation and Environment										
Public works	750,539	797,186	261,844	487,700	590,251	880,943	583,121	585,403	578,401	570,436
Sanitation	832,149	847,900	974,156	1,000,186	854,490	1,015,824	827,205	1,219,855	764,141	758,659
Storm Water	276,148	343,401	382,862	-	-	-	-	-	-	-
Highways and streets	326,061	320,170	705,129	1,367,258	946,176	816,981	765,789	785,327	675,986	641,280
Total transportation and environment	2,184,897	2,308,657	2,323,991	2,855,144	2,390,917	2,713,748	2,176,115	2,590,585	2,018,528	1,970,375
Education	22,559,531	935,497	171,122	-	-	-	-	-	-	-
Debt service	2,848,834	745,067	670,536	650,454	5,835,245	745,604	641,076	639,631	653,660	629,006
Capital projects	2,809,478	740,282	10,966,134	13,216,764	6,476,889	1,245,844	276,215	335,423	555,731	456,129
Total expenditures	39,373,385	13,431,765	23,981,685	26,265,166	24,298,751	13,991,251	12,254,735	13,166,214	11,553,191	10,333,048
Other Financing Uses										
Operating transfers out	4,341,172	4,156,315	1,035,589	786,511	1,240,955	1,181,314	1,170,577	1,220,631	1,053,660	900,206
Total expenditures and other financing uses	$ 43,714,557	$ 17,588,080	$ 25,017,274	$ 27,051,677	$ 25,539,706	$ 15,172,565	$ 13,425,312	$ 14,386,845	$ 12,606,851	$ 11,233,254

CITY OF MILLINGTON, TENNESSEE

ANALYSIS OF TAX RATES AND ASSESSMENTS

For the Last Ten Fiscal Years Ended June 30

	2015	2014	2013	2012	2011
Property tax rate	$ 1.53	$ 1.53	$ 1.53	$ 1.23	$ 1.23
Assessed Valuation					
Realty and personalty	$ 169,360,610	$ 164,129,730	$ 168,185,180	$ 166,983,760	$ 169,234,480
Public utility	10,470,983	9,787,365	9,682,797	9,017,800	9,043,000
	$ 179,831,593	$ 173,917,095	$ 177,867,977	$ 176,001,560	$ 178,277,480

	2010	2009	2008	2007	2006
Property tax rate	$ 1.23	$ 1.23	$ 1.23	$ 1.23	$ 1.23
Assessed Valuation					
Realty and personalty	$ 182,557,550	$ 174,747,779	$ 155,641,650	$ 139,290,570	$ 132,991,630
Public utility	9,490,000	9,357,031	8,534,562	8,178,224	7,210,450
	$ 192,047,550	$ 184,104,810	$ 164,176,212	$ 147,468,794	$ 140,202,080

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF UNCOLLECTED DELINQUENT TAXES FILED

June 30, 2015

Water Rates:

Gallons Used	Rate
First 2,000 gallons	$10.00
Each additional 1,000 gallons	$ 3.35

Sewer Rates:

Based on Gallons of Water Used	Rate
First 2,000 gallons	$ 7.10
Each additional 1,000 gallons	$ 3.42

Sanitation Rates:

Type	Monthly Charge
Residential	$21.00

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE – BY LEVY YEAR

June 30, 2015

	Total	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	and prior
Property taxes receivable - beginning of year	$2,929,321	$ -	$2,661,020	$182,458	$42,802	$17,385	$7,367	$4,558	$4,920	$1,634	$1,163	$ 6,014
ADD:												
Tax levied:	2,751,429	2,751,429										
Adjustments	73,849		70,667	3,182	-	-	-	-	-	-	-	-
Total Additions	2,825,278	2,751,429	70,667	3,182	-	-	-	-	-	-	-	-
DEDUCT:												
Collections - Net of Refunds	2,804,566		2,609,841	147,709	33,889	9,466	2,431	947	169	114	-	-
Releases	40,511		33,942	1,326	765	1,289	825	722	855	277	336	174
Total Deductions	2,845,076	-	2,643,783	149,036	34,654	10,755	3,256	1,669	1,024	391	336	174
Property taxes receivable - end of year	2,909,521	2,751,429	87,904	36,604	8,148	6,630	4,111	2,889	3,896	1,243	827	5,840
Less: Allowance for uncollectibles	(176,456)	(110,057)	(36,920)	(15,374)	(3,422)	(2,785)	(1,727)	(1,213)	(1,636)	(522)	(347)	(2,453)
Property taxes receivable, net	$2,733,065	$2,641,372	$ 50,984	$ 21,230	$ 4,726	$ 3,845	$2,384	$1,676	$2,260	$ 721	$ 480	$ 3,387

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF UNACCOUNTED FOR WATER

June 30, 2015

? Click to access definition
+ Click to add a comment

Water Audit Report for: City of Millington
Reporting Year: 2015 | 7/2014 - 6/2015

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

<---------- Enter grading in column 'E' and 'J' ----------> Master Meter and Supply Error Adjustments

WATER SUPPLIED

Volume from own sources:	9	307.266	MG/Yr	3			-7.000	MG/Yr
Water imported:		0.000	MG/Yr	n/a	0.00%			MG/Yr
Water exported:	n/a	0.000	MG/Yr	n/a				MG/Yr
WATER SUPPLIED:		**314.266**	MG/Yr					

Pcnt: Value:

Enter negative % or value for under-registration
Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

				Pcnt:	Value:	
Billed metered:	7	291.681	MG/Yr			
Billed unmetered:	n/a		MG/Yr			
Unbilled metered:	n/a		MG/Yr			
Unbilled unmetered:	9	3.928	MG/Yr	1.25%		MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

AUTHORIZED CONSUMPTION: ? **295.609** MG/Yr

Use buttons to select percentage of water supplied **OR** value

WATER LOSSES (Water Supplied - Authorized Consumption) **18.657** MG/Yr

Apparent Losses

				Pcnt:	Value:	
Unauthorized consumption:		0.786	MG/Yr	0.25%		MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed						
Customer metering inaccuracies:	8	15.352	MG/Yr	5.00%		MG/Yr
Systematic data handling errors:	7	0.729	MG/Yr	0.25%		MG/Yr
Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed						
Apparent Losses:		**16.866**	MG/Yr			

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: ? **1.790** MG/Yr

WATER LOSSES: **18.657** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: ? **22.585** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	5	55.7	miles
Number of active AND inactive service connections:	7	4,701	
Service connection density:		84	conn./mile main
Are customer meters typically located at the curbstop or property line?		Yes	
Average length of customer service line:	10		ft (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure:	2	65.0	psi

COST DATA

Total annual cost of operating water system:	9	$1,141,136	$/Year
Customer retail unit cost (applied to Apparent Losses):	8	$3.35	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	10	$475.02	$/Million gallons

☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 79 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Billed metered
2: Volume from own sources
3: Unauthorized consumption

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF UNACCOUNTED FOR WATER (CONTINUED)

June 30, 2015

Water Audit Report for: City of Millington
Reporting Year: 2015 | 7/2014 - 6/2015

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 79 out of 100 ***

System Attributes:

	Apparent Losses:	16.866	MG/Yr
+	Real Losses:	1.790	MG/Yr
=	Water Losses:	18.657	MG/Yr
?	Unavoidable Annual Real Losses (UARL):	23.88	MG/Yr
	Annual cost of Apparent Losses:	$56,503	
	Annual cost of Real Losses:	$850	Valued at Variable Production Cost

Return to Reporting Worksheet to change this assumpiton

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	7.2%	
	Non-revenue water as percent by cost of operating system:	5.2%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	9.83	gallons/connection/day
	Real Losses per service connection per day:	1.04	gallons/connection/day
	Real Losses per length of main per day*:	N/A	
	Real Losses per service connection per day per psi pressure:	0.02	gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	1.79	million gallons/year
?	Infrastructure Leakage Index (ILI) [CARL/UARL]:	0.07	

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and Board of Aldermen of the
City of Millington, Tennessee:

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 business-type activities, each major fund, the statements of budgetary comparison for the general fund and the general purpose school fund, and the aggregate remaining fund information of the City of Millington, Tennessee (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2015. Our report includes a reference to other auditors who audited the financial statements of Millington Municipal Schools, (the "School"), as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the report of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. Subsequent of June 30, 2015, a shortage of funds was discovered in the Police Department in the amount of $12,190. Total funds of $19,962 were held for safekeeping by the Police Department following a death investigation in April 2015. The shortage was discovered at the time the funds were to be delivered to the next of kin in August 2015. The Attorney General and the Tennessee Department of Investigation were brought in the next morning; their criminal investigation is ongoing. A breakdown of internal controls over the property room led to the misappropriation. The Chief of Police was replaces and two other employees were terminated for improper management. The Police Department has initiated new internal controls to mitigate against future incidences. No recovery of the funds has occurred.

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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watkins Uiburall, PLLC

Memphis, Tennessee
December 23, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Mayor and Board of Aldermen of the
City of Millington, Tennessee:

Report on Compliance for Each Major Federal Program

We have audited the City of Millington, Tennessee's (the "City") compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2015. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of Millington Municipal Schools (the "School") which received $2,921,231 in federal awards which is not included in the schedule during the year ended June 30, 2015. Our audit, described below, did not include the operations of the School because the School engaged other auditors to perform and audit in accordance with OMB Circular A-133.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the City 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 the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Watkins Uiberall, PLLC

Memphis Tennessee
December 23, 2015

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Millington, Tennessee (the "City").

2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.

4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.

5. The auditors' report on compliance for the major federal award programs for the City expresses an unmodified opinion on all major federal programs.

6. There were no audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The program tested as a major program was:

   20.205 – Highway Planning and Construction

8. The threshold used for distinguishing between Type A and B programs was $300,000.

9. The City qualifies as a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None reported

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported

D. PRIOR YEAR AUDIT FINDINGS

None reported