

CITY OF MILLINGTON, TENNESSEE

FINANCIAL STATEMENTS

June 30, 2016



TABLE OF CONTENTS

INTRODUCTORY SECTION

Roster of Elected and Appointed Officials	1
---	---

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	2
-------------------------------------	---

MANAGEMENT'S DISCUSSION AND ANALYSIS	5
---	---

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position	12
Statement of Activities	13

Fund Financial Statements:

Governmental Fund Financial Statements	
--	--

Balance Sheet – Governmental Funds	14
------------------------------------	----

Reconciliation of the Balance Sheet – Governmental Funds to the Government-wide Statement of Net Position	15
---	----

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
--	----

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
--	----

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	18
---	----

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Purpose School Fund	19
--	----

Proprietary Fund Financial Statements	
---------------------------------------	--

Statement of Net Position – Proprietary Funds	20
---	----

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	21
---	----

Statement of Cash Flows – Proprietary Funds	22
---	----

Fiduciary Fund Financial Statement	
------------------------------------	--

Statement of Fiduciary Net Position – Fiduciary Fund – Student Activity Funds	23
---	----

Notes to Financial Statements

24

TABLE OF CONTENTS (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the City of Millington's Net Pension Liability and Related Ratios Based On Participation in the Public Employee Pension Plan of TCRS	57
Schedule of the City of Millington's Contributions Based on Participation in the Public Employee Pension Plan of TCRS	58
Schedule of Millington Municipal School's Proportionate Share of Net Pension Asset – Teacher Legacy Pension Plan of TCRS	59
Schedule of Millington Municipal School's Contributions – Teacher Legacy Pension Plan of TCRS	60
Schedule of Millington Municipal School's Proportionate Share of Net Pension Asset – Teacher Retirement Plan of TCRS	61
Schedule of Millington Municipal School's Contributions – Teacher Retirement Plan of TCRS	62
Schedule of Changes in Net Pension Liability and Related Ratios Based On Millington Municipal School's Participation in the Political Subdivision Pension Plan of TCRS	63
Schedule of Millington Municipal Schools Contributions – Political Subdivision Plan of TCRS	64

SUPPLEMENTARY INFORMATION

Combining Financial Statements

Combining Balance Sheet – Nonmajor Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	66

Individual Fund Schedules

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – State Street Aid Fund	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Sanitation Fund	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Drug Fund	70
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – DEA Drug Fund	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Storm Water Fund	72
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – School Federal Projects Fund	73
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – School Cafeteria Fund	77
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – School Capital Projects Fund	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Improvements Fund	79
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	81
Schedule of Changes in Assets and Liabilities – Agency Fund – Student Activity Funds	82

TABLE OF CONTENTS (CONTINUED)

Other Budgetary Comparison Schedules

Schedule of Revenues – Budget and Actual – General Fund	83
Schedule of Expenditures – Budget and Actual – General Fund	85
Schedule of Revenues – Budget and Actual – General Purpose School Fund	93
Schedule of Expenditures – Budget and Actual – General Purpose School Fund	94

SUPPORTING SCHEDULES

Schedule of Expenditures of Federal and State Awards	103
Notes to the Schedule of Expenditures of Federal and State Awards	104
Schedule of Utility Rate Structure and Number of Customers	105
Schedule of Fidelity Bonds of Principal Officials	106
Property Taxes	107
Governmental Funds Revenues by Source – Last Ten Fiscal Years	108
Governmental Funds Expenditures by Function – Last Ten Fiscal Years	109
Schedule of Unaccounted for Water	110

GOVERNMENT AUDITING STANDARDS SECTION

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 <i>Government Auditing Standards</i>	112
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	114
Schedule of Findings and Questioned Costs	116
Summary Schedule of Prior Year Audit Findings	117

INTRODUCTORY SECTION

CITY OF MILLINGTON, TENNESSEE

ROSTER OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2016

CITY OF MILLINGTON BOARD OF MAYOR AND ALDERMEN

Terry Jones, Mayor
Chris Ford, Vice Mayor
Bethany Huffman, Alderman
Hank Hawkins, Alderman

Frankie Dakin, Alderman
Larry Dagen, Alderman
Thomas McGhee, Alderman
Mike Caruthers, Alderman

CITY OF MILLINGTON OFFICIALS

City Manager
City Clerk
Finance and Administration
Judge
Arts, Recreation, and Parks
Public Works
Planning and Economic Development
Public Safety

Ed Haley
Karen Findley
John Trusty
Wilson Wages
Kate Armitage
Jimmy Black
Jason Dixon
Gary Graves

MILLINGTON MUNICIPAL SCHOOLS BOARD OF EDUCATION

Cody Childress, Chairperson
Gregory Ritter, Vice Chairperson
Cecilia Haley, Board Member
Charles Hurt, Jr., Board Member

Donald Holsinger, Board Member
Larry Jackson, Board Member
Mary Kennon, Ed. D., Board Member

MILLINGTON MUNICIPAL SCHOOLS OFFICIALS

Director of Schools
Chief Financial Officer
Supervisor of Human Resources
Supervisor of Instructional Technology
Supervisor of Operations and Transportation
Supervisor of Regular Instruction
Supervisor of Special Education and Student Services
Supervisor of Special Services

David Roper, Ed. D.
Bruce Rasmussen
Amy Jones
Chris Scoggins
Oscar Brown
Georgia Dawson
Jill Church
Jerri Jackson, Ed. D.

FINANCIAL SECTION

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, 2016, 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 48 percent, 56 percent, and 67 percent, respectively of the assets, net position, and revenues of the governmental activities. Those financial statements were audited by other auditors whose report 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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the 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 introductory section, combining financial statements, individual fund schedules, other budgetary comparison schedules, and supporting schedules 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 and the related notes are presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements, individual fund schedules, other budgetary comparison 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 introductory section and supporting schedules on pages 105-110 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, 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.



Memphis, Tennessee
December 21, 2016

CITY OF MILLINGTON, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2016

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, 2016. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2016 by \$112,805,311 (net position). Of this amount, \$16,537,202 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2016, the City's governmental funds reported total fund balances of \$16,948,975. Of this amount, \$4,357,684 (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 \$9,414,298. This included a commitment of \$3,484,113 for financial stabilization, \$1,000,000 for emergencies and \$318,506 for library construction. The unassigned fund balance of \$4,357,684 represents 38% of total General Fund budgeted expenditures and transfers for FY17.
- During the fiscal year, the City authorized \$6 million and issued \$2,125,364 in general obligation notes payable for governmental capital improvements, including \$1,000,000 for schools, and issued \$285,502 in notes payable for the continuation of the renovation of the sewer plant. The City retired \$687,759 of principal in notes payable and debt from 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, 2016. 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, Fiscal Charges and Bond Issuance Costs. 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 83 through 102 and for all other governmental funds on pages 67 through 81 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.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements are presented on pages 23.

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 56 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 57 through 64.

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, Note 8 and Note 9 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 \$112,805,311 at June 30, 2016.

Condensed Statement of Net Position (dollars expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 22,429	\$ 19,887	\$ 8,042	\$ 6,607	\$ 30,471	\$ 26,494
Capital assets	90,492	86,308	15,654	16,403	106,146	102,711
Total assets	112,921	106,195	23,696	23,010	136,617	129,205
Deferred Outflows of Resources	4,422	1,712	71	80	4,493	-
Noncurrent liabilities	16,043	13,876	3,549	3,280	19,592	17,156
Other liabilities	3,241	2,371	271	397	3,512	2,768
Total liabilities	19,284	16,247	3,820	3,677	23,104	19,924
Deferred Inflows of Resources	5,151	3,913	50	154	5,201	4,067
Net position:						
Invested in capital assets, net of related debt	82,261	79,869	12,970	13,881	95,231	93,750
Restricted	1,037	1,126	-	-	1,037	1,126
Unrestricted	9,610	6,752	6,927	5,377	16,537	12,129
Total net position	<u>\$ 92,908</u>	<u>\$ 87,747</u>	<u>\$ 19,897</u>	<u>\$ 19,258</u>	<u>\$ 112,805</u>	<u>\$ 107,005</u>

By far the largest portion of the City's net position (84%) 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%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$16,537,202) 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	
	2016	2015	2016	2015	2016	2015
Revenues :						
Program Revenues :						
Charges for Services	\$ 2,504	\$ 3,200	\$ 3,128	\$ 3,001	\$ 5,632	\$ 6,201
Operating Grants and Contributions	17,263	15,316	-	-	17,263	15,316
Capital Grants and Contributions	2,753	772	18	15	2,771	787
General Revenues :						
Local Taxes	7,119	7,094	-	-	7,119	7,094
Intergovernmental revenues	14,068	15,077	-	-	14,068	15,077
Interest on Investments	6	5	3	2	9	7
Other Revenue	1,086	607	4	7	1,090	614
Sale of commercial business line	-	226	-	-	-	226
Total Revenues	\$ 44,799	\$ 42,297	\$ 3,153	\$ 3,025	\$ 47,952	\$ 45,322
Expenses :						
General Government						
General Government	2,455	2,680	-	-	2,455	2,680
Public Safety	5,697	6,081	-	-	5,697	6,081
Community Services	1,242	1,221	-	-	1,242	1,221
Transportation and Environment	2,986	3,092	-	-	2,986	3,092
Education	25,764	22,975	-	-	25,764	22,975
Interest on long-term debt	332	308	-	-	332	308
Bond issuance costs	36	-	-	-	36	-
Water	-	-	1,095	1,120	1,095	1,120
Sewer	-	-	1,419	1,346	1,419	1,346
Total Expenses	38,512	36,357	2,514	2,466	41,026	38,823
Special Item:						
Impairment of MMS capital assets	(1,126)	-	-	-	(1,126)	-
Increase/(Decrease) in Net Position	5,161	5,940	639	559	5,800	6,499
Net Position - Beginning	87,747	82,019	19,258	18,725	107,005	100,744
Cummulative effect of change in accounting principle	-	(212)	-	(26)	-	(238)
Net Position - Ending	\$ 92,908	\$ 87,747	\$ 19,897	\$ 19,258	\$ 112,805	\$ 107,005

Governmental activities – Governmental activities increased the City's net position by \$5,160,878. Most categories of revenue were higher except charges for services and intergovernmental revenues. The City ceased to operate the air rescue and firefighting function for the Millington Airport Authority and sold its commercial sanitation collection operation, both as of June 30, 2015. Combined these represented

approximately \$624,000 in charges for services revenues and \$500,000 in expenditures. The large increase in education expenditures was primarily due to increased funding in instruction and support services as the Municipal School System worked through its second academic year in operation. The Special Item is an impairment loss of \$1,126,042 due to the permanent closing of the buildings and subsequent demolition after the fiscal year end.

Business-type activities – Business-type activities increased the City's net position by \$639,394. The Water Fund increased by \$111,235 in net position. The Sewer Fund increased by \$528,159 in net position 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, 2016, the City's governmental funds reported combined ending fund balances of \$16,948,975, an increase of \$2,831,312 in comparison with the prior year. Approximately 26% of this total amount (\$4,357,684) 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, \$290,367, restricted, \$5,403,585, committed, \$4,985,417, and assigned \$1,911,922. The General Fund is the chief operating fund of the City.

At June 30, 2016, unassigned fund balance of the General Fund was \$4,357,684, while the total fund balance reached \$9,414,298. 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 including transfers. Unassigned fund balance represents 37% of total General Fund Expenditures and Transfers Out, while total fund balance represents 80% of that same amount.

The fund balance of the City's General Fund increased by \$582,273 during the fiscal year ended June 30, 2016 compared to a \$1,519,527 increase the prior year. This decrease was caused by the intentional decision of the Board of Mayor and Aldermen to transfer \$1,000,000 to the Capital Projects Fund for pay-as-you-go improvements.

The increase in the fund balance for the General Purpose School Fund of \$ 604,959 was the result of conservative control of expenditures in the second year of classes.

The increase in the fund balance for Other Governmental Funds was \$1,310,411. The most significant portion of the increase is \$1,342,153 in the School Capital Projects Fund for future construction and renovations of school buildings.

Proprietary funds – The City's Water and Sewer Funds both had a positive change in net position for FY16. User fees support these funds.

General Fund Budgetary Highlights

The General Fund revenues were lower than budgeted by 4% or \$526,161. When excluding \$1,057,730 budgeted as planned use of fund balance, revenues actually exceeded budget. The overage was a combination of the following categories:

- Taxes over budget by \$146,675.
- Intergovernmental revenues were \$332,489 over budget due to higher than expected collections from state sales and business taxes and state income tax.

General Fund expenditures were lower than budgeted by 9% or \$945,934 and transfers to other funds were lower by \$162,500 for a combined amount of \$1,108,434. The operating savings were due to not spending contingency of \$443,638 and the lower costs associated with a concerted effort of City government to control costs. The largest positive variance, excluding the contingency was in Arts, Recreation and Parks in the amount of \$113,632. 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, 2016 amounts to \$106,145,550 (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 \$3,434,304. Governmental activities increased \$4,183,374 or 4.8% and business activities decreased \$749,070 or 4.6%.

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	
	2016	2015	2016	2015	2016	2015
Land	\$ 6,061	\$ 6,061	\$ 727	\$ 727	\$ 6,788	\$ 6,788
Buildings and improvements	54,421	54,916	28,035	28,035	82,456	82,951
Infrastructure	31,477	28,786	-	-	31,477	28,786
Furnishing and equipment	1,706	1,580	3,898	3,898	5,604	5,478
Vehicles	3,789	3,786	688	665	4,477	4,451
Construction in process	4,697	755	23	-	4,720	755
	102,151	95,884	33,371	33,325	135,522	129,209
Less accumulated depreciation	(11,659)	(9,576)	(17,717)	(16,922)	(29,376)	(26,498)
Total capital assets	<u>\$ 90,492</u>	<u>\$ 86,308</u>	<u>\$ 15,654</u>	<u>\$ 16,403</u>	<u>\$ 106,146</u>	<u>\$ 102,711</u>

Noncurrent Liabilities – At June 30, 2016, the City had total noncurrent liabilities of \$20,550,792. Of this amount \$16,812,867 comprises debt for governmental activities and \$3,737,925 represents debt for business-type activities.

**Condensed Statement of Outstanding Debt
(dollars expressed in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation notes payable	\$ 8,230	\$ 6,439	\$ -	\$ -	\$ 8,230	\$ 6,439
Shelby County Board of Education settlement liability	2,000	2,172	-	-	2,000	2,172
Notes payable - construction	-	-	2,684	2,522	2,684	2,522
Compensated absences	363	379	63	78	426	457
Net other post employment benefit obligation	6,035	5,450	982	882	7,017	6,332
Net pension liability	185	-	9	-	194	-
Total noncurrent liabilities	\$ 16,813	\$ 14,440	\$ 3,738	\$ 3,482	\$ 20,551	\$ 17,922

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 2017 fiscal year are more fully discussed in the Budget document and include:

- The Board of Mayor and Aldermen approved a tax rate to fund FY17 expenditures of \$1.53 per \$100 of assessed value, the same as the prior year.
- City service rates for sewer, sanitation, and storm water remain the same while rates for water were increased by 5%.
- The City has planned a \$6,269,781 debt issue to for construction of a new building for schools.
- 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 Director of Finance and Administration, City of Millington, 7930 Nelson Road, Millington, Tennessee 38053. The Comprehensive Annual Financial Report as of June 30, 2016, Fiscal Year 2017 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, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 15,799,964	\$ 7,667,952	\$ 23,467,916
Receivables			
Property taxes	2,793,032	-	2,793,032
City taxes and fees	70,851	-	70,851
Accounts	283,637	486,763	770,400
Other	30,235	1,362	31,597
Less allowance for doubtful accounts	(268,458)	(214,168)	(482,626)
Internal balances	7,956	(7,956)	-
Due from other governments	3,390,643	50,617	3,441,260
Inventory	38,581	-	38,581
Restricted cash	11,600	-	11,600
Prepaid Items	251,786	57,848	309,634
Net pension asset	19,301	-	19,301
Capital assets, not being depreciated	10,757,957	750,146	11,508,103
Capital assets, being depreciated, net	79,733,848	14,903,599	94,637,447
Total assets	112,920,933	23,696,163	136,617,096
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	4,422,412	71,615	4,494,027
LIABILITIES			
Accounts payable	771,895	22,349	794,244
Retainage payable	13,988	-	13,988
Accrued expenses	1,515,500	59,968	1,575,468
Unearned revenue	170,290	-	170,290
Noncurrent liabilities			
Due within one year	769,719	125,292	895,011
Due in more than one year	9,823,074	2,621,513	12,444,587
Net pension liability	185,219	8,713	193,932
Net other postemployment benefit obligation	6,034,855	982,407	7,017,262
Total liabilities	19,284,540	3,820,242	23,104,782
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	2,555,848	-	2,555,848
Related to pensions	2,595,119	50,063	2,645,182
Total deferred inflows of resources	5,150,967	50,063	5,201,030
NET POSITION			
Net investment in capital assets	82,261,171	12,970,307	95,231,478
Restricted for			
Public safety	121,962	-	121,962
Transportation and environment	704,344	-	704,344
Education	4,577,279	-	4,577,279
Unrestricted	5,243,082	6,927,166	12,170,248
Total net position	\$ 92,907,838	\$ 19,897,473	\$ 112,805,311

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
			Governmental Activities	Business-Type Activities	Total		
Primary government:							
Governmental Activities:							
General government	\$ 2,454,960	\$ 285,817	\$ 4,000	\$ -	\$ (2,165,143)	\$ -	\$ (2,165,143)
Public safety	5,697,314	677,440	82,831	-	(4,937,043)	-	(4,937,043)
Community services	1,241,571	439,419	-	-	(802,152)	-	(802,152)
Transportation and environment	2,986,375	1,018,398	9,168	2,753,160	794,351	-	794,351
Education	25,764,446	82,947	17,166,846	-	(8,514,653)	-	(8,514,653)
Interest and fiscal charges	331,508	-	-	-	(331,508)	-	(331,508)
Bond issuance costs	36,000	-	-	-	(36,000)	-	(36,000)
Total governmental activities	<u>38,512,174</u>	<u>2,504,021</u>	<u>17,262,845</u>	<u>2,753,160</u>	<u>(15,992,148)</u>	<u>-</u>	<u>(15,992,148)</u>
Business-type activities:							
Water	1,094,921	1,191,969	-	12,200	-	109,248	109,248
Sewer	1,419,349	1,936,456	-	6,250	-	523,357	523,357
Total business-type activities	<u>2,514,270</u>	<u>3,128,425</u>	<u>-</u>	<u>18,450</u>	<u>-</u>	<u>632,605</u>	<u>632,605</u>
Total primary government	<u><u>\$ 41,026,444</u></u>	<u><u>\$ 5,632,446</u></u>	<u><u>\$ 17,262,845</u></u>	<u><u>\$ 2,771,610</u></u>	<u><u>(15,992,148)</u></u>	<u><u>632,605</u></u>	<u><u>(15,359,543)</u></u>
General revenues:							
Local taxes				7,119,470	-	7,119,470	
Intergovernmental				14,068,205	-	14,068,205	
Interest on investments				5,511	3,369	8,880	
Other revenues				1,085,882	3,420	1,089,302	
Total general revenues				<u>22,279,068</u>	<u>6,789</u>	<u>22,285,857</u>	
Special items:							
Impairment of MMS capital assets				(1,126,042)	-	(1,126,042)	
Total general revenues and special items				<u>21,153,026</u>	<u>6,789</u>	<u>21,159,815</u>	
Change in net position				5,160,878	639,394	5,800,272	
Net position - beginning of year				87,746,960	19,258,079	107,005,039	
Net position - ending				<u><u>\$ 92,907,838</u></u>	<u><u>\$ 19,897,473</u></u>	<u><u>\$ 112,805,311</u></u>	

CITY OF MILLINGTON, TENNESSEE

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2016

	General Fund	General Purpose School Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,392,773	\$ 4,419,998	\$ 482,182	\$ 2,505,011	\$ 15,799,964
Receivables					
Property taxes	2,793,032	-	-	-	2,793,032
City taxes and fees	70,851	-	-	-	70,851
Accounts	-	4,176	-	279,461	283,637
Other	30,235	-	-	-	30,235
Less allowance for doubtful accounts	(131,623)	-	-	(136,835)	(268,458)
Due from other funds	6,503	127,204	-	76,432	210,139
Due from other governments	1,193,122	1,051,588	871,663	274,270	3,390,643
Inventory	27,343	-	-	11,238	38,581
Restricted cash	11,600	-	-	-	11,600
Prepaid items	226,652	3,422	-	21,712	251,786
Total assets	\$ 12,620,488	\$ 5,606,388	\$ 1,353,845	\$ 3,031,289	\$ 22,612,010
LIABILITIES					
Accounts payable	\$ 50,529	\$ 97,284	\$ 561,868	\$ 62,214	\$ 771,895
Retainage payable	-	-	13,988	-	13,988
Accrued liabilities	428,999	892,172	-	111,693	1,432,864
Unearned revenue	-	244,566	168,280	2,010	414,856
Due to other funds	69,308	-	-	132,875	202,183
Total liabilities	548,836	1,234,022	744,136	308,792	2,835,786
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
Property taxes	2,657,354	-	-	-	2,657,354
Grants	-	-	169,895	-	169,895
Total deferred inflows of resources	2,657,354	-	169,895	-	2,827,249
FUND BALANCES					
Nonspendable	253,995	3,422	-	32,950	290,367
Restricted	-	4,368,944	-	1,034,641	5,403,585
Committed	4,802,619	-	-	182,798	4,985,417
Assigned	-	-	439,814	1,472,108	1,911,922
Unassigned	4,357,684	0	-	-	4,357,684
Total fund balances	9,414,298	4,372,366	439,814	2,722,497	16,948,975
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,620,488	\$ 5,606,388	\$ 1,353,845	\$ 3,031,289	\$ 22,612,010

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

Total fund balances, governmental funds	\$ 16,948,975
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	90,491,805
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	271,401
Revenues not available to pay current expenditures are deferred in the funds.	244,566
Interest on long-term debt is not payable with current financial resources and, therefore, is not reported in the funds.	(82,636)
Long-term debt is not due and payable in the current period and, therefore, are not reported in the funds.	(10,229,993)
Compensated absences that are not due and payable in the current period are not reported in the governmental funds	(362,800)
Net pension asset, deferred outflows of resources, net pension liability, and deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	1,661,375
Net other postemployment benefit obligation is applicable to future periods and, therefore, is not reported in the funds.	<u>(6,034,855)</u>
Net position of governmental activities	<u><u>\$ 92,907,838</u></u>

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	General Fund	General Purpose School Fund	Capital Improvements Fund	Other Governmental Funds	Total
REVENUES					
Taxes	\$ 7,030,238	\$ -	\$ -	\$ -	\$ 7,030,238
Licenses and permits	285,817	-	-	-	285,817
Intergovernmental	3,826,760	9,912,735	-	328,710	14,068,205
Fines, forfeitures, and penalties	626,327	-	-	51,113	677,440
Charges for services	439,419	-	-	1,101,345	1,540,764
Federal, state, and local grants	86,831	13,379,981	3,062,918	3,796,033	20,325,763
Interest on investments	4,719	-	135	657	5,511
Other revenue	80,913	279,799	40,899	684,271	1,085,882
Total revenues	<u>12,381,024</u>	<u>23,572,515</u>	<u>3,103,952</u>	<u>5,962,129</u>	<u>45,019,620</u>
EXPENDITURES					
Current:					
General government	1,855,394	-	-	-	1,855,394
Public safety	5,462,806	-	-	17,106	5,479,912
Community services	1,168,429	-	-	-	1,168,429
Transportation and environment	694,748	-	-	1,478,276	2,173,024
Education	-	21,279,899	-	3,724,769	25,004,668
Debt services					
Principal	-	230,219	-	334,000	564,219
Interest and fiscal charges	-	-	-	214,679	214,679
Capital projects	-	216,485	5,335,647	2,301,215	7,853,347
Total expenditures	<u>9,181,377</u>	<u>21,726,603</u>	<u>5,335,647</u>	<u>8,070,045</u>	<u>44,313,672</u>
Excess (deficiency) of revenues over (under) expenditures	3,199,647	1,845,912	(2,231,695)	(2,107,916)	705,948
OTHER FINANCING SOURCES (USES)					
Bond issuance proceeds	-	-	2,125,364	-	2,125,364
Transfers in	-	754,967	1,440,000	3,683,075	5,878,042
Transfers out	(2,617,374)	(1,995,920)	(1,000,000)	(264,748)	(5,878,042)
Total other financing sources	<u>(2,617,374)</u>	<u>(1,240,953)</u>	<u>2,565,364</u>	<u>3,418,327</u>	<u>2,125,364</u>
Net change in fund balances	582,273	604,959	333,669	1,310,411	2,831,312
Fund balances - beginning	<u>8,832,025</u>	<u>3,767,407</u>	<u>106,145</u>	<u>1,412,086</u>	<u>14,117,663</u>
Fund balances - ending	<u>\$ 9,414,298</u>	<u>\$ 4,372,366</u>	<u>\$ 439,814</u>	<u>\$ 2,722,497</u>	<u>\$ 16,948,975</u>

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, 2016

Amounts reported for governmental activities in the statement of activities are different because:

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 current period.	4,183,374
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(280,092)
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	44,566
Changes in interest payable on long-term debt	(59,264)
The issuance of long-term debt 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. 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.	(1,618,710)
Compensated absence expenses are reported in the statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	15,932
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned, net of employee contributions, are reported as pension expense.	628,302
Governmental funds report other postemployment benefit contributions as expenditures. However, in the statement of activities, the cost of other postemployment benefits earned, are reported as other postemployment benefit expense.	<u>(584,542)</u>
Change in net position of governmental activities	<u>\$ 5,160,878</u>

CITY OF MILLINGTON, TENNESSEE

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

For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$6,883,563	\$6,883,563	\$7,030,238	\$ 146,675
Licenses and permits	308,200	308,200	285,817	(22,383)
Intergovernmental	3,849,434	3,494,271	3,826,760	332,489
Charges for services	424,500	424,500	439,419	14,919
Fines, forfeitures, and penalties	628,200	628,200	626,327	(1,873)
Federal, state, and local grants	-	46,656	86,831	40,175
Interest on investments	2,000	2,000	4,719	2,719
Other	119,795	1,119,795	80,913	(1,038,882)
Total revenues	<u>12,215,692</u>	<u>12,907,185</u>	<u>12,381,024</u>	<u>(526,161)</u>
EXPENDITURES				
General Government				
Finance and administration	876,502	934,715	864,130	70,585
General government	1,202,786	969,926	478,076	491,850
Courts	257,526	259,126	251,350	7,776
Codes and economic development	286,898	287,824	215,065	72,759
Personnel	119,227	83,153	46,773	36,380
Public Safety				
Police department	2,933,841	2,898,377	2,813,957	84,420
Fire department	2,806,876	2,650,920	2,648,849	2,071
Community Services				
Library	324,437	329,751	321,626	8,125
Arts, recreation, and parks	960,435	960,435	846,803	113,632
Public Works	750,890	753,084	694,748	58,336
Total expenditures	<u>10,519,418</u>	<u>10,127,311</u>	<u>9,181,377</u>	<u>945,934</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES				
	1,696,274	2,779,874	3,199,647	419,773
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,696,274)	(2,779,874)	(2,617,374)	162,500
Total other financing sources (uses)	<u>(1,696,274)</u>	<u>(2,779,874)</u>	<u>(2,617,374)</u>	<u>162,500</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>582,273</u>	<u>\$ 582,273</u>
Fund balance - beginning			8,832,025	
Fund balance - ending			<u>\$ 9,414,298</u>	

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, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 9,519,737	\$ 9,624,995	\$ 9,912,735	\$ 287,740
Federal government	322,160	698,182	607,404	(90,778)
State of Tennessee	12,472,331	12,598,529	12,772,577	174,048
Other revenue	233,960	266,160	279,799	13,639
Total revenues	<u>22,548,188</u>	<u>23,187,866</u>	<u>23,572,515</u>	<u>384,649</u>
EXPENDITURES				
Instruction	12,892,600	12,527,877	11,905,130	622,747
Support services	9,501,645	9,558,121	8,867,694	690,427
Non-instructional	506,559	508,408	507,075	1,333
Capital outlay	169,845	220,000	216,485	3,515
Debt service	-	230,219	230,219	-
Total expenditures	<u>23,070,649</u>	<u>23,044,625</u>	<u>21,726,603</u>	<u>1,318,022</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES				
	(522,461)	143,241	1,845,912	1,702,671
OTHER FINANCING SOURCES (USES)				
Transfer from City	500,000	730,219	730,219	-
Transfers in	22,461	22,461	24,748	2,287
Transfers out	-	(1,995,920)	(1,995,920)	-
Total other financing sources (uses)	<u>522,461</u>	<u>(1,243,240)</u>	<u>(1,240,953)</u>	<u>2,287</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (1,099,999)</u>	<u>604,959</u>	<u>\$ 1,704,958</u>
Fund balance - beginning			<u>3,767,407</u>	
Fund balance - ending			<u>\$ 4,372,366</u>	

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

June 30, 2016

	Water Fund	Sewer Fund	Total Proprietary Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,463,000	\$ 6,204,952	\$ 7,667,952
Receivables			
Customers	274,905	211,858	486,763
Other	1,362	-	1,362
Less allowance for doubtful accounts	(121,961)	(92,207)	(214,168)
Prepaid expenses	28,141	29,707	57,848
Due from other funds	-	149,989	149,989
Due from other governments	-	50,617	50,617
Total current assets	<u>1,645,447</u>	<u>6,554,916</u>	<u>8,200,363</u>
Noncurrent assets			
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	189,874	497,551	687,425
Construction in progress	-	23,197	23,197
Less accumulated depreciation	(6,122,338)	(11,594,212)	(17,716,550)
Total capital assets	<u>6,032,226</u>	<u>9,621,519</u>	<u>15,653,745</u>
Total noncurrent assets	<u>6,032,226</u>	<u>9,621,519</u>	<u>15,653,745</u>
Total assets	<u>7,677,673</u>	<u>16,176,435</u>	<u>23,854,108</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	34,191	37,424	71,615
Total deferred outflows of resources	<u>34,191</u>	<u>37,424</u>	<u>71,615</u>
LIABILITIES			
Current liabilities			
Accounts payable	9,735	12,614	22,349
Accrued expenses	35,326	22,612	57,938
Due to other funds	157,945	-	157,945
Customer deposits	1,835	195	2,030
Total current liabilities	<u>204,841</u>	<u>35,421</u>	<u>240,262</u>
Noncurrent liabilities			
Compensated absences	34,984	28,383	63,367
Net post employment benefit obligations	425,188	557,219	982,407
Net pension liability	3,121	5,592	8,713
State revolving fund loan	-	125,292	125,292
Long-term notes payable	-	2,558,146	2,558,146
Total noncurrent liabilities	<u>463,293</u>	<u>3,274,632</u>	<u>3,737,925</u>
Total liabilities	<u>668,134</u>	<u>3,310,053</u>	<u>3,978,187</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pension	25,146	24,917	50,063
Total deferred inflows of resources	<u>25,146</u>	<u>24,917</u>	<u>50,063</u>
NET POSITION			
Net investment in capital assets	6,032,226	9,621,519	15,653,745
Unrestricted	986,358	3,257,370	4,243,728
Total net position	<u>\$ 7,018,584</u>	<u>\$ 12,878,889</u>	<u>\$ 19,897,473</u>

CITY OF MILLINGTON, TENNESSEE

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

For the Year Ended June 30, 2016

	Water Fund	Sewer Fund	Total Proprietary Funds
Operating revenues			
Sales	\$ 1,127,267	\$ 1,902,565	\$ 3,029,832
Service connection fees	38,448	10,048	48,496
Forfeited discounts	26,254	23,843	50,097
Other	1,331	2,089	3,420
Total operating revenues	1,193,300	1,938,545	3,131,845
Operating expenses			
Administrative and general	535,493	604,303	1,139,796
Pumping and filtering	210,320	172,877	383,197
Distribution system	60,445	95,253	155,698
Depreciation	288,663	505,936	794,599
Total operating expenses	1,094,921	1,378,369	2,473,290
Operating income	98,379	560,176	658,555
Nonoperating revenues (expenses)			
Interest income	656	2,713	3,369
Interest expense	-	(40,980)	(40,980)
Total non-operating revenues (expenses)	656	(38,267)	(37,611)
Income before contributions	99,035	521,909	620,944
Capital contributions - tap fees	8,150	2,200	10,350
Capital contributions - development fees	4,050	4,050	8,100
Total capital contributions	12,200	6,250	18,450
Change in net position	111,235	528,159	639,394
Net position - beginning of year	6,907,349	12,350,730	19,258,079
Net position - ending	\$ 7,018,584	\$ 12,878,889	\$ 19,897,473

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2016

	Water Fund	Sewer Fund	Total
	Proprietary Funds		
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,179,734	\$ 1,939,295	\$ 3,119,029
Payments to suppliers	(327,287)	(342,001)	(669,288)
Payments to employees	(435,881)	(621,236)	(1,057,117)
Other receipts	1,931	2,089	4,020
Net cash provided by operating activities	<u>418,497</u>	<u>978,147</u>	<u>1,396,644</u>
CASH FLOWS FROM (USED FOR) NONCAPITAL FINANCING ACTIVITIES			
Transfers to (from) other funds	161,351	(153,711)	7,640
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt	-	285,502	285,502
Payments on capital debt	-	(123,540)	(123,540)
Capital contributions	12,200	6,250	18,450
Acquisition and construction of capital assets	(22,332)	(23,197)	(45,529)
Interest paid on capital debt	-	(40,980)	(40,980)
Net cash from (used for) capital and related financing activities	<u>(10,132)</u>	<u>104,035</u>	<u>93,903</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received	<u>656</u>	<u>2,713</u>	<u>3,369</u>
Net increase in cash and cash equivalents	<u>570,372</u>	<u>931,184</u>	<u>1,501,556</u>
Cash and cash equivalents - beginning of the year	<u>892,628</u>	<u>5,273,768</u>	<u>6,166,396</u>
Cash and cash equivalents - end of the year	<u><u>\$ 1,463,000</u></u>	<u><u>\$ 6,204,952</u></u>	<u><u>\$ 7,667,952</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income	\$ 98,379	\$ 560,176	\$ 658,555
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	288,663	505,936	794,599
Pension expense in excess of employer contributions	(6,865)	(7,951)	(14,816)
Change in assets and liabilities			
Receivables			
Customers	(12,286)	(7,282)	(19,568)
Other	(1,184)	-	(1,184)
Prepaid expenses	(2,433)	(2,343)	(4,776)
Due from other governments	-	9,926	9,926
Restricted cash	1,235	195	1,430
Accounts payable	3,853	11,810	15,663
Accrued expenses	3,406	(132,675)	(129,269)
Customer deposits	600	-	600
Compensated absences	(5,187)	(9,383)	(14,570)
Net post employment benefit obligations	<u>50,316</u>	<u>49,738</u>	<u>100,054</u>
Net cash provided by operating activities	<u><u>\$ 418,497</u></u>	<u><u>\$ 978,147</u></u>	<u><u>\$ 1,396,644</u></u>

CITY OF MILLINGTON, TENNESSEE

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUND – STUDENT ACTIVITY FUNDS

For the Year Ended June 30, 2016

	Balance <u>June 30, 2016</u>
ASSETS	
Cash	\$ 264,897
Inventory	<u>3,918</u>
 Total assets	 <u>\$ 268,815</u>
LIABILITIES	
Due to student general fund	\$ 147,701
Due to student groups	<u>121,114</u>
 Total liabilities	 <u>\$ 268,815</u>

CITY OF MILLINGTON, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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" or "MMS"), a blended component unit of the City of Millington, Tennessee. MMS is a legally separate organization that includes all the public schools within the City of Millington, Tennessee. MMS has a separately elected governing board but is fiscally dependent on the City. The City provides funding and issues debt for its capital projects. 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, legally separate entities for which the City is considered to be financially accountable.

B. Basis of Presentation

1. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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

The government fund financial statements of the City are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures/expenses. Governmental fund financial statements include a balance sheet and

statement of revenues, expenditures, and changes in fund balance individually for all major governmental funds and in the aggregate for the remaining nonmajor funds. An accompanying schedule is presented to reconcile and explain the difference in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The City has presented all major funds that met the quantitative or qualitative qualifications to be reported as a major fund. The governmental funds of the City are described below.

a. Major Governmental Funds:

The **General Fund** is the primary operating fund of the City and accounts for all financial resources of the general government, except those specifically provided for in another fund. 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 School and accounts for all the financial resources of the School except those required to be accounted for in another School fund.

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

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

3. Proprietary Fund Financial Statements

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user

charges and the measurement of financial activity focuses on net income measurement similar to private sector businesses.

The City reports the following major enterprise funds:

a. 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.

4. Fiduciary Fund Financial Statements

Agency funds are fiduciary funds used to account for assets held by the City in a purely custodial capacity, and, therefore, do not involve the measurement of results of operations. Agency fund financial statements include a statement of fiduciary net position. The agency fund is as follows:

The **School Student 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. These funds were audited in a separate report and can be obtained by contacting Millington Municipal Schools.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus that applies.

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, those transactions between governmental and business-type activities have not been eliminated.

1. Measurement Focus

On the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the "economic resources" measurement focus. Accordingly, all of the City's assets and liabilities, including capital assets as well as current year infrastructure assets and long-term liabilities, along with deferred inflows and outflows of resources, are included in the accompanying statement of net position. The statement of activities presents changes in net position.

Proprietary funds are accounted for using the "economic resources" measurement focus. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resource (whether current or noncurrent) are included in the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position.

All governmental funds utilize a "current financial resource" measurement focus. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period. These funds use fund balance as their measure of available resources at the end of the period.

2. Basis of Accounting

In the government-wide financial statements, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds utilize the accrual basis of accounting. 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 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.

Governmental fund financial statements are presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available to finance expenditures of the current period. 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. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, other local taxes, and intergovernmental revenues. Licenses and permits, fines and forfeitures, and miscellaneous revenues 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). 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. The issuance of long-term debt is reported as other financing sources.

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

1. Deposits

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. 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. Property taxes receivable are recorded at this lien date. Penalties and interest are assessed on unpaid property taxes after the delinquent date.

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”. Permanent reallocations of resources between funds of the City are classified as interfund transfers.

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

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 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/inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

7. Compensated absences and overtime

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government, instead this time is credited toward service years in calculating pension benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured; for example, as a result of employee resignations and retirements.

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.

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 and proprietary 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. Discounts are deferred and amortized over the life of the related obligation using the effective-interest method. Amounts payable are reported net of the applicable discount.

In the fund financial statements, governmental fund types recognize discounts and 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

Governmental fund equity is classified as fund balance. 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, 2016 are \$3,484,113, \$1,000,000, and \$318,506, respectively.

12. Pensions

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

E. 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.

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	\$ 102,150,991
Less: accumulated depreciation	<u>(11,659,186)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental funds	<u>\$ 90,491,805</u>

The reconciliation also explains that "long-term debt is not due and payable in the current period and, therefore, is not reported in the funds." The details of this difference are as follows:

Notes payable	\$ (8,230,364)
Settlement liability, net of issuance discount	<u>(1,999,629)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (10,229,993)</u>

Another element of that reconciliation explains that "net pension asset, deferred outflows of resources, net pension liability, 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	\$ 19,301
Pension changes in experience	(1,473,522)
Pension contributions after measurement date	1,565,455
Net pension liability	(185,219)
Pension changes in investment earnings	(876,273)
Pension changes in proportionate share	2,611,633
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 1,661,375</u>

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 funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balance - total governmental funds and change 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 outlay	\$ 7,520,999
Depreciation expense	(2,205,083)
Loss on disposal of capital assets	<u>(1,132,542)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 4,183,374</u>

The reconciliation also states that "the issuance of long-term debt 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:

Issuance of capital note	\$ (2,125,364)
Principal repayment on long-term debt	564,219
Amortization of settlement liability discount	<u>(57,565)</u>
Net adjustment to reduce net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (1,618,710)</u>

Another element of that explanation that "governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, are reported as pension expense." The details of this difference are as follows:

Pension contributions after measurement date	\$ 1,565,455
Actuarial determined pension expense	(937,153)
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 628,302</u>

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, 2016, 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

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.

At year end, the City's carrying amount of deposits was \$23,479,516, including \$264,897 of cash held in the student activity fund and \$11,600 of restricted cash, and the bank balance was \$24,393,359. Of the bank balance, \$770,492 was covered by the Federal Deposit Insurance Corporation with the remaining balance of \$23,622,867 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.

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	Nonmajor Governmental Funds	Water Fund	Sewer Fund	Total
Receivables:						
Property taxes	\$ 2,793,032	\$ -	\$ -	\$ -	\$ -	\$ 2,793,032
City taxes and fees	70,851	-	-	-	-	70,851
Accounts receivable	-	4,176	279,461	274,905	211,858	770,400
Other	30,235	-	-	1,362	-	31,597
Gross receivables	2,894,118	4,176	279,461	276,267	211,858	3,665,880
Less: allowance for doubtful accounts	(131,623)	-	(136,835)	(121,961)	(92,207)	(482,626)
Net total receivables	\$ 2,762,495	\$ 4,176	\$ 142,626	\$ 154,306	\$ 119,651	\$ 3,183,254

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 \$44,833.

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 \$2,657,354 for property taxes receivable and \$169,895 grants was reported in governmental funds.

Unavailable revenues included in property taxes receivable result primarily from the pro-rata share of 2016 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, 2016, 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, 2016, is as follows:

Due to:	Due from:				
	General Fund	Nonmajor Governmental Funds	Water Fund	Total	
General fund	\$ -	\$ 5,671	\$ 832	\$	6,503
General purpose school fund	-	127,204	-		127,204
Nonmajor governmental funds	-	-	76,432		76,432
Sewer fund	69,308	-	80,681		149,989
	\$ 69,308	\$ 132,875	\$ 157,945	\$	360,128

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, 2016, are as follows:

	Transfer in:				Total
	General Purpose School Fund	Capital Improvements Fund	Nonmajor Governmental Funds		
Transfer out:					
General fund	\$ 730,219	\$ 1,200,000	\$ 687,155	\$ 2,617,374	
General purpose school fund	-	-	1,995,920	1,995,920	
Nonmajor governmental funds	24,748	240,000	1,000,000	1,264,748	
	\$ 754,967	\$ 1,440,000	\$ 3,683,075	\$ 5,878,042	

D. Capital assets

Capital asset activity for the year ended June 30, 2016 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	755,269	7,387,923	(3,446,224)	4,696,968
Total capital assets, not being depreciated	6,816,258	7,387,923	(3,446,224)	10,757,957
Capital assets, being depreciated:				
Buildings and improvements	54,916,484	679,720	(1,175,000)	54,421,204
Infrastructure	28,786,040	2,690,372	-	31,476,412
Furnishings and equipment	1,579,916	126,306	-	1,706,222
Vehicles	3,785,653	82,902	(79,359)	3,789,196
Total capital assets, being depreciated	89,068,093	3,579,300	(1,254,359)	91,393,034
Less accumulated depreciation for:				
Buildings and improvements	(5,424,116)	(1,252,853)	48,958	(6,628,011)
Infrastructure	(574,610)	(590,155)	-	(1,164,765)
Furnishings and equipment	(943,055)	(96,585)	-	(1,039,640)
Vehicles	(2,634,139)	(265,490)	72,859	(2,826,770)
Total accumulated depreciation	(9,575,920)	(2,205,083)	121,817	(11,659,186)
Total capital assets, being depreciated, net	79,492,173	1,374,217	(1,132,542)	79,733,848
Governmental activities capital assets, net	\$ 86,308,431	\$ 8,762,140	\$ (4,578,766)	\$ 90,491,805

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 726,949	\$ -	\$ -	\$ 726,949
Construction in progress	-	23,197	-	23,197
Total capital assets, not being depreciated	726,949	23,197	-	750,146
Capital assets, being depreciated:				
Buildings and improvements	28,034,678	-	-	28,034,678
Furnishings and equipment	3,898,046	-	-	3,898,046
Vehicles	665,093	22,332	-	687,425
Total capital assets, being depreciated	32,597,817	22,332	-	32,620,149
Less accumulated depreciation for:				
Buildings and improvements	(12,933,263)	(710,383)	-	(13,643,646)
Furnishings and equipment	(3,521,167)	(52,173)	-	(3,573,340)
Vehicles	(467,521)	(32,043)	-	(499,564)
Total accumulated depreciation	(16,921,951)	(794,599)	-	(17,716,550)
Total capital assets, being depreciated, net	15,675,866	(772,267)	-	14,903,599
Business-type activities capital assets, net	<u>\$ 16,402,815</u>	<u>\$ (749,070)</u>	<u>\$ -</u>	<u>\$ 15,653,745</u>

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

Governmental Activities:	
General government	\$ 46,291
Public safety	246,099
Community services	120,594
Transportation and environment	808,175
Education	983,924
Total depreciation expense - governmental activities	<u>\$ 2,205,083</u>
Business-Type Activities:	
Water	\$ 288,663
Sewer	505,936
Total depreciation expense - business-type activities	<u>\$ 794,599</u>

Governmental activities buildings and improvements include an impairment loss of \$1,126,042, related to MMS, due to the permanent closing of the buildings and subsequent demolition after the fiscal year end.

E. Long-term debt

1. General obligation notes payable

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 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 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%.

2. Construction note payable

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, 2016, the balance outstanding was \$2,683,438 and the interest rate on this loan was 1.41%.

3. 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 \$2,762,628 due by November 1 of each year commencing on November 1, 2014. During the year ended June 30, 2016, the School made their second payment of \$230,219 and recognized interest expense of \$57,565 using an effective interest rate of 2.89%. At June 30, 2016, the net present value outstanding was \$1,199,629.

4. Changes in noncurrent liabilities

Noncurrent liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	\$ 6,439,000	\$ 2,125,364	\$ (334,000)	\$ 8,230,364	\$ 539,500
Shelby County Board of Education settlement liability	2,532,409	-	(230,219)	2,302,190	230,219
Less deferred amounts for issuance discount	(360,126)	-	57,565	(302,561)	-
Total long-term debt	8,611,283	2,125,364	(506,654)	10,229,993	769,719
Compensated absences	378,732	-	(15,932)	362,800	-
Net pension liability*	-	185,219	-	185,219	-
Net other postemployment benefit obligation*	5,450,313	584,542	-	6,034,855	-
Governmental activities noncurrent liabilities	<u>\$ 14,440,328</u>	<u>\$ 2,895,125</u>	<u>\$ (522,586)</u>	<u>\$ 16,812,867</u>	<u>\$ 769,719</u>

*net increase (decrease) is shown

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Notes payable - construction	\$ 2,521,476	\$ 285,502	\$ (123,540)	\$ 2,683,438	\$ 125,292
Compensated absences	77,937	-	\$ (14,570)	63,367	-
Net pension liability*	-	8,713	-	8,713	-
Net post employment benefit obligation*	882,353	100,054	-	982,407	-
	<u>\$ 3,481,766</u>	<u>\$ 394,269</u>	<u>\$ (138,110)</u>	<u>\$ 3,737,925</u>	<u>\$ 125,292</u>

*net increase (decrease) is shown

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

Years Ending June 30	Government Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 716,780	\$ 310,141	\$ 125,292	\$ 37,032
2018	738,374	287,844	127,068	35,256
2019	760,791	264,842	128,880	33,444
2020	783,737	241,174	130,704	31,620
2021	807,313	216,746	132,564	29,760
2022-2026	3,439,998	734,103	691,548	120,072
2027-2031	1,483,000	386,560	742,032	69,588
2032-2036	1,500,000	142,656	605,350	16,837
	\$ 10,229,993	\$ 2,584,066	\$ 2,683,438	\$ 373,609

F. Fund Balances By Purpose

Following is more detailed information on the governmental fund balances:

	General Fund	General Purpose School Fund	Capital Improvements Fund	Other Governmental Funds	Total
Nonspendable for:					
Inventory	\$ 27,343	\$ -	\$ -	\$ 11,238	\$ 38,581
Prepaid expenses	226,652	3,422	-	21,712	251,786
Total nonspendable	253,995	3,422	-	32,950	290,367
Restricted for:					
Drug enforcement	-	-	-	121,962	121,962
Streets	-	-	-	115,130	115,130
Sanitation	-	-	-	589,214	589,214
Schools	-	4,368,944	-	208,335	4,577,279
Total restricted	-	4,368,944	-	1,034,641	5,403,585
Committed to:					
Financial stabilization	3,484,113	-	-	-	3,484,113
Emergency	1,000,000	-	-	-	1,000,000
Library construction	318,506	-	-	-	318,506
Drainage control	-	-	-	182,798	182,798
Total committed	4,802,619	-	-	182,798	4,985,417
Assigned to:					
Purchase order encumbrances	-	-	-	1,472,108	1,472,108
Capital improvements	-	-	439,814	-	439,814
Total assigned	-	-	439,814	1,472,108	1,911,922
Unassigned	4,357,684	-	-	-	4,357,684
Total fund balances	\$ 9,414,298	\$ 4,372,366	\$ 439,814	\$ 2,722,497	\$ 16,948,975

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 (“City Agent Plan”)**
- II. Millington Municipal Schools Teacher Legacy Pension Plan (“MMS TLPP”)**
- III. Millington Municipal Schools Teacher Retirement Plan (“MMS TRP”)**
- IV. Millington Municipal Schools Political Subdivision Pension Plan (“MMS PSPP”)**

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.

The net pension asset/liability and deferred outflows/inflows of resources reported on the statement of net position are summarized as follows for each plan:

	<u>Net Pension Asset</u>	<u>Deferred Outflows of Resources</u>	<u>Net Pension Liability</u>	<u>Deferred Inflows of Resources</u>
Governmental activities:				
City Agent Plan	\$ -	\$ 583,279	\$ 81,818	\$ 370,991
MMS TLPP		- 3,604,333	100,021	2,202,612
MMS TRP	19,301	64,360	-	6,282
MMS PSPP		- 170,440	3,380	15,234
Total governmental activities	\$ 19,301	\$ 4,422,412	\$ 185,219	\$ 2,595,119
Business-type activities:				
City Agent Plan	\$ -	\$ 71,615	\$ 8,713	\$ 50,063

Details of the components of deferred outflows/inflows of resources are presented on the following pages.

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, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	92
Inactive employees entitled to but not yet receiving benefits	149
Active employees	165
	<hr/>
	406
	<hr/>

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, the Actuarially Determined Contribution ("ADC") for Millington was \$530,147 based on a rate of 8.14% 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 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, 2015, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real 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%	33.00%
Developed market international equity	6.26%	17.00%
Emerging market international equity	6.40%	5.00%
Private equity and strategic lending	4.61%	8.00%
U.S fixed income	0.98%	29.00%
Real estate	4.73%	7.00%
Short-term securities	0.00%	1.00%
		100.00%

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 (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/14	\$ 21,927,805	\$ 22,592,871	\$ (665,066)
Changes for the year:			
Service cost	500,187	-	500,187
Interest	1,646,311	-	1,646,311
Differences between expected and actual experience	(179,845)	-	(179,845)
Contributions - employer	-	530,147	(530,147)
Net investment income	-	689,233	(689,233)
Benefit payments, including refunds of employee contributions	(954,367)	(954,367)	-
Administrative expenses	-	(8,324)	8,324
Net changes	<u>1,012,286</u>	<u>256,689</u>	<u>755,597</u>
Balance at 6/30/15	<u>\$ 22,940,091</u>	<u>\$ 22,849,560</u>	<u>\$ 90,531</u>

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 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Millington's net pension liability (asset)	<u>\$ 3,232,297</u>	<u>\$ 90,531</u>	<u>\$ (2,512,490)</u>

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, 2016, Millington recognized pension expense of \$334,866.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2016, 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	\$ 178,367	\$ 149,872
Net difference between projected and actual earnings on pension plan investments	-	271,182
Contributions subsequent to the measurement date of June 30, 2015	476,527	N/A
Total	\$ 654,894	\$ 421,054

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2015," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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:	
2017	\$ (141,711)
2018	(141,711)
2019	(141,711)
2020	212,420
2021	(29,974)
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

A. General Information about the Pension Plan

Plan Description

Teachers with membership in the TCRS before July 1, 2014 of MMS 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 who did not have prior membership in TCRS. 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. Under the TLPP, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers 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 MMS for the year ended June 30, 2016 to the TLPP were \$912,429 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 Liabilities

At June 30, 2016, MMS reported a liability of \$100,021 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. MMS's proportion of the net pension liability was based on MMS's share of contributions to the pension plan relative to the contributions of all LEAs. At the June 30, 2015 measurement date, MMS's proportion was 0.244172 percent. The proportion measured as of June 30, 2014 was 0.000664 percent.

Pension Expense

For the year ended June 30, 2016, MMS recognized a pension expense of \$437,884 related to the TLPP.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2016, MMS reported deferred outflows of resources and deferred inflows of resources related to the TLPP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,271	\$ 1,556,844
Net difference between projected and actual earnings of pension plan investments	-	645,768
Changes in proportion of net pension liability (asset)	2,611,633	-
LEA's contributions subsequent to the measurement date of June 30, 2015	912,429	N/A
Total	\$ 3,604,333	\$ 2,202,612

MMS employer contributions of \$912,429, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an decrease in net pension liability (asset) in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2017	\$ (138,750)
2018	(138,750)
2019	(138,750)
2020	678,529
2021	227,012
Thereafter	-

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

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
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 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, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three

techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real 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%	33.00%
Developed market international equity	6.26%	17.00%
Emerging market international equity	6.40%	5.00%
Private equity and strategic lending	4.61%	8.00%
U.S. fixed income	0.98%	29.00%
Real estate	4.73%	7.00%
Short-term securities	0.00%	1.00%
		100.00%

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 MMS's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what MMS'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:

	Current		
	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
MMS's proportionate share of the net pension liability (asset)	\$ 6,819,106	\$ 100,021	\$ (5,462,589)

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

A. General Information about the Pension Plan

Plan Description

Teachers with membership in the TCRS before July 1, 2014 of MMS 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 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 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 TRP Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016 to the TRP were \$62,800, 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

At June 30, 2015, MMS reported an asset of \$19,301 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability (asset) used to calculate the net pension asset was determined by an actuarial value at that date. MMS's proportion of the net pension asset was based on MMS's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30 2015, MMS's proportion was 0.479760 percent.

Pension Expense

For the year ended June 30, 2016, MMS recognized pension expense of \$25,294.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2016, MMS reported deferred outflows of resources and deferred inflows of resources related to the TRP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,282
Net difference between projected and actual earnings of pension plan investments	1,560	-
LEA's contributions subsequent to the measurement date of June 30, 2015	62,800	N/A
Total	\$ 64,360	\$ 6,282

MMS's employer contributions of \$62,800, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30:

2017	\$ (133)
2018	(133)
2019	(133)
2020	(133)
2021	(524)
Thereafter	(3,665)

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

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
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 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, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real 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%	33.00%
Developed market international equity	6.26%	17.00%
Emerging market international equity	6.40%	5.00%
Private equity and strategic lending	4.61%	8.00%
U.S. fixed income	0.98%	29.00%
Real estate	4.73%	7.00%
Short-term securities	0.00%	1.00%
		100.00%

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 MMS's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what MMS'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:

	Current		
	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
MMS's proportionate share of the net pension liability (asset)	\$ 3,422	\$ (19,301)	\$ (35,966)

Pension Plan Fiduciary Net Position

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

IV. Millington Municipal Schools Political Subdivision Pension Plan

A. General Information about the Pension Plan

Plan Description

Employees of the Board of Education of MMS are provided with pensions through the PSPP, an agent multiple-employer pension plan administered by the TCRS. Legislation passed in 2013 permits a local board of education to participate in TCRS separately from the local government.

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 of the legacy PSPP are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service 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 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, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	7
Active employees	75
	<hr/>
	82
	<hr/>

Contributions

Contributions for employees 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) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarially Determined Contribution ("ADC") for PSPP was \$182,233 based on a rate of 8.14% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016 to the PSPP were \$165,710, which is 8.14% 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. Net Pension Liability (Asset)

MMS's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real 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%	33.00%
Developed market international equity	6.26%	17.00%
Emerging market international equity	6.40%	5.00%
Private equity and strategic lending	4.61%	8.00%
U.S fixed income	0.98%	29.00%
Real estate	4.73%	7.00%
Short-term securities	0.00%	1.00%
		100.00%

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 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.

C. Changes in the Net Pension Liability (Asset)

	Total Pension Liability (Asset) (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/14	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	272,709	-	272,709
Interest	20,415	-	20,415
Differences between expected and actual experience	(17,138)	-	(17,138)
Contributions - employer	-	182,233	(182,233)
Contributions - employees	-	90,476	(90,476)
Net investment income	-	4,119	(4,119)
Benefit payments, including refunds of employee contributions	(1,005)	(1,005)	-
Administrative expenses	-	(4,222)	4,222
Net changes	<u>274,981</u>	<u>271,601</u>	<u>3,380</u>
Balance at 6/30/15	<u>\$ 274,981</u>	<u>\$ 271,601</u>	<u>\$ 3,380</u>

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 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
MMS's net pension liability (asset)	54,571	3,380	(37,786)

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, 2016, MMS recognized pension expense of \$196,117 related to the PSPP.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, MMS reported deferred outflows of resources and deferred inflows of resources related to the PSPP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 15,234
Net difference between projected and actual earnings on pension plan investments	4,730	-
Contributions subsequent to the measurement date of June 30, 2015	165,710	N/A
Total	\$ 170,440	\$ 15,234

The PSPP contributions of \$165,710 reported as pension related deferred outflow of resources subsequent to the measurement date, will be recognized as a reduction in the net pension liability 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:		
2017	\$	(722)
2018	\$	(722)
2019	\$	(722)
2020	\$	(722)
2021		(1,904)
Thereafter		(5,712)

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

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 \$121,106 for the year ended June 30, 2016.

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 Mid-South 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 Industrial Development Board. This arrangement allows their 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 related employee benefits disbursements.

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 has not incurred any losses in excess of commercial insurance coverage for the year ended June 30, 2016.

NOTE 8 – CITY OF MILLINGTON OTHER POST EMPLOYMENT BENEFITS

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, 21 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 2016, the City made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to \$115,724. 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	\$ 906,120
Interest on net OPEB obligation	253,307
Adjustment to annual required contribution	(359,107)
Annual OPEB cost	800,320
Contributions or payments made	(115,724)
Increase in net OPEB obligation	684,596
Net OPEB obligation, beginning of year	6,332,666
Net OPEB obligation, end of year	<u>\$ 7,017,262</u>
Percentage of expense contributed	<u>14.46%</u>

D. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, 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, 2015	\$ -	\$ 7,915,825	\$ 7,915,825	0.00%	\$ 5,209,593	151.95%
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%

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, 2015 actuarial valuation using the Projected Unit Credit actuarial cost method. The actuarial assumptions include a 4% a year rate of investment return and 6.50% a year level rate for health care costs trend.

NOTE 9 – MILLINGTON MUNICIPAL SCHOOLS OTHER POST EMPLOYMENT BENEFITS

On June 6, 2016, the Millington Municipal Schools Board of Education passed a resolution to participate in the Tennessee School Boards Association OPEB Trust (“TSBA OPEB Trust”). MMS funded the TSBA OPEB Trust with an initial deposit of \$50,000. On September 6, 2016, MMS approved a retiree healthcare plan to be administered by the TSBA OPEB Trust to be effective January 1, 2017.

NOTE 10 – 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILLINGTON, TENNESSEE

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

Last Fiscal Year Ending June 30

	2015	2014
Total Pension Liability		
Service cost	\$ 500,187	\$ 514,637
Interest	1,646,311	1,544,121
Differences between actual and expected experience	(179,845)	267,551
Benefit payments, including refunds of employee contributions	(954,367)	(944,283)
Net change in total pension liability	1,012,286	1,382,026
Total pension liability-beginning	<u>21,927,805</u>	<u>20,545,779</u>
Total pension liability-ending	<u>\$ 22,940,091</u>	<u>\$ 21,927,805</u>
Plan Fiduciary Net Position		
Contributions-employer	\$ 530,147	\$ 511,544
Net investment income	689,233	3,238,712
Benefit payments, including refunds of employee contributions	(954,367)	(944,283)
Administrative expense	(8,324)	(7,143)
Net change in plan fiduciary net position	256,689	2,798,830
Plan fiduciary net position-beginning	<u>22,592,871</u>	<u>19,794,041</u>
Plan fiduciary net position-ending	<u>\$ 22,849,560</u>	<u>\$ 22,592,871</u>
Net pension liability (asset)	<u>\$ 90,531</u>	<u>\$ (665,066)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	99.61%	103.03%
Covered-employee payroll	\$ 6,512,864	\$ 6,346,701
Net pension liability (asset) as a percentage of covered-employee payroll	1.39%	-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 OF MILLINGTON'S CONTRIBUTIONS BASED ON PARTICIPATION IN THE
PUBLIC EMPLOYEE PENSION PLAN OF TCRS**

Last Fiscal Year Ending June 30

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 469,835	\$ 530,147	\$ 511,544
Contributions in relation to the actuarially determined contribution	<u>469,835</u>	<u>530,147</u>	<u>511,544</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 5,771,931	\$ 6,512,864	\$ 6,346,701
Contributions as a percentage of covered employee payroll	8.14%	8.14%	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.

NOTE 1 - VALUATION DATE

Actuarially determined contribution rates for 2016 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 THE NET PENSION ASSET – TEACHER LEGACY PENSION PLAN OF TCRS

For the Year Ended June 30*

	2016	2015
MMS's proportion of the net pension liability (asset)	0.244172%	0.066400%
MMS's proportionate share of the net pension liability (asset)	\$ 100,021	\$ (108)
MMS's covered payroll	\$ 9,140,585	\$ 26,054
MMS's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.09%	-0.41%
Plan fiduciary net position as a percentage of the total pension liability	99.81%	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

	2016	2015	2014
Contractually required	\$ 912,429	\$ 826,309	\$ 2,314
Contributions in relation to the contractually required contribution	<u>912,429</u>	<u>826,309</u>	<u>2,314</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MMS's covered-employee payroll	10,093,257	\$ 9,140,585	\$ 26,054
Contributions as a percentage of MMS's covered-employee payroll	9.04%	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 PROPORTIONATE SHARE OF THE NET PENSION ASSET – TEACHER RETIREMENT PLAN OF TCRS

Fiscal Year Ending June 30*

	2016
MMS's proportion of the net pension liability (asset)	0.479760%
MMS's proportionate share of the net pension liability (asset)	\$ (19,301)
MMS's covered payroll	\$ 996,818
MMS's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-1.94%
Plan fiduciary net position as a percentage of the total pension liability	127.46%

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

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

	2016	2015
Contractually required	\$ 39,250	\$ 997
Contributions in relation to the contractually required contribution	<u>62,800</u>	<u>39,873</u>
Contribution deficiency (excess)	<u><u>\$ (23,550)</u></u>	<u><u>\$ (38,876)</u></u>
MMS's covered-employee payroll	\$ 1,569,972	\$ 996,818
Contributions as a percentage of Millington Municipal School's covered-employee payroll	4.00%	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.

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 CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS BASED ON
MILLINGTON MUNICIPAL SCHOOLS PARTICIPATION IN THE
POLITICAL SUBDIVISION PENSION PLAN OF TCRS**

For Fiscal Years Ended June 30

	2015
Total Pension Liability (Asset)	
Service cost	\$ 272,709
Interest	20,415
Differences between actual and expected experience	(17,138)
Benefit payments, including refunds of employee contributions	(1,005)
Net change in total pension liability (asset)	<u>274,981</u>
Total pension liability (asset)-beginning	-
Total pension liability (asset)-ending	<u>\$ 274,981</u>
Plan Fiduciary Net Position	
Contributions-employer	\$ 182,233
Contributions-employee	90,476
Net investment income	4,119
Benefit payments, including refunds of employee contributions	(1,005)
Administrative expense	(4,222)
Net change in plan fiduciary net position	<u>271,601</u>
Plan fiduciary net position-beginning	-
Plan fiduciary net position-ending	<u>271,601</u>
Net pension liability (asset)-ending	<u><u>\$ 3,380</u></u>
Plan fiduciary net position as a percentage of total pension liability	98.77%
Covered-employee payroll	\$ 2,238,733
Net pension liability (asset) as a percentage of covered-employee payroll	0.15%

Schedule of Contributions - Political Subdivision Pension Plan

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 SCHOOLS CONTRIBUTIONS –
POLITICAL SUBDIVISION PENSION PLAN OF TCRS**

Last Fiscal Year Ending June 30

	2016	2015
Actuarially determined contribution	\$ 165,710	\$ 182,233
Contributions in relation to the actuarially determined contribution	<u>165,710</u>	<u>182,233</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,035,748	\$ 2,238,733
Contributions as a percentage of covered-employee payroll	8.14%	8.14%

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.

Note 1 - VALUATION DATE

Actuarially determined contribution rates for 2016 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	0 Year
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 expenses, 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%

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

CITY OF MILLINGTON, TENNESSEE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016

	Special Revenue Funds									Debt Service Fund	Total Nonmajor Governmental Funds
	State Street Aid Fund	Sanitation Fund	Drug Fund	DEA Drug Fund	Storm Water Fund	School Federal Projects Fund	School Cafeteria Fund	School Capital Projects Fund			
ASSETS											
Cash and cash equivalents	\$ 95,768	\$ 454,687	\$ 100,826	\$ 26,199	\$ 140,896	\$ -	\$ 212,777	\$ 1,473,858	\$ -	\$ 2,505,011	
Receivables											
Accounts	-	229,300	-	-	50,161	-	-	-	-	-	279,461
Less allowance	-	(109,023)	-	-	(27,812)	-	-	-	-	-	(136,835)
Due from other funds	-	56,879	-	-	19,553	-	-	-	-	-	76,432
Due from other governments	59,464	-	348	-	-	214,458	-	-	-	-	274,270
Inventory	-	-	-	-	-	-	11,238	-	-	-	11,238
Prepaid items and other assets	-	20,192	-	-	1,520	-	-	-	-	-	21,712
Total assets	\$ 155,232	\$ 652,035	\$ 101,174	\$ 26,199	\$ 184,318	\$ 214,458	\$ 224,015	\$ 1,473,858	\$ -	\$ 3,031,289	
LIABILITIES											
Accounts payable	\$ 37,930	\$ 11,981	\$ 5,224	\$ -	\$ -	\$ 2,897	\$ 2,432	\$ 1,750	\$ -	\$ 62,214	
Accrued liabilities	-	27,336	-	-	-	84,357	-	-	-	-	111,693
Unearned revenue	-	-	-	-	-	-	2,010	-	-	-	2,010
Due to other funds	2,172	3,312	-	187	-	127,204	-	-	-	-	132,875
Total liabilities	40,102	42,629	5,224	187	-	214,458	4,442	1,750	-	-	308,792
FUND BALANCES											
Nonspendable	-	20,192	-	-	1,520	-	11,238	-	-	-	32,950
Restricted	115,130	589,214	95,950	26,012	-	-	208,335	-	-	-	1,034,641
Committed	-	-	-	-	182,798	-	-	-	-	-	182,798
Assigned	-	-	-	-	-	-	-	1,472,108	-	-	1,472,108
Total fund balances	115,130	609,406	95,950	26,012	184,318	-	219,573	1,472,108	-	-	2,722,497
Total liabilities and fund balances	\$ 155,232	\$ 652,035	\$ 101,174	\$ 26,199	\$ 184,318	\$ 214,458	\$ 224,015	\$ 1,473,858	\$ -	\$ 3,031,289	

CITY OF MILLINGTON, TENNESSEE

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

For the Year Ended June 30, 2016

	Special Revenue Funds									Debt Service Fund	Total Nonmajor Governmental Funds
	State Street Aid Fund	Sanitation Fund	Drug Fund	DEA Drug Fund	Storm Water Fund	School Federal Projects Fund	School Cafeteria Fund	School Capital Projects Fund			
REVENUES											
Intergovernmental											
Gasoline & motor fuel tax	\$ 209,777	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,777
Three cent tax	62,572	-	-	-	-	-	-	-	-	-	62,572
Gas 1989 tax	33,713	-	-	-	-	-	-	-	-	-	33,713
Petroleum special tax	22,648	-	-	-	-	-	-	-	-	-	22,648
Fines and forfeitures	-	-	7,518	43,595	-	-	-	-	-	-	51,113
Charges for services	-	768,017	-	-	250,381	-	82,947	-	-	-	1,101,345
Federal, state, and local grants	-	9,168	-	-	-	2,318,100	1,468,765	-	-	-	3,796,033
Interest on investments	25	235	102	151	144	-	-	-	-	-	657
Other revenue	-	19,585	11,074	5	6,053	-	106	647,448	-	-	684,271
Total revenues	328,735	797,005	18,694	43,751	256,578	2,318,100	1,551,818	647,448	-	-	5,962,129
EXPENDITURES											
Public safety	-	-	5,117	11,989	-	-	-	-	-	-	17,106
Transportation and environment	447,391	713,650	-	-	317,235	-	-	-	-	-	1,478,276
Education	-	-	-	-	-	2,293,352	1,431,417	-	-	-	3,724,769
Debt service - principal	-	-	-	-	-	-	-	-	-	334,000	334,000
Debt service - interest & fiscal charges	-	-	-	-	-	-	-	-	-	214,679	214,679
Capital projects	-	-	-	-	-	-	-	2,301,215	-	-	2,301,215
Total expenditures	447,391	713,650	5,117	11,989	317,235	2,293,352	1,431,417	2,301,215	548,679	-	8,070,045
Excess (deficiency) of revenues over (under) expenditures	(118,656)	83,355	13,577	31,762	(60,657)	24,748	120,401	(1,653,767)	(548,679)	-	(2,107,916)
OTHER FINANCING SOURCES (USES)											
Transfers in	138,931	-	-	-	-	-	-	-	2,995,920	548,224	3,683,075
Transfers out	-	-	-	(240,000)	-	(24,748)	-	-	-	-	(264,748)
Total other financing sources	138,931	-	-	(240,000)	-	(24,748)	-	-	2,995,920	548,224	3,418,327
Net change in fund balance	20,275	83,355	13,577	(208,238)	(60,657)	-	120,401	1,342,153	(455)	-	1,310,411
Fund balances - beginning	94,855	526,051	82,373	234,250	244,975	-	99,172	129,955	455	-	1,412,086
Fund balances - ending	\$ 115,130	\$ 609,406	\$ 95,950	\$ 26,012	\$ 184,318	\$ -	\$ 219,573	\$ 1,472,108	\$ -	-	\$ 2,722,497

INDIVIDUAL FUND SCHEDULES

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – STATE STREET AID FUND**

For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental				
Gasoline and motor fuel tax	\$ 185,353	\$ 185,353	\$ 209,777	\$ 24,424
Gas three cent tax	55,399	55,399	62,572	7,173
Gas 1989 tax	29,511	29,511	33,713	4,202
Petroleum special tax	21,953	21,953	22,648	695
Interest on investments	30	30	25	(5)
Total revenues	292,246	292,246	328,735	36,489
EXPENDITURES				
Street Department				
Travel and training	1,000	1,000	-	1,000
Advertising	-	1,500	1,095	405
Street lights	260,000	252,000	251,051	949
Telephone	2,600	2,600	1,215	1,385
ROW maintenance	20,000	20,000	13,500	6,500
Repair and maintenance equipment	5,000	5,000	1,020	3,980
Repair and maintenance vehicle	5,000	5,000	1,978	3,022
Maintenance agreement	1,500	1,500	375	1,125
Street and traffic light repair	16,000	34,000	29,247	4,753
Street repair and maintenance	100,000	72,850	72,724	126
Sign materials	12,000	15,500	11,468	4,032
Fuel billed by public works	35,000	35,000	14,797	20,203
Repairs by public works shop	20,000	27,500	22,854	4,646
Operational supplies	7,000	7,000	6,652	348
Uniforms	5,000	5,000	2,457	2,543
Expendable furnishings and equipment	2,000	8,150	8,130	20
Road Materials	25,000	19,500	4,828	14,672
Vehicle	-	4,000	4,000	-
Total expenditures	517,100	517,100	447,391	69,709
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES				
	(224,854)	(224,854)	(118,656)	106,198
OTHER FINANCING SOURCES (USES)				
Transfers in	224,854	224,854	138,931	(85,923)
Net change in fund balance	\$ -	\$ -	20,275	\$ 20,275
Fund balance - beginning				94,855
Fund balance - ending				\$ 115,130

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SANITATION FUND**

For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fees for services				
Commercial fees	\$ 230,000	\$ -	\$ 5,976	\$ 5,976
Residential fees	740,000	740,000	762,041	22,041
Federal grants	-	-	9,168	9,168
Interest on investments	60	60	235	175
Other	22,000	22,000	19,585	(2,415)
Planned use of prior year funds	143,628	143,628	-	(143,628)
Total revenues	1,135,688	905,688	797,005	(108,683)
EXPENDITURES				
Public Works				
Salaries	403,554	355,842	355,827	15
Overtime	2,000	-	-	-
Vacation Pay at Retirement	-	4,135	4,134	1
Reimbursement for billing by City Hall	38,078	38,078	38,078	-
Allocate PW Director	17,046	17,046	17,046	-
Health insurance	79,696	65,678	65,635	43
Life insurance	2,093	1,882	1,792	90
FICA	25,145	20,742	19,708	1,034
Medicare	5,881	5,272	4,609	663
Retirement	33,012	29,539	28,983	556
Workers compensation insurance	23,415	23,471	23,470	1
Medical testing	500	500	410	90
Insurance for retirees	3,200	3,200	3,030	170
Travel and training	1,050	1,000	-	1,000
Advertising	1,000	500	315	185
Telephone expense	750	750	699	51
Contracts	-	10,000	7,986	2,014
Audit	1,545	1,635	1,635	-
Repairs and maintenance equipment	15,000	1,400	-	1,400
Repairs and maintenance vehicle	50,000	35,000	28,163	6,837
Maintenance agreement	7,100	6,682	5,556	1,126
Fuel billed by public works	65,000	47,000	20,451	26,549
Repairs by public works shop	37,000	25,000	22,885	2,115
Solid waste disposal	32,000	18,600	15,785	2,815
Operational supplies	7,300	9,000	7,433	1,567
Equipment purchases	4,000	22,700	22,660	40

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SANITATION FUND (CONTINUED)**

For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (continued)				
Uniforms	\$ 5,300	\$ 5,000	\$ 4,687	\$ 313
General liability insurance	3,465	3,465	2,164	1,301
Errors and omissions insurance	2,107	2,107	1,432	675
Auto liability insurance	9,451	9,451	9,077	374
Tipping fee	12,000	-	-	-
Truck purchases	248,000	-	-	-
Contingency	-	141,013	-	141,013
Total expenditures	1,135,688	905,688	713,650	192,038
Net change in fund balance	\$ -	\$ -	83,355	\$ 83,355
Fund balance - beginning				526,051
Fund balance - ending			\$ 609,406	

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – DRUG FUND**

For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines, forfeitures, and penalties				
Fines and confiscations	\$ -	\$ -	\$ 6,043	\$ 6,043
Drug fines	- -	- -	1,475	1,475
Interest on investments	- -	- -	102	102
Other	- -	- -	11,074	11,074
Planned use of fund balance	<u>12,822</u>	<u>12,822</u>	<u>-</u>	<u>(12,822)</u>
Total revenues	<u>12,822</u>	<u>12,822</u>	<u>18,694</u>	<u>5,872</u>
EXPENDITURES				
Drug Abuse				
Training and travel	- -	2,200	563	1,637
Educational material	500	300	- -	300
Confidential undercover expense	2,000	- -	- -	- -
Phone expense	150	150	- -	150
Audit fees	1,030	1,100	1,100	- -
Maintenance agreement	6,142	6,142	605	5,537
Dog expense	<u>3,000</u>	<u>2,930</u>	<u>2,849</u>	<u>81</u>
Total expenditures	<u>12,822</u>	<u>12,822</u>	<u>5,117</u>	<u>7,705</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>13,577</u>	<u>\$ 13,577</u>
Fund balance - beginning			<u>82,373</u>	
Fund balance - ending			<u>\$ 95,950</u>	

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – DEA DRUG FUND**

For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines, forfeitures, and penalties				
DEA federal shared proceeds	\$ 46,500	\$ 46,500	\$ 43,595	\$ (2,905)
Interest on investments	30	30	151	121
Cash Over (Short)	-	-	5	5
Planned use of fund balance	-	240,000	-	(240,000)
Total revenues	46,530	286,530	43,751	(242,779)
EXPENDITURES				
DEA Drug				
Travel and training	5,000	5,000	1,533	3,467
Special Investigation Expense	-	600	520	80
Audit fees	1,030	1,100	1,100	-
Repair and maintenance vehicle	1,000	1,000	520	480
Fuel billed by public works	7,000	7,000	1,021	5,979
Repairs by public works shop	2,500	2,500	486	2,014
Supplies	3,000	3,000	1,346	1,654
Equipment purchase	19,000	18,330	2,334	15,996
Gas and oil	1,000	1,500	874	626
Expendable furnishings and equipment	4,000	3,500	-	3,500
Vehicle towing	3,000	3,000	2,255	745
Equipment for cars	-	-	-	-
Total expenditures	46,530	46,530	11,989	34,541
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES				
	-	240,000	31,762	(208,238)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(240,000)	(240,000)	-
Net change in fund balance	\$ -	\$ -	(208,238)	\$ (208,238)
Fund balance - beginning			234,250	
Fund balance - ending			\$ 26,012	

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – STORM WATER FUND**

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services				
Commercial fees	\$ 168,000	\$ 168,000	\$ 161,943	\$ (6,057)
Residential fees	89,000	89,000	88,438	(562)
Interest on investments	100	100	144	44
Other	5,200	5,200	6,053	853
Planned use of fund balance	<u>98,058</u>	<u>98,058</u>	-	(98,058)
Total revenues	<u>360,358</u>	<u>360,358</u>	256,578	(103,780)
EXPENDITURES				
Storm Water Control				
Reimbursement for billing by City Hall	38,078	38,078	38,078	-
Reimbursement for service by City Engineer	72,500	72,500	72,500	-
Reimbursement for drain cleaning by Streets	111,007	111,007	111,007	-
Training and travel	1,500	169	-	169
Education/outreach	750	750	400	350
Drainage control	30,000	55,000	43,559	11,441
Membership/Dues	150	150	-	150
Advertising	500	500	-	500
Telephone	1,000	1,000	-	1,000
Legal and professional	10,000	-	-	-
Audit	1,545	1,635	1,635	-
Engineering	24,000	10,000	1,414	8,586
Repair and maintenance equipment	3,000	3,000	1,530	1,470
Repair and maintenance vehicle	700	610	-	610
Maintenance agreement	10,000	10,000	7,643	2,357
Levee maintenance	25,000	35,000	26,503	8,497
Fuel billed by public works	500	500	220	280
Repairs by public works shop	500	3,600	1,107	2,493
Operational supplies	4,000	6,000	5,821	179
State permits and fees	3,500	3,500	3,460	40
Errors and omissions insurance	608	773	772	1
Auto liability insurance	1,520	1,586	1,586	-
Vehicle	15,000	-	-	-
Computer software	5,000	5,000	-	5,000
Total expenditures	<u>360,358</u>	<u>360,358</u>	<u>317,235</u>	<u>43,123</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(60,657)</u>	<u>\$ (60,657)</u>
Fund balance - beginning			244,975	
Fund balance - ending			<u>\$ 184,318</u>	

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SCHOOL FEDERAL PROJECTS FUND**

For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Title I, Part A	\$ 1,180,271	\$ 1,418,874	\$ 1,295,175	\$ (123,699)
IDEA Special Ed grants to states	639,901	672,365	639,692	(32,673)
IDEA Pre K	6,817	8,736	7,177	(1,559)
IDEA Discretionary	-	13,128	12,391	(737)
IDEA Discretionary Supplement	-	8,121	6,826	(1,295)
Title II Part A	110,006	181,045	121,608	(59,437)
Consolidated admin	18,391	18,391	17,747	(644)
Pre-school Development	-	228,363	217,484	(10,879)
Total revenues	1,955,386	2,549,023	2,318,100	(230,923)
EXPENDITURES				
INSTRUCTION				
Title I				
Teachers	309,331	324,658	309,578	15,080
Education Assistants	37,100	37,100	35,595	1,505
Social Security	21,479	22,429	20,472	1,957
State Retirement	28,181	28,898	25,327	3,571
Life Insurance	1,293	1,326	1,159	167
Medical Insurance	49,129	23,104	23,104	-
Employer Medicare	5,023	5,246	4,788	458
Contracted Substitutes Certified	9,515	13,312	12,588	724
Contract Substitute Teachers	12,232	13,146	11,449	1,697
Other Contracted Services	71,994	78,783	63,953	14,830
Instructional Supplies and Materials	46,140	74,122	59,075	15,047
Other Materials and Supplies	21,093	21,918	14,895	7,023
Equipment	92,243	274,429	272,334	2,095
Total title I	704,753	918,471	854,317	64,154
Title II				
Teachers	-	28,000	27,929	71
Social Security	-	1,736	1,396	340
State Retirement	-	2,525	2,525	-
Life Insurance	-	115	111	4
Medical Insurance	-	9,644	6,789	2,855
Employer Medicare	-	406	326	80
Contracted Substitutes Certified	-	1,170	585	585
Total title II	-	43,596	39,661	3,935
IDEA Special Education				
Teachers	225,813	228,025	228,025	-
Education Assistants	191,448	198,304	194,967	3,337
Speech Pathologists	55,000	-	-	-

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SCHOOL FEDERAL PROJECTS FUND (CONTINUED)**

For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
				\$	\$
IDEA Special Education (continued)					
Other Salaries	\$ -	\$ 7,329	\$ 956	\$ 6,373	
Social Security	29,131	26,760	24,004	2,756	
State Retirement	39,388	37,177	35,423	1,754	
Life Insurance	1,600	1,760	1,676	84	
Medical Insurance	47,217	47,155	47,155	-	
Medicare	6,813	6,259	5,614	645	
Maintenance & Repair Equipment	1,000	500	468	32	
Contracted Substitutes Certified	-	5,000	3,919	1,081	
Contracted Substitutes Non-Certified	-	1,500	1,500	-	
Other Contracted Services	-	78,008	76,292	1,716	
Instructional Supplies and Materials	8,000	11,726	9,184	2,542	
Other Charges	3,000	5,737	4,968	769	
Special Ed Equipment	5,000	7,534	3,374	4,160	
Total IDEA special education	613,410	662,774	637,525	25,249	
IDEA Discretionary					
Other Salaries and Wages	-	11,250	10,675	575	
Social Security	-	698	610	88	
State Retirement	-	1,017	964	53	
Employer Medicare	-	163	142	21	
Total IDEA special education	-	13,128	12,391	737	
IDEA Discretionary Supplement					
Other Supplies and Materials	-	2,121	1,985	136	
In-Service and Staff Development	-	6,000	4,841	1,159	
Total IDEA Discretionary Supplement	-	8,121	6,826	1,295	
Total instructional	1,318,163	1,646,090	1,550,720	95,370	
SUPPORT SERVICES					
Title I					
Parenting Material	14,570	21,508	18,229	3,279	
Other Salaries	339,171	357,258	322,878	34,380	
Social Security	21,029	22,150	19,723	2,427	
State Retirement	25,044	27,018	27,018	-	
Life Insurance	1,261	1,332	992	340	
Medical Insurance	27,348	4,461	4,461	-	
Employer Medicare	4,918	5,180	4,613	567	
Library Books	4,000	6,335	6,039	296	
In-Service and Staff Development	17,390	30,847	16,282	14,565	
Other Equipment	-	2,018	1,672	346	
Total title I	454,731	478,107	421,907	56,200	

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SCHOOL FEDERAL PROJECTS FUND (CONTINUED)**

For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Title II				
Other Salaries & Wages	\$ 60,000	\$ 80,000	\$ 55,300	\$ 24,700
Social Security	3,720	4,960	3,349	1,611
State Retirement	5,424	6,512	4,995	1,517
Employer Medicare	870	1,160	784	376
Contract Substitutes Certified	7,020	4,446	4,446	-
In-Service Staff Development	<u>30,816</u>	<u>36,822</u>	<u>10,943</u>	<u>25,879</u>
Total title II	107,850	133,900	79,817	54,083
Consolidated Admin				
Secretaries	14,935	14,935	14,448	487
Social Security	926	926	896	30
Medicare	217	217	210	7
Other Supplies & Material	1,007	1,007	949	58
Other Equipment	<u>1,000</u>	<u>1,000</u>	<u>969</u>	<u>31</u>
Total consolidated admin	18,085	18,085	17,472	613
IDEA Special Education				
In-Service Training	-	2,000	100	1,900
In-Service Staff Development	3,091	3,091	659	2,432
Other Contracted Services	<u>23,400</u>	<u>4,500</u>	<u>1,408</u>	<u>3,092</u>
Total IDEA Special Education	<u>26,491</u>	<u>9,591</u>	<u>2,167</u>	<u>7,424</u>
Total support services	607,157	639,683	521,363	118,320
NON-INSTRUCTIONAL				
IDEA Pre-K				
Instructional Supplies and Material	2,317	3,480	3,005	475
In-Service Staff Development	2,000	2,079	1,435	644
Special Ed Equipment	<u>2,500</u>	<u>3,177</u>	<u>2,737</u>	<u>440</u>
Total IDEA Pre-K	<u>6,817</u>	<u>8,736</u>	<u>7,177</u>	<u>1,559</u>
Pre-School Development				
Supervisor/Director	-	25,000	25,000	-
Teachers	-	50,813	50,203	610
Clerical Personnel	-	1,917	1,917	-
Educational Assistants	-	20,194	19,886	308
Other Salaries and Wages	-	400	400	-
Social Security	-	6,096	5,377	719
State Retirement	-	8,660	8,453	207
Life Insurance	-	388	375	13

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SCHOOL FEDERAL PROJECTS FUND (CONTINUED)**

For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
Pre-School Development (continued)					
Medical Insurance	\$ -	\$ 15,518	\$ 16,773	\$ (1,255)	
Employer Medicare	- -	1,426	1,258	168	
Contracted Substitutes Certificated	- -	5,109	3,744	1,365	
Contracted Substitutes Non-Certified	- -	1,000	843	157	
Other Contracted Services	- -	25,440	25,440	-	
Instructional Supplies and Materials	- -	48,149	45,355	2,794	
Textbooks	- -	4,000	-	4,000	
Other Supplies and Materials	- -	1,295	1,173	122	
In-Service/Staff Development	- -	8,391	7,100	1,291	
Other Charges	- -	798	795	3	
Total Pre-School Development	<u>-</u>	<u>224,594</u>	<u>214,092</u>	<u>10,502</u>	
Total non-instructional	<u>6,817</u>	<u>233,330</u>	<u>221,269</u>	<u>12,061</u>	
Total expenditures	<u>1,932,137</u>	<u>2,519,103</u>	<u>2,293,352</u>	<u>225,751</u>	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES					
	23,249	29,920	24,748	(5,172)	
OTHER FINANCING SOURCES (USES)					
Indirect Cost Consolidated Admin	(306)	(306)	(275)	31	
Indirect Cost Title I	(20,787)	(22,296)	(18,952)	3,344	
Indirect Cost Title II	(2,156)	(3,549)	(2,129)	1,420	
Indirect Cost	- -	(3,769)	(3,392)	377	
Other financing sources (uses)	<u>(23,249)</u>	<u>(29,920)</u>	<u>(24,748)</u>	<u>5,172</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	
Fund balance - beginning				-	
Fund balance - ending				<u>\$ -</u>	

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SCHOOL CAFETERIA FUND**

For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services				
Lunch Payments-Adults	\$ 23,500	\$ 23,500	\$ 23,873	\$ 373
Ala Carte	61,000	61,000	59,074	(1,926)
Total charges for services	84,500	84,500	82,947	(1,553)
State				
State Matching Funds - National Lunch	-	28,234	28,234	-
Total State	-	28,234	28,234	-
USDA				
Federal Government Revenue	1,286,416	1,286,416	1,333,792	47,376
USDA Commodities	-	103,742	106,739	2,997
Total USDA	1,286,416	1,390,158	1,440,531	50,373
Other Sources	25	25	106	81
Total revenues	1,370,941	1,502,917	1,551,818	48,901
EXPENDITURES				
Cafeteria Manager	137,979	137,979	138,847	(868)
Part Time	344,441	344,441	324,999	19,442
Social Security	28,130	28,130	26,014	2,116
TCRS	24,708	24,707	23,071	1,636
Life Insurance	1,421	1,421	1,169	252
Medical Insurance	54,421	61,500	64,177	(2,677)
Employer Medicare	6,841	6,841	6,084	757
Other Contracted Services	30,000	35,000	32,350	2,650
Food Supplies	713,000	678,156	637,722	40,434
Other Supplies & Material	26,000	70,000	63,752	6,248
Food Service Equipment	4,000	11,000	9,490	1,510
USDA Commodities	-	103,742	103,742	-
Total expenditures	1,370,941	1,502,917	1,431,417	71,500
Net change in fund balance	\$ -	\$ -	120,401	\$ 120,401
Fund balance - beginning				99,172
Fund balance - ending				<u>\$ 219,573</u>

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SCHOOL CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
REVENUES					
Other statutory local taxes	\$ -	\$ -	\$ 614,054	\$ 614,054	
Donations	-	-	5,000	5,000	
Insurance recovery	-	28,394	28,394	-	
Total revenues	-	28,394	647,448	619,054	
EXPENDITURES					
Architects	125,000	258,591	130,418	128,173	
Consultants	-	30,700	17,300	13,400	
Building improvements	1,375,000	2,286,663	2,095,564	191,099	
Motor Vehicles No Location	-	32,500	22,118	10,382	
Other Capital Outlay No Location	-	510,000	-	510,000	
Flood repairs	-	35,815	35,815	-	
Total expenditures	1,500,000	3,154,269	2,301,215	853,054	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,500,000)	(3,125,875)	(1,653,767)	1,472,108	
OTHER FINANCING SOURCES (USES)					
Transfer in from City	750,000	1,000,000	1,000,000	-	
Transfer From Other Fund	750,000	1,995,920	1,995,920	-	
Planned Use of Fund Balance	-	129,955	-	(129,955)	
Other financing sources	1,500,000	3,125,875	2,995,920	(129,955)	
Net change in fund balance	\$ -	\$ -	\$ 1,342,153	\$ 1,342,153	
Fund balance - beginning			129,955		
Fund balance - ending			\$ 1,472,108		

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – CAPITAL IMPROVEMENTS FUND**

For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)		
	Original	Final				
CAPITAL IMPROVEMENTS FUND						
REVENUES						
Federal Grants						
Veterans Parkway South	\$	-	\$ 566,341	\$ 546,846		
CDBG - pumps		-	1,000,000	1,000,000		
CDBG - Newport Channel		-	1,364,537	528,973		
TDOT - paving Raleigh Millington Road		-	568,000	473,678		
TDOT - Navy/Church		-	459,338	12,000		
CTI grant match		-	20,670	12,540		
ECD grant CTI utility extension		-	184,536	104,936		
TDOT grant - Navy & Easley	240,000		-	-		
TDOT RR Safety Grant - Church/CN	80,000		105,392	75,328		
TDOT Grant-Ral Mill/BigCrkBrdg	640,000		800,000	68,617		
Grant - Police Station Energy		-	240,000	240,000		
TDOT - Navy StScape II Grant		-	16,000	-		
Interest on investments		-	-	135		
Other revenue		-	-	40,899		
Planned use of fund balance		-	650	-		
Total revenues	960,000		5,325,464	3,103,952		
				(2,221,512)		
EXPENDITURES						
Debt Service						
Bond issuance costs	30,000		36,000	36,000		
Capital Improvements						
Veterans Parkway - South		-	275,000	240,323		
Street paving	2,250,000		2,320,340	1,087,320		
Navy/Church Street intersection		-	528,000	8,915		
Flood pumps		-	1,500,000	713,105		
Library		-	650	650		
Raleigh Millington paving		-	682,040	597,582		
Utility extension		-	230,670	139,335		
West Union drainage improvement		-	949,972	928,571		
TN CDBG grant administration		-	32,500	16,250		
Police Cars	250,000		248,700	219,559		
Playground SurfacingCompliance	30,000		30,000	30,000		
Renovation-WalkingTrack-Aycock	16,000		19,300	19,274		
Bunker Rake - USA Fields	10,000		14,532	14,531		
ADA Improvemnt-Restrooms-Baker	10,000		14,591	14,591		
ADA Improvements-Joyner Fields	35,000		-	-		
Fire Station Improvements	148,000		68,000	67,970		
Roof & Roof Repairs-Baker Ctr	100,000		244,397	53,096		
				191,301		

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – CAPITAL IMPROVEMENTS FUND (CONTINUED)**

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
CAPITAL IMPROVEMENTS FUND (continued)				
Roof - Harvell Civic Center	\$ 60,000	\$ -	\$ -	\$ -
Roof Repairs - City Hall	10,000	-	-	-
Roof Repairs - Library	10,000	10,000	-	10,000
Demolish Bldg - InstallFencing	40,000	40,000	-	40,000
Dump Trk w/Slt Sprd & SnowPlow	86,000	119,771	-	119,771
Energy Consultant Projects	1,200,000	-	-	-
Easley/Navy Improvements	300,000	-	-	-
Church/CN Crossing	100,000	105,392	96,848	8,544
Ral Mill/Big Creek Bridge	800,000	1,800,000	109,191	1,690,809
Wilkinsville/CitySchlsDrainage	600,000	800,000	347,033	452,967
Professional Planning-USACmplx	50,000	-	-	-
ADA Imprvemnt-Rstroom-CityHall	25,000	22,400	22,400	-
HVAC Improvements 10-2015	-	88,736	75,029	13,707
Police Station HVAC & Lighting	-	480,000	480,000	-
Roof - Fire Training Center	-	44,473	-	44,473
Navy Rd Streetscape II	-	20,000	18,074	1,926
Contingency	-	1,040,000	-	1,040,000
Total expenditures	<u>6,160,000</u>	<u>11,765,464</u>	<u>5,335,647</u>	<u>6,429,817</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(5,200,000)	(6,440,000)	(2,231,695)	4,208,305
OTHER FINANCING SOURCES (USES)				
Debt issuance	5,000,000	6,000,000	2,125,364	(3,874,636)
Transfers in	200,000	1,440,000	1,440,000	-
Transfers out	-	(1,000,000)	(1,000,000)	-
Total other financing sources	<u>5,200,000</u>	<u>6,440,000</u>	<u>2,565,364</u>	<u>(3,874,636)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>333,669</u>	<u>\$ 333,669</u>
Fund balance - beginning			<u>106,145</u>	
Fund balance - ending			<u>\$ 439,814</u>	

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – DEBT SERVICE FUND**

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 5	\$ 5	\$ -	\$ (5)
EXPENDITURES				
Principal retirement				
First TN 2010 CON	98,000	98,000	98,000	-
First TN 2011 loan	190,000	190,000	190,000	-
2013 TML loan principal payments	46,000	46,000	46,000	-
Interest expense	207,206	290,806	214,679	76,127
Total expenditures	<u>541,206</u>	<u>624,806</u>	<u>548,679</u>	<u>76,127</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES				
	(541,201)	(624,801)	(548,679)	76,122
OTHER FINANCING SOURCES (USES)				
Transfers in	541,201	624,801	548,224	(76,577)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(455)</u>	<u>\$ (455)</u>
Fund balance - beginning			455	
Fund balance - ending			<u>\$ -</u>	

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND
– STUDENT ACTIVITY FUNDS**

For the Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
ASSETS				
Cash	\$ 272,113	\$ 512,111	\$ (519,327)	\$ 264,897
Inventory	4,776	-	(858)	3,918
Total assets	\$ 276,889	\$ 512,111	\$ (520,185)	\$ 268,815
LIABILITIES				
Due to student general fund	\$ 134,738	\$ 135,343	\$ (122,380)	\$ 147,701
Due to student groups	142,151	376,768	(397,805)	121,114
Total liabilities	\$ 276,889	\$ 512,111	\$ (520,185)	\$ 268,815

OTHER BUDGETARY SCHEDULES

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF REVENUES –
BUDGET AND ACTUAL – GENERAL FUND**

June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
TAXES				
Property taxes	\$ 2,997,763	\$ 2,997,763	\$ 2,941,715	\$ (56,048)
Beer tax	380,000	380,000	470,873	90,873
Business tax	800	800	1,160	360
Local sales tax	3,300,000	3,300,000	3,372,220	72,220
Hotel/Motel tax	145,000	145,000	184,618	39,618
Interest and penalties	30,000	30,000	25,434	(4,566)
CATV franchise tax	30,000	30,000	34,218	4,218
Total taxes	<u>6,883,563</u>	<u>6,883,563</u>	<u>7,030,238</u>	<u>146,675</u>
LICENSES AND PERMITS				
Automobile stickers	188,000	188,000	189,817	1,817
Building and related permits	24,000	24,000	10,575	(13,425)
Planning and subdivision fees	1,700	1,700	4,300	2,600
Beer application and solicitors	1,000	1,000	1,725	725
Liquor inspection fee	93,500	93,500	79,400	(14,100)
Total licenses and permits	<u>308,200</u>	<u>308,200</u>	<u>285,817</u>	<u>(22,383)</u>
INTERGOVERNMENTAL				
State of Tennessee shared taxes				
City sales tax	1,415,000	1,415,000	1,513,903	98,903
Business tax	285,000	285,000	366,587	81,587
Sales tax	835,000	835,000	900,397	65,397
Beer tax	5,500	5,500	5,436	(64)
Income tax	10,000	10,000	95,276	85,276
Excise tax	12,000	12,000	17,661	5,661
Mixed drink tax	28,000	28,000	28,128	128
Telecommunications sales tax	1,000	1,000	946	(54)
TVA In-Lieu of Tax	127,461	127,461	130,634	3,173
Receipts in lieu of tax - MHA	20,000	20,000	22,187	2,187
Receipts in lieu of tax - MLGW	143,000	143,000	134,389	(8,611)
Beer privilege tax	3,800	3,800	3,422	(378)
Fire and ambulance fees	958,673	603,510	602,752	(758)
U.S. Department of Justice DEA overtime	5,000	5,000	5,042	42
Total intergovernmental	<u>3,849,434</u>	<u>3,494,271</u>	<u>3,826,760</u>	<u>332,489</u>

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
CHARGES FOR SERVICES				
Recreation	\$ 424,500	\$ 424,500	\$ 439,419	\$ 14,919
FINES, FORFEITURES, AND PENALTIES	628,200	628,200	626,327	(1,873)
FEDERAL, STATE, AND LOCAL GRANTS	-	46,656	86,831	40,175
INTEREST ON INVESTMENTS	2,000	2,000	4,719	2,719
OTHER REVENUE	62,065	62,065	80,913	18,848
PLANNED USE OF PRIOR YEAR FUNDS	57,730	1,057,730	-	(1,057,730)
TOTAL GENERAL FUND REVENUES	<u><u>\$ 12,215,692</u></u>	<u><u>\$ 12,907,185</u></u>	<u><u>\$ 12,381,024</u></u>	<u><u>\$ (526,161)</u></u>

CITY OF MILLINGTON, TENNESSEE

**SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND**

June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Finance and Administration				
Salaries	\$ 449,174	\$ 465,115	\$ 449,625	\$ 15,490
Overtime	500	500	321	179
Part time	13,000	10,487	10,224	263
Vacation pay at retirement	-	8	7	1
Reimbursement for billing by City Hall	(152,312)	(152,312)	(152,312)	-
Health insurance	23,188	27,588	27,546	42
Life insurance	2,088	2,088	1,549	539
FICA	28,376	28,376	27,540	836
Medicare	6,636	6,636	6,441	195
Retirement	36,603	36,603	36,316	287
Unemployment compensation	1,649	11,449	11,377	72
Travel expense (Mayor)	1,000	-	-	-
Travel and training	30,000	16,469	14,757	1,712
City Beautiful	2,500	2,500	2,334	166
Chamber of Commerce	18,000	18,000	18,000	-
Publications and flags	2,000	1,700	1,245	455
Memberships and dues	6,500	5,170	4,317	853
Public relations	3,800	5,130	5,130	-
Advertising	3,000	3,000	1,960	1,040
Tax collection expense	130,000	133,000	121,106	11,894
Utilities	28,000	23,000	22,961	39
Telephone	16,000	16,000	14,584	1,416
Legal and professional	150,000	157,000	151,858	5,142
Audit	29,000	32,031	31,030	1,001
City reappraisal	-	4,965	4,962	3
Repairs and maintenance - equipment	1,500	-	-	-
Repairs and maintenance - vehicle	1,000	-	-	-
Building maintenance	10,000	19,000	18,343	657
Maintenance agreement	10,000	10,300	10,298	2
Fuel billed by public works	2,600	2,600	980	1,620
Repairs by public works shop	200	200	140	60
Operational supplies	17,500	17,500	16,561	939
Expendable furnishings and equipment	5,000	5,000	4,930	70
Truck Purchase	-	25,612	-	25,612
Total finance and administration	876,502	934,715	864,130	70,585
General Government				
Workers compensation insurance	165,000	165,000	151,309	13,691
Medical testing	20,000	20,000	10,279	9,721
Retiree insurance	138,000	138,000	120,948	17,052
Legal and professional	35,000	11,595	11,595	-
Audit	2,500	2,500	2,500	-
Building insurance	31,000	31,038	31,038	-

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts		
General Government (continued)					
Liability insurance	\$ 87,000	\$ 83,155	\$ 77,368	\$ 5,787	
Errors and omissions insurance	25,000	25,000	23,466	1,534	
Auto liability insurance	50,000	50,000	49,573	427	
Contingency	649,286	443,638	-	443,638	
Total general government	1,202,786	969,926	478,076	491,850	
Courts					
Salaries	128,416	131,416	131,334	82	
Overtime	-	6,369	6,368	1	
Part time staff	4,000	4,060	4,056	4	
Part time staff - prosecutor	40,000	40,000	37,238	2,762	
Part time staff - temporary judge	3,500	3,477	2,100	1,377	
Health insurance	18,598	13,808	12,512	1,296	
Life insurance	479	479	404	75	
FICA	8,210	8,210	7,291	919	
Medicare	1,920	1,920	1,705	215	
Retirement	10,453	11,253	11,207	46	
Unemployment compensation	-	(1,062)	(1,062)	-	
Training and travel	3,000	3,000	2,595	405	
Publications	200	200	30	170	
Memberships	100	100	100	-	
Utilities	3,500	5,210	5,201	9	
Telephone expense	6,650	6,670	6,660	10	
Contract labor	2,500	2,250	2,150	100	
Repairs and maintenance - equipment	2,500	-	-	-	
Building maintenance	3,500	1,900	1,835	65	
Maintenance agreement	13,000	12,437	12,343	94	
Operational supplies	5,000	5,029	5,029	-	
Expendable furnishings and equipment	2,000	2,400	2,254	146	
Total courts	257,526	259,126	251,350	7,776	
Codes & Economic Development					
Salaries	192,456	178,320	144,582	33,738	
Overtime	500	500	130	370	
Part time staff	16,900	10,900	10,641	259	
Vacation pay at retirement	-	8,247	8,246	1	
Reimbursement by City Engineer	(72,500)	(72,500)	(72,500)	-	
Health insurance	18,836	22,623	22,621	2	
Life insurance	995	995	692	303	
FICA	13,011	13,011	9,249	3,762	
Medicare	3,043	3,043	2,163	880	
Retirement	15,707	11,919	11,808	111	
Unemployment compensation	-	5,890	5,889	1	

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Codes & Economic Development (continued)				
Training and travel	\$ 4,500	\$ 2,500	\$ 141	\$ 2,359
Postage/printing	100	100	-	100
Publications	2,500	2,500	-	2,500
Memberships and dues	650	650	-	650
Advertising	2,000	2,000	167	1,833
Phone expense	8,000	8,000	6,536	1,464
Engineering	5,000	19,000	18,121	879
Subdivision review	1,500	4,000	3,975	25
Contract labor	15,000	18,000	17,758	242
Subdivision inspection	2,000	2,000	-	2,000
Repairs and maintenance - equipment	1,000	1,000	235	765
Repairs and maintenance - vehicle	1,500	1,500	-	1,500
Building maintenance	5,000	5,926	5,069	857
Maintenance agreement	12,000	12,000	10,356	1,644
Fuel billed by public works	4,500	4,500	3,130	1,370
Repairs by public works shop	2,500	2,500	1,249	1,251
Mapping and recording fees	200	200	158	42
Operational supplies	3,500	3,500	1,763	1,737
Uniforms	2,000	2,000	663	1,337
Expendable furnishings and equipment	4,500	3,000	2,223	777
Demolitions	20,000	10,000	-	10,000
Total codes & economic development	<u>286,898</u>	<u>287,824</u>	<u>215,065</u>	<u>72,759</u>
Personnel				
Salaries	77,250	34,900	20,966	13,934
Part time	-	10,001	9,302	699
Vacation pay at retirement	-	904	904	-
Health insurance	9,180	4,551	3,099	1,452
Life insurance	399	399	138	261
FICA	4,790	4,790	1,836	2,954
Medicare	1,120	1,120	429	691
Retirement	6,288	6,288	1,698	4,590
Training and travel	1,500	1,500	-	1,500
Memberships	500	500	-	500
Public relations	6,000	6,000	-	6,000
Telephone	3,200	3,200	2,904	296
Maintenance agreement	7,000	7,000	4,621	2,379
Operational supplies	1,000	1,000	691	309
Expendable furnishings and equipment	1,000	1,000	185	815
Total personnel	<u>119,227</u>	<u>83,153</u>	<u>46,773</u>	<u>36,380</u>
Total general government	2,742,939	2,534,744	1,855,394	679,350

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
PUBLIC SAFETY				
Police Department				
Salaries	\$ 1,779,707	\$ 1,726,852	\$ 1,726,543	\$ 309
Overtime	70,000	95,000	93,083	1,917
Part time	14,040	15,040	14,190	850
Part time - speed van	17,601	17,601	13,794	3,807
School crossing guards	45,500	31,726	31,134	592
Holiday pay	59,000	59,000	58,398	602
Vacation pay at retirement	-	8,773	8,773	-
Police supplement pay	-	15,600	15,600	-
Health insurance	191,284	166,284	165,915	369
Life insurance	9,232	9,232	7,683	1,549
FICA	123,123	123,123	114,403	8,720
Medicare	28,795	28,795	26,756	2,039
Retirement	151,709	153,936	153,789	147
Unemployment compensation	-	11,234	11,234	-
Training and travel	22,000	22,000	20,351	1,649
Membership	750	750	666	84
Advertising	300	300	42	258
Utilities	16,000	16,100	16,091	9
Telephone	35,000	35,000	34,602	398
Repairs and maintenance - equipment	5,000	5,100	5,052	48
Repairs and maintenance - vehicle	10,000	6,000	3,362	2,638
Building maintenance	21,175	36,388	34,651	1,737
Maintenance agreement	83,765	56,006	55,810	196
Fuel billed by public works	104,000	87,750	58,012	29,738
Repairs by public works shop	20,000	25,500	25,387	113
Operational supplies	17,000	18,110	17,841	269
Equipment purchases	20,500	28,000	10,266	17,734
Jail expense	15,000	16,000	15,509	491
Dog expense	2,000	2,000	1,836	164
Uniforms	28,000	28,000	23,083	4,917
Ammunition	10,000	-	-	-
Police supplies	3,000	3,145	3,144	1
Gas and oil	250	250	-	250
Expendable furnishings and equipment	-	2,695	2,695	-
Vehicle towing	2,000	4,500	2,225	2,275
TBI - sex offender fee	150	1,150	600	550
Claims paid direct	-	12,190	12,190	-
Building improvements	27,960	29,247	29,247	-
Total police department	2,933,841	2,898,377	2,813,957	84,420

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Fire Department				
Salaries	1,291,695	1,172,550	1,172,538	12
Salaries - value added	9,360	3,320	3,320	-
Overtime	151,242	169,620	169,561	59
Part time	50,000	36,300	36,223	77
Holiday pay	44,131	53,525	53,525	-
Vacation pay at retirement	-	15,930	15,930	-
Fire supplement pay	-	14,400	14,400	-
Health insurance	220,728	196,200	196,153	47
Life insurance	6,692	6,105	5,792	313
FICA	95,879	81,998	81,904	94
Medicare	22,423	19,157	19,155	2
Retirement	113,568	115,293	115,224	69
Training and travel	17,000	19,100	19,061	39
Ambulance service	323,923	322,923	322,923	-
Dispatch service	183,885	183,886	183,885	1
Office supplies	2,500	2,030	2,028	2
Membership	1,600	1,400	1,381	19
Utilities	50,500	36,498	36,402	96
Telephone	11,000	14,380	14,342	38
Repairs and maintenance - equipment	23,000	14,200	14,163	37
Repairs and maintenance - vehicle	30,000	42,000	41,920	80
Building maintenance	28,000	28,650	28,243	407
Maintenance agreement	11,000	9,200	9,153	47
Fire prevention	2,500	2,500	2,495	5
Tires	7,000	5,200	5,156	44
Fuel billed by public works	36,000	13,105	13,030	75
Repairs by public works shop	3,000	3,600	3,585	15
Operational supplies	10,600	5,600	5,476	124
Safety equipment	18,000	18,750	18,702	48
Medical supplies	5,000	4,550	4,541	9
Fire hose	5,000	2,050	2,027	23
Uniforms	13,500	13,500	13,368	132
Gas and oil	150	-	-	-
Expendable furnishings and equipment	18,000	23,400	23,243	157
Total fire department	2,806,876	2,650,920	2,648,849	2,071
 Total public safety	 5,740,717	 5,549,297	 5,462,806	 86,491

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
COMMUNITY SERVICES				
Library				
Utilities	\$ 365	\$ 365	\$ 268	\$ 97
Contracts	306,772	306,772	306,772	-
Contract Labor	-	4,824	4,824	-
Building maintenance	12,300	14,141	6,134	8,007
Janitor supplies	2,000	649	628	21
Program materials, books, and supplies	3,000	3,000	3,000	-
Total library	324,437	329,751	321,626	8,125
Arts, Recreation, & Parks				
Salaries	245,605	249,529	236,747	12,782
Field supervisors	1,500	1,432	385	1,047
Umpires/officials	12,000	13,338	13,306	32
Scorekeepers/press box/gate	4,000	4,275	3,273	1,002
Part time labor/staff	123,000	130,663	117,779	12,884
Vacation pay at retirement	-	2,437	2,436	1
Health insurance	32,844	33,676	26,363	7,313
Life insurance	1,271	1,278	1,180	98
FICA	23,939	24,299	22,232	2,067
Medicare	5,599	5,690	5,200	490
Retirement	19,992	20,372	19,330	1,042
Unemployment compensation	-	76	27	49
Travel and training	5,100	5,005	3,591	1,414
Trophies	1,950	1,200	981	219
Umpires	30,000	32,500	32,345	155
Printing publications	100	100	52	48
Publications	-	30	30	-
Memberships	875	945	885	60
Advertising	7,650	3,723	2,628	1,095
Utilities - electric	147,700	116,850	113,704	3,146
Utilities - water	20,000	10,850	10,165	685
Utilities - sewer	19,000	10,500	9,877	623
Telephone expense	14,800	15,150	14,231	919
Contract labor - goat days	34,240	31,207	21,848	9,359
Legal and professional	6,000	6,000	-	6,000
Repairs and maintenance - equipment	5,000	4,410	3,741	669
Building maintenance	30,500	45,569	30,863	14,706
Maintenance agreements	7,500	7,500	2,392	5,108
Fuel billed by public works	5,300	5,300	3,302	1,998
Repairs by public works shop	3,000	4,000	2,201	1,799
Operational supplies	19,500	14,800	11,196	3,604
Concessions	16,000	16,000	14,940	1,060

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Arts, Recreation, & Parks (continued)				
Rugby field expenses	\$ 250	\$ 250	\$ 250	\$ -
Equipment rentals - goat days	3,000	4,767	4,767	-
Uniforms	7,500	6,686	6,639	47
Program materials and supplies	18,650	18,505	14,792	3,713
Expendable furnishings and equipment	11,000	15,750	10,813	4,937
Hospitality room - goat days	300	-	-	-
Grounds maintenance	32,000	52,000	38,614	13,386
Supplies - gift shop	10,000	10,003	9,928	75
Lease agreements	4,000	4,000	4,000	-
Building improvements	29,770	29,770	29,770	-
Total arts, recreation & parks	<u>960,435</u>	<u>960,435</u>	<u>846,803</u>	<u>113,632</u>
 Total community services	 1,284,872	 1,290,186	 1,168,429	 121,757
 PUBLIC WORKS				
Salaries	582,760	560,791	546,255	14,536
Overtime	5,000	5,000	-	5,000
Part time staff	28,000	45,721	43,907	1,814
Vacation pay at retirement	-	6,927	6,926	1
Reimbursement for drain cleaning	(111,007)	(111,007)	(111,007)	-
Allocate PW Director	(51,138)	(51,138)	(51,138)	-
Health insurance	84,286	91,466	83,772	7,694
Life insurance	3,019	3,019	2,511	508
FICA	37,868	38,907	33,885	5,022
Medicare	8,856	9,099	7,925	1,174
Retirement	48,496	48,043	44,479	3,564
Unemployment compensation	-	328	250	78
Utilities	17,000	14,250	14,216	34
Telephone	7,900	7,700	7,326	374
Repairs and maintenance - equipment	3,350	3,450	1,195	2,255
Repairs and maintenance - vehicle	5,500	7,500	4,004	3,496
Building maintenance	7,500	13,044	12,835	209
Maintenance agreement	4,500	5,100	5,066	34
Fuel billed by public works	(303,200)	(246,231)	(131,839)	(114,392)
Gas purchases	200,500	161,270	88,490	72,780
Diesel purchases	114,700	91,961	48,811	43,150
Inventory purchases	106,900	109,192	92,290	16,902
Repairs by public works shop	(96,900)	(99,971)	(84,828)	(15,143)
Operational supplies	13,000	11,500	8,757	2,743
Equipment purchases	1,500	450	-	450
Animal control	1,500	200	54	146
Uniforms	4,500	4,550	2,992	1,558
Gas and oil	6,000	4,200	3,591	609

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Works (continued)				
Shop supplies	\$ 8,000	\$ 7,500	\$ 6,532	\$ 968
Expendable furnishings and equipment	1,500	1,500	1,128	372
Tools	8,000	6,063	3,743	2,320
Grounds maintenance	3,000	2,700	2,620	80
Total public works	<u>750,890</u>	<u>753,084</u>	<u>694,748</u>	<u>58,336</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 10,519,418</u>	<u>\$ 10,127,311</u>	<u>\$ 9,181,377</u>	<u>\$ 945,934</u>

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)		
	Original	Final				
LOCAL TAXES						
County Property Tax						
Current Property Tax	\$ 6,465,232	\$ 6,465,232	\$ 6,532,406	\$ 67,174		
Trustee's Collection - Prior Years	258,689	258,689	118,862	(139,827)		
Circuit Clerk Collection Prior Years	82,213	82,213	91,998	9,785		
Payments in Lieu of Taxes	138,734	138,734	131,269	(7,465)		
Local Option Sales Tax	2,546,869	2,509,000	2,757,288	248,288		
Wheel Tax	-	143,127	247,877	104,750		
Other Local Taxes						
Mixed Drink Tax	28,000	28,000	33,035	5,035		
Total local taxes	9,519,737	9,624,995	9,912,735	287,740		
FEDERAL GOVERNMENT						
E-Rate Funding	225,500	601,522	509,480	(92,042)		
ROTC Reimbursement	96,660	96,660	97,924	1,264		
Total federal government	322,160	698,182	607,404	(90,778)		
STATE OF TENNESSEE						
Regular Education Funds						
Basic Education Program	12,023,000	12,023,000	12,182,000	159,000		
Early Childhood Education	291,599	267,844	267,059	(785)		
Other State Education Funds	-	-	1,500	1,500		
Coordinated School Health	80,000	80,000	77,180	(2,820)		
Career Ladder Program	34,400	34,400	45,322	10,922		
Career Ladder-Extended Contracts	-	612	612	-		
Other State Revenue						
Special Education Grant to State	-	13,053	13,053	-		
Safe School Grant	13,720	13,680	13,680	-		
Other State Revenues	29,612	165,940	172,171	6,231		
Total State of Tennessee	12,472,331	12,598,529	12,772,577	174,048		
OTHER REVENUE						
Recurring Items						
Other Charges for Services	-	-	2	2		
Investment Income	2,000	2,000	3,976	1,976		
Lease/Rentals	17,000	17,000	17,245	245		
Sale of Material & Supplies	-	-	1,585	1,585		
Miscellaneous Refunds	-	-	3,924	3,924		
Nonrecurring Items						
Damages Recovered from Individuals	-	-	3,782	3,782		
Contributions and Gifts	-	32,200	34,325	2,125		
Other Local Revenue	214,960	214,960	214,960	-		
Total Other Revenue	233,960	266,160	279,799	13,639		
TOTAL REVENUE						
	<u>22,548,188</u>	<u>23,187,866</u>	<u>23,572,515</u>	<u>384,649</u>		

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
INSTRUCTION				
Regular Instruction				
Teachers	\$ 7,466,902	\$ 7,125,236	\$ 6,862,247	\$ 262,989
Career Ladder Program	31,600	26,000	20,990	5,010
Educational Assistant	57,693	54,794	54,794	-
Other Salaries and Wages	-	126,860	119,813	7,047
Social Security	468,472	457,510	412,748	44,762
State Retirement	682,162	666,751	633,856	32,895
Life Insurance	30,144	29,569	28,116	1,453
Medical Insurance	649,774	576,934	574,171	2,763
Employer Medicare Liability	109,562	107,308	96,530	10,778
Contracts for Substitute Teachers-Certified	170,000	280,199	279,126	1,073
Instructional Supplies & Material	105,400	100,150	52,841	47,309
Textbooks	203,000	203,000	197,218	5,782
Other Supplies & Material	18,000	18,000	12,253	5,747
Fee Waiver	25,000	23,000	1,173	21,827
Other Charges	10,000	42,766	42,203	563
Regular Instruction Equipment	100,000	100,550	26,078	74,472
Total Regular Instruction	<u>10,127,709</u>	<u>9,938,627</u>	<u>9,414,157</u>	<u>524,470</u>
Alternative School				
Teacher	62,414	62,414	64,561	(2,147)
Homebound Teacher	20,000	20,000	463	19,537
Education Assistant	23,303	18,003	17,841	162
Social Security	8,246	6,226	4,460	1,766
State Retirement	12,023	9,077	7,316	1,761
Life Insurance	351	330	280	50
Medical Insurance	16,118	11,315	13,604	(2,289)
Employer Medicare	1,928	1,456	1,043	413
Other Contracted Services	10,000	9,900	4,829	5,071
Instructional Supplies & Material	500	600	600	-
Total Alternative School	<u>154,883</u>	<u>139,321</u>	<u>114,997</u>	<u>24,324</u>
Special Education Program				
Teacher	957,508	801,383	770,397	30,986
Homebound Teacher	10,000	8,900	183	8,717
Ed Assistant Salary	223,816	207,487	211,161	(3,674)
Social Security	73,242	64,900	55,653	9,247
State Retirement	104,777	92,761	86,792	5,969
Life Insurance	4,592	4,080	3,991	89
Medical Insurance	133,082	112,213	109,544	2,669

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Special Education Program (continued)				
Employer Medicare	\$ 17,130	\$ 15,177	\$ 13,016	\$ 2,161
Contracts Substitute Teachers-Certified	1,400	1,985	1,719	266
Contracts Substitute Teachers-(NC)	2,000	1,115	811	304
Other Contracted Services	60,000	183,000	175,575	7,425
Instructional Supplies & Material	2,400	6,200	6,183	17
Total Special Education	1,589,947	1,499,201	1,435,025	64,176
Vocational Education				
Teacher	819,702	777,730	775,046	2,684
Social Security	50,821	48,219	47,283	936
State Retirement	74,084	70,289	70,047	242
Life Insurance	3,357	3,189	3,170	19
Medical Insurance	42,011	21,824	21,824	-
Employer Medicare	11,886	11,277	11,058	219
Instructional Supplies & Material	3,200	3,200	3,200	-
Textbooks	5,000	5,000	1,324	3,676
Other Supplies & Material	8,000	8,000	7,999	1
Fee Waiver	2,000	2,000	-	2,000
Total Vocational Education	1,020,061	950,728	940,951	9,777
Total Instructional	12,892,600	12,527,877	11,905,130	622,747
SUPPORT SERVICES				
Health Care Services				
Other Salaries	54,547	54,547	54,547	-
Social Security	3,382	3,382	3,358	24
State Retirement	4,440	4,400	4,440	(40)
Life Insurance	224	224	223	1
Employer Medicare	791	791	785	6
Travel	-	1,500	1,412	88
Other Contracted Services	132,300	138,976	138,976	-
Other Supplies & Material	5,000	5,000	4,915	85
In-Service/Staff Development	2,500	5,000	2,413	2,587
Other Charges	15,472	11,392	6,889	4,503
Health Equipment	7,962	5,156	5,087	69
Total Health Care Services	226,618	230,368	223,045	7,323
Other Student Support				
Guidance Personnel	406,199	416,819	416,809	10
Social Worker	40,000	40,000	39,810	190
Social Security	27,664	28,323	26,432	1,891

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other Student Support (continued)				
State Retirement	\$ 39,976	\$ 40,935	\$ 41,262	\$ (327)
Life Insurance	1,829	1,873	1,860	13
Medical Insurance	41,882	44,564	44,564	-
Employer Medicare	6,470	6,624	6,181	443
Contracts with Govt Agencies Safe Schools	-	13,680	13,680	-
Travel	1,000	1,000	-	1,000
Other Supplies & Material	3,140	3,140	101	3,039
In-Service/Staff Development	530	530	-	530
Other Charges	12,000	12,000	-	12,000
Other Equipment	10,315	10,315	-	10,315
Total Other Student Support	591,005	619,803	590,699	29,104
Regular Instructional Support				
Supervisor	133,837	133,837	111,414	22,423
Career Ladder Program	2,900	5,400	5,372	28
Career Ladder Extended Contracts	-	612	525	87
Librarian	259,483	259,642	257,249	2,393
Social Security	24,566	24,768	22,153	2,615
State Retirement	30,417	30,488	28,091	2,397
Life Insurance	1,613	1,613	1,260	353
Medical Insurance	24,355	25,731	24,259	1,472
Employer Medicare	5,745	5,794	5,181	613
Travel	4,500	4,500	3,622	878
Other Contracted Services	210,000	210,000	133,130	76,870
Library Books/Media	18,000	18,000	17,973	27
Periodicals	10,000	10,000	2,663	7,337
Other Supplies & Material	26,000	26,000	25,503	497
In-Service/Staff Development	5,000	4,883	3,862	1,021
Other Charges	50,000	50,000	13,063	36,937
Total Regular Instructional Support	806,416	811,268	655,320	155,948
Alternative Education Support				
Supervisor	44,500	44,500	44,500	-
Social Security	2,759	2,759	2,481	278
State Retirement	5,388	4,023	4,023	-
Life Insurance	182	182	181	1
Medical Insurance	4,184	5,658	5,657	1
Employer Medicare	645	645	580	65
Travel	1,500	1,500	1,439	61
In-Service Staff Development	1,000	1,117	1,117	-
Total Alternative Education Support	60,158	60,384	59,978	406

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Special Education Support				
Supervisor	\$ 44,500	\$ 44,500	\$ 44,500	\$ -
Psychological	70,124	70,125	70,124	1
Secretary	16,500	16,500	5,037	11,463
Clerical Salary	126,315	121,509	130,977	(9,468)
Social Security	15,961	15,663	14,460	1,203
State Retirement	20,302	19,881	19,521	360
Life Insurance	1,056	1,036	957	79
Medical Insurance	18,832	26,823	26,823	-
Employer Medicare	3,733	3,663	3,382	281
Postal Charges	300	300	31	269
Travel	3,500	3,500	3,149	351
Other Contracted Services	65,000	70,000	66,800	3,200
Other Supplies & Material	3,000	3,000	2,979	21
In-Service/Staff Development	5,000	5,000	3,943	1,057
Other Equipment	5,000	5,550	5,529	21
Total Special Education Support	399,123	407,050	398,212	8,838
Vocational Education Support				
Contracts with Other School Systems	11,450	11,450	11,436	14
Total Vocational Education Support	11,450	11,450	11,436	14
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	1,221	1,026	195
Retiree Life Insurance	-	1,025	1,025	
Retiree Health Insurance	-	9,429	9,429	
Employer Medicare	252	252	252	-
OPEB Contribution	26,000	50,000	50,000	
Audit Services	41,000	41,000	36,250	4,750
Dues & Membership	7,700	10,400	10,323	77
Legal Services	60,000	55,300	32,149	23,151
Travel	8,000	7,864	3,711	4,153
Other Contracted Services	8,000	8,000	2,000	6,000
Other Supplies & Material	800	800	71	729
Liability Insurance	24,000	24,136	21,636	2,500
Workers Compensation Insurance	61,000	70,000	69,537	463
In-Service/Staff Development	1,000	5,000	4,800	200
Total Board of Education	257,452	302,906	260,688	42,218

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Office of the Director of Schools				
Director of Schools	\$ 123,600	\$ 123,600	\$ 124,400	\$ (800)
Secretary Salary	45,000	45,000	45,515	(515)
Clerical	40,000	40,000	21,329	18,671
Social Security	13,232	13,232	11,261	1,971
State Retirement	18,857	18,857	17,360	1,497
Life Insurance	855	855	761	94
Medical Insurance	22,935	27,441	23,384	4,057
Dental Insurance	-	-	912	(912)
Employer Medicare	3,094	3,094	2,715	379
Other Fringe Benefits	4,800	4,800	4,800	-
Dues & Membership	3,600	4,320	4,320	-
Postal Charges	2,000	2,000	2,000	-
Travel	3,000	4,400	3,788	612
Other Contracted Services	11,000	11,000	9,918	1,082
Office Supplies	10,000	9,600	6,451	3,149
Other Supplies & Material	500	500	403	97
In-Service/Staff Development	1,000	1,000	285	715
Other Charges	10,000	3,774	3,611	163
Administrative Equipment	3,000	3,000	1,110	1,890
Total Office of the Director of Schools	316,473	316,473	284,323	32,150
Office of Principal				
Principal	416,207	417,207	416,207	1,000
Career Ladder Program	5,000	6,000	7,000	(1,000)
Assistant Principal	497,689	497,688	498,488	(800)
Secretary	159,621	159,073	159,155	(82)
Clerical	301,084	300,179	280,339	19,840
Other Salaries	68,607	47,604	47,282	322
Social Security	89,789	88,521	81,908	6,613
State Retirement	126,382	124,735	126,094	(1,359)
Life Insurance	5,916	5,824	5,668	156
Medical Insurance	121,626	132,673	131,368	1,305
Employer Medicare	20,999	20,702	19,156	1,546
Dues and Membership	-	300	115	185
Contract with Other Government - SRO	13,720	-	-	-
Office Supplies	-	200	94	106
Staff Development	-	615	365	250
Other Charges	-	2,000	2,000	-
Administrative Equipment	20,000	19,885	3,310	16,575
Total Office of Principal	1,846,640	1,823,206	1,778,549	44,657

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts		
				Positive (Negative)	
Fiscal Services					
Supervisor	\$ 72,500	\$ 72,500	\$ 72,500	\$ -	
Bookkeeper	50,000	50,000	45,570	4,430	
Purchasing	41,500	41,500	39,645	1,855	
Social Security	10,168	10,168	9,511	657	
State Retirement	13,350	13,350	13,199	151	
Life Insurance	672	672	644	28	
Medical Insurance	19,213	18,537	17,368	1,169	
Employer Medicare	2,378	2,378	2,224	154	
Dues & Membership	150	150	125	25	
Travel	2,000	2,000	1,353	647	
Other Contracted Services	63,000	63,000	51,347	11,653	
Office Supplies	400	400	251	149	
Other Supplies & Material	1,600	1,600	1,600	-	
Staff Development	2,500	2,500	1,180	1,320	
Total Fiscal Services	279,431	278,755	256,517	22,238	
Human Services					
Supervisor	70,000	70,000	70,000	-	
Clerical	83,000	67,500	67,477	23	
Social Security	9,486	8,525	7,632	893	
State Retirement	12,454	11,193	11,191	2	
Life Insurance	627	564	570	(6)	
Medical Insurance	16,354	13,696	15,929	(2,233)	
Unemployment Compensation	10,000	15,000	8,539	6,461	
Employer Medicare	2,219	1,994	1,785	209	
Advertising	600	600	272	328	
Dues & Membership	200	340	340	-	
Travel	1,500	2,500	2,385	115	
Other Contracted Services	48,000	48,000	46,402	1,598	
Office Supplies	6,000	6,000	3,424	2,576	
Staff Development	4,000	3,000	200	2,800	
Other Charges	1,000	860	706	154	
Total Human Services	265,440	249,772	236,852	12,920	
Plant Operations					
Supervisor	67,500	67,500	67,500	-	
Plant Manager	206,000	206,000	203,579	2,421	
Social Security	16,957	16,957	15,892	1,065	
State Retirement	22,263	22,263	22,066	197	

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Plant Operations (continued)				
Life Insurance	\$ 1,122	\$ 1,120	\$ 1,109	\$ 11
Medical Insurance	19,852	25,879	25,879	-
Employer Medicare	3,966	3,966	3,717	249
Dues & Membership	200	200	-	200
Janitorial Services	515,000	507,854	493,748	14,106
Travel	1,500	1,500	1,303	197
Custodial Supplies	1,000	1,000	950	50
Electricity	900,000	627,066	571,820	55,246
Water & Sewer	28,000	28,993	28,993	-
Other Supplies & Material	500	1,000	381	619
Building & Content Insurance	74,110	78,456	78,456	-
Staff Development	100	100	-	100
Other Charges (Sanitation)	28,000	31,700	29,255	2,445
Plant Operation Equipment	5,000	1,300	45	1,255
Total Plant Operations	<u>1,891,070</u>	<u>1,622,854</u>	<u>1,544,693</u>	<u>78,161</u>
Plant Maintenance				
Maintenance Personnel	93,000	89,561	47,416	42,145
Social Security	5,765	5,553	2,634	2,919
State Retirement	3,663	4,197	3,100	1,097
Life Insurance	185	211	153	58
Medical Insurance	8,320	11,169	6,331	4,838
Medicare	1,349	1,299	616	683
Maintenance & Repair - Buildings	100,000	100,000	96,737	3,263
Maintenance & Repair - Equipment	75,000	75,000	74,802	198
Maintenance & Repair - Vehicle	500	500	45	455
Other Contracted Services	100,000	100,000	93,491	6,509
Equipment & Machinery Parts	7,000	6,720	2,129	4,591
Gasoline	1,500	2,102	2,102	-
Other Supplies & Material	2,000	1,970	104	1,866
Vehicle & Equip Insurance	161	161	-	161
Other Charges	500	500	323	177
Administrative Equipment	1,000	1,000	-	1,000
Maintenance Equipment	10,000	10,000	3,920	6,080
Total Plant Maintenance	<u>409,943</u>	<u>409,943</u>	<u>333,903</u>	<u>76,040</u>
Pupil Transportation				
Contracts Other School Systems	27,950	27,950	24,912	3,038
Contract Private Agencies	1,260,000	1,060,000	1,026,182	33,818
Diesel Fuel	130,000	95,546	66,536	29,010
Total Pupil Transportation	<u>1,417,950</u>	<u>1,183,496</u>	<u>1,117,630</u>	<u>65,866</u>

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Technology (IT Support)				
Supervisor	\$ 75,000	\$ 77,538	\$ 86,522	\$ (8,984)
IT Salary	93,000	93,000	94,800	(1,800)
Social Security	10,416	10,573	10,191	382
State Retirement	14,350	14,580	15,175	(595)
Life Insurance	689	699	722	(23)
Medical Insurance	22,485	22,485	22,484	1
Employer Medicare	2,436	2,473	2,383	90
Communications	259,300	635,322	568,354	66,968
Consultants	4,800	4,800	-	4,800
IT-Shared Services	17,000	17,000	14,332	2,668
Maintenance & Repair Services	800	1,400	1,382	18
Travel	80,000	80,000	54,275	25,725
Other Contracted Services	1,800	1,800	197	1,603
Office Supplies	7,000	7,000	1,000	6,000
Other Supplies & Material	8,500	7,900	4,534	3,366
In-Service/Staff Development	2,000	2,000	1,100	900
Other Charges	11,900	11,900	6,346	5,554
Administrative Equipment	86,000	83,029	83,029	-
Regular Instruction Equipment	-	131,894	131,894	-
Other Equipment	25,000	25,000	17,129	7,871
Total Technology (IT Support)	722,476	1,230,393	1,115,849	114,544
Total Support Services	9,501,645	9,558,121	8,867,694	690,427

NON-INSTRUCTIONAL

Early Childhood Education

Teachers	232,673	231,030	231,030	-
Educational Assistant	72,335	72,278	72,279	(1)
Other Salaries & Wages	1,000	100	100	-
Social Security	18,186	18,095	17,956	139
State Retirement	27,246	26,757	26,757	-
Life Insurance	1,241	1,237	1,237	-
Medical Insurance	15,804	16,817	16,817	-
Employer Medicare Liability	4,406	4,232	4,199	33
Evaluation and Testing	2,000	-	-	-
Contracted Substitutes - Certified	2,340	4,503	3,718	785
Other Contracted Services	101,760	103,469	103,469	-
Instructional Supplies & Material	22,568	19,020	19,020	-
Other Supplies & Material	1,000	3,216	3,216	-

CITY OF MILLINGTON, TENNESSEE

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

June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Early Childhood Education (continued)				
Staff Development	\$ 2,000	\$ 282	\$ 282	\$ -
Other Charges	1,000	5,558	5,181	377
Regular Instructional Equipment	1,000	-	-	-
Other Equipment	-	1,814	1,814	-
Total Early Childhood Education	<u>506,559</u>	<u>508,408</u>	<u>507,075</u>	<u>1,333</u>
Total Non-Instructional	506,559	508,408	507,075	1,333
CAPITAL OUTLAY	<u>169,845</u>	<u>220,000</u>	<u>216,485</u>	<u>3,515</u>
TOTAL EXPENDITURES BEFORE DEBT SERVICE	23,070,649	22,814,406	21,496,384	1,318,022
INTER-FUND DEBT SERVICE				
Principal on Note	-	230,219	230,219	-
Total Debt Service	<u>-</u>	<u>230,219</u>	<u>230,219</u>	<u>-</u>
TOTAL EXPENDITURES	23,070,649	23,044,625	21,726,603	1,318,022
OTHER FINANCING SOURCES (USES)				
From City of Millington	500,000	730,219	730,219	-
Transfer from Other Funds	22,461	22,461	24,748	(2,287)
Transfer to Other Funds	-	(1,995,920)	(1,995,920)	-
Total Other Financing Sources (Uses)	<u>522,461</u>	<u>(1,243,240)</u>	<u>(1,240,953)</u>	<u>(2,287)</u>
APPROPRIATED FUND BALANCE	<u>-</u>	<u>(1,099,999)</u>	<u>-</u>	<u>(1,099,999)</u>
Total EXPENDITURES AND OTHER FINANCING SOURCES	<u>\$ 22,548,188</u>	<u>\$ 23,187,866</u>	<u>\$ 22,967,556</u>	<u>\$ 220,310</u>
Net change in fund balances			604,959	
Fund balance - beginning			<u>3,767,407</u>	
Fund balance - ending			<u>\$ 4,372,366</u>	

SUPPORTING SCHEDULES

CITY OF MILLINGTON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2016

Federal Grantor/ Pass-Through Agency/Program	CFDA Number	Contract Number	Beginning Receivable	Cash Receipts	Expenditures	Ending Receivable
Federal Awards						
U.S. Department of Housing and Urban Development						
Shelby County/Hurricane Sandy Community Development Block Grant						
Disaster Recovery Grant	14.218		\$ 13,625	\$ 258,385	\$ 596,773	\$ 352,013
State of Tennessee/Hurricane Sandy Community Development Block						
Grant Disaster Recovery Grant	14.269		105,563	1,000,000	894,437	-
Total US Department of Housing and Urban Development			119,188	1,258,385	1,491,210	352,013
U.S. Department of Transportation						
State of Tennessee/Highway Planning and Construction	20.205	090009	346,764	346,341	192,259	192,682
State of Tennessee/Highway Planning and Construction	20.205	090010	1,508	1,508	-	-
State of Tennessee/Highway Planning and Construction	20.205		13,700	12,000	5,040	6,740
State of Tennessee/Highway Planning and Construction	20.205		-	473,678	477,891	4,213
State of Tennessee/Highway Planning and Construction	20.205		-	-	87,333	87,333
State of Tennessee/Highway Planning and Construction	20.205		-	-	14,459	14,459
Total US Department of Transportation			361,972	833,527	776,982	305,427
U.S. Department of Justice						
State of Tennessee/Edward Byrne Memorial Justice Assistance Grant	16.738		15,000	15,000	-	-
Direct Award/Community Oriented Policing Services/Public Safety						
Partnership and Community Policing	16.710	2011UMWX0174	15,571	60,745	45,174	-
Total US Department of Justice			30,571	75,745	45,174	-
Total Federal Awards			\$ 511,731	\$ 2,167,657	\$ 2,313,366	\$ 657,440
Total State Awards			\$ -	\$ -	\$ -	\$ -

CITY OF MILLINGTON, TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2016

NOTE 1 – BASIS OF PRESENTATION

The 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, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 – LOANS OUTSTANDING

At June 30, 2016, there was an outstanding balance of \$2,683,438 on a loan obtained in a previous year through the State Revolving Loan Fund. The loan was 32.83% federally funded. Federally funded amounts received during the year ended June 30, 2016 of \$175,033 related to reimbursement of expenditures during the year ended June 30, 2015. Payments on the loan during the current fiscal year totaled \$123,540.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in either OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Pass-through entity identifying numbers are presented where available.
3. There were no federal awards passed through to subrecipients.
4. The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.
5. The schedule does not contain the federal and state awards of Millington Municipal Schools. Those awards are presented in a separately issued report.

NOTE 4 – RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS TO THE FINANCIAL STATEMENTS

Total grant revenue per governmental funds	\$ 20,325,763
MMS federal and state grant awards	(17,166,846)
Non-federal and state grant awards	(483,207)
Change in unavailable revenue	(309,758)
Change in unavailable revenue not related to federal and state grant awards	(31,130)
Current year unbilled grant expenditures	1,754
Prior year unbilled grant expenditures billed in the current year	<u>(23,210)</u>
 Total federal and state award expenditures	 <u>\$ 2,313,366</u>

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS

For the Year Ended June 30, 2016

As of June 30, 2016, the City of Millington, Tennessee served approximately 3,000 water, sewer, and sanitation customers and had the following rate structure in place:

Water Rates:

<u>Gallons Used</u>	<u>Rate</u>
First 2,000 gallons	\$ 10.50
Each additional 1,000 gallons	\$ 3.52

Sewer Rates:

<u>Based on Gallons of Water Used</u>	<u>Rate</u>
First 2,000 gallons	\$ 7.10
Each additional 1,000 gallons	\$ 3.42

Sanitation Rates:

<u>Type</u>	<u>Monthly Charge</u>
Residential	\$ 21.00

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF FIDELITY BONDS AND PRINCIPAL OFFICIALS

For the Year Ended June 30, 2016

Position	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

SCHEDULES OF PROPERTY TAXES

For the Year Ended June 30, 2016

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - BY LEVY YEAR

Year of Levy	Balance June 30, 2015	Assessment	Adjustments/Abatements	Collections	June 30, 2016
2016	\$ -	2,662,348	-	-	\$ 2,662,348
2015	2,751,429	-	(12,479)	(2,660,634)	78,316
2014	87,821	-	316	(62,160)	25,977
2013	36,604	-	(466)	(23,539)	12,599
2012	8,148	-	(59)	(3,330)	4,759
2011	6,630	-	(153)	(2,828)	3,649
2010	4,111	-	(635)	(1,183)	2,293
2009	2,889	-	(1,024)	(311)	1,554
2008	3,896	-	(2,825)	(285)	786
2007	1,243	-	(634)	(285)	324
Prior Years	6,667	-	(6,240)	-	427
Total	2,909,438	\$ 2,662,348	\$ (24,199)	\$ (2,754,555)	2,793,032
Allowance for uncollectible property taxes	<u>(176,456)</u>				<u>(131,623)</u>
Net receivables	<u>2,732,982</u>				<u>2,661,409</u>

PROPERTY TAX RATES AND ASSESSMENTS - LAST 10 YEARS

Year of Levy	Realty and Personality	Public Utility	Total Assessed Valuation	Tax Rate per \$100	Levy
2016	\$ 164,444,435	\$ 9,564,902	\$ 174,009,337	\$ 1.53	\$ 2,662,343
2015	169,360,610	10,470,983	\$ 179,831,593	1.53	2,751,423
2014	164,129,730	9,787,365	\$ 173,917,095	1.53	2,660,932
2013	168,185,180	9,682,797	\$ 177,867,977	1.53	2,721,380
2012	166,983,760	9,017,800	\$ 176,001,560	1.23	2,164,819
2011	169,234,480	9,043,000	\$ 178,277,480	1.23	2,192,813
2010	182,557,550	9,490,000	\$ 192,047,550	1.23	2,362,185
2009	174,747,779	9,357,031	\$ 184,104,810	1.23	2,264,489
2008	155,641,650	8,534,562	\$ 164,176,212	1.23	2,019,367
2007	139,290,570	8,178,224	\$ 147,468,794	1.23	1,813,866
2006	132,991,630	7,210,450	\$ 140,202,080	1.23	1,724,486

DELINQUENT PROPERTY TAXES

The City of Millington files delinquent property taxes with the Chancery Court on the first business day of April each year once taxes become two years old.

CITY OF MILLINGTON, TENNESSEE
GOVERNMENTAL FUNDS REVENUES BY SOURCE

For the Last Ten Fiscal Years Ended June 30

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes	\$ 7,030,238	\$ 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
Licenses, permits, and fees	1,387,162	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
Intergovernmental	14,068,205	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
Fines, forfeitures, and penalties	677,440	733,143	635,598	839,232	1,117,138	1,004,927	788,423	619,930	663,055	706,943
Federal, state, and local grants	20,325,763	15,960,759	867,738	8,776,233	11,269,191	4,653,741	805,763	180,119	161,624	39,754
Interest on investments	5,511	5,256	5,526	34,954	49,343	107,286	154,129	156,067	361,304	476,430
Increase (decrease) in fair value of investments	-	-	-	-	-	-	-	1,168	26,323	10,322
Recreation	439,419	442,477	375,109	386,951	389,020	303,377	273,334	142,315	110,872	89,659
Other	1,085,882	612,457	248,499	156,506	438,376	545,405	531,308	397,272	369,820	388,255
Total	45,019,620	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
Other Financing Sources										
Loan proceeds	2,125,364	1,900,000	-	1,150,000	-	6,000,000	-	5,000,000	-	-
Operating transfers in	5,878,042	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
	8,003,406	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
Special Items										
Sale of commercial business line	-	226,500	-	-	-	-	-	-	-	-
Total revenues, other financing sources and special items	<u>\$53,023,026</u>	<u>\$48,259,502</u>	<u>\$16,705,796</u>	<u>\$23,924,490</u>	<u>\$24,632,639</u>	<u>\$24,335,072</u>	<u>\$13,952,075</u>	<u>\$17,670,116</u>	<u>\$12,789,119</u>	<u>\$12,137,425</u>

CITY OF MILLINGTON, TENNESSEE

GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION

For the Last Ten Fiscal Years Ended June 30

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government	\$ 1,855,394	\$ 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
Public Safety										
Police	2,813,957	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
Fire	2,648,849	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
Drug control	17,106	30,936	79,345	120,217	-	-	-	-	-	-
Total public safety	5,479,912	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
Community Services										
Library	321,626	312,701	314,345	295,243	-	-	-	-	-	-
Arts, recreation, and parks	846,803	820,739	803,572	1,494,685	-	-	-	-	-	-
Recreation	-	-	-	-	591,476	577,727	630,004	715,966	819,612	705,379
Baker Community Center	-	-	-	-	230,886	216,451	182,780	269,150	204,168	157,561
Sports Authority	-	-	-	-	368,468	419,202	299,911	-	-	-
Total community services	1,168,429	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
Transportation and Environment										
Public works	694,748	750,539	797,186	261,844	487,700	590,251	880,943	583,121	585,403	578,401
Sanitation	713,650	832,149	847,900	974,156	1,000,186	854,490	1,015,824	827,205	1,219,855	764,141
Storm Water	317,235	276,148	343,401	382,862	-	-	-	-	-	-
Highways and streets	447,391	326,061	320,170	705,129	1,367,258	946,176	816,981	765,789	785,327	675,986
Total transportation and environment	2,173,024	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
Education	25,004,668	22,559,531	935,497	171,122	-	-	-	-	-	-
Debt service	814,898	2,848,834	745,067	670,536	650,454	5,835,245	745,604	641,076	639,631	653,660
Capital projects	7,817,347	2,809,478	740,282	10,966,134	13,216,764	6,476,889	1,245,844	276,215	335,423	555,731
Total expenditures	44,313,672	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
Other Financing Uses										
Operating transfers out	5,878,042	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
Total expenditures and other financing uses	<u>\$50,191,714</u>	<u>\$43,714,557</u>	<u>\$17,588,080</u>	<u>\$25,017,274</u>	<u>\$27,051,677</u>	<u>\$25,539,706</u>	<u>\$15,172,565</u>	<u>\$13,425,312</u>	<u>\$14,386,845</u>	<u>\$12,606,851</u>

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF UNACCOUNTED FOR WATER

June 30, 2016

**AWWA Free Water Audit Software:
Reporting Worksheet**

WAS v5.0
American Water Works Association

Click to access definition **Click to add a comment**

Water Audit Report for: **City of Millington**
Reporting Year: **2016** **7/2015 - 6/2016**

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 data.

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.

Master Meter and Supply Error Adjustments

WATER SUPPLIED

Volume from own sources:	+ ?	9	328.989	MG/Yr	+ ?	3	-7.000	MG/Yr
Water imported:	+ ?	n/a	0.000	MG/Yr	+ ?	3	0.000	MG/Yr
Water exported:	+ ?	n/a	0.000	MG/Yr	+ ?	3	0.000	MG/Yr

WATER SUPPLIED: **335.989** MG/Yr

Enter grading in column 'E' and 'J'

Pcnt: Value: Enter negative % or value for under-registration
Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION

Billed metered:	+ ?	7	294.887	MG/Yr
Billed unmetered:	+ ?	n/a	0.000	MG/Yr
Unbilled metered:	+ ?	n/a	0.000	MG/Yr
Unbilled unmetered:	+ ?	9	19.923	MG/Yr

Unbilled Unmetered volume entered is greater than the recommended default value

AUTHORIZED CONSUMPTION: **314.810** MG/Yr

Click here: ? for help using option buttons below

Pcnt: Value: **19.923** MG/Yr

Use buttons to select percentage of water supplied
OR
value

WATER LOSSES (Water Supplied - Authorized Consumption) **21.179** MG/Yr

Apparent Losses

Unauthorized consumption:	+ ?	0.840	MG/Yr
---------------------------	-----	-------	-------

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	+ ?	8	15.520	MG/Yr
Systematic data handling errors:	+ ?	8	0.737	MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses: **17.098** MG/Yr

Pcnt: Value: **0.25%** MG/Yr

5.00% MG/Yr
0.25% MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **4.081** MG/Yr

WATER LOSSES: **21.179** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER:	? 41.102	MG/Yr
--------------------	-----------------	-------

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+ ?	5	55.7	miles
Number of <u>active AND inactive</u> service connections:	+ ?	7	4,701	
Service connection density:	+ ?	84	conn./mile main	

Are customer meters typically located at the curbstop or property line? **Yes** (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line: **1.000** miles

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

Average operating pressure: **65.0** psi

COST DATA

Total annual cost of operating water system:	+ ?	9	\$1,131,403	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+ ?	8	\$3.35	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+ ?	10	\$485.14	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 80 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

110

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF UNACCOUNTED FOR WATER (CONTINUED)

June 30, 2016

 **AWWA Free Water Audit Software:
System Attributes and Performance Indicators** WAS v5.0
American Water Works Association.

Water Audit Report for: **City of Millington**
Reporting Year: **2016** **7/2015 - 6/2016**

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 80 out of 100 ***

System Attributes:

Apparent Losses:	17.098 MG/Yr
+ Real Losses:	4.081 MG/Yr
= Water Losses:	21.179 MG/Yr

? Unavoidable Annual Real Losses (UARL): **23.88** MG/Yr

Annual cost of Apparent Losses: **\$57,277**

Annual cost of Real Losses: **\$1,980** Valued at Variable Production Cost
Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial: {

Non-revenue water as percent by volume of Water Supplied:	12.2%
Non-revenue water as percent by cost of operating system:	6.1% Real Losses valued at Variable Production Cost

Operational Efficiency: {

Apparent Losses per service connection per day:	9.96 gallons/connection/day
Real Losses per service connection per day:	2.38 gallons/connection/day
Real Losses per length of main per day*:	N/A
Real Losses per service connection per day per psi pressure:	0.04 gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): **4.08** million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: **0.17**

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

GOVERNMENT AUDITING STANDARDS SECTION

**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, 2016, 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 21, 2016. 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*.

During the year ended June 30, 2016, 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 Bureau of Investigation were brought in the next morning; their criminal investigation has been completed. A breakdown of internal controls over the property room led to the misappropriation. The Chief of Police was replaced and two other employees were terminated for improper management. The Police Department has initiated new internal controls to mitigate against future incidences. There is no expectation to recover the funds.

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.

A handwritten signature in black ink that reads "Watkins Wilcox, PLLC". The signature is fluid and cursive, with "Watkins" and "Wilcox" being the first and last names respectively, and "PLLC" being the suffix.

Memphis, Tennessee

December 21, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2016. 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 the Millington Municipal Schools (the "School") which received \$3,856,555 in federal awards which is not included in the City's schedule of expenditures of federal and state awards for the year ended June 30, 2016. Our audit, described below, did not include the operations of the School because the School engaged other auditors to perform an audit in accordance with the Uniform Guidance.

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Memphis Tennessee
December 21, 2016

CITY OF MILLINGTON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

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.
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 of Millington, Tennessee, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported.
5. The auditors' report on compliance for the major federal award programs for the City of Millington, Tennessee expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program was CFDA number 14.269 – Hurricane Sandy Community Development Block Grant Disaster Recovery Grant.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The City of Millington, Tennessee 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

CITY OF MILLINGTON, TENNESSEE

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

For the Year Ended June 30, 2016

PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

None

PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION

2015-001 Incomplete Schedule of Expenditures of Federal Awards

Condition: Internal controls over compliance were not properly designed to detect and correct a material misstatement in the preparation of the schedule of expenditures of federal awards resulting in an unadjusted understatement of the schedule of expenditures of federal awards of \$928,138.

Recommendation: The auditor recommended that procedures be implemented to include periodic review of remittances received from grant funding sources to determine if funding includes amounts received from the federal government.

Current Status: The recommendation was adopted in fiscal year 2016. No similar findings were noted in the fiscal year 2016 audit.