

ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2016**

***COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON***

***DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director***

***MARK TREECE, CPA, CGFM
Audit Manager***

***AMY SOSVILLE, CPA
Auditor 4***

***ANGIE COLLINS, CPA, CFE
DOUG SANDIDGE, CISA, CFE
State Auditors***

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

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Summary of Audit Findings

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

Scope

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

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The office did not prepare adequate trial balances of the execution dockets.
-

OFFICE OF SHERIFF

- ◆ Deficiencies existed in the maintenance of the commissary accounting records.
 - ◆ The office did not deposit some funds within three days of collection.
-

OFFICE OF ASSESSOR OF PROPERTY

- ◆ The assessor did not maintain an adequate program of sales verification.
 - ◆ The office had deficiencies concerning rollback assessments.
 - ◆ The assessor did not adequately maintain assessment maps.
-

MONROE COUNTY DENTAL CLINIC

- ◆ An investigation of the Monroe County Dental Clinic resulted in the identification of a cash shortage of at least \$1,095 and other operational deficiencies.

INTRODUCTORY SECTION

Monroe County Officials

June 30, 2016

Officials

Tim Yates, County Mayor
Steve Teague, Road Superintendent
Tim Blankenship, Director of Schools
Marna Hull, Trustee
Michael Shadden, Assessor of Property
Larry Sloan, County Clerk
Martha Cook, Circuit and General Sessions Courts Clerk
Teresa Choate, Clerk and Master
Mildred Estes, Register of Deeds
Tommy Jones, Jr., Sheriff
Elizabeth Hicks, Director of Finance

Board of County Commissioners

Richard Kirkland, Chairman
Marty Allen
Bill Bivins
Harold Hawkins, Jr.
Wanda Alexander

Mitch Ingram
Bennie Moser
Bill Shadden
Roger Thomas
Paulette Summey

Board of Education

Larry Stein, Chairman
Jason Miller
Janie Harrill
Sonya Lynn
Steve Rogers

Marsha Standridge
Jerry Snyder
Dewitt Upton
Jo T. Cagle

Financial Management Committee

Marty Allen, Chairman
Tim Yates, County Mayor
Tim Blankenship, Director of Schools
Steve Teague, Road Superintendent

Roger Thomas
Mitch Ingram
Paulette Summey

Audit Committee

Doug Richesin
Jim Fairweather
Jeff Amburn

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plans on pages 91-98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monroe County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Monroe County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

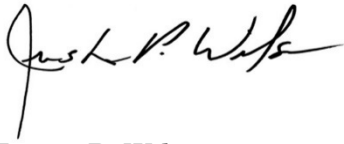
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Monroe County School Department (a discretely presented component unit), and miscellaneous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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2017, on our consideration of Monroe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 28, 2017

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Governmental Activities	Component Unit Monroe County School Department
<u>ASSETS</u>		
Cash	\$ 330,237	\$ 50
Equity in Pooled Cash and Investments	26,608,787	9,973,699
Accounts Receivable	1,100,096	16,373
Allowance for Uncollectibles	(365,880)	0
Due from Other Governments	1,196,892	1,132,589
Property Taxes Receivable	15,724,190	5,389,960
Allowance for Uncollectible Property Taxes	(590,413)	(202,612)
Net Pension Asset - Agent Plan	902,078	458,522
Net Pension Asset - Teacher Retirement Plan	0	13,197
Capital Assets		
Assets Not Depreciated:		
Land	1,387,898	864,562
Construction in Progress	1,739,250	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	4,801,966	45,323,643
Other Capital Assets	2,743,738	458,159
Infrastructure - Roads, Streets, and Bridges	93,881,008	0
Total Assets	<u>\$ 149,459,847</u>	<u>\$ 63,428,142</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 105,957	\$ 0
Pension Changes in Experience	222,368	269,493
Pension Contributions after Measurement Date	614,339	1,904,663
Pension - Other Deferrals	0	705,126
Accumulated Decrease in Fair Value of Hedging Derivatives	2,710,162	0
Total Deferred Outflows of Resources	<u>\$ 3,652,826</u>	<u>\$ 2,879,282</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 216,078	\$ 49,725
Accrued Payroll	77,983	2,820,653
Payroll Deductions Payable	124,664	2,400,939
Contracts Payable	350,427	0
Accrued Interest Payable	69,185	0
Due to State of Tennessee	5,332	0
Derivative - Interest Rate Swap	3,087,791	0
Noncurrent Liabilities:		
Due Within One Year	2,341,700	0
Due in More Than One Year	53,992,670	6,682,781
Total Liabilities	<u>\$ 60,265,830</u>	<u>\$ 11,954,098</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Units Monroe County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 14,729,525	\$ 5,048,447
Pension Changes in Experience	510,232	3,298,246
Pension Changes in Investment Earnings	269,983	1,394,897
Pension Other Deferrals	0	807,482
Unearned Revenues	186,185	0
Total Deferred Inflows of Resources	<u>\$ 15,695,925</u>	<u>\$ 10,549,072</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 101,991,903	\$ 46,646,364
Restricted for:		
General Government	1,307,991	0
Finance	16,072	0
Administration of Justice	63,396	0
Public Safety	241,472	0
Public Health and Welfare	1,163,645	0
Highways	1,781,420	0
Education	0	1,224,789
Debt Service	9,495,184	0
Other Purposes	903,078	0
Unrestricted	<u>(39,813,243)</u>	<u>(4,066,899)</u>
Total Net Position	<u>\$ 77,150,918</u>	<u>\$ 43,804,254</u>

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

Exhibit B

Monroe County, Tennessee
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government	Monroe County School Department
					Total Governmental Activities	
Primary Government:						
Governmental Activities:						
General Government	\$ 3,858,316	\$ 537,095	\$ 54,283	\$ 787,106	\$ (2,479,832)	\$ 0
Finance	1,703,628	1,123,431	16,164	0	(564,033)	0
Administration of Justice	1,483,123	787,039	9,000	0	(687,084)	0
Public Safety	6,593,510	1,129,740	985,847	0	(4,477,923)	0
Public Health and Welfare	5,493,110	3,906,904	293,991	218,111	(1,074,104)	0
Social, Cultural, and Recreational Services	320,041	0	0	0	(320,041)	0
Agriculture and Natural Resources	117,429	0	0	0	(117,429)	0
Highways	7,792,411	219,186	2,643,292	528,555	(4,401,378)	0
Education	151,759	0	0	7,188	(144,571)	0
Interest on Long-term Debt	1,909,775	0	0	0	(1,909,775)	0
Total Primary Government	\$ 29,423,102	\$ 7,703,395	\$ 4,002,577	\$ 1,540,960	\$ (16,176,170)	\$ 0
Component Unit:						
Monroe County School Department	\$ 44,037,411	\$ 957,563	\$ 5,638,429	\$ 0	\$ 0	\$ (37,441,419)
Total Component Unit	\$ 44,037,411	\$ 957,563	\$ 5,638,429	\$ 0	\$ 0	\$ (37,441,419)

(Continued)

Exhibit B

Monroe County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government	Monroe County School Department
				Total Governmental Activities		
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 8,514,606	\$ 4,767,094
Property Taxes Levied for Solid Waste/Sanitation					952,507	0
Property Taxes Levied for Highways					814,012	0
Property Taxes Levied for Debt Service					3,562,715	0
Local Option Sales Taxes					755,985	3,940,239
Wheel Tax					940,170	0
Other Local Taxes					767,475	121,500
Grants and Contributions Not Restricted to Specific Programs					2,310,796	30,331,340
Unrestricted Investment Income					41,616	9
Miscellaneous					35,285	25,379
Insurance Recovery					13,295	0
Total General Revenues					<u>\$ 18,708,462</u>	<u>\$ 39,185,561</u>
Change in Fair Value of Derivatives - Interest Rate Swap					<u>\$ 45,440</u>	<u>\$ 0</u>
Change in Net Position					<u>\$ 2,577,732</u>	<u>\$ 1,744,142</u>
Net Position, July 1, 2015					<u>74,573,186</u>	<u>42,060,112</u>
Net Position, June 30, 2016					<u><u>\$ 77,150,918</u></u>	<u><u>\$ 43,804,254</u></u>

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 328,587	\$ 0	\$ 0	\$ 0	\$ 1,650	\$ 330,237
Equity in Pooled Cash and Investments	6,108,224	1,339,421	9,853,911	6,050,973	1,460,429	24,812,958
Accounts Receivable	1,068,209	482	5,466	0	5,647	1,079,804
Allowance for Uncollectibles	(365,880)	0	0	0	0	(365,880)
Due from Other Governments	540,687	582,062	57,709	0	16,434	1,196,892
Due from Other Funds	1,500	15,604	0	0	0	17,104
Property Taxes Receivable	9,691,548	926,033	4,048,866	0	1,057,743	15,724,190
Allowance for Uncollectible Property Taxes	(363,854)	(34,748)	(151,989)	0	(39,822)	(590,413)
Total Assets	\$ 17,009,021	\$ 2,828,854	\$ 13,813,963	\$ 6,050,973	\$ 2,502,081	\$ 42,204,892
<u>LIABILITIES</u>						
Accounts Payable	\$ 74,956	\$ 13,091	\$ 11,540	\$ 0	\$ 42,437	\$ 142,024
Accrued Payroll	56,862	17,817	0	0	3,304	77,983
Payroll Deductions Payable	105,539	14,421	0	0	4,704	124,664
Contracts Payable	0	0	0	350,427	0	350,427
Due to Other Funds	14,489	0	0	0	2,615	17,104
Due to State of Tennessee	5,332	0	0	0	0	5,332
Total Liabilities	\$ 257,178	\$ 45,329	\$ 11,540	\$ 350,427	\$ 53,060	\$ 717,534
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 9,078,600	\$ 867,511	\$ 3,792,838	\$ 0	\$ 990,576	\$ 14,729,525
Deferred Delinquent Property Taxes	229,464	21,900	95,840	0	25,190	372,394
Other Deferred/Unavailable Revenue	559,079	208,924	19,694	0	4,853	792,550
Total Deferred Inflows of Resources	\$ 9,867,143	\$ 1,098,335	\$ 3,908,372	\$ 0	\$ 1,020,619	\$ 15,894,469

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 1,307,991	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,307,991
Restricted for Finance	16,072	0	0	0	0	16,072
Restricted for Administration of Justice	63,396	0	0	0	0	63,396
Restricted for Public Safety	53,457	0	0	0	188,015	241,472
Restricted for Public Health and Welfare	20,344	0	0	0	1,113,258	1,133,602
Restricted for Highways/Public Works	0	1,550,596	0	0	0	1,550,596
Restricted for Debt Service	0	0	9,894,051	0	0	9,894,051
Restricted for Capital Projects	0	0	0	1,700,546	0	1,700,546
Restricted for Other Purposes	1,000	0	0	0	0	1,000
Committed:						
Committed for General Government	10,989	0	0	0	0	10,989
Committed for Public Safety	27,866	0	0	0	0	27,866
Committed for Public Health and Welfare	500	0	0	0	127,129	127,629
Committed for Highways/Public Works	0	134,594	0	0	0	134,594
Committed for Capital Projects	0	0	0	4,000,000	0	4,000,000
Assigned:						
Assigned for General Government	13,817	0	0	0	0	13,817
Assigned for Finance	86	0	0	0	0	86
Assigned for Public Safety	87,502	0	0	0	0	87,502
Assigned for Public Health and Welfare	51,084	0	0	0	0	51,084
Unassigned	5,230,596	0	0	0	0	5,230,596
Total Fund Balances	\$ 6,884,700	\$ 1,685,190	\$ 9,894,051	\$ 5,700,546	\$ 1,428,402	\$ 25,592,889
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,009,021	\$ 2,828,854	\$ 13,813,963	\$ 6,050,973	\$ 2,502,081	\$ 42,204,892

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

Exhibit C-2

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 25,592,889
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,387,898	
Add: construction in progress	1,739,250	
Add: buildings and improvements net of accumulated depreciation	4,801,966	
Add: infrastructure net of accumulated depreciation	93,881,008	
Add: other capital assets net of accumulated depreciation	<u>2,743,738</u>	104,553,860
(2) Internal service funds are used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,555,882
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (17,996,234)	
Less: other loans payable	(36,869,266)	
Add: deferred amount on refunding	105,957	
Less: unamortized premium on debt	(93,760)	
Less: compensated absences payable	(419,880)	
Less: landfill closure/postclosure care costs	(147,947)	
Less: other postemployment benefits liability	(362,067)	
Less: fair value of investment-type derivative – interest rate swap	(377,629)	
Less: accrued interest on bonds, and notes	(69,185)	
Less: interest accreted on bonds	<u>(445,216)</u>	(56,675,227)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 836,707	
Less: deferred inflows of resources related to pensions	<u>(780,215)</u>	56,492
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		902,078
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,164,944</u>
Net position of governmental activities (Exhibit A)		<u>\$ 77,150,918</u>

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

Exhibit C-3

Monroe County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Funds Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 11,020,659	\$ 935,585	\$ 4,992,677	\$ 0	\$ 1,071,503	\$ 18,020,424
Licenses and Permits	145,371	0	0	0	0	145,371
Fines, Forfeitures, and Penalties	179,670	0	0	0	75,282	254,952
Charges for Current Services	3,900,263	219,186	358	0	38,867	4,158,674
Other Local Revenues	225,008	0	41,558	0	32,133	298,699
Fees Received From County Officials	1,927,428	0	0	0	0	1,927,428
State of Tennessee	1,453,162	2,774,047	36,787	0	82,836	4,346,832
Federal Government	962,310	460,685	0	0	0	1,422,995
Other Governments and Citizens Groups	310,137	0	337,188	0	0	647,325
Total Revenues	\$ 20,124,008	\$ 4,389,503	\$ 5,408,568	\$ 0	\$ 1,300,621	\$ 31,222,700
<u>Expenditures</u>						
Current:						
General Government	\$ 2,756,618	\$ 0	\$ 0	\$ 76,694	\$ 0	\$ 2,833,312
Finance	1,763,971	0	0	0	9,077	1,773,048
Administration of Justice	1,555,191	0	0	0	0	1,555,191
Public Safety	6,494,236	0	0	0	152,369	6,646,605
Public Health and Welfare	4,129,379	0	0	0	1,097,509	5,226,888
Social, Cultural, and Recreational Services	320,041	0	0	0	0	320,041
Agriculture and Natural Resources	128,530	0	0	0	0	128,530
Other Operations	1,572,858	0	0	0	0	1,572,858
Highways	0	3,772,642	0	0	90,156	3,862,798
Debt Service:						
Principal on Debt	0	0	2,106,100	0	0	2,106,100
Interest on Debt	0	0	1,946,813	0	0	1,946,813
Other Debt Service	0	0	575,132	0	0	575,132

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Funds Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 1,381	\$ 0	\$ 0	\$ 711,246	\$ 0	\$ 712,627
Total Expenditures	\$ 18,722,205	\$ 3,772,642	\$ 4,628,045	\$ 787,940	\$ 1,349,111	\$ 29,259,943
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,401,803	\$ 616,861	\$ 780,523	\$ (787,940)	\$ (48,490)	\$ 1,962,757
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 0	\$ 0	\$ 7,810,000	\$ 0	\$ 0	\$ 7,810,000
Premiums on Debt Sold	0	0	96,737	0	0	96,737
Insurance Recovery	12,873	0	0	0	422	13,295
Transfers In	0	0	0	4,000,000	20,398	4,020,398
Transfers Out	(4,020,398)	0	0	0	0	(4,020,398)
Payments to Refunded Debt Escrow Agent	0	0	(7,757,419)	0	0	(7,757,419)
Total Other Financing Sources (Uses)	\$ (4,007,525)	\$ 0	\$ 149,318	\$ 4,000,000	\$ 20,820	\$ 162,613
Net Change in Fund Balances	\$ (2,605,722)	\$ 616,861	\$ 929,841	\$ 3,212,060	\$ (27,670)	\$ 2,125,370
Fund Balance, July 1, 2015	9,490,422	1,068,329	8,964,210	2,488,486	1,456,072	23,467,519
Fund Balance, June 30, 2016	\$ 6,884,700	\$ 1,685,190	\$ 9,894,051	\$ 5,700,546	\$ 1,428,402	\$ 25,592,889

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

Exhibit C-4

Monroe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 2,125,370
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,200,200	
Less: current-year depreciation expense	<u>(5,090,759)</u>	(2,890,559)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Add: assets donated and capitalized	\$ 727,790	
Less: book value of assets disposed	<u>(58,058)</u>	669,732
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2016	\$ 1,164,944	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(1,167,468)</u>	(2,524)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on notes	\$ 423,000	
Add: principal payments on bonds	310,912	
Add: principal amount of bonds refunded	7,600,000	
Add: principal payments on other loans	1,372,188	
Less: change in premium on debt issuances	(93,760)	
Less: bond proceeds	(7,810,000)	
Less: change in deferred amount on refunding debt	<u>(10,748)</u>	1,791,592
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 11,569	
Change in accreted interest payable	190,659	
Change in compensated absences payable	(35,081)	
Change in other postemployment benefits liability	(56,816)	
Change in net pension asset - agent plan	(529,888)	
Change in deferred outflows related to pensions	250,046	
Change in deferred inflows related to pensions	887,780	
Change in landfill postclosure care costs	<u>11,140</u>	729,409
(6) Internal service funds are used by management to charge the cost of employee health benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		109,272
(7) For interest rate swap agreements that are classified as investment derivatives, the change in fair market value is reflected in changes in net position for governmental activities.		<u>45,440</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,577,732</u>

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

Exhibit C-5

Monroe County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,020,659	\$ 0	\$ 0	\$ 11,020,659	\$ 10,571,383	\$ 10,578,610	\$ 442,049
Licenses and Permits	145,371	0	0	145,371	113,517	121,180	24,191
Fines, Forfeitures, and Penalties	179,670	0	0	179,670	204,887	206,387	(26,717)
Charges for Current Services	3,900,263	0	0	3,900,263	3,708,619	3,709,380	190,883
Other Local Revenues	225,008	0	0	225,008	241,448	241,566	(16,558)
Fees Received From County Officials	1,927,428	0	0	1,927,428	2,140,000	2,140,000	(212,572)
State of Tennessee	1,453,162	0	0	1,453,162	1,519,755	2,104,474	(651,312)
Federal Government	962,310	0	0	962,310	854,273	871,649	90,661
Other Governments and Citizens Groups	310,137	0	0	310,137	133,335	358,928	(48,791)
Total Revenues	\$ 20,124,008	\$ 0	\$ 0	\$ 20,124,008	\$ 19,487,217	\$ 20,332,174	\$ (208,166)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 385,717	\$ (62)	\$ 0	\$ 385,655	\$ 439,658	\$ 452,796	\$ 67,141
Board of Equalization	2,158	0	0	2,158	3,200	3,200	1,042
County Mayor/Executive	199,967	0	0	199,967	221,902	221,902	21,935
Personnel Office	219,302	0	0	219,302	223,408	230,944	11,642
County Attorney	67,701	0	0	67,701	75,000	75,000	7,299
Election Commission	260,900	(1,816)	0	259,084	324,093	324,617	65,533
Register of Deeds	381,019	0	0	381,019	382,255	386,997	5,978
Planning	65,294	0	0	65,294	97,041	97,041	31,747
Engineering	107,851	(6,079)	0	101,772	109,774	109,774	8,002
Codes Compliance	43,304	0	0	43,304	52,183	52,183	8,879
Geographical Information Systems	75,719	0	0	75,719	93,740	93,740	18,021
County Buildings	660,220	(976)	13,637	672,881	708,113	725,860	52,979
Other General Administration	269,415	0	0	269,415	290,300	290,300	20,885
Preservation of Records	18,051	0	0	18,051	20,034	20,834	2,783
<u>Finance</u>							
Accounting and Budgeting	578,827	(1,023)	86	577,890	599,343	592,970	15,080
Property Assessor's Office	265,075	0	0	265,075	342,451	342,451	77,376

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Reappraisal Program	\$ 101,697	\$ 0	\$ 0	\$ 101,697	\$ 133,814	\$ 133,814	\$ 32,117
County Trustee's Office	327,123	0	0	327,123	345,028	345,028	17,905
County Clerk's Office	491,249	(3,099)	0	488,150	521,230	521,230	33,080
<u>Administration of Justice</u>							
Circuit Court	1,020,341	(1,954)	0	1,018,387	1,076,198	1,076,198	57,811
General Sessions Judge	246,159	0	0	246,159	265,681	265,681	19,522
Chancery Court	240,366	(7,602)	0	232,764	338,534	338,534	105,770
Probate Court	48,325	0	0	48,325	50,866	50,866	2,541
Other Administration of Justice	0	0	0	0	33,000	33,000	33,000
<u>Public Safety</u>							
Sheriff's Department	3,157,217	(9,744)	1,463	3,148,936	3,277,009	3,311,603	162,667
Administration of the Sexual Offender Registry	2,501	0	0	2,501	1,200	3,000	499
Jail	2,464,032	(5,325)	19,447	2,478,154	2,609,660	2,609,660	131,506
Juvenile Services	105,158	0	0	105,158	114,039	114,039	8,881
Commissary	188,707	(2,500)	7,290	193,497	198,755	198,756	5,259
Fire Prevention and Control	250,376	0	0	250,376	233,000	250,376	0
Rescue Squad	55,000	0	0	55,000	55,000	55,000	0
Other Emergency Management	43,066	0	0	43,066	60,814	60,814	17,748
County Coroner/Medical Examiner	66,179	0	0	66,179	76,600	76,600	10,421
Other Public Safety	162,000	0	0	162,000	162,000	162,000	0
<u>Public Health and Welfare</u>							
Local Health Center	86,817	(600)	500	86,717	66,100	118,485	31,768
Rabies and Animal Control	171,771	(4,650)	6,559	173,680	188,724	206,387	32,707
Ambulance/Emergency Medical Services	3,021,872	(43,667)	40,832	3,019,037	3,156,124	3,156,885	137,848
Dental Health Program	554,476	(2,684)	3,083	554,875	659,453	659,453	104,578
Alcohol and Drug Programs	9,323	0	0	9,323	0	9,323	0
Crippled Children Services	1,995	0	0	1,995	1,995	1,995	0
Other Local Health Services	239,841	0	0	239,841	343,617	330,571	90,730
General Welfare Assistance	43,284	0	0	43,284	48,161	48,161	4,877

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	\$ 38,000	\$ 0	\$ 0	\$ 38,000	\$ 38,000	\$ 38,000	\$ 0
Libraries	122,191	0	0	122,191	122,191	122,191	0
Other Social, Cultural, and Recreational	159,850	0	0	159,850	159,850	159,850	0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	74,800	0	0	74,800	80,755	80,755	5,955
Soil Conservation	51,730	0	0	51,730	55,351	55,351	3,621
Flood Control	2,000	0	0	2,000	2,000	2,000	0
<u>Other Operations</u>							
Tourism	195,912	(450)	0	195,462	223,001	223,001	27,539
Industrial Development	315,432	(240)	0	315,192	326,325	973,136	657,944
Airport	1,002,279	(26,625)	180	975,834	1,040,349	1,040,349	64,515
Veterans' Services	22,038	0	0	22,038	27,261	27,261	5,223
Contributions to Other Agencies	6,882	0	0	6,882	12,000	12,000	5,118
Employee Benefits	27,640	0	0	27,640	14,459	44,459	16,819
Miscellaneous	2,675	0	0	2,675	0	2,675	0
<u>Capital Projects</u>							
Public Safety Projects	1,381	0	0	1,381	10,000	10,000	8,619
Total Expenditures	\$ 18,722,205	\$ (119,096)	\$ 93,077	\$ 18,696,186	\$ 20,110,639	\$ 20,949,096	\$ 2,252,910
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 1,401,803	\$ 119,096	\$ (93,077)	\$ 1,427,822	\$ (623,422)	\$ (616,922)	\$ 2,044,744
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 12,873	\$ 0	\$ 0	\$ 12,873	\$ 0	\$ 8,377	\$ 4,496
Transfers Out	(4,020,398)	0	0	(4,020,398)	0	(4,020,398)	0
Total Other Financing Sources	\$ (4,007,525)	\$ 0	\$ 0	\$ (4,007,525)	\$ 0	\$ (4,012,021)	\$ 4,496

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (2,605,722)	\$ 119,096	\$ (93,077)	\$ (2,579,703)	\$ (623,422)	\$ (4,628,943)	\$ 2,049,240
Fund Balance, July 1, 2015	9,490,422	(119,096)	0	9,371,326	9,194,129	9,194,129	177,197
Fund Balance, June 30, 2016	\$ 6,884,700	\$ 0	\$ (93,077)	\$ 6,791,623	\$ 8,570,707	\$ 4,565,186	\$ 2,226,437

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

Exhibit C-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 935,585	\$ 0	\$ 0	\$ 935,585	\$ 953,099	\$ 953,099	\$ (17,514)
Charges for Current Services	219,186	0	0	219,186	321,039	321,039	(101,853)
State of Tennessee	2,774,047	0	0	2,774,047	2,587,540	2,587,540	186,507
Federal Government	460,685	0	0	460,685	281,220	500,701	(40,016)
Total Revenues	\$ 4,389,503	\$ 0	\$ 0	\$ 4,389,503	\$ 4,142,898	\$ 4,362,379	\$ 27,124
Expenditures							
Highways							
Administration	\$ 236,247	\$ (391)	\$ 0	\$ 235,856	\$ 251,188	\$ 251,188	\$ 15,332
Highway and Bridge Maintenance	2,255,242	(119,647)	4,759	2,140,354	2,518,133	2,494,199	353,845
Operation and Maintenance of Equipment	542,713	(11,427)	7,248	538,534	775,592	783,699	245,165
Other Charges	276,987	0	0	276,987	297,599	297,599	20,612
Employee Benefits	9,687	0	0	9,687	5,000	11,800	2,113
Capital Outlay	451,766	0	70,700	522,466	334,782	563,291	40,825
Total Expenditures	\$ 3,772,642	\$ (131,465)	\$ 82,707	\$ 3,723,884	\$ 4,182,294	\$ 4,401,776	\$ 677,892
Excess (Deficiency) of Revenues Over Expenditures	\$ 616,861	\$ 131,465	\$ (82,707)	\$ 665,619	\$ (39,396)	\$ (39,397)	\$ 705,016
Net Change in Fund Balance	\$ 616,861	\$ 131,465	\$ (82,707)	\$ 665,619	\$ (39,396)	\$ (39,397)	\$ 705,016
Fund Balance, July 1, 2015	1,068,329	(131,465)	0	936,864	1,201,927	1,201,927	(265,063)
Fund Balance, June 30, 2016	\$ 1,685,190	\$ 0	\$ (82,707)	\$ 1,602,483	\$ 1,162,531	\$ 1,162,530	\$ 439,953

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

Exhibit D-1

Monroe County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2016

Governmental
 Activities -
 Internal Service
 Fund

 Employee
 Health
 Insurance
 Fund

ASSETS

Current Assets:	
Equity in Pooled Cash and Investments	\$ 1,795,829
Accounts Receivable	20,292
Total Assets	<u>\$ 1,816,121</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 74,054
Total Liabilities	<u>\$ 74,054</u>

DEFERRED INFLOWS OF RESOURCES

Unearned Revenue	\$ 186,185
Total Inflows of Resources	<u>\$ 186,185</u>

NET POSITION

Unrestricted	<u>\$ 1,555,882</u>
Total Net Position	<u><u>\$ 1,555,882</u></u>

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

Exhibit D-2

Monroe County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Fund
For the Year Ended June 30, 2016

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 2,315,173
Total Operating Revenues	<u>\$ 2,315,173</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 136,350
Medical Claims	1,755,589
Insurance Premiums	<u>313,962</u>
Total Operating Expenses	<u>\$ 2,205,901</u>
Operating Income (Loss)	<u>\$ 109,272</u>
Change in Net Position	\$ 109,272
Net Position, July 1, 2015	<u>1,446,610</u>
Net Position, June, 30, 2016	<u>\$ 1,555,882</u>

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

Exhibit D-3

Monroe County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2016

	Governmental Activities - Internal Service Fund
	<u>Employee Health Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 2,471,456
Payments to Fiscal Agents	(136,350)
Payments to Insurers	(313,962)
Stop-loss Recovery	213,758
Payments for Claims	(1,962,625)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 272,277</u>
Increase (Decrease) in Cash	\$ 272,277
Cash, July 1, 2015	<u>1,523,552</u>
Cash, June 30, 2016	<u>\$ 1,795,829</u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 109,272
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables	(20,292)
Increase (Decrease) in Current Liabilities	(2,888)
Increase (Decrease) in Unearned Revenue	<u>186,185</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 272,277</u>

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

Exhibit E

Monroe County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,963,590
Equity in Pooled Cash and Investments	92
Accounts Receivable	157
Due from Other Governments	904,756
Taxes Receivable	1,437,006
Allowance for Uncollectible Taxes	<u>(53,622)</u>
Total Assets	<u>\$ 4,251,979</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,288,389
Due to Litigants, Heirs, and Others	<u>1,963,590</u>
Total Liabilities	<u>\$ 4,251,979</u>

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

MONROE COUNTY, TENNESSEE

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Monroe County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Monroe County:

A. Reporting Entity

Monroe County is a public municipal corporation governed by an elected ten-member board. As required by GAAP, these financial statements present Monroe County (the primary government) and its component units. Although required by GAAP, the financial statements of the Monroe County Emergency Communications District and the Monroe County Women's Wellness and Maternity Center, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Monroe County School Department operates the public school system in the county, and the voters of Monroe County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Monroe County Women's Wellness and Maternity Center was organized to provide prenatal care and counseling, as well as a lower cost option of delivery for citizens of the area, and the Monroe County Commission appoints its governing body. Monroe County has assisted the operations of the Women's Wellness and Maternity Center through the issuance of capital outlay notes for facility construction and improvements. The financial statements of the Monroe County Women's Wellness and Maternity Center were not material to the component units' opinion unit and therefore have been omitted from this report.

The Monroe County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Monroe County, and the Monroe County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Monroe County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Monroe County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Monroe County Women's Wellness and Maternity Center and the Monroe County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Monroe County Women's Wellness
and Maternity Center
P.O. Box 115
Madisonville, Tennessee 37354

Monroe County Emergency
Communications District
P.O. Box 869
Madisonville, Tennessee 37354

B. Government-wide and Fund Financial Statements

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

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

Monroe County issues all debt for the discretely presented Monroe County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2016.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Monroe County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Monroe County only reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service fund and the fiduciary funds in total are reported in single columns by fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Monroe County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Monroe County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

General Capital Projects Fund – This fund accounts for and reports the financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Additionally, Monroe County reports the following fund types:

Internal Service Fund – The Employee Insurance - Health Fund is used to account for the county's self-insured employee health program. Premiums charged to the various county funds and employee payroll deductions are placed in this fund to pay the claims of county employees.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Monroe County, and the city school system's share of educational revenues. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Monroe County School Department reports the following major governmental fund:

General Purpose School Fund – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

Additionally, the Monroe County School Department reports the following fund type:

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an internal service fund, used to account for the employees' health insurance program. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's internal service fund are charges for services. Operating

expenses for the internal service fund include administrative expenses and employee benefits.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on deposit with the county trustee.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Monroe County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Monroe County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a Stable Net Asset Value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.97 percent of the total taxes levied.

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

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

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

3. Capital Assets

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Other Capital Assets	5 - 20
Infrastructure	40

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are the accumulated decrease in fair value of hedging derivatives, the deferred charge on refunding, pension changes in experience, pension contributions after the measurement date, and pension–other deferrals.

In addition to liabilities, the Statement of Net Position will sometimes report 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. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, pension other deferrals, unearned revenues, and various receivables for revenues which do not meet the availability criteria in governmental funds.

5. Compensated Absences

It is the primary government's policy to permit employees to accumulate earned but unused vacation benefits. Vacation benefits granted through the discretely presented Monroe County School Department do not vest or accumulate and must be taken during the year or lost. There is no liability for unpaid accumulated sick leave since neither Monroe County nor the School Department has a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the primary government. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

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

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, other postemployment benefits, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Position and Fund Balance

In the government-wide financial statements and the proprietary fund in the fund financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

Restricted for Other Purposes on the Statement of Net Position for the primary government (\$902,078), and a portion of the Restricted for Education on the Statement of Net Position for the discretely presented School Department (\$471,719), are attributable to net pension assets.

As of June 30, 2016, Monroe County had \$50,592,000 in outstanding debt for capital purposes for the discretely presented Monroe County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Sweetwater School System) based on an average daily attendance proration. This debt is a liability of Monroe County, but the capital assets acquired are reported in the financial statements of the School Department and the City of Sweetwater School System. Therefore, Monroe County has incurred a liability, significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and the Board of Education make assignments for the primary government and the School Department, respectively. Assigned fund balance in the General Fund consists primarily of amounts assigned for encumbrances (\$93,077) and amounts assigned for Sheriff Department operations (\$59,302). Assigned fund balance in the School Department's General Purpose School Fund consists of \$16,382 for encumbrances and \$73,477 for salary equity.

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

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension

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

Discretely Presented Monroe County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Monroe County School Department

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

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

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental

funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Monroe County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

At June 30, 2016, Monroe County reported the following significant encumbrances:

<u>Funds</u>	<u>Description</u>	<u>Amount</u>
Primary Government		
Major Funds:		
Highway/Public Works	Highway Equipment	\$ 70,700

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Monroe County and the Monroe County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase

agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2016.

B. Derivative Instruments

At June 30, 2016, Monroe County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$6.255M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 6,255,000	2-19-09	6-1-20	Pay 4.27% receive 63.1% of LIBOR
\$10.05M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,050,000	2-19-09	6-1-33	Pay 3.68% receive 63% of LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016, classified by type, and the changes in fair value using a pay fixed rate, receive a percentage of LIBOR pricing model (Level 2 inputs of the GAAP fair value hierarchy) of the derivative instruments for the year then ended as reported in the 2016 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2016</u>		6-30-16
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Investment Derivative:					
Pay fixed interest rate swaps:					
\$6.255M Swap	Investment Earnings	\$ 45,440	Debt	\$ (377,629)	\$ 4,110,000
Cash Flow Hedge:					
\$10.05M Swap	Deferred Outflow	(734,115)	Debt	(2,710,162)	10,050,000
Total		<u>\$ (688,675)</u>		<u>\$(3,087,791)</u>	<u>\$ 14,160,000</u>

Derivative Swap Agreement Detail

\$6.255M Swap:

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-A-4.

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$6.255 million Series IV-A-4 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series IV-A-4 bonds have since been refunded with a portion of the proceeds of the Series E-7-A bonds, and the interest rate swap is now associated with the Series E-7-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.27 percent and receives a variable payment computed as 63.1 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had a notional amount of \$6.255 million, and the associated variable-rate bond had a \$6.255 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-7-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2016, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.27%
Variable payment from counterparty	% of LIBOR	-0.62%
Net interest rate swap payments		<u>3.65%</u>
Variable-rate bond coupon payments		<u>0.43%</u>
Synthetic interest rate on bonds		<u><u>4.08%</u></u>

Fair value. As of June 30, 2016, the swap had a negative fair value of \$377,629. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2016, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products ("MKFP") was rated "A+" by Standard and Poor's as of June 30, 2016, with its Credit Support Provider, Deutsche Bank, rated Baa2/BBB+/BBB+ by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should the rate on the bonds increase to above 63.1 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63.1 percent of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2016, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2017	\$ 705,000	\$ 17,673	\$ 150,082	\$ 872,755
2018	795,000	14,642	124,338	933,980
2019	1,270,000	11,223	95,307	1,376,530
2020	1,340,000	5,762	48,932	1,394,694
Total	\$ 4,110,000	\$ 49,300	\$ 418,659	\$ 4,577,959

\$10.05M Swap:

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series V-C-2.

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10.05 million Series V-C-2 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate. The Series V-C-2 bonds have since been refunded with a portion of the proceeds of the Series E-7-A bonds and the interest rate swap is now associated with the Series E-7-A bonds.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.684 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had a notional amount of \$10.05 million and the associated variable-rate bond had a \$10.05 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-7-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2033. As of June 30, 2016, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.68%
Variable payment from counterparty	% of LIBOR	<u>-0.61%</u>
Net interest rate swap payments		3.07%
Variable-rate bond coupon payments		<u>0.43%</u>
 Synthetic interest rate on bonds		 <u><u>3.50%</u></u>

Fair value. As of June 30, 2016, the swap had a negative fair value of \$2,710,162. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2016, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. In order to

mitigate the potential for credit risk, the authority, on behalf of the county, entered into the interest rate swap agreement with Depfa Bank, which was rated “A+” by Standard and Poor’s, AA- by Fitch Ratings and “Aa3” by Moody’s Investor Service at the time the interest rate swap agreement was entered into. If Depfa’s credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian. As of June 30, 2016, Depfa’s credit rating had been downgraded and was rated “Ba1/A” by Moody’s and Standard and Poor’s, respectively. The counterparty has posted all collateral requirements with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk should the rate on the bonds increase to above 63 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63 percent of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination provision.” The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap’s fair value.

Swap payments and associated debt. As of June 30, 2016, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap	Total
	Principal	Interest	Payment	
2017	\$ 0	\$ 43,215	\$ 308,193	\$ 351,408
2018	0	43,215	308,193	351,408
2019	0	43,215	308,193	351,408
2020	0	43,215	308,193	351,408
2021	0	43,215	308,193	351,408
2022-2026	2,500,000	205,755	1,467,368	4,173,123
2027-2031	5,100,000	120,615	860,181	6,080,796
2032-2033	2,450,000	15,910	113,464	2,579,374
Total	\$ 10,050,000	\$ 558,355	\$ 3,981,978	\$ 14,590,333

C. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 1,252,698	\$ 135,200	\$ 0	\$ 1,387,898
Construction in Progress	394,672	1,771,694	(427,116)	1,739,250
Total Capital Assets Not Depreciated	<u>\$ 1,647,370</u>	<u>\$ 1,906,894</u>	<u>\$ (427,116)</u>	<u>\$ 3,127,148</u>
Capital Assets Depreciated:				
Buildings and Improvement	\$ 9,157,208	\$ 0	\$ 0	\$ 9,157,208
Roads and Bridges	170,061,577	0	0	170,061,577
Other Capital Assets	7,806,802	1,448,212	(177,865)	9,077,149
Total Capital Assets Depreciated	<u>\$ 187,025,587</u>	<u>\$ 1,448,212</u>	<u>\$ (177,865)</u>	<u>\$ 188,295,934</u>
Less: Accumulated Depreciation For:				
Buildings and Improvement	\$ 4,134,237	\$ 221,005	\$ 0	\$ 4,355,242
Roads and Bridges	71,929,027	4,251,542	0	76,180,569
Other Capital Assets	5,835,006	618,212	(119,807)	6,333,411
Total Accumulated Depreciation	<u>\$ 81,898,270</u>	<u>\$ 5,090,759</u>	<u>\$ (119,807)</u>	<u>\$ 86,869,222</u>
Total Capital Assets Depreciated, Net	<u>\$ 105,127,317</u>	<u>\$ (3,642,547)</u>	<u>\$ (58,058)</u>	<u>\$ 101,426,712</u>
Governmental Activities Capital Assets, Net	<u>\$ 106,774,687</u>	<u>\$ (1,735,653)</u>	<u>\$ (485,174)</u>	<u>\$ 104,553,860</u>

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

Governmental Activities:

General Government	\$	253,314
Finance		5,067
Public Safety		266,815
Public Health and Welfare		210,007
Highways		<u>4,355,556</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>5,090,759</u></u>

Discretely Presented Monroe County School Department

Governmental Activities:

	Balance 7-1-15	Increases	Balance 6-30-16
Capital Assets Not Depreciated:			
Land	\$ 864,562	\$ 0	\$ 864,562
Total Capital Assets Not Depreciated	<u>\$ 864,562</u>	<u>\$ 0</u>	<u>\$ 864,562</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 74,008,799	\$ 0	\$ 74,008,799
Other Capital Assets	1,978,215	90,085	2,068,300
Total Capital Assets Depreciated	<u>\$ 75,987,014</u>	<u>\$ 90,085</u>	<u>\$ 76,077,099</u>
Less: Accumulated Depreciation For:			
Buildings and Improvements	\$ 26,949,575	\$ 1,735,581	\$ 28,685,156
Other Capital Assets	1,499,558	110,583	1,610,141
Total Accumulated Depreciation	<u>\$ 28,449,133</u>	<u>\$ 1,846,164</u>	<u>\$ 30,295,297</u>
Total Capital Assets Depreciated, Net	<u>\$ 47,537,881</u>	<u>\$ (1,756,079)</u>	<u>\$ 45,781,802</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,402,443</u>	<u>\$ (1,756,079)</u>	<u>\$ 46,646,364</u>

There were no decreases in capital assets to report for the year ended June 30, 2016.

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

Governmental Activities:

Instruction	\$ 8,318
Support Services	1,823,485
Operation of Non-instructional Services	<u>14,361</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,846,164</u>

D. Construction Commitments

At June 30, 2016, the General Capital Projects Fund had uncompleted contracts for engineering services of \$825,110 for the new justice center. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,500
Highway/Public Works	General	14,489
Highway/Public Works	Nonmajor governmental	1,115
Discretely Presented		
School Department:		
Nonmajor governmental	General Purpose School	75

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2016, consisted of the following amount:

Primary Government

Transfers Out	Transfers In	
	General Capital Projects Fund	Nonmajor Governmental Funds
General Fund	\$ 4,000,000	\$ 20,398

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The \$4,000,000 transfer from the General Fund to the General Capital Projects Fund was made to provide partial funding for the justice center project.

F. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Monroe County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds and other loans have been issued to refund other general obligation bonds and loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to 30 years. The county had no capital outlay notes outstanding at June 30, 2016. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2016, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	4.05 to 5 %	6-1-38	\$ 9,850,000	\$ 9,850,000
General Obligation (CAB) Bonds	4.6 to 4.95	4-1-18	999,236	346,234
Accreted Interest on (CAB) Bonds	4.6 to 4.95	4-1-18	N/A	445,216
General Obligation Refunding Bonds	2.0 to 3.0	6-1-35	7,810,000	7,800,000
Other Loans - Variable Rate - Public Improvement and Refunding	Variable	6-1-39	31,965,000	28,875,000
Other Loans - Fixed Rate	0 to 2.45	6-1-31	10,671,820	7,994,266

During the 1998-99 year, Monroe County issued Capital Appreciation Bonds (CABs) totaling \$999,236. These bonds accrete interest that is paid at bond maturity. Maturity dates for these bonds ranged from 2014 through 2018. As of June 30, 2016, approximately \$445,216 of unpaid interest had accreted on the bonds.

In prior years, Monroe County entered into variable rate loan agreements with Public Building Authorities (PBAs) to finance capital projects for the county and the discretely presented Monroe County School Department. During the 2008-09 year, Monroe County issued a loan agreement (Series E-7-A) to refund all outstanding PBA loan agreements and to provide funds for capital projects. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, administrative, and debt remarketing) in connection with this loan. Monroe County has also entered into fixed rate loan agreements with a PBA. The following table summarizes loan agreements outstanding at June 30, 2016, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-16	Interest Type	Interest Rate as of 6-30-16	Other Fees on Variable Rate Debt
<u>Blount County Public</u>					
<u>Building Authority</u>					
Series E-7-A (Public Improvement and Refunding) (1)	\$ 31,965,000	\$ 28,875,000	Variable	.43%	1.03%
<u>City of Clarksville Public</u>					
<u>Building Authority</u>					
Fixed Rate Loan Program	10,600,000	7,950,000	Fixed	2.45	N/A
<u>Ft. Loudoun Electric</u>					
<u>Cooperative</u>					
Interest Free Loan	71,820	<u>44,266</u>	N/A	0	N/A
Total		<u>\$ 36,869,266</u>			

(1) A portion of this issue refunded other issues for which outstanding interest rate swap agreements exist (Series IV-A-4 and Series V-C-2). See Note IV.B., Derivative Instruments.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2016, including interest payments and other loan fees, are presented in the following tables. Interest payments and other fees are estimated for the variable rate loan based on rates in effect at June 30, 2016.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 333,266	\$ 897,172	\$ 1,230,438
2018	197,968	874,570	1,072,538
2019	40,000	631,738	671,738
2020	45,000	630,938	675,938
2021	470,000	630,038	1,100,038
2022-2026	2,915,000	2,917,677	5,832,677
2027-2031	3,635,000	2,405,225	6,040,225
2032-2036	6,960,000	1,610,650	8,570,650
2037-2038	3,400,000	219,300	3,619,300
Total	<u>\$ 17,996,234</u>	<u>\$ 10,817,308</u>	<u>\$ 28,813,542</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest (1)	Other Fees	
2017	\$ 1,417,188	\$ 752,928	\$ 297,276	\$ 2,467,392
2018	1,512,188	710,426	288,214	2,510,828
2019	1,997,188	664,231	278,173	2,939,592
2020	2,072,188	598,613	263,136	2,933,937
2021	1,622,188	530,118	247,328	2,399,634
2022-2026	8,543,326	2,358,497	1,062,504	11,964,327
2027-2031	9,860,000	1,362,480	733,958	11,956,438
2032-2036	6,515,000	265,292	363,105	7,143,397
2037-2039	3,330,000	24,359	58,300	3,412,659
Total	<u>\$ 36,869,266</u>	<u>\$ 7,266,944</u>	<u>\$ 3,591,994</u>	<u>\$ 47,728,204</u>

(1) Includes net interest rate swap payments discussed in Note IV.B., Derivative Instruments.

There is \$9,894,051 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds and other loans totaled \$1,232, based on the 2010 federal census.

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Accreted Interest on CAB Bonds	Notes	Compensated Absences
Balance, July 1, 2015	\$ 18,097,146	\$ 635,875	\$ 423,000	\$ 384,799
Additions	7,810,000	58,429	0	348,657
Reductions	(7,910,912)	(249,088)	(423,000)	(313,576)
Balance, June 30, 2016	\$ 17,996,234	\$ 445,216	\$ 0	\$ 419,880
Balance Due Within One Year	\$ 333,266	\$ 261,733	\$ 0	\$ 314,910

	Other Loans	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2015	\$ 38,241,454	\$ 159,087	\$ 305,251
Additions	0	1,754	70,447
Reductions	(1,372,188)	(12,894)	(13,631)
Balance, June 30, 2016	\$ 36,869,266	\$ 147,947	\$ 362,067
Balance Due Within One Year	\$ 1,417,188	\$ 14,603	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 56,240,610
Add: Unamortized Premium on Debt	93,760
Less: Balance Due Within One Year	(2,341,700)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 53,992,670

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds. Landfill closure/postclosure care cost will be paid from the Solid Waste/Sanitation Fund.

Advance Refunding

On November 24, 2015, Monroe County refunded general obligation bonds with a separate general obligation bond issue. The county issued \$7,810,000 of general obligation refunding bonds to provide resources to place in an irrevocable trust to retire the old bonds and related interest on June 1, 2016. As a result of the refunding, total debt service payments over the next 19 years

will be reduced by \$1,232,164, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$956,878 was obtained.

Discretely Presented Monroe County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Monroe County School Department for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Net Pension Liability (Asset) Teacher Legacy Plan
Balance, July 1, 2015	\$ 5,853,782	\$ (66,624)
Additions	1,491,517	6,600,449
Reductions	(857,478)	(6,338,865)
	<hr/>	<hr/>
Balance, June 30, 2016	\$ 6,487,821	\$ 194,960
	<hr/> <hr/>	<hr/> <hr/>
Balance Due Within One Year	\$ 0	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 6,682,781
Less: Balance Due Within One Year	<hr/> 0
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<hr/> <hr/> \$ 6,682,781

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

G. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Monroe County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2016, were \$2,675. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Monroe County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Monroe County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2016, were \$143,765 and \$34,263, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Industrial Development

Monroe County entered into a contract with the Tennessee Valley Authority (TVA) for industrial development property. Under this contract, Monroe County has been awarded a warranty deed for approximately 145 acres of land to be used for industrial purposes. As Monroe County sells this property, one-half of the sale proceeds are to be paid to TVA; however, Monroe County may reduce its obligation to TVA by the value of certain road and shoreline maintenance services and police services the county provides to TVA.

V. OTHER INFORMATION

A. Risk Management

The county and the discretely presented Monroe County School Department are exposed to various risks related to general liability, property, casualty, workers' compensation, health, and accident.

Monroe County has established the Employee Health Insurance Fund for risks associated with the county employees' health insurance plan. The Employee Health Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$75,000 for each employee. The county has obtained a stop/loss commercial insurance policy to cover claims beyond this liability.

All full-time employees of the primary government are eligible to participate in the health program. Retirees are not allowed to participate in the health program. A premium charge for the health program is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,555,882 at June 30, 2016. Liabilities of this fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Health Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities

include specific, incremental claims adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Employee Insurance - Health Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments - Net of Stop-Loss Recovery	Liability Balance at Fiscal Year-end
2014-2015	\$ 119,371	\$ 1,757,786	\$ (1,800,215)	\$ 76,942
2015-2016	76,942	1,755,589	(1,758,477)	74,054

The discretely presented Monroe County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

The county and the School Department decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county and the School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and the School Department pay annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

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

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

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

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

C. Subsequent Events

On August 31, 2016, Michael Shadden left the office of Property Assessor and was succeeded by Marsha Raper.

On September 14, 2016, Monroe County issued \$8,005,000 in general obligation refunding bonds.

As discussed in Note V.D. below, on September 27, 2016, County Commission authorized the payment of \$125,000 from the General Fund to settle pending claims relating to unlawful termination of certain Sheriff Department employees.

The Monroe County Commission has authorized the issuance of approximately \$31 million in general obligation debt to finance the construction of a new jail and justice center. This debt has not been issued as of the date of this report.

D. Contingent Liabilities

The county was a defendant in litigation regarding unlawful termination of certain former Sheriff Department employees. Subsequent to June 30, 2016, County Commission authorized the payment of \$125,000 from the General Fund to settle these claims.

The county is involved in several other pending lawsuits. Based on letters from attorneys, management believes that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

Monroe County issued a State of Tennessee revolving loan agreement for the benefit of the Tellico Area Service System (TASS) joint venture. The loan is being retired from revenues of TASS and is not reflected on the financial statements of the county. Monroe County would become liable for the loan agreement in the event of default by TASS. As of June 30, 2016, future principal and interest requirements for which the county is contingently liable were \$3,042,935 and \$335,567, respectively, for the State of Tennessee revolving loan.

E. Landfill Postclosure Care Costs

Monroe County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Monroe County closed its sanitary landfill in 1999. The \$147,947 reported as postclosure care liability at June 30, 2016, represents amounts based on what it would cost to perform all postclosure care in 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Tellico Area Services System (TASS), a regional water, sewer, and solid waste system, is jointly owned by Monroe and Loudon counties. TASS comprises the County Boards of Public Utilities of each of the counties. Monroe County has control over budgeting and financing the joint venture only to the extent of representation by its County Board of Public Utility. As noted above, Monroe County is contingently liable for debt issued by the county on behalf of this joint venture.

The Tenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Tenth Judicial District; Monroe, Bradley, McMinn, and Polk counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of

drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Monroe County made no contributions to the DTF for the year ended June 30, 2016.

Monroe County does not have an equity interest in the above-noted joint ventures. Complete financial statements for TASS and the DTF can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Tellico Area Services System
P.O. Box 277
Vonore, Tennessee 37885-0277

District Attorney General
Tenth Judicial District
P.O. Box 647
Athens, Tennessee 37371-0647

G. Jointly Governed Organizations

Monroe County, in conjunction with Bradley, McMinn, and Polk counties, participates in the Southeast Tennessee Community Corrections Program, which provides alternative sentencing for selected nonviolent offenders. The program's 20-member board comprises the county mayors and the sheriffs of each of the four counties, the district attorney, and one member from a nonprofit organization. The remaining ten members are appointed by the board from the private sector. The program is funded by the Tennessee Department of Correction, and the county does not retain any ongoing financial interest or responsibility for the program.

Blount County, Loudon County, Monroe County, and various city school systems jointly govern the Little Tennessee Valley Educational Cooperative. The cooperative was established pursuant to an agreement between the participating governments and is governed by a board of control consisting of the director of schools of each participating government, one representative appointed by the County Commission or City Council of each participating government, and one member appointed by the Board of Education of each participating government. The cooperative was organized in order to combine resources to provide services for special education programs such as the Birth-to-Three program for handicapped children, a child development program for language and behaviorally delayed older students, and an occupational and physical therapy program, as well as psychological services. The cooperative provides educational services on a contractual basis to the various school systems. The systems may, but are not required to contract for these services.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Monroe County and non-certified employees of the discretely presented Monroe County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 66.3 percent and the non-certified employees of the discretely presented School Department comprised 33.7 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member

who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	231
Inactive Employees Entitled to But Not Yet Receiving Benefits	336
Active Employees	446
Total	<u><u>1,013</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. Monroe County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarial Determined Contribution (ADC) for Monroe County was \$884,358 based on a rate of 6.52 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Monroe County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

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

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

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

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

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Monroe County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2014	\$ 33,991,596	\$ 36,774,815	\$ (2,783,219)
Changes for the Year:			
Service Cost	\$ 1,114,133	\$ 0	\$ 1,114,133
Interest	2,580,285	0	2,580,285
Differences Between Expected and Actual Experience	402,476	0	402,476
Contributions-Employer	0	884,358	(884,358)
Contributions-Employees	0	678,593	(678,593)
Net Investment Income	0	1,134,720	(1,134,720)
Benefit Payments, Including Refunds of Employee Contributions	(1,403,849)	(1,403,849)	0
Administrative Expense	0	(23,396)	23,396
Other Changes	0	0	0
Net Changes	\$ 2,693,045	\$ 1,270,426	\$ 1,422,619
Balance, June 30, 2015	\$ 36,684,641	\$ 38,045,241	\$ (1,360,600)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	66.30%	\$ 24,321,917	\$ 25,223,995	\$ (902,078)
School Department	33.70%	12,362,724	12,821,246	(458,522)
Total		\$ 36,684,641	\$ 38,045,241	\$ (1,360,600)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Monroe County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Monroe County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 3,443,711 \$ (1,360,600) \$ (5,331,183)

Negative Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Negative Pension Expense. For the year ended June 30, 2016, Monroe County recognized negative pension expense of \$93,598.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, Monroe County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 335,397	\$ 769,581
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,302,784	1,709,998
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	912,416	N/A
Total	<u>\$ 2,550,597</u>	<u>\$ 2,479,579</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 1,700,453	\$ 1,643,961
School Department	<u>850,144</u>	<u>835,618</u>
Total	<u>\$ 2,550,597</u>	<u>\$ 2,479,579</u>

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

Year Ending June 30	Amount
2017	\$ (369,619)
2018	(369,619)
2019	(369,619)
2020	200,380
2021	67,079
Thereafter	0

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

Discretely Presented Monroe County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Monroe County and non-certified employees of the discretely presented Monroe County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 66.3 percent and the non-certified employees of the discretely presented School Department comprise 33.7 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Monroe County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher Retirement Plan were \$56,249, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2016, the Monroe County School Department reported an asset of \$13,197 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Monroe County School Department's proportion of the net pension asset was based on the Monroe County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Monroe County School Department's proportion was .328041 percent.

Pension Expense. For the year ended June 30, 2016, the Monroe County School Department recognized pension expense of \$17,295.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Monroe County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 4,295
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,067	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>56,249</u>	<u>N/A</u>
Total	<u>\$ 57,316</u>	<u>\$ 4,295</u>

The Monroe County School Department's employer contributions of \$56,249, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) of net pension liability (asset) in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (91)
2018	(91)
2019	(91)
2020	(91)
2021	(358)
Thereafter	(2,506)

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

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

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

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

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

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

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

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

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Monroe County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Monroe County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 2,340 \$ (13,197) \$ (24,592)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Monroe County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Monroe County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$1,550,337, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2016, the Monroe County School Department reported a liability of \$194,961 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Monroe County School Department's proportion of the net pension liability (asset) was based on the Monroe County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Monroe County School Department's proportion was .475940 percent. The proportion measured at June 30, 2014, was .409997 percent .

Negative Pension Expense. For the year ended June 30, 2016, the Monroe County School Department recognized negative pension expense of \$185,067.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Monroe County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 156,465	\$ 3,034,602
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,520,391	4,779,122
Changes in Proportion of Net Pension Liability (Asset)	705,126	807,481
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>1,550,337</u>	N/A
Total	<u>\$ 5,932,319</u>	<u>\$ 8,621,205</u>

The Monroe County School Department's employer contributions of \$1,550,337 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) in net pension liability (asset) in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (1,309,041)
2018	(1,309,041)
2019	(1,309,041)
2020	283,999
2021	(596,098)
Thereafter	0

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

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

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

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

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

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

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

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

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Monroe County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Monroe County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 13,291,805 \$ 194,961 \$ (10,647,681)

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

2. Deferred Compensation

Teachers hired after July 1, 2014, by the discretely presented Monroe County School Department are required to participate in a hybrid pension plan (Teacher Retirement Plan) administered by the Tennessee Consolidated Retirement System. The Teacher Retirement Plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Monroe County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Monroe County School Department contributed \$71,706 to the 401(k) portion of the pension plan on-behalf of the plan participants.

I. Other Postemployment Benefits (OPEB)

Postemployment Healthcare Plan

Plan Description

Monroe County and the Monroe County School Department participate in the state-administered Medicare Supplement Plan. In addition, the School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-701, *TCA*, for the Medicare Supplement. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state’s retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee

Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/article/fa-accfin-cafr>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for teachers ranges from zero to 45 percent based on the years of service. During the year ended June 30, 2016, the discretely presented Monroe County School Department contributed \$637,080 for postemployment benefits, and the primary government contributed \$2,138.

Annual OPEB Cost and Net OPEB Obligation

	<u>Medicare Supplement Plans</u>		Local
	<u>Primary Government</u>	<u>School Department</u>	<u>Education Group Plan</u>
ARC	\$ 59,000	\$ 125,000	\$ 1,147,000
Interest on the NOPEBO	11,447	28,752	190,765
Adjustment to the ARC	(11,493)	(28,867)	(191,531)
Annual OPEB cost	\$ 58,954	\$ 124,885	\$ 1,146,234
Amount of contribution	(2,138)	(9,364)	(627,716)
Increase/decrease in NOPEBO	\$ 56,816	\$ 115,521	\$ 518,518
Net OPEB obligation, 7-1-15	305,251	766,722	5,087,060
Net OPEB obligation, 6-30-16	\$ 362,067	\$ 882,243	\$ 5,605,578

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Fiscal Year-end
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Primary Government

6-30-14	Medicare Supplement	\$ 25,267	12	% \$ 281,136
6-30-15	"	26,290	8	305,251
6-30-16	"	58,954	4	362,067

School Department

6-30-14	Medicare Supplement	108,579	7	662,927
6-30-15	"	112,683	8	766,722
6-30-16	"	124,885	7	882,243
6-30-14	Local Education Group	1,076,273	60	4,577,040
6-30-15	"	1,114,716	54	5,087,060
6-30-16	"	1,146,234	55	5,605,578

Funded Status and Funding Progress

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

	Medicare Supplement Plans		Local Education Group Plan
	Primary Government	School Department	
Actuarial valuation date	7-1-15	7-1-15	7-1-15
Actuarial accrued liability (AAL)	\$ 577,000	\$ 1,732,000	\$ 10,315,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 577,000	\$ 1,732,000	\$ 10,315,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	N/A	N/A	\$ 24,719,269
UAAL as a % of covered payroll	N/A	N/A	42%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. The annual healthcare cost trend rate for the Medicare Supplement Plan was six percent in fiscal year 2016 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

J. Office of Central Accounting, Budgeting, and Purchasing

Monroe County operates under provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of the finance director.

K. Purchasing Laws

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by her to serve as the county purchasing agent. The finance director serves as the purchasing agent for Monroe County. All purchase orders are issued by the Finance Department. The Financial Management Committee established a policy that purchases exceeding \$10,000 for the County Mayor's Office and the Monroe County School Department are to be made on a competitive bid basis. Purchasing procedures for the Highway Department are also governed by provisions of the Uniform Road Law, Section 54-7-113, *Tennessee Code Annotated*. Competitive bids are also required on highway purchases exceeding \$10,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Monroe County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015
Total Pension Liability (Asset)		
Service Cost	\$ 1,107,534	\$ 1,114,133
Interest	2,495,328	2,580,285
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(1,154,371)	402,476
Changes in Assumptions	0	0
Benefit Payments, Including Refunds of Employee Contributions	(1,240,797)	(1,403,849)
Net Change in Total Pension Liability (Asset)	\$ 1,207,694	\$ 2,693,045
Total Pension Liability (Asset), Beginning	32,783,902	33,991,596
Total Pension Liability, Ending (a)	\$ 33,991,596	\$ 36,684,641
Plan Fiduciary Net Position		
Contributions - Employer	\$ 867,537	\$ 884,358
Contributions - Employee	657,563	678,593
Net Investment Income	5,207,555	1,134,720
Benefit Payments, Including Refunds of Employee Contributions	(1,240,797)	(1,403,849)
Administrative Expense	(18,010)	(23,396)
Net Change in Plan Fiduciary Net Position	\$ 5,473,848	\$ 1,270,426
Plan Fiduciary Net Position, Beginning	31,300,967	36,774,815
Plan Fiduciary Net Position, Ending (b)	\$ 36,774,815	\$ 38,045,241
Net Pension Liability (Asset), Ending (a - b)	\$ (2,783,219)	\$ (1,360,600)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.19%	103.71%
Covered Payroll	\$ 13,065,224	\$ 13,565,312
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(21.3%)	(10.03%)

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

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

Exhibit F-2

Monroe County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015	2016
Actuarially Determined Contribution	\$ 867,537	\$ 884,358	\$ 912,416
Less Contributions in Relation to the Actuarially Determined Contribution	(867,537)	(884,358)	(912,416)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 13,065,224	\$ 13,565,312	\$ 13,305,981
Contributions as a Percentage of Covered Payroll	6.64%	6.52%	6.86%

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

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

Exhibit F-3

Monroe County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Pension Plan of TCRS
Discretely Presented Monroe County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>	<u>2016</u>
Contractually Determined Contribution	\$ 17,040	\$ 35,156
Less Contributions in Relation to the Contractually Determined Contribution	<u>(27,263)</u>	<u>(56,249)</u>
Contribution Deficiency (Excess)	<u>\$ (10,223)</u>	<u>\$ (21,093)</u>
Covered Payroll	\$ 681,586	\$ 1,431,117
Contributions as a Percentage of Covered Payroll	4.00%	3.93%

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

Exhibit F-4

Monroe County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Monroe County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually Determined Contribution	\$ 1,429,001	\$ 1,610,641	\$ 1,550,337
Less Contributions in Relation to the Contractually Determined Contribution	<u>(1,429,001)</u>	<u>(1,610,641)</u>	<u>(1,550,337)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 16,092,355	\$ 17,816,806	\$ 17,154,066
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%

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

Exhibit F-5

Monroe County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Pension Plan of TCRS
Discretely Presented Monroe County School Department
For the Fiscal Year Ended June 30 *

	<u>2016</u>
School Department's Proportion of the Net Pension Liability (Asset)	0.328041%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (13,197)
Covered Payroll	\$ 681,586
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

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

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

Exhibit F-6

Monroe County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Monroe County School Department
For the Fiscal Year Ended June 30 *

	<u>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Liability (Asset)	0.409997%	0.475940%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (66,623)	\$ 194,961
Covered Payroll	\$ 16,092,355	\$ 17,816,806
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(41.40%)	1.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

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

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

Exhibit F-7

Monroe County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Monroe County School Department
June 30, 2016

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Medicare Supplement	7-1-11	\$ 0	\$ 595	\$ 595	0 %	\$ N/A	N/A %
"	7-1-13	0	215	215	0	N/A	N/A
"	7-1-15	0	577	577	0	N/A	N/A
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-11	0	9,321	9,321	0	23,889	39
"	7-1-13	0	9,543	9,543	0	24,870	38
"	7-1-15	0	10,315	10,315	0	24,719	42
Medicare Supplement	7-1-11	0	1,690	1,690	0	N/A	N/A
"	7-1-13	0	1,569	1,569	0	N/A	N/A
"	7-1-15	0	1,732	1,732	0	N/A	N/A

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

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	One Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

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

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

Exhibit G-1

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 210	\$ 0	\$ 1,440	\$ 1,650
Equity in Pooled Cash and Investments	1,271,611	188,818	0	1,460,429
Accounts Receivable	5,587	0	60	5,647
Due from Other Governments	16,434	0	0	16,434
Property Taxes Receivable	1,057,743	0	0	1,057,743
Allowance for Uncollectible Property Taxes	(39,822)	0	0	(39,822)
Total Assets	<u>\$ 2,311,763</u>	<u>\$ 188,818</u>	<u>\$ 1,500</u>	<u>\$ 2,502,081</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 42,437	\$ 0	\$ 0	\$ 42,437
Accrued Payroll	3,304	0	0	3,304
Payroll Deductions Payable	3,901	803	0	4,704
Due to Other Funds	1,115	0	1,500	2,615
Total Liabilities	<u>\$ 50,757</u>	<u>\$ 803</u>	<u>\$ 1,500</u>	<u>\$ 53,060</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 990,576	\$ 0	\$ 0	\$ 990,576
Deferred Delinquent Property Taxes	25,190	0	0	25,190
Other Deferred/Unavailable Revenue	4,853	0	0	4,853
Total Deferred Inflows of Resources	<u>\$ 1,020,619</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,020,619</u>

(Continued)

Exhibit G-1

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

FUND BALANCES

Restricted:

 Restricted for Public Safety

 Restricted for Public Health and Welfare

Committed:

 Committed for Public Health and Welfare

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
\$ 0	\$ 188,015	\$ 0	\$ 188,015
1,113,258	0	0	1,113,258
127,129	0	0	127,129
<u>\$ 1,240,387</u>	<u>\$ 188,015</u>	<u>\$ 0</u>	<u>\$ 1,428,402</u>
<u>\$ 2,311,763</u>	<u>\$ 188,818</u>	<u>\$ 1,500</u>	<u>\$ 2,502,081</u>

Exhibit G-2

Monroe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
<u>Revenues</u>				
Local Taxes	\$ 1,071,503	\$ 0	\$ 0	\$ 1,071,503
Fines, Forfeitures, and Penalties	0	75,282	0	75,282
Charges for Current Services	29,790	0	9,077	38,867
Other Local Revenues	19,702	12,431	0	32,133
State of Tennessee	82,836	0	0	82,836
Total Revenues	<u>\$ 1,203,831</u>	<u>\$ 87,713</u>	<u>\$ 9,077</u>	<u>\$ 1,300,621</u>
<u>Expenditures</u>				
Current:				
Finance	\$ 0	\$ 0	\$ 9,077	\$ 9,077
Public Safety	0	152,369	0	152,369
Public Health and Welfare	1,097,509	0	0	1,097,509
Highways	90,156	0	0	90,156
Total Expenditures	<u>\$ 1,187,665</u>	<u>\$ 152,369</u>	<u>\$ 9,077</u>	<u>\$ 1,349,111</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 16,166</u>	<u>\$ (64,656)</u>	<u>\$ 0</u>	<u>\$ (48,490)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 422	\$ 0	\$ 422
Transfers In	20,398	0	0	20,398
Total Other Financing Sources (Uses)	<u>\$ 20,398</u>	<u>\$ 422</u>	<u>\$ 0</u>	<u>\$ 20,820</u>
Net Change in Fund Balances	<u>\$ 36,564</u>	<u>\$ (64,234)</u>	<u>\$ 0</u>	<u>\$ (27,670)</u>
Fund Balance, July 1, 2015	1,203,823	252,249	0	1,456,072
Fund Balance, June 30, 2016	<u>\$ 1,240,387</u>	<u>\$ 188,015</u>	<u>\$ 0</u>	<u>\$ 1,428,402</u>

Exhibit G-3

Monroe County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Solid Waste/Sanitation Fund
 For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,071,503	\$ 0	\$ 0	\$ 1,071,503	\$ 1,097,161	\$ 1,097,161	\$ (25,658)
Charges for Current Services	29,790	0	0	29,790	607,174	2,197	27,593
Other Local Revenues	19,702	0	0	19,702	27,025	27,025	(7,323)
State of Tennessee	82,836	0	0	82,836	43,964	43,964	38,872
Total Revenues	<u>\$ 1,203,831</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,203,831</u>	<u>\$ 1,775,324</u>	<u>\$ 1,170,347</u>	<u>\$ 33,484</u>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 554,420	\$ 0	\$ 0	\$ 554,420	\$ 1,016,849	\$ 651,849	\$ 97,429
Convenience Centers	530,195	(7,441)	3,586	526,340	959,569	719,592	193,252
Postclosure Care Costs	12,894	0	0	12,894	25,000	25,000	12,106
<u>Highways</u>							
Litter and Trash Collection	90,156	0	0	90,156	132,069	132,069	41,913
Total Expenditures	<u>\$ 1,187,665</u>	<u>\$ (7,441)</u>	<u>\$ 3,586</u>	<u>\$ 1,183,810</u>	<u>\$ 2,133,487</u>	<u>\$ 1,528,510</u>	<u>\$ 344,700</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 16,166</u>	<u>\$ 7,441</u>	<u>\$ (3,586)</u>	<u>\$ 20,021</u>	<u>\$ (358,163)</u>	<u>\$ (358,163)</u>	<u>\$ 378,184</u>
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 20,398	\$ 0	\$ 0	\$ 20,398	\$ 2,300	\$ 2,300	\$ 18,098
Total Other Financing Sources	<u>\$ 20,398</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,398</u>	<u>\$ 2,300</u>	<u>\$ 2,300</u>	<u>\$ 18,098</u>
Net Change in Fund Balance	\$ 36,564	\$ 7,441	\$ (3,586)	\$ 40,419	\$ (355,863)	\$ (355,863)	\$ 396,282
Fund Balance, July 1, 2015	<u>1,203,823</u>	<u>(7,441)</u>	<u>0</u>	<u>1,196,382</u>	<u>1,202,468</u>	<u>1,202,468</u>	<u>(6,086)</u>
Fund Balance, June 30, 2016	<u>\$ 1,240,387</u>	<u>\$ 0</u>	<u>\$ (3,586)</u>	<u>\$ 1,236,801</u>	<u>\$ 846,605</u>	<u>\$ 846,605</u>	<u>\$ 390,196</u>

Exhibit G-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 75,282	\$ 201,894	\$ 201,894	\$ (126,612)
Other Local Revenues	12,431	0	12,431	0
Total Revenues	<u>\$ 87,713</u>	<u>\$ 201,894</u>	<u>\$ 214,325</u>	<u>\$ (126,612)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 152,369	\$ 199,309	\$ 212,162	\$ 59,793
Total Expenditures	<u>\$ 152,369</u>	<u>\$ 199,309</u>	<u>\$ 212,162</u>	<u>\$ 59,793</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (64,656)</u>	<u>\$ 2,585</u>	<u>\$ 2,163</u>	<u>\$ (66,819)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 422	\$ 0	\$ 422	\$ 0
Total Other Financing Sources	<u>\$ 422</u>	<u>\$ 0</u>	<u>\$ 422</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (64,234)	\$ 2,585	\$ 2,585	\$ (66,819)
Fund Balance, July 1, 2015	<u>252,249</u>	<u>266,793</u>	<u>266,793</u>	<u>(14,544)</u>
Fund Balance, June 30, 2016	<u>\$ 188,015</u>	<u>\$ 269,378</u>	<u>\$ 269,378</u>	<u>\$ (81,363)</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,992,677	\$ 4,457,757	\$ 4,457,757	\$ 534,920
Charges for Current Services	358	0	358	0
Other Local Revenues	41,558	2,493	2,493	39,065
State of Tennessee	36,787	0	0	36,787
Other Governments and Citizens Groups	337,188	7,188	337,188	0
Total Revenues	<u>\$ 5,408,568</u>	<u>\$ 4,467,438</u>	<u>\$ 4,797,796</u>	<u>\$ 610,772</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 2,106,100	\$ 1,645,936	\$ 2,106,100	\$ 0
<u>Interest on Debt</u>				
General Government	1,946,813	2,225,184	2,056,820	110,007
<u>Other Debt Service</u>				
General Government	425,814	89,000	437,125	11,311
Education	149,318	0	149,318	0
Total Expenditures	<u>\$ 4,628,045</u>	<u>\$ 3,960,120</u>	<u>\$ 4,749,363</u>	<u>\$ 121,318</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 780,523</u>	<u>\$ 507,318</u>	<u>\$ 48,433</u>	<u>\$ 732,090</u>
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 7,810,000	\$ 0	\$ 7,810,000	\$ 0
Premiums on Debt Sold	96,737	0	96,737	0
Payments to Refunded Debt Escrow Agent	(7,757,419)	0	(7,757,419)	0
Total Other Financing Sources	<u>\$ 149,318</u>	<u>\$ 0</u>	<u>\$ 149,318</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 929,841	\$ 507,318	\$ 197,751	\$ 732,090
Fund Balance, July 1, 2015	<u>8,964,210</u>	<u>8,721,566</u>	<u>8,721,566</u>	<u>242,644</u>
Fund Balance, June 30, 2016	<u><u>\$ 9,894,051</u></u>	<u><u>\$ 9,228,884</u></u>	<u><u>\$ 8,919,317</u></u>	<u><u>\$ 974,734</u></u>

Fiduciary Funds

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

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

City School ADA - Sweetwater Fund – The City School ADA - Sweetwater Fund is used to account for the city school system's share of education revenues collected by the county that must be apportioned between the school systems on an average daily attendance basis. These collections are remitted to the city school system on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register of deeds, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit I-1

Monroe County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2016

	Agency Funds			Total
	Cities - Sales Tax	City School ADA -	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,963,590	\$ 1,963,590
Equity in Pooled Cash and Investments	0	92	0	92
Accounts Receivable	0	157	0	157
Due from Other Governments	703,156	201,600	0	904,756
Property Taxes Receivable	0	1,437,006	0	1,437,006
Allowance for Uncollectible Property Taxes	0	(53,622)	0	(53,622)
Total Assets	<u>\$ 703,156</u>	<u>\$ 1,585,233</u>	<u>\$ 1,963,590</u>	<u>\$ 4,251,979</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 703,156	\$ 1,585,233	\$ 0	\$ 2,288,389
Due to Litigants, Heirs, and Others	0	0	1,963,590	1,963,590
Total Liabilities	<u>\$ 703,156</u>	<u>\$ 1,585,233</u>	<u>\$ 1,963,590</u>	<u>\$ 4,251,979</u>

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,226,046	\$ 4,226,046	\$ 0
Due from Other Governments	765,518	703,156	765,518	703,156
Total Assets	\$ 765,518	\$ 4,929,202	\$ 4,991,564	\$ 703,156
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 765,518	\$ 4,929,202	\$ 4,991,564	\$ 703,156
Total Liabilities	\$ 765,518	\$ 4,929,202	\$ 4,991,564	\$ 703,156
<u>City School ADA - Sweetwater Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 16,521	\$ 2,541,063	\$ 2,557,492	\$ 92
Accounts Receivable	0	157	0	157
Due from Other Governments	192,915	201,600	192,915	201,600
Taxes Receivable	1,425,808	1,437,006	1,425,808	1,437,006
Allowance for Uncollectible Taxes	(73,732)	(53,622)	(73,732)	(53,622)
Total Assets	\$ 1,561,512	\$ 4,126,204	\$ 4,102,483	\$ 1,585,233
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,561,512	\$ 4,126,204	\$ 4,102,483	\$ 1,585,233
Total Liabilities	\$ 1,561,512	\$ 4,126,204	\$ 4,102,483	\$ 1,585,233
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,504,929	\$ 8,749,113	\$ 8,290,452	\$ 1,963,590
Total Assets	\$ 1,504,929	\$ 8,749,113	\$ 8,290,452	\$ 1,963,590
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,504,929	\$ 8,749,113	\$ 8,290,452	\$ 1,963,590
Total Liabilities	\$ 1,504,929	\$ 8,749,113	\$ 8,290,452	\$ 1,963,590

(Continued)

Exhibit I-2

Monroe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,504,929	\$ 8,749,113	\$ 8,290,452	\$ 1,963,590
Equity in Pooled Cash and Investments	16,521	6,767,109	6,783,538	92
Accounts Receivable	0	157	0	157
Due from Other Governments	958,433	904,756	958,433	904,756
Taxes Receivable	1,425,808	1,437,006	1,425,808	1,437,006
Allowance for Uncollectible Taxes	(73,732)	(53,622)	(73,732)	(53,622)
Total Assets	<u>\$ 3,831,959</u>	<u>\$ 17,804,519</u>	<u>\$ 17,384,499</u>	<u>\$ 4,251,979</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,327,030	\$ 9,055,406	\$ 9,094,047	\$ 2,288,389
Due to Litigants, Heirs, and Others	1,504,929	8,749,113	8,290,452	1,963,590
Total Liabilities	<u>\$ 3,831,959</u>	<u>\$ 17,804,519</u>	<u>\$ 17,384,499</u>	<u>\$ 4,251,979</u>

Monroe County School Department

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

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

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

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

Exhibit J-1

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

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 24,326,702	\$ 0	\$ 2,512,574	\$ (21,814,128)
Support Services	16,451,712	299,094	445,229	(15,707,389)
Operation of Non-instructional Services	3,258,997	658,469	2,680,626	80,098
Total Governmental Activities	\$ 44,037,411	\$ 957,563	\$ 5,638,429	\$ (37,441,419)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 4,767,094
Local Option Sales Taxes				3,940,239
Other Local Taxes				121,500
Grants and Contributions Not Restricted for Specific Programs				30,331,340
Unrestricted Investment Income				9
Miscellaneous				25,379
Total General Revenues				\$ 39,185,561
Change in Net Position				\$ 1,744,142
Net Position, July 1, 2015				42,060,112
Net Position, June 30, 2016				\$ 43,804,254

Exhibit J-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 50	\$ 50
Equity in Pooled Cash and Investments	8,926,598	1,047,101	9,973,699
Accounts Receivable	14,698	1,675	16,373
Due from Other Governments	761,629	370,960	1,132,589
Due from Other Funds	0	75	75
Property Taxes Receivable	5,389,960	0	5,389,960
Allowance for Uncollectible Property Taxes	(202,612)	0	(202,612)
Total Assets	<u>\$ 14,890,273</u>	<u>\$ 1,419,861</u>	<u>\$ 16,310,134</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 47,387	\$ 2,338	\$ 49,725
Accrued Payroll	2,612,303	208,350	2,820,653
Payroll Deductions Payable	2,130,162	270,777	2,400,939
Due to Other Funds	75	0	75
Total Liabilities	<u>\$ 4,789,927</u>	<u>\$ 481,465</u>	<u>\$ 5,271,392</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,048,447	\$ 0	\$ 5,048,447
Deferred Delinquent Property Taxes	127,955	0	127,955
Other Deferred/Unavailable Revenue	376,697	0	376,697
Total Deferred Inflows of Resources	<u>\$ 5,553,099</u>	<u>\$ 0</u>	<u>\$ 5,553,099</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 36,981	\$ 716,089	\$ 753,070
Committed:			
Committed for Education	0	222,307	222,307
Assigned:			
Assigned for Education	89,859	0	89,859
Unassigned	4,420,407	0	4,420,407
Total Fund Balances	<u>\$ 4,547,247</u>	<u>\$ 938,396</u>	<u>\$ 5,485,643</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,890,273</u>	<u>\$ 1,419,861</u>	<u>\$ 16,310,134</u>

Exhibit J-3

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Monroe County School Department
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 5,485,643
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 864,562	
Add: buildings and improvements net of accumulated depreciation	45,323,643	
Add: other capital assets net of accumulated depreciation	<u>458,159</u>	46,646,364
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability	\$ (6,487,821)	
Less: net pension liability - teacher legacy cost-sharing plan	<u>(194,960)</u>	(6,682,781)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 2,879,282	
Less: deferred inflows of resources related to pensions	<u>(5,500,625)</u>	(2,621,343)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		458,522
(5) Net pension assets of the teacher legacy plan are not current financial resources and therefore are not reported in the governmental funds.		13,197
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>504,652</u>
Net position of governmental activities (Exhibit A)		<u>\$ 43,804,254</u>

Exhibit J-4

Monroe County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2016

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 9,361,939	\$ 0	\$ 9,361,939
Licenses and Permits	2,822	0	2,822
Charges for Current Services	298,989	658,469	957,458
Other Local Revenues	310,292	8,209	318,501
State of Tennessee	29,292,239	27,320	29,319,559
Federal Government	190,117	5,581,984	5,772,101
Total Revenues	<u>\$ 39,456,398</u>	<u>\$ 6,275,982</u>	<u>\$ 45,732,380</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 23,214,469	\$ 2,252,203	\$ 25,466,672
Support Services	14,298,847	973,671	15,272,518
Operation of Non-instructional Services	706,956	2,575,038	3,281,994
Total Expenditures	<u>\$ 38,220,272</u>	<u>\$ 5,800,912</u>	<u>\$ 44,021,184</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,236,126</u>	<u>\$ 475,070</u>	<u>\$ 1,711,196</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 201,838	\$ 0	\$ 201,838
Total Other Financing Sources (Uses)	<u>\$ 201,838</u>	<u>\$ 0</u>	<u>\$ 201,838</u>
Net Change in Fund Balances	\$ 1,437,964	\$ 475,070	\$ 1,913,034
Fund Balance, July 1, 2015	<u>3,109,283</u>	<u>463,326</u>	<u>3,572,609</u>
Fund Balance, June 30, 2016	<u>\$ 4,547,247</u>	<u>\$ 938,396</u>	<u>\$ 5,485,643</u>

Exhibit J-5

Monroe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 1,913,034
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 90,085	
Less: current-year depreciation expense	<u>(1,846,164)</u>	(1,756,079)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2016	\$ 504,652	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(455,479)</u>	49,173
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability	(634,039)	
Change in net pension asset - agent plan	(892,731)	
Change in net pension asset - teacher retirement plan	13,197	
Change in net pension liability - teacher legacy plan	(261,584)	
Change in deferred outflows related to pensions	781,558	
Change in deferred inflows related to pensions	<u>2,531,613</u>	<u>1,538,014</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,744,142</u>

Exhibit J-6

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

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 50	\$ 50
Equity in Pooled Cash and Investments	283,058	764,043	1,047,101
Accounts Receivable	1,432	243	1,675
Due from Other Governments	250,556	120,404	370,960
Due from Other Funds	75	0	75
Total Assets	<u>\$ 535,121</u>	<u>\$ 884,740</u>	<u>\$ 1,419,861</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 245	\$ 2,093	\$ 2,338
Accrued Payroll	182,736	25,614	208,350
Payroll Deductions Payable	219,526	51,251	270,777
Total Liabilities	<u>\$ 402,507</u>	<u>\$ 78,958</u>	<u>\$ 481,465</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 1,218	\$ 714,871	\$ 716,089
Committed:			
Committed for Education	131,396	90,911	222,307
Total Fund Balances	<u>\$ 132,614</u>	<u>\$ 805,782</u>	<u>\$ 938,396</u>
Total Liabilities and Fund Balances	<u>\$ 535,121</u>	<u>\$ 884,740</u>	<u>\$ 1,419,861</u>

Exhibit J-7

Monroe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2016

	Special Revenue Funds		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 658,469	\$ 658,469
Other Local Revenues	0	8,209	8,209
State of Tennessee	0	27,320	27,320
Federal Government	3,228,476	2,353,508	5,581,984
Total Revenues	\$ 3,228,476	\$ 3,047,506	\$ 6,275,982
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,252,203	\$ 0	\$ 2,252,203
Support Services	973,671	0	973,671
Operation of Non-instructional Services	0	2,575,038	2,575,038
Total Expenditures	\$ 3,225,874	\$ 2,575,038	\$ 5,800,912
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,602	\$ 472,468	\$ 475,070
Net Change in Fund Balances	\$ 2,602	\$ 472,468	\$ 475,070
Fund Balance, July 1, 2015	130,012	333,314	463,326
Fund Balance, June 30, 2016	\$ 132,614	\$ 805,782	\$ 938,396

Exhibit J-8

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
General Purpose School Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,361,939	\$ 0	\$ 0	\$ 9,361,939	\$ 8,633,086	\$ 9,810,676	\$ (448,737)
Licenses and Permits	2,822	0	0	2,822	3,000	3,000	(178)
Charges for Current Services	298,989	0	0	298,989	317,000	334,000	(35,011)
Other Local Revenues	310,292	0	0	310,292	318,556	341,459	(31,167)
State of Tennessee	29,292,239	0	0	29,292,239	28,658,912	29,253,541	38,698
Federal Government	190,117	0	0	190,117	116,000	200,607	(10,490)
Total Revenues	\$ 39,456,398	\$ 0	\$ 0	\$ 39,456,398	\$ 38,046,554	\$ 39,943,283	\$ (486,885)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 18,028,652	\$ 0	\$ 0	\$ 18,028,652	\$ 18,216,349	\$ 18,292,227	\$ 263,575
Alternative Instruction Program	64,921	0	0	64,921	62,622	68,302	3,381
Special Education Program	3,448,052	(11,341)	0	3,436,711	3,376,229	3,442,959	6,248
Vocational Education Program	1,672,844	0	0	1,672,844	1,721,445	1,721,445	48,601
<u>Support Services</u>							
Attendance	57,910	0	0	57,910	67,424	67,424	9,514
Health Services	1,128,178	(2,133)	30	1,126,075	1,134,571	1,155,169	29,094
Other Student Support	954,964	0	0	954,964	1,005,181	1,002,444	47,480
Regular Instruction Program	1,118,457	0	0	1,118,457	1,121,318	1,121,318	2,861
Special Education Program	522,914	(1,304)	0	521,610	519,206	537,083	15,473
Vocational Education Program	1,217	0	0	1,217	1,743	1,743	526
Other Programs	844,550	(4,270)	0	840,280	678,670	856,698	16,418
Board of Education	717,321	(58)	0	717,263	717,262	717,264	1
Director of Schools	332,140	0	0	332,140	337,896	336,363	4,223
Office of the Principal	2,022,145	0	0	2,022,145	2,031,862	2,031,862	9,717
Operation of Plant	3,326,142	(2,643)	2,813	3,326,312	3,447,456	3,378,476	52,164
Maintenance of Plant	1,115,669	(27,123)	11,203	1,099,749	854,375	1,165,881	66,132
Transportation	2,157,240	(4,528)	2,336	2,155,048	2,495,565	2,481,532	326,484

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-instructional Services</u>							
Food Service	\$ 349,703	\$ 0	\$ 0	\$ 349,703	\$ 316,643	\$ 349,848	\$ 145
Community Services	42,618	0	0	42,618	37,649	44,367	1,749
Early Childhood Education	314,635	0	0	314,635	357,306	357,306	42,671
Total Expenditures	\$ 38,220,272	\$ (53,400)	\$ 16,382	\$ 38,183,254	\$ 38,500,772	\$ 39,129,711	\$ 946,457
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,236,126	\$ 53,400	\$ (16,382)	\$ 1,273,144	\$ (454,218)	\$ 813,572	\$ 459,572
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 201,838	\$ 0	\$ 0	\$ 201,838	\$ 0	\$ 205,947	\$ (4,109)
Transfers In	0	0	0	0	0	100,000	(100,000)
Transfers Out	0	0	0	0	0	(100,000)	100,000
Total Other Financing Sources	\$ 201,838	\$ 0	\$ 0	\$ 201,838	\$ 0	\$ 205,947	\$ (4,109)
Net Change in Fund Balance	\$ 1,437,964	\$ 53,400	\$ (16,382)	\$ 1,474,982	\$ (454,218)	\$ 1,019,519	\$ 455,463
Fund Balance, July 1, 2015	3,109,283	(53,400)	0	3,055,883	2,547,000	2,547,000	508,883
Fund Balance, June 30, 2016	\$ 4,547,247	\$ 0	\$ (16,382)	\$ 4,530,865	\$ 2,092,782	\$ 3,566,519	\$ 964,346

Exhibit J-9

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Monroe County School Department
School Federal Projects Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,228,476	\$ 2,644,936	\$ 3,849,483	\$ (621,007)
Total Revenues	\$ 3,228,476	\$ 2,644,936	\$ 3,849,483	\$ (621,007)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,138,823	\$ 1,085,375	\$ 1,524,323	\$ 385,500
Special Education Program	1,021,035	795,962	1,133,823	112,788
Vocational Education Program	92,345	85,878	92,428	83
<u>Support Services</u>				
Other Student Support	116,713	137,934	165,492	48,779
Regular Instruction Program	602,136	480,219	732,590	130,454
Special Education Program	234,285	291,143	276,143	41,858
Vocational Education Program	7,682	7,544	7,682	0
Transportation	12,855	0	17,000	4,145
Total Expenditures	\$ 3,225,874	\$ 2,884,055	\$ 3,949,481	\$ 723,607
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,602	\$ (239,119)	\$ (99,998)	\$ 102,600
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 239,119	\$ 100,000	\$ (100,000)
Total Other Financing Sources	\$ 0	\$ 239,119	\$ 100,000	\$ (100,000)
Net Change in Fund Balance	\$ 2,602	\$ 0	\$ 2	\$ 2,600
Fund Balance, July 1, 2015	130,012	315,021	315,021	(185,009)
Fund Balance, June 30, 2016	\$ 132,614	\$ 315,021	\$ 315,023	\$ (182,409)

Exhibit J-10

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 658,469	\$ 0	\$ 0	\$ 658,469	\$ 645,922	\$ 627,333	\$ 31,136
Other Local Revenues	8,209	0	0	8,209	526	2,826	5,383
State of Tennessee	27,320	0	0	27,320	29,908	29,908	(2,588)
Federal Government	2,353,508	0	0	2,353,508	2,136,473	2,171,979	181,529
Total Revenues	\$ 3,047,506	\$ 0	\$ 0	\$ 3,047,506	\$ 2,812,829	\$ 2,832,046	\$ 215,460
<u>Expenditures</u>							
<u>Operation of Non-instructional Services</u>							
Food Service	\$ 2,575,038	\$ (398)	\$ 47,708	\$ 2,622,348	\$ 2,812,829	\$ 2,846,149	\$ 223,801
Total Expenditures	\$ 2,575,038	\$ (398)	\$ 47,708	\$ 2,622,348	\$ 2,812,829	\$ 2,846,149	\$ 223,801
Excess (Deficiency) of Revenues Over Expenditures	\$ 472,468	\$ 398	\$ (47,708)	\$ 425,158	\$ 0	\$ (14,103)	\$ 439,261
Net Change in Fund Balance	\$ 472,468	\$ 398	\$ (47,708)	\$ 425,158	\$ 0	\$ (14,103)	\$ 439,261
Fund Balance, July 1, 2015	333,314	(398)	0	332,916	401,839	401,839	(68,923)
Fund Balance, June 30, 2016	\$ 805,782	\$ 0	\$ (47,708)	\$ 758,074	\$ 401,839	\$ 387,736	\$ 370,338

MISCELLANEOUS SCHEDULES

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Bonds Refunded During Period	Paid and/or Matured During Period	Outstanding 6-30-16
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Highway, Ambulance, Sheriff Vehicles, and Phone System	\$ 1,650,000	1.73 %	10-25-11	11-1-15	\$ 423,000	\$ 0	\$ 0	\$ 423,000	\$ 0
Total Notes Payable					\$ 423,000	\$ 0	\$ 0	\$ 423,000	\$ 0
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Public Improvement, Series 1999 (CAB)	(2) 999,236	4.6 to 4.95	4-1-1999	4-1-18	\$ 547,146	0	0	200,912	\$ 346,234
General Obligation School Bonds, Series 2007	8,500,000	5	6-7-07	6-1-35	7,700,000	0	7,600,000	100,000	0
General Obligation School Bonds, Series 2008	9,850,000	4.05 to 5	4-15-08	6-1-38	9,850,000	0	0	0	9,850,000
General Obligation School Refunding Bonds, Series 2015	7,810,000	2.0 to 3.0	11-24-15	6-1-35	0	7,810,000	0	10,000	7,800,000
Total Bonds Payable					\$ 18,097,146	\$ 7,810,000	\$ 7,600,000	\$ 310,912	\$ 17,996,234
OTHER LOANS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
Public Improvement and Refunding, Series E-7-A	31,965,000	Variable (1)	2-19-09	6-1-39	\$ 29,710,000	0	0	835,000	\$ 28,875,000
Local Government Loan Program, Series 2011	8,300,000	2.45	10-27-11	6-1-31	6,640,000	0	0	415,000	6,225,000
Local Government Loan Program, Series 2012	2,300,000	2.45	5-1-12	6-1-31	1,840,000	0	0	115,000	1,725,000
Fort Loudoun Electric Cooperative Interest-Free Loan	71,820	0	9-13-12	8-20-22	51,454	0	0	7,188	44,266
Total Other Loans Payable					\$ 38,241,454	\$ 0	\$ 0	\$ 1,372,188	\$ 36,869,266

(1) This loan agreement included refunding of outstanding principal of \$6,000,000 on Series IV-A-4 and \$10,050,000 on Series V-C-2, which were swapped from variable to a synthetic fixed rate by execution of swap agreements during the years ended June 30, 2005, and 2007, respectively. The swap agreements have been retained.

(2) These (CAB) bonds accrete interest that is paid at bond maturity. At June 30, 2016, approximately \$445,216 of interest has accreted on these bonds.

Exhibit K-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
2017	\$ 333,266	\$ 897,172	\$ 1,230,438
2018	197,968	874,570	1,072,538
2019	40,000	631,738	671,738
2020	45,000	630,938	675,938
2021	470,000	630,038	1,100,038
2022	465,000	616,138	1,081,138
2023	535,000	602,338	1,137,338
2024	630,000	586,388	1,216,388
2025	670,000	567,038	1,237,038
2026	615,000	545,775	1,160,775
2027	685,000	524,775	1,209,775
2028	655,000	503,713	1,158,713
2029	720,000	482,325	1,202,325
2030	665,000	458,362	1,123,362
2031	910,000	436,050	1,346,050
2032	905,000	405,300	1,310,300
2033	920,000	374,700	1,294,700
2034	1,810,000	343,500	2,153,500
2035	1,825,000	277,200	2,102,200
2036	1,500,000	209,950	1,709,950
2037	1,700,000	146,200	1,846,200
2038	1,700,000	73,100	1,773,100
Total	\$ 17,996,234	\$ 10,817,308	\$ 28,813,542

(Continued)

Exhibit K-2

Monroe County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2017	\$ 1,417,188	\$ 752,928	\$ 297,276	\$ 2,467,392
2018	1,512,188	710,426	288,214	2,510,828
2019	1,997,188	664,231	278,173	2,939,592
2020	2,072,188	598,613	263,136	2,933,937
2021	1,622,188	530,118	247,328	2,399,634
2022	1,692,188	512,467	236,162	2,440,817
2023	1,686,138	494,516	224,275	2,404,929
2024	1,660,000	476,564	212,389	2,348,953
2025	1,680,000	458,720	200,760	2,339,480
2026	1,825,000	416,230	188,918	2,430,148
2027	1,840,000	370,047	175,583	2,385,630
2028	1,950,000	323,799	162,094	2,435,893
2029	1,975,000	274,008	147,471	2,396,479
2030	2,120,000	224,109	132,592	2,476,701
2031	1,975,000	170,517	116,219	2,261,736
2032	1,580,000	117,549	101,338	1,798,887
2033	1,645,000	73,915	85,068	1,803,983
2034	865,000	28,465	68,128	961,593
2035	960,000	24,745	59,226	1,043,971
2036	1,465,000	20,618	49,346	1,534,964
2037	1,395,000	14,318	34,270	1,443,588
2038	1,535,000	8,321	19,913	1,563,234
2039	400,000	1,720	4,115	405,835
Total	\$ 36,869,266	\$ 7,266,944	\$ 3,591,994	\$ 47,728,204

Exhibit K-3

Monroe County, Tennessee
Schedule of Transfers
Primary Government
For the Year Ended June 30, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	General Capital Projects	Funds for Justice Center Project	\$ 4,000,000
General Fund	Solid Waste/Sanitation	Solid Waste Expenditures	<u>20,398</u>
Total Transfers Primary Government			<u><u>\$ 4,020,398</u></u>

Monroe County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Monroe County School Department
For the Year Ended June 30, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 86,488	\$ 100,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	77,290	100,000	"
Director of Schools	State Board of Education and County Board of Education	99,143 (1)	150,000	RLI Insurance Company
Trustee	Section 8-24-102, <i>TCA</i>	70,263	1,677,494	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	71,263 (2)	50,000	"
Director of Finance	County Commission	77,261	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	70,263	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	70,263	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> ,	70,263	50,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	70,263	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	82,970 (3)	100,000	"
Employee Blanket Bond Coverage: Monroe County and Monroe County School Department: Public Employee Dishonesty				150,000 Tennessee Risk Management Trust

- (1) Includes a chief executive officer training supplement of \$1,167 and a one-time bonus of \$700.
(2) Includes a salary supplement of \$1,000.
(3) Includes a \$5,080 supplement for serving as a workhouse superintendent and a law enforcement training supplement of \$600.

Exhibit K-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 7,834,411	\$ 858,345	\$ 0	\$ 0	\$ 747,582
Trustee's Collections - Prior Year	314,649	51,062	0	0	31,366
Circuit Clerk/Clerk and Master Collections - Prior Years	237,809	34,908	0	0	23,445
Interest and Penalty	62,768	9,728	0	0	6,164
Payments in-Lieu-of Taxes - T.V.A.	68,320	10,939	0	0	6,813
Payments in-Lieu-of Taxes - Local Utilities	932,729	102,402	0	0	89,025
Payments in-Lieu-of Taxes - Other	145,549	178	0	0	110
<u>County Local Option Taxes</u>					
Local Option Sales Tax	749,802	0	0	0	0
Hotel/Motel Tax	182,361	0	0	0	0
Wheel Tax	0	0	0	0	0
Litigation Tax - General	32,006	0	0	0	0
Litigation Tax - Special Purpose	32,276	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	161,795	0	0	0	0
Business Tax	146,322	0	0	0	6,806
Mixed Drink Tax	5,018	0	0	0	0
Mineral Severance Tax	0	0	0	0	21,841
<u>Statutory Local Taxes</u>					
Bank Excise Tax	23,253	3,780	0	0	2,324
Wholesale Beer Tax	90,488	0	0	0	0
Interstate Telecommunications Tax	1,103	161	0	0	109
Total Local Taxes	\$ 11,020,659	\$ 1,071,503	\$ 0	\$ 0	\$ 935,585

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Vaccination	\$ 66,886	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	68,099	0	0	0	0
<u>Permits</u>					
Building Permits	10,386	0	0	0	0
Total Licenses and Permits	<u>\$ 145,371</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 16,464	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	15,431	0	0	0	0
DUI Treatment Fines	1,235	0	0	0	0
Data Entry Fee - Circuit Court	2,444	0	0	0	0
Courtroom Security Fee	104	0	0	0	0
<u>General Sessions Court</u>					
Fines	35,167	0	0	0	0
Officers Costs	40,915	0	0	0	0
Jail Fees	17,436	0	0	0	0
DUI Treatment Fines	8,571	0	0	0	0
Data Entry Fee - General Sessions Court	10,920	0	0	0	0
Courtroom Security Fee	712	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	3,329	0	0	0	0
<u>Other Courts - In-county</u>					
Fines	550	0	0	0	0
Drug Control Fines	622	0	17,126	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	\$ 173	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	24,410	0	58,156	0	0
Other Fines, Forfeitures, and Penalties	1,187	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 179,670	\$ 0	\$ 75,282	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 29,790	\$ 0	\$ 0	\$ 0
Patient Charges	3,083,094	0	0	0	0
Other General Service Charges	490,244	0	0	0	219,186
Service Charges	747	0	0	0	0
<u>Fees</u>					
Airport Fees	186,172	0	0	0	0
Copy Fees	1,437	0	0	0	0
Telephone Commissions	58,507	0	0	0	0
Vending Machine Collections	79	0	0	0	0
Tourism Fees	52,527	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	9,077	0
Data Processing Fee - Register	14,018	0	0	0	0
Data Processing Fee - Sheriff	3,953	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,900	0	0	0	0
Data Processing Fee - County Clerk	4,585	0	0	0	0
Total Charges for Current Services	\$ 3,900,263	\$ 29,790	\$ 0	\$ 9,077	\$ 219,186

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 58	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	10,500	0	0	0	0
Commissary Sales	187,492	0	0	0	0
Sale of Recycled Materials	1,171	19,702	0	0	0
Miscellaneous Refunds	3,441	0	0	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	480	0	12,431	0	0
Sale of Property	15,000	0	0	0	0
Contributions and Gifts	5,866	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	1,000	0	0	0	0
Total Other Local Revenues	<u>\$ 225,008</u>	<u>\$ 19,702</u>	<u>\$ 12,431</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 415,543	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	217,035	0	0	0	0
General Sessions Court Clerk	209,822	0	0	0	0
Clerk and Master	187,796	0	0	0	0
Register	169,887	0	0	0	0
Sheriff	33,119	0	0	0	0
Trustee	694,226	0	0	0	0
Total Fees Received From County Officials	<u>\$ 1,927,428</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	7,778	0	0	0	0
State Reappraisal Grant	1,000	0	0	0	0
Solid Waste Grants	0	28,267	0	0	0
On-behalf Contributions for OPEB	2,675	0	0	0	0
Other General Government Grants	4,000	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	24,600	0	0	0	0
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	8,830	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	330,580
State Aid Program	0	0	0	0	197,975
Litter Program	0	44,900	0	0	0
<u>Other State Revenues</u>					
Income Tax	88,079	9,669	0	0	8,407
Beer Tax	18,488	0	0	0	0
Vehicle Certificate of Title Fees	7,055	0	0	0	0
Alcoholic Beverage Tax	93,282	0	0	0	0
State Revenue Sharing - T.V.A.	150,000	0	0	0	21,000
Contracted Prisoner Boarding	759,203	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,143,948
Petroleum Special Tax	0	0	0	0	32,122
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	230,623	0	0	0	40,015

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Other State Revenues	\$ 33,385	\$ 0	\$ 0	\$ 0	\$ 0
Total State of Tennessee	<u>\$ 1,453,162</u>	<u>\$ 82,836</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,774,047</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 32,691	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	355,190
Homeland Security Grants	13,998	0	0	0	0
Other Federal through State	885,557	0	0	0	105,495
<u>Direct Federal Revenue</u>					
Forest Service	20,264	0	0	0	0
Other Direct Federal Revenue	9,800	0	0	0	0
Total Federal Government	<u>\$ 962,310</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 460,685</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 258,393	\$ 0	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>					
Donations	10,316	0	0	0	0
<u>Other</u>					
Other	41,428	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 310,137</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 20,124,008</u>	<u>\$ 1,203,831</u>	<u>\$ 87,713</u>	<u>\$ 9,077</u>	<u>\$ 4,389,503</u>

(Continued)

Exhibit K-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 3,271,440	\$ 12,711,778
Trustee's Collections - Prior Year	137,554	534,631
Circuit Clerk/Clerk and Master Collections - Prior Years	102,630	398,792
Interest and Penalty	27,218	105,878
Payments in-Lieu-of Taxes - T.V.A.	29,826	115,898
Payments in-Lieu-of Taxes - Local Utilities	389,574	1,513,730
Payments in-Lieu-of Taxes - Other	480	146,317
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	749,802
Hotel/Motel Tax	0	182,361
Wheel Tax	940,170	940,170
Litigation Tax - General	35,050	67,056
Litigation Tax - Special Purpose	446	32,722
Litigation Tax - Jail, Workhouse, or Courthouse	0	161,795
Business Tax	47,640	200,768
Mixed Drink Tax	0	5,018
Mineral Severance Tax	0	21,841
<u>Statutory Local Taxes</u>		
Bank Excise Tax	10,173	39,530
Wholesale Beer Tax	0	90,488
Interstate Telecommunications Tax	476	1,849
Total Local Taxes	<u>\$ 4,992,677</u>	<u>\$ 18,020,424</u>

(Continued)

Exhibit K-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	General Debt Service	Total
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Animal Vaccination	\$ 0	\$ 66,886
Cable TV Franchise	0	68,099
<u>Permits</u>		
Building Permits	0	10,386
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 145,371</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 16,464
Officers Costs	0	15,431
DUI Treatment Fines	0	1,235
Data Entry Fee - Circuit Court	0	2,444
Courtroom Security Fee	0	104
<u>General Sessions Court</u>		
Fines	0	35,167
Officers Costs	0	40,915
Jail Fees	0	17,436
DUI Treatment Fines	0	8,571
Data Entry Fee - General Sessions Court	0	10,920
Courtroom Security Fee	0	712
<u>Chancery Court</u>		
Officers Costs	0	3,329
<u>Other Courts - In-county</u>		
Fines	0	550
Drug Control Fines	0	17,748

(Continued)

Exhibit K-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Judicial District Drug Program</u>		
Courtroom Security Fee	\$ 0	\$ 173
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	82,566
Other Fines, Forfeitures, and Penalties	0	1,187
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 254,952</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Tipping Fees	\$ 0	\$ 29,790
Patient Charges	0	3,083,094
Other General Service Charges	358	709,788
Service Charges	0	747
<u>Fees</u>		
Airport Fees	0	186,172
Copy Fees	0	1,437
Telephone Commissions	0	58,507
Vending Machine Collections	0	79
Tourism Fees	0	52,527
Constitutional Officers' Fees and Commissions	0	9,077
Data Processing Fee - Register	0	14,018
Data Processing Fee - Sheriff	0	3,953
Sexual Offender Registration Fee - Sheriff	0	4,900
Data Processing Fee - County Clerk	0	4,585
Total Charges for Current Services	<u>\$ 358</u>	<u>\$ 4,158,674</u>

(Continued)

Exhibit K-5

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

	<u>Debt Service</u> <u>Fund</u>		
	General Debt Service		Total
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 41,558	\$	41,616
Lease/Rentals	0		10,500
Commissary Sales	0		187,492
Sale of Recycled Materials	0		20,873
Miscellaneous Refunds	0		3,441
<u>Nonrecurring Items</u>			
Sale of Equipment	0		12,911
Sale of Property	0		15,000
Contributions and Gifts	0		5,866
<u>Other Local Revenues</u>			
Other Local Revenues	0		1,000
Total Other Local Revenues	<u>\$ 41,558</u>	<u>\$</u>	<u>298,699</u>
<u>Fees Received From County Officials</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$ 0	\$	415,543
Circuit Court Clerk	0		217,035
General Sessions Court Clerk	0		209,822
Clerk and Master	0		187,796
Register	0		169,887
Sheriff	0		33,119
Trustee	0		694,226
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$</u>	<u>1,927,428</u>

(Continued)

Exhibit K-5

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Airport Maintenance Program	0	7,778
State Reappraisal Grant	0	1,000
Solid Waste Grants	0	28,267
On-behalf Contributions for OPEB	0	2,675
Other General Government Grants	0	4,000
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	24,600
<u>Health and Welfare Grants</u>		
Other Health and Welfare Grants	0	8,830
<u>Public Works Grants</u>		
Bridge Program	0	330,580
State Aid Program	0	197,975
Litter Program	0	44,900
<u>Other State Revenues</u>		
Income Tax	36,787	142,942
Beer Tax	0	18,488
Vehicle Certificate of Title Fees	0	7,055
Alcoholic Beverage Tax	0	93,282
State Revenue Sharing - T.V.A.	0	171,000
Contracted Prisoner Boarding	0	759,203
Gasoline and Motor Fuel Tax	0	2,143,948
Petroleum Special Tax	0	32,122
Registrar's Salary Supplement	0	15,164
Other State Grants	0	270,638

(Continued)

Exhibit K-5

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

	<u>Debt Service</u> <u>Fund</u>		<u>General</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Other State Revenues	\$	0	\$	33,385
Total State of Tennessee	<u>\$</u>	<u>36,787</u>	<u>\$</u>	<u>4,346,832</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
Community Development	\$	0	\$	32,691
Disaster Relief		0		355,190
Homeland Security Grants		0		13,998
Other Federal through State		0		991,052
<u>Direct Federal Revenue</u>				
Forest Service		0		20,264
Other Direct Federal Revenue		0		9,800
Total Federal Government	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>1,422,995</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$	7,188	\$	265,581
<u>Citizens Groups</u>				
Donations		0		10,316
<u>Other</u>				
Other		330,000		371,428
Total Other Governments and Citizens Groups	<u>\$</u>	<u>337,188</u>	<u>\$</u>	<u>647,325</u>
Total	<u>\$</u>	<u>5,408,568</u>	<u>\$</u>	<u>31,222,700</u>

Exhibit K-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,380,420	\$ 0	\$ 0	\$ 4,380,420
Trustee's Collections - Prior Year	175,068	0	0	175,068
Circuit Clerk/Clerk and Master Collections - Prior Years	145,795	0	0	145,795
Interest and Penalty	33,939	0	0	33,939
Pickup Taxes	1	0	0	1
Payments in-Lieu-of Taxes - T.V.A.	42,715	0	0	42,715
Payments in-Lieu-of Taxes - Local Utilities	521,971	0	0	521,971
Payments in-Lieu-of Taxes - Other	643	0	0	643
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,928,322	0	0	3,928,322
Business Tax	111,822	0	0	111,822
Mixed Drink Tax	4,095	0	0	4,095
Other County Local Option Taxes	276	0	0	276
<u>Statutory Local Taxes</u>				
Bank Excise Tax	13,597	0	0	13,597
Interstate Telecommunications Tax	3,275	0	0	3,275
Total Local Taxes	<u>\$ 9,361,939</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,361,939</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,822	\$ 0	\$ 0	\$ 2,822
Total Licenses and Permits	<u>\$ 2,822</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,822</u>

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 328,423	\$ 328,423
Lunch Payments - Adults	0	0	98,541	98,541
Income from Breakfast	0	0	134,309	134,309
Transportation - Other State Systems	229,593	0	0	229,593
School Based Health Services - FFS	35,952	0	0	35,952
Receipts from Individual Schools	33,444	0	97,196	130,640
Total Charges for Current Services	<u>\$ 298,989</u>	<u>\$ 0</u>	<u>\$ 658,469</u>	<u>\$ 957,458</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 9	\$ 9
Lease/Rentals	105	0	0	105
E-Rate Funding	40,588	0	0	40,588
Miscellaneous Refunds	22,579	0	2,800	25,379
<u>Nonrecurring Items</u>				
Contributions and Gifts	0	0	5,400	5,400
<u>Other Local Revenues</u>				
Other Local Revenues	247,020	0	0	247,020
Total Other Local Revenues	<u>\$ 310,292</u>	<u>\$ 0</u>	<u>\$ 8,209</u>	<u>\$ 318,501</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 178,028	\$ 0	\$ 0	\$ 178,028

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 26,852,000	\$ 0	\$ 0	\$ 26,852,000
Early Childhood Education	294,398	0	0	294,398
School Food Service	0	0	27,320	27,320
Driver Education	30,430	0	0	30,430
Other State Education Funds	393,578	0	0	393,578
Career Ladder Program	134,539	0	0	134,539
<u>Other State Revenues</u>				
Income Tax	49,283	0	0	49,283
State Revenue Sharing - T.V.A.	1,359,983	0	0	1,359,983
Total State of Tennessee	<u>\$ 29,292,239</u>	<u>\$ 0</u>	<u>\$ 27,320</u>	<u>\$ 29,319,559</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,452,865	\$ 1,452,865
USDA - Commodities	0	0	155,274	155,274
Breakfast	0	0	519,136	519,136
USDA - Other	0	0	219,916	219,916
USDA Food Service Equipment Grant	0	0	6,317	6,317
Vocational Education - Basic Grants to States	0	115,512	0	115,512
Title I Grants to Local Education Agencies	0	1,537,609	0	1,537,609
Special Education - Grants to States	84,607	1,229,487	0	1,314,094
Special Education Preschool Grants	0	28,204	0	28,204
Rural Education	0	85,016	0	85,016
Eisenhower Professional Development State Grants	0	232,648	0	232,648

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Other Federal through State	\$ 105,510	\$ 0	\$ 0	\$ 105,510
Total Federal Government	\$ 190,117	\$ 3,228,476	\$ 2,353,508	\$ 5,772,101
 Total	 \$ 39,456,398	 \$ 3,228,476	 \$ 3,047,506	 \$ 45,732,380

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

General FundGeneral GovernmentCounty Commission

Secretary to Board	\$	2,694	
Board and Committee Members Fees		52,999	
Social Security		3,469	
Pensions		291	
Employee and Dependent Insurance		589	
Life Insurance		4	
Employer Medicare		811	
Audit Services		13,356	
Consultants		13,427	
Contracts with Government Agencies		94,732	
Contracts with Private Agencies		21,336	
Dues and Memberships		3,819	
Postal Charges		57	
Building and Contents Insurance		53,500	
Indirect Cost		10,000	
Liability Insurance		5,107	
Workers' Compensation Insurance		1,000	
Tax Relief Program		96,581	
Other Charges		11,945	
Total County Commission			\$ 385,717

Board of Equalization

Board and Committee Members Fees	\$	2,100	
Legal Notices, Recording, and Court Costs		58	
Total Board of Equalization			2,158

County Mayor/Executive

County Official/Administrative Officer	\$	86,488	
Assistant(s)		29,894	
Deputy(ies)		26,723	
Social Security		8,374	
Pensions		9,322	
Employee and Dependent Insurance		19,518	
Life Insurance		167	
Employer Medicare		1,958	
Communication		5,580	
Dues and Memberships		2,873	
Postal Charges		113	
Travel		758	
Office Supplies		578	
Workers' Compensation Insurance		6,285	
Other Charges		1,336	
Total County Mayor/Executive			199,967

Personnel Office

Secretary(ies)	\$	91,807	
Part-time Personnel		6,017	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

Longevity Pay	\$	1,600	
Social Security		5,618	
Handling Charges and Administrative Costs		3,533	
Pensions		6,097	
Employee and Dependent Insurance		24,163	
Life Insurance		171	
Employer Medicare		1,314	
Communication		588	
Consultants		8,869	
Dues and Memberships		100	
Operating Lease Payments		4,088	
Maintenance Agreements		2,444	
Travel		525	
Other Contracted Services		51,678	
Other Charges		10,690	
Total Personnel Office			\$ 219,302

County Attorney

Legal Services	\$	67,701	
Total County Attorney			67,701

Election Commission

Supervisor/Director	\$	63,237	
Deputy(ies)		57,762	
Longevity Pay		1,200	
Election Commission		17,750	
Election Workers		29,367	
Social Security		9,621	
Pensions		7,098	
Employee and Dependent Insurance		22,029	
Life Insurance		142	
Employer Medicare		2,310	
Communication		5,068	
Data Processing Services		76	
Operating Lease Payments		1,526	
Legal Notices, Recording, and Court Costs		2,658	
Maintenance Agreements		17,138	
Maintenance and Repair Services - Office Equipment		216	
Postal Charges		4,162	
Travel		6,549	
Data Processing Supplies		3,550	
Gasoline		26	
Office Supplies		3,586	
Building and Contents Insurance		412	
Workers' Compensation Insurance		3,000	
Other Equipment		2,417	
Total Election Commission			260,900

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	70,263	
Assistant(s)		33,020	
Deputy(ies)		117,086	
Part-time Personnel		9,598	
Longevity Pay		11,000	
Social Security		14,587	
Pensions		15,051	
Employee and Dependent Insurance		49,382	
Life Insurance		347	
Employer Medicare		3,412	
Communication		7,690	
Dues and Memberships		910	
Operating Lease Payments		5,218	
Maintenance Agreements		25,369	
Postal Charges		500	
Travel		363	
Office Supplies		4,631	
Workers' Compensation Insurance		7,000	
Office Equipment		5,592	
Total Register of Deeds			\$ 381,019

Planning

Supervisor/Director	\$	43,880	
Board and Committee Members Fees		2,100	
Social Security		2,851	
Pensions		2,861	
Employee and Dependent Insurance		7,242	
Life Insurance		57	
Employer Medicare		667	
Communication		677	
Dues and Memberships		330	
Legal Notices, Recording, and Court Costs		63	
Maintenance Agreements		1,300	
Postal Charges		40	
Printing, Stationery, and Forms		91	
Travel		1,976	
Workers' Compensation Insurance		1,100	
Office Equipment		59	
Total Planning			65,294

Engineering

Supervisor/Director	\$	50,923
Social Security		3,091
Pensions		3,320
Employee and Dependent Insurance		7,182
Life Insurance		57
Employer Medicare		723

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Engineering (Cont.)

Communication	\$	11,472	
Licenses		8,439	
Maintenance Agreements		6,064	
Equipment and Machinery Parts		10,021	
Office Supplies		480	
Office Equipment		6,079	
Total Engineering			\$ 107,851

Codes Compliance

County Official/Administrative Officer	\$	16,620	
Clerical Personnel		2,241	
Part-time Personnel		12,811	
Social Security		1,874	
Pensions		1,224	
Employee and Dependent Insurance		3,006	
Life Insurance		18	
Employer Medicare		438	
Dues and Memberships		390	
Maintenance Agreements		798	
Travel		983	
Office Supplies		515	
Workers' Compensation Insurance		1,100	
Other Charges		214	
Office Equipment		1,072	
Total Codes Compliance			43,304

Geographical Information Systems

Supervisor/Director	\$	40,777	
Longevity Pay		800	
Social Security		2,329	
Pensions		2,703	
Employee and Dependent Insurance		9,522	
Life Insurance		57	
Employer Medicare		545	
Communication		2,582	
Dues and Memberships		250	
Maintenance Agreements		10,400	
Travel		809	
Gasoline		311	
Office Supplies		1,780	
Workers' Compensation Insurance		1,100	
Other Charges		1,179	
Office Equipment		575	
Total Geographical Information Systems			75,719

County Buildings

Assistant(s)	\$	29,839	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Supervisor/Director	\$	35,155	
Attendants		23,281	
Custodial Personnel		23,333	
Overtime Pay		10,300	
Other Salaries and Wages		25,315	
Social Security		8,422	
Pensions		9,409	
Employee and Dependent Insurance		44,548	
Life Insurance		285	
Employer Medicare		1,970	
Communication		7,449	
Maintenance Agreements		14,868	
Maintenance and Repair Services - Buildings		170,658	
Other Contracted Services		19,659	
Custodial Supplies		10,894	
Electricity		98,355	
Natural Gas		18,511	
Water and Sewer		13,581	
Workers' Compensation Insurance		5,400	
Other Charges		86,551	
Maintenance Equipment		2,437	
Total County Buildings			\$ 660,220

Other General Administration

Operating Lease Payments	\$	2,138	
Maintenance Agreements		1,628	
Duplicating Supplies		1,213	
Gasoline		6,994	
Trustee's Commission		257,442	
Total Other General Administration			269,415

Preservation of Records

Supervisor/Director	\$	12,543	
Social Security		778	
Employer Medicare		182	
Maintenance Agreements		648	
Postal Charges		4	
Other Supplies and Materials		3,088	
Other Charges		808	
Total Preservation of Records			18,051

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	77,261	
Assistant(s)		59,181	
Accountants/Bookkeepers		214,406	
Longevity Pay		1,600	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Social Security	\$	19,673	
Pensions		22,475	
Employee and Dependent Insurance		86,117	
Life Insurance		504	
Employer Medicare		4,601	
Communication		27,241	
Data Processing Services		9,967	
Operating Lease Payments		1,000	
Maintenance Agreements		871	
Maintenance and Repair Services - Equipment		120	
Postal Charges		6,196	
Travel		7,034	
Other Contracted Services		889	
Office Supplies		10,914	
Workers' Compensation Insurance		7,705	
Other Charges		8,204	
Office Equipment		12,868	
Total Accounting and Budgeting			\$ 578,827

Property Assessor's Office

County Official/Administrative Officer	\$	70,263	
Deputy(ies)		29,890	
Salary Supplements		1,000	
Secretary(ies)		5,758	
Clerical Personnel		57,926	
Longevity Pay		4,900	
Social Security		10,108	
Pensions		11,067	
Employee and Dependent Insurance		37,822	
Life Insurance		261	
Employer Medicare		2,364	
Communication		4,706	
Data Processing Services		9,482	
Dues and Memberships		200	
Operating Lease Payments		1,853	
Maintenance Agreements		926	
Maintenance and Repair Services - Vehicles		86	
Postal Charges		1,696	
Printing, Stationery, and Forms		108	
Travel		883	
Gasoline		1,692	
Office Supplies		3,368	
Workers' Compensation Insurance		6,000	
Other Charges		227	
Office Equipment		2,489	
Total Property Assessor's Office			265,075

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Clerical Personnel	\$	57,083	
Part-time Personnel		8,327	
Longevity Pay		2,300	
Social Security		3,852	
Pensions		3,848	
Employee and Dependent Insurance		15,666	
Life Insurance		114	
Employer Medicare		901	
Data Processing Services		5,514	
Office Supplies		1,330	
Workers' Compensation Insurance		1,500	
Other Charges		400	
Office Equipment		862	
Total Reappraisal Program	\$		101,697

County Trustee's Office

County Official/Administrative Officer	\$	70,263	
Assistant(s)		32,594	
Deputy(ies)		74,685	
Part-time Personnel		12,674	
Longevity Pay		600	
Social Security		11,141	
Pensions		11,579	
Employee and Dependent Insurance		42,529	
Life Insurance		271	
Employer Medicare		2,605	
Communication		5,754	
Dues and Memberships		685	
Operating Lease Payments		1,716	
Legal Notices, Recording, and Court Costs		416	
Maintenance Agreements		8,850	
Postal Charges		3,524	
Travel		1,569	
Other Contracted Services		21,795	
Office Supplies		5,338	
Workers' Compensation Insurance		4,400	
Other Charges		1,212	
Office Equipment		3,402	
Other Capital Outlay		9,521	
Total County Trustee's Office			327,123

County Clerk's Office

County Official/Administrative Officer	\$	70,263
Assistant(s)		35,000
Deputy(ies)		185,268
Part-time Personnel		12,364
Longevity Pay		10,625

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Social Security	\$	18,130	
Pensions		18,275	
Employee and Dependent Insurance		69,819	
Life Insurance		484	
Employer Medicare		4,329	
Communication		7,706	
Dues and Memberships		825	
Operating Lease Payments		1,768	
Legal Notices, Recording, and Court Costs		143	
Maintenance Agreements		941	
Maintenance and Repair Services - Office Equipment		22,280	
Postal Charges		8,618	
Travel		1,598	
Office Supplies		9,569	
Workers' Compensation Insurance		9,900	
Other Charges		290	
Office Equipment		3,054	
Total County Clerk's Office			\$ 491,249

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	70,263	
Assistant(s)		33,500	
Deputy(ies)		462,242	
Part-time Personnel		26,568	
Longevity Pay		16,700	
Other Salaries and Wages		33,372	
Board and Committee Members Fees		1,400	
Jury and Witness Expense		20,636	
Social Security		38,059	
Pensions		39,795	
Employee and Dependent Insurance		148,043	
Life Insurance		1,021	
Employer Medicare		8,924	
Communication		16,092	
Operating Lease Payments		3,844	
Legal Notices, Recording, and Court Costs		234	
Maintenance Agreements		35,324	
Postal Charges		5,424	
Printing, Stationery, and Forms		5,672	
Travel		5,161	
Office Supplies		18,033	
Workers' Compensation Insurance		15,500	
Other Charges		6,581	
Data Processing Equipment		3,625	
Office Equipment		4,328	
Total Circuit Court			1,020,341

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge

Judge(s)	\$	153,092	
Secretary(ies)		30,340	
Longevity Pay		1,800	
Social Security		9,367	
Pensions		12,057	
Employee and Dependent Insurance		14,164	
Life Insurance		114	
Employer Medicare		2,645	
Communication		5,220	
Dues and Memberships		475	
Operating Lease Payments		1,325	
Maintenance Agreements		2,587	
Travel		1,272	
Other Contracted Services		1,075	
Library Books/Media		78	
Office Supplies		1,306	
Workers' Compensation Insurance		6,500	
Furniture and Fixtures		400	
Office Equipment		99	
Other Equipment		2,243	
Total General Sessions Judge			\$ 246,159

Chancery Court

County Official/Administrative Officer	\$	70,263	
Deputy(ies)		67,996	
Part-time Personnel		4,066	
Longevity Pay		3,500	
Social Security		8,300	
Pensions		8,778	
Employee and Dependent Insurance		26,484	
Life Insurance		180	
Employer Medicare		1,941	
Communication		6,848	
Dues and Memberships		843	
Maintenance Agreements		2,411	
Maintenance and Repair Services - Office Equipment		500	
Postal Charges		3,000	
Office Supplies		8,170	
Workers' Compensation Insurance		5,500	
Data Processing Equipment		11,843	
Office Equipment		9,743	
Total Chancery Court			240,366

Probate Court

Deputy(ies)	\$	28,638	
Longevity Pay		2,300	
Social Security		1,543	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probate Court (Cont.)

Pensions	\$	1,985	
Employee and Dependent Insurance		9,622	
Life Insurance		57	
Employer Medicare		361	
Communication		685	
Maintenance and Repair Services - Office Equipment		30	
Postal Charges		400	
Office Supplies		1,816	
Office Equipment		888	
Total Probate Court			\$ 48,325

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	82,370
Assistant(s)		47,789
Supervisor/Director		57,088
Deputy(ies)		474,385
Investigator(s)		207,716
Captain(s)		265,982
Sergeant(s)		161,118
Accountants/Bookkeepers		29,890
Mechanic(s)		39,829
Secretary(ies)		30,495
Clerical Personnel		42,211
Part-time Personnel		22,164
School Resource Officer		238,828
Longevity Pay		19,392
Overtime Pay		55,015
Other Salaries and Wages		113,065
In-service Training		50,400
Social Security		114,378
Pensions		117,331
Employee and Dependent Insurance		385,322
Life Insurance		2,470
Employer Medicare		26,774
Communication		37,577
Dues and Memberships		4,470
Operating Lease Payments		3,652
Maintenance Agreements		6,321
Maintenance and Repair Services - Vehicles		36,661
Postal Charges		2,560
Travel		10,620
Tuition		7,575
Garage Supplies		790
Gasoline		110,261
Lubricants		3,797
Office Supplies		15,840

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Tires and Tubes	\$	14,079	
Uniforms		30,539	
Vehicle Parts		27,970	
Workers' Compensation Insurance		65,000	
Other Charges		9,956	
Communication Equipment		3,008	
Law Enforcement Equipment		40,157	
Motor Vehicles		137,593	
Office Equipment		4,779	
Total Sheriff's Department			\$ 3,157,217

Administration of the Sexual Offender Registry

Other Charges	\$	2,501	
Total Administration of the Sexual Offender Registry			2,501

Jail

Assistant(s)	\$	47,789	
Lieutenant(s)		79,571	
Sergeant(s)		181,189	
Accountants/Bookkeepers		29,890	
Guards		611,907	
Cafeteria Personnel		39,623	
Part-time Personnel		188,436	
Longevity Pay		9,525	
Overtime Pay		56,827	
Social Security		74,713	
Pensions		59,364	
Employee and Dependent Insurance		204,271	
Life Insurance		1,530	
Employer Medicare		17,474	
Communication		2,315	
Maintenance Agreements		7,956	
Maintenance and Repair Services - Buildings		3,446	
Maintenance and Repair Services - Equipment		983	
Travel		5,652	
Custodial Supplies		30,406	
Drugs and Medical Supplies		323,545	
Electricity		61,133	
Food Preparation Supplies		3,332	
Food Supplies		271,501	
Natural Gas		19,626	
Office Supplies		1,434	
Prisoners Clothing		5,607	
Water and Sewer		58,543	
Other Supplies and Materials		165	
Workers' Compensation Insurance		35,000	
Other Charges		24,575	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Building Improvements	\$	1,661	
Law Enforcement Equipment		3,549	
Office Equipment		10	
Other Equipment		1,484	
Total Jail			\$ 2,464,032

Juvenile Services

Supervisor/Director	\$	32,255	
Youth Service Officer(s)		28,543	
Longevity Pay		2,000	
Social Security		3,359	
Pensions		4,094	
Employee and Dependent Insurance		20,644	
Life Insurance		114	
Employer Medicare		785	
Communication		990	
Dues and Memberships		525	
Postal Charges		196	
Travel		1,545	
Other Contracted Services		7,200	
Office Supplies		2,908	
Total Juvenile Services			105,158

Commissary

Accountants/Bookkeepers	\$	29,890	
Social Security		1,795	
Pensions		1,949	
Employee and Dependent Insurance		7,082	
Life Insurance		57	
Employer Medicare		420	
Communication		1,323	
Food Supplies		142,404	
Office Supplies		851	
Other Charges		436	
Office Equipment		2,500	
Total Commissary			188,707

Fire Prevention and Control

Contributions	\$	22,376	
Liability Insurance		8,400	
Vehicle and Equipment Insurance		61,100	
Workers' Compensation Insurance		22,500	
Other Charges		136,000	
Total Fire Prevention and Control			250,376

Rescue Squad

Contributions	\$	55,000	
Total Rescue Squad			55,000

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Other Salaries and Wages	\$	11,849	
Social Security		743	
Pensions		303	
Employee and Dependent Insurance		137	
Employer Medicare		174	
Communication		10,364	
Maintenance and Repair Services - Vehicles		2,643	
Office Supplies		2,026	
Uniforms		829	
Other Charges		13,998	
Total Other Emergency Management			\$ 43,066

County Coroner/Medical Examiner

Assistant(s)	\$	1,400	
Supervisor/Director		13,250	
Other Charges		51,529	
Total County Coroner/Medical Examiner			66,179

Other Public Safety

Contributions	\$	162,000	
Total Other Public Safety			162,000

Public Health and Welfare

Local Health Center

Communication	\$	7,248	
Dues and Memberships		200	
Operating Lease Payments		2,746	
Maintenance Agreements		3,707	
Maintenance and Repair Services - Office Equipment		3,000	
Postal Charges		1,977	
Other Contracted Services		13,000	
Custodial Supplies		309	
Drugs and Medical Supplies		979	
Office Supplies		9,103	
Other Charges		44,548	
Total Local Health Center			86,817

Rabies and Animal Control

Assistant(s)	\$	22,125	
Supervisor/Director		30,307	
Part-time Personnel		14,874	
Social Security		4,109	
Pensions		2,614	
Employee and Dependent Insurance		8,755	
Life Insurance		70	
Employer Medicare		961	
Communication		4,948	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Maintenance and Repair Services - Vehicles	\$	18	
Rentals		8,400	
Travel		510	
Veterinary Services		53,119	
Custodial Supplies		2,671	
Electricity		8,465	
Gasoline		348	
Natural Gas		574	
Office Supplies		580	
Water and Sewer		475	
Workers' Compensation Insurance		1,800	
Other Charges		6,048	
Total Rabies and Animal Control	\$		171,771

Ambulance/Emergency Medical Services

Supervisor/Director	\$	55,688	
Paraprofessionals		1,706,669	
Secretary(ies)		60,457	
Longevity Pay		20,883	
Social Security		108,983	
Pensions		112,702	
Employee and Dependent Insurance		313,990	
Life Insurance		2,076	
Employer Medicare		25,489	
Communication		17,648	
Contracts with Private Agencies		5,474	
Evaluation and Testing		426	
Operating Lease Payments		1,500	
Licenses		3,481	
Maintenance Agreements		2,210	
Maintenance and Repair Services - Equipment		6,100	
Maintenance and Repair Services - Vehicles		35,346	
Postal Charges		282	
Travel		2,008	
Tuition		9,248	
Other Contracted Services		129,129	
Custodial Supplies		1,922	
Diesel Fuel		59,010	
Drugs and Medical Supplies		118,990	
Electricity		8,085	
Natural Gas		2,090	
Office Supplies		1,725	
Tires and Tubes		7,423	
Uniforms		11,526	
Water and Sewer		1,202	
Workers' Compensation Insurance		82,280	
Other Charges		5,153	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Motor Vehicles	\$	102,316	
Office Equipment		72	
Health Equipment		289	
Total Ambulance/Emergency Medical Services			\$ 3,021,872

Dental Health Program

Assistant(s)	\$	101,599	
Deputy(ies)		41,045	
Medical Personnel		136,265	
Salary Supplements		11,673	
Clerical Personnel		14,085	
Longevity Pay		2,800	
Other Salaries and Wages		62,658	
In-service Training		150	
Social Security		22,420	
Pensions		15,060	
Employee and Dependent Insurance		30,679	
Life Insurance		233	
Employer Medicare		5,244	
Communication		3,584	
Dues and Memberships		894	
Maintenance and Repair Services - Equipment		2,228	
Postal Charges		397	
Other Contracted Services		12,300	
Drugs and Medical Supplies		54,804	
Gasoline		86	
Office Supplies		3,951	
Other Supplies and Materials		1,441	
Liability Insurance		4,329	
Workers' Compensation Insurance		8,300	
In Service/Staff Development		690	
Other Charges		314	
Office Equipment		936	
Health Equipment		16,311	
Total Dental Health Program			554,476

Alcohol and Drug Programs

Other Charges	\$	9,323	
Total Alcohol and Drug Programs			9,323

Crippled Children Services

Contributions	\$	1,995	
Total Crippled Children Services			1,995

Other Local Health Services

Assistant(s)	\$	29,605	
Deputy(ies)		26,815	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Teachers	\$	32,296	
Guidance Personnel		12,798	
Social Workers		9,269	
Secretary(ies)		23,210	
Attendants		27,439	
Longevity Pay		2,800	
Social Security		9,350	
Pensions		7,116	
Employee and Dependent Insurance		39,773	
Life Insurance		218	
Employer Medicare		2,187	
Travel		10,524	
Liability Insurance		1,856	
Workers' Compensation Insurance		4,585	
Total Other Local Health Services			\$ 239,841

General Welfare Assistance

Social Workers	\$	27,868	
Longevity Pay		2,400	
Social Security		1,840	
Pensions		1,970	
Employee and Dependent Insurance		7,282	
Life Insurance		57	
Employer Medicare		430	
Pauper Burials		750	
Workers' Compensation Insurance		687	
Total General Welfare Assistance			43,284

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	30,000	
Other Contracted Services		8,000	
Total Senior Citizens Assistance			38,000

Libraries

Contributions	\$	113,374	
Maintenance Agreements		8,817	
Total Libraries			122,191

Other Social, Cultural, and Recreational

Contributions	\$	159,850	
Total Other Social, Cultural, and Recreational			159,850

Agriculture and Natural Resources

Agricultural Extension Service

County Official/Administrative Officer	\$	13,869	
Assistant(s)		15,396	

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Supervisor/Director	\$	12,639	
Clerical Personnel		5,035	
Other Salaries and Wages		9,861	
Social Security		3,401	
Pensions		9,777	
Employer Medicare		795	
Communication		2,484	
Travel		1,199	
Office Supplies		344	
Total Agricultural Extension Service			\$ 74,800

Soil Conservation

Secretary(ies)	\$	26,959	
Other Salaries and Wages		9,703	
Social Security		2,251	
Pensions		1,755	
Employee and Dependent Insurance		7,082	
Life Insurance		57	
Employer Medicare		526	
Contributions		2,042	
Dues and Memberships		731	
Workers' Compensation Insurance		624	
Total Soil Conservation			51,730

Flood Control

Contributions	\$	2,000	
Total Flood Control			2,000

Other Operations

Tourism

Supervisor/Director	\$	37,656	
Custodial Personnel		3,050	
Part-time Personnel		26,278	
Social Security		3,836	
Pensions		2,455	
Employee and Dependent Insurance		7,182	
Life Insurance		57	
Employer Medicare		968	
Advertising		36,992	
Communication		7,671	
Dues and Memberships		2,810	
Operating Lease Payments		595	
Maintenance Agreements		3,009	
Maintenance and Repair Services - Vehicles		39	
Postal Charges		810	
Travel		13,662	
Custodial Supplies		835	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Tourism (Cont.)

Electricity	\$	3,867	
Office Supplies		2,047	
Water and Sewer		1,080	
Other Supplies and Materials		36,885	
Workers' Compensation Insurance		1,781	
Other Charges		2,347	
Total Tourism			\$ 195,912

Industrial Development

Supervisor/Director	\$	61,889	
Secretary(ies)		31,671	
Longevity Pay		1,100	
Social Security		5,774	
Pensions		6,160	
Employee and Dependent Insurance		19,315	
Life Insurance		114	
Employer Medicare		1,350	
Advertising		5,083	
Communication		3,136	
Consultants		6,850	
Dues and Memberships		4,100	
Legal Services		1,854	
Maintenance and Repair Services - Vehicles		1,919	
Postal Charges		232	
Travel		9,932	
Gasoline		301	
Office Supplies		4,893	
Tires and Tubes		192	
Workers' Compensation Insurance		2,500	
Other Charges		133,494	
Motor Vehicles		11,500	
Office Equipment		2,073	
Total Industrial Development			315,432

Airport

Supervisor/Director	\$	30,900	
Social Security		1,871	
Pensions		2,015	
Employee and Dependent Insurance		5,509	
Life Insurance		44	
Employer Medicare		438	
Communication		6,173	
Maintenance and Repair Services - Equipment		2,034	
Travel		586	
Other Contracted Services		781,510	
Electricity		12,861	
Gasoline		131,706	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Water and Sewer	\$	954	
Other Supplies and Materials		14,047	
Liability Insurance		1,854	
Other Charges		9,777	
Total Airport			\$ 1,002,279

Veterans' Services

Supervisor/Director	\$	18,118	
Social Security		1,123	
Employer Medicare		263	
Communication		724	
Contracts with Private Agencies		399	
Postal Charges		75	
Travel		1,070	
Office Supplies		266	
Total Veterans' Services			22,038

Contributions to Other Agencies

Contributions	\$	6,882	
Total Contributions to Other Agencies			6,882

Employee Benefits

Employee and Dependent Insurance	\$	2,138	
Unemployment Compensation		25,502	
Total Employee Benefits			27,640

Miscellaneous

On-behalf Payments to OPEB	\$	2,675	
Total Miscellaneous			2,675

Capital Projects

Public Safety Projects

Other Charges	\$	1,381	
Total Public Safety Projects			1,381

Total General Fund \$ 18,722,205

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$	52,823	
Laborers		63,753	
Clerical Personnel		27,649	
Longevity Pay		4,800	
Social Security		8,642	
Pensions		8,552	
Employee and Dependent Insurance		32,046	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Life Insurance	\$	205	
Employer Medicare		2,021	
Advertising		2,149	
Communication		6,591	
Contracts with Private Agencies		286,671	
Dues and Memberships		1,226	
Operating Lease Payments		1,526	
Maintenance and Repair Services - Equipment		5,323	
Travel		1,168	
Gasoline		12,600	
Office Supplies		1,234	
Tires and Tubes		2,576	
Utilities		6,315	
Other Supplies and Materials		1,683	
Trustee's Commission		21,270	
Other Charges		3,597	
Total Sanitation Education/Information			\$ 554,420

Convenience Centers

Attendants	\$	149,071	
Longevity Pay		4,500	
Social Security		8,838	
Pensions		7,759	
Employee and Dependent Insurance		31,355	
Life Insurance		276	
Employer Medicare		2,200	
Communication		1,683	
Maintenance and Repair Services - Equipment		7,104	
Other Contracted Services		211,890	
Crushed Stone		971	
Pipe - Concrete		25	
Small Tools		600	
Utilities		3,552	
Other Supplies and Materials		6,085	
Building and Contents Insurance		58,000	
Liability Insurance		6,907	
Workers' Compensation Insurance		10,000	
Other Charges		4,886	
Office Equipment		645	
Solid Waste Equipment		13,848	
Total Convenience Centers			530,195

Postclosure Care Costs

Testing	\$	12,000	
Other Charges		894	
Total Postclosure Care Costs			12,894

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Highways

Litter and Trash Collection

Laborers	\$	57,173	
Social Security		3,465	
Pensions		3,663	
Employee and Dependent Insurance		13,735	
Life Insurance		109	
Employer Medicare		811	
Contracts with Other Public Agencies		5,620	
Other Charges		5,580	
Total Litter and Trash Collection			\$ 90,156

Total Solid Waste/Sanitation Fund \$ 1,187,665

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	78,806	
Longevity Pay		1,233	
Social Security		4,597	
Pensions		5,219	
Employee and Dependent Insurance		19,155	
Life Insurance		114	
Employer Medicare		1,075	
Communication		1,561	
Confidential Drug Enforcement Payments		20,000	
Dues and Memberships		1,330	
Tuition		4,000	
Veterinary Services		492	
Animal Food and Supplies		1,279	
Office Supplies		30	
Trustee's Commission		175	
Other Charges		13,303	
Total Drug Enforcement			\$ 152,369

Total Drug Control Fund 152,369

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	9,077	
Total County Trustee's Office			\$ 9,077

Total Constitutional Officers - Fees Fund 9,077

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	77,290	
--	----	--------	--

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Accountants/Bookkeepers	\$	31,794	
Secretary(ies)		31,794	
Longevity Pay		1,100	
Social Security		8,139	
Pensions		9,240	
Employee and Dependent Insurance		27,203	
Life Insurance		171	
Employer Medicare		1,903	
Communication		7,542	
Dues and Memberships		3,294	
Legal Services		4,576	
Legal Notices, Recording, and Court Costs		235	
Maintenance and Repair Services - Office Equipment		2,338	
Postal Charges		292	
Travel		404	
Other Contracted Services		3,756	
Electricity		15,361	
Office Supplies		1,409	
Water and Sewer		5,706	
Other Charges		2,700	
Total Administration			\$ 236,247

Highway and Bridge Maintenance

Foremen	\$	40,304	
Laborers		765,430	
Part-time Personnel		57,629	
Longevity Pay		9,883	
Overtime Pay		7,085	
Social Security		51,525	
Pensions		51,061	
Employee and Dependent Insurance		218,640	
Life Insurance		1,511	
Employer Medicare		12,051	
Engineering Services		42,029	
Other Contracted Services		9,591	
Asphalt - Hot Mix		565,237	
Asphalt - Liquid		77,778	
Crushed Stone		127,292	
Other Road Materials		38,072	
Pipe - Metal		44,258	
Road Signs		9,957	
Salt		44,761	
Uniforms		13,186	
Motor Vehicles		67,962	
Total Highway and Bridge Maintenance			2,255,242

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Foremen	\$	47,279	
Mechanic(s)		34,087	
Longevity Pay		3,000	
Social Security		5,123	
Pensions		4,688	
Employee and Dependent Insurance		14,069	
Life Insurance		109	
Employer Medicare		1,193	
Diesel Fuel		102,598	
Equipment and Machinery Parts		130,231	
Garage Supplies		9,224	
Gasoline		154,295	
Lubricants		5,914	
Tires and Tubes		29,124	
Other Supplies and Materials		1,779	
Total Operation and Maintenance of Equipment			\$ 542,713

Other Charges

Building and Contents Insurance	\$	188,089	
Liability Insurance		3,593	
Trustee's Commission		42,955	
Workers' Compensation Insurance		42,350	
Total Other Charges			276,987

Employee Benefits

Unemployment Compensation	\$	9,687	
Total Employee Benefits			9,687

Capital Outlay

Bridge Construction	\$	162,789	
Highway Equipment		110,053	
Site Development		4,846	
State Aid Projects		174,078	
Total Capital Outlay			451,766

Total Highway/Public Works Fund \$ 3,772,642

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	310,912	
Principal on Notes		423,000	
Principal on Other Loans		1,372,188	
Total General Government			\$ 2,106,100

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 946,787	
Interest on Notes	3,659	
Interest on Other Loans	<u>996,367</u>	
Total General Government		\$ 1,946,813

Other Debt Service

General Government

Trustee's Commission	\$ 91,015	
Other Debt Service	<u>334,799</u>	
Total General Government		425,814

Education

Underwriter's Discount	\$ 65,301	
Other Debt Issuance Charges	<u>84,017</u>	
Total Education		<u>149,318</u>

Total General Debt Service Fund \$ 4,628,045

General Capital Projects Fund

General Government

County Buildings

Communication Equipment	\$ 76,694	
Total County Buildings		\$ 76,694

Capital Projects

Public Safety Projects

Architects	\$ 258,005	
Engineering Services	<u>453,241</u>	
Total Public Safety Projects		<u>711,246</u>

Total General Capital Projects Fund 787,940

Total Governmental Funds - Primary Government \$ 29,259,943

Exhibit K-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 11,752,874	
Career Ladder Program	78,925	
Career Ladder Extended Contracts	23,000	
Homebound Teachers	16,240	
Educational Assistants	594,674	
Bonus Payments	77,700	
Other Salaries and Wages	230,797	
Certified Substitute Teachers	11,252	
Non-certified Substitute Teachers	154,373	
Social Security	758,987	
Pensions	1,094,633	
Employee and Dependent Insurance	9,653	
Life Insurance	16,396	
Medical Insurance	2,740,372	
Employer Medicare	181,338	
Other Contracted Services	23,770	
Instructional Supplies and Materials	121,715	
Textbooks	50,654	
Other Supplies and Materials	27,759	
In Service/Staff Development	950	
Fee Waivers	53,582	
Other Charges	9,008	
Total Regular Instruction Program		\$ 18,028,652

Alternative Instruction Program

Teachers	\$ 44,918	
Educational Assistants	11,578	
Social Security	3,491	
Pensions	4,061	
Life Insurance	57	
Employer Medicare	816	
Total Alternative Instruction Program		64,921

Special Education Program

Teachers	\$ 1,377,457
Career Ladder Program	9,500
Homebound Teachers	14,825
Educational Assistants	465,420
Speech Pathologist	160,611
Other Salaries and Wages	77,569
Certified Substitute Teachers	750
Non-certified Substitute Teachers	59,613
Social Security	129,126
Pensions	165,541
Life Insurance	3,210
Medical Insurance	535,553

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	30,225	
Contracts with Other Public Agencies		291,764	
Operating Lease Payments		3,187	
Other Contracted Services		864	
Instructional Supplies and Materials		50,436	
Other Supplies and Materials		19,083	
Special Education Equipment		53,318	
Total Special Education Program			\$ 3,448,052

Vocational Education Program

Teachers	\$	1,097,624	
Career Ladder Program		6,000	
Longevity Pay		500	
Other Salaries and Wages		35,092	
Certified Substitute Teachers		650	
Non-certified Substitute Teachers		13,954	
Social Security		69,331	
Pensions		101,863	
Life Insurance		1,492	
Medical Insurance		279,511	
Employer Medicare		16,221	
Instructional Supplies and Materials		50,606	
Total Vocational Education Program			1,672,844

Support Services

Attendance

Supervisor/Director	\$	45,076	
Social Security		2,795	
Pensions		4,075	
Life Insurance		46	
Medical Insurance		5,191	
Employer Medicare		654	
Other Supplies and Materials		73	
Total Attendance			57,910

Health Services

Supervisor/Director	\$	49,382	
Career Ladder Program		1,000	
Data Processing Personnel		35,092	
Social Workers		45,980	
Medical Personnel		95,300	
Paraprofessionals		436,168	
Clerical Personnel		60,920	
Longevity Pay		1,040	
Other Salaries and Wages		48,156	
Social Security		44,346	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Pensions	\$	43,170	
Employee and Dependent Insurance		1,785	
Life Insurance		1,141	
Medical Insurance		181,451	
Employer Medicare		10,692	
Operating Lease Payments		3,811	
Maintenance and Repair Services - Equipment		978	
Travel		3,267	
Other Contracted Services		5,073	
Drugs and Medical Supplies		664	
Other Supplies and Materials		25,089	
In Service/Staff Development		5,278	
Other Charges		15,511	
Health Equipment		12,884	
Total Health Services			\$ 1,128,178

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		469,551	
School Resource Officer		167,645	
Longevity Pay		2,100	
Social Security		39,014	
Pensions		53,604	
Life Insurance		854	
Medical Insurance		118,101	
Employer Medicare		9,189	
Other Fringe Benefits		240	
Evaluation and Testing		11,321	
Other Contracted Services		76,234	
Workers' Compensation Insurance		3,293	
In Service/Staff Development		1,818	
Total Other Student Support			954,964

Regular Instruction Program

Supervisor/Director	\$	269,883	
Career Ladder Program		7,400	
Librarians		539,407	
Other Salaries and Wages		15,331	
Social Security		46,513	
Pensions		69,559	
Life Insurance		828	
Medical Insurance		138,014	
Employer Medicare		11,710	
Travel		5,219	
Library Books/Media		14,593	
Total Regular Instruction Program			1,118,457

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	74,282	
Career Ladder Program		1,000	
Psychological Personnel		118,722	
Assessment Personnel		108,482	
Secretary(ies)		25,083	
Longevity Pay		500	
Other Salaries and Wages		29,610	
Social Security		21,806	
Pensions		31,660	
Life Insurance		342	
Medical Insurance		50,343	
Employer Medicare		5,094	
Maintenance and Repair Services - Equipment		4,129	
Travel		7,116	
Other Contracted Services		11,031	
Other Supplies and Materials		7,882	
In Service/Staff Development		25,832	
Total Special Education Program	\$		522,914

Vocational Education Program

Career Ladder Program	\$	1,200	
Employer Medicare		17	
Total Vocational Education Program			1,217

Other Programs

Instructional Computer Personnel	\$	116,808	
Other Salaries and Wages		95,444	
Social Security		12,893	
Pensions		15,400	
Life Insurance		274	
Medical Insurance		33,985	
Employer Medicare		3,015	
On-behalf Payments to OPEB		178,028	
Communication		24,637	
Data Processing Services		24,550	
Dues and Memberships		60	
Maintenance and Repair Services - Equipment		149,108	
Travel		5,599	
Other Contracted Services		150,163	
Library Books/Media		29,936	
Motor Vehicles		4,650	
Total Other Programs			844,550

Board of Education

Secretary to Board	\$	4,491	
Board and Committee Members Fees		39,134	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Social Security	\$	1,823	
Pensions		293	
Life Insurance		456	
Unemployment Compensation		32,899	
Employer Medicare		628	
Other Fringe Benefits		159,946	
Audit Services		14,800	
Dues and Memberships		11,196	
Legal Services		17,968	
Travel		17,316	
Trustee's Commission		209,853	
Workers' Compensation Insurance		203,776	
In Service/Staff Development		2,684	
Other Charges		58	
Total Board of Education			\$ 717,321

Director of Schools

County Official/Administrative Officer	\$	97,276	
Career Ladder Program		1,167	
Secretary(ies)		38,522	
Clerical Personnel		62,288	
Longevity Pay		1,400	
Social Security		12,123	
Pensions		15,669	
Life Insurance		228	
Medical Insurance		44,899	
Employer Medicare		2,835	
Communication		29,288	
Dues and Memberships		3,500	
Operating Lease Payments		6,853	
Maintenance and Repair Services - Equipment		3,090	
Postal Charges		3,190	
Travel		2,552	
Other Contracted Services		649	
Office Supplies		1,950	
Other Charges		4,661	
Total Director of Schools			332,140

Office of the Principal

Principals	\$	826,773	
Career Ladder Program		8,000	
Assistant Principals		338,365	
Secretary(ies)		276,945	
Longevity Pay		3,990	
Social Security		84,576	
Pensions		120,724	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Employee and Dependent Insurance	\$	1,343	
Life Insurance		1,757	
Medical Insurance		289,574	
Employer Medicare		20,271	
Communication		36,291	
Operating Lease Payments		12,934	
Maintenance and Repair Services - Equipment		602	
Total Office of the Principal			\$ 2,022,145

Operation of Plant

Custodial Personnel	\$	742,350	
Longevity Pay		6,910	
Overtime Pay		3,477	
Other Salaries and Wages		26,479	
Social Security		46,701	
Pensions		46,438	
Life Insurance		1,630	
Medical Insurance		250,854	
Employer Medicare		10,963	
Other Contracted Services		127,932	
Custodial Supplies		157,552	
Electricity		1,169,009	
Natural Gas		213,365	
Water and Sewer		152,127	
Building and Contents Insurance		367,795	
Other Charges		540	
Plant Operation Equipment		2,020	
Total Operation of Plant			3,326,142

Maintenance of Plant

Supervisor/Director	\$	38,250	
Secretary(ies)		32,792	
Maintenance Personnel		288,090	
Longevity Pay		3,000	
Overtime Pay		2,310	
Social Security		22,081	
Pensions		22,171	
Life Insurance		656	
Medical Insurance		77,387	
Employer Medicare		5,164	
Maintenance and Repair Services - Buildings		207,828	
Maintenance and Repair Services - Equipment		48,637	
Travel		2,475	
Other Contracted Services		16,609	
Other Supplies and Materials		318,717	
Maintenance Equipment		29,502	
Total Maintenance of Plant			1,115,669

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	71,209	
Social Security		4,415	
Pensions		6,437	
Life Insurance		57	
Medical Insurance		6,584	
Employer Medicare		1,033	
Communication		383	
Contracts with Vehicle Owners		1,794,585	
Maintenance and Repair Services - Vehicles		164,690	
Printing, Stationery, and Forms		2,687	
Other Contracted Services		8,502	
Diesel Fuel		19,983	
Other Supplies and Materials		12,845	
Other Charges		4,930	
Transportation Equipment		58,900	
Total Transportation			\$ 2,157,240

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	11,592	
Social Security		719	
Pensions		1,048	
Employee and Dependent Insurance		2,630	
Medical Insurance		332,508	
Employer Medicare		168	
Communication		600	
Travel		438	
Total Food Service			349,703

Community Services

Supervisor/Director	\$	24,901	
Social Security		1,330	
Pensions		1,624	
Life Insurance		56	
Medical Insurance		14,176	
Employer Medicare		311	
Other Charges		220	
Total Community Services			42,618

Early Childhood Education

Supervisor/Director	\$	14,478	
Teachers		140,037	
Educational Assistants		46,882	
Non-certified Substitute Teachers		2,676	
Social Security		12,284	
Pensions		16,763	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education (Cont.)

Life Insurance	\$	361	
Medical Insurance		35,574	
Employer Medicare		2,877	
Instructional Supplies and Materials		40,350	
In Service/Staff Development		2,353	
Total Early Childhood Education			\$ 314,635

Total General Purpose School Fund \$ 38,220,272

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	279,551	
Educational Assistants		362,961	
Non-certified Substitute Teachers		12,950	
Social Security		38,635	
Pensions		44,463	
Life Insurance		1,184	
Medical Insurance		167,136	
Employer Medicare		9,264	
Other Contracted Services		83,966	
Instructional Supplies and Materials		28,963	
Other Supplies and Materials		6,065	
Regular Instruction Equipment		103,685	
Total Regular Instruction Program			\$ 1,138,823

Special Education Program

Teachers	\$	174,492	
Educational Assistants		475,902	
Other Salaries and Wages		15,114	
Social Security		39,052	
Pensions		41,106	
Employee and Dependent Insurance		1,785	
Life Insurance		1,436	
Medical Insurance		221,107	
Employer Medicare		9,237	
Other Contracted Services		1,463	
Instructional Supplies and Materials		38,411	
Special Education Equipment		1,930	
Total Special Education Program			1,021,035

Vocational Education Program

Other Supplies and Materials	\$	9,863	
Vocational Instruction Equipment		82,482	
Total Vocational Education Program			92,345

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services

Other Student Support

Guidance Personnel	\$	21,127	
Other Salaries and Wages		39,607	
Social Security		3,672	
Pensions		4,440	
Life Insurance		92	
Medical Insurance		7,419	
Employer Medicare		859	
Travel		10,833	
Other Supplies and Materials		4,809	
In Service/Staff Development		13,056	
Other Charges		10,799	
Total Other Student Support			\$ 116,713

Regular Instruction Program

Supervisor/Director	\$	68,755	
Secretary(ies)		31,278	
Longevity Pay		500	
Other Salaries and Wages		321,096	
In-service Training		9,495	
Social Security		24,517	
Pensions		35,216	
Life Insurance		283	
Medical Insurance		46,220	
Employer Medicare		6,115	
Operating Lease Payments		7,076	
Travel		5,766	
Other Supplies and Materials		2,682	
In Service/Staff Development		35,679	
Other Equipment		7,458	
Total Regular Instruction Program			602,136

Special Education Program

Psychological Personnel	\$	122,707	
Clerical Personnel		22,040	
Longevity Pay		30	
Social Security		8,932	
Pensions		12,748	
Life Insurance		171	
Medical Insurance		24,195	
Employer Medicare		2,089	
Travel		384	
Other Supplies and Materials		13,537	
In Service/Staff Development		27,452	
Total Special Education Program			234,285

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Supervisor/Director	\$	3,894	
Employer Medicare		56	
Travel		1,242	
In Service/Staff Development		2,490	
Total Vocational Education Program			\$ 7,682

Transportation

Other Contracted Services	\$	12,855	
Total Transportation			<u>12,855</u>

Total School Federal Projects Fund \$ 3,225,874

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	35,712	
Clerical Personnel		50,477	
Cafeteria Personnel		702,148	
Longevity Pay		10,860	
Other Salaries and Wages		73,378	
Social Security		50,850	
Pensions		41,683	
Life Insurance		2,132	
Employer Medicare		11,690	
Communication		10,875	
Maintenance and Repair Services - Equipment		7,549	
Other Contracted Services		22,345	
Food Supplies		1,233,436	
USDA - Commodities		155,274	
Other Supplies and Materials		116,307	
In Service/Staff Development		1,885	
Other Charges		750	
Food Service Equipment		47,687	
Total Food Service			<u>\$ 2,575,038</u>

Total Central Cafeteria Fund 2,575,038

Total Governmental Funds - Monroe County School Department \$ 44,021,184

Exhibit K-9

Monroe County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2016

	Cities - Sales Tax Fund	City School ADA - Sweetwater Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,135,744	\$ 1,135,744
Trustee's Collections - Prior Years	0	48,194	48,194
Circuit/Clerk and Master Collections - Prior Years	0	36,127	36,127
Interest and Penalty	0	9,546	9,546
Payments in-Lieu-of Taxes - T.V.A.	0	10,482	10,482
Payments in-Lieu-of Taxes - Local Utilities	0	134,676	134,676
Payments in-Lieu-of Taxes - Other	0	165	165
Local Option Sales Tax	4,226,046	1,021,304	5,247,350
Business Tax	0	27,297	27,297
Other Local Option Taxes	0	96	96
Bank Excise Tax	0	3,547	3,547
Interstate Telecommunications Tax	0	978	978
Marriage Licenses	0	731	731
Income Tax	0	11,083	11,083
Mixed Drink Tax	0	1,093	1,093
State Revenue Sharing - T.V.A.	0	100,000	100,000
Total Cash Receipts	<u>\$ 4,226,046</u>	<u>\$ 2,541,063</u>	<u>\$ 6,767,109</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,183,786	\$ 2,519,435	\$ 6,703,221
Trustee's Commission	42,260	38,057	80,317
Total Cash Disbursements	<u>\$ 4,226,046</u>	<u>\$ 2,557,492</u>	<u>\$ 6,783,538</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ (16,429)	\$ (16,429)
Cash Balance, July 1, 2015	<u>0</u>	<u>16,521</u>	<u>16,521</u>
Cash Balance, June 30, 2016	<u>\$ 0</u>	<u>\$ 92</u>	<u>\$ 92</u>

SINGLE AUDIT SECTION



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

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

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Monroe County's basic financial statements, and have issued our report thereon dated February 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monroe County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monroe County's internal control. Accordingly, we do not express an opinion on the effectiveness of Monroe County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2016-001 and 2016-002(A,C).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2016-002(B), 2016-003, 2016-004, 2016-005, 2016-006, and 2016-007.

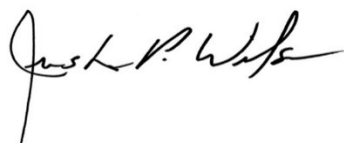
Monroe County's Responses to the Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 28, 2017

JPW/sb



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

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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Monroe County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Monroe County's major federal programs for the year ended June 30, 2016. Monroe County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Monroe County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether

noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Monroe County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Monroe County's compliance.

Opinion on Each Major Federal Program

In our opinion, Monroe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Monroe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Monroe County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Monroe County's internal control over compliance.

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

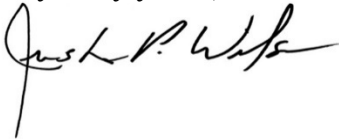
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Monroe County's basic financial statements. We issued our report thereon dated February 28, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 28, 2017

JPW/sb

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 155,274 (4)
National School Lunch Program (Commodities - Cash Assistance)	10.555	N/A	3,394 (4)
Schools and Roads - Grants to States	10.665	N/A	248,645
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	519,136
National School Lunch Program	10.555	N/A	1,489,367 (4)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	6,317
Passed-through State Department of Human Services:			
Special Supplemental Nutritional Program for Women, Infants, and Children	10.557	N/A	38,336
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	180,020
Total U.S. Department of Agriculture			<u>\$ 2,640,489</u>
U.S. Department of Military:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 391,107
Total U.S. Department of Military			<u>\$ 391,107</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(3)	\$ 32,691
Total U.S. Department of Housing and Urban Development			<u>\$ 32,691</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 144,453
Passed-through State Department of Environment and Conservation:			
Historic Preservation Fund Grants-in-Aid - Painting	15.904	(3)	11,795
Total U.S. Department of the Interior			<u>\$ 156,248</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(3)	\$ 733,883
Alcohol Open Container Requirements	20.607	Z-16-GHS242	2,295
Total U.S. Department of Transportation			<u>\$ 736,178</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 1,537,405
Special Education Cluster:			
Special Education-Grants to States	84.027	N/A	1,311,722
Special Education - Preschool Grants	84.173	N/A	28,204
Career and Technical Education - Basic Grants to States	84.048	N/A	115,536
Rural Education	84.358	N/A	85,016
Improving Teacher Quality State Grants	84.367	N/A	232,598
Total U.S. Department of Education			<u>\$ 3,310,481</u>

(Continued)

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-16-45167-00	\$ 943
Family Planning Services	93.217	(3)	10,129
National State-Based Tobacco Control Programs	93.305	(3)	6,009
Medical Assistance Program	93.778	(3)	55,363
HIV Prevention Activities Health Department Based	93.940	(3)	1,140
Maternal and Child Health Services Block Grant to the States	93.994	(3)	8,288
Total U.S. Department of Health and Human Services			<u>\$ 81,872</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - (Public Assistance)	97.036	(3)	\$ 355,190
Homeland Security Grant Program	97.067	(3)	13,998
Total U.S. Department of Homeland Security			<u>\$ 369,188</u>
Total Expenditures of Federal Grants			<u>\$ 7,718,254</u>
State Grants			
		<u>Contract Number</u>	
Juvenile Services Program - State Children's Services Commission	N/A	(3)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(3)	44,900
Waste Tire Grant - State Department of Environment and Conservation	N/A	(3)	28,267
Law Enforcement Training - State Department of Safety	N/A	(3)	24,600
Airport Maintenance - State Department of Transportation	N/A	(3)	7,778
Airport Improvement Program (State Portion) - State Department of Transportation	N/A	(3)	41,428
Vacation Guide - State Department of Tourist Development	N/A	(3)	4,000
FastTrack-Total Source Packaging - State Department of Economic and Community Development	N/A	(3)	50,220
Three Star Grant - State Department of Economic and Community Development	N/A	(3)	8,830
Disaster Grants - State Portion of 97.036 - State Department of Military	N/A	(3)	40,015
Early Childhood Education - Lottery - State Department of Education	N/A	(3)	294,398
Driver's Education - State Department of Education	N/A	(3)	30,430
Local Health Services - State Department of Health	N/A	(3)	104,574
Total State Grants			<u>\$ 688,440</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Monroe County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Total CFDA No. 10.555 is \$1,640,035.

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

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

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	195	2015-001	Discrepancies in Operations of the Monroe County Dental Clinic are Currently Being Investigated	N/A	See Separate Investigative Report for Details
2015	195	2015-002	School Federal Projects Funds were Expended Without Being Charged to a Federal Program	N/A	Corrected
2015	196	2015-003	The Office of Circuit and General Sessions Courts Clerk did not Prepare Adequate Trial Balances of the Execution Dockets	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	197	2015-004	The Office of Circuit and General Sessions Courts Clerk's Software did not have Adequate Application Controls	N/A	Corrected
2015	197	2015-005	The Offices of Sheriff had Deficiencies in the Maintenance of the Commissary Accounting Records	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	198	2015-006	The Office of Sheriff did not Deposit Some Funds Within Three Days of Collection	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	199	2015-007	The Office of Property Assessor did not Adequately Maintain Assessment Maps	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	199	2015-008	The County's Audit Committee is not a Functioning Committee		Corrected

Prior-year Federal Awards Findings

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

MONROE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553, 10.555, and 10.559 Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster: Special Education - Grants to States, and Special Education - Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit and the annual monitoring report performed by the state Division of Property Assessments for assessors of property, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses are paraphrased and presented following each finding and recommendation. The circuit and general sessions courts clerk, sheriff, and current assessor of property provided corrective action plans, which are paraphrased and presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report.

Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2016-001

THE OFFICE DID NOT PREPARE ADEQUATE TRIAL BALANCES OF THE EXECUTION DOCKETS

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

The Office of Circuit and General Sessions Courts Clerk did not provide adequate trial balances of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated*. The office began using a new court computer application in August 2013 that did not have the capability to generate a docket trial balance. At June 30, 2016, the circuit and general sessions courts clerk was able to generate listings of undisbursed receipt items. However, these listings did not reconcile with general ledger accounts for either of the courts. Also, information relating to short-term investment account activity and cash bonds was not reflected in these reports. This deficiency was in part attributable to the failure of management to ensure that the software vendor designed the system with proper computer application controls and reporting as required by state statute. The failure to accurately reconcile execution docket trial balances with the general ledger application in a timely manner could lead to inaccurate accounting records and increases the risk of misappropriation of funds. Also, this finding is the result of management not correcting the finding noted in the prior-year audit report.

RECOMMENDATION

Management should ensure the software vendor has designed the system with proper computer application controls and reporting. An accurate execution docket trial balance should be maintained for each court. This execution docket trial balance should be reconciled with general ledger accounts, and any differences should be investigated.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

I will ensure that the software vendor will complete the design system with proper computer application controls and reporting so that both the General Sessions and Circuit Courts will have a trial balance, and the vendor will complete the requirements necessary for compliance with *TCA 18-2-103*.

OFFICE OF SHERIFF

FINDING 2016-002

DEFICIENCIES EXISTED IN THE MAINTENANCE OF THE COMMISSARY ACCOUNTING RECORDS

(A. and C. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. – Noncompliance Under *Government Auditing Standards*)

The Sheriff's Department operates an in-house commissary for inmates incarcerated in the Monroe County Jail. All inmate funds are deposited into a commissary bank account maintained by employees of the Sheriff's Department. Commissary inventory is purchased through the county's General Fund, and sale proceeds are to be remitted to the county trustee on a monthly basis. We noted the following deficiencies in the operations of the commissary all of which are the result of management's failure to correct the finding noted in the prior-year audit report:

- A. Bank statements for the commissary account were not reconciled with the commissary subsidiary records. When auditors arrived to perform audit fieldwork in December 2016, no documentation of reconciliation of the bank statements for the commissary account had been maintained since November 2015, when it was reconciled with the assistance of auditors. This deficiency was caused by the failure of staff to reconcile the commissary account with commissary subsidiary records at the end of each month and the lack of management oversight. Sound business practices dictate that bank statements should be reconciled with the general ledger monthly to ensure errors are identified and corrected promptly.
- B. Proceeds from commissary operations were not remitted to the county trustee monthly. The state attorney general opined in November 1989 that profits earned from commissary operations are local revenues and should be administered as any other local revenue. Section 8-24-103, *Tennessee Code Annotated*, provides that all funds earned by the Sheriff's Department should be remitted to the county trustee monthly. In November 2015, the department remitted \$75,955 in accumulated commissary profits to the county trustee for the period May 2015 through October 2015. In April 2016, the department remitted \$65,834 for the period of November 2015 through February 2016, and in May 2016, remitted \$45,703 for the months of March and April 2016. This deficiency resulted from a lack of management oversight. The failure to remit profits to the county trustee monthly increases the risks of fraud and misappropriation of county assets.
- C. Duties were not segregated adequately among employees in the Sheriff's Department commissary operations. The employee responsible for maintaining commissary records was also involved in receipting, depositing, and/or disbursing funds. This lack of segregation of duties is considered a significant deficiency in internal controls and increases the risk of unauthorized transactions. Sound business practices dictate that management is responsible for designing internal controls to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of

operations. This deficiency was the result of management's decision based on the availability of financial resources.

Subsequent to June 30, 2016, the sheriff discontinued the local operation of the commissary and turned over its operations to Tennessee Business Enterprises (TBE), who is responsible for all operations of the Monroe County commissary, including collection of funds, purchase of inventory, and maintenance of inmate accounts.

RECOMMENDATION

Bank statements should be reconciled with commissary subsidiary records monthly, and any variances identified should be corrected promptly. Commissary profit should be remitted to the county trustee monthly. Officials should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – SHERIFF

As of September 1, 2016, in an effort to eliminate the constant problem with commissary operations, including the reconciliation of the commissary account and the lack of oversight, we entered into an agreement with the TBE to operate the commissary.

FINDING 2016-003

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

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were deposited within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected receipts from the months of November 2015 through June 2016 to trace to deposits. During this period, we noted receipts for one specific day that were held for five days before being deposited to the official bank account. After a review of the bank statements for the period, we noted some months only had four or five deposits. This deficiency was the result of a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

RECOMMENDATION

All funds should be deposited to the office bank account within three days of collection as required by state statute.

MANAGEMENT'S RESPONSE – SHERIFF

Cathy Johnson (Administrative Assistant) now collects the checks daily from the jail clerks. Bank deposits are made on Monday, Wednesday, and Friday.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 2016-004

THE ASSESSOR DID NOT MAINTAIN AN ADEQUATE PROGRAM OF SALES VERIFICATION

(Noncompliance Under *Government Auditing Standards*)

The assessor did not maintain an adequate program of sales verification. Section 67-5-1601, *Tennessee Code Annotated*, requires the assessor to maintain an adequate program of real property sales verifications in accordance with procedures and rules established by the state Board of Equalization. This deficiency can be attributed to the failure of management to maintain adequate records of sales and rejections in analyzing reappraisals, sales ratio studies, current value update programs, and other reporting services. This resulted in a lack of sufficient documentation to verify sales during reappraisals, sales ratio studies, and current value update programs.

RECOMMENDATION

The assessor should maintain an adequate program of sales verifications as required by state statute.

MANAGEMENT'S RESPONSE – CURRENT ASSESSOR OF PROPERTY MARSHA RAPER

The sales verification inadequacies occurred under the previous administration. Since I came into office on September 1, 2016, I have and will continue to address these problems and correct them to the best of my ability. I will comply with all state statutes.

FINDING 2016-005

THE OFFICE HAD DEFICIENCIES CONCERNING ROLLBACK ASSESSMENTS

(Noncompliance Under *Government Auditing Standards*)

The assessor did not assess rollback calculations in five of 12 properties tested for rollback assessment. Section, 67-5-1008(d)(1), *Tennessee Code Annotated*, requires the assessor to compute the amount of taxes saved by the difference in the present use and the value assessment for Greenbelt properties. This deficiency is the result of management's failure to properly comply with state statutes and will result in the loss of county tax revenue since the property no longer qualifies for Greenbelt classification.

RECOMMENDATION

The assessor should immediately perform rollback calculations of the property, which is disqualified from Greenbelt and notify the county trustee of the property tax adjustment.

MANAGEMENT'S RESPONSE – CURRENT ASSESSOR OF PROPERTY MARSHA RAPER

The rollback assessments had deficiencies that occurred under the previous administration. It was out of my hands due to lack of employees in the office. Since I have been elected and

have taken office on September 1, 2016, I have and will continue to address these problems and correct them to the best of my ability. I will comply with all state statutes.

FINDING 2016-006

THE ASSESSOR DID NOT ADEQUATELY MAINTAIN ASSESSMENT MAPS

(Noncompliance Under *Government Auditing Standards*)

The assessor did not adequately maintain assessment maps. During the monitoring of the assessor's mapping by the state Division of Property Assessments, numerous errors were discovered. These errors included inaccurate placement of parcel lines, inaccurate calculation of lot sizes, properties not properly identified or mapped, and duplications. Mapping procedures are outlined in the Division of Property Assessment's *Basic Mapping Manual*. This deficiency can be attributed to management's failure to follow proper mapping procedures and a lack of internal controls to ensure accurate assessments. These errors could result in the inaccurate assessment of properties.

RECOMMENDATION

The assessor should ensure all staff members who map properties are properly trained. Also, the assessor should have an adequate system of internal controls to ensure properties are properly mapped for a fair and equitable assessment.

MANAGEMENT'S RESPONSE – CURRENT ASSESSOR OF PROPERTY MARSHA RAPER

The assessment maps were not maintained correctly under the previous administration. The mapper tried to correct the maps as best she could, but was unable to correct all maps. Since I have been in office, I have and will continue to address these problems and correct them to the best of my ability. I will comply with all state statutes.

MONROE COUNTY DENTAL CLINIC

FINDING 2016-007

AN INVESTIGATION OF THE MONROE COUNTY DENTAL CLINIC RESULTED IN THE IDENTIFICATION OF A CASH SHORTAGE OF AT LEAST \$1,095 AND OTHER OPERATIONAL DEFICIENCIES

(Noncompliance Under *Government Auditing Standards*)

An investigation by the state Comptroller's Division of Investigations resulted in the identification of a cash shortage of at least \$1,095 at the Monroe County Dental Clinic. The investigation also resulted in findings relating to questionable patient account deletions, receipt alterations, account adjustments, and various operational and payroll deficiencies of the clinic. Details of the findings, recommendations, and management responses related to the investigation can be found in a report released by the Division of Investigations of the Comptroller's Office at www.comptroller.tn.gov.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

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

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

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

Corrective Action - Financial Statement Findings

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

**FINDING 2016-001 **THE OFFICE DID NOT PREPARE ADEQUATE TRIAL
BALANCES OF THE EXECUTION DOCKETS****

Response and Corrective Action Plan Prepared by:	Martha Cook, Circuit and General Sessions Courts Clerk, Monroe County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	2017
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY:	Software provider of court system working to complete trial balances printouts.

Planned Corrective Action:

I will ensure that the software vendor will complete the design system with proper computer application controls and reporting so that both the General Sessions and Circuit Courts will have a trial balance, and the vendor will complete the requirements necessary for compliance with TCA 18-2-103.

OFFICE OF SHERIFF

**FINDING 2016-002 **DEFICIENCIES EXISTED IN THE MAINTENANCE OF
THE COMMISSARY ACCOUNTING RECORDS****

Response and Corrective Action Plan Prepared by:	Tommy Jones II, Sheriff, Cathy Johnson, Administrative Assistant to Sheriff Jones, Monroe County, Tennessee
Persons Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	9/1/2016

Repeat Finding: Yes
Reason Why Corrective Action was Not Taken – PY: Not provided by management

Planned Corrective Action:

In an effort to eliminate the issues with commissary operations, Sheriff Jones entered into an agreement with the TBE on September 1, 2016, to operate the commissary. Also, the bank account for the commissary was remitted to the county trustee and then dissolved.

FINDING 2016-003 **THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**

Response and Corrective Action Plan Prepared by: Tommy Jones II, Sheriff,
Cathy Johnson,
Administrative Assistant to
Sheriff Jones, Monroe
County, Tennessee

Persons Responsible for Implementing the Corrective Action: Same
Anticipated Completion Date of Corrective Action: Immediately
Repeat Finding: Yes
Reason Why Corrective Action was Not Taken – PY: Not provided by management

Planned Corrective Action:

Checks are now collected on a daily basis and deposits are made every Monday, Wednesday, and Friday.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 2016-004 **THE ASSESSOR DID NOT MAINTAIN AN ADEQUATE PROGRAM OF SALES VERIFICATION**

Response and Corrective Action Plan Prepared by: Marsha Raper, Assessor of Property, Monroe County, Tennessee

Persons Responsible for Implementing the Corrective Action: Marsha Raper, Assessor of Property, Allison Carter Chief Deputy, Monroe County, Tennessee

Anticipated Completion Date of Corrective Action: End of the year
Repeat Finding: No
Reason Why Corrective Action was Not Taken – PY: N/A

Planned Corrective Action:

We get the deeds and send out sales verification questionnaires to determine the validity. We determine whether it is a physical difference, non-arm's length, industrial/commercial; farm/agriculture; or forest sales transaction. Also, if we need more information about the sale, we will send out questionnaires. Once they are sent back to us, we review the questionnaires, date and sign, and make necessary changes, and file in our notebook for audit.

**FINDING 2016-005 THE OFFICE HAD DEFICIENCIES CONCERNING
ROLLBACK ASSESSMENTS**

Response and Corrective Action Plan Prepared by: Marsha Raper, Assessor of Property, Monroe County, Tennessee

Persons Responsible for Implementing the Corrective Action: Marsha Raper, Assessor of Property, Allison Carter Chief Deputy, Monroe County, Tennessee

Anticipated Completion Date of Corrective Action: End of the year

Repeat Finding: No

Reason Why Corrective Action was Not Taken – PY: N/A

Planned Corrective Action:

We get a land transfer report monthly from the Register of Deeds Office. We are checking each and every deed starting January 1, 2016. We review for rollback assessments we could have missed. Any mistakes found will be corrected and billed immediately.

**FINDING 2016-006 THE ASSESSOR DID NOT ADEQUATELY MAINTAIN
ASSESSMENT MAPS**

Response and Corrective Action Plan Prepared by: Marsha Raper, Assessor of Property, Monroe County, Tennessee

Persons Responsible for Implementing the Corrective Action: Marsha Raper, Assessor of Property; Wayne Ronkles, Manager of the GIS Department, Tracy Bradley, GIS Department, Monroe County, Tennessee

Anticipated Completion Date of Corrective Action: Immediately

Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY: Under previous administration.

Planned Corrective Action:

Our office prepares the new information to be mapped. We key appraisal cards and price land, transfer all buildings, and make sure taxpayer is assessed correctly. The final property card is sent to the mapper with the plot and deed. We also draw deeds and locate or try to locate where it should be placed on the map. A copy of this is kept in our office after being sent. They are recorded in a notebook with the date to be checked in. The mapper updates the GIS maps and updates our map viewer weekly. The mapper sends back a copy of the new map where it was mapped and corrected. We check for any mistakes and make sure the acres matches the property card. Lines are also checked and are sent back to the mapper if we see any errors to be corrected.