

ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2015**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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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, 2015

Scope

We have audited the basic financial statements of Monroe County as of and for the year ended June 30, 2015.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ Discrepancies in operations of the Monroe County Dental Clinic are currently being investigated.

OFFICES OF DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

- ◆ School Federal Projects Funds were expended without being charged to a federal program.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The office did not prepare adequate trial balances of the execution docket.
- ◆ The office software did not have adequate application controls.

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 adequately maintain assessment maps.
-

COUNTY COMMISSION

- ◆ The county's Audit Committee is not a functioning committee.

INTRODUCTORY SECTION

Monroe County Officials

June 30, 2015

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
Bob Lovingood
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
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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, 2015, 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 did not audit the financial statements of the Monroe County Women's Wellness and Maternity Center. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Monroe County Women's Wellness and Maternity Center, is based solely on the report of the other auditors. We were unable to determine Monroe County Women's Wellness and Maternity Center's respective percentage of the assets, net position, and revenues of the aggregate

discretely presented component units because the Monroe County Emergency Communications District, a component unit requiring discrete presentation, was not included in the county's financial statements. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of June 30, 2015, 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. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.8. to the financial statements, which describe a restatement decreasing the primary government's beginning Governmental Activities net position by \$316,622, and decreasing the discretely presented Monroe County School Department's

beginning net position by \$6,747,303. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 98 -104 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

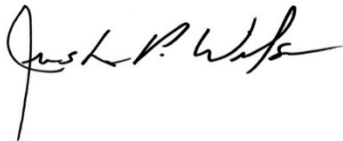
other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 January 13, 2016, 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 13, 2016

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Monroe County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Governmental Activities	Component Units	
		Monroe County School Department	Women's Wellness and Maternity Center
<u>ASSETS</u>			
Cash	\$ 63,261	\$ 4,555	\$ 27,505
Equity in Pooled Cash and Investments	24,337,524	6,951,734	0
Accounts Receivable	1,274,216	17,706	111,479
Allowance for Uncollectibles	(370,321)	0	(19,726)
Due from Other Governments	941,505	1,468,105	0
Property Taxes Receivable	15,811,660	5,432,885	0
Allowance for Uncollectible Property Taxes	(822,261)	(282,534)	0
Prepaid Items	0	0	9,314
Net Pension Asset - Agent Plan	1,431,966	1,351,253	0
Net Pension Asset - Cost-sharing Plan	0	66,624	0
Capital Assets			
Assets Not Depreciated:			
Land	1,252,698	864,562	0
Construction in Progress	394,672	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	5,022,971	47,059,224	0
Other Capital Assets	1,971,796	478,657	383,259
Infrastructure - Roads, Streets, and Bridges	98,132,550	0	0
Total Assets	\$ 149,442,237	\$ 63,412,771	\$ 511,831
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 116,705	\$ 0	\$ 0
Accumulated Decrease in Fair Value of Hedging Derivatives	1,976,047	0	0
Pension Changes in Experience	0	161,743	0
Pension Contributions after Measurement Date	586,661	1,935,981	0
Total Deferred Outflows of Resources	\$ 2,679,413	\$ 2,097,724	\$ 0
<u>LIABILITIES</u>			
Accounts Payable	\$ 221,912	\$ 70,278	\$ 8,771
Accrued Payroll	30,430	2,899,414	0
Payroll Deductions Payable	107,432	1,558,907	0
Contracts Payable	88,226	0	0
Accrued Interest Payable	80,754	0	0
Due to State of Tennessee	3,969	0	0
Due to Litigants, Heirs, and Others	46,100	0	0
Derivative - Interest Rate Swap	2,399,116	0	0
Noncurrent Liabilities:			
Due Within One Year	2,648,634	0	18,390
Due in More Than One Year	55,597,978	5,853,782	322,787
Total Liabilities	\$ 61,224,551	\$ 10,382,381	\$ 349,948

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Units	
		Monroe County School Department	Women's Wellness and Maternity Center
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 14,655,918	\$ 5,035,764	\$ 0
Pension Changes in Experience	494,937	467,039	0
Pension Changes in Investment Earnings	1,173,058	6,596,221	0
Pension Other Deferrals	0	968,978	0
Total Deferred Inflows of Resources	<u>\$ 16,323,913</u>	<u>\$ 13,068,002</u>	<u>\$ 0</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 104,455,209	\$ 48,402,443	\$ 54,998
Restricted for:			
General Government	1,134,985	0	0
Finance	7,897	0	0
Administration of Justice	26,077	0	0
Public Safety	303,985	0	0
Public Health and Welfare	1,256,718	0	0
Highways	1,286,134	0	0
Education	0	1,671,888	0
Debt Service	8,335,822	0	0
Other Purposes	1,432,966	0	0
Unrestricted	<u>(43,666,607)</u>	<u>(8,014,219)</u>	<u>106,885</u>
Total Net Position	<u>\$ 74,573,186</u>	<u>\$ 42,060,112</u>	<u>\$ 161,883</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, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Expenses	Program Revenues			Primary Governmental Activities	Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Monroe County School Department	Women's Wellness and Maternity Center	
Primary Government:								
Governmental Activities:								
General Government	\$ 4,356,634	\$ 544,040	\$ 77,872	\$ 82,114	\$ (3,652,608)	\$ 0	\$ 0	
Finance	1,707,776	1,076,226	15,164	0	(616,386)	0	0	
Administration of Justice	1,416,394	1,078,532	9,000	0	(328,862)	0	0	
Public Safety	6,181,092	919,023	277,109	0	(4,984,960)	0	0	
Public Health and Welfare	6,420,913	4,327,194	372,706	491,012	(1,230,001)	0	0	
Social, Cultural, and Recreational Services	329,848	0	0	0	(329,848)	0	0	
Agriculture and Natural Resources	118,606	0	19,168	0	(99,438)	0	0	
Highways	7,856,505	282,784	2,262,512	0	(5,311,209)	0	0	
Education	8,888	0	0	7,194	(1,694)	0	0	
Interest on Long-term Debt	1,835,396	0	0	0	(1,835,396)	0	0	
Total Primary Government	\$ 30,232,052	\$ 8,227,799	\$ 3,033,531	\$ 580,320	\$ (18,390,402)	\$ 0	\$ 0	
Component Units:								
Monroe County School Department	\$ 44,354,604	\$ 991,047	\$ 5,333,833	\$ 0	\$ 0	\$ (38,029,724)	\$ 0	
Women's Wellness and Maternity Center	515,773	409,089	37,100	0	0	0	(69,584)	
Total Component Units	\$ 44,870,377	\$ 1,400,136	\$ 5,370,933	\$ 0	\$ 0	\$ (38,029,724)	\$ (69,584)	

(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 Governmental Activities	Component Units	
						Monroe County School Department	Women's Wellness and Maternity Center
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 7,822,844	\$ 4,585,489	\$ 0
Property Taxes Levied for Solid Waste/Sanitation					1,281,469	0	0
Property Taxes Levied for Highways					787,718	0	0
Property Taxes Levied for Debt Service					3,448,631	0	0
Local Option Sales Taxes					679,417	3,697,115	0
Wheel Tax					926,218	0	0
Other Local Taxes					721,237	111,231	0
Grants and Contributions Not Restricted to Specific Programs					2,376,256	29,434,907	0
Unrestricted Investment Income					6,690	23	5
Miscellaneous					41,992	7,639	0
Insurance Recovery					38,407	0	0
Pension Income					80,593	294,685	0
Total General Revenues					<u>\$ 18,211,472</u>	<u>\$ 38,131,089</u>	<u>\$ 5</u>
Change in Fair Value of Derivatives - Interest Rate Swap					\$ 101,177	\$ 0	\$ 0
Change in Net Position					\$ (77,753)	\$ 101,365	\$ (69,579)
Net Position, July 1, 2014					74,967,561	48,706,050	231,462
Restatement - See Note I.D.8.					(316,622)	(6,747,303)	0
Net Position, June 30, 2015					<u>\$ 74,573,186</u>	<u>\$ 42,060,112</u>	<u>\$ 161,883</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, 2015

	Major Funds			Nonmajor	Total
	Highway /		General	Funds	
	General	Public Works	Debt Service	Other Governmental Funds	
<u>ASSETS</u>					
Cash	\$ 61,731	\$ 0	\$ 0	\$ 1,530	\$ 63,261
Equity in Pooled Cash and Investments	8,974,499	881,297	8,858,380	4,099,796	22,813,972
Accounts Receivable	1,209,566	1,220	58,888	4,542	1,274,216
Allowance for Uncollectibles	(370,321)	0	0	0	(370,321)
Due from Other Governments	465,477	399,555	49,358	27,115	941,505
Due from Other Funds	1,578	24,895	0	0	26,473
Property Taxes Receivable	9,722,159	929,906	4,069,289	1,090,306	15,811,660
Allowance for Uncollectible Property Taxes	(495,230)	(48,358)	(211,617)	(67,056)	(822,261)
Total Assets	\$ 19,569,459	\$ 2,188,515	\$ 12,824,298	\$ 5,156,233	\$ 39,738,505
<u>LIABILITIES</u>					
Accounts Payable	\$ 81,658	\$ 19,266	\$ 0	\$ 44,046	\$ 144,970
Accrued Payroll	21,992	6,996	0	1,442	30,430
Payroll Deductions Payable	88,361	14,183	0	4,888	107,432
Contracts Payable	0	0	0	88,226	88,226
Due to Other Funds	23,499	0	0	2,974	26,473
Due to State of Tennessee	3,969	0	0	0	3,969
Due to Litigants, Heirs, and Others	0	0	0	46,100	46,100
Total Liabilities	\$ 219,479	\$ 40,445	\$ 0	\$ 187,676	\$ 447,600
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 9,030,758	\$ 861,936	\$ 3,771,847	\$ 991,377	\$ 14,655,918
Deferred Delinquent Property Taxes	164,495	16,445	71,967	26,726	279,633

(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	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES (CONT.)</u>					
Other Deferred/Unavailable Revenue	\$ 664,305	\$ 201,360	\$ 16,274	\$ 5,896	\$ 887,835
Total Deferred Inflows of Resources	\$ 9,859,558	\$ 1,079,741	\$ 3,860,088	\$ 1,023,999	\$ 15,823,386
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 1,134,985	\$ 0	\$ 0	\$ 0	\$ 1,134,985
Restricted for Finance	7,897	0	0	0	7,897
Restricted for Administration of Justice	26,077	0	0	0	26,077
Restricted for Public Safety	51,736	0	0	252,249	303,985
Restricted for Public Health and Welfare	20,273	0	0	1,203,823	1,224,096
Restricted for Highways/Public Works	0	1,068,329	0	0	1,068,329
Restricted for Debt Service	0	0	8,964,210	0	8,964,210
Restricted for Capital Projects	0	0	0	2,488,486	2,488,486
Restricted for Other Purposes	1,000	0	0	0	1,000
Committed:					
Committed for General Government	6,189	0	0	0	6,189
Committed for Public Safety	27,866	0	0	0	27,866
Committed for Public Health and Welfare	9,823	0	0	0	9,823
Committed for Capital Outlay	4,010,000	0	0	0	4,010,000
Assigned:					
Assigned for General Government	8,940	0	0	0	8,940
Assigned for Finance	4,122	0	0	0	4,122
Assigned for Administration of Justice	40,656	0	0	0	40,656
Assigned for Public Safety	52,661	0	0	0	52,661
Assigned for Public Health and Welfare	51,711	0	0	0	51,711

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total
	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Governmental Funds	Governmental Funds
<u>FUND BALANCES (CONT.)</u>					
Assigned (Cont.):					
Assigned for Other Operations	\$ 27,315	\$ 0	\$ 0	\$ 0	\$ 27,315
Unassigned	400,917	0	0	0	4,009,171
Total Fund Balances	<u>\$ 9,490,422</u>	<u>\$ 1,068,329</u>	<u>\$ 8,964,210</u>	<u>\$ 3,944,558</u>	<u>\$ 23,467,519</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,569,459</u>	<u>\$ 2,188,515</u>	<u>\$ 12,824,298</u>	<u>\$ 5,156,233</u>	<u>\$ 39,738,505</u>

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, 2015

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)		\$ 23,467,519
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,252,698	
Add: construction in progress	394,672	
Add: buildings and improvements net of accumulated depreciation	5,022,971	
Add: infrastructure net of accumulated depreciation	98,132,550	
Add: other capital assets net of accumulated depreciation	<u>1,971,796</u>	106,774,687
(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.		1,446,610
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (423,000)	
Less: bonds payable	(18,097,146)	
Less: other loans payable	(38,241,454)	
Add: deferred amount on refunding	116,705	
Less: compensated absences payable	(384,799)	
Less: landfill closure/postclosure care costs	(159,087)	
Less: other postemployment benefits liability	(305,251)	
Less: fair value of investment-type derivative – interest rate swap	(423,069)	
Less: accrued interest on bonds, and notes	(80,754)	
Less: interest accreted on bonds	<u>(635,875)</u>	(58,633,730)
(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	\$ 586,661	
Less: deferred inflows of resources related to pensions	<u>(1,667,995)</u>	(1,081,334)
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,431,966
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,167,468</u>
Net position of governmental activities (Exhibit A)		<u>\$ 74,573,186</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, 2015

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Revenues					
Local Taxes	\$ 10,301,516	\$ 916,999	\$ 4,913,294	\$ 1,453,141	\$ 17,584,950
Licenses and Permits	142,272	0	0	0	142,272
Fines, Forfeitures, and Penalties	156,960	0	0	314,811	471,771
Charges for Current Services	3,534,520	282,784	58,888	572,778	4,448,970
Other Local Revenues	216,499	0	6,690	33,856	257,045
Fees Received from County Officials	1,878,873	0	0	0	1,878,873
State of Tennessee	1,255,696	2,105,517	31,645	93,699	3,486,557
Federal Government	905,012	116,375	0	0	1,021,387
Other Governments and Citizens Groups	279,356	0	407,194	0	686,550
Total Revenues	\$ 18,670,704	\$ 3,421,675	\$ 5,417,711	\$ 2,468,285	\$ 29,978,375
Expenditures					
Current:					
General Government	\$ 2,595,303	\$ 0	\$ 0	\$ 330,477	\$ 2,925,780
Finance	1,737,722	0	0	0	1,737,722
Administration of Justice	1,459,601	0	0	36	1,459,637
Public Safety	6,115,313	0	0	238,969	6,354,282
Public Health and Welfare	4,249,399	0	0	1,912,159	6,161,558
Social, Cultural, and Recreational Services	329,848	0	0	0	329,848
Agriculture and Natural Resources	127,937	0	0	0	127,937
Other Operations	1,505,604	0	0	0	1,505,604
Highways	0	3,501,252	0	59,780	3,561,032
Debt Service:					
Principal on Debt	0	0	2,084,294	0	2,084,294
Interest on Debt	0	0	1,991,858	0	1,991,858
Other Debt Service	0	0	548,597	0	548,597

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 2,545	\$ 0	\$ 0	\$ 452,350	\$ 454,895
Total Expenditures	\$ 18,123,272	\$ 3,501,252	\$ 4,624,749	\$ 2,993,771	\$ 29,243,044
Excess (Deficiency) of Revenues Over Expenditures	\$ 547,432	\$ (79,577)	\$ 792,962	\$ (525,486)	\$ 735,331
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 39,976	\$ 0	\$ 0	\$ 0	\$ 39,976
Total Other Financing Sources (Uses)	\$ 39,976	\$ 0	\$ 0	\$ 0	\$ 39,976
Net Change in Fund Balances	\$ 587,408	\$ (79,577)	\$ 792,962	\$ (525,486)	\$ 775,307
Fund Balance, July 1, 2014	8,903,014	1,147,906	8,171,248	4,470,044	22,692,212
Fund Balance, June 30, 2015	\$ 9,490,422	\$ 1,068,329	\$ 8,964,210	\$ 3,944,558	\$ 23,467,519

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, 2015

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)	\$	775,307	
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>			
Add: capital assets purchased in the current period	\$	1,311,482	
Less: current-year depreciation expense		<u>(4,942,842)</u>	(3,631,360)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>			
Less: book value of assets disposed			(11,251)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$	1,167,468	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(1,211,721)</u>	(44,253)
<p>(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:</p>			
Less: note proceeds	\$	0	
Add: principal payments on notes	\$	438,358	
Add: principal payments on bonds		318,748	
Add: principal payments on other loans		1,327,188	
Less: change in deferred amount on refunding debt		<u>(10,938)</u>	2,073,356
<p>(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.</p>			
Change in accrued interest payable	\$	2,697	
Change in accreted interest payable		164,703	
Change in compensated absences payable		22,949	
Change in other postemployment benefits liability		(24,115)	
Change in net pension liability/asset		1,748,588	
Change in deferred outflows related to pensions		586,661	
Change in deferred inflows related to pensions		(1,667,995)	
Change in landfill postclosure care costs		<u>10,572</u>	844,060
<p>(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.</p>			
			(184,789)
<p>(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.</p>			
			<u>101,177</u>
Change in net position of governmental activities (Exhibit B)	\$		<u><u>(77,753)</u></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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,301,516	\$ 0	\$ 0	\$ 10,301,516	\$ 9,687,082	\$ 9,692,082	\$ 609,434
Licenses and Permits	142,272	0	0	142,272	80,500	81,045	61,227
Fines, Forfeitures, and Penalties	156,960	0	0	156,960	223,500	223,500	(66,540)
Charges for Current Services	3,534,520	0	0	3,534,520	4,176,230	4,598,616	(1,064,096)
Other Local Revenues	216,499	0	0	216,499	240,730	293,350	(76,851)
Fees Received from County Officials	1,878,873	0	0	1,878,873	2,140,000	2,140,000	(261,127)
State of Tennessee	1,255,696	0	0	1,255,696	1,565,535	1,415,467	(159,771)
Federal Government	905,012	0	0	905,012	1,704,240	1,935,558	(1,030,546)
Other Governments and Citizens Groups	279,356	0	0	279,356	277,875	296,653	(17,297)
Total Revenues	\$ 18,670,704	\$ 0	\$ 0	\$ 18,670,704	\$ 20,095,692	\$ 20,676,271	\$ (2,005,567)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 386,664	\$ (10)	\$ 62	\$ 386,716	\$ 383,658	\$ 383,658	\$ (3,058)
Board of Equalization	2,100	0	0	2,100	3,200	3,200	1,100
County Mayor/Executive	187,945	0	0	187,945	219,751	219,751	31,806
Personnel Office	189,454	0	0	189,454	207,826	207,826	18,372
County Attorney	55,000	0	0	55,000	55,000	55,000	0
Election Commission	273,288	(6,763)	1,816	268,341	321,752	321,752	53,411
Register of Deeds	360,280	0	0	360,280	373,845	373,845	13,565
Planning	52,146	0	0	52,146	93,745	93,745	41,599
Engineering	59,286	(2,500)	6,086	62,872	79,948	79,948	17,076
Codes Compliance	41,758	0	0	41,758	50,781	50,781	9,023
Geographical Information Systems	75,671	0	0	75,671	90,557	90,557	14,886
County Buildings	627,742	(3,457)	976	625,261	642,018	684,685	59,424
Other General Administration	267,795	(11)	0	267,784	293,800	293,800	26,016
Preservation of Records	16,174	(12)	0	16,162	16,826	18,326	2,164
<u>Finance</u>							
Accounting and Budgeting	560,360	(14,329)	1,023	547,054	600,928	600,928	53,874
Property Assessor's Office	294,404	0	0	294,404	336,513	336,513	42,109
Reappraisal Program	88,355	0	0	88,355	128,838	128,838	40,483

(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 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 314,488	\$ (85)	\$ 0	\$ 314,403	\$ 341,344	\$ 341,344	\$ 26,941
County Clerk's Office	480,115	(6,424)	3,099	476,790	496,679	506,235	29,445
<u>Administration of Justice</u>							
Circuit Court	947,616	(1,315)	1,954	948,255	1,056,695	1,056,695	108,440
General Sessions Judge	243,558	(1,100)	0	242,458	266,247	266,247	23,789
Chancery Court	205,482	(89)	33,802	239,195	313,624	313,624	74,429
Probate Court	45,841	0	900	46,741	49,808	49,808	3,067
Other Administration of Justice	17,104	0	4,000	21,104	21,000	21,000	(104)
<u>Public Safety</u>							
Sheriff's Department	2,945,928	(19,908)	9,744	2,935,764	3,176,706	3,185,068	249,304
Administration of the Sexual Offender Registry	850	0	0	850	3,200	3,200	2,350
Jail	2,304,796	(4,983)	5,325	2,305,138	2,602,536	2,602,536	297,398
Juvenile Services	97,237	0	0	97,237	113,265	113,265	16,028
Commissary	151,694	(12,136)	2,500	142,058	190,000	219,020	76,962
Fire Prevention and Control	268,444	0	0	268,444	229,000	268,444	0
Rescue Squad	55,000	0	0	55,000	55,000	55,000	0
Other Emergency Management	47,211	0	0	47,211	58,927	64,401	17,190
County Coroner/Medical Examiner	82,153	0	0	82,153	76,600	76,600	(5,553)
Other Public Safety	162,000	0	0	162,000	162,000	162,000	0
<u>Public Health and Welfare</u>							
Local Health Center	54,918	0	600	55,518	66,100	66,100	10,582
Rabies and Animal Control	155,483	(5,650)	4,650	154,483	178,711	179,256	24,773
Ambulance/Emergency Medical Services	3,084,767	(12,530)	43,667	3,115,904	3,093,307	3,531,725	415,821
Dental Health Program	575,221	(1,349)	2,684	576,556	647,366	647,366	70,810
Alcohol and Drug Programs	10,024	0	0	10,024	0	10,024	0
Crippled Children Services	1,995	0	0	1,995	1,995	1,995	0
Other Local Health Services	323,840	0	0	323,840	320,584	377,711	53,871
General Welfare Assistance	43,151	0	0	43,151	47,159	47,159	4,008

(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 7/1/2014	Add: Encumbrances 6/30/2015	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	121,198	0	0	121,198	122,191	122,191	993
Other Social, Cultural, and Recreational	170,650	0	0	170,650	170,650	170,650	0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	74,322	0	0	74,322	77,526	78,108	3,786
Soil Conservation	51,615	0	0	51,615	54,207	54,207	2,592
Flood Control	2,000	0	0	2,000	2,000	2,000	0
<u>Other Operations</u>							
Tourism	221,502	0	450	221,952	242,649	257,177	35,225
Industrial Development	311,957	(472)	240	311,725	293,822	358,822	47,097
Other Economic and Community Development	609,865	0	0	609,865	842,797	777,797	167,932
Airport	282,092	(23,020)	26,625	285,697	1,144,072	1,148,822	863,125
Veterans' Services	25,879	(5)	0	25,874	27,311	27,311	1,437
Contributions to Other Agencies	7,850	0	0	7,850	19,500	19,500	11,650
Employee Benefits	44,459	0	0	44,459	44,459	44,459	0
Miscellaneous	2,000	0	0	2,000	0	2,000	0
<u>Capital Projects</u>							
Public Safety Projects	2,545	0	0	2,545	10,000	10,000	7,455
Total Expenditures	\$ 18,123,272	\$ (116,148)	\$ 150,203	\$ 18,157,327	\$ 20,556,023	\$ 21,220,020	\$ 3,062,693
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 547,432	\$ 116,148	\$ (150,203)	\$ 513,377	\$ (460,331)	\$ (543,749)	\$ 1,057,126
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 39,976	\$ 0	\$ 0	\$ 39,976	\$ 0	\$ 6,862	\$ 33,114
Total Other Financing Sources	\$ 39,976	\$ 0	\$ 0	\$ 39,976	\$ 0	\$ 6,862	\$ 33,114
Net Change in Fund Balance							
Fund Balance, July 1, 2014	\$ 8,903,014	\$ (116,148)	\$ 0	\$ 8,786,866	\$ 8,770,410	\$ 8,770,410	\$ 16,456
Fund Balance, June 30, 2015	\$ 9,490,422	\$ 0	\$ (150,203)	\$ 9,340,219	\$ 8,310,079	\$ 8,233,523	\$ 1,106,696

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive - (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 916,999	\$ 0	\$ 0	\$ 916,999	\$ 794,090	\$ 794,090	\$ 122,909
Charges for Current Services	282,784	0	0	282,784	335,000	335,500	(52,716)
Other Local Revenues	0	0	0	0	200	200	(200)
State of Tennessee	2,105,517	0	0	2,105,517	2,702,234	2,852,234	(746,717)
Federal Government	116,375	0	0	116,375	55,029	72,187	44,188
Total Revenues	\$ 3,421,675	\$ 0	\$ 0	\$ 3,421,675	\$ 3,886,553	\$ 4,054,211	\$ (632,536)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 249,204	\$ 0	\$ 391	\$ 249,595	\$ 249,596	\$ 249,596	\$ 1
Highway and Bridge Maintenance	2,062,149	(115,912)	119,647	2,065,884	2,592,847	2,610,505	544,621
Operation and Maintenance of Equipment	670,041	(17,803)	11,427	663,665	763,731	763,731	100,066
Other Charges	282,688	0	0	282,688	274,037	274,037	(8,651)
Employee Benefits	3,426	0	0	3,426	5,000	5,000	1,574
Capital Outlay	233,744	(179,789)	0	53,955	384,782	534,782	480,827
Total Expenditures	\$ 3,501,252	\$ (313,504)	\$ 131,465	\$ 3,319,213	\$ 4,269,993	\$ 4,437,651	\$ 1,118,438
Excess (Deficiency) of Revenues Over Expenditures	\$ (79,577)	\$ 313,504	\$ (131,465)	\$ 102,462	\$ (383,440)	\$ (383,440)	\$ 485,902
Net Change in Fund Balance	\$ (79,577)	\$ 313,504	\$ (131,465)	\$ 102,462	\$ (383,440)	\$ (383,440)	\$ 485,902
Fund Balance, July 1, 2014	1,147,906	(313,504)	0	834,402	663,737	663,737	170,665
Fund Balance, June 30, 2015	\$ 1,068,329	\$ 0	\$ (131,465)	\$ 936,864	\$ 280,297	\$ 280,297	\$ 656,567

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, 2015

	Governmental Activities - Internal Service Fund
	<u>Employee Health Insurance - Fund</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 1,523,552
Total Assets	<u>\$ 1,523,552</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 76,942
Total Liabilities	<u>\$ 76,942</u>
<u>NET POSITION</u>	
Net Position - Unrestricted	<u>\$ 1,446,610</u>
Total Net Position	<u><u>\$ 1,446,610</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, 2015

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 2,061,539
Total Operating Revenues	<u>\$ 2,061,539</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 194,430
Medical Claims	1,757,786
Insurance Premiums	<u>294,112</u>
Total Operating Expenses	<u>\$ 2,246,328</u>
Operating Income (Loss)	<u>\$ (184,789)</u>
Change in Net Position	\$ (184,789)
Net Position, July 1, 2014	<u>1,631,399</u>
Net Position, June, 30, 2015	<u><u>\$ 1,446,610</u></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, 2015

	Governmental Activities - Internal Service Fund
	<u>Employee Health Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 2,233,266
Payments to Fiscal Agents	(194,430)
Payments to Insurers	(294,112)
Payments for Claims	<u>(1,800,215)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (55,491)</u>
Increase (Decrease) in Cash	\$ (55,491)
Cash, July 1, 2014	<u>1,579,043</u>
Cash, June 30, 2015	<u><u>\$ 1,523,552</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (184,789)
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	171,727
Increase (Decrease) in Current Liabilities	<u>(42,429)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (55,491)</u></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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,504,929
Equity in Pooled Cash and Investments	16,521
Due from Other Governments	958,433
Taxes Receivable	1,425,808
Allowance for Uncollectible Taxes	<u>(73,732)</u>
Total Assets	<u>\$ 3,831,959</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,327,030
Due to Litigants, Heirs, and Others	<u>1,504,929</u>
Total Liabilities	<u>\$ 3,831,959</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, 2015

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. 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 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 available from other auditors in time for inclusion in this

report; however, in our opinion, this omission is not material to the component units' opinion unit.

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. Although required by GAAP, the financial statements of the Monroe County Emergency Communications District were not available in time for inclusion, as previously mentioned. 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, 2015.

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.

Additionally, Monroe County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the

acquisition or construction of major capital facilities and other capital assets.

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 fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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 2.74 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, and pension contributions after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, pension other deferrals, 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.

Net pension assets on the government-wide Statement of Net Position is included in restricted net position in the account Restricted for Other Purposes for the primary government and in the account Restricted for Education for the discretely presented School Department.

As of June 30, 2015, Monroe County had \$51,941,520 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. 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 are authorized to make assignments. Assigned fund balance in the General Fund consists primarily of amounts assigned for encumbrances. Assigned fund balance in the School Department's General Purpose School Fund consists of \$54,335 for encumbrances, \$101,190 for salary equity, and fund balance appropriated for use in the 2015-16 year budget totaling \$496,598.

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.

8. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement decreasing Monroe County's beginning net position has been recognized on the Statement of Activities totaling \$316,622. In addition, a restatement decreasing the discretely presented School Department's beginning net position by \$6,747,303 has been recognized in the Statement of Activities for liabilities of the pension agent plan (\$298,776) and the pension cost-sharing plan (\$6,448,527).

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

A. 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, 2015, Monroe County reported the following significant encumbrances:

Funds	Description	Amount
Primary Government		
Major Funds:		
General	Clerk & Master Software	\$ 26,200
Highway/Public Works	Vehicle	30,471

B. Fund Deficit

A deficit balance of \$113,276 existed in unassigned fund balance of the School Federal Projects Fund of the discretely presented School Department. This deficit resulted from the failure to request reimbursement of certain amounts expended from the fund. Management is exploring options to liquidate this deficit.

C. Cash Shortages – Prior Years

Cash shortages totaling \$20,651 existed in the Office of Sheriff at July 1, 2014. Details of those cash shortages were presented in the previous annual financial report. During the current year, County Commission authorized the writing off of these unliquidated cash shortages.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in certain major appropriation categories (the legal level of control) of the following funds:

Fund/Major Appropriation Category	Amount Overspent
Primary Government:	
General:	
General Government:	
County Commission	\$ 3,058
Administration of Justice:	
Other Administration of Justice	104
Public Safety:	
County Coroner/Medical Examiner	5,553
Highway/Public Works:	
Highways:	
Other Charges	8,651

Fund/Major Appropriation Category (Cont.)	Amount Overspent
---	---------------------

Discretely Presented School Department:	
School Federal Projects:	
Other Programs	\$ 150,961

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances except for the amount in the School Federal Projects Fund, which resulted in a deficit in unassigned fund balance as discussed in Note III.B.

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, 2015.

B. Derivative Instruments

At June 30, 2015, Monroe County had the following derivative instruments outstanding:

<u>Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Original Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
\$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, 2015, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2015 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2015</u>		6-30-15 Notional
	Classification	Amount	Classification	Amount	Amount
Governmental Activities					
Investment Derivative:					
Pay fixed interest rate swaps:					
\$6.255M Swap	Investment	\$ 101,177	Debt	\$ (423,069)	\$ 4,780,000
	Earnings				
Cash Flow Hedge:					
\$10.05M Swap	Deferred	(260,933)	Debt	(1,976,047)	10,050,000
	Outflow				
Total		<u>\$ (159,756)</u>		<u>\$(2,399,116)</u>	<u>\$ 14,830,000</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, 2015, 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	<u>-1.12%</u>
Net interest rate swap payments		3.15%
Variable-rate bond coupon payments		<u>0.06%</u>
Synthetic interest rate on bonds		<u><u>3.21%</u></u>

Fair value. As of June 30, 2015, the swap had a negative fair value of \$423,069. 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, 2015, 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, 2015, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A 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, 2015, 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	
2016	\$ 670,000	\$ 2,868	\$ 150,418	\$ 823,286
2017	705,000	2,466	129,334	836,800
2018	795,000	2,043	107,149	904,192
2019	1,270,000	1,566	82,132	1,353,698
2020	1,340,000	804	42,167	1,382,971
Total	\$ 4,780,000	\$ 9,747	\$ 511,200	\$ 5,300,947

\$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, 2015, 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>-1.12%</u>
Net interest rate swap payments		2.56%
Variable-rate bond coupon payments		<u>0.06%</u>
Synthetic interest rate on bonds		<u><u>2.62%</u></u>

Fair value. As of June 30, 2015, the swap had a negative fair value of \$1,976,047. 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, 2015, 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, 2015, Depfa’s credit rating had been downgraded and was rated “Ba1/A-/BBB” by Moody’s, Standard and Poors, and Fitch Ratings, 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, 2015, 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	
2016	\$ 0	\$ 6,030	\$ 257,541	\$ 263,571
2017	0	6,030	257,541	263,571
2018	0	6,030	257,541	263,571
2019	0	6,030	257,541	263,571
2020	0	6,030	257,541	263,571
2021-2025	1,600,000	29,670	1,267,206	2,896,876
2026-2030	4,900,000	19,770	844,377	5,764,147
2031-2033	3,550,000	4,350	185,789	3,740,139
Total	\$ 10,050,000	\$ 83,940	\$ 3,585,077	\$ 13,719,017

C. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 800,348	\$ 452,350	\$ 0	\$ 1,252,698
Construction in Progress	512,833	379,604	(497,765)	394,672
Total Capital Assets Not Depreciated	\$ 1,313,181	\$ 831,954	\$ (497,765)	\$ 1,647,370

Governmental Activities (Cont.):

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Depreciated:				
Buildings and Improvement	\$ 8,644,921	\$ 512,287	\$ 0	\$ 9,157,208
Roads and Bridges	170,061,577	0	0	170,061,577
Other Capital Assets	7,619,559	465,006	(277,763)	7,806,802
Total Capital Assets Depreciated	\$ 186,326,057	\$ 977,293	\$ (277,763)	\$ 187,025,587
Less: Accumulated Depreciation For:				
Buildings and Improvement	\$ 3,904,926	\$ 229,311	\$ 0	\$ 4,134,237
Roads and Bridges	67,677,485	4,251,542	0	71,929,027
Other Capital Assets	5,639,529	461,989	(266,512)	5,835,006
Total Accumulated Depreciation	\$ 77,221,940	\$ 4,942,842	\$ (266,512)	\$ 81,898,270
Total Capital Assets Depreciated, Net	\$ 109,104,117	\$ (3,965,549)	\$ (11,251)	\$ 105,127,317
Governmental Activities Capital Assets, Net	\$ 110,417,298	\$ (3,133,595)	\$ (509,016)	\$ 106,774,687

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

Governmental Activities:

General Government	\$ 252,551
Finance	5,067
Public Safety	150,713
Public Health and Welfare	183,955
Highways	<u>4,350,556</u>
Total Depreciation Expense - Governmental Activities	\$ 4,942,842

Discretely Presented Monroe County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Balance 6-30-15
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	\$ 73,989,132	\$ 19,667	\$ 74,008,799
Other Capital Assets	1,736,975	241,240	1,978,215
Total Capital Assets Depreciated	<u>\$ 75,726,107</u>	<u>\$ 260,907</u>	<u>\$ 75,987,014</u>
Less: Accumulated Depreciation For:			
Buildings and Improvements	\$ 25,208,550	\$ 1,741,025	\$ 26,949,575
Other Capital Assets	1,400,814	98,744	1,499,558
Total Accumulated Depreciation	<u>\$ 26,609,364</u>	<u>\$ 1,839,769</u>	<u>\$ 28,449,133</u>
Total Capital Assets Depreciated, Net	<u>\$ 49,116,743</u>	<u>\$ (1,578,862)</u>	<u>\$ 47,537,881</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,981,305</u>	<u>\$ (1,578,862)</u>	<u>\$ 48,402,443</u>

There were no decreases in capital assets to report for the year ended June 30, 2015.

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

Governmental Activities:

Instruction	\$ 8,678
Support Services	1,816,795
Operation of Non-instructional Services	<u>14,296</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,839,769</u>

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,578
Highway/Public Works	General	23,499
Highway/Public Works	Nonmajor governmental	1,396

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, 2015, consisted of the following amount:

Discretely Presented Monroe County School Department

<u>Transfer Out</u>	<u>Transfer In Nonmajor Governmental Fund</u>
General Purpose School Fund	\$ 150,000

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.

E. 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, capital outlay notes, and other loans outstanding were issued for original terms of up to 30 years for bonds, up to four years for notes, and up to 30 years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2015, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	4.05 to 5 %	6-1-38	\$ 18,350,000	\$ 17,550,000
General Obligation (CAB) Bonds	4.6 to 4.95	4-1-18	999,236	547,146
Accreted Interest on (CAB) Bonds	4.6 to 4.95	4-1-18	N/A	635,875
Capital Outlay Notes	1.73	11-1-15	1,650,000	423,000
Other Loans - Variable Rate - Public Improvement and Refunding	Variable	6-1-39	31,965,000	29,710,000
Other Loans - Fixed Rate	0 to 2.45	6-1-31	10,671,820	8,531,454

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 range from 2014 through 2018. As of June 30, 2015, approximately \$635,875 of 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, 2015, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-15	Interest Type	Interest Rate as of 6-30-15	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	\$ 29,710,000	Variable	.06%	1.06%
<u>City of Clarksville Public</u>					
<u>Building Authority</u>					
Fixed Rate Loan Program	10,600,000	8,480,000	Fixed	2.45	N/A
<u>Ft. Loudoun Electric</u>					
<u>Cooperative</u>					
Interest Free Loan	71,820	<u>51,454</u>	N/A	0	N/A
Total		<u>\$ 38,241,454</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, 2015, 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, 2015.

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 423,000	\$ 3,659	\$ 426,659
Total	<u>\$ 423,000</u>	<u>\$ 3,659</u>	<u>\$ 426,659</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 300,912	\$ 995,726	\$ 1,296,638
2017	288,266	1,003,372	1,291,638
2018	157,968	978,670	1,136,638
2019	0	736,638	736,638
2020	0	736,638	736,638
2021-2025	2,600,000	3,483,940	6,083,940
2026-2030	3,325,000	2,845,539	6,170,539
2031-2035	6,525,000	1,996,486	8,521,486
2036-2038	4,900,000	429,250	5,329,250
Total	\$ 18,097,146	\$ 13,206,259	\$ 31,303,405

Year Ending June 30	Other Loans			Total
	Principal	Interest (1)	Other Fees	
2016	\$ 1,372,188	\$ 633,436	\$ 314,491	\$ 2,320,115
2017	1,417,188	598,845	305,645	2,321,678
2018	1,512,188	563,125	296,322	2,371,635
2019	1,997,188	524,512	285,992	2,807,692
2020	2,072,188	470,646	270,522	2,813,356
2021-2025	8,340,514	1,915,573	1,152,390	11,408,477
2026-2030	9,710,000	1,150,233	829,235	11,689,468
2031-2035	7,025,000	223,650	441,805	7,690,455
2036-2039	4,795,000	6,276	110,570	4,911,846
Total	\$ 38,241,454	\$ 6,086,296	\$ 4,006,972	\$ 48,334,722

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

There is \$8,964,210 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$1,275, based on the 2010 federal census.

Changes in Long-term Obligations

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

Governmental Activities:

	Bonds	Accreted Interest on CAB Bonds	Notes	Compensated Absences
Balance, July 1, 2014	\$ 18,415,894	\$ 800,578	\$ 861,358	\$ 407,748
Additions	0	76,549	0	332,877
Reductions	(318,748)	(241,252)	(438,358)	(355,826)
Balance, June 30, 2015	\$ 18,097,146	\$ 635,875	\$ 423,000	\$ 384,799
Balance Due Within One Year	\$ 300,912	\$ 249,088	\$ 423,000	\$ 288,599

	Other Loans	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2014	\$ 39,568,642	\$ 169,659	\$ 281,136
Additions	0	2,428	37,246
Reductions	(1,327,188)	(13,000)	(13,131)
Balance, June 30, 2015	\$ 38,241,454	\$ 159,087	\$ 305,251
Balance Due Within One Year	\$ 1,372,188	\$ 14,847	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 58,246,612
Less: Balance Due Within One Year	(2,648,634)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 55,597,978

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.

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, 2015, was as follows:

Governmental Activities:

	Other Postemployment Benefits
Balance, July 1, 2014	\$ 5,239,967
Additions	1,431,599
Reductions	(817,784)
Balance, June 30, 2015	<u>\$ 5,853,782</u>
Balance Due Within One Year	<u>\$ 0</u>

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

F. On-Behalf Payments

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, 2015, were \$2,000. 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, 2015, were \$144,696 and \$32,150, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. 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 \$65,000 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 \$1,446,610 at June 30, 2015. 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	Liability Balance at Fiscal Year-end
2013-2014	\$ 90,938	\$ 1,682,148	\$ (1,653,715)	\$ 119,371
2014-2015	119,371	1,757,786	(1,800,215)	76,942

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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Subsequent Events

On November 24, 2015, Monroe County issued \$7,810,000 in general obligation refunding bonds.

On November 17, 2015, the Tellico Area Services Systems (TASS) paid the remaining balance on its public building authority loan. Monroe County had been contingently liable for this debt. See Note V.D., for further discussion of TASS debt.

D. Contingent Liabilities

The county is involved in several 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 public building authority loan agreement and a State of Tennessee revolving loan agreement for the benefit of the Tellico Area Service System (TASS) joint venture. Those loans are being retired from revenues of TASS and are not reflected on the financial statements of the county. Monroe County would become liable for these loan agreements in the event of default by TASS. As of June 30, 2015, future principal and interest requirements for which the county is contingently liable were \$330,000 and \$14,735, respectively, for the public building authority loan, and \$3,231,107 and \$381,796, respectively, for the State of Tennessee revolving loan. As discussed in the previous note, subsequent to June 30, 2015, TASS paid off its public building authority loan agreement. This eliminated the principal and interest requirements for which Monroe County was contingently liable.

E. Changes in Administration

On August 31, 2014, Bill Bivens left the Office of Sheriff and was succeeded by Randy White.

On October 15, 2014, Randy White left the Office of Sheriff and was succeeded by Tommy Jones, Jr.

F. 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 \$159,087 reported as postclosure care liability at June 30, 2015, represents amounts based on what it would cost to perform all postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. 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, 2015.

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

H. 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.

I. 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 comprise 51.45 percent and the non-certified employees of the discretely presented School Department comprise 48.55 percent of the plan based on census 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, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	213
Inactive Employees Entitled to But Not Yet Receiving Benefits	303
Active Employees	<u>447</u>
 Total	 <u><u>963</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. 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, employer contributions of Monroe County were \$884,864 based on a rate of 6.52 percent of pensionable 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 contribution 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, 2014, 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, 2014, 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, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real 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
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, 2013	\$ 32,783,902	\$ 31,300,967	\$ 1,482,935
Changes for the Year:			
Service Cost	\$ 1,107,534	\$ 0	\$ 1,107,534
Interest	2,495,328	0	2,495,328
Differences Between Expected and Actual Experience	0	0	(1,154,371)
Contributions-Employer	(1,154,371)	867,537	(867,537)
Contributions-Employees	0	657,563	(657,563)
Net Investment Income	0	5,207,555	(5,207,555)
Benefit Payments, Including Refunds of Employee Contributions	(1,240,797)	(1,240,797)	0
Administrative Expense	0	(18,010)	18,010
Other Changes	0	0	0
Net Changes	\$ 1,207,694	\$ 5,473,848	\$ (4,266,154)
Balance, June 30, 2014	\$ 33,991,596	\$ 36,774,815	\$ (2,783,219)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	51.45%	\$ 17,488,676	\$ 18,920,642	\$ (1,431,966)
School Department	48.55%	16,502,920	17,854,173	(1,351,253)
Total		\$ 33,991,596	\$ 36,774,815	\$ (2,783,219)

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 \$ 1,716,533 \$ (2,783,219) \$ (6,499,088)

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

Pension Income. For the year ended June 30, 2015, Monroe County recognized pension income of \$156,644.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 0	\$ 961,976
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,279,997
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>884,864</u>	<u>N/A</u>
Total	<u>\$ 884,864</u>	<u>\$ 3,241,973</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 586,661	\$ 1,667,995
School Department	298,203	1,573,978
Total	<u>\$ 884,864</u>	<u>\$ 3,241,973</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
2016	\$ (762,394)
2017	(762,394)
2018	(762,394)
2019	(762,394)
2020	(192,395)
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 51.45 percent and the non-certified employees of the discretely presented School Department comprise 48.55 percent of the plan based on census 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 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. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 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. 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. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing 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, 2015, to the Teacher Retirement Plan were \$26,631, which is four percent of pensionable 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. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Monroe County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, 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
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 26,631	N/A

The Monroe County School Department's employer contributions of \$26,631 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ended June 30, 2016.

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.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the 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, 2015, to the Teacher Legacy Pension Plan were \$1,611,147, which is 9.04 percent of pensionable 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 Assets. At June 30, 2015, the Monroe County School Department reported an asset of \$66,624 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Monroe County School Department's proportion of the net pension asset was based on Monroe County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, Monroe County School Department's proportion was .409997. The proportion measured at June 30, 2013, was .478693 percent.

Pension Income. For the year ended June 30, 2015, the Monroe County School Department recognized a pension income of \$218,634.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, 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
Differences Between Expected and Actual Experience	\$ 161,743	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	5,489,282
Changes in Proportion of Net Pension Liability (Asset)	0	968,978
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	1,611,147	N/A
Total	<u>\$ 1,772,890</u>	<u>\$ 6,458,260</u>

The Monroe County School Department's employer contributions of \$1,611,147 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (1,506,860)
2017	(1,506,860)
2018	(1,506,860)
2019	(1,506,860)
2020	(134,539)
Thereafter	(134,539)

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

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

Inflation	3%
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, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real 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	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
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 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 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 \$ 11,236,662 \$ (66,623) \$ (9,424,517)

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 administered by the Tennessee Consolidated Retirement System. This hybrid pension 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 \$33,005 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

J. 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 Plan. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization 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://tn.gov/finance/act/cafr.html>.

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, 2015, the discretely presented Monroe County School Department contributed \$613,584 for postemployment benefits, and the primary government contributed \$2,175.

Annual OPEB Cost and Net OPEB Obligation

	<u>Medicare Supplement Plans</u>		Local
	<u>Primary</u> <u>Government</u>	<u>School</u> <u>Department</u>	<u>Education</u> <u>Group</u> <u>Plan</u>
ARC	\$ 26,000	\$ 112,000	\$ 1,110,000
Interest on the NOPEBO	11,246	26,517	183,082
Adjustment to the ARC	(10,956)	(25,834)	(178,366)
Annual OPEB cost	\$ 26,290	\$ 112,683	\$ 1,114,716
Amount of contribution	(2,175)	(8,888)	(604,696)
Increase/decrease in NOPEBO	\$ 24,115	\$ 103,795	\$ 510,020
Net OPEB obligation, 7-1-14	281,136	662,927	4,577,040
Net OPEB obligation, 6-30-15	\$ 305,251	\$ 766,722	\$ 5,087,060

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

6-30-13	Medicare Supplement	\$ 62,510	4 %	\$ 258,869
6-30-14	"	25,267	12	281,136
6-30-15	"	26,290	8	305,251

School Department

6-30-13	Medicare Supplement	123,906	6	562,098
6-30-14	"	108,579	7	662,927
6-30-15	"	112,683	8	766,722
6-30-13	Local Education Group	1,044,955	55	4,147,500
6-30-14	"	1,076,273	60	4,577,040
6-30-15	"	1,114,716	54	5,087,060

Funded Status and Funding Progress

The Funded status of the plan as of July 1, 2013, was as follows:

	<u>Medicare Supplement Plans</u>		Local
	<u>Primary Government</u>	<u>School Department</u>	<u>Education Group Plan</u>
Actuarial valuation date	7-1-13	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 215,000	\$ 1,569,000	\$ 9,543,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 215,000	\$ 1,569,000	\$ 9,543,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	N/A	N/A	\$ 24,869,579
UAAL as a % of covered payroll	N/A	N/A	38%

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, 2013, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The annual healthcare cost trend rate for the Medicare Supplement Plan was six percent in fiscal year 2015 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.

K. 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.

L. 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. 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.

VI. **OTHER NOTES – DISCRETELY PRESENTED MONROE COUNTY WOMEN’S WELLNESS AND MATERNITY CENTER**

A. **Summary of Significant Accounting Policies**

The Monroe County Women’s Wellness and Maternity Center complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. **Reporting Entity**

The center, a component unit of Monroe County, Tennessee, is a not-for-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Service Code. The corporation was formed in 1983 to provide prenatal care and counseling, to provide a lower cost option of delivery for a medically-indicated obstetrical group, and to increase community support and awareness of prenatal health care needs through community education. The center is licensed by the State of Tennessee and accredited by the National Association of Childbearing Centers.

The center is governed by eight directors appointed by the Monroe County Board of County Commissioners. The center leases its building facility from Monroe County, Tennessee, pursuant to an agreement dated December 1, 1983. Before the issuance of most debt instruments, the center must obtain approval of the Monroe County Board of Commissioners. The center’s board employs an administrator and staff to conduct the daily operations of the center.

In evaluating how to define the government for financial reporting purposes, management has considered the primary government and all potential component units by applying the definitions and the criteria set forth by GASB Statement No. 14, as amended by GASB Statements No. 39 and No. 61.

The financial statements of the center provide an overview of the entity based on financial accountability. The center consists of all the organizations that make up its legal entity – all funds, departments, and offices that are not legally separate.

A component unit is defined as a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Based on the criteria applicable to GASB Statement No. 39 and No. 61 for component units, the center has no financial accountability for any component units. Therefore, the financial reporting entity is limited to those funds, departments, and offices, which comprise the center's legally adopted jurisdictions.

2. Basis of Presentation

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with special regulations, restrictions, or limitations. The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position display information about the reporting center as a whole. Activities are financed in whole or in part by fees charged to external parties for goods and services. These activities are financed primarily by user charges and the measurement of financial activity on net income measurement similar to private sector.

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

On the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, fund activities are presented using the economic resources measurement focus. The accounting objective of this measurement focus is the determination of operating income, change in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, amounts are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Allocations of costs such as depreciation are recorded in the funds.

4. **Assets, Liabilities, and Equity**

Cash

For the purpose of the Statement of Net Position, cash includes all demand, savings accounts, and certificates of deposits of the center. For the purpose of the proprietary fund Statement of Cash Flows, cash and cash equivalents include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Receivables

In the basic financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based on historic trends and the periodic aging of accounts receivable. Major receivable balances for the center activities include patient service revenues.

Capital Assets and Depreciation

In the basic financial statements, capital assets are accounted for and capitalized as capital assets. All capital assets are valued at historical costs or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of capital assets is recorded as an expense in the Statement of Revenues, Expenses, and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Assets</u>	<u>Years</u>
Leasehold Improvements	40
Equipment	5 – 10
Furniture	5 – 10
Alarm System	10
Linens	5

Compensated Absences

Annual Leave

Full-time employees receive annual leave after six months of employment at .5 days per month. Then a one day per month accrual is effective through year five of employment. In years six through

ten, annual leave accrues at a rate of 1.42 days per month. In years ten through 20, annual leave accrues at a rate of 1.75 days per month. In year 20 and beyond, employees earn two days per month. Upon termination, the employee is paid for days remaining in the annual leave account (maximum 160 hours). Part-time permanent employees working at least 16 hours and no more than 36 hours per week will receive the same benefits, based on the percentage of their hours in relationship to full-time hours (37.5). The center's liability for accrued compensated absences as of June 30, 2015, is \$12,916.

Sick Leave

An employee accumulates paid sick days the same as annual leave is accrued for full and part-time employees. A maximum of 20 days of paid sick leave may be accrued. Employees who resign for reasons other than health-related will not receive payment for accumulated sick leave.

Equity Classifications

Equity is classified as net position and displayed in two 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. Unrestricted net position – All other assets, liabilities, deferred outflows of resources, and deferred inflows of resources that do not meet the definition of “restricted” or “investment in capital assets” are classified as unrestricted.

Deferred inflows and deferred outflows of resources are attributable in the acquisition, construction, or improvement of capital assets are also included as a component of net investment in capital assets.

5. Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities. Marketing expenditures are expensed as incurred.

Operating Revenues/Expenses

Operating revenues and expenses generally result from providing services in connection with the proprietary fund's ongoing operations. The principal operating revenue of the center is revenue from services provided to patients for birthing services, prenatal care, and counseling services.

Nonoperating Revenues/Expenses

Nonoperating revenues/expenses are all other revenues and expenses not meeting the definition of operating revenues/expenses above. The center's principal nonoperating revenues (expenses) are interest income (expense), contributions, grants, and foundation awards.

6. Stewardship, Compliance, and Accountability

Fund Accounting Requirements

The center complies with all state and local laws and regulations pertaining to its fund accounting requirements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

Marketing costs are expensed as incurred.

Annual Budget

An annual budget is adopted by the center and approved by the board of directors. The budget is based on expected expenses and estimated revenue resources. The budgetary basis is the accrual basis of accounting. If changes to estimated amounts become evident during the fiscal year, the board may amend the budget. All budget items lapse at the end of the fiscal year.

7. Implementation of New Accounting Standards

The Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and also requires related disclosures. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011.

In addition, the GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. Since this statement closely correlates to Statement No. 63, the center has elected to early implement the provisions of this statement.

B. Capital Assets and Depreciation

All capital assets are valued at historical cost. Depreciation is provided over the assets' estimated useful lives using the straight-line basis. Capital assets and depreciation are as follows:

	<u>Capital Assets</u>		
	Balance	Reclassi- fications/ Additions	Balance
	7-1-14		6-30-15
Depreciable:			
Leasehold Improvements	\$ 433,744	\$ 0	\$ 433,744
Equipment	167,865	0	167,865
Furniture	31,945	0	31,945
Alarm System	3,017	0	3,017
Linens	361	0	361
	<hr/>		
Total	\$ 636,932	\$ 0	\$ 636,932

	Accumulated Depreciation		
	Balance	Additions	Balance
	7-1-14		6-30-15
Leasehold Improvements	\$ 79,752	\$ 10,633	\$ 90,385
Equipment	141,332	2,587	143,919
Furniture	15,529	462	15,991
Alarm System	3,017	0	3,017
Linens	361	0	361
Total	\$ 239,991	\$ 13,682	\$ 253,673

Depreciation expense for the fiscal year ended June 30, 2015, totaled \$13,682.

C. Cash

In accordance with the board of director's approval, the center maintains checking and savings accounts to handle the day-to-day operations. Excess monies are invested in short-term certificates of deposit.

Investments are carried at fair value.

The carrying amount of the center's deposits at June 30, 2015, was \$27,505. Accounts on deposit with financial institutions were fully insured at June 30, 2015, or collateralized with securities held by the Tennessee Investment Collateral Pool.

D. Employees Retirement Plan

The center has established a tax-deferred annuity plan on behalf of all eligible employees (after 90 days) working at least 25 hours per week. Part-time employees working 16 or more hours weekly may contribute to the retirement plan, but no employer contributions will be made. Section 403(b) of the Internal Revenue Service Code allows employees of a tax-exempt Section 501(c)(3) organization to exclude from gross income amounts applied to the tax deferred annuity plan. Contributions to the plan are made on a voluntary basis, and full-time employees receive a four percent match from the center. Retirement plan expense for the fiscal year ended June 30, 2015, totaled \$3,896.

E. Risk Financing Activities

It is the policy of the center to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, workers' compensation, malpractice, and employee health insurance. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

F. Note Payable

In February 2008, the center borrowed \$362,200 from the USDA Rural Development for building construction/improvements. The note is payable at \$1,576 per month, including interest of 4.125 percent, and matures in 2046. A schedule of future payments is as follows:

Fiscal Year Ending June 30	Note		
	Principal	Interest	Total
2016	\$ 5,474	\$ 13,438	\$ 18,912
2017	5,704	13,208	18,912
2018	5,944	12,968	18,912
2019	6,194	12,718	18,912
2020	6,454	12,458	18,912
Subtotal	<u>\$ 29,770</u>	<u>\$ 64,790</u>	<u>\$ 94,560</u>
2021	\$ 6,725	\$ 12,187	\$ 18,912
2022	7,008	11,904	18,912
2023	7,303	11,609	18,912
2024	7,610	11,302	18,912
2025	7,930	10,982	18,912
Subtotal	<u>\$ 36,576</u>	<u>\$ 57,984</u>	<u>\$ 94,560</u>
2026	\$ 8,263	\$ 10,649	\$ 18,912
2027	8,610	10,302	18,912
2028	8,972	9,940	18,912
2029	9,350	9,562	18,912
2030	9,743	9,169	18,912
Subtotal	<u>\$ 44,938</u>	<u>\$ 49,622</u>	<u>\$ 94,560</u>

Fiscal Year Ending June 30	Note (Cont.)		
	Principal	Interest	Total
2031	\$ 10,152	\$ 8,760	\$ 18,912
2032	10,579	8,333	18,912
2033	11,024	7,888	18,912
2034	11,487	7,425	18,912
2035	11,970	6,942	18,912
Subtotal	<u>\$ 55,212</u>	<u>\$ 39,348</u>	<u>\$ 94,560</u>
2036	\$ 12,473	\$ 6,439	\$ 18,912
2037	12,998	5,914	18,912
2038	13,544	5,368	18,912
2039	14,113	4,799	18,912
2040	14,707	4,205	18,912
Subtotal	<u>\$ 67,835</u>	<u>\$ 26,725</u>	<u>\$ 94,560</u>
2041	\$ 15,325	\$ 3,587	\$ 18,912
2042	15,969	2,943	18,912
2043	16,641	2,271	18,912
2044	17,340	1,572	18,912
2045	18,069	843	18,912
Subtotal	<u>\$ 83,344</u>	<u>\$ 11,216</u>	<u>\$ 94,560</u>
2046	\$ 10,586	\$ 135	\$ 10,721
Subtotal	<u>\$ 10,586</u>	<u>\$ 135</u>	<u>\$ 10,721</u>
Total	<u>\$ 328,261</u>	<u>\$ 249,820</u>	<u>\$ 578,081</u>

Schedule of changes in long-term debt:

Beginning balance, 7-1-14	\$ 333,514
Payments	<u>(5,253)</u>
Balance, 6-30-15	<u>\$ 328,261</u>

G. Grants and Foundation Awards

The center received the following grants, awards, and donations during the year:

Grants:	
State of Tennessee:	
Safety Net	\$ 7,000
Local:	
Connectivity	2,000
Strong Start	<u>28,100</u>
Total	<u>\$ 37,100</u>

**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

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 1,107,534
Interest	2,495,328
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(1,154,371)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,240,797)</u>
Net Change in Total Pension Liability (Asset)	\$ 1,207,694
Total Pension Liability (Asset), Beginning	<u>32,783,902</u>
Total Pension Liability, Ending (a)	<u>\$ 33,991,596</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 867,537
Contributions - Employee	657,563
Net Investment Income	5,207,555
Benefit Payments, Including Refunds of Employee Contributions	(1,240,797)
Administrative Expense	<u>(18,010)</u>
Net Change in Plan Fiduciary Net Position	\$ 5,473,848
Plan Fiduciary Net Position, Beginning	<u>31,300,967</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 36,774,815</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ (2,783,219)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.19%
Covered Employee Payroll	\$ 13,065,224
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	21.30%

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

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 867,537	\$ 884,864
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(867,537)</u>	<u>(884,864)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 13,065,224	\$ 15,498,098
Contributions as a Percentage of Covered Employee Payroll	6.64%	5.71%

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
Retirement Plan of TCRS
Discretely Presented Monroe County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 16,644
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(26,631)</u>
Contribution Deficiency (Excess)	<u>\$ (9,987)</u>
Covered Employee Payroll	\$ 684,865
Contributions as a Percentage of Covered Employee Payroll	3.89%

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>
Actuarially Determined Contribution	\$ 1,429,001	\$ 1,611,147
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,429,001)</u>	<u>(1,611,147)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 16,092,358	\$ 17,649,814
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.13%

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

Exhibit F-5

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

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.409997%
School Department's Proportionate Share of the Net Pension Asset	\$ 66,623
Covered Employee Payroll	\$ 16,092,358
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

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

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

Exhibit F-6

Monroe County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Monroe County School Department
June 30, 2015

(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	7-1-10	\$ 0	\$ 545	\$ 545	0 %	\$ N/A	N/A %
"	7-1-11	0	595	595	0	N/A	N/A
"	7-1-13	0	215	215	0	N/A	N/A
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	9,394	9,394	0	23,306	40
"	7-1-11	0	9,321	9,321	0	23,889	39
"	7-1-13	0	9,543	9,543	0	24,870	38
Medicare Supplement	7-1-10	0	1,690	1,690	0	N/A	N/A
"	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

MONROE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 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.

Capital Projects Funds

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Exhibit G-1

Monroe County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds				Capital	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 1,530	\$ 1,530	\$ 0	\$ 1,530
Equity in Pooled Cash and Investments	1,223,629	299,455	0	1,523,084	2,576,712	4,099,796
Accounts Receivable	4,494	0	48	4,542	0	4,542
Due from Other Governments	27,115	0	0	27,115	0	27,115
Property Taxes Receivable	1,090,306	0	0	1,090,306	0	1,090,306
Allowance for Uncollectible Property Taxes	(67,056)	0	0	(67,056)	0	(67,056)
Total Assets	<u>\$ 2,278,488</u>	<u>\$ 299,455</u>	<u>\$ 1,578</u>	<u>\$ 2,579,521</u>	<u>\$ 2,576,712</u>	<u>\$ 5,156,233</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 44,046	\$ 0	\$ 0	\$ 44,046	\$ 0	\$ 44,046
Accrued Payroll	1,442	0	0	1,442	0	1,442
Payroll Deductions Payable	3,782	1,106	0	4,888	0	4,888
Contracts Payable	0	0	0	0	88,226	88,226
Due to Other Funds	1,396	0	1,578	2,974	0	2,974
Due to Litigants, Heirs, and Others	0	46,100	0	46,100	0	46,100
Total Liabilities	<u>\$ 50,666</u>	<u>\$ 47,206</u>	<u>\$ 1,578</u>	<u>\$ 99,450</u>	<u>\$ 88,226</u>	<u>\$ 187,676</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 991,377	\$ 0	\$ 0	\$ 991,377	\$ 0	\$ 991,377
Deferred Delinquent Property Taxes	26,726	0	0	26,726	0	26,726
Other Deferred/Unavailable Revenue	5,896	0	0	5,896	0	5,896
Total Deferred Inflows of Resources	<u>\$ 1,023,999</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,023,999</u>	<u>\$ 0</u>	<u>\$ 1,023,999</u>

(Continued)

Exhibit G-1

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

	Special Revenue Funds				Capital	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	Projects Fund General Capital Projects	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 252,249	\$ 0	\$ 252,249	\$ 0	\$ 252,249
Restricted for Public Health and Welfare	1,203,823	0	0	1,203,823	0	1,203,823
Restricted for Capital Projects	0	0	0	0	2,488,486	2,488,486
Total Fund Balances	<u>\$ 1,203,823</u>	<u>\$ 252,249</u>	<u>\$ 0</u>	<u>\$ 1,456,072</u>	<u>\$ 2,488,486</u>	<u>\$ 3,944,558</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,278,488</u>	<u>\$ 299,455</u>	<u>\$ 1,578</u>	<u>\$ 2,579,521</u>	<u>\$ 2,576,712</u>	<u>\$ 5,156,233</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, 2015

	Special Revenue Funds				Capital	Total
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	Projects Fund General Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 1,453,141	\$ 0	\$ 0	\$ 1,453,141	\$ 0	\$ 1,453,141
Fines, Forfeitures, and Penalties	0	314,811	0	314,811	0	314,811
Charges for Current Services	572,742	0	36	572,778	0	572,778
Other Local Revenues	29,905	3,951	0	33,856	0	33,856
State of Tennessee	93,699	0	0	93,699	0	93,699
Total Revenues	\$ 2,149,487	\$ 318,762	\$ 36	\$ 2,468,285	\$ 0	\$ 2,468,285
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330,477	\$ 330,477
Administration of Justice	0	0	36	36	0	36
Public Safety	0	238,969	0	238,969	0	238,969
Public Health and Welfare	1,912,159	0	0	1,912,159	0	1,912,159
Highways	59,780	0	0	59,780	0	59,780
Capital Projects	0	0	0	0	452,350	452,350
Total Expenditures	\$ 1,971,939	\$ 238,969	\$ 36	\$ 2,210,944	\$ 782,827	\$ 2,993,771
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 177,548	\$ 79,793	\$ 0	\$ 257,341	\$ (782,827)	\$ (525,486)
Net Change in Fund Balances	\$ 177,548	\$ 79,793	\$ 0	\$ 257,341	\$ (782,827)	\$ (525,486)
Fund Balance, July 1, 2014	1,026,275	172,456	0	1,198,731	3,271,313	4,470,044
Fund Balance, June 30, 2015	\$ 1,203,823	\$ 252,249	\$ 0	\$ 1,456,072	\$ 2,488,486	\$ 3,944,558

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,453,141	\$ 0	\$ 0	\$ 1,453,141	\$ 1,256,137	\$ 1,256,137	\$ 197,004
Charges for Current Services	572,742	0	0	572,742	703,500	703,500	(130,758)
Other Local Revenues	29,905	0	0	29,905	25,000	31,850	(1,945)
State of Tennessee	93,699	0	0	93,699	94,900	157,506	(63,807)
Total Revenues	\$ 2,149,487	\$ 0	\$ 0	\$ 2,149,487	\$ 2,079,537	\$ 2,148,993	\$ 494
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 1,102,704	\$ (3,700)	\$ 0	\$ 1,099,004	\$ 1,291,461	\$ 1,291,461	\$ 192,457
Convenience Centers	796,455	(700)	7,441	803,196	973,577	998,133	194,937
Postclosure Care Costs	13,000	0	0	13,000	25,000	25,000	12,000
<u>Highways</u>							
Litter and Trash Collection	59,780	(948)	0	58,832	62,557	107,457	48,625
Total Expenditures	\$ 1,971,939	\$ (5,348)	\$ 7,441	\$ 1,974,032	\$ 2,352,595	\$ 2,422,051	\$ 448,019
Excess (Deficiency) of Revenues Over Expenditures	\$ 177,548	\$ 5,348	\$ (7,441)	\$ 175,455	\$ (273,058)	\$ (273,058)	\$ 448,513
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,000	\$ 35,000	\$ (35,000)
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,000	\$ 35,000	\$ (35,000)
Net Change in Fund Balance	\$ 177,548	\$ 5,348	\$ (7,441)	\$ 175,455	\$ (238,058)	\$ (238,058)	\$ 413,513
Fund Balance, July 1, 2014	1,026,275	(5,348)	0	1,020,927	1,008,765	1,008,765	12,162
Fund Balance, June 30, 2015	\$ 1,203,823	\$ 0	\$ (7,441)	\$ 1,196,382	\$ 770,707	\$ 770,707	\$ 425,675

Exhibit G-4

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 314,811	\$ 0	\$ 314,811	\$ 210,000	\$ 210,000	\$ 104,811
Other Local Revenues	3,951	0	3,951	52,500	52,500	(48,549)
Other Governments and Citizens Groups	0	0	0	1,000	1,000	(1,000)
Total Revenues	<u>\$ 318,762</u>	<u>\$ 0</u>	<u>\$ 318,762</u>	<u>\$ 263,500</u>	<u>\$ 263,500</u>	<u>\$ 55,262</u>
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 238,969	\$ (122)	\$ 238,847	\$ 256,315	\$ 256,315	\$ 17,468
Total Expenditures	<u>\$ 238,969</u>	<u>\$ (122)</u>	<u>\$ 238,847</u>	<u>\$ 256,315</u>	<u>\$ 256,315</u>	<u>\$ 17,468</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 79,793</u>	<u>\$ 122</u>	<u>\$ 79,915</u>	<u>\$ 7,185</u>	<u>\$ 7,185</u>	<u>\$ 72,730</u>
Net Change in Fund Balance	\$ 79,793	\$ 122	\$ 79,915	\$ 7,185	\$ 7,185	\$ 72,730
Fund Balance, July 1, 2014	<u>172,456</u>	<u>(122)</u>	<u>172,334</u>	<u>175,406</u>	<u>175,406</u>	<u>(3,072)</u>
Fund Balance, June 30, 2015	<u>\$ 252,249</u>	<u>\$ 0</u>	<u>\$ 252,249</u>	<u>\$ 182,591</u>	<u>\$ 182,591</u>	<u>\$ 69,658</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,913,294	\$ 4,302,574	\$ 4,302,574	\$ 610,720
Charges for Current Services	58,888	65,000	465,000	(406,112)
Other Local Revenues	6,690	15,000	15,000	(8,310)
State of Tennessee	31,645	0	0	31,645
Other Governments and Citizens Groups	407,194	7,188	7,188	400,006
Total Revenues	<u>\$ 5,417,711</u>	<u>\$ 4,389,762</u>	<u>\$ 4,789,762</u>	<u>\$ 627,949</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 2,084,294	\$ 2,265,699	\$ 2,084,294	\$ 0
<u>Interest on Debt</u>				
General Government	1,991,858	2,051,036	2,140,441	148,583
<u>Other Debt Service</u>				
General Government	548,597	89,000	581,000	32,403
Total Expenditures	<u>\$ 4,624,749</u>	<u>\$ 4,405,735</u>	<u>\$ 4,805,735</u>	<u>\$ 180,986</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 792,962</u>	<u>\$ (15,973)</u>	<u>\$ (15,973)</u>	<u>\$ 808,935</u>
Net Change in Fund Balance	\$ 792,962	\$ (15,973)	\$ (15,973)	\$ 808,935
Fund Balance, July 1, 2014	<u>8,171,248</u>	<u>6,746,641</u>	<u>6,746,641</u>	<u>1,424,607</u>
Fund Balance, June 30, 2015	<u>\$ 8,964,210</u>	<u>\$ 6,730,668</u>	<u>\$ 6,730,668</u>	<u>\$ 2,233,542</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, 2015

	Agency Funds			Total
	Cities - Sales Tax	City School ADA - Sweetwater	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,504,929	\$ 1,504,929
Equity in Pooled Cash and Investments	0	16,521	0	16,521
Due from Other Governments	765,518	192,915	0	958,433
Taxes Receivable	0	1,425,808	0	1,425,808
Allowance for Uncollectible Taxes	0	(73,732)	0	(73,732)
Total Assets	<u>\$ 765,518</u>	<u>\$ 1,561,512</u>	<u>\$ 1,504,929</u>	<u>\$ 3,831,959</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 765,518	\$ 1,561,512	\$ 0	\$ 2,327,030
Due to Litigants, Heirs, and Others	0	0	1,504,929	1,504,929
Total Liabilities	<u>\$ 765,518</u>	<u>\$ 1,561,512</u>	<u>\$ 1,504,929</u>	<u>\$ 3,831,959</u>

Exhibit I-2

Monroe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,979,403	\$ 3,979,403	\$ 0
Due from Other Governments	689,937	765,518	689,937	765,518
Total Assets	\$ 689,937	\$ 4,744,921	\$ 4,669,340	\$ 765,518
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 689,937	\$ 4,744,921	\$ 4,669,340	\$ 765,518
Total Liabilities	\$ 689,937	\$ 4,744,921	\$ 4,669,340	\$ 765,518
<u>City School ADA - Sweetwater Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,534,706	\$ 2,518,185	\$ 16,521
Due from Other Governments	179,461	192,915	179,461	192,915
Taxes Receivable	1,421,813	1,425,808	1,421,813	1,425,808
Allowance for Uncollectible Taxes	(69,236)	(73,732)	(69,236)	(73,732)
Total Assets	\$ 1,532,038	\$ 4,079,697	\$ 4,050,223	\$ 1,561,512
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,532,038	\$ 4,096,218	\$ 4,066,744	\$ 1,561,512
Total Liabilities	\$ 1,532,038	\$ 4,096,218	\$ 4,066,744	\$ 1,561,512
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,725,785	\$ 7,306,281	\$ 7,527,137	\$ 1,504,929
Cash Shortage	20,651	0	20,651	0
Total Assets	\$ 1,746,436	\$ 7,306,281	\$ 7,547,788	\$ 1,504,929
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,746,436	\$ 7,306,281	\$ 7,547,788	\$ 1,504,929
Total Liabilities	\$ 1,746,436	\$ 7,306,281	\$ 7,547,788	\$ 1,504,929

(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	\$ 1,725,785	\$ 7,306,281	\$ 7,527,137	\$ 1,504,929
Equity in Pooled Cash and Investments	0	6,514,109	6,497,588	16,521
Due from Other Governments	869,398	958,433	869,398	958,433
Taxes Receivable	1,421,813	1,425,808	1,421,813	1,425,808
Allowance for Uncollectible Taxes	(69,236)	(73,732)	(69,236)	(73,732)
Cash Shortage	20,651	0	20,651	0
Total Assets	<u>\$ 3,968,411</u>	<u>\$ 16,130,899</u>	<u>\$ 16,267,351</u>	<u>\$ 3,831,959</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,221,975	\$ 8,841,139	\$ 8,736,084	\$ 2,327,030
Due to Litigants, Heirs, and Others	1,746,436	7,306,281	7,547,788	1,504,929
Total Liabilities	<u>\$ 3,968,411</u>	<u>\$ 16,147,420</u>	<u>\$ 16,283,872</u>	<u>\$ 3,831,959</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, 2015

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	\$ 24,155,384	\$ 0	\$ 2,380,274	\$ (21,775,110)
Support Services	16,874,671	357,387	495,429	(16,021,855)
Operation of Non-instructional Services	3,324,549	633,660	2,458,130	(232,759)
Total Governmental Activities	\$ 44,354,604	\$ 991,047	\$ 5,333,833	\$ (38,029,724)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 4,585,489
Local Option Sales Taxes				3,697,115
Other Local Taxes				111,231
Grants and Contributions Not Restricted for Specific Programs				29,434,907
Unrestricted Investment Income				23
Miscellaneous				7,639
Pension Income				294,685
Total General Revenues				\$ 38,131,089
Change in Net Position				\$ 101,365
Net Position, July 1, 2014				48,706,050
Restatement - See Note I.D.8.				(6,747,303)
Net Position, June 30, 2015				\$ 42,060,112

Exhibit J-2

Monroe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 4,555	\$ 4,555
Equity in Pooled Cash and Investments	6,528,716	423,018	6,951,734
Accounts Receivable	17,686	20	17,706
Due from Other Governments	1,119,419	348,686	1,468,105
Property Taxes Receivable	5,432,885	0	5,432,885
Allowance for Uncollectible Property Taxes	(282,534)	0	(282,534)
Total Assets	<u>\$ 12,816,172</u>	<u>\$ 776,279</u>	<u>\$ 13,592,451</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 36,745	\$ 33,533	\$ 70,278
Accrued Payroll	2,787,135	112,279	2,899,414
Payroll Deductions Payable	1,391,766	167,141	1,558,907
Total Liabilities	<u>\$ 4,215,646</u>	<u>\$ 312,953</u>	<u>\$ 4,528,599</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,035,764	\$ 0	\$ 5,035,764
Deferred Delinquent Property Taxes	96,084	0	96,084
Other Deferred/Unavailable Revenue	359,395	0	359,395
Total Deferred Inflows of Resources	<u>\$ 5,491,243</u>	<u>\$ 0</u>	<u>\$ 5,491,243</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 40,000	\$ 214,011	\$ 254,011
Committed:			
Committed for Education	0	362,591	362,591
Assigned:			
Assigned for Education	652,123	0	652,123
Unassigned	2,417,160	(113,276)	2,303,884
Total Fund Balances	<u>\$ 3,109,283</u>	<u>\$ 463,326</u>	<u>\$ 3,572,609</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,816,172</u>	<u>\$ 776,279</u>	<u>\$ 13,592,451</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, 2015

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)		\$ 3,572,609
(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	47,059,224	
Add: other capital assets net of accumulated depreciation	<u>478,657</u>	48,402,443
(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		(5,853,782)
(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	\$ 2,097,724	
Less: deferred inflows of resources related to pensions	<u>(8,032,238)</u>	(5,934,514)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,351,253
(5) Net pension assets of the cost-sharing plan are not current financial resources and therefore are not reported in the governmental funds.		66,624
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>455,479</u>
Net position of governmental activities (Exhibit A)		<u>\$ 42,060,112</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, 2015

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 8,994,496	\$ 0	\$ 8,994,496
Licenses and Permits	2,787	0	2,787
Charges for Current Services	348,120	633,660	981,780
Other Local Revenues	361,946	23	361,969
State of Tennessee	28,763,768	0	28,763,768
Federal Government	180,933	4,855,606	5,036,539
Total Revenues	<u>\$ 38,652,050</u>	<u>\$ 5,489,289</u>	<u>\$ 44,141,339</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 23,367,065	\$ 1,775,182	\$ 25,142,247
Support Services	14,504,691	1,130,099	15,634,790
Operation of Non-instructional Services	605,980	2,720,991	3,326,971
Total Expenditures	<u>\$ 38,477,736</u>	<u>\$ 5,626,272</u>	<u>\$ 44,104,008</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 174,314</u>	<u>\$ (136,983)</u>	<u>\$ 37,331</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 6,100	\$ 0	\$ 6,100
Transfers In	0	150,000	150,000
Transfers Out	(150,000)	0	(150,000)
Total Other Financing Sources (Uses)	<u>\$ (143,900)</u>	<u>\$ 150,000</u>	<u>\$ 6,100</u>
Net Change in Fund Balances	\$ 30,414	\$ 13,017	\$ 43,431
Fund Balance, July 1, 2014	<u>3,078,869</u>	<u>450,309</u>	<u>3,529,178</u>
Fund Balance, June 30, 2015	<u>\$ 3,109,283</u>	<u>\$ 463,326</u>	<u>\$ 3,572,609</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, 2015

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)		\$	43,431
(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		\$	260,907
Less: current-year depreciation expense			<u>(1,839,769)</u>
			(1,578,862)
(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, 2015		\$	455,479
Less: deferred delinquent property taxes and other deferred June 30, 2014			<u>(435,534)</u>
			19,945
(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			(613,815)
Change in net pension liability/asset			8,165,180
Change in deferred outflows related to pensions			2,097,724
Change in deferred inflows related to pensions			<u>(8,032,238)</u>
			1,616,851
Change in net position of governmental activities (Exhibit B)		\$	<u>101,365</u>

Exhibit J-6

Monroe County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2015

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 4,555	\$ 4,555
Equity in Pooled Cash and Investments	111,672	311,346	423,018
Accounts Receivable	20	0	20
Due from Other Governments	259,612	89,074	348,686
Total Assets	<u>\$ 371,304</u>	<u>\$ 404,975</u>	<u>\$ 776,279</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 32,866	\$ 667	\$ 33,533
Accrued Payroll	112,279	0	112,279
Payroll Deductions Payable	96,147	70,994	167,141
Total Liabilities	<u>\$ 241,292</u>	<u>\$ 71,661</u>	<u>\$ 312,953</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 214,011	\$ 214,011
Committed:			
Committed for Education	243,288	119,303	362,591
Unassigned	(113,276)	0	(113,276)
Total Fund Balances	<u>\$ 130,012</u>	<u>\$ 333,314</u>	<u>\$ 463,326</u>
Total Liabilities and Fund Balances	<u>\$ 371,304</u>	<u>\$ 404,975</u>	<u>\$ 776,279</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, 2015

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 633,660	\$ 633,660
Other Local Revenues	0	23	23
Federal Government	2,721,782	2,133,824	4,855,606
Total Revenues	<u>\$ 2,721,782</u>	<u>\$ 2,767,507</u>	<u>\$ 5,489,289</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,775,182	\$ 0	\$ 1,775,182
Support Services	1,130,099	0	1,130,099
Operation of Non-instructional Services	0	2,720,991	2,720,991
Total Expenditures	<u>\$ 2,905,281</u>	<u>\$ 2,720,991</u>	<u>\$ 5,626,272</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (183,499)</u>	<u>\$ 46,516</u>	<u>\$ (136,983)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 150,000	\$ 150,000
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>
Net Change in Fund Balances	\$ (183,499)	\$ 196,516	\$ 13,017
Fund Balance, July 1, 2014	313,511	136,798	450,309
Fund Balance, June 30, 2015	<u>\$ 130,012</u>	<u>\$ 333,314</u>	<u>\$ 463,326</u>

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,994,496	\$ 0	\$ 0	\$ 8,994,496	\$ 9,190,774	\$ 9,190,774	\$ (196,278)
Licenses and Permits	2,787	0	0	2,787	3,181	3,181	(394)
Charges for Current Services	348,120	0	0	348,120	386,142	386,142	(38,022)
Other Local Revenues	361,946	0	0	361,946	298,209	353,829	8,117
State of Tennessee	28,763,768	0	0	28,763,768	28,386,282	28,665,409	98,359
Federal Government	180,933	0	0	180,933	178,653	243,211	(62,278)
Total Revenues	\$ 38,652,050	\$ 0	\$ 0	\$ 38,652,050	\$ 38,443,241	\$ 38,842,546	\$ (190,496)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 18,241,345	\$ (9,236)	\$ 0	\$ 18,232,109	\$ 18,059,401	\$ 18,232,664	\$ 555
Alternative Instruction Program	57,331	0	0	57,331	63,275	63,275	5,944
Special Education Program	3,608,051	(39,980)	11,341	3,579,412	3,597,366	3,701,619	122,207
Vocational Education Program	1,460,338	0	0	1,460,338	1,694,755	1,522,941	62,603
<u>Support Services</u>							
Attendance	55,008	0	0	55,008	64,747	64,747	9,739
Health Services	1,076,153	(563)	2,133	1,077,723	1,169,767	1,160,067	82,344
Other Student Support	1,073,639	0	0	1,073,639	1,136,618	1,136,777	63,138
Regular Instruction Program	979,577	0	0	979,577	1,049,353	1,060,327	80,750
Special Education Program	517,720	0	1,304	519,024	574,581	534,886	15,862
Vocational Education Program	1,217	0	0	1,217	1,718	1,718	501
Other Programs	809,188	(681)	4,270	812,777	680,779	857,625	44,848
Board of Education	689,422	(187)	680	689,915	714,332	716,832	26,917
Director of Schools	320,542	(130)	0	320,412	322,599	321,099	687
Office of the Principal	2,117,255	0	0	2,117,255	2,218,358	2,219,290	102,035
Operation of Plant	3,441,388	(6,562)	2,643	3,437,469	3,545,493	3,544,064	106,595
Maintenance of Plant	984,895	(76,589)	27,123	935,429	1,143,190	1,154,740	219,311
Transportation	2,438,687	(107,538)	4,841	2,335,990	2,441,737	2,447,737	111,747

(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 7/1/2014	Add: Encumbrances 6/30/2015	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	\$ 245,554	\$ 0	\$ 0	\$ 245,554	\$ 247,940	\$ 247,940	\$ 2,386
Community Services	42,233	0	0	42,233	55,593	55,593	13,360
Early Childhood Education	318,193	(559)	0	317,634	352,475	329,680	12,046
Total Expenditures	\$ 38,477,736	\$ (242,025)	\$ 54,335	\$ 38,290,046	\$ 39,134,077	\$ 39,373,621	\$ 1,083,575
Excess (Deficiency) of Revenues Over Expenditures	\$ 174,314	\$ 242,025	\$ (54,335)	\$ 362,004	\$ (690,836)	\$ (531,075)	\$ 893,079
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 6,100	\$ 0	\$ 0	\$ 6,100	\$ 0	\$ 0	\$ 6,100
Transfers In	0	0	0	0	200,000	0	0
Transfers Out	(150,000)	0	0	(150,000)	(350,000)	(150,000)	0
Total Other Financing Sources	\$ (143,900)	\$ 0	\$ 0	\$ (143,900)	\$ (150,000)	\$ (150,000)	\$ 6,100
Net Change in Fund Balance	\$ 30,414	\$ 242,025	\$ (54,335)	\$ 218,104	\$ (840,836)	\$ (681,075)	\$ 899,179
Fund Balance, July 1, 2014	3,078,869	(242,025)	0	2,836,844	2,329,338	2,329,338	507,506
Fund Balance, June 30, 2015	\$ 3,109,283	\$ 0	\$ (54,335)	\$ 3,054,948	\$ 1,488,502	\$ 1,648,263	\$ 1,406,685

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,721,782	\$ 2,910,095	\$ 3,665,075	\$ (943,293)
Total Revenues	<u>\$ 2,721,782</u>	<u>\$ 2,910,095</u>	<u>\$ 3,665,075</u>	<u>\$ (943,293)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 956,085	\$ 1,146,982	\$ 1,386,455	\$ 430,370
Special Education Program	736,488	865,600	1,002,951	266,463
Vocational Education Program	82,609	84,921	84,921	2,312
<u>Support Services</u>				
Other Student Support	150,694	156,987	200,038	49,344
Regular Instruction Program	634,543	470,375	737,008	102,465
Special Education Program	188,457	179,785	248,257	59,800
Vocational Education Program	5,444	5,445	5,445	1
Other Programs	150,961	0	0	(150,961)
Total Expenditures	<u>\$ 2,905,281</u>	<u>\$ 2,910,095</u>	<u>\$ 3,665,075</u>	<u>\$ 759,794</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (183,499)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (183,499)</u>
Net Change in Fund Balance	\$ (183,499)	\$ 0	\$ 0	\$ (183,499)
Fund Balance, July 1, 2014	<u>313,511</u>	<u>313,511</u>	<u>313,511</u>	<u>0</u>
Fund Balance, June 30, 2015	<u>\$ 130,012</u>	<u>\$ 313,511</u>	<u>\$ 313,511</u>	<u>\$ (183,499)</u>

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 633,660	\$ 0	\$ 0	\$ 633,660	\$ 683,446	\$ 683,872	\$ (50,212)
Other Local Revenues	23	0	0	23	540	540	(517)
Federal Government	2,133,824	0	0	2,133,824	2,167,352	2,181,628	(47,804)
Total Revenues	<u>\$ 2,767,507</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,767,507</u>	<u>\$ 2,851,338</u>	<u>\$ 2,866,040</u>	<u>\$ (98,533)</u>
<u>Expenditures</u>							
<u>Operation of Non-instructional Services</u>							
Food Service	\$ 2,720,991	\$ (1,166)	\$ 398	\$ 2,720,223	\$ 3,001,338	\$ 3,001,764	\$ 281,541
Total Expenditures	<u>\$ 2,720,991</u>	<u>\$ (1,166)</u>	<u>\$ 398</u>	<u>\$ 2,720,223</u>	<u>\$ 3,001,338</u>	<u>\$ 3,001,764</u>	<u>\$ 281,541</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 46,516</u>	<u>\$ 1,166</u>	<u>\$ (398)</u>	<u>\$ 47,284</u>	<u>\$ (150,000)</u>	<u>\$ (135,724)</u>	<u>\$ 183,008</u>
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 150,000	\$ 0	\$ 0	\$ 150,000	\$ 150,000	\$ 150,000	\$ 0
Total Other Financing Sources	<u>\$ 150,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 196,516	\$ 1,166	\$ (398)	\$ 197,284	\$ 0	\$ 14,276	\$ 183,008
Fund Balance, July 1, 2014	136,798	(1,166)	0	135,632	101,031	101,031	34,601
Fund Balance, June 30, 2015	<u>\$ 333,314</u>	<u>\$ 0</u>	<u>\$ (398)</u>	<u>\$ 332,916</u>	<u>\$ 101,031</u>	<u>\$ 115,307</u>	<u>\$ 217,609</u>

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, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or Matured During Period	Outstanding 6-30-15
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Energy Efficiency	\$ 156,500	0 %	4-18-08	6-15-15	\$ 22,358	\$ 22,358	\$ 0
Highway, Ambulance, Sheriff Vehicles, and Phone System	1,650,000	1.73	10-25-11	11-1-15	839,000	416,000	423,000
Total Notes Payable					<u>\$ 861,358</u>	<u>\$ 438,358</u>	<u>\$ 423,000</u>
<u>BONDS PAYABLE</u>							
<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	\$ 765,894	\$ 218,748	\$ 547,146
General Obligation School Bonds, Series 2007	8,500,000	5	6-7-07	6-1-35	7,800,000	100,000	7,700,000
General Obligation School Bonds, Series 2008	9,850,000	4.05 to 5	4-15-08	6-1-38	9,850,000	0	9,850,000
Total Bonds Payable					<u>\$ 18,415,894</u>	<u>\$ 318,748</u>	<u>\$ 18,097,146</u>
<u>OTHER LOANS PAYABLE</u>							
<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	\$ 30,500,000	\$ 790,000	\$ 29,710,000
Local Government Loan Program, Series 2011	8,300,000	2.45	10-27-11	6-1-31	7,055,000	415,000	6,640,000
Local Government Loan Program, Series 2012	2,300,000	2.45	5-1-12	6-1-31	1,955,000	115,000	1,840,000
Fort Loudoun Electric Cooperative Interest-Free Loan	71,820	0	9-13-12	8-20-22	58,642	7,188	51,454
Total Other Loans Payable					<u>\$ 39,568,642</u>	<u>\$ 1,327,188</u>	<u>\$ 38,241,454</u>

(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, 2015, approximately \$635,875 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	Notes		
	Principal	Interest	Total
2016	\$ 423,000	\$ 3,659	\$ 426,659
Total	\$ 423,000	\$ 3,659	\$ 426,659

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 300,912	\$ 995,726	\$ 1,296,638
2017	288,266	1,003,372	1,291,638
2018	157,968	978,670	1,136,638
2019	0	736,638	736,638
2020	0	736,638	736,638
2021	425,000	736,638	1,161,638
2022	425,000	718,138	1,143,138
2023	500,000	699,638	1,199,638
2024	600,000	677,888	1,277,888
2025	650,000	651,638	1,301,638
2026	600,000	623,388	1,223,388
2027	675,000	597,138	1,272,138
2028	650,000	569,576	1,219,576
2029	725,000	542,587	1,267,587
2030	675,000	512,850	1,187,850
2031	925,000	485,062	1,410,062
2032	925,000	446,362	1,371,362
2033	950,000	407,662	1,357,662
2034	1,850,000	367,762	2,217,762
2035	1,875,000	289,638	2,164,638
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	\$ 18,097,146	\$ 13,206,259	\$ 31,303,405

(Continued)

Exhibit K-2

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

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 1,372,188	\$ 633,436	\$ 314,491	\$ 2,320,115
2017	1,417,188	598,845	305,645	2,321,678
2018	1,512,188	563,125	296,322	2,371,635
2019	1,997,188	524,512	285,992	2,807,692
2020	2,072,188	470,646	270,522	2,813,356
2021	1,622,188	414,530	254,256	2,290,974
2022	1,692,188	400,894	242,787	2,335,869
2023	1,686,138	387,216	230,578	2,303,932
2024	1,660,000	373,538	218,369	2,251,907
2025	1,680,000	339,395	206,400	2,225,795
2026	1,825,000	305,240	194,220	2,324,460
2027	1,840,000	268,438	180,505	2,288,943
2028	1,950,000	231,627	166,631	2,348,258
2029	1,975,000	192,190	151,591	2,318,781
2030	2,120,000	152,738	136,287	2,409,025
2031	1,975,000	110,639	119,448	2,205,087
2032	1,580,000	68,627	104,141	1,752,768
2033	1,645,000	36,959	87,404	1,769,363
2034	865,000	3,972	69,978	938,950
2035	960,000	3,453	60,835	1,024,288
2036	1,465,000	2,877	50,687	1,518,564
2037	1,395,000	1,998	35,201	1,432,199
2038	1,535,000	1,161	20,454	1,556,615
2039	400,000	240	4,228	404,468
Total	\$ 38,241,454	\$ 6,086,296	\$ 4,006,972	\$ 48,334,722

Exhibit K-3

Monroe County, Tennessee
Schedule of Transfers
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Purpose School	Central Cafeteria	Cafeteria Expenditures	<u>\$ 150,000</u>
Total Transfers Discretely Presented Monroe County School Department			<u><u>\$ 150,000</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, 2015

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	96,525 (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	75,011	50,000	"
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	25,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	70,263	100,000	"
Sheriff:				
Bill Bivens (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i> , and County Commission	13,728 (3)	25,000	"
Randy White (9-1-14 through 10-15-14)	Section 8-24-102, <i>TCA</i> , and County Commission	10,297 (4)	100,000	"
Tommy Jones, Jr. (10-16-14 through 6-30-15)	Section 8-24-102, <i>TCA</i> , and County Commission	58,345 (5)	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 \$1,000.
(2) Includes a salary supplement of \$1,000.
(3) Includes a \$847 supplement for serving as a workhouse superintendent. Does not include a law enforcement training supplement of \$600.
(4) Includes a \$635 supplement for serving as a workhouse superintendent.
(5) Includes a \$3,598 supplement for serving as a workhouse superintendent.

Exhibit K-5

Monroe County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2015

	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	\$ 7,376,579	\$ 1,208,917	\$ 0	\$ 0	\$ 743,128
Trustee's Collections - Prior Year	110,864	18,028	0	0	11,101
Circuit/Clerk and Master Collections - Prior Years	287,832	46,791	0	0	28,762
Interest and Penalty	53,831	8,751	0	0	5,354
Pickup Taxes	255	41	0	0	25
Payments in-Lieu-of Taxes - T.V.A.	67,495	10,972	0	0	6,745
Payments in-Lieu-of Taxes - Local Utilities	958,838	155,873	0	0	95,814
Payments in-Lieu-of Taxes - Other	128,040	213	0	0	131
<u>County Local Option Taxes</u>					
Local Option Sales Tax	676,908	0	0	0	0
Hotel/Motel Tax	172,560	0	0	0	0
Wheel Tax	0	0	0	0	0
Litigation Tax - General	29,103	0	0	0	0
Litigation Tax - Special Purpose	30,898	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	151,171	0	0	0	0
Business Tax	134,688	0	0	0	6,265
Mixed Drink Tax	4,130	0	0	0	0
Mineral Severance Tax	0	0	0	0	17,489
<u>Statutory Local Taxes</u>					
Bank Excise Tax	20,581	3,346	0	0	2,057
Wholesale Beer Tax	96,459	0	0	0	0
Interstate Telecommunications Tax	1,284	209	0	0	128
Total Local Taxes	\$ 10,301,516	\$ 1,453,141	\$ 0	\$ 0	\$ 916,999

(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>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Vaccination	\$ 73,181	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	61,391	0	0	0	0
<u>Permits</u>					
Building Permits	7,700	0	0	0	0
Total Licenses and Permits	<u>\$ 142,272</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 16,475	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	20,990	0	0	0	0
Jail Fees	8,612	0	0	0	0
DUI Treatment Fines	2,613	0	0	0	0
Data Entry Fee - Circuit Court	2,752	0	0	0	0
Courtroom Security Fee	196	0	0	0	0
<u>General Sessions Court</u>					
Fines	26,957	0	0	0	0
Fines for Littering	48	0	0	0	0
Officers Costs	36,275	0	0	0	0
Jail Fees	16,061	0	0	0	0
DUI Treatment Fines	6,710	0	0	0	0
Data Entry Fee - General Sessions Court	9,854	0	0	0	0
Courtroom Security Fee	619	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	3,072	0	0	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>Other Courts - In-county</u>					
Drug Control Fines	\$ 1,097	\$ 0	\$ 11,438	\$ 0	\$ 0
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	215	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	303,373	0	0
Other Fines, Forfeitures, and Penalties	4,414	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 156,960	\$ 0	\$ 314,811	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 572,742	\$ 0	\$ 0	\$ 0
Patient Charges	2,749,672	0	0	0	0
Other General Service Charges	476,297	0	0	0	282,784
Service Charges	1,000	0	0	0	0
<u>Fees</u>					
Airport Fees	184,025	0	0	0	0
Copy Fees	1,516	0	0	0	0
Telephone Commissions	44,927	0	0	0	0
Vending Machine Collections	58	0	0	0	0
Tourism Fees	47,634	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	36	0
Data Processing Fee - Register	14,266	0	0	0	0
Data Processing Fee - Sheriff	4,122	0	0	0	0
Sexual Offender Registration Fee - Sheriff	5,550	0	0	0	0
Data Processing Fee - County Clerk	5,453	0	0	0	0
Total Charges for Current Services	\$ 3,534,520	\$ 572,742	\$ 0	\$ 36	\$ 282,784

(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>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	7,375	0	0	0	0
Commissary Sales	151,143	0	0	0	0
Sale of Recycled Materials	980	23,055	0	0	0
Miscellaneous Refunds	16,759	0	0	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	2,832	6,850	3,951	0	0
Contributions and Gifts	26,168	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	11,242	0	0	0	0
Total Other Local Revenues	\$ 216,499	\$ 29,905	\$ 3,951	\$ 0	\$ 0
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 401,294	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	208,595	0	0	0	0
General Sessions Court Clerk	200,578	0	0	0	0
Clerk and Master	197,552	0	0	0	0
Register	167,562	0	0	0	0
Sheriff	33,813	0	0	0	0
Trustee	669,479	0	0	0	0
Total Fees Received from County Officials	\$ 1,878,873	\$ 0	\$ 0	\$ 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>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	8,439	0	0	0	0
State Reappraisal Grant	1,000	0	0	0	0
Solid Waste Grants	0	37,040	0	0	0
On-behalf Contributions for OPEB	2,000	0	0	0	0
Other General Government Grants	2,500	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	25,800	0	0	0	0
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	9,270	0	0	0	0
<u>Public Works Grants</u>					
Litter Program	0	44,900	0	0	0
<u>Other State Revenues</u>					
Income Tax	72,335	11,759	0	0	7,228
Beer Tax	18,055	0	0	0	0
Vehicle Certificate of Title Fees	7,556	0	0	0	0
Alcoholic Beverage Tax	87,152	0	0	0	0
State Revenue Sharing - T.V.A.	150,000	0	0	0	21,000
Contracted Prisoner Boarding	679,468	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,045,167
Petroleum Special Tax	0	0	0	0	32,122
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	167,957	0	0	0	0
Total State of Tennessee	\$ 1,255,696	\$ 93,699	\$ 0	\$ 0	\$ 2,105,517

(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>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 12,494	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	844,341	0	0	0	0
<u>Direct Federal Revenue</u>					
Forest Service	9,423	0	0	0	116,375
Other Direct Federal Revenue	38,754	0	0	0	0
Total Federal Government	<u>\$ 905,012</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 116,375</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 260,378	\$ 0	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>					
Donations	14,228	0	0	0	0
<u>Other</u>					
Other	4,750	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 279,356</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 18,670,704</u>	<u>\$ 2,149,487</u>	<u>\$ 318,762</u>	<u>\$ 36</u>	<u>\$ 3,421,675</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	\$ 3,253,393	\$ 12,582,017
Trustee's Collections - Prior Year	48,500	188,493
Circuit/Clerk and Master Collections - Prior Years	125,922	489,307
Interest and Penalty	23,556	91,492
Pickup Taxes	111	432
Payments in-Lieu-of Taxes - T.V.A.	29,528	114,740
Payments in-Lieu-of Taxes - Local Utilities	419,477	1,630,002
Payments in-Lieu-of Taxes - Other	573	128,957
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	676,908
Hotel/Motel Tax	0	172,560
Wheel Tax	926,218	926,218
Litigation Tax - General	32,598	61,701
Litigation Tax - Special Purpose	0	30,898
Litigation Tax - Jail, Workhouse, or Courthouse	0	151,171
Business Tax	43,852	184,805
Mixed Drink Tax	0	4,130
Mineral Severance Tax	0	17,489
<u>Statutory Local Taxes</u>		
Bank Excise Tax	9,004	34,988
Wholesale Beer Tax	0	96,459
Interstate Telecommunications Tax	562	2,183
Total Local Taxes	\$ 4,913,294	\$ 17,584,950

(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	\$ 73,181
Cable TV Franchise	0	61,391
<u>Permits</u>		
Building Permits	0	7,700
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 142,272</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 16,475
Officers Costs	0	20,990
Jail Fees	0	8,612
DUI Treatment Fines	0	2,613
Data Entry Fee - Circuit Court	0	2,752
Courtroom Security Fee	0	196
<u>General Sessions Court</u>		
Fines	0	26,957
Fines for Littering	0	48
Officers Costs	0	36,275
Jail Fees	0	16,061
DUI Treatment Fines	0	6,710
Data Entry Fee - General Sessions Court	0	9,854
Courtroom Security Fee	0	619
<u>Chancery Court</u>		
Officers Costs	0	3,072

(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>Other Courts - In-county</u>				
Drug Control Fines	\$	0	\$	12,535
<u>Judicial District Drug Program</u>				
Courtroom Security Fee		0		215
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property		0		303,373
Other Fines, Forfeitures, and Penalties		0		4,414
Total Fines, Forfeitures, and Penalties	\$	0	\$	471,771
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Tipping Fees	\$	0	\$	572,742
Patient Charges		0		2,749,672
Other General Service Charges		58,888		817,969
Service Charges		0		1,000
<u>Fees</u>				
Airport Fees		0		184,025
Copy Fees		0		1,516
Telephone Commissions		0		44,927
Vending Machine Collections		0		58
Tourism Fees		0		47,634
Constitutional Officers' Fees and Commissions		0		36
Data Processing Fee - Register		0		14,266
Data Processing Fee - Sheriff		0		4,122
Sexual Offender Registration Fee - Sheriff		0		5,550
Data Processing Fee - County Clerk		0		5,453
Total Charges for Current Services	\$	58,888	\$	4,448,970

(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	\$ 6,690	\$ 6,690
Lease/Rentals	0	7,375
Commissary Sales	0	151,143
Sale of Recycled Materials	0	24,035
Miscellaneous Refunds	0	16,759
<u>Nonrecurring Items</u>		
Sale of Equipment	0	13,633
Contributions and Gifts	0	26,168
<u>Other Local Revenues</u>		
Other Local Revenues	0	11,242
Total Other Local Revenues	<u>\$ 6,690</u>	<u>\$ 257,045</u>
<u>Fees Received from County Officials</u>		
<u>Fees in-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 401,294
Circuit Court Clerk	0	208,595
General Sessions Court Clerk	0	200,578
Clerk and Master	0	197,552
Register	0	167,562
Sheriff	0	33,813
Trustee	0	669,479
Total Fees Received from County Officials	<u>\$ 0</u>	<u>\$ 1,878,873</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	8,439
State Reappraisal Grant	0	1,000
Solid Waste Grants	0	37,040
On-behalf Contributions for OPEB	0	2,000
Other General Government Grants	0	2,500
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	25,800
<u>Health and Welfare Grants</u>		
Other Health and Welfare Grants	0	9,270
<u>Public Works Grants</u>		
Litter Program	0	44,900
<u>Other State Revenues</u>		
Income Tax	31,645	122,967
Beer Tax	0	18,055
Vehicle Certificate of Title Fees	0	7,556
Alcoholic Beverage Tax	0	87,152
State Revenue Sharing - T.V.A.	0	171,000
Contracted Prisoner Boarding	0	679,468
Gasoline and Motor Fuel Tax	0	2,045,167
Petroleum Special Tax	0	32,122
Registrar's Salary Supplement	0	15,164
Other State Grants	0	167,957
Total State of Tennessee	<u>\$ 31,645</u>	<u>\$ 3,486,557</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>Federal Government</u>			
<u>Federal Through State</u>			
Homeland Security Grants	\$	0	\$ 12,494
Other Federal through State		0	844,341
<u>Direct Federal Revenue</u>			
Forest Service		0	125,798
Other Direct Federal Revenue		0	38,754
Total Federal Government	<u>\$</u>	<u>0</u>	<u>\$ 1,021,387</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$	7,194	\$ 267,572
<u>Citizens Groups</u>			
Donations		0	14,228
<u>Other</u>			
Other		400,000	404,750
Total Other Governments and Citizens Groups	<u>\$</u>	<u>407,194</u>	<u>\$ 686,550</u>
Total	<u>\$</u>	<u>5,417,711</u>	<u>\$ 29,978,375</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, 2015

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,315,145	\$ 0	\$ 0	\$ 4,315,145
Trustee's Collections - Prior Year	74,947	0	0	74,947
Circuit/Clerk and Master Collections - Prior Years	167,871	0	0	167,871
Interest and Penalty	31,255	0	0	31,255
Pickup Taxes	149	0	0	149
Payments in-Lieu-of Taxes - T.V.A.	39,345	0	0	39,345
Payments in-Lieu-of Taxes - Local Utilities	558,855	0	0	558,855
Payments in-Lieu-of Taxes - Other	764	0	0	764
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,682,809	0	0	3,682,809
Business Tax	103,837	0	0	103,837
Mixed Drink Tax	2,982	0	0	2,982
Other County Local Option Taxes	296	0	0	296
<u>Statutory Local Taxes</u>				
Bank Excise Tax	11,999	0	0	11,999
Interstate Telecommunications Tax	4,242	0	0	4,242
Total Local Taxes	\$ 8,994,496	\$ 0	\$ 0	\$ 8,994,496
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,787	\$ 0	\$ 0	\$ 2,787
Total Licenses and Permits	\$ 2,787	\$ 0	\$ 0	\$ 2,787
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 312,552	\$ 312,552
Lunch Payments - Adults	0	0	103,659	103,659
Income from Breakfast	0	0	147,931	147,931
Transportation - Other State Systems	264,924	0	0	264,924
School Based Health Services - FFS	59,629	0	0	59,629
Receipts from Individual Schools	23,567	0	69,518	93,085
Total Charges for Current Services	\$ 348,120	\$ 0	\$ 633,660	\$ 981,780
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 23	\$ 23
Lease/Rentals	9,267	0	0	9,267
E-Rate Funding	48,039	0	0	48,039
Miscellaneous Refunds	7,639	0	0	7,639
<u>Nonrecurring Items</u>				
Contributions and Gifts	250	0	0	250
<u>Other Local Revenues</u>				
Other Local Revenues	296,751	0	0	296,751
Total Other Local Revenues	\$ 361,946	\$ 0	\$ 23	\$ 361,969

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 176,846	\$ 0	\$ 0	\$ 176,846
<u>State Education Funds</u>				
Basic Education Program	26,301,238	0	0	26,301,238
Early Childhood Education	294,398	0	0	294,398
School Food Service	29,908	0	0	29,908
Driver Education	33,182	0	0	33,182
Other State Education Funds	367,769	0	0	367,769
Career Ladder Program	143,878	0	0	143,878
Career Ladder - Extended Contract	35,395	0	0	35,395
<u>Other State Revenues</u>				
Income Tax	42,223	0	0	42,223
State Revenue Sharing - T.V.A.	1,337,999	0	0	1,337,999
Other State Grants	932	0	0	932
Total State of Tennessee	<u>\$ 28,763,768</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,763,768</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,408,380	\$ 1,408,380
USDA - Commodities	0	0	144,630	144,630
Breakfast	0	0	427,675	427,675
USDA - Other	0	0	153,139	153,139
Vocational Education - Basic Grants to States	0	103,345	0	103,345
Title I Grants to Local Education Agencies	0	1,181,920	0	1,181,920
Special Education - Grants to States	64,558	874,909	0	939,467
Special Education Preschool Grants	0	28,100	0	28,100
Rural Education	0	95,011	0	95,011
Eisenhower Professional Development State Grants	0	171,732	0	171,732
Race-to-the-Top - ARRA	0	266,765	0	266,765
<u>Direct Federal Revenue</u>				
Forest Service	116,375	0	0	116,375
Total Federal Government	<u>\$ 180,933</u>	<u>\$ 2,721,782</u>	<u>\$ 2,133,824</u>	<u>\$ 5,036,539</u>
Total	<u>\$ 38,652,050</u>	<u>\$ 2,721,782</u>	<u>\$ 2,767,507</u>	<u>\$ 44,141,339</u>

Exhibit K-7

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Secretary to Board	\$	2,523	
Board and Committee Members Fees		52,116	
Social Security		3,395	
Pensions		419	
Unemployment Compensation		24,365	
Employer Medicare		794	
Audit Services		13,356	
Communication		2,203	
Contracts with Government Agencies		95,268	
Contracts with Private Agencies		24,175	
Dues and Memberships		4,392	
Legal Services		20,673	
Postal Charges		160	
Building and Contents Insurance		53,247	
Indirect Cost		5,000	
Liability Insurance		8,477	
Workers' Compensation Insurance		2,273	
Tax Relief Program		33,657	
Other Charges		33,722	
Data Processing Equipment		6,449	
Total County Commission			\$ 386,664

Board of Equalization

Board and Committee Members Fees	\$	2,100	
Total Board of Equalization			2,100

County Mayor/Executive

County Official/Administrative Officer	\$	86,488	
Assistant(s)		34,525	
Deputy(ies)		7,667	
Overtime Pay		91	
Social Security		7,527	
Pensions		7,638	
Employee and Dependent Insurance		22,519	
Life Insurance		130	
Employer Medicare		1,760	
Communication		6,506	
Dues and Memberships		2,260	
Postal Charges		8	
Travel		694	
Office Supplies		599	
Workers' Compensation Insurance		7,584	
Other Charges		1,291	
Office Equipment		658	
Total County Mayor/Executive			187,945

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office

Secretary(ies)	\$	89,387	
Longevity Pay		1,500	
Social Security		4,922	
Handling Charges and Administrative Costs		33,630	
Pensions		5,709	
Employee and Dependent Insurance		26,604	
Life Insurance		171	
Employer Medicare		1,151	
Consultants		7,225	
Dues and Memberships		20	
Operating Lease Payments		4,213	
Maintenance Agreements		986	
Travel		325	
Other Charges		13,136	
Office Equipment		475	
Total Personnel Office			\$ 189,454

County Attorney

Legal Services	\$	55,000	
Total County Attorney			55,000

Election Commission

Supervisor/Director	\$	63,237	
Deputy(ies)		30,768	
Clerical Personnel		22,974	
Longevity Pay		1,100	
Election Commission		17,850	
Election Workers		49,659	
Social Security		8,292	
Pensions		6,160	
Employee and Dependent Insurance		17,639	
Life Insurance		114	
Employer Medicare		1,943	
Communication		4,885	
Data Processing Services		519	
Operating Lease Payments		1,526	
Legal Notices, Recording, and Court Costs		4,562	
Maintenance Agreements		21,300	
Postal Charges		5,446	
Travel		6,876	
Data Processing Supplies		2,276	
Gasoline		47	
Office Supplies		3,024	
Workers' Compensation Insurance		2,309	
Other Equipment		782	
Total Election Commission			273,288

(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)		29,020	
Deputy(ies)		106,408	
Part-time Personnel		10,262	
Longevity Pay		10,700	
Social Security		13,578	
Pensions		13,978	
Employee and Dependent Insurance		48,562	
Life Insurance		337	
Employer Medicare		3,175	
Communication		6,916	
Dues and Memberships		1,057	
Operating Lease Payments		5,488	
Maintenance Agreements		25,650	
Postal Charges		3,217	
Travel		630	
Office Supplies		5,792	
Workers' Compensation Insurance		5,247	
Total Register of Deeds			\$ 360,280

Planning

Supervisor/Director	\$	34,975	
Board and Committee Members Fees		950	
Social Security		2,164	
Pensions		1,820	
Employee and Dependent Insurance		5,760	
Life Insurance		43	
Employer Medicare		506	
Communication		1,518	
Legal Notices, Recording, and Court Costs		51	
Maintenance Agreements		1,300	
Postal Charges		17	
Printing, Stationery, and Forms		42	
Travel		1,094	
Office Supplies		491	
Workers' Compensation Insurance		976	
Other Charges		439	
Total Planning			52,146

Engineering

Supervisor/Director	\$	37,080	
Social Security		2,247	
Pensions		1,880	
Employee and Dependent Insurance		4,716	
Life Insurance		38	
Employer Medicare		526	
Communication		813	
Office Equipment		11,986	
Total Engineering			59,286

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance

County Official/Administrative Officer	\$	16,722	
Clerical Personnel		2,235	
Part-time Personnel		12,585	
Board and Committee Members Fees		100	
Social Security		1,857	
Pensions		1,214	
Employee and Dependent Insurance		3,410	
Life Insurance		20	
Employer Medicare		434	
Dues and Memberships		130	
Maintenance Agreements		994	
Postal Charges		245	
Travel		323	
Office Supplies		576	
Workers' Compensation Insurance		757	
Office Equipment		156	
Total Codes Compliance			\$ 41,758

Geographical Information Systems

Supervisor/Director	\$	38,277	
Longevity Pay		700	
Social Security		2,175	
Pensions		2,512	
Employee and Dependent Insurance		9,515	
Life Insurance		57	
Employer Medicare		509	
Communication		2,859	
Maintenance Agreements		11,099	
Gasoline		359	
Office Supplies		414	
Workers' Compensation Insurance		891	
Other Charges		752	
Office Equipment		5,552	
Total Geographical Information Systems			75,671

County Buildings

Assistant(s)	\$	27,034	
Supervisor/Director		34,069	
Attendants		22,091	
Custodial Personnel		22,799	
Overtime Pay		9,931	
Other Salaries and Wages		21,922	
Social Security		7,906	
Pensions		8,607	
Employee and Dependent Insurance		43,905	
Life Insurance		276	
Employer Medicare		1,849	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Communication	\$	7,732	
Maintenance Agreements		16,065	
Maintenance and Repair Services - Buildings		157,808	
Other Contracted Services		21,206	
Custodial Supplies		6,442	
Electricity		97,063	
Natural Gas		19,900	
Uniforms		450	
Water and Sewer		11,284	
Other Supplies and Materials		586	
Workers' Compensation Insurance		3,073	
Other Charges		78,361	
Communication Equipment		6,250	
Maintenance Equipment		1,133	
Total County Buildings			\$ 627,742

Other General Administration

Operating Lease Payments	\$	6,034	
Legal Notices, Recording, and Court Costs		159	
Maintenance Agreements		2,234	
Maintenance and Repair Services - Vehicles		169	
Duplicating Supplies		816	
Gasoline		5,770	
Trustee's Commission		238,063	
Other Charges		14,550	
Total Other General Administration			267,795

Preservation of Records

Supervisor/Director	\$	10,824	
Social Security		671	
Employer Medicare		157	
Communication		510	
Maintenance Agreements		733	
Postal Charges		53	
Other Supplies and Materials		2,447	
Other Charges		779	
Total Preservation of Records			16,174

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	75,011	
Accountants/Bookkeepers		267,620	
Part-time Personnel		112	
Longevity Pay		1,483	
Social Security		19,726	
Pensions		21,707	
Employee and Dependent Insurance		71,047	

(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.)

Life Insurance	\$	504	
Employer Medicare		4,613	
Communication		24,138	
Contracts with Private Agencies		180	
Data Processing Services		19,359	
Operating Lease Payments		872	
Maintenance Agreements		677	
Postal Charges		6,186	
Travel		4,441	
Other Contracted Services		1,436	
Office Supplies		9,920	
Workers' Compensation Insurance		10,149	
Other Charges		10,682	
Office Equipment		10,497	
Total Accounting and Budgeting			\$ 560,360

Property Assessor's Office

County Official/Administrative Officer	\$	70,263	
Deputy(ies)		29,020	
Salary Supplements		1,000	
Secretary(ies)		28,223	
Clerical Personnel		56,239	
Longevity Pay		4,600	
Social Security		11,461	
Pensions		12,134	
Employee and Dependent Insurance		38,793	
Life Insurance		290	
Employer Medicare		2,680	
Communication		4,993	
Data Processing Services		7,510	
Dues and Memberships		2,260	
Operating Lease Payments		1,774	
Maintenance Agreements		630	
Maintenance and Repair Services - Vehicles		408	
Postal Charges		1,465	
Travel		1,613	
Gasoline		3,099	
Office Supplies		2,598	
Tires and Tubes		872	
Workers' Compensation Insurance		4,949	
Other Charges		362	
Office Equipment		7,168	
Total Property Assessor's Office			294,404

Reappraisal Program

Clerical Personnel	\$	55,420	
Part-time Personnel		3,689	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Longevity Pay	\$	2,100	
Social Security		3,346	
Pensions		3,678	
Employee and Dependent Insurance		17,675	
Life Insurance		114	
Employer Medicare		782	
Workers' Compensation Insurance		1,491	
Other Charges		60	
Total Reappraisal Program			\$ 88,355

County Trustee's Office

County Official/Administrative Officer	\$	70,263	
Assistant(s)		30,594	
Deputy(ies)		74,562	
Part-time Personnel		13,228	
Longevity Pay		3,383	
Social Security		11,527	
Pensions		10,938	
Employee and Dependent Insurance		38,153	
Life Insurance		256	
Employer Medicare		2,611	
Communication		4,308	
Dues and Memberships		657	
Operating Lease Payments		1,646	
Legal Notices, Recording, and Court Costs		108	
Maintenance Agreements		7,603	
Postal Charges		3,000	
Travel		876	
Other Contracted Services		23,434	
Office Supplies		3,074	
Workers' Compensation Insurance		3,888	
Other Charges		727	
Other Capital Outlay		9,652	
Total County Trustee's Office			314,488

County Clerk's Office

County Official/Administrative Officer	\$	70,263
Assistant(s)		29,020
Deputy(ies)		179,872
Part-time Personnel		12,189
Longevity Pay		9,700
Social Security		17,342
Pensions		18,967
Employee and Dependent Insurance		73,481
Life Insurance		513
Employer Medicare		4,169
Communication		6,868

(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.)

Dues and Memberships	\$	672	
Operating Lease Payments		1,742	
Legal Notices, Recording, and Court Costs		428	
Maintenance Agreements		876	
Maintenance and Repair Services - Office Equipment		17,503	
Postal Charges		7,577	
Travel		1,796	
Office Supplies		4,821	
Workers' Compensation Insurance		6,928	
Other Charges		142	
Office Equipment		15,246	
Total County Clerk's Office			\$ 480,115

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	70,263	
Assistant(s)		57,939	
Deputy(ies)		394,961	
Part-time Personnel		30,482	
Longevity Pay		16,800	
Other Salaries and Wages		29,900	
Board and Committee Members Fees		600	
Jury and Witness Expense		19,174	
Social Security		35,813	
Pensions		35,652	
Employee and Dependent Insurance		133,458	
Life Insurance		964	
Employer Medicare		8,409	
Communication		17,659	
Operating Lease Payments		3,390	
Legal Notices, Recording, and Court Costs		144	
Maintenance Agreements		23,681	
Maintenance and Repair Services - Office Equipment		195	
Postal Charges		6,859	
Printing, Stationery, and Forms		6,484	
Travel		4,491	
Office Supplies		19,930	
Workers' Compensation Insurance		13,245	
Other Charges		7,732	
Data Processing Equipment		3,254	
Office Equipment		6,137	
Total Circuit Court			947,616

General Sessions Judge

Judge(s)	\$	151,436	
Secretary(ies)		29,456	
Longevity Pay		1,700	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Social Security	\$	11,100	
Pensions		11,812	
Employee and Dependent Insurance		14,249	
Life Insurance		114	
Employer Medicare		2,596	
Communication		4,830	
Dues and Memberships		425	
Operating Lease Payments		872	
Maintenance Agreements		931	
Postal Charges		197	
Travel		1,371	
Other Contracted Services		850	
Library Books/Media		920	
Office Supplies		1,413	
Workers' Compensation Insurance		5,599	
Other Charges		21	
Furniture and Fixtures		1,426	
Office Equipment		1,240	
Other Equipment		1,000	
Total General Sessions Judge			\$ 243,558

Chancery Court

County Official/Administrative Officer	\$	70,263	
Deputy(ies)		57,639	
Part-time Personnel		3,934	
Longevity Pay		3,333	
Social Security		7,568	
Pensions		8,385	
Employee and Dependent Insurance		26,476	
Life Insurance		171	
Employer Medicare		1,770	
Communication		7,381	
Dues and Memberships		774	
Operating Lease Payments		26	
Maintenance Agreements		1,763	
Maintenance and Repair Services - Office Equipment		398	
Postal Charges		3,000	
Travel		411	
Office Supplies		7,661	
Workers' Compensation Insurance		4,529	
Total Chancery Court			205,482

Probate Court

Deputy(ies)	\$	27,798	
Longevity Pay		2,200	
Social Security		1,475	
Pensions		1,825	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probate Court (Cont.)

Employee and Dependent Insurance	\$	9,615	
Life Insurance		57	
Employer Medicare		345	
Communication		700	
Maintenance and Repair Services - Office Equipment		100	
Postal Charges		400	
Office Supplies		1,326	
Total Probate Court			\$ 45,841

Other Administration of Justice

Other Salaries and Wages	\$	11,500	
Social Security		693	
Pensions		749	
Employer Medicare		162	
Legal Notices, Recording, and Court Costs		4,000	
Total Other Administration of Justice			17,104

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	82,370	
Assistant(s)		46,398	
Supervisor/Director		36,277	
Deputy(ies)		446,320	
Investigator(s)		193,524	
Captain(s)		209,939	
Lieutenant(s)		385	
Sergeant(s)		152,424	
Accountants/Bookkeepers		32,945	
Secretary(ies)		29,020	
Clerical Personnel		52,295	
Part-time Personnel		28,819	
School Resource Officer		228,556	
Longevity Pay		23,158	
Overtime Pay		55,991	
Other Salaries and Wages		107,142	
Social Security		102,323	
Pensions		101,261	
Employee and Dependent Insurance		345,939	
Life Insurance		2,258	
Employer Medicare		23,957	
Communication		35,848	
Dues and Memberships		2,985	
Operating Lease Payments		5,002	
Maintenance Agreements		6,219	
Maintenance and Repair Services - Equipment		410	
Maintenance and Repair Services - Vehicles		49,511	
Postal Charges		2,352	

(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.)

Travel	\$	6,745	
Tuition		3,838	
Animal Food and Supplies		51	
Equipment Parts - Light		1,000	
Garage Supplies		1,437	
Gasoline		144,354	
Lubricants		4,499	
Office Supplies		13,793	
Small Tools		324	
Tires and Tubes		20,680	
Uniforms		34,787	
Vehicle Parts		26,473	
Workers' Compensation Insurance		50,892	
Other Charges		18,373	
Communication Equipment		294	
Law Enforcement Equipment		40,533	
Motor Vehicles		161,080	
Office Equipment		13,147	
Total Sheriff's Department			\$ 2,945,928

Administration of the Sexual Offender Registry

Other Charges	\$	850	
Total Administration of the Sexual Offender Registry			850

Jail

Assistant(s)	\$	46,374	
Captain(s)		38,065	
Lieutenant(s)		105,450	
Sergeant(s)		160,560	
Accountants/Bookkeepers		29,020	
Guards		476,023	
Cafeteria Personnel		40,590	
Part-time Personnel		171,232	
Longevity Pay		8,925	
Overtime Pay		36,988	
Social Security		66,287	
Pensions		56,599	
Employee and Dependent Insurance		205,731	
Life Insurance		1,511	
Employer Medicare		15,502	
Communication		940	
Maintenance Agreements		2,056	
Maintenance and Repair Services - Buildings		3,076	
Maintenance and Repair Services - Equipment		675	
Travel		6,342	
Custodial Supplies		36,907	
Drugs and Medical Supplies		278,284	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Electricity	\$	61,456	
Food Preparation Supplies		4,330	
Food Supplies		299,091	
Natural Gas		21,766	
Office Supplies		2,997	
Prisoners Clothing		9,461	
Water and Sewer		60,228	
Other Supplies and Materials		265	
Workers' Compensation Insurance		32,442	
Other Charges		15,987	
Building Improvements		1,550	
Law Enforcement Equipment		2,895	
Office Equipment		3,019	
Other Equipment		2,172	
Total Jail			\$ 2,304,796

Juvenile Services

Supervisor/Director	\$	31,316	
Youth Service Officer(s)		27,712	
Longevity Pay		1,800	
Social Security		3,240	
Pensions		3,966	
Employee and Dependent Insurance		20,528	
Life Insurance		114	
Employer Medicare		758	
Communication		1,216	
Dues and Memberships		235	
Postal Charges		196	
Travel		1,745	
Other Contracted Services		1,440	
Office Supplies		1,057	
Other Charges		1,734	
Office Equipment		180	
Total Juvenile Services			97,237

Commissary

Accountants/Bookkeepers	\$	15,384	
Overtime Pay		377	
Social Security		949	
Pensions		626	
Employee and Dependent Insurance		2,786	
Life Insurance		24	
Employer Medicare		222	
Communication		600	
Maintenance and Repair Services - Vehicles		320	
Food Supplies		107,145	
Office Supplies		1,627	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Commissary (Cont.)

Tires and Tubes	\$	488	
Uniforms		495	
Other Charges		20,651	
Total Commissary			\$ 151,694

Fire Prevention and Control

Contributions	\$	44,444	
Other Contracted Services		12,000	
Liability Insurance		8,400	
Vehicle and Equipment Insurance		61,100	
Workers' Compensation Insurance		22,500	
Other Charges		120,000	
Total Fire Prevention and Control			268,444

Rescue Squad

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

Other Emergency Management

Other Salaries and Wages	\$	11,733	
Social Security		658	
Pensions		762	
Employee and Dependent Insurance		16	
Employer Medicare		154	
Communication		11,308	
Maintenance and Repair Services - Vehicles		4,430	
Office Supplies		60	
Other Charges		18,090	
Total Other Emergency Management			47,211

County Coroner/Medical Examiner

Supervisor/Director	\$	14,400	
Other Charges		67,753	
Total County Coroner/Medical Examiner			82,153

Other Public Safety

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

Public Health and Welfare

Local Health Center

Communication	\$	8,188	
Dues and Memberships		250	
Operating Lease Payments		5,100	
Maintenance Agreements		2,935	
Maintenance and Repair Services - Office Equipment		523	
Postal Charges		6,722	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Other Contracted Services	\$	12,992	
Custodial Supplies		112	
Drugs and Medical Supplies		858	
Office Supplies		6,522	
Periodicals		118	
Other Charges		10,598	
Total Local Health Center			\$ 54,918

Rabies and Animal Control

Assistant(s)	\$	20,832	
Supervisor/Director		29,246	
Part-time Personnel		8,363	
Social Security		3,568	
Pensions		1,606	
Employee and Dependent Insurance		11,681	
Life Insurance		52	
Employer Medicare		834	
Communication		4,664	
Licenses		370	
Maintenance and Repair Services - Vehicles		590	
Postal Charges		42	
Rentals		2,400	
Travel		127	
Veterinary Services		51,137	
Custodial Supplies		2,279	
Electricity		8,059	
Gasoline		2,030	
Natural Gas		647	
Office Supplies		1,291	
Water and Sewer		1,283	
Workers' Compensation Insurance		1,701	
Other Charges		2,681	
Total Rabies and Animal Control			155,483

Ambulance/Emergency Medical Services

Supervisor/Director	\$	56,672	
Paraprofessionals		1,617,366	
Secretary(ies)		57,128	
Longevity Pay		19,217	
Social Security		103,226	
Pensions		103,672	
Employee and Dependent Insurance		302,603	
Life Insurance		1,962	
Employer Medicare		24,141	
Communication		18,765	
Contracts with Private Agencies		27,576	
Evaluation and Testing		601	

(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.)

Operating Lease Payments	\$	1,586	
Licenses		3,000	
Maintenance Agreements		1,730	
Maintenance and Repair Services - Equipment		8,273	
Maintenance and Repair Services - Vehicles		34,920	
Postal Charges		24	
Travel		2,170	
Tuition		8,064	
Other Contracted Services		155,385	
Custodial Supplies		3,137	
Diesel Fuel		93,570	
Drugs and Medical Supplies		94,848	
Electricity		7,971	
Office Supplies		2,926	
Tires and Tubes		9,910	
Uniforms		11,576	
Water and Sewer		1,214	
Workers' Compensation Insurance		82,496	
Other Charges		11,792	
Communication Equipment		504	
Motor Vehicles		199,408	
Office Equipment		686	
Health Equipment		16,648	
Total Ambulance/Emergency Medical Services			\$ 3,084,767

Dental Health Program

Assistant(s)	\$	86,572
Deputy(ies)		43,200
Medical Personnel		153,400
Clerical Personnel		21,850
Longevity Pay		3,300
Overtime Pay		19
Other Salaries and Wages		58,171
Social Security		22,087
Pensions		19,162
Employee and Dependent Insurance		40,943
Life Insurance		300
Employer Medicare		5,165
Communication		3,674
Dues and Memberships		3,204
Janitorial Services		900
Maintenance and Repair Services - Equipment		2,226
Postal Charges		652
Travel		3,264
Drugs and Medical Supplies		56,694
Gasoline		498
Office Supplies		3,055

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Other Supplies and Materials	\$	1,871	
Liability Insurance		4,973	
Workers' Compensation Insurance		8,256	
In Service/Staff Development		3,775	
Other Charges		424	
Motor Vehicles		13,200	
Health Equipment		14,386	
Total Dental Health Program			\$ 575,221

Alcohol and Drug Programs

Other Charges	\$	10,024	
Total Alcohol and Drug Programs			10,024

Crippled Children Services

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

Other Local Health Services

Assistant(s)	\$	27,158	
Deputy(ies)		37,650	
Teachers		31,356	
Guidance Personnel		18,474	
Social Workers		30,733	
Secretary(ies)		22,534	
Attendants		27,766	
Longevity Pay		2,600	
Other Salaries and Wages		174	
Social Security		11,555	
Pensions		9,236	
Employee and Dependent Insurance		47,278	
Life Insurance		290	
Employer Medicare		2,702	
Travel		14,130	
Liability Insurance		1,856	
Workers' Compensation Insurance		4,493	
Other Charges		33,855	
Total Other Local Health Services			323,840

General Welfare Assistance

Social Workers	\$	27,056	
Longevity Pay		2,300	
Social Security		1,769	
Pensions		1,898	
Employee and Dependent Insurance		7,274	
Life Insurance		57	
Employer Medicare		414	
Pauper Burials		1,710	
Workers' Compensation Insurance		673	
Total General Welfare Assistance			43,151

(Continued)

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

General Fund (Cont.)

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		7,824	
Total Libraries			121,198

Other Social, Cultural, and Recreational

Contributions	\$	170,650	
Total Other Social, Cultural, and Recreational			170,650

Agriculture and Natural Resources

Agricultural Extension Service

County Official/Administrative Officer	\$	13,465	
Assistant(s)		14,947	
Supervisor/Director		12,272	
Clerical Personnel		4,888	
Other Salaries and Wages		10,139	
Social Security		3,337	
Pensions		9,289	
Employer Medicare		780	
Communication		3,108	
Travel		1,199	
Office Supplies		898	
Total Agricultural Extension Service			74,322

Soil Conservation

Secretary(ies)	\$	26,173	
Social Security		2,237	
Pensions		1,706	
Employee and Dependent Insurance		7,174	
Life Insurance		57	
Employer Medicare		523	
Contributions		2,042	
Dues and Memberships		525	
Other Contracted Services		10,450	
Instructional Supplies and Materials		30	
Office Supplies		86	
Workers' Compensation Insurance		612	
Total Soil Conservation			51,615

Flood Control

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

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations

Tourism

Supervisor/Director	\$	36,283	
Custodial Personnel		3,255	
Part-time Personnel		24,238	
Longevity Pay		900	
Social Security		4,001	
Pensions		2,037	
Employee and Dependent Insurance		6,195	
Life Insurance		48	
Employer Medicare		936	
Advertising		36,973	
Communication		8,499	
Dues and Memberships		3,000	
Operating Lease Payments		425	
Maintenance Agreements		2,330	
Maintenance and Repair Services - Vehicles		85	
Postal Charges		1,831	
Travel		11,024	
Other Contracted Services		42,866	
Custodial Supplies		1,656	
Electricity		4,653	
Office Supplies		3,561	
Water and Sewer		733	
Other Supplies and Materials		22,448	
Workers' Compensation Insurance		1,745	
Other Charges		1,780	
Total Tourism			\$ 221,502

Industrial Development

Supervisor/Director	\$	48,955	
Secretary(ies)		30,697	
Longevity Pay		1,000	
Social Security		4,880	
Pensions		4,305	
Employee and Dependent Insurance		16,136	
Life Insurance		104	
Employer Medicare		1,141	
Advertising		2,084	
Communication		4,890	
Consultants		7,000	
Dues and Memberships		3,149	
Legal Services		526	
Maintenance and Repair Services - Vehicles		205	
Postal Charges		204	
Printing, Stationery, and Forms		953	
Travel		12,273	
Office Supplies		3,715	
Workers' Compensation Insurance		2,118	
Other Charges		167,622	
Total Industrial Development			311,957

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development

Other Contracted Services	\$	523,541	
Other Charges		86,324	
Total Other Economic and Community Development			\$ 609,865

Airport

Supervisor/Director	\$	22,500	
Social Security		1,351	
Pensions		1,467	
Employee and Dependent Insurance		5,306	
Life Insurance		43	
Employer Medicare		316	
Communication		4,456	
Maintenance and Repair Services - Equipment		1,516	
Travel		1,449	
Other Contracted Services		90,890	
Electricity		11,493	
Gasoline		111,874	
Water and Sewer		468	
Other Supplies and Materials		14,316	
Liability Insurance		1,854	
Other Charges		12,793	
Total Airport			282,092

Veterans' Services

Supervisor/Director	\$	20,339	
Social Security		1,261	
Employer Medicare		295	
Advertising		28	
Communication		1,013	
Contracts with Private Agencies		399	
Postal Charges		78	
Travel		801	
Office Supplies		626	
Other Charges		59	
Office Equipment		980	
Total Veterans' Services			25,879

Contributions to Other Agencies

Contributions	\$	7,850	
Total Contributions to Other Agencies			7,850

Employee Benefits

Employee and Dependent Insurance	\$	2,175	
Unemployment Compensation		42,284	
Total Employee Benefits			44,459

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

On-behalf Payments to OPEB	\$ 2,000	
Total Miscellaneous		\$ 2,000

Capital Projects

Public Safety Projects

Other Charges	\$ 2,545	
Total Public Safety Projects		<u>2,545</u>

Total General Fund \$ 18,123,272

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$ 46,371	
Laborers	49,326	
Clerical Personnel	26,784	
Longevity Pay	4,500	
Social Security	7,212	
Pensions	8,190	
Employee and Dependent Insurance	33,797	
Life Insurance	208	
Unemployment Compensation	1,375	
Employer Medicare	1,687	
Advertising	1,780	
Communication	8,323	
Contracts with Private Agencies	835,400	
Dues and Memberships	1,104	
Operating Lease Payments	3,014	
Maintenance and Repair Services - Equipment	4,605	
Postal Charges	245	
Travel	2,080	
Gasoline	16,565	
Office Supplies	835	
Tires and Tubes	1,290	
Utilities	6,895	
Other Supplies and Materials	1,712	
Trustee's Commission	33,742	
Other Charges	<u>5,664</u>	
Total Sanitation Education/Information		\$ 1,102,704

Convenience Centers

Attendants	\$ 175,625
Longevity Pay	4,200
Social Security	10,987
Pensions	7,710
Employee and Dependent Insurance	33,138
Life Insurance	299

(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.)

Convenience Centers (Cont.)

Employer Medicare	\$	2,569	
Communication		1,756	
Contracts with Private Agencies		12,080	
Maintenance and Repair Services - Equipment		16,311	
Other Contracted Services		401,523	
Crushed Stone		844	
Small Tools		909	
Utilities		3,669	
Other Supplies and Materials		6,574	
Building and Contents Insurance		55,144	
Liability Insurance		8,522	
Workers' Compensation Insurance		7,651	
Other Charges		6,990	
Solid Waste Equipment		39,954	
Total Convenience Centers			\$ 796,455

Postclosure Care Costs

Testing	\$	12,000	
Other Charges		1,000	
Total Postclosure Care Costs			13,000

Highways

Litter and Trash Collection

Laborers	\$	35,294	
Overtime Pay		535	
Social Security		2,157	
Pensions		2,298	
Employee and Dependent Insurance		6,791	
Life Insurance		53	
Employer Medicare		504	
Advertising		948	
Contracts with Other Public Agencies		11,200	
Total Litter and Trash Collection			59,780

Total Solid Waste/Sanitation Fund \$ 1,971,939

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	115,246	
Longevity Pay		600	
Social Security		6,719	
Pensions		7,553	
Employee and Dependent Insurance		27,452	
Life Insurance		171	
Employer Medicare		1,571	
Advertising		1,500	

(Continued)

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Communication	\$	1,553	
Confidential Drug Enforcement Payments		16,242	
Dues and Memberships		6,500	
Tuition		4,000	
Veterinary Services		758	
Animal Food and Supplies		547	
Trustee's Commission		114	
Other Charges		20,585	
Motor Vehicles		26,804	
Office Equipment		1,054	
Total Drug Enforcement			\$ 238,969

Total Drug Control Fund \$ 238,969

Constitutional Officers - Fees Fund

Administration of Justice

General Sessions Court

Constitutional Officers' Operating Expenses	\$	36	
Total General Sessions Court			\$ 36

Total Constitutional Officers - Fees Fund 36

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	77,290	
Accountants/Bookkeepers		30,868	
Secretary(ies)		30,868	
Longevity Pay		1,000	
Social Security		8,198	
Pensions		9,068	
Employee and Dependent Insurance		25,302	
Life Insurance		171	
Employer Medicare		1,917	
Communication		8,914	
Dues and Memberships		6,207	
Legal Services		39	
Maintenance and Repair Services - Office Equipment		2,172	
Postal Charges		290	
Other Contracted Services		1,743	
Electricity		14,172	
Office Supplies		1,304	
Water and Sewer		8,149	
Workers' Compensation Insurance		18,798	
Other Charges		2,734	
Total Administration			\$ 249,204

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	39,130	
Laborers		798,201	
Longevity Pay		8,200	
Overtime Pay		13,868	
Social Security		50,596	
Pensions		51,667	
Employee and Dependent Insurance		225,466	
Life Insurance		1,563	
Employer Medicare		11,832	
Other Contracted Services		2,927	
Asphalt - Hot Mix		509,925	
Asphalt - Liquid		103,785	
Crushed Stone		123,720	
Other Road Materials		16,990	
Pipe - Metal		39,034	
Road Signs		6,250	
Salt		36,220	
Uniforms		21,162	
Motor Vehicles		1,613	
Total Highway and Bridge Maintenance			\$ 2,062,149

Operation and Maintenance of Equipment

Foremen	\$	39,130	
Mechanic(s)		32,118	
Longevity Pay		2,900	
Social Security		4,480	
Pensions		4,837	
Employee and Dependent Insurance		14,217	
Life Insurance		114	
Employer Medicare		1,048	
Diesel Fuel		166,846	
Equipment and Machinery Parts		129,191	
Garage Supplies		8,820	
Gasoline		215,975	
Lubricants		9,400	
Tires and Tubes		40,048	
Other Supplies and Materials		917	
Total Operation and Maintenance of Equipment			670,041

Other Charges

Building and Contents Insurance	\$	188,089	
Liability Insurance		29,159	
Trustee's Commission		41,970	
Workers' Compensation Insurance		23,470	
Total Other Charges			282,688

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Unemployment Compensation	\$ 3,426	
Total Employee Benefits		\$ 3,426

Capital Outlay

Highway Equipment	\$ 46,019	
Site Development	7,936	
State Aid Projects	179,789	
Total Capital Outlay		<u>233,744</u>

Total Highway/Public Works Fund \$ 3,501,252

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 318,748	
Principal on Notes	438,358	
Principal on Other Loans	1,327,188	
Total General Government		\$ 2,084,294

Interest on Debt

General Government

Interest on Bonds	\$ 992,890	
Interest on Notes	10,916	
Interest on Other Loans	988,052	
Total General Government		1,991,858

Other Debt Service

General Government

Trustee's Commission	\$ 87,475	
Other Debt Service	461,122	
Total General Government		<u>548,597</u>

Total General Debt Service Fund 4,624,749

General Capital Projects Fund

General Government

County Buildings

Communication Equipment	\$ 330,477	
Total County Buildings		\$ 330,477

Capital Projects

Public Safety Projects

Land	\$ 452,350	
Total Public Safety Projects		<u>452,350</u>

Total General Capital Projects Fund 782,827

Total Governmental Funds - Primary Government \$ 29,243,044

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, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 11,946,278	
Career Ladder Program	89,832	
Career Ladder Extended Contracts	25,276	
Homebound Teachers	26,850	
Educational Assistants	497,161	
Bonus Payments	25,000	
Other Salaries and Wages	220,810	
Certified Substitute Teachers	16,579	
Non-certified Substitute Teachers	188,573	
Social Security	754,855	
Pensions	1,104,494	
Life Insurance	16,762	
Medical Insurance	2,896,433	
Employer Medicare	181,277	
Other Contracted Services	1,967	
Instructional Supplies and Materials	95,168	
Textbooks	75,911	
Other Supplies and Materials	23,963	
Fee Waivers	54,156	
Total Regular Instruction Program		\$ 18,241,345

Alternative Instruction Program

Teachers	\$ 40,722	
Educational Assistants	8,911	
Social Security	3,064	
Pensions	3,860	
Life Insurance	57	
Employer Medicare	717	
Total Alternative Instruction Program		57,331

Special Education Program

Teachers	\$ 1,404,441	
Career Ladder Program	10,170	
Homebound Teachers	14,698	
Educational Assistants	552,239	
Speech Pathologist	94,925	
Other Salaries and Wages	83,180	
Certified Substitute Teachers	1,800	
Non-certified Substitute Teachers	46,851	
Social Security	132,247	
Pensions	170,432	
Life Insurance	3,578	
Medical Insurance	543,931	
Employer Medicare	31,050	
Contracts with Other Public Agencies	194,878	
Operating Lease Payments	15,999	

(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.)

Other Contracted Services	\$	999	
Instructional Supplies and Materials		112,852	
Other Supplies and Materials		46,535	
Special Education Equipment		147,246	
Total Special Education Program			\$ 3,608,051

Vocational Education Program

Teachers	\$	1,003,939	
Career Ladder Program		6,000	
Certified Substitute Teachers		875	
Non-certified Substitute Teachers		8,377	
Social Security		60,653	
Pensions		91,298	
Life Insurance		1,311	
Medical Insurance		244,029	
Employer Medicare		14,193	
Instructional Supplies and Materials		29,663	
Total Vocational Education Program			1,460,338

Support Services

Attendance

Supervisor/Director	\$	41,455	
Social Security		2,570	
Pensions		3,748	
Life Insurance		57	
Medical Insurance		6,488	
Employer Medicare		601	
Other Supplies and Materials		89	
Total Attendance			55,008

Health Services

Supervisor/Director	\$	43,004	
Career Ladder Program		1,000	
Data Processing Personnel		40,611	
Social Workers		47,349	
Medical Personnel		61,976	
Paraprofessionals		395,481	
Clerical Personnel		48,479	
Longevity Pay		680	
Other Salaries and Wages		76,787	
Social Security		41,409	
Pensions		41,252	
Life Insurance		1,072	
Medical Insurance		185,336	
Employer Medicare		9,916	
Operating Lease Payments		2,607	

(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.)

Maintenance and Repair Services - Equipment	\$	1,519	
Travel		2,358	
Other Contracted Services		12,144	
Drugs and Medical Supplies		14,449	
Other Supplies and Materials		24,870	
In Service/Staff Development		4,992	
Other Charges		3,278	
Health Equipment		15,584	
Total Health Services			\$ 1,076,153

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		537,661	
School Resource Officer		163,115	
Longevity Pay		2,962	
Social Security		42,808	
Pensions		60,600	
Life Insurance		944	
Medical Insurance		128,327	
Employer Medicare		10,012	
Evaluation and Testing		24,271	
Travel		1,215	
Other Contracted Services		92,963	
Workers' Compensation Insurance		3,488	
In Service/Staff Development		2,273	
Total Other Student Support			1,073,639

Regular Instruction Program

Supervisor/Director	\$	159,711	
Career Ladder Program		9,400	
Librarians		531,975	
Nightwatchmen		38	
Social Security		38,968	
Pensions		58,402	
Life Insurance		721	
Medical Insurance		139,212	
Employer Medicare		9,565	
Travel		8,252	
Library Books/Media		22,321	
In Service/Staff Development		1,012	
Total Regular Instruction Program			979,577

Special Education Program

Supervisor/Director	\$	70,000	
Career Ladder Program		1,000	
Psychological Personnel		116,395	

(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 (Cont.)

Assessment Personnel	\$	62,121	
Secretary(ies)		24,228	
Longevity Pay		500	
Other Salaries and Wages		56,367	
Social Security		22,010	
Pensions		29,102	
Life Insurance		370	
Medical Insurance		46,208	
Employer Medicare		5,147	
Operating Lease Payments		2,225	
Maintenance and Repair Services - Equipment		1,673	
Travel		13,191	
Other Contracted Services		13,572	
Other Supplies and Materials		18,681	
In Service/Staff Development		34,930	
Total Special Education Program			\$ 517,720

Vocational Education Program

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

Other Programs

Instructional Computer Personnel	\$	99,118	
Longevity Pay		30	
Other Salaries and Wages		91,150	
Social Security		11,774	
Pensions		14,016	
Life Insurance		285	
Medical Insurance		40,570	
Employer Medicare		2,754	
On-behalf Payments to OPEB		176,846	
Communication		24,616	
Data Processing Services		25,000	
Dues and Memberships		60	
Maintenance and Repair Services - Equipment		138,268	
Travel		2,894	
Other Contracted Services		149,880	
Library Books/Media		27,976	
Other Equipment		3,951	
Total Other Programs			809,188

Board of Education

Secretary to Board	\$	4,389	
Board and Committee Members Fees		39,500	
Social Security		1,682	

(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.)

Pensions	\$	286	
Life Insurance		502	
Unemployment Compensation		26,907	
Employer Medicare		632	
Other Fringe Benefits		161,807	
Audit Services		12,900	
Dues and Memberships		13,982	
Legal Services		14,380	
Travel		14,780	
Trustee's Commission		199,996	
Workers' Compensation Insurance		193,944	
In Service/Staff Development		1,412	
Other Charges		2,323	
Total Board of Education	\$		689,422

Director of Schools

County Official/Administrative Officer	\$	95,525	
Career Ladder Program		1,000	
Secretary(ies)		34,299	
Clerical Personnel		59,294	
Longevity Pay		1,400	
Social Security		11,535	
Pensions		14,839	
Life Insurance		229	
Medical Insurance		44,635	
Employer Medicare		2,698	
Communication		28,357	
Dues and Memberships		2,845	
Operating Lease Payments		8,124	
Maintenance and Repair Services - Equipment		5,896	
Postal Charges		1,504	
Travel		2,290	
Other Contracted Services		654	
Office Supplies		2,685	
Other Charges		2,733	
Total Director of Schools			320,542

Office of the Principal

Principals	\$	885,088	
Career Ladder Program		8,750	
Assistant Principals		316,582	
Nightwatchmen		3	
Secretary(ies)		290,626	
Longevity Pay		4,700	
Social Security		88,514	
Pensions		126,968	

(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.)

Life Insurance	\$	1,880	
Medical Insurance		323,397	
Employer Medicare		21,045	
Communication		31,677	
Operating Lease Payments		13,824	
Maintenance and Repair Services - Equipment		3,269	
Other Charges		932	
Total Office of the Principal			\$ 2,117,255

Operation of Plant

Nightwatchmen	\$	94	
Custodial Personnel		751,153	
Longevity Pay		7,230	
Other Salaries and Wages		4,543	
Social Security		45,029	
Pensions		47,674	
Life Insurance		1,704	
Medical Insurance		268,492	
Employer Medicare		10,631	
Other Contracted Services		130,908	
Custodial Supplies		156,793	
Electricity		1,205,604	
Natural Gas		267,886	
Water and Sewer		146,526	
Building and Contents Insurance		366,510	
Plant Operation Equipment		30,611	
Total Operation of Plant			3,441,388

Maintenance of Plant

Supervisor/Director	\$	55,454	
Secretary(ies)		29,049	
Maintenance Personnel		260,594	
Longevity Pay		3,560	
Overtime Pay		186	
Social Security		20,960	
Pensions		21,297	
Life Insurance		581	
Medical Insurance		85,657	
Employer Medicare		4,903	
Maintenance and Repair Services - Buildings		157,278	
Maintenance and Repair Services - Equipment		25,099	
Travel		198	
Other Contracted Services		15,779	
Other Supplies and Materials		278,513	
Maintenance Equipment		25,787	
Total Maintenance of Plant			984,895

(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

Communication	\$	825	
Contracts with Vehicle Owners		2,085,585	
Maintenance and Repair Services - Vehicles		39,962	
Printing, Stationery, and Forms		110	
Other Contracted Services		4,267	
Diesel Fuel		26,071	
Other Supplies and Materials		9,115	
In Service/Staff Development		650	
Other Charges		4,528	
Transportation Equipment		267,574	
Total Transportation			\$ 2,438,687

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	68,801	
Social Security		4,142	
Pensions		6,220	
Life Insurance		57	
Medical Insurance		164,402	
Employer Medicare		969	
Communication		696	
Travel		267	
Total Food Service			245,554

Community Services

Supervisor/Director	\$	24,814	
Social Security		1,283	
Pensions		1,618	
Life Insurance		57	
Medical Insurance		13,935	
Employer Medicare		300	
Other Charges		226	
Total Community Services			42,233

Early Childhood Education

Supervisor/Director	\$	14,632	
Teachers		134,993	
Educational Assistants		48,265	
Other Salaries and Wages		24,981	
Non-certified Substitute Teachers		1,741	
Social Security		13,880	
Pensions		17,335	
Life Insurance		355	
Medical Insurance		47,521	
Employer Medicare		3,243	
Travel		1,561	

(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.)

Instructional Supplies and Materials	\$	9,560	
In Service/Staff Development		126	
Total Early Childhood Education			\$ 318,193

Total General Purpose School Fund \$ 38,477,736

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	284,695	
Educational Assistants		342,324	
Certified Substitute Teachers		50	
Non-certified Substitute Teachers		9,853	
Social Security		37,131	
Pensions		44,571	
Life Insurance		1,308	
Medical Insurance		173,597	
Employer Medicare		8,818	
Other Contracted Services		50,128	
Instructional Supplies and Materials		3,206	
Regular Instruction Equipment		404	
Total Regular Instruction Program			\$ 956,085

Special Education Program

Teachers	\$	41,121	
Educational Assistants		462,765	
Other Salaries and Wages		1,730	
Non-certified Substitute Teachers		972	
Social Security		29,858	
Pensions		23,859	
Life Insurance		1,100	
Medical Insurance		153,968	
Employer Medicare		7,008	
Other Contracted Services		442	
Instructional Supplies and Materials		6,662	
Other Supplies and Materials		6,585	
Special Education Equipment		418	
Total Special Education Program			736,488

Vocational Education Program

Supervisor/Director	\$	187	
Educational Assistants		8,319	
Other Salaries and Wages		25,528	
Social Security		2,083	
Pensions		2,207	
Life Insurance		56	

(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.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Medical Insurance	\$	6,628	
Employer Medicare		489	
Other Fringe Benefits		500	
Other Supplies and Materials		6,990	
Vocational Instruction Equipment		29,622	
Total Vocational Education Program			\$ 82,609

Support Services

Other Student Support

Guidance Personnel	\$	30,043	
Other Salaries and Wages		34,912	
Social Security		3,967	
Pensions		4,972	
Life Insurance		100	
Medical Insurance		14,780	
Employer Medicare		928	
Travel		22,515	
Other Contracted Services		6,685	
Other Supplies and Materials		17,891	
In Service/Staff Development		3,500	
Other Charges		10,401	
Total Other Student Support			150,694

Regular Instruction Program

Supervisor/Director	\$	50,772	
Secretary(ies)		27,601	
Other Salaries and Wages		283,961	
Social Security		18,243	
Pensions		24,532	
Life Insurance		295	
Medical Insurance		45,823	
Employer Medicare		5,008	
Operating Lease Payments		5,807	
Travel		11,136	
Other Supplies and Materials		135,764	
In Service/Staff Development		25,601	
Total Regular Instruction Program			634,543

Special Education Program

Psychological Personnel	\$	116,336	
Social Security		7,128	
Pensions		10,062	
Life Insurance		114	
Medical Insurance		14,841	
Employer Medicare		1,667	
Other Supplies and Materials		14,737	
In Service/Staff Development		23,572	
Total Special Education Program			188,457

(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	\$	3,000	
Employer Medicare		44	
Travel		2,400	
		<u>2,400</u>	
Total Vocational Education Program	\$		5,444

Other Programs

Other Charges	\$	150,961	
Total Other Programs			<u>150,961</u>

Total School Federal Projects Fund \$ 2,905,281

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Nightwatchmen	\$	52	
Clerical Personnel		44,806	
Cafeteria Personnel		727,614	
Longevity Pay		14,020	
Other Salaries and Wages		37,269	
Social Security		48,598	
Pensions		41,489	
Life Insurance		2,502	
Medical Insurance		226,164	
Employer Medicare		11,366	
Communication		10,812	
Maintenance and Repair Services - Equipment		9,052	
Other Contracted Services		21,177	
Food Supplies		1,244,606	
USDA - Commodities		144,630	
Other Supplies and Materials		113,257	
In Service/Staff Development		944	
Other Charges		2,180	
Food Service Equipment		20,453	
Total Food Service	\$	<u>2,720,991</u>	

Total Central Cafeteria Fund 2,720,991

Total Governmental Funds - Monroe County School Department \$ 44,104,008

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, 2015

	Cities - Sales Tax Fund	City School ADA - Sweetwater Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,162,809	\$ 1,162,809
Trustee's Collections - Prior Years	0	28,777	28,777
Circuit/Clerk and Master Collections - Prior Years	0	47,880	47,880
Interest and Penalty	0	8,435	8,435
Pick-up Taxes	0	40	40
Payments in-Lieu-of Taxes - T.V.A.	0	10,607	10,607
Payments in-Lieu-of Taxes - Local Utilities	0	150,603	150,603
Payments in-Lieu-of Taxes - Other	0	206	206
Local Option Sales Tax	3,979,403	987,533	4,966,936
Business Tax	0	25,694	25,694
Other Local Option Taxes	0	66	66
Bank Excise Tax	0	3,233	3,233
Interstate Telecommunications Tax	0	1,004	1,004
Marriage Licenses	0	827	827
Income Tax	0	6,179	6,179
Mixed Drink Tax	0	813	813
State Revenue Sharing - T.V.A.	0	100,000	100,000
Total Cash Receipts	<u>\$ 3,979,403</u>	<u>\$ 2,534,706</u>	<u>\$ 6,514,109</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,939,609	\$ 2,480,682	\$ 6,420,291
Trustee's Commission	39,794	37,503	77,297
Total Cash Disbursements	<u>\$ 3,979,403</u>	<u>\$ 2,518,185</u>	<u>\$ 6,497,588</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 16,521	\$ 16,521
Cash Balance, July 1, 2014	0	0	0
Cash Balance, June 30, 2015	<u>\$ 0</u>	<u>\$ 16,521</u>	<u>\$ 16,521</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

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

Independent Auditor's Report

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, 2015, and the related notes to the financial statements, which collectively comprise Monroe County's basic financial statements, and have issued our report thereon dated January 13, 2016. Our report includes a reference to other auditors who audited the financial statements of the Monroe County Women's Wellness and Maternity Center, as described in our report on Monroe County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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: 2015-002, 2015-003, 2015-004, and 2015-005(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: 2015-001 and 2015-005(B), 2015-006, 2015-007, and 2015-008.

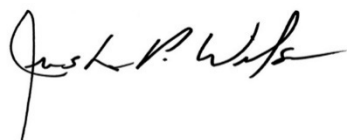
Monroe County's Response to Findings

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

Purpose of this Report

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

January 13, 2016

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
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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 OMB Circular A-133

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 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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

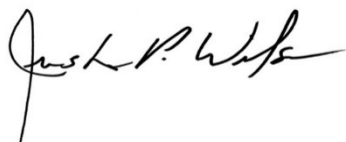
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2015, and the related notes to the financial statements, which collectively comprise Monroe County's basic financial statements. We issued our report thereon dated January 13, 2016, 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 OMB Circular A-133 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

January 13, 2016

JPW/sb

Monroe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 144,630 (3)
National School Lunch Program (Commodities - Cash Assistance)	10.555	N/A	6,677 (3)
Schools and Roads - Grants to States	10.665	N/A	261,341
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	427,675
National School Lunch Program	10.555	N/A	1,429,749 (3)
Passed-through State Department of Human Services:			
Special Supplemental Nutritional Program for Women, Infants, and Children	10.557	N/A	57,403
Summer Food Service Program for Children	10.559	N/A	125,093
Total U.S. Department of Agriculture			\$ 2,452,568
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 491,012
Total U.S. Department of Housing and Urban Development			\$ 491,012
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 126,730
Total Bureau of Land Management, Department of the Interior			\$ 126,730
U.S. Department of the Interior:			
Passed-through State Department of Environment and Conservation:			
Historic Preservation Fund Grants-in-Aid	15.904	(2)	\$ 12,723
Total U.S. Department of the Interior			\$ 12,723
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(2)	\$ 47,760
Highway Planning and Construction	20.205	(2)	37,809
Total U.S. Department of Transportation			\$ 85,569
Tennessee Valley Authority:			
Direct Program:			
Appalachian Area Development	23.002	(2)	\$ 7,986
Total Tennessee Valley Authority			\$ 7,986
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(2)	\$ 1,204,104
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	959,658
Special Education - Preschool Grants	84.173	(2)	29,847
Career and Technical Education - Basic Grants to States	84.048	(2)	103,345
Rural Education	84.358	N/A	95,011
Improving Teacher Quality State Grants	84.367	N/A	176,935
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	249,981
Total U.S. Department of Education			\$ 2,818,881

(Continued)

Monroe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Passed-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	(2)	\$ 923
Family Planning - Services	93.217	(2)	6,743
National State-Based Tobacco Control Programs	93.305	(2)	5,941
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	(2)	6,623
Medical Assistance Program	93.778	(2)	62,370
HIV Prevention Activities - Health Department Based	93.940	(2)	1,829
Maternal and Child Health Services Block Grant to the States	93.994	(2)	<u>14,677</u>
Total U.S. Department of Health and Human Services			<u>\$ 99,106</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(2)	<u>\$ 12,494</u>
Total U.S. Department of Homeland Security			<u>\$ 12,494</u>
Total Expenditures of Federal Awards			<u>\$ 6,107,069</u>
<u>State Grants</u>		<u>Contract Number</u>	
Juvenile Services Program - State Children's Services Commission	N/A	(2)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(2)	44,900
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	37,040
Law Enforcement Training - State Department of Safety	N/A	(2)	25,800
Airport Maintenance - State Department of Transportation	N/A	(2)	8,439
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	294,398
Driver's Education - State Department of Education	N/A	(2)	33,182
Local Health Services - State Department of Health	N/A	(2)	<u>9,270</u>
Total State Grants			<u>\$ 462,029</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) Information not available.
(3) Total for CFDA No. 10.555 is \$1,581,056.

Monroe County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Monroe County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERKS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-004	185	The office software did not have adequate application controls
2014-005	186	An adequate trial balance of the execution docket cause balances was not provided

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-006	187	Duties were not segregated adequately

MONROE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Monroe County is unmodified.
2. The audit of the financial statements of Monroe County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Monroe County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Community Development Block Grants/State's Program (CFDA No. 14.228); the Title I Grants to Local Educational Agencies (CFDA No. 84.010); and State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Monroe County qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, and the annual monitoring by the state Division of Property Assessments of assessors of property, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The circuit and general sessions courts clerk provided a written response on a certain finding, which is paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 2015-001 **DISCREPANCIES IN OPERATIONS OF THE MONROE COUNTY DENTAL CLINIC ARE CURRENTLY BEING INVESTIGATED**
(Noncompliance Under *Government Auditing Standards*)

An investigation by the state Comptroller's Office of Financial and Compliance Investigations is ongoing in the Monroe County Dental Clinic. Findings, if any, resulting from the investigation will be included in a subsequent report.

OFFICES OF DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

FINDING 2015-002 **SCHOOL FEDERAL PROJECTS FUNDS WERE EXPENDED WITHOUT BEING CHARGED TO A FEDERAL PROGRAM**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs. However, certain expenditures from the School Federal Projects Fund were not properly charged to a federal program; and therefore, reimbursement of these expenditures was not requested. In an effort to correct prior years' posting errors in the School Federal Projects Fund, the county's Finance Office made adjustments to assets and liabilities of the fund and offset those adjustments with direct postings to fund balance. These entries resulted in a reduction in the total fund balance of \$150,961, without the recording of any expenditures. Expenditures of grant funds are reported to the federal government and reimbursement for those expenditures is requested and received. An audit adjustment has been made to reflect these prior years' unrecorded expenditures in the Other Operations major appropriation category of the School Federal Projects Fund. This deficiency was caused by a lack of management oversight, which allowed posting errors to be made and go undetected. Expenditure of these funds without reimbursement has resulted in a deficit in unassigned fund balance in the School Federal Projects Fund of \$113,276 at June 30, 2015.

RECOMMENDATION

Expenditures should be properly charged to a federal program, and reimbursement of those expenditures should be requested. Officials should take steps to liquidate the deficit in unassigned fund balance.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2015-003

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 (TCA)*. 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, 2015, 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 on 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.

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

This office will work diligently with our software vendor to implement the docket trial balance for all courts. We hope to have this completed by the next fiscal audit.

FINDING 2015-004

THE OFFICE SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS

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

The office software application allows a user to void a transaction from the general ledger without an adequate audit trail. The general ledger detail retains the transaction number, date, and general description, but it does not retain the debit or credit information for the transaction. Sound business practices dictate that proper computer application controls be implemented. Since the vendor did not design the system with proper controls, inappropriate system activity could occur. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. Subsequent to June 30, 2015, the vendor removed this option from the general ledger and users can no longer void a transaction. Instead, a correcting entry must be entered.

OFFICE OF SHERIFF

FINDING 2015-005

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 proceeds are to be remitted to the county trustee on a monthly basis. We noted the following deficiencies in the operations of the commissary:

- A. Bank statements for the commissary account were not reconciled with the commissary subsidiary records. When auditors arrived to perform audit fieldwork in November 2015, bank statements for the commissary account had not been reconciled with the commissary subsidiary records since July 2014. The auditor prepared an outstanding check listing and reconciled receipts with bank deposits for the audit period. Subsequently, the account was reconciled through November 2015, 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 May 2015, the department remitted \$56,333 in accumulated commissary profits to the county trustee for the period January 2015 through April 2015. In November 2015, the department remitted an additional \$75,955 in accumulated commissary profits to the county trustee for the period May 2015 through October 2015. 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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

FINDING 2015-006

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 for the months of December 2014 through June 2015 to trace to deposits. During this period, we noted receipts for two specific days were held for eight days before being deposited to the official bank account. This deficiency was the result of a lack of management oversight. 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.

OFFICE OF ASSESSOR OF PROPERTY

FINDING 2015-007

THE ASSESSOR DID NOT ADEQUATELY MAINTAIN ASSESSMENT MAPS

(Noncompliance Under *Government Auditing Standards*)

The assessor did not adequately maintain the 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.

COUNTY COMMISSION

FINDING 2015-008

THE COUNTY'S AUDIT COMMITTEE IS NOT A FUNCTIONING COMMITTEE

(Noncompliance Under *Government Auditing Standards*)

Monroe County participates in the ThreeStar Program through the Tennessee Department of Economic and Community Development to assist the county's community development efforts in competing for jobs and attracting industry. One of the requirements of the ThreeStar Program is that the county must create and maintain an Audit Committee. Monroe County created an Audit Committee in April 2014, as provided by Section 9-3-405, *Tennessee Code Annotated*; however, there are no minutes to document that this Audit Committee has ever met or conducted any business. Without a functioning Audit Committee, the County Commission does not have independent and objective reviews of the financial reporting process, internal controls, the audit function, and monitoring management's plans to address various risks.

RECOMMENDATION

The county's Audit Committee should be a functioning committee, maintain minutes of its meetings, and annually present a written committee report detailing how it discharged its duties and any committee recommendations to the full County Commission.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

MONROE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2015

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.