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# ANNUAL FINANCIAL REPORT MONROE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



**ANNUAL FINANCIAL REPORT  
MONROE COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

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DOUG SANDIDGE, CISA, CFE  
State Auditors***

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

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## MONROE COUNTY, TENNESSEE

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# ***Summary of Audit Findings***

Annual Financial Report  
Monroe County, Tennessee  
For the Year Ended June 30, 2014

## ***Scope***

We have audited the basic financial statements of Monroe County as of and for the year ended June 30, 2014.

## ***Results***

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

Our audit resulted in six 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 FINANCE DIRECTOR**

- ◆ General ledger cash accounts were not reconciled with county trustee reports monthly.
- ◆ Expenditures exceeded appropriations.
- ◆ The General Purpose School and Central Cafeteria funds had deficiencies regarding journal entries.

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### **OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

- ◆ The office software did not have adequate application controls.
- ◆ An adequate trial balance of the execution docket cause balances was not provided.

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### **OFFICE OF SHERIFF**

- ◆ Duties were not segregated adequately.

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# INTRODUCTORY SECTION

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# Monroe County Officials

## June 30, 2014

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### **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  
Bill Bivens, Sheriff  
Elizabeth Hicks, Director of Finance

### **Board of County Commissioners**

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

Judith Lee  
Bennie Moser  
Bill Shadden  
Roger Thomas

### **Board of Education**

Bob Lovingood, Chairman  
Larry Stein  
Janie Harrill  
Sonya Lynn  
Steve Rogers

Janet Martin  
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

Wanda Alexander  
Richard Kirkland  
Bennie Moser

### **Audit Committee**

Resolution adopted but members not yet appointed.

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## FINANCIAL SECTION

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of and for the year ended June 30, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Monroe County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. 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 funding progress – pension plan and other postemployment benefits plans on pages 86-88 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

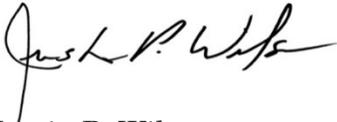
(a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 16, 2015, 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 16, 2015

JPW/kp

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Monroe County, Tennessee  
Statement of Net Position  
June 30, 2014

	Primary Government Governmental Activities	Component Units	
		Monroe County School Department	Women's Wellness and Maternity Center
<u>ASSETS</u>			
Cash	\$ 22,994	\$ 1,230	\$ 45,126
Equity in Pooled Cash and Investments	23,369,966	6,715,111	0
Accounts Receivable	1,443,463	61,303	164,013
Allowance for Uncollectibles	(349,912)	0	(19,726)
Due from Other Governments	1,429,887	1,414,406	0
Due from Primary Government	0	259	0
Property Taxes Receivable	15,808,182	5,435,686	0
Allowance for Uncollectible Property Taxes	(769,788)	(264,694)	0
Prepaid Items	0	0	7,264
Capital Assets			
Assets Not Depreciated:			
Land	800,348	864,562	0
Construction in Progress	512,833	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	4,739,995	48,780,583	0
Other Capital Assets	1,980,030	336,160	396,941
Infrastructure - Roads, Streets, and Bridges	102,384,092	0	0
Total Assets	<u>\$ 151,372,090</u>	<u>\$ 63,344,606</u>	<u>\$ 593,618</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 127,643	\$ 0	\$ 0
Accumulated Decrease in Fair Value of Hedging Derivatives	1,715,114	0	0
Total Deferred Outflows of Resources	<u>\$ 1,842,757</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 433,685	\$ 32,028	\$ 981
Accrued Payroll	256,381	3,042,213	12,035
Payroll Deductions Payable	93,348	1,295,610	0
Accrued Interest Payable	83,451	0	0
Due to Component Units	259	0	0
Due to State of Tennessee	11,101	0	0
Derivative - Interest Rate Swap	2,239,360	0	0
Noncurrent Liabilities:			
Due Within One Year	2,646,512	0	20,879
Due in More Than One Year	57,858,503	5,239,967	328,261
Total Liabilities	<u>\$ 63,622,600</u>	<u>\$ 9,609,818</u>	<u>\$ 362,156</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Monroe County School Department	Women's Wellness and Maternity Center
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 14,624,686	\$ 5,028,738	\$ 0
Total Deferred Inflows of Resources	\$ 14,624,686	\$ 5,028,738	\$ 0
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 108,326,487	\$ 49,981,305	\$ 63,427
Restricted for:			
General Government	1,003,472	0	0
Finance	10,303	0	0
Administration of Justice	13,060	0	0
Public Safety	215,370	0	0
Public Health and Welfare	1,106,745	0	0
Highways	1,350,196	0	0
Education	0	257,021	0
Debt Service	7,371,131	0	0
Other Purposes	91,257	0	0
Unrestricted	(44,520,460)	(1,532,276)	168,035
Total Net Position	\$ 74,967,561	\$ 48,706,050	\$ 231,462

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, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues				Primary Governmental Activities	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Monroe County School Department	Women's Wellness and Maternity Center
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 3,896,990	\$ 584,473	\$ 105,993	\$ 753,587	\$ (2,452,937)	\$ 0	\$ 0
Finance	1,677,659	1,073,228	18,955	0	(585,476)	0	0
Administration of Justice	1,397,955	918,211	6,750	0	(472,994)	0	0
Public Safety	5,986,304	898,373	270,802	0	(4,817,129)	0	0
Public Health and Welfare	5,907,086	4,150,007	329,157	0	(1,427,922)	0	0
Social, Cultural, and Recreational Services	344,521	0	0	0	(344,521)	0	0
Agriculture and Natural Resources	124,494	0	19,225	0	(105,269)	0	0
Highways	8,255,969	352,867	2,205,647	404,100	(5,293,355)	0	0
Education	63,416	0	0	7,182	(56,234)	0	0
Interest on Long-term Debt	1,943,274	0	0	0	(1,943,274)	0	0
<b>Total Primary Government</b>	<b>\$ 29,597,668</b>	<b>\$ 7,977,159</b>	<b>\$ 2,956,529</b>	<b>\$ 1,164,869</b>	<b>\$ (17,499,111)</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Component Units:</b>							
Monroe County School Department	\$ 48,233,110	\$ 1,135,775	\$ 5,896,988	\$ 0	0	\$ (41,200,347)	\$ 0
Women's Wellness and Maternity Center	584,380	473,748	48,500	0	0	0	(62,132)
<b>Total Component Units</b>	<b>\$ 48,817,490</b>	<b>\$ 1,609,523</b>	<b>\$ 5,945,488</b>	<b>\$ 0</b>	<b>0</b>	<b>\$ (41,200,347)</b>	<b>\$ (62,132)</b>

(Continued)

Exhibit B

Monroe County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Monroe County School Department	Women's Wellness and Maternity Center
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes		\$ 7,721,977		\$ 4,505,783	\$ 0	0
Property Taxes Levied for Solid Waste/Sanitation		1,255,115		0	0	0
Property Taxes Levied for Highways		771,490		0	0	0
Property Taxes Levied for Debt Service		3,373,559		0	0	0
Local Option Sales Taxes		608,641		3,539,654	0	0
Wheel Tax		903,249		0	0	0
Other Local Taxes		738,585		111,029	0	0
Grants and Contributions Not Restricted to Specific Programs		2,413,509		29,808,585	0	0
Unrestricted Investment Income		8,170		144	21	21
Miscellaneous		67,897		1,861	0	0
Insurance Recovery		93,587		0	0	0
Total General Revenues		\$ 17,955,779		\$ 37,967,056	\$ 21	21
Change in Fair Value of Derivatives - Interest Rate Swap		\$ 106,862		\$ 0	\$ 0	0
Change in Net Position		\$ 563,530		\$ (3,233,291)	\$ (62,111)	(62,111)
Net Position, July 1, 2013		74,404,031		51,939,341	293,573	293,573
Net Position, June 30, 2014		\$ 74,967,561		\$ 48,706,050	\$ 231,462	231,462

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

Monroe County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<b>ASSETS</b>						
Cash	\$ 21,464	\$ 0	\$ 0	\$ 1,530	\$ 22,994	
Equity in Pooled Cash and Investments	8,296,237	851,871	8,119,805	4,523,010	21,790,923	
Accounts Receivable	1,187,978	24,877	815	58,066	1,271,736	
Allowance for Uncollectibles	(349,912)	0	0	0	(349,912)	
Due from Other Governments	842,992	544,324	28,068	14,503	1,429,887	
Due from Other Funds	1,542	0	0	0	1,542	
Property Taxes Receivable	9,299,185	929,702	4,068,394	1,510,901	15,808,182	
Allowance for Uncollectible Property Taxes	(452,829)	(45,272)	(198,113)	(73,574)	(769,788)	
<b>Total Assets</b>	<b>\$ 18,846,657</b>	<b>\$ 2,305,502</b>	<b>\$ 12,018,969</b>	<b>\$ 6,034,436</b>	<b>\$ 39,205,564</b>	

**LIABILITIES**

Accounts Payable	\$ 160,143	\$ 33,970	\$ 0	\$ 120,201	\$ 314,314
Accrued Payroll	196,816	49,834	0	9,731	256,381
Payroll Deductions Payable	77,815	11,403	0	4,130	93,348
Due to Other Funds	0	0	0	1,542	1,542
Due to Component Units	259	0	0	0	259
Due to State of Tennessee	11,101	0	0	0	11,101
<b>Total Liabilities</b>	<b>\$ 446,134</b>	<b>\$ 95,207</b>	<b>\$ 0</b>	<b>\$ 135,604</b>	<b>\$ 676,945</b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Current Property Taxes	\$ 8,602,992	\$ 860,099	\$ 3,763,809	\$ 1,397,786	\$ 14,624,686
Deferred Delinquent Property Taxes	171,012	17,097	74,818	27,785	290,712
Other Deferred/Unavailable Revenue	723,505	185,193	9,094	3,217	921,009
<b>Total Deferred Inflows of Resources</b>	<b>\$ 9,497,509</b>	<b>\$ 1,062,389</b>	<b>\$ 3,847,721</b>	<b>\$ 1,428,788</b>	<b>\$ 15,836,407</b>

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway /	General Debt Service	Other		
		Public Works		Governmental Funds	Governmental Funds	
<b>FUND BALANCES</b>						
Restricted:						
Restricted for General Government	\$ 991,867	\$ 0	\$ 0	\$ 0	\$ 0	\$ 991,867
Restricted for Finance	10,303	0	0	0	0	10,303
Restricted for Administration of Justice	13,060	0	0	0	0	13,060
Restricted for Public Safety	42,914	0	0	172,456	0	215,370
Restricted for Public Health and Welfare	49,468	0	0	1,026,275	0	1,075,743
Restricted for Highways/Public Works	0	1,147,906	0	0	0	1,147,906
Restricted for Debt Service	0	0	8,171,248	0	0	8,171,248
Restricted for Capital Projects	0	0	0	3,271,313	0	3,271,313
Restricted for Other Purposes	1,000	0	0	0	0	1,000
Committed:						
Committed for General Government	4,988	0	0	0	0	4,988
Committed for Public Safety	41,817	0	0	0	0	41,817
Assigned:						
Assigned for General Government	13,083	0	0	0	0	13,083
Assigned for Finance	20,838	0	0	0	0	20,838
Assigned for Administration of Justice	2,504	0	0	0	0	2,504
Assigned for Public Safety	73,933	0	0	0	0	73,933
Assigned for Public Health and Welfare	19,639	0	0	0	0	19,639
Assigned for Other Operations	23,497	0	0	0	0	23,497
Unassigned	7,594,103	0	0	0	0	7,594,103
Total Fund Balances	\$ 8,903,014	\$ 1,147,906	\$ 8,171,248	\$ 4,470,044	\$ 22,692,212	\$ 22,692,212
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 18,846,657	\$ 2,305,502	\$ 12,018,969	\$ 6,034,436	\$ 39,205,564	\$ 39,205,564

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, 2014

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)		\$ 22,692,212
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 800,348	
Add: construction in progress	512,833	
Add: buildings and improvements net of accumulated depreciation	4,739,995	
Add: infrastructure net of accumulated depreciation	102,384,092	
Add: other capital assets net of accumulated depreciation	<u>1,980,030</u>	110,417,298
(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.		1,631,399
(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	\$ (861,358)	
Less: bonds payable	(18,415,894)	
Less: other loans payable	(39,568,642)	
Add: deferred amount on refunding	127,643	
Less: compensated absences payable	(407,748)	
Less: landfill closure/postclosure care costs	(169,659)	
Less: other postemployment benefits liability	(281,136)	
Less: fair value of investment-type derivative – interest rate swap	(524,246)	
Less: accrued interest on bonds, and notes	(83,451)	
Less: interest accreted on bonds	<u>(800,578)</u>	(60,985,069)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,211,721</u>
Net position of governmental activities (Exhibit A)		<u>\$ 74,967,561</u>

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

Monroe County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway /	General Debt Service	Other	Governmental Funds	
		Public Works				
<u>Revenues</u>						
Local Taxes	\$ 10,238,944	\$ 908,882	\$ 4,856,579	\$ 1,440,781	\$	\$ 17,445,186
Licenses and Permits	87,470	0	0	0	0	87,470
Fines, Forfeitures, and Penalties	197,439	0	0	97,771	0	295,210
Charges for Current Services	3,551,791	352,867	63,416	686,311	0	4,654,385
Other Local Revenues	197,561	18,495	8,170	30,127	0	254,353
Fees Received from County Officials	1,885,903	0	0	0	0	1,885,903
State of Tennessee	1,261,082	2,480,107	17,211	64,983	0	3,823,383
Federal Government	838,567	116,723	0	0	0	955,290
Other Governments and Citizens Groups	275,595	0	208,748	4,500	0	488,843
Total Revenues	\$ 18,534,352	\$ 3,877,074	\$ 5,154,124	\$ 2,324,473	\$	\$ 29,890,023
<u>Expenditures</u>						
Current:						
General Government	\$ 2,498,011	\$ 0	\$ 0	\$ 20,173	\$	\$ 2,518,184
Finance	1,687,716	0	0	0	0	1,687,716
Administration of Justice	1,404,996	0	0	7,260	0	1,412,256
Public Safety	5,840,974	0	0	178,356	0	6,019,330
Public Health and Welfare	4,048,168	0	0	2,055,487	0	6,103,655
Social, Cultural, and Recreational Services	344,521	0	0	0	0	344,521
Agriculture and Natural Resources	125,029	0	0	0	0	125,029
Other Operations	1,511,168	0	0	0	0	1,511,168
Highways	0	4,173,254	0	57,928	0	4,231,182
Debt Service:						
Principal on Debt	0	0	2,254,314	0	0	2,254,314
Interest on Debt	0	0	2,077,544	0	0	2,077,544
Other Debt Service	0	0	151,339	0	0	151,339

(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 Governmental Funds		
<u>Expenditures (Cont.)</u>						
Capital Projects	2,457 \$	0 \$	0 \$	0 \$	0 \$	2,457
Total Expenditures	\$ 17,463,040	\$ 4,173,254	\$ 4,483,197	\$ 2,319,204	\$	\$ 28,438,695
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,071,312	\$ (296,180)	\$ 670,927	\$ 5,269	\$	\$ 1,451,328
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	40,094 \$	30,089 \$	0 \$	0 \$	0 \$	70,183
Total Other Financing Sources (Uses)	\$ 40,094	\$ 30,089	\$ 0	\$ 0	\$ 0	\$ 70,183
Net Change in Fund Balances	\$ 1,111,406	\$ (266,091)	\$ 670,927	\$ 5,269	\$	\$ 1,521,511
Fund Balance, July 1, 2013	7,791,608	1,413,997	7,500,321	4,464,775		21,170,701
Fund Balance, June 30, 2014	\$ 8,903,014	\$ 1,147,906	\$ 8,171,248	\$ 4,470,044	\$	\$ 22,692,212

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, 2014

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)		\$ 1,521,511
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,290,754	
Less: current-year depreciation expense	<u>(4,905,812)</u>	(3,615,058)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: book value of assets disposed		(6,310)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 1,211,721	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(1,140,995)</u>	70,726
(4) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on notes	\$ 478,784	
Add: principal payments on bonds	493,342	
Add: principal payments on other loans	1,282,188	
Less: change in deferred amount on refunding debt	<u>(11,113)</u>	2,243,201
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 7,608	
Change in accreted interest payable	137,775	
Change in compensated absences payable	(27,008)	
Change in other postemployment benefits liability	(22,267)	
Change in landfill postclosure care costs	<u>12,769</u>	108,877
(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.		133,721
(7) For interest rate swap agreements that are classified as investment derivatives, the change in fair market value is reflected in changes in net position for governmental activities.		<u>106,862</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 563,530</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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,238,944	\$ 0	\$ 0	\$ 10,238,944	\$ 9,262,082	\$ 9,262,082	\$ 976,862
Licenses and Permits	87,470	0	0	87,470	94,500	94,500	(7,030)
Fines, Forfeitures, and Penalties	197,439	0	0	197,439	147,300	157,082	40,357
Charges for Current Services	3,551,791	0	0	3,551,791	3,920,184	3,962,684	(410,893)
Other Local Revenues	197,561	0	0	197,561	221,181	233,804	(36,243)
Fees Received from County Officials	1,885,903	0	0	1,885,903	1,980,500	1,980,500	(94,597)
State of Tennessee	1,261,082	0	0	1,261,082	1,889,999	1,569,341	(308,259)
Federal Government	838,567	0	0	838,567	439,021	1,438,937	(600,370)
Other Governments and Citizens Groups	275,595	0	0	275,595	240,670	255,245	20,350
Total Revenues	\$ 18,534,352	\$ 0	\$ 0	\$ 18,534,352	\$ 18,195,437	\$ 18,954,175	\$ (419,823)
<u>Expenditures</u>							
General Government							
County Commission	\$ 365,130	\$ 0	\$ 10	\$ 365,140	\$ 442,204	\$ 404,704	\$ 39,564
Board of Equalization	2,658	0	0	2,658	3,200	3,200	542
County Mayor/Executive	200,434	0	0	200,434	210,419	210,419	9,985
Personnel Office	178,477	(8,225)	0	170,252	202,636	202,636	32,384
County Attorney	49,035	0	0	49,035	50,000	50,000	965
Election Commission	212,069	(861)	6,763	217,971	282,107	283,647	65,676
Register of Deeds	365,246	(100)	130	365,276	366,292	373,492	8,216
Planning	70,971	(1,600)	200	69,571	93,615	93,615	24,044
Engineering	1,361	0	2,500	3,861	60,000	60,000	56,139
Codes Compliance	39,092	0	0	39,092	49,776	49,776	10,684
Geographical Information Systems	73,830	(556)	0	73,274	89,024	89,024	15,750
County Buildings	634,202	(6,627)	3,457	631,032	638,828	667,346	36,314
Other General Administration	286,656	(17,135)	11	269,532	293,800	293,800	24,268
Preservation of Records	18,850	0	12	18,862	16,772	20,497	1,635
<u>Finance</u>							
Accounting and Budgeting	530,301	(5,387)	14,329	539,243	588,429	588,429	49,186
Property Assessor's Office	293,350	0	0	293,350	329,682	329,682	36,332
Reappraisal Program	95,068	(527)	0	94,541	106,210	106,210	11,669

(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 7/1/2013	Add: Encumbrances 6/30/2014	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	\$ 302,597	\$ (1,195)	\$ 85	\$ 301,487	\$ 331,120	\$ 331,120	\$ 29,633
County Clerk's Office	466,400	(5,551)	6,424	467,273	486,592	486,592	19,319
<u>Administration of Justice</u>							
Circuit Court	888,463	(2,084)	1,315	887,694	970,811	970,811	83,117
General Sessions Judge	241,213	0	1,100	242,313	264,060	264,060	21,747
Chancery Court	228,250	(333)	89	228,006	327,705	324,705	96,699
Probate Court	46,620	0	0	46,620	48,374	51,374	4,754
Other Administration of Justice	450	(450)	0	0	21,000	21,000	21,000
<u>Public Safety</u>							
Sheriff's Department	2,772,771	(26,328)	19,908	2,766,351	3,044,452	3,111,497	345,146
Administration of the Sexual Offender Registry	1,690	0	0	1,690	3,200	3,200	1,510
Jail	2,345,094	(32,681)	4,983	2,317,396	2,568,750	2,568,750	251,354
Juvenile Services	89,045	0	0	89,045	110,802	110,802	21,757
Commissary	110,936	(10,038)	12,166	113,064	190,000	190,000	76,936
Fire Prevention and Control	217,847	(847)	0	217,000	217,000	236,225	19,225
Rescue Squad	50,000	0	0	50,000	50,000	50,000	0
Other Emergency Management	33,518	(2,020)	0	31,498	76,826	89,326	57,828
County Coroner/Medical Examiner	58,073	0	0	58,073	49,400	49,400	(8,673)
Other Public Safety	162,000	0	0	162,000	162,000	162,000	0
<u>Public Health and Welfare</u>							
Local Health Center	44,738	0	0	44,738	58,100	55,600	10,862
Rabies and Animal Control	155,554	(5,143)	5,650	156,061	169,979	169,979	13,918
Ambulance/Emergency Medical Services	2,900,554	(22,449)	12,530	2,890,635	3,376,077	3,376,077	485,442
Maternal and Child Health Services	17,500	0	0	17,500	0	17,500	0
Dental Health Program	578,475	(28,039)	1,349	551,785	578,968	621,468	69,683
Alcohol and Drug Programs	9,782	0	0	9,782	0	9,782	0
Crippled Children Services	1,995	0	0	1,995	1,995	1,995	0
Other Local Health Services	297,636	0	0	297,636	330,330	370,410	72,774
General Welfare Assistance	40,934	0	0	40,934	45,667	45,667	4,733
Aid to Dependent Children	1,000	0	0	1,000	1,000	1,000	0

(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 7/1/2013	Add: Encumbrances 6/30/2014	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	\$ 0	0
Libraries	122,906	0	0	122,906	113,374	113,374	(9,532)
Other Social, Cultural, and Recreational Agriculture and Natural Resources	183,615	0	0	183,615	187,415	187,415	3,800
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	72,793	0	0	72,793	76,419	76,419	3,626
Soil Conservation	50,236	0	0	50,236	53,390	53,390	3,154
Flood Control	2,000	0	0	2,000	2,000	2,000	0
<u>Other Operations</u>							
Tourism	209,284	(531)	0	208,753	209,471	265,658	56,905
Industrial Development	303,596	(1,091)	472	302,977	349,569	332,447	29,470
Other Economic and Community Development Airport	287,610	0	0	287,610	351,497	876,419	588,809
	649,887	0	23,020	672,907	589,200	770,948	98,041
Veterans' Services	25,651	(655)	5	25,001	25,522	25,522	521
Contributions to Other Agencies	7,152	0	0	7,152	16,500	16,500	9,348
Employee Benefits	20,793	0	0	20,793	44,259	44,259	23,466
Miscellaneous	7,195	0	0	7,195	0	7,195	0
<u>Capital Projects</u>							
Public Safety Projects	2,457	0	0	2,457	10,000	10,000	7,543
Total Expenditures	\$ 17,463,040	\$ (180,453)	\$ 116,508	\$ 17,399,095	\$ 19,373,818	\$ 20,336,363	\$ 2,937,268
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,071,312	\$ 180,453	\$ (116,508)	\$ 1,135,257	\$ (1,178,381)	\$ (1,382,188)	\$ 2,517,445
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 40,094	\$ 0	\$ 0	\$ 40,094	\$ 0	\$ 39,771	\$ 323
Total Other Financing Sources	\$ 40,094	\$ 0	\$ 0	\$ 40,094	\$ 0	\$ 39,771	\$ 323

(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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 1,111,406 \$	180,453 \$	(116,508) \$	1,175,351 \$	(1,178,381) \$	(1,342,417) \$	2,517,768
Fund Balance, July 1, 2013	7,791,608	(180,453)	0	7,611,155	6,896,900	6,896,900	714,255
Fund Balance, June 30, 2014	\$ 8,903,014 \$	0 \$	(116,508) \$	8,786,506 \$	5,718,519 \$	5,554,483 \$	3,232,023

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 908,882	\$ 0	\$ 0	\$ 908,882	\$ 821,766	\$ 821,766	\$ 87,116
Charges for Current Services	352,867	0	0	352,867	325,000	325,000	27,867
Other Local Revenues	18,495	0	0	18,495	0	0	18,495
State of Tennessee	2,480,107	0	0	2,480,107	2,632,480	3,226,686	(746,579)
Federal Government	116,723	0	0	116,723	175,029	175,029	(58,306)
Total Revenues	\$ 3,877,074	\$ 0	\$ 0	\$ 3,877,074	\$ 3,954,275	\$ 4,548,481	\$ (671,407)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 224,920	\$ 0	\$ 0	\$ 224,920	\$ 244,680	\$ 244,680	\$ 19,760
Highway and Bridge Maintenance	2,494,638	(430,345)	115,912	2,180,205	2,469,269	2,469,269	289,064
Operation and Maintenance of Equipment	756,133	(15,073)	17,803	758,863	747,645	770,218	11,355
Other Charges	222,461	0	0	222,461	229,878	229,878	7,417
Employee Benefits	5,219	0	0	5,219	15,000	6,700	1,481
Capital Outlay	469,883	(287,135)	180,200	362,948	221,930	824,436	461,488
Total Expenditures	\$ 4,173,254	\$ (732,553)	\$ 313,915	\$ 3,754,616	\$ 3,928,402	\$ 4,545,181	\$ 790,565
Excess (Deficiency) of Revenues Over Expenditures	\$ (296,180)	\$ 732,553	\$ (313,915)	\$ 122,458	\$ 25,873	\$ 3,300	\$ 119,158
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 30,089	\$ 0	\$ 0	\$ 30,089	\$ 0	\$ 22,573	\$ 7,516
Total Other Financing Sources	\$ 30,089	\$ 0	\$ 0	\$ 30,089	\$ 0	\$ 22,573	\$ 7,516
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (266,091)	\$ 732,553	\$ (313,915)	\$ 152,547	\$ 25,873	\$ 289,099	\$ 126,674
	1,413,997	(732,553)	0	681,444	289,099	289,099	392,345
Fund Balance, June 30, 2014	\$ 1,147,906	\$ 0	\$ (313,915)	\$ 833,991	\$ 314,972	\$ 314,972	\$ 519,019

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, 2014

	Governmental Activities - Internal Service Fund
	Employee Insurance - Fund
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 1,579,043
Accounts Receivable	171,727
Total Assets	<u>\$ 1,750,770</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 119,371
Total Liabilities	<u>\$ 119,371</u>
<u>NET POSITION</u>	
Net Position - Unrestricted	<u>\$ 1,631,399</u>
Total Net Position	<u><u>\$ 1,631,399</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, 2014

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 2,294,295
Total Operating Revenues	<u>\$ 2,294,295</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 169,712
Medical Claims	1,682,148
Insurance Premiums	<u>308,714</u>
Total Operating Expenses	<u>\$ 2,160,574</u>
Operating Income (Loss)	<u>\$ 133,721</u>
Change in Net Position	\$ 133,721
Net Position, July 1, 2013	<u>1,497,678</u>
Net Position, June, 30, 2014	<u><u>\$ 1,631,399</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, 2014

	Governmental Activities - Internal Service Fund
	<u>Employee Health Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 2,122,568
Payments to Fiscal Agents	(169,712)
Payments to Insurers	(308,714)
Payments for Claims	<u>(1,653,715)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (9,573)</u>
Increase (Decrease) in Cash	\$ (9,573)
Cash, July 1, 2013	<u>1,588,616</u>
Cash, June 30, 2014	<u><u>\$ 1,579,043</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 133,721
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 Other Current Liabilities	<u>28,433</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (9,573)</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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,725,785
Due from Other Governments	869,398
Taxes Receivable	1,421,813
Allowance for Uncollectible Taxes	(69,236)
Cash Shortage	<u>20,651</u>
Total Assets	<u><u>\$ 3,968,411</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,221,975
Due to Litigants, Heirs, and Others	<u>1,746,436</u>
Total Liabilities	<u><u>\$ 3,968,411</u></u>

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

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**MONROE COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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**MONROE COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2014**

**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 nine-member board (subsequent to June 30, 2014, the County Commission became a 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, 2014.

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 types:

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

**Capital Projects Fund** – The Education Capital Projects Fund is used to account for the receipt of debt issued by Monroe County and contributed to the School Department for building construction and renovations.

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 the 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 2.58 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. Deferred charge on refunding is reported as a deferred outflow of resources in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The accumulated decrease in fair value of hedging derivatives as discussed in Note V.B. is also reported as a deferred outflow of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the

government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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.

As of June 30, 2014, Monroe County had \$53,470,536 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 \$268,562 for encumbrances and fund balance appropriated for use in the 2014-15 year budget totaling \$830,837.

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.

**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, 2014, Monroe County and the Monroe County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government		
Major Fund:		
Highway/Public Works	Asphalt	\$ 98,159
"	Asphalt - State Aid Projects	170,000
School Department		
Major Fund:		
General Purpose School	Equipment	156,681

**B. Cash Shortages - Prior Years**

The audit of Monroe County for the 2008-09 year reported a cash shortage of \$30,646.08 in the Office of Sheriff as of October 22, 2008. This cash shortage resulted from the failure to account properly for all collections from operations of the commissary. The county's insurance company paid the county \$20,646.08 in May 2009 (the cash shortage less a \$10,000 deductible). On January 15, 2010, the former commissary bookkeeper was indicted by the county's grand jury for theft over \$10,000. The original case was dismissed on July 20, 2011. The bookkeeper was re-indicted, and the trial was set for June 24, 2014. However, on June 14, 2014, the second case was dismissed.

The audit of Monroe County for the 2009-10 year reported a cash shortage of \$10,651.30 existed in the Sheriff's Office as of June 30, 2010. Commissary collections for several days between February 11, 2010, and April 19, 2010,

had not been deposited to the office bank account or otherwise accounted for properly. There have been no criminal charges filed relating to this shortage as of the date of this report.

As discussed in Note V.C., subsequent to June 30, 2014, County Commission authorized writing off the unliquidated portion of the two cash shortages which total \$20,651.30.

C. **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:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Public Safety:	
County Coroner/Medical Examiner	\$ 8,673
Social, Cultural, and Recreational Services:	
Libraries	9,532
General Purpose School:	
Support Services:	
Attendance	1,650
Other Student Support	22,169
Board of Education	33,745
Operation of Plant	84,400
Operation of Non-instructional Services:	
Food Service	19,778
School Federal Projects:	
Support Services:	
Vocational Education Program	220

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues and available fund balances.

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, 2014.

**B. Derivative Instruments**

At June 30, 2014, 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, 2014, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2014 financial statements are as follows:

<u>Type</u>	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2014</u>		6-30-14
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional Amount</u>
<b>Governmental Activities</b>					
Investment Derivative:					
Pay fixed interest rate swaps:					
\$6.255M Swap	Investment Earnings	\$ 106,862	Debt	\$ (524,246)	\$ 5,410,000
Cash Flow Hedge:					
\$10.05M Swap	Deferred Outflow	(139,847)	Debt	(1,715,114)	10,050,000
Total		<u>\$ (32,985)</u>		<u>\$(2,239,360)</u>	<u>\$ 15,460,000</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, 2014, 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>-1.07%</u>
Net interest rate swap payments		3.20%
Variable-rate bond coupon payments		<u>0.06%</u>
Synthetic interest rate on bonds		<u><u>3.26%</u></u>

**Fair value.** As of June 30, 2014, the swap had a negative fair value of \$524,246. 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, 2014, 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, 2014, with its Credit Support Provider, Deutsche Bank, rated A2/A+/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, 2014, 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	
2015	\$ 630,000	\$ 3,246	\$ 172,974	\$ 806,220
2016	670,000	2,868	152,831	825,699
2017	705,000	2,466	131,409	838,875
2018	795,000	2,043	108,868	905,911
2019	1,270,000	1,566	83,450	1,355,016
2020	1,340,000	804	42,844	1,383,648
Total	<u>\$ 5,410,000</u>	<u>\$ 12,993</u>	<u>\$ 692,376</u>	<u>\$ 6,115,369</u>

**\$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 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, 2014, 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>-1.07%</u>
Net interest rate swap payments		2.61%
Variable-rate bond coupon payments		<u>0.06%</u>
Synthetic interest rate on bonds		<u><u>2.67%</u></u>

**Fair value.** As of June 30, 2014, the swap had a negative fair value of \$1,715,114. 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, 2014, 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, 2014, Depfa's credit rating had been downgraded and was rated "BBB" by Standard and Poor's (Stable Outlook), "Baa3" by Moody's Investors Service (Stable Outlook), and BBB+ by Fitch Ratings (Negative Outlook). 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, 2014, 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	
2015	\$ 0	\$ 6,030	\$ 262,607	268,637
2016	0	6,030	262,607	268,637
2017	0	6,030	262,607	268,637
2018	0	6,030	262,607	268,637
2019	0	6,030	262,607	268,637
2020-2024	800,000	30,150	1,313,033	2,143,183
2025-2029	4,600,000	22,530	981,182	5,603,712
2030-2033	4,650,000	7,140	310,947	4,968,087
<b>Total</b>	<b>\$ 10,050,000</b>	<b>\$ 89,970</b>	<b>\$ 3,918,197</b>	<b>\$ 14,058,167</b>

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2014, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 800,348	\$ 0	\$ 0	\$ 800,348
Construction in Progress	175,326	545,072	(207,565)	512,833
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 975,674</b>	<b>\$ 545,072</b>	<b>\$ (207,565)</b>	<b>\$ 1,313,181</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,482,356	\$ 207,565	\$ (45,000)	\$ 8,644,921
Roads and Bridges	169,891,665	169,912	0	170,061,577
Other Capital Assets	7,227,771	575,770	(183,982)	7,619,559
<b>Total Capital Assets Depreciated</b>	<b>\$ 185,601,792</b>	<b>\$ 953,247</b>	<b>\$ (228,982)</b>	<b>\$ 186,326,057</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,728,973	\$ 217,953	\$ (42,000)	\$ 3,904,926
Roads and Bridges	63,427,005	4,250,480	0	67,677,485
Other Capital Assets	5,382,822	437,379	(180,672)	5,639,529
<b>Total Accumulated Depreciation</b>	<b>\$ 72,538,800</b>	<b>\$ 4,905,812</b>	<b>\$ (222,672)</b>	<b>\$ 77,221,940</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 113,062,992</b>	<b>\$ (3,952,565)</b>	<b>\$ (6,310)</b>	<b>\$ 109,104,117</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 114,038,666</b>	<b>\$ (3,407,493)</b>	<b>\$ (213,875)</b>	<b>\$ 110,417,298</b>

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

**Governmental Activities:**

General Government	\$ 243,646
Finance	5,067
Public Safety	134,426
Public Health and Welfare	177,403
Highways	<u>4,345,270</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,905,812</u>

**Discretely Presented Monroe County School Department**

**Governmental Activities:**

	Balance 7-1-13	Increases	Balance 6-30-14
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	\$ 0	\$ 73,989,132
Other Capital Assets	<u>1,728,462</u>	<u>8,513</u>	<u>1,736,975</u>
Total Capital Assets Depreciated	<u>\$ 75,717,594</u>	<u>\$ 8,513</u>	<u>\$ 75,726,107</u>
Less: Accumulated Depreciation For:			
Buildings and Improvements	\$ 23,460,819	\$ 1,747,730	\$ 25,208,549
Other Capital Assets	<u>1,294,226</u>	<u>106,589</u>	<u>1,400,815</u>
Total Accumulated Depreciation	<u>\$ 24,755,045</u>	<u>\$ 1,854,319</u>	<u>\$ 26,609,364</u>
Total Capital Assets Depreciated, Net	<u>\$ 50,962,549</u>	<u>\$ (1,845,806)</u>	<u>\$ 49,116,743</u>
Governmental Activities Capital Assets, Net	<u>\$ 51,827,111</u>	<u>\$ (1,845,806)</u>	<u>\$ 49,981,305</u>

There were no decreases in capital assets to report for the year ended June 30, 2014.

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

**Governmental Activities:**

Instruction	\$	8,678
Support Services		1,831,416
Operation of Non-instructional Services		<u>14,225</u>
Total Depreciation Expense - Governmental Activities	\$	<u>1,854,319</u>

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

The composition of interfund balances as of June 30, 2014, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,542
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	32,831
Nonmajor governmental	General Purpose School	24,310

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.

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
School Department: General Purpose School	Primary Government: General	\$ 259

This balance represents reimbursement from the primary government to the School Department for a vendor check paid out of the wrong fund.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2014, consisted of the following amount:

**Discretely Presented Monroe County School Department**

	Transfer In General Purpose School Fund
Transfer Out	
Nonmajor governmental fund	\$ 16,550

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 seven 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, 2014, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	4.05 to 5 %	6-1-38	\$ 18,350,000	\$ 17,650,000
General Obligation (CAB) Bonds	4.6 to 4.95	4-1-18	999,236	765,894
Accreted Interest on (CAB) Bonds	4.6 to 4.95	4-1-18	N/A	800,578
Capital Outlay Notes	0 to 1.73	11-1-15	1,806,500	861,358
Other Loans - Variable Rate - Public Improvement and Refunding	Variable	6-1-39	31,965,000	30,500,000
Other Loans - Fixed Rate	0 to 2.45	6-1-31	10,671,820	9,068,642

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, 2014, approximately \$800,578 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, 2014, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-14	Interest Type	Interest Rate as of 6-30-14	Other Fees on Variable Rate Debt
<u>Blount County Public Building Authority</u>					
Series E-7-A (Public Improvement and Refunding) (1)	\$ 31,965,000	\$ 30,500,000	Variable	.06%	1.12%
<u>City of Clarksville Public Building Authority</u>					
Fixed Rate Loan Program	10,600,000	9,010,000	Fixed	2.45	N/A
<u>Ft. Loudoun Electric Cooperative</u>					
Interest Free Loan	71,820	<u>58,642</u>	N/A	0	N/A
Total		<u>\$ 39,568,642</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, 2014, 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, 2014.

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 438,358	\$ 10,916	\$ 449,274
2016	423,000	3,659	426,659
Total	<u>\$ 861,358</u>	<u>\$ 14,575</u>	<u>\$ 875,933</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 318,748	\$ 992,890	\$ 1,311,638
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
2020-2024	1,950,000	3,568,940	5,518,940
2025-2029	3,300,000	2,984,327	6,284,327
2030-2034	5,325,000	2,219,698	7,544,698
2035-2038	6,775,000	718,888	7,493,888
Total	<u>\$ 18,415,894</u>	<u>\$ 14,199,149</u>	<u>\$ 32,615,043</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest (1)	Other Fees	
2015	\$ 1,327,188	\$ 674,470	\$ 341,740	\$ 2,343,398
2016	1,372,188	640,851	332,891	2,345,930
2017	1,417,188	605,925	323,537	2,346,650
2018	1,512,188	569,852	313,679	2,395,719
2019	1,997,188	530,842	302,758	2,830,788
2020-2024	8,732,702	2,072,619	1,287,918	12,093,239
2025-2029	9,270,000	1,355,665	952,162	11,577,827
2030-2034	8,185,000	378,885	548,025	9,111,910
2035-2039	5,755,000	9,728	181,758	5,946,486
Total	<u>\$ 39,568,642</u>	<u>\$ 6,838,837</u>	<u>\$ 4,584,468</u>	<u>\$ 50,991,947</u>

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

There is \$8,171,248 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$1,322, based on the 2010 federal census.

During the year, based on budgetary appropriations, the School Department remitted \$200,000 to the primary government's General Debt Service Fund to be applied to the retirement of debt issued for the benefit of the School Department.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Bonds	Accreted Interest on CAB Bonds	Notes	Compensated Absences
Balance, July 1, 2013	\$ 18,909,236	\$ 938,353	\$ 1,340,142	\$ 380,740
Additions	0	93,883	0	303,776
Reductions	(493,342)	(231,658)	(478,784)	(276,768)
Balance, June 30, 2014	<u>\$ 18,415,894</u>	<u>\$ 800,578</u>	<u>\$ 861,358</u>	<u>\$ 407,748</u>
Balance Due Within One Year	<u>\$ 318,748</u>	<u>\$ 241,252</u>	<u>\$ 438,358</u>	<u>\$ 305,811</u>

	Other Loans	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2013	\$ 40,850,830	\$ 182,428	\$ 258,869
Additions	0	2,507	35,355
Reductions	(1,282,188)	(15,276)	(13,088)
Balance, June 30, 2014	<u>\$ 39,568,642</u>	<u>\$ 169,659</u>	<u>\$ 281,136</u>
Balance Due Within One Year	<u>\$ 1,327,188</u>	<u>\$ 15,155</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 60,505,015
Less: Balance Due Within One Year	<u>(2,646,512)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 57,858,503</u>

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, 2014, was as follows:

Governmental Activities:

	Other Postemployment Benefits
Balance, July 1, 2013	\$ 4,709,598
Additions	1,368,384
Reductions	(838,015)
Balance, June 30, 2014	<u>\$ 5,239,967</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**

**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, 2014, were \$144,696 and \$37,475, 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 \$60,000 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 \$1,631,399 at June 30, 2014. 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:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Liability Balance at Fiscal Year-end
2012-2013	\$ 65,328	\$ 1,586,529	\$ (1,560,919)	\$ 90,938
2013-2014	90,938	1,682,148	(1,653,715)	119,371

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. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67, replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70, relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

**C. Subsequent Events**

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

On October 16, 2014, Randy White left the Office of Sheriff and was succeeded by Tommy Jones, Jr.

On September 23, 2014, the Monroe County Commission voted to write-off the remaining cash shortages of \$20,651 in the Sheriff's Office. See Note III.B. for further discussion of those cash shortages.

Subsequent to June 30, 2014, the Board of County Commissioners increased from nine to ten members.

**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, 2014, future principal and interest requirements for which the county is contingently liable were \$390,000 and \$52,075, respectively, for the public building authority loan, and \$3,416,544 and \$430,771, respectively, for the State of Tennessee revolving loan.

**E. Changes in Administration**

Director of Schools Michael Lowry died on December 24, 2013, and was succeeded by Tim Blankenship, who was appointed interim director of schools on January 2, 2014, and appointed director of schools on April 10, 2014.

**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 \$169,659 reported as postclosure care liability at June 30, 2014, represents amounts based on what it would cost to perform all postclosure care in 2014. 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, 2014.

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**

The 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**

### **Plan Description**

Employees of Monroe County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Monroe County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

### **Funding Policy**

Monroe County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an

actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 6.64 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### Annual Pension Cost

For the year ended June 30, 2014, Monroe County's annual pension cost of \$867,537 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was three years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$867,537	100%	\$0
6-30-13	847,089	100	0
6-30-12	843,135	100	0

### Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 99.12 percent funded. The actuarial accrued liability for benefits was \$33.07 million, and the actuarial value of assets was \$32.78 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.29 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12.52 million, and the ratio of the UAAL to the covered payroll was 2.33 percent.

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 values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## **SCHOOL TEACHERS**

### **Plan Description**

The Monroe County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://www.tn.gov/treasury/tcrs/Schools).

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended

June 30, 2014, 2013, and 2012, were \$1,429,001, \$1,649,262, and \$1,632,218, respectively, equal to the required contributions for each year.

**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 (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://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, 2014, the discretely presented Monroe County School Department contributed \$654,483 for postemployment benefits, and the primary government contributed \$3,000.

Annual OPEB Cost and Net OPEB Obligation

	<u>Medicare Supplement Plans</u>		Local
	Primary Government	School Department	Education Group Plan
ARC	\$ 25,000	\$ 108,000	\$ 1,072,000
Interest on the NOPEBO	10,355	22,484	165,900
Adjustment to the ARC	(10,088)	(21,905)	(161,627)
Annual OPEB cost	\$ 25,267	\$ 108,579	\$ 1,076,273
Amount of contribution	(3,000)	(7,750)	(646,733)
Increase/decrease in NOPEBO	\$ 22,267	\$ 100,829	\$ 429,540
Net OPEB obligation, 7-1-13	258,869	562,098	4,147,500
Net OPEB obligation, 6-30-14	\$ 281,136	\$ 662,927	\$ 4,577,040

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

6-30-12	Medicare Supplement	\$ 61,657	3 %	\$ 199,059
6-30-13	"	62,510	4	258,869
6-30-14	"	25,267	12	281,136

School Department

6-30-12	Medicare Supplement	124,191	6	455,080
6-30-13	"	123,906	6	562,098
6-30-14	"	108,579	7	662,927
6-30-12	Local Education Group	1,035,203	51	3,678,004
6-30-13	"	1,044,955	55	4,147,500
6-30-14	"	1,076,273	60	4,577,040

### 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
	Primary	School	Education
	Government	Department	Group Plan
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). The annual healthcare cost trend rate was 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 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 two percent for fiscal year 2014. The trend will increase to 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 seven 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
Building	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, 2014, is \$15,626.

#### Sick Leave

Employees accumulate paid sick days according to the amount of time worked at the center. Sick leave is accrued at the rate of .5 days (four hours) per month for full-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:

	Capital Assets		
	Balance	Reclassi-	Balance
	7-1-13	fications/ Additions	6-30-14
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
Total	\$ 636,932	\$ 0	\$ 636,932

	Accumulated Depreciation		
	Balance		Balance
	7-1-13	Additions	6-30-14
Leasehold Improvements	\$ 69,119	\$ 10,633	\$ 79,752
Equipment	138,745	2,587	141,332
Furniture	15,067	462	15,529
Alarm System	3,017	0	3,017
Linens	361	0	361
Total	\$ 226,309	\$ 13,682	\$ 239,991

Depreciation expense for the fiscal year ended June 30, 2014, 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, 2014, was \$45,126. Accounts on deposit with financial institutions were fully insured at June 30, 2014, 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, 2014, totaled \$4,064.

**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
2015	\$ 5,253	\$ 13,659	\$ 18,912
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
Subtotal	<u>\$ 28,569</u>	<u>\$ 65,991</u>	<u>\$ 94,560</u>
2020	\$ 6,454	\$ 12,458	\$ 18,912
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
Subtotal	<u>\$ 35,100</u>	<u>\$ 59,460</u>	<u>\$ 94,560</u>
2025	7,930	10,982	18,912
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
Subtotal	<u>\$ 43,125</u>	<u>\$ 51,435</u>	<u>\$ 94,560</u>

Fiscal Year Ending June 30	Note (Cont.)		
	Principal	Interest	Total
2030	\$ 9,743	\$ 9,169	\$ 18,912
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
Subtotal	<u>\$ 52,985</u>	<u>\$ 41,575</u>	<u>\$ 94,560</u>
2035	\$ 11,970	\$ 6,942	\$ 18,912
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
Subtotal	<u>\$ 65,098</u>	<u>\$ 29,462</u>	<u>\$ 94,560</u>
2040	\$ 14,707	\$ 4,205	\$ 18,912
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
Subtotal	<u>\$ 79,982</u>	<u>\$ 14,578</u>	<u>\$ 94,560</u>
2045	\$ 18,069	\$ 843	\$ 18,912
2046	10,586	135	10,721
2047	0	0	0
Subtotal	<u>\$ 28,655</u>	<u>\$ 978</u>	<u>\$ 29,633</u>
Total	<u>\$ 333,514</u>	<u>\$ 263,479</u>	<u>\$ 596,993</u>

Schedule of changes in long-term debt:

Beginning balance, 7-1-13	\$ 338,555
Payments	<u>(5,041)</u>
Balance, 6-30-14	<u>\$ 333,514</u>

**G. Grants and Foundation Awards**

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

Grants:

State of Tennessee:

Safety Net \$ 6,875

Local:

Connectivity 15,000

Donations 2,225

Strong Start 24,400

Total \$ 48,500

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Monroe County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Monroe County School Department  
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-13	\$ 32,781	\$ 33,073	\$ 292	99.12 %	\$ 12,521	2.33 %
7-1-11	29,123	29,939	816	97.28	11,972	6.81
7-1-09	23,376	23,376	0	100	11,816	0

Exhibit F-2

Monroe County, Tennessee  
Schedule of Funding Progress — Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Monroe County School Department  
June 30, 2014

(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, 2014**

NONE

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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

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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.

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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, 2014

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Capital Projects	
Cash	\$ 0	\$ 0	\$ 1,530	\$ 1,530	\$ 0	\$ 1,530
Equity in Pooled Cash and Investments	1,077,533	173,936	0	1,251,469	3,271,541	4,523,010
Accounts Receivable	58,054	0	12	58,066	0	58,066
Due from Other Governments	14,503	0	0	14,503	0	14,503
Property Taxes Receivable	1,510,901	0	0	1,510,901	0	1,510,901
Allowance for Uncollectible Property Taxes	(73,574)	0	0	(73,574)	0	(73,574)
<b>Total Assets</b>	<b>\$ 2,587,417</b>	<b>\$ 173,936</b>	<b>\$ 1,542</b>	<b>\$ 2,762,895</b>	<b>\$ 3,271,541</b>	<b>\$ 6,034,436</b>
Accounts Payable	\$ 119,852	\$ 121	\$ 0	\$ 119,973	\$ 228	\$ 120,201
Accrued Payroll	9,731	0	0	9,731	0	9,731
Payroll Deductions Payable	2,771	1,359	0	4,130	0	4,130
Due to Other Funds	0	0	1,542	1,542	0	1,542
<b>Total Liabilities</b>	<b>\$ 132,354</b>	<b>\$ 1,480</b>	<b>\$ 1,542</b>	<b>\$ 135,376</b>	<b>\$ 228</b>	<b>\$ 135,604</b>
Deferred Current Property Taxes	\$ 1,397,786	\$ 0	\$ 0	\$ 1,397,786	\$ 0	\$ 1,397,786
Deferred Delinquent Property Taxes	27,785	0	0	27,785	0	27,785
Other Deferred/Unavailable Revenue	3,217	0	0	3,217	0	3,217
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,428,788</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,428,788</b>	<b>\$ 0</b>	<b>\$ 1,428,788</b>

DEFERRED INFLOWS OF RESOURCES

(Continued)

Exhibit G-1

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

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional - Officers - Fees	Total	General Capital Projects	
\$	0	172,456	0	172,456	0	172,456
	1,026,275	0	0	1,026,275	0	1,026,275
	0	0	0	0	3,271,313	3,271,313
\$	1,026,275	172,456	0	1,198,731	3,271,313	4,470,044
\$	2,587,417	173,936	1,542	2,762,895	3,271,541	6,034,436

FUND BALANCES

Restricted:

Restricted for Public Safety  
 Restricted for Public Health and Welfare  
 Restricted for Capital Projects  
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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, 2014

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Capital Projects	Total	
<u>Revenues</u>							
Local Taxes	\$ 1,440,781	\$ 0	\$ 0	\$ 1,440,781	\$ 0	\$ 0	\$ 1,440,781
Fines, Forfeitures, and Penalties	0	97,771	0	97,771	0	0	97,771
Charges for Current Services	679,051	0	7,260	686,311	0	0	686,311
Other Local Revenues	27,261	2,575	0	29,836	291	0	30,127
State of Tennessee	64,983	0	0	64,983	0	0	64,983
Other Governments and Citizens Groups	0	4,500	0	4,500	0	0	4,500
Total Revenues	\$ 2,212,076	\$ 104,846	\$ 7,260	\$ 2,324,182	\$ 291	\$ 0	\$ 2,324,473
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,173	\$ 0	\$ 20,173
Administration of Justice	0	0	7,260	7,260	0	0	7,260
Public Safety	0	178,356	0	178,356	0	0	178,356
Public Health and Welfare	1,986,806	0	0	1,986,806	68,681	0	2,055,487
Highways	57,928	0	0	57,928	0	0	57,928
Total Expenditures	\$ 2,044,734	\$ 178,356	\$ 7,260	\$ 2,230,350	\$ 88,854	\$ 0	\$ 2,319,204
Excess (Deficiency) of Revenues Over Expenditures	\$ 167,342	\$ (73,510)	\$ 0	\$ 93,832	\$ (88,563)	\$ 0	\$ 5,269
Net Change in Fund Balances	\$ 167,342	\$ (73,510)	\$ 0	\$ 93,832	\$ (88,563)	\$ 0	\$ 5,269
Fund Balance, July 1, 2013	858,933	245,966	0	1,104,899	3,359,876	0	4,464,775
Fund Balance, June 30, 2014	\$ 1,026,275	\$ 172,456	\$ 0	\$ 1,198,731	\$ 3,271,313	\$ 0	\$ 4,470,044

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 1,440,781	\$ 0	\$ 0	\$ 1,440,781	\$ 1,303,012	\$ 1,303,012	\$ 137,769
Charges for Current Services	679,051	0	0	679,051	700,000	700,000	(20,949)
Other Local Revenues	27,261	0	0	27,261	15,000	15,000	12,261
State of Tennessee	64,983	0	0	64,983	66,200	73,100	(8,117)
<b>Total Revenues</b>	<b>\$ 2,212,076</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,212,076</b>	<b>\$ 2,084,212</b>	<b>\$ 2,091,112</b>	<b>\$ 120,964</b>
<b>Expenditures</b>							
<b>Public Health and Welfare</b>							
Sanitation Education/Information	\$ 1,241,213	\$ (3,792)	\$ 3,700	\$ 1,241,121	\$ 1,346,278	\$ 1,346,278	\$ 105,157
Convenience Centers	730,317	(692)	700	730,325	875,067	875,067	144,742
Postclosure Care Costs	15,276	(6,000)	0	9,276	0	25,000	15,724
Highways	57,928	(962)	948	57,914	52,075	58,975	1,061
Litter and Trash Collection	2,044,734	(11,446)	5,348	2,038,636	2,273,420	2,305,320	266,684
<b>Total Expenditures</b>	<b>\$ 167,342</b>	<b>\$ 11,446</b>	<b>\$ (5,348)</b>	<b>\$ 173,440</b>	<b>\$ (189,208)</b>	<b>\$ (214,208)</b>	<b>\$ 387,648</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>							
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,000	\$ 35,000	\$ (35,000)
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,000	\$ 35,000	\$ (35,000)
<b>Other Financing Sources (Uses)</b>							
Transfers In	\$ 167,342	\$ 11,446	\$ (5,348)	\$ 173,440	\$ (154,208)	\$ (179,208)	\$ 352,648
Total Other Financing Sources	858,933	(11,446)	0	847,487	856,252	856,252	(8,765)
<b>Net Change in Fund Balance Fund Balance, July 1, 2013</b>	<b>\$ 1,026,275</b>	<b>\$ 0</b>	<b>\$ (5,348)</b>	<b>\$ 1,020,927</b>	<b>\$ 702,044</b>	<b>\$ 677,044</b>	<b>\$ 343,883</b>
<b>Fund Balance, June 30, 2014</b>							

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, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 97,771 \$	0 \$	97,771 \$	205,000 \$	205,000 \$	(107,229)
Other Local Revenues	2,575	0	2,575	50,000	50,000	(47,425)
Other Governments and Citizens Groups	4,500	0	4,500	1,000	1,000	3,500
Total Revenues	\$ 104,846 \$	0 \$	104,846 \$	256,000 \$	256,000 \$	(151,154)
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 178,356 \$	122 \$	178,478 \$	252,721 \$	252,721 \$	74,243
Total Expenditures	\$ 178,356 \$	122 \$	178,478 \$	252,721 \$	252,721 \$	74,243
Excess (Deficiency) of Revenues Over Expenditures	\$ (73,510) \$	(122) \$	(73,632) \$	3,279 \$	3,279 \$	(76,911)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (73,510) \$	(122) \$	(73,632) \$	3,279 \$	3,279 \$	(76,911)
	245,966	0	245,966	252,896	252,896	(6,930)
Fund Balance, June 30, 2014	\$ 172,456 \$	(122) \$	172,334 \$	256,175 \$	256,175 \$	(83,841)

# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,856,579	\$ 4,394,995	\$ 4,394,995	\$ 461,584
Charges for Current Services	63,416	20,000	20,000	43,416
Other Local Revenues	8,170	15,000	15,000	(6,830)
State of Tennessee	17,211	5,000	5,000	12,211
Other Governments and Citizens Groups	208,748	255,680	255,680	(46,932)
Total Revenues	<u>\$ 5,154,124</u>	<u>\$ 4,690,675</u>	<u>\$ 4,690,675</u>	<u>\$ 463,449</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 2,254,314	\$ 2,117,131	\$ 2,317,131	\$ 62,817
<u>Interest on Debt</u>				
General Government	2,077,544	2,812,507	2,812,507	734,963
<u>Other Debt Service</u>				
General Government	151,339	242,480	242,480	91,141
Total Expenditures	<u>\$ 4,483,197</u>	<u>\$ 5,172,118</u>	<u>\$ 5,372,118</u>	<u>\$ 888,921</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 670,927</u>	<u>\$ (481,443)</u>	<u>\$ (681,443)</u>	<u>\$ 1,352,370</u>
Net Change in Fund Balance	\$ 670,927	\$ (481,443)	\$ (681,443)	\$ 1,352,370
Fund Balance, July 1, 2013	<u>7,500,321</u>	<u>6,807,288</u>	<u>6,807,288</u>	<u>693,033</u>
Fund Balance, June 30, 2014	<u>\$ 8,171,248</u>	<u>\$ 6,325,845</u>	<u>\$ 6,125,845</u>	<u>\$ 2,045,403</u>

# Fiduciary Funds

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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.

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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, 2014

	<u>Agency Funds</u>			<u>Total</u>
	<u>Cities - Sales Tax</u>	<u>City School ADA - Sweetwater</u>	<u>Constitu- tional Officers - Agency</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,725,785	\$ 1,725,785
Due from Other Governments	689,937	179,461	0	869,398
Taxes Receivable	0	1,421,813	0	1,421,813
Allowance for Uncollectible Taxes	0	(69,236)	0	(69,236)
Cash Shortage	0	0	20,651	20,651
Total Assets	<u>\$ 689,937</u>	<u>\$ 1,532,038</u>	<u>\$ 1,746,436</u>	<u>\$ 3,968,411</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 689,937	\$ 1,532,038	\$ 0	\$ 2,221,975
Due to Litigants, Heirs, and Others	0	0	1,746,436	1,746,436
Total Liabilities	<u>\$ 689,937</u>	<u>\$ 1,532,038</u>	<u>\$ 1,746,436</u>	<u>\$ 3,968,411</u>

Exhibit I-2

Monroe County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,769,060	\$ 3,769,060	\$ 0
Due from Other Governments	588,045	689,937	588,045	689,937
<b>Total Assets</b>	<b>\$ 588,045</b>	<b>\$ 4,458,997</b>	<b>\$ 4,357,105</b>	<b>\$ 689,937</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 588,045	\$ 4,458,997	\$ 4,357,105	\$ 689,937
<b>Total Liabilities</b>	<b>\$ 588,045</b>	<b>\$ 4,458,997</b>	<b>\$ 4,357,105</b>	<b>\$ 689,937</b>
<u>City School ADA - Sweetwater Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,409,804	\$ 2,409,804	\$ 0
Due from Other Governments	173,741	179,461	173,741	179,461
Taxes Receivable	1,343,033	1,421,813	1,343,033	1,421,813
Allowance for Uncollectible Taxes	(61,153)	(69,236)	(61,153)	(69,236)
<b>Total Assets</b>	<b>\$ 1,455,621</b>	<b>\$ 3,941,842</b>	<b>\$ 3,865,425</b>	<b>\$ 1,532,038</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,455,621	\$ 3,941,842	\$ 3,865,425	\$ 1,532,038
<b>Total Liabilities</b>	<b>\$ 1,455,621</b>	<b>\$ 3,941,842</b>	<b>\$ 3,865,425</b>	<b>\$ 1,532,038</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,440,521	\$ 6,567,038	\$ 6,281,774	\$ 1,725,785
Cash Shortage	20,651	0	0	20,651
<b>Total Assets</b>	<b>\$ 1,461,172</b>	<b>\$ 6,567,038</b>	<b>\$ 6,281,774</b>	<b>\$ 1,746,436</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,461,172	\$ 6,567,038	\$ 6,281,774	\$ 1,746,436
<b>Total Liabilities</b>	<b>\$ 1,461,172</b>	<b>\$ 6,567,038</b>	<b>\$ 6,281,774</b>	<b>\$ 1,746,436</b>

(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	\$ 1,440,521	\$ 6,567,038	\$ 6,281,774	\$ 1,725,785
Equity in Pooled Cash and Investments	0	6,178,864	6,178,864	0
Due from Other Governments	761,786	869,398	761,786	869,398
Taxes Receivable	1,343,033	1,421,813	1,343,033	1,421,813
Allowance for Uncollectible Taxes	(61,153)	(69,236)	(61,153)	(69,236)
Cash Shortage	20,651	0	0	20,651
Total Assets	<u>\$ 3,504,838</u>	<u>\$ 14,967,877</u>	<u>\$ 14,504,304</u>	<u>\$ 3,968,411</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,043,666	\$ 8,400,839	\$ 8,222,530	\$ 2,221,975
Due to Litigants, Heirs, and Others	1,461,172	6,567,038	6,281,774	1,746,436
Total Liabilities	<u>\$ 3,504,838</u>	<u>\$ 14,967,877</u>	<u>\$ 14,504,304</u>	<u>\$ 3,968,411</u>

# Monroe County School Department

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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, two Special Revenue Funds, and a Capital Projects Fund.

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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.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Exhibit J-1

Monroe County, Tennessee  
 Statement of Activities  
 Discretely Presented Monroe County School Department  
 For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
			Total	Governmental Activities
Governmental Activities:				
Instruction	\$ 26,166,176	\$ 0	\$ 3,045,729	\$ (23,120,447)
Support Services	18,437,777	415,004	472,858	(17,549,915)
Operation of Non-instructional Services	3,629,157	720,771	2,378,401	(529,985)
Total Governmental Activities	\$ 48,233,110	\$ 1,135,775	\$ 5,896,988	\$ (41,200,347)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes			\$ 4,505,783	
Local Option Sales Taxes			3,539,654	
Other Local Taxes			111,029	
Grants and Contributions Not Restricted for Specific Programs			29,808,585	
Unrestricted Investment Income			144	
Miscellaneous			1,861	
Total General Revenues			\$ 37,967,056	
Change in Net Position			\$ (3,233,291)	
Net Position, July 1, 2013			51,939,341	
Net Position, June 30, 2014			\$ 48,706,050	

Exhibit J-2

Monroe County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Monroe County School Department  
June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,230	\$ 1,230
Equity in Pooled Cash and Investments	6,486,213	228,898	6,715,111
Accounts Receivable	56,524	4,779	61,303
Due from Other Governments	952,405	462,001	1,414,406
Due from Other Funds	32,831	24,310	57,141
Due from Primary Government	259	0	259
Property Taxes Receivable	5,435,686	0	5,435,686
Allowance for Uncollectible Property Taxes	(264,694)	0	(264,694)
<b>Total Assets</b>	<b>\$ 12,699,224</b>	<b>\$ 721,218</b>	<b>\$ 13,420,442</b>
<u>LIABILITIES</u>			
Accounts Payable	\$ 31,242	\$ 786	\$ 32,028
Accrued Payroll	2,831,887	210,326	3,042,213
Payroll Deductions Payable	1,268,644	26,966	1,295,610
Due to Other Funds	24,310	32,831	57,141
<b>Total Liabilities</b>	<b>\$ 4,156,083</b>	<b>\$ 270,909</b>	<b>\$ 4,426,992</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,028,738	\$ 0	\$ 5,028,738
Deferred Delinquent Property Taxes	99,962	0	99,962
Other Deferred/Unavailable Revenue	335,572	0	335,572
<b>Total Deferred Inflows of Resources</b>	<b>\$ 5,464,272</b>	<b>\$ 0</b>	<b>\$ 5,464,272</b>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 50,000	\$ 207,021	\$ 257,021
Committed:			
Committed for Education	0	243,288	243,288
Assigned:			
Assigned for Education	1,099,399	0	1,099,399
Unassigned	1,929,470	0	1,929,470
<b>Total Fund Balances</b>	<b>\$ 3,078,869</b>	<b>\$ 450,309</b>	<b>\$ 3,529,178</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 12,699,224</b>	<b>\$ 721,218</b>	<b>\$ 13,420,442</b>

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, 2014

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)		\$ 3,529,178
(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	48,780,583	
Add: other capital assets net of accumulated depreciation	<u>336,160</u>	49,981,305
(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		(5,239,967)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>435,534</u>
Net position of governmental activities (Exhibit A)		<u>\$ 48,706,050</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, 2014

	<u>Major Fund</u>	<u>Nonmajor</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 8,803,369	\$ 0	\$ 8,803,369
Licenses and Permits	2,947	0	2,947
Charges for Current Services	404,904	720,771	1,125,675
Other Local Revenues	321,802	1,762	323,564
State of Tennessee	29,063,662	0	29,063,662
Federal Government	188,835	5,618,870	5,807,705
Total Revenues	<u>\$ 38,785,519</u>	<u>\$ 6,341,403</u>	<u>\$ 45,126,922</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 23,476,531	\$ 2,313,320	\$ 25,789,851
Support Services	15,162,157	1,198,406	16,360,563
Operation of Non-instructional Services	729,103	2,849,092	3,578,195
Debt Service:			
Other Debt Service	200,000	0	200,000
Capital Projects	0	291	291
Total Expenditures	<u>\$ 39,567,791</u>	<u>\$ 6,361,109</u>	<u>\$ 45,928,900</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (782,272)</u>	<u>\$ (19,706)</u>	<u>\$ (801,978)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 71,965	\$ 0	\$ 71,965
Transfers In	16,550	0	16,550
Transfers Out	0	(16,550)	(16,550)
Total Other Financing Sources (Uses)	<u>\$ 88,515</u>	<u>\$ (16,550)</u>	<u>\$ 71,965</u>
Net Change in Fund Balances	<u>\$ (693,757)</u>	<u>\$ (36,256)</u>	<u>\$ (730,013)</u>
Fund Balance, July 1, 2013	3,772,626	486,565	4,259,191
Fund Balance, June 30, 2014	<u>\$ 3,078,869</u>	<u>\$ 450,309</u>	<u>\$ 3,529,178</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, 2014

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)		\$ (730,013)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 8,513	
Less: current-year depreciation expense	<u>(1,854,319)</u>	(1,845,806)
(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, 2014	\$ 435,534	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(562,637)</u>	(127,103)
(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		<u>(530,369)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (3,233,291)</u>

Exhibit J-6

Monroe County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Monroe County School Department  
June 30, 2014

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,230	\$ 1,230
Equity in Pooled Cash and Investments	131,467	97,431	228,898
Accounts Receivable	2,066	2,713	4,779
Due from Other Governments	409,335	52,666	462,001
Due from Other Funds	7,465	16,845	24,310
Total Assets	<u>\$ 550,333</u>	<u>\$ 170,885</u>	<u>\$ 721,218</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 591	\$ 195	\$ 786
Accrued Payroll	191,633	18,693	210,326
Payroll Deductions Payable	11,767	15,199	26,966
Due to Other Funds	32,831	0	32,831
Total Liabilities	<u>\$ 236,822</u>	<u>\$ 34,087</u>	<u>\$ 270,909</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 70,223	\$ 136,798	\$ 207,021
Committed:			
Committed for Education	243,288	0	243,288
Total Fund Balances	<u>\$ 313,511</u>	<u>\$ 136,798</u>	<u>\$ 450,309</u>
Total Liabilities and Fund Balances	<u>\$ 550,333</u>	<u>\$ 170,885</u>	<u>\$ 721,218</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, 2014

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Total	
<u>Revenues</u>						
Charges for Current Services	\$ 0	\$ 720,771	\$ 720,771	\$ 0	\$ 720,771	
Other Local Revenues	0	1,762	1,762	0	1,762	
Federal Government	3,564,576	2,054,294	5,618,870	0	5,618,870	
Total Revenues	\$ 3,564,576	\$ 2,776,827	\$ 6,341,403	\$ 0	\$ 6,341,403	
<u>Expenditures</u>						
Current:						
Instruction	\$ 2,313,320	\$ 0	\$ 2,313,320	\$ 0	\$ 2,313,320	
Support Services	1,198,406	0	1,198,406	0	1,198,406	
Operation of Non-instructional Services	0	2,849,092	2,849,092	0	2,849,092	
Capital Projects	0	0	0	291	291	
Total Expenditures	\$ 3,511,726	\$ 2,849,092	\$ 6,360,818	\$ 291	\$ 6,361,109	
Excess (Deficiency) of Revenues Over Expenditures	\$ 52,850	\$ (72,265)	\$ (19,415)	\$ (291)	\$ (19,706)	
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ 0	\$ 0	\$ (16,550)	\$ (16,550)	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ (16,550)	\$ (16,550)	
Net Change in Fund Balances Fund Balance, July 1, 2013	\$ 52,850	\$ (72,265)	\$ (19,415)	\$ (16,841)	\$ (36,256)	
Fund Balance, July 1, 2013	260,661	209,063	469,724	16,841	486,565	
Fund Balance, June 30, 2014	\$ 313,511	\$ 136,798	\$ 450,309	\$ 0	\$ 450,309	

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 8,803,369	\$ 0	\$ 0	\$ 8,803,369	\$ 8,455,811	\$ 8,455,811	\$ 347,558
Licenses and Permits	2,947	0	0	2,947	2,500	2,500	447
Charges for Current Services	404,904	0	0	404,904	414,859	414,859	(9,955)
Other Local Revenues	321,802	0	0	321,802	306,000	306,000	15,802
State of Tennessee	29,063,662	0	0	29,063,662	28,339,959	28,985,263	78,399
Federal Government	188,835	0	0	188,835	165,000	226,930	(38,095)
<b>Total Revenues</b>	<b>\$ 38,785,519</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 38,785,519</b>	<b>\$ 37,684,129</b>	<b>\$ 38,391,363</b>	<b>\$ 394,156</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 18,529,401	\$ (11,371)	\$ 10,560	\$ 18,528,590	\$ 18,593,504	\$ 18,615,104	\$ 86,514
Alternative Instruction Program	67,533	0	0	67,533	73,470	73,470	5,937
Special Education Program	3,346,292	(1,566)	40,215	3,384,941	3,418,011	3,678,143	293,202
Vocational Education Program	1,533,305	0	0	1,533,305	1,597,211	1,597,211	63,906
<b>Support Services</b>							
Attendance	63,774	0	0	63,774	62,124	62,124	(1,650)
Health Services	1,078,528	(8,695)	869	1,070,702	1,150,081	1,165,081	94,379
Other Student Support	1,074,406	0	0	1,074,406	1,052,237	1,052,237	(22,169)
Regular Instruction Program	1,019,590	0	0	1,019,590	1,140,487	1,145,487	125,897
Special Education Program	565,483	0	0	565,483	558,558	618,291	52,808
Vocational Education Program	1,575	0	0	1,575	2,717	2,717	1,142
Other Programs	1,184,330	0	681	1,185,011	637,419	1,240,708	55,697
Board of Education	740,083	(408)	426	740,101	695,522	706,356	(33,745)
Director of Schools	330,149	0	220	330,369	327,401	333,343	2,974
Office of the Principal	2,104,207	0	0	2,104,207	2,186,104	2,188,319	84,112
Operation of Plant	3,390,902	0	7,568	3,398,470	3,314,070	3,314,070	(84,400)
Maintenance of Plant	1,316,276	(19,396)	92,345	1,389,225	1,416,099	1,481,488	92,263
Transportation	2,292,854	(1,791)	114,156	2,405,219	2,399,794	2,406,370	1,151

(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 7/1/2013	Add: Encumbrances 6/30/2014	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	\$ 318,183	\$ 0	\$ 0	\$ 318,183	\$ 298,405	\$ 298,405	\$ (19,778)
Community Services	61,818	0	0	61,818	66,960	68,160	6,342
Early Childhood Education	349,102	(4,028)	1,522	346,596	352,470	352,470	5,874
Other Debt Service							
Education	200,000	0	0	200,000	200,000	200,000	0
Total Expenditures	\$ 39,567,791	\$ (47,255)	\$ 268,562	\$ 39,789,098	\$ 39,542,644	\$ 40,599,554	\$ 810,456
Excess (Deficiency) of Revenues Over Expenditures	\$ (782,272)	\$ 47,255	\$ (268,562)	\$ (1,003,579)	\$ (1,858,515)	\$ (2,208,191)	\$ 1,204,612
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 71,965	\$ 0	\$ 0	\$ 71,965	\$ 0	\$ 71,965	\$ 0
Transfers In	16,550	0	0	16,550	0	0	16,550
Transfers Out	0	0	0	0	(150,000)	(150,000)	150,000
Total Other Financing Sources	\$ 88,515	\$ 0	\$ 0	\$ 88,515	\$ (150,000)	\$ (78,035)	\$ 166,550
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (693,757)	\$ 47,255	\$ (268,562)	\$ (915,064)	\$ (2,008,515)	\$ (2,286,226)	\$ 1,371,162
	3,772,626	(47,255)	0	3,725,371	4,005,306	4,005,306	(279,935)
Fund Balance, June 30, 2014	\$ 3,078,869	\$ 0	\$ (268,562)	\$ 2,810,307	\$ 1,996,791	\$ 1,719,080	\$ 1,091,227

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,564,576	\$ 2,889,311	\$ 3,866,787	\$ (302,211)
Total Revenues	\$ 3,564,576	\$ 2,889,311	\$ 3,866,787	\$ (302,211)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,358,101	\$ 1,228,009	\$ 1,495,394	\$ 137,293
Special Education Program	874,679	976,822	1,052,356	177,677
Vocational Education Program	80,540	86,843	86,843	6,303
<u>Support Services</u>				
Other Student Support	132,658	144,931	176,815	44,157
Regular Instruction Program	877,571	406,760	1,141,600	264,029
Special Education Program	176,967	179,875	200,538	23,571
Vocational Education Program	5,895	5,675	5,675	(220)
Transportation	5,315	0	8,845	3,530
Total Expenditures	\$ 3,511,726	\$ 3,028,915	\$ 4,168,066	\$ 656,340
Excess (Deficiency) of Revenues Over Expenditures	\$ 52,850	\$ (139,604)	\$ (301,279)	\$ 354,129
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 139,607	\$ 301,284	\$ (301,284)
Total Other Financing Sources	\$ 0	\$ 139,607	\$ 301,284	\$ (301,284)
Net Change in Fund Balance	\$ 52,850	\$ 3	\$ 5	\$ 52,845
Fund Balance, July 1, 2013	260,661	1,667	1,667	258,994
Fund Balance, June 30, 2014	\$ 313,511	\$ 1,670	\$ 1,672	\$ 311,839

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Charges for Current Services	\$ 720,771	\$ 0	\$ 0	\$ 720,771	\$ 830,652	\$ 830,652	\$ (109,881)
Other Local Revenues	1,762	0	0	1,762	18,150	1,773	(11)
Federal Government	2,054,294	0	0	2,054,294	2,220,146	2,266,758	(212,464)
<b>Total Revenues</b>	<b>\$ 2,776,827</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,776,827</b>	<b>\$ 3,068,948</b>	<b>\$ 3,099,183</b>	<b>\$ (322,356)</b>
<b>Expenditures</b>							
Operation of Non-instructional Services							
Food Service	\$ 2,849,092	\$ (8,813)	\$ 1,166	\$ 2,841,445	\$ 3,218,948	\$ 3,249,183	\$ 407,738
<b>Total Expenditures</b>	<b>\$ 2,849,092</b>	<b>\$ (8,813)</b>	<b>\$ 1,166</b>	<b>\$ 2,841,445</b>	<b>\$ 3,218,948</b>	<b>\$ 3,249,183</b>	<b>\$ 407,738</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (72,265)</b>	<b>\$ 8,813</b>	<b>\$ (1,166)</b>	<b>\$ (64,618)</b>	<b>\$ (150,000)</b>	<b>\$ (150,000)</b>	<b>\$ 85,382</b>
<b>Other Financing Sources (Uses)</b>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 150,000	\$ (150,000)
Transfers Out	0	0	0	0	0	(15,000)	15,000
<b>Total Other Financing Sources</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 150,000</b>	<b>\$ 135,000</b>	<b>\$ (135,000)</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2013</b>	<b>\$ (72,265)</b>	<b>\$ 8,813</b>	<b>\$ (1,166)</b>	<b>\$ (64,618)</b>	<b>\$ 0</b>	<b>\$ (15,000)</b>	<b>\$ (49,618)</b>
	209,063	(8,813)	0	200,250	169,639	169,639	30,611
<b>Fund Balance, June 30, 2014</b>	<b>\$ 136,798</b>	<b>\$ 0</b>	<b>\$ (1,166)</b>	<b>\$ 135,632</b>	<b>\$ 169,639</b>	<b>\$ 154,639</b>	<b>\$ (19,007)</b>

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## MISCELLANEOUS SCHEDULES

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Monroe County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, and Bonds  
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Paid and/or Matured		
						During Period	Outstanding 6-30-14	
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Various Projects	\$ 450,000	4.59 %	10-11-01	10-11-13	\$ 47,427	\$ 0		
Energy Efficiency	156,500	0	4-18-08	6-15-15	44,715	22,357		22,358
Highway, Ambulance, Sheriff Vehicles, and Phone System	1,650,000	1.73	10-25-11	11-1-15	1,248,000	409,000		839,000
Total Notes Payable					\$ 1,340,142	\$ 478,784		\$ 861,358
<b>BONDS PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
F.H.A. - Office Building	600,000	5	10-27-1978	1-1-18	\$ 160,000	\$ 160,000		\$ 0
Public Improvement, Series 1999 (CAB)	(2) 999,236	4.6 to 4.95	4-1-1999	4-1-18	999,236	233,342		765,894
General Obligation School Bonds, Series 2007	8,500,000	5	6-7-07	6-1-35	7,900,000	100,000		7,800,000
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					\$ 18,909,236	\$ 493,342		\$ 18,415,894
<b>OTHER LOANS PAYABLE</b>								
<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	\$ 31,245,000	\$ 745,000		\$ 30,500,000
Local Government Loan Program, Series 2011	8,300,000	2.45	10-27-11	6-1-31	7,470,000	415,000		7,055,000
Local Government Loan Program, Series 2012	2,300,000	2.45	5-1-12	6-1-31	2,070,000	115,000		1,955,000
Fort Loudoun Electric Cooperative Interest-Free Loan	71,820	0	9-13-12	8-20-22	65,830	7,188		58,642
Total Other Loans Payable					\$ 40,850,830	\$ 1,282,188		\$ 39,568,642

(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, 2014, approximately \$800,578 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
2015	\$ 438,358	\$ 10,916	\$ 449,274
2016	423,000	3,659	426,659
Total	<u>\$ 861,358</u>	<u>\$ 14,575</u>	<u>\$ 875,933</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 318,748	\$ 992,890	\$ 1,311,638
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	<u>\$ 18,415,894</u>	<u>\$ 14,199,149</u>	<u>\$ 32,615,043</u>

(Continued)

Exhibit K-2

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

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2015	\$ 1,327,188	\$ 674,470	\$ 341,740	\$ 2,343,398
2016	1,372,188	640,851	332,891	2,345,930
2017	1,417,188	605,925	323,537	2,346,650
2018	1,512,188	569,852	313,679	2,395,719
2019	1,997,188	530,842	302,758	2,830,788
2020	2,072,188	476,341	286,404	2,834,933
2021	1,622,188	419,555	269,210	2,310,953
2022	1,692,188	405,919	257,048	2,355,155
2023	1,686,138	392,241	244,101	2,322,480
2024	1,660,000	378,563	231,155	2,269,718
2025	1,680,000	344,020	218,495	2,242,515
2026	1,825,000	309,465	205,612	2,340,077
2027	1,840,000	272,213	191,105	2,303,318
2028	1,950,000	234,952	176,429	2,361,381
2029	1,975,000	195,015	160,521	2,330,536
2030	2,120,000	155,063	144,333	2,419,396
2031	1,975,000	112,414	126,520	2,213,934
2032	1,580,000	69,852	110,333	1,760,185
2033	1,645,000	37,584	92,633	1,775,217
2034	865,000	3,972	74,206	943,178
2035	960,000	3,453	64,510	1,027,963
2036	1,465,000	2,877	53,749	1,521,626
2037	1,395,000	1,998	37,327	1,434,325
2038	1,535,000	1,160	21,689	1,557,849
2039	400,000	240	4,483	404,723
Total	\$ 39,568,642	\$ 6,838,837	\$ 4,584,468	\$ 50,991,947

Exhibit K-3

Monroe County, Tennessee  
Schedule of Transfers  
Discretely Presented Monroe County School Department  
For the Year Ended June 30, 2014

From Fund	To Fund	Purpose	Amount
Education Capital Projects	General Purpose School	Land Sale Proceeds	<u>\$ 16,550</u>
Total Transfers Discretely Presented Monroe County School Department			<u><u>\$ 16,550</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, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 83,759	\$ 50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, TCA	75,004	100,000	"
Director of Schools:				
Michael Lowry (7-1-13 through 12-24-13)	State Board of Education and County Board of Education	59,280 (1)	100,000	RLI Insurance Company
Tim Blankenship (1-2-14 through 6-30-14)	State Board of Education and County Board of Education	48,763 (2)	150,000	RLI Insurance Company
Trustee	County Board of Education			
Assessor of Property	Section 8-24-102, TCA	67,973	1,673,200	Ohio Casualty Insurance Company
Director of Finance	Section 8-24-102, TCA	68,973 (3)	10,000	"
County Clerk	County Commission	72,826	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	67,973	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	67,973 (4)	25,000	"
Register of Deeds	Section 8-24-102, TCA	67,973	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	79,770 (5)	25,000	"
Employee Blanket Bond Coverage:				
Monroe County and Monroe County School Department:				
Public Employee Dishonesty			500,000	Gulf Insurance Company

- (1) Includes back pay of \$6,741 and vacation payout of \$4,776.
- (2) Includes a chief executive officer training supplement of \$1,000.
- (3) Includes a salary supplement of \$1,000.
- (4) Does not include special commissioner fees of \$7,260.
- (5) Includes a \$5,000 supplement for serving as a workhouse superintendent. Does not include a law enforcement training supplement of \$600.

Exhibit K-5

Monroe County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2014

	Special Revenue Funds						Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 7,386,148	\$ 1,200,717	\$ 0	\$ 0	\$ 738,092	\$ 3,231,327	
Trustee's Collections - Prior Year	231,789	37,690	0	0	23,148	101,394	
Circuit/Clerk and Master Collections - Prior Years	146,622	23,760	0	0	14,605	63,942	
Interest and Penalty	67,892	10,942	0	0	6,719	25,415	
Pickup Taxes	3,886	595	0	0	366	1,513	
Payments in-Lieu-of Taxes - T.V.A.	65,991	10,728	0	0	6,594	28,870	
Payments in-Lieu-of Taxes - Local Utilities	937,221	152,358	0	0	93,654	410,020	
Payments in-Lieu-of Taxes - Other	122,487	190	0	0	117	512	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	617,791	0	0	0	0	0	
Hotel/Motel Tax	167,976	0	0	0	0	0	
Wheel Tax	0	0	0	0	0	903,249	
Litigation Tax - General	34,120	0	0	0	0	35,377	
Litigation Tax - Special Purpose	38,446	0	0	0	0	0	
Litigation Tax - Jail, Workhouse, or Courthouse	172,300	0	0	0	0	0	
Business Tax	137,388	0	0	0	6,390	44,731	
Mineral Severance Tax	0	0	0	0	16,861	0	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	22,059	3,586	0	0	2,204	9,651	
Wholesale Beer Tax	85,508	0	0	0	0	0	
Interstate Telecommunications Tax	1,320	215	0	0	132	578	
<b>Total Local Taxes</b>	<b>\$ 10,238,944</b>	<b>\$ 1,440,781</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 908,882</b>	<b>\$ 4,856,579</b>	

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	26,740 \$	0 \$	0 \$	0 \$	0 \$	0
Cable TV Franchise	55,240	0	0	0	0	0
<u>Permits</u>						
Building Permits	5,490	0	0	0	0	0
Total Licenses and Permits	87,470 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	27,963 \$	0 \$	0 \$	0 \$	0 \$	0
Officers Costs	29,405	0	0	0	0	0
Jail Fees	12,604	0	0	0	0	0
DUI Treatment Fines	1,805	0	0	0	0	0
Data Entry Fee - Circuit Court	2,592	0	0	0	0	0
Courtroom Security Fee	348	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	29,700	0	0	0	0	0
Officers Costs	37,112	0	0	0	0	0
Jail Fees	27,501	0	0	0	0	0
DUI Treatment Fines	9,074	0	0	0	0	0
Data Entry Fee - General Sessions Court	11,094	0	0	0	0	0
Courtroom Security Fee	795	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	3,085	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Control Fines	512	0	17,462	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	\$ 152	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	80,309	0	0	0
Other Fines, Forfeitures, and Penalties	3,697	0	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 197,439</b>	<b>\$ 0</b>	<b>\$ 97,771</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 679,051	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	2,687,581	0	0	0	0	0
Other General Service Charges	524,042	0	0	0	352,867	63,416
Service Charges	2,416	0	0	0	0	0
<u>Fees</u>						
Airport Fees	220,282	0	0	0	0	0
Copy Fees	1,373	0	0	0	0	0
Telephone Commissions	29,847	0	0	0	0	0
Vending Machine Collections	65	0	0	0	0	0
Tourism Fees	55,477	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	7,260	0	0
Data Processing Fee - Register	15,750	0	0	0	0	0
Data Processing Fee - Sheriff	4,835	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	5,100	0	0	0	0	0
Data Processing Fee - County Clerk	5,023	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 3,551,791</b>	<b>\$ 679,051</b>	<b>\$ 0</b>	<b>\$ 7,260</b>	<b>\$ 352,867</b>	<b>\$ 63,416</b>

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,170	
Lease/Rentals	8,101	0	0	0	0	0	
Commissary Sales	152,676	0	0	0	0	0	
Sale of Recycled Materials	2,073	27,261	0	0	0	0	
Miscellaneous Refunds	14,802	0	0	0	0	0	
<u>Nonrecurring Items</u>							
Sale of Equipment	11,605	0	0	0	18,495	0	
Sale of Property	0	0	2,575	0	0	0	
Contributions and Gifts	8,304	0	0	0	0	0	
Total Other Local Revenues	\$ 197,561	\$ 27,261	\$ 2,575	\$ 0	\$ 18,495	\$ 8,170	
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 398,489	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Circuit Court Clerk	238,306	0	0	0	0	0	
General Sessions Court Clerk	216,547	0	0	0	0	0	
Clerk and Master	160,888	0	0	0	0	0	
Register	164,964	0	0	0	0	0	
Sheriff	36,993	0	0	0	0	0	
Trustee	669,716	0	0	0	0	0	
Total Fees Received from County Officials	\$ 1,885,903	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 6,750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund	
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Service	
<u>State of Tennessee (Cont.)</u>								
<u>General Government Grants (Cont.)</u>								
Airport Maintenance Program	\$ 29,279	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Solid Waste Grants	0	13,688	0	0	0	0	0	0
On-behalf Contributions for OPEB	7,195	0	0	0	0	0	0	0
Other General Government Grants	8,598	0	0	0	0	0	0	0
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	23,400	0	0	0	0	0	0	0
Health and Welfare Grants	14,985	0	0	0	0	0	0	0
Other Health and Welfare Grants								
<u>Public Works Grants</u>								
Bridge Program	0	0	0	0	404,100	0	0	0
Litter Program	0	44,900	0	0	0	0	0	0
<u>Other State Revenues</u>								
Income Tax	39,341	6,395	0	0	3,931	17,211	0	0
Beer Tax	17,806	0	0	0	0	0	0	0
Alcoholic Beverage Tax	83,075	0	0	0	0	0	0	0
Mixed Drink Tax	4,357	0	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	150,000	0	0	0	21,000	0	0	0
Contracted Prisoner Boarding	668,922	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,018,954	0	0	0
Petroleum Special Tax	0	0	0	0	32,122	0	0	0
Reappraisal Program Reimbursement	1,000	0	0	0	0	0	0	0
Registrar's Salary Supplement	18,955	0	0	0	0	0	0	0
Other State Grants	187,419	0	0	0	0	0	0	0
Total State of Tennessee	\$ 1,261,082	\$ 64,983	\$ 0	\$ 0	\$ 2,480,107	\$ 17,211	\$ 0	\$ 17,211

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Federal Government</u>						
<u>Federal Through State</u>						
Other Federal through State	\$ 528,408	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Direct Federal Revenue</u>						
Forest Service	11,977	0	0	0	116,723	0
Other Direct Federal Revenue	298,182	0	0	0	0	0
Total Federal Government	\$ 838,567	\$ 0	\$ 0	\$ 0	\$ 116,723	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 259,020	\$ 0	\$ 0	\$ 0	\$ 0	\$ 207,182
<u>Citizens Groups</u>						
Donations	16,575	0	4,500	0	0	0
Other	0	0	0	0	0	1,566
Total Other Governments and Citizens Groups	\$ 275,595	\$ 0	\$ 4,500	\$ 0	\$ 0	\$ 208,748
Total	\$ 18,534,352	\$ 2,212,076	\$ 104,846	\$ 7,260	\$ 3,877,074	\$ 5,154,124

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	0 \$	12,556,284
Trustee's Collections - Prior Year	0	394,021
Circuit/Clerk and Master Collections - Prior Years	0	248,929
Interest and Penalty	0	110,968
Pickup Taxes	0	6,360
Payments in-Lieu-of Taxes - T.V.A.	0	112,183
Payments in-Lieu-of Taxes - Local Utilities	0	1,593,253
Payments in-Lieu-of Taxes - Other	0	123,306
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	617,791
Hotel/Motel Tax	0	167,976
Wheel Tax	0	903,249
Litigation Tax - General	0	69,497
Litigation Tax - Special Purpose	0	38,446
Litigation Tax - Jail, Workhouse, or Courthouse	0	172,300
Business Tax	0	188,509
Mineral Severance Tax	0	16,861
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	37,500
Wholesale Beer Tax	0	85,508
Interstate Telecommunications Tax	0	2,245
Total Local Taxes	0 \$	17,445,186

(Continued)

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

	Capital Projects Fund	Total
	General	Capital Projects
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Animal Vaccination	0 \$	26,740
Cable TV Franchise	0	55,240
<u>Permits</u>		
Building Permits	0	5,490
<b>Total Licenses and Permits</b>	<b>0 \$</b>	<b>87,470</b>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	0 \$	27,963
Officers Costs	0	29,405
Jail Fees	0	12,604
DUI Treatment Fines	0	1,805
Data Entry Fee - Circuit Court	0	2,592
Courtroom Security Fee	0	348
<u>General Sessions Court</u>		
Fines	0	29,700
Officers Costs	0	37,112
Jail Fees	0	27,501
DUI Treatment Fines	0	9,074
Data Entry Fee - General Sessions Court	0	11,094
Courtroom Security Fee	0	795
<u>Chancery Court</u>		
Officers Costs	0	3,085
<u>Other Courts - In-county</u>		
Drug Control Fines	0	17,974

(Continued)

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

	Capital Projects Fund	Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Judicial District Drug Program</u>			
Courtroom Security Fee	0	0	152
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	0	80,309
Other Fines, Forfeitures, and Penalties	0	0	3,697
<u>Total Fines, Forfeitures, and Penalties</u>	<u>0</u>	<u>0</u>	<u>295,210</u>
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Tipping Fees	0	0	679,051
Patient Charges	0	0	2,687,581
Other General Service Charges	0	0	940,325
Service Charges	0	0	2,416
<u>Fees</u>			
Airport Fees	0	0	220,282
Copy Fees	0	0	1,373
Telephone Commissions	0	0	29,847
Vending Machine Collections	0	0	65
Tourism Fees	0	0	55,477
Special Commissioner Fees/Special Master Fees	0	0	7,260
Data Processing Fee - Register	0	0	15,750
Data Processing Fee - Sheriff	0	0	4,835
Sexual Offender Registration Fee - Sheriff	0	0	5,100
Data Processing Fee - County Clerk	0	0	5,023
<u>Total Charges for Current Services</u>	<u>0</u>	<u>0</u>	<u>4,654,385</u>

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	0 \$	8,170
Lease/Rentals	0	8,101
Commissary Sales	0	152,676
Sale of Recycled Materials	0	29,334
Miscellaneous Refunds	291	15,093
<u>Nonrecurring Items</u>		
Sale of Equipment	0	30,100
Sale of Property	0	2,575
Contributions and Gifts	0	8,304
Total Other Local Revenues	291 \$	254,353
<u>Fees Received from County Officials</u>		
<u>Fees in-Lieu-of Salary</u>		
County Clerk	0 \$	398,489
Circuit Court Clerk	0	238,306
General Sessions Court Clerk	0	216,547
Clerk and Master	0	160,888
Register	0	164,964
Sheriff	0	36,993
Trustee	0	669,716
Total Fees Received from County Officials	0 \$	1,885,903
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	0 \$	6,750

(Continued)

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

	Capital Projects Fund	Total
	General Capital Projects	Total
<u>State of Tennessee (Cont.)</u>		
<u>General Government Grants (Cont.)</u>		
Airport Maintenance Program	0 \$	29,279
Solid Waste Grants	0	13,688
On-behalf Contributions for OPEB	0	7,195
Other General Government Grants	0	8,598
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	23,400
<u>Health and Welfare Grants</u>		
Other Health and Welfare Grants	0	14,985
<u>Public Works Grants</u>		
Bridge Program	0	404,100
Litter Program	0	44,900
<u>Other State Revenues</u>		
Income Tax	0	66,878
Beer Tax	0	17,806
Alcoholic Beverage Tax	0	83,075
Mixed Drink Tax	0	4,357
State Revenue Sharing - T.V.A.	0	171,000
Contracted Prisoner Boarding	0	668,922
Gasoline and Motor Fuel Tax	0	2,018,954
Petroleum Special Tax	0	32,122
Reappraisal Program Reimbursement	0	1,000
Registrar's Salary Supplement	0	18,955
Other State Grants	0	187,419
Total State of Tennessee	0 \$	3,823,383

(Continued)

Exhibit K-5

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

	<u>Capital Projects Fund</u>	<u>Capital Projects</u>	<u>Total</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Other Federal through State	0	\$	528,408
<u>Direct Federal Revenue</u>			
Forest Service	0		128,700
Other Direct Federal Revenue	0		298,182
Total Federal Government	0	\$	955,290
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	0	\$	466,202
<u>Citizens Groups</u>			
Donations	0		21,075
Other	0		1,566
Total Other Governments and Citizens Groups	0	\$	488,843
Total	291	\$	29,890,023

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, 2014

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Total	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,313,478	\$ 0	\$ 0	\$ 4,313,478	
Trustee's Collections - Prior Year	135,395	0	0	135,395	
Circuit/Clerk and Master Collections - Prior Years	85,319	0	0	85,319	
Interest and Penalty	38,375	0	0	38,375	
Pickup Taxes	3,079	0	0	3,079	
Payments in-Lieu-of Taxes - T.V.A.	38,515	0	0	38,515	
Payments in-Lieu-of Taxes - Local Utilities	546,874	0	0	546,874	
Payments in-Lieu-of Taxes - Other	683	0	0	683	
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,519,219	0	0	3,519,219	
Business Tax	104,504	0	0	104,504	
Mixed Drink Tax	287	0	0	287	
Other County Local Option Taxes	393	0	0	393	
<u>Statutory Local Taxes</u>					
Bank Excise Tax	12,872	0	0	12,872	
Interstate Telecommunications Tax	4,376	0	0	4,376	
<b>Total Local Taxes</b>	<b>\$ 8,803,369</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 8,803,369</b>	
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	2,947	0	0	2,947	
<b>Total Licenses and Permits</b>	<b>\$ 2,947</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,947</b>	

(Continued)

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 350,318	\$ 0	\$ 350,318
Lunch Payments - Adults	0	0	120,177	0	120,177
Income from Breakfast	0	0	182,986	0	182,986
Transportation - Other State Systems	297,878	0	0	0	297,878
School Based Health Services - FFS	67,124	0	0	0	67,124
Receipts from Individual Schools	39,902	0	67,290	0	107,192
Total Charges for Current Services	\$ 404,904	\$ 0	\$ 720,771	\$ 0	\$ 1,125,675
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 115	\$ 0	\$ 29	\$ 0	\$ 144
Lease/Rentals	10,100	0	0	0	10,100
E-Rate Funding	45,701	0	0	0	45,701
Miscellaneous Refunds	128	0	1,733	0	1,861
<u>Other Local Revenues</u>					
Other Local Revenues	265,758	0	0	0	265,758
Total Other Local Revenues	\$ 321,802	\$ 0	\$ 1,762	\$ 0	\$ 323,564
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 182,171	\$ 0	\$ 0	\$ 0	\$ 182,171
<u>State Education Funds</u>					
Basic Education Program	26,262,999	0	0	0	26,262,999
Early Childhood Education	355,231	0	0	0	355,231

(Continued)

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

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria			
<u>State of Tennessee (Cont.)</u>						
<u>State Education Funds (Cont.)</u>						
School Food Service	\$ 29,597	\$ 0	\$ 0	\$ 0	\$ 29,597	
Driver Education	30,375	0	0	0	30,375	
Other State Education Funds	702,914	0	0	0	702,914	
Career Ladder Program	166,191	0	0	0	166,191	
Career Ladder - Extended Contract	35,395	0	0	0	35,395	
<u>Other State Revenues</u>						
Income Tax	22,903	0	0	0	22,903	
Mixed Drink Tax	3,119	0	0	0	3,119	
State Revenue Sharing - T.V.A.	1,269,592	0	0	0	1,269,592	
Other State Grants	3,175	0	0	0	3,175	
<b>Total State of Tennessee</b>	<b>\$ 29,063,662</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 29,063,662</b>	
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,460,994	\$ 1,460,994		
USDA - Commodities	0	0	93,628	93,628		
Breakfast	0	0	447,006	447,006		
USDA - Other	0	0	52,666	52,666		
Adult Education State Grant Program	10,182	0	0	10,182		
Vocational Education - Basic Grants to States	0	113,519	0	113,519		
Title I Grants to Local Education Agencies	0	1,670,984	0	1,670,984		
Special Education - Grants to States	53,016	1,051,035	0	1,104,051		
Special Education Preschool Grants	8,914	28,503	0	37,417		
Rural Education	0	63,467	0	63,467		

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
Federal Government (Cont.)					
<u>Federal Through State (Cont.)</u>					
Eisenhower Professional Development State Grants	\$ 0	\$ 409,733	\$ 0	\$ 0	\$ 409,733
Race-to-the-Top - ARRA	0	227,335	0	0	227,335
<u>Direct Federal Revenue</u>	116,723	0	0	0	116,723
Forest Service	188,835	3,564,576	2,054,294	\$	5,807,705
Total Federal Government	\$ 38,785,519	\$ 3,564,576	\$ 2,776,827	\$	45,126,922

## Exhibit K-7

Monroe County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2014

General FundGeneral GovernmentCounty Commission

Secretary to Board	\$	2,504	
Board and Committee Members Fees		47,037	
Social Security		3,174	
State Retirement		166	
Employer Medicare		742	
Audit Services		13,356	
Consultants		950	
Contracts with Private Agencies		15,000	
Dues and Memberships		4,392	
Legal Services		15,541	
Postal Charges		164	
Building and Contents Insurance		126,194	
Indirect Cost		30,000	
Liability Insurance		19,570	
Workers' Compensation Insurance		18,346	
Tax Relief Program		53,920	
Other Charges		14,074	
Total County Commission			\$ 365,130

Board of Equalization

Board and Committee Members Fees	\$	2,600	
Legal Notices, Recording, and Court Costs		58	
Total Board of Equalization			2,658

County Mayor/Executive

County Official/Administrative Officer	\$	83,759	
Assistant(s)		29,237	
Deputy(ies)		24,188	
Social Security		7,754	
State Retirement		8,975	
Employee and Dependent Insurance		29,515	
Life Insurance		171	
Employer Medicare		1,814	
Communication		6,941	
Dues and Memberships		2,295	
Postal Charges		501	
Travel		731	
Office Supplies		835	
Workers' Compensation Insurance		3,423	
Other Charges		240	
Office Equipment		55	
Total County Mayor/Executive			200,434

Personnel Office

Secretary(ies)	\$	81,959	
Longevity Pay		1,400	
Social Security		4,524	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

Handling Charges and Administrative Costs	\$	30,256	
State Retirement		5,036	
Employee and Dependent Insurance		23,776	
Life Insurance		157	
Employer Medicare		1,058	
Dues and Memberships		100	
Operating Lease Payments		3,000	
Maintenance Agreements		1,291	
Travel		1,123	
Other Charges		14,345	
Office Equipment		10,452	
Total Personnel Office			\$ 178,477

County Attorney

Legal Services	\$	49,035	
Total County Attorney			49,035

Election Commission

Supervisor/Director	\$	61,175	
Deputy(ies)		29,872	
Clerical Personnel		1,440	
Longevity Pay		1,000	
Election Commission		18,000	
Election Workers		24,348	
Social Security		6,773	
State Retirement		6,056	
Employee and Dependent Insurance		17,404	
Life Insurance		114	
Employer Medicare		1,584	
Communication		4,183	
Data Processing Services		273	
Operating Lease Payments		2,020	
Legal Notices, Recording, and Court Costs		2,110	
Maintenance Agreements		17,277	
Maintenance and Repair Services - Office Equipment		340	
Postal Charges		645	
Travel		4,888	
Data Processing Supplies		1,323	
Office Supplies		2,837	
Workers' Compensation Insurance		2,943	
Other Charges		49	
Other Equipment		5,415	
Total Election Commission			212,069

Register of Deeds

County Official/Administrative Officer	\$	67,973	
Assistant(s)		28,174	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Deputy(ies)	\$	105,362	
Part-time Personnel		8,789	
Longevity Pay		10,400	
Social Security		13,098	
State Retirement		13,967	
Employee and Dependent Insurance		52,793	
Life Insurance		342	
Employer Medicare		3,063	
Communication		6,171	
Dues and Memberships		657	
Operating Lease Payments		5,031	
Maintenance Agreements		25,123	
Postal Charges		3,500	
Travel		133	
Office Supplies		8,206	
Workers' Compensation Insurance		5,208	
Office Equipment		7,256	
Total Register of Deeds	\$		365,246

Planning

Supervisor/Director	\$	41,361	
Board and Committee Members Fees		2,562	
Social Security		2,383	
State Retirement		2,667	
Employee and Dependent Insurance		10,407	
Life Insurance		57	
Employer Medicare		557	
Communication		2,194	
Dues and Memberships		230	
Legal Notices, Recording, and Court Costs		96	
Maintenance Agreements		1,192	
Travel		2,579	
Other Contracted Services		1,616	
Office Supplies		1,433	
Other Supplies and Materials		399	
Workers' Compensation Insurance		1,238	
Total Planning			70,971

Engineering

Office Supplies	\$	234	
Office Equipment		1,127	
Total Engineering			1,361

Codes Compliance

County Official/Administrative Officer	\$	16,235	
Clerical Personnel		2,170	
Part-time Personnel		11,233	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance (Cont.)

Board and Committee Members Fees	\$	300	
Social Security		1,748	
State Retirement		1,202	
Employer Medicare		409	
Dues and Memberships		450	
Maintenance Agreements		1,279	
Postal Charges		500	
Travel		348	
Office Supplies		897	
Workers' Compensation Insurance		821	
Office Equipment		1,500	
Total Codes Compliance			\$ 39,092

Geographical Information Systems

Supervisor/Director	\$	37,162	
Longevity Pay		600	
Social Security		2,118	
State Retirement		2,493	
Employee and Dependent Insurance		9,493	
Life Insurance		57	
Employer Medicare		495	
Communication		3,699	
Dues and Memberships		250	
Maintenance Agreements		12,650	
Maintenance and Repair Services - Office Equipment		58	
Travel		940	
Gasoline		346	
Office Supplies		2,363	
Workers' Compensation Insurance		951	
Other Charges		155	
Total Geographical Information Systems			73,830

County Buildings

Assistant(s)	\$	24,679
Supervisor/Director		32,094
Attendants		20,941
Custodial Personnel		21,205
Overtime Pay		11,050
Other Salaries and Wages		21,205
Social Security		7,870
State Retirement		8,291
Employee and Dependent Insurance		38,340
Life Insurance		275
Employer Medicare		1,841
Communication		12,648
Maintenance Agreements		16,118
Maintenance and Repair Services - Buildings		166,056

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Other Contracted Services	\$	27,741	
Custodial Supplies		7,341	
Electricity		98,516	
Natural Gas		25,829	
Water and Sewer		12,374	
Other Supplies and Materials		2,622	
Workers' Compensation Insurance		3,080	
Other Charges		69,761	
Maintenance Equipment		4,325	
Total County Buildings			\$ 634,202

Other General Administration

Operating Lease Payments	\$	13,501	
Legal Notices, Recording, and Court Costs		1,156	
Maintenance Agreements		3,829	
Maintenance and Repair Services - Vehicles		109	
Duplicating Supplies		1,108	
Gasoline		8,583	
Trustee's Commission		237,906	
Other Charges		3,300	
Administration Equipment		320	
Transportation Equipment		16,844	
Total Other General Administration			286,656

Preservation of Records

Supervisor/Director	\$	10,612	
Social Security		658	
Employer Medicare		154	
Communication		495	
Operating Lease Payments		315	
Maintenance Agreements		609	
Postal Charges		17	
Other Supplies and Materials		2,612	
Other Charges		3,378	
Total Preservation of Records			18,850

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	72,826	
Accountants/Bookkeepers		254,204	
Longevity Pay		800	
Social Security		18,859	
State Retirement		20,495	
Employee and Dependent Insurance		61,079	
Life Insurance		484	
Employer Medicare		4,410	
Communication		15,647	

(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.)

Contracts with Private Agencies	\$	10,052	
Data Processing Services		14,877	
Operating Lease Payments		976	
Postal Charges		7,544	
Travel		2,988	
Other Contracted Services		2,205	
Office Supplies		16,533	
Workers' Compensation Insurance		10,892	
Other Charges		11,188	
Office Equipment		4,242	
Total Accounting and Budgeting			\$ 530,301

Property Assessor's Office

County Official/Administrative Officer	\$	67,973	
Deputy(ies)		28,174	
Salary Supplements		1,000	
Secretary(ies)		18,252	
Clerical Personnel		54,601	
Longevity Pay		4,300	
Social Security		10,567	
State Retirement		11,363	
Employee and Dependent Insurance		37,147	
Life Insurance		280	
Employer Medicare		2,471	
Communication		6,066	
Data Processing Services		34,881	
Dues and Memberships		40	
Operating Lease Payments		1,440	
Maintenance Agreements		674	
Maintenance and Repair Services - Vehicles		282	
Postal Charges		2,139	
Travel		1,336	
Gasoline		4,235	
Office Supplies		1,283	
Tires and Tubes		192	
Workers' Compensation Insurance		4,577	
Other Charges		77	
Total Property Assessor's Office			293,350

Reappraisal Program

Clerical Personnel	\$	53,806	
Part-time Personnel		5,044	
Longevity Pay		1,975	
Social Security		3,441	
State Retirement		3,704	
Employee and Dependent Insurance		17,445	
Life Insurance		114	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Employer Medicare	\$	805	
Data Processing Services		5,494	
Travel		833	
Office Supplies		463	
Workers' Compensation Insurance		1,794	
Other Charges		150	
Total Reappraisal Program			\$ 95,068

County Trustee's Office

County Official/Administrative Officer	\$	67,973	
Assistant(s)		29,703	
Deputy(ies)		73,494	
Part-time Personnel		10,305	
Longevity Pay		2,700	
Social Security		11,081	
State Retirement		11,135	
Employee and Dependent Insurance		37,106	
Life Insurance		266	
Employer Medicare		2,592	
Communication		6,191	
Dues and Memberships		647	
Operating Lease Payments		1,920	
Legal Notices, Recording, and Court Costs		533	
Maintenance Agreements		7,592	
Maintenance and Repair Services - Office Equipment		52	
Postal Charges		2,971	
Travel		1,453	
Other Contracted Services		22,395	
Office Supplies		5,256	
Workers' Compensation Insurance		4,449	
Other Charges		2,063	
Office Equipment		720	
Total County Trustee's Office			302,597

County Clerk's Office

County Official/Administrative Officer	\$	67,973
Assistant(s)		28,174
Deputy(ies)		174,621
Part-time Personnel		12,000
Longevity Pay		10,042
Social Security		16,486
State Retirement		18,193
Employee and Dependent Insurance		70,850
Life Insurance		504
Employer Medicare		4,030
Communication		6,987
Dues and Memberships		672

(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.)

Operating Lease Payments	\$	1,596	
Legal Notices, Recording, and Court Costs		132	
Maintenance Agreements		974	
Maintenance and Repair Services - Office Equipment		19,007	
Postal Charges		11,285	
Travel		1,153	
Office Supplies		6,445	
Workers' Compensation Insurance		6,928	
Other Charges		717	
Office Equipment		7,631	
Total County Clerk's Office			\$ 466,400

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,973	
Assistant(s)		59,598	
Deputy(ies)		346,539	
Part-time Personnel		19,480	
Longevity Pay		19,917	
Other Salaries and Wages		32,640	
Jury and Witness Expense		25,127	
Social Security		32,901	
State Retirement		33,850	
Employee and Dependent Insurance		115,524	
Life Insurance		898	
Employer Medicare		7,723	
Communication		18,211	
Operating Lease Payments		5,286	
Legal Notices, Recording, and Court Costs		302	
Maintenance Agreements		30,509	
Maintenance and Repair Services - Office Equipment		305	
Postal Charges		7,756	
Printing, Stationery, and Forms		5,386	
Travel		2,957	
Office Supplies		15,926	
Workers' Compensation Insurance		12,864	
Other Charges		1,788	
Data Processing Equipment		14,634	
Office Equipment		10,369	
Total Circuit Court			888,463

General Sessions Judge

Judge(s)	\$	150,683
Secretary(ies)		28,598
Part-time Personnel		400
Longevity Pay		1,600
Social Security		8,989

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

State Retirement	\$	11,840	
Employee and Dependent Insurance		14,293	
Life Insurance		114	
Employer Medicare		2,544	
Communication		4,607	
Dues and Memberships		215	
Operating Lease Payments		1,951	
Maintenance Agreements		908	
Travel		1,122	
Other Contracted Services		4,650	
Library Books/Media		78	
Office Supplies		1,176	
Workers' Compensation Insurance		6,053	
Other Charges		634	
Office Equipment		758	
Total General Sessions Judge	\$		241,213

Chancery Court

County Official/Administrative Officer	\$	67,973	
Deputy(ies)		55,974	
Part-time Personnel		6,832	
Longevity Pay		2,700	
Social Security		7,591	
State Retirement		8,247	
Employee and Dependent Insurance		26,434	
Life Insurance		171	
Employer Medicare		1,775	
Communication		7,278	
Dues and Memberships		309	
Operating Lease Payments		1,549	
Maintenance Agreements		11,143	
Postal Charges		3,000	
Travel		577	
Office Supplies		6,022	
Workers' Compensation Insurance		6,560	
Data Processing Equipment		9,777	
Office Equipment		4,338	
Total Chancery Court			228,250

Probate Court

Deputy(ies)	\$	26,994	
Longevity Pay		2,100	
Social Security		1,438	
State Retirement		1,799	
Employee and Dependent Insurance		9,493	
Life Insurance		57	
Employer Medicare		336	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probate Court (Cont.)

Communication	\$	652	
Postal Charges		400	
Office Supplies		1,363	
Office Equipment		1,988	
Total Probate Court			\$ 46,620

Other Administration of Justice

Legal Notices, Recording, and Court Costs	\$	450	
Total Other Administration of Justice			450

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,770	
Assistant(s)		45,046	
Supervisor/Director		35,819	
Deputy(ies)		421,589	
Investigator(s)		166,005	
Captain(s)		193,981	
Sergeant(s)		142,185	
Accountants/Bookkeepers		28,174	
Secretary(ies)		28,174	
Clerical Personnel		53,051	
Part-time Personnel		22,697	
School Resource Officer		206,387	
Longevity Pay		19,925	
Overtime Pay		57,872	
Other Salaries and Wages		70,795	
In-service Training		24,000	
Social Security		94,882	
State Retirement		99,028	
Employee and Dependent Insurance		321,628	
Life Insurance		2,243	
Employer Medicare		22,336	
Communication		32,013	
Dues and Memberships		3,082	
Forest Resource Services		9,641	
Operating Lease Payments		7,872	
Maintenance Agreements		7,417	
Maintenance and Repair Services - Equipment		3,000	
Maintenance and Repair Services - Vehicles		30,409	
Postal Charges		1,879	
Travel		8,223	
Tuition		4,095	
Equipment Parts - Light		2,506	
Garage Supplies		1,994	
Gasoline		191,596	
Lubricants		4,971	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Office Supplies	\$	14,437	
Small Tools		992	
Tires and Tubes		18,339	
Uniforms		24,280	
Vehicle Parts		35,299	
Workers' Compensation Insurance		36,315	
Other Charges		11,419	
Communication Equipment		6,877	
Law Enforcement Equipment		35,148	
Motor Vehicles		139,839	
Office Equipment		5,541	
Total Sheriff's Department			\$ 2,772,771

Administration of the Sexual Offender Registry

Office Supplies	\$	290	
Other Charges		1,400	
Total Administration of the Sexual Offender Registry			1,690

Jail

Assistant(s)	\$	45,046	
Captain(s)		36,835	
Lieutenant(s)		100,535	
Sergeant(s)		159,514	
Accountants/Bookkeepers		24,237	
Guards		461,152	
Cafeteria Personnel		39,408	
Part-time Personnel		118,817	
Longevity Pay		6,708	
Overtime Pay		53,107	
Other Salaries and Wages		490	
Social Security		61,595	
State Retirement		60,068	
Employee and Dependent Insurance		209,005	
Life Insurance		1,576	
Employer Medicare		14,405	
Communication		680	
Maintenance Agreements		1,956	
Maintenance and Repair Services - Buildings		3,220	
Travel		5,013	
Custodial Supplies		40,291	
Drugs and Medical Supplies		386,217	
Electricity		61,638	
Food Preparation Supplies		5,366	
Food Supplies		308,193	
Natural Gas		27,165	
Office Supplies		779	
Prisoners Clothing		6,137	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Water and Sewer	\$	51,556	
Workers' Compensation Insurance		30,397	
Other Charges		14,607	
Building Improvements		1,948	
Law Enforcement Equipment		2,830	
Office Equipment		3,145	
Other Equipment		1,458	
Total Jail			\$ 2,345,094

Juvenile Services

Supervisor/Director	\$	30,404	
Youth Service Officer(s)		22,438	
Longevity Pay		1,900	
Social Security		3,073	
State Retirement		3,560	
Employee and Dependent Insurance		14,278	
Life Insurance		95	
Employer Medicare		719	
Communication		1,090	
Dues and Memberships		70	
Travel		1,320	
Other Contracted Services		5,160	
Office Supplies		876	
Other Charges		2,135	
Office Equipment		1,927	
Total Juvenile Services			89,045

Commissary

Communication	\$	2,970	
Maintenance and Repair Services - Vehicles		924	
Food Supplies		102,469	
Office Supplies		2,155	
Tires and Tubes		488	
Uniforms		1,854	
Office Equipment		76	
Total Commissary			110,936

Fire Prevention and Control

Contributions	\$	5,000	
Other Contracted Services		12,000	
Other Supplies and Materials		847	
Workers' Compensation Insurance		80,000	
Other Charges		120,000	
Total Fire Prevention and Control			217,847

Rescue Squad

Contributions	\$	50,000	
Total Rescue Squad			50,000

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Other Salaries and Wages	\$	11,429	
Social Security		635	
State Retirement		756	
Employee and Dependent Insurance		18	
Employer Medicare		149	
Communication		14,661	
Maintenance and Repair Services - Vehicles		707	
Office Supplies		69	
Other Supplies and Materials		105	
Other Charges		4,989	
Total Other Emergency Management			\$ 33,518

County Coroner/Medical Examiner

Assistant(s)	\$	200	
Supervisor/Director		13,600	
Other Charges		44,273	
Total County Coroner/Medical Examiner			58,073

Other Public Safety

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

Public Health and Welfare

Local Health Center

Communication	\$	8,955	
Dues and Memberships		200	
Operating Lease Payments		5,100	
Maintenance Agreements		3,021	
Postal Charges		5,783	
Other Contracted Services		8,792	
Custodial Supplies		224	
Drugs and Medical Supplies		74	
Office Supplies		5,670	
Periodicals		59	
Other Charges		6,860	
Total Local Health Center			44,738

Rabies and Animal Control

Assistant(s)	\$	20,315	
Supervisor/Director		25,199	
Nightwatchmen		45	
Part-time Personnel		13,740	
Longevity Pay		600	
Social Security		3,638	
State Retirement		1,565	
Employee and Dependent Insurance		4,933	
Life Insurance		43	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Employer Medicare	\$	851	
Communication		4,079	
Maintenance and Repair Services - Vehicles		470	
Veterinary Services		62,556	
Other Contracted Services		75	
Custodial Supplies		1,841	
Electricity		5,985	
Gasoline		2,513	
Natural Gas		747	
Office Supplies		1,401	
Water and Sewer		1,293	
Workers' Compensation Insurance		1,590	
Other Charges		2,075	
Total Rabies and Animal Control			\$ 155,554

Ambulance/Emergency Medical Services

Supervisor/Director	\$	51,723
Paraprofessionals		1,512,680
Secretary(ies)		55,904
Longevity Pay		20,400
Social Security		97,101
State Retirement		95,164
Employee and Dependent Insurance		258,485
Life Insurance		1,838
Employer Medicare		22,709
Communication		21,702
Contracts with Private Agencies		35,897
Evaluation and Testing		315
Operating Lease Payments		1,924
Licenses		2,900
Maintenance Agreements		680
Maintenance and Repair Services - Equipment		4,453
Maintenance and Repair Services - Vehicles		53,877
Postal Charges		952
Travel		2,524
Tuition		20,109
Other Contracted Services		144,930
Custodial Supplies		2,159
Diesel Fuel		106,212
Drugs and Medical Supplies		96,036
Electricity		5,610
Natural Gas		3,073
Office Supplies		2,154
Tires and Tubes		12,638
Uniforms		11,139
Water and Sewer		841
Workers' Compensation Insurance		33,224

(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.)

Other Charges	\$	15,006	
Attendance Equipment		626	
Communication Equipment		2,347	
Motor Vehicles		199,688	
Office Equipment		3,534	
Total Ambulance/Emergency Medical Services			\$ 2,900,554

Maternal and Child Health Services

Other Charges	\$	17,500	
Total Maternal and Child Health Services			17,500

Dental Health Program

Assistant(s)	\$	96,162	
Deputy(ies)		39,007	
Medical Personnel		163,404	
Clerical Personnel		20,993	
Longevity Pay		2,950	
In-service Training		750	
Social Security		19,241	
State Retirement		16,727	
Employee and Dependent Insurance		44,403	
Life Insurance		341	
Employer Medicare		4,500	
Communication		5,051	
Contracts with Private Agencies		216	
Dues and Memberships		1,406	
Maintenance and Repair Services - Equipment		936	
Postal Charges		540	
Travel		6,145	
Other Contracted Services		6,000	
Drugs and Medical Supplies		52,876	
Gasoline		557	
Office Supplies		4,007	
Uniforms		890	
Other Supplies and Materials		776	
Liability Insurance		4,040	
Workers' Compensation Insurance		7,836	
In Service/Staff Development		2,775	
Other Charges		1,326	
Building Improvements		800	
Motor Vehicles		38,744	
Office Equipment		715	
Health Equipment		34,361	
Total Dental Health Program			578,475

Alcohol and Drug Programs

Other Charges	\$	9,782	
Total Alcohol and Drug Programs			9,782

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Crippled Children Services

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

Other Local Health Services

Assistant(s)	\$ 27,738	
Deputy(ies)	34,956	
Teachers	30,442	
Guidance Personnel	17,854	
Social Workers	29,838	
Secretary(ies)	21,589	
Attendants	26,842	
Longevity Pay	2,400	
Other Salaries and Wages	86	
Social Security	11,363	
State Retirement	9,274	
Employee and Dependent Insurance	44,636	
Life Insurance	294	
Employer Medicare	2,657	
Travel	16,196	
Liability Insurance	1,735	
Workers' Compensation Insurance	6,071	
Other Charges	13,665	
Total Other Local Health Services		297,636

General Welfare Assistance

Social Workers	\$ 26,268	
Longevity Pay	2,200	
Social Security	1,716	
State Retirement	1,874	
Employee and Dependent Insurance	7,097	
Life Insurance	57	
Employer Medicare	401	
Pauper Burials	649	
Workers' Compensation Insurance	672	
Total General Welfare Assistance		40,934

Aid to Dependent Children

Contracts with Private Agencies	\$ 1,000	
Total Aid to Dependent Children		1,000

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Contributions	\$	113,374	
Maintenance Agreements		9,532	
Total Libraries			\$ 122,906

Other Social, Cultural, and Recreational

Contributions	\$	183,615	
Total Other Social, Cultural, and Recreational			183,615

Agriculture and Natural Resources

Agricultural Extension Service

County Official/Administrative Officer	\$	13,073	
Assistant(s)		14,637	
Supervisor/Director		11,914	
Clerical Personnel		4,746	
Other Salaries and Wages		9,843	
Social Security		3,361	
State Retirement		8,619	
Employer Medicare		786	
Communication		3,715	
Travel		1,199	
Office Supplies		900	
Total Agricultural Extension Service			72,793

Soil Conservation

Secretary(ies)	\$	25,411	
Social Security		2,168	
State Retirement		1,677	
Employee and Dependent Insurance		7,097	
Life Insurance		57	
Employer Medicare		507	
Contributions		2,042	
Dues and Memberships		525	
Other Contracted Services		9,958	
Instructional Supplies and Materials		95	
Office Supplies		49	
Workers' Compensation Insurance		650	
Total Soil Conservation			50,236

Flood Control

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

Other Operations

Tourism

Supervisor/Director	\$	41,655	
Custodial Personnel		3,070	
Part-time Personnel		22,011	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Tourism (Cont.)

Longevity Pay	\$	800	
Social Security		4,176	
State Retirement		2,819	
Employee and Dependent Insurance		7,297	
Life Insurance		57	
Employer Medicare		977	
Advertising		32,209	
Communication		10,655	
Dues and Memberships		2,209	
Operating Lease Payments		300	
Maintenance Agreements		3,016	
Maintenance and Repair Services - Buildings		72	
Maintenance and Repair Services - Vehicles		1,581	
Postal Charges		2,500	
Travel		17,785	
Custodial Supplies		1,696	
Electricity		4,391	
Office Supplies		999	
Water and Sewer		743	
Other Supplies and Materials		32,978	
Workers' Compensation Insurance		1,927	
Other Charges		11,361	
Office Equipment		2,000	
Total Tourism			\$ 209,284

Industrial Development

Supervisor/Director	\$	54,205	
Secretary(ies)		27,352	
Longevity Pay		900	
Social Security		4,779	
State Retirement		5,294	
Employee and Dependent Insurance		13,575	
Life Insurance		109	
Employer Medicare		1,118	
Advertising		6,451	
Communication		6,159	
Consultants		7,992	
Dues and Memberships		3,965	
Legal Services		2,475	
Maintenance and Repair Services - Vehicles		588	
Postal Charges		145	
Printing, Stationery, and Forms		3,000	
Travel		5,576	
Office Supplies		5,088	
Workers' Compensation Insurance		2,271	
Other Charges		152,206	
Office Equipment		348	
Total Industrial Development			303,596

(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 Charges	\$ 287,610	
Total Other Economic and Community Development		\$ 287,610

Airport

Advertising	\$ 1,318	
Communication	3,569	
Travel	827	
Other Contracted Services	468,526	
Electricity	9,699	
Gasoline	138,065	
Water and Sewer	594	
Other Supplies and Materials	13,576	
Liability Insurance	1,854	
Other Charges	11,859	
Total Airport		649,887

Veterans' Services

Supervisor/Director	\$ 19,746	
Social Security	1,224	
Employer Medicare	286	
Advertising	88	
Communication	1,163	
Dues and Memberships	25	
Postal Charges	107	
Travel	1,227	
Office Supplies	307	
Other Charges	454	
Office Equipment	1,024	
Total Veterans' Services		25,651

Contributions to Other Agencies

Contributions	\$ 7,152	
Total Contributions to Other Agencies		7,152

Employee Benefits

Employee and Dependent Insurance	\$ 3,213	
Unemployment Compensation	17,580	
Total Employee Benefits		20,793

Miscellaneous

On-behalf Payments to OPEB	\$ 7,195	
Total Miscellaneous		7,195

Capital Projects

Public Safety Projects

Other Charges	\$ 2,457	
Total Public Safety Projects		2,457

Total General Fund		\$ 17,463,040
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(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$	45,020	
Laborers		48,371	
Clerical Personnel		26,004	
Longevity Pay		4,200	
Social Security		7,068	
State Retirement		8,108	
Employee and Dependent Insurance		34,901	
Life Insurance		228	
Employer Medicare		1,653	
Advertising		98	
Communication		8,242	
Contracts with Private Agencies		942,369	
Dues and Memberships		1,392	
Operating Lease Payments		4,140	
Maintenance and Repair Services - Equipment		8,461	
Postal Charges		500	
Travel		1,887	
Gasoline		20,274	
Office Supplies		426	
Tires and Tubes		1,723	
Utilities		6,599	
Other Supplies and Materials		1,661	
Trustee's Commission		34,177	
Other Charges		7,835	
Motor Vehicles		25,420	
Office Equipment		456	
Total Sanitation Education/Information			\$ 1,241,213

Convenience Centers

Attendants	\$	177,532
Longevity Pay		3,900
Social Security		11,011
State Retirement		7,595
Employee and Dependent Insurance		34,754
Life Insurance		280
Employer Medicare		2,575
Communication		1,836
Contracts with Private Agencies		14,496
Maintenance and Repair Services - Equipment		6,762
Other Contracted Services		394,392
Crushed Stone		406
Pipe - Concrete		185
Utilities		3,558
Other Supplies and Materials		7,089
Building and Contents Insurance		25,787
Liability Insurance		5,798
Workers' Compensation Insurance		8,443

(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.)

Other Charges	\$	5,401	
Office Equipment		217	
Solid Waste Equipment		18,300	
Total Convenience Centers			\$ 730,317

Postclosure Care Costs

Testing	\$	12,000	
Other Charges		3,276	
Total Postclosure Care Costs			15,276

Highways

Litter and Trash Collection

Laborers	\$	34,325	
Longevity Pay		600	
Social Security		2,103	
State Retirement		2,317	
Employee and Dependent Insurance		6,820	
Life Insurance		57	
Employer Medicare		492	
Advertising		11,214	
Total Litter and Trash Collection			<u>57,928</u>

Total Solid Waste/Sanitation Fund \$ 2,044,734

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	113,017	
Longevity Pay		567	
Social Security		6,866	
State Retirement		7,542	
Employee and Dependent Insurance		22,769	
Life Insurance		171	
Employer Medicare		1,606	
Advertising		6,310	
Communication		2,252	
Confidential Drug Enforcement Payments		10,000	
Dues and Memberships		2,000	
Animal Food and Supplies		624	
Trustee's Commission		175	
Other Charges		4,457	
Total Drug Enforcement			<u>\$ 178,356</u>

Total Drug Control Fund 178,356

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 7,260	
Total Chancery Court		\$ 7,260

Total Constitutional Officers - Fees Fund \$ 7,260

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 75,004	
Accountants/Bookkeepers	29,969	
Secretary(ies)	29,969	
Longevity Pay	900	
Social Security	7,952	
State Retirement	8,979	
Employee and Dependent Insurance	24,997	
Life Insurance	171	
Employer Medicare	1,860	
Communication	8,920	
Dues and Memberships	3,444	
Legal Services	2,733	
Maintenance and Repair Services - Office Equipment	1,727	
Postal Charges	290	
Other Contracted Services	1,917	
Electricity	14,826	
Office Supplies	1,036	
Water and Sewer	7,460	
Other Charges	2,766	
Total Administration		\$ 224,920

Highway and Bridge Maintenance

Foremen	\$ 37,990
Laborers	751,319
Part-time Personnel	17,819
Longevity Pay	9,492
Overtime Pay	6,169
Social Security	48,581
State Retirement	49,905
Employee and Dependent Insurance	242,426
Life Insurance	1,757
Employer Medicare	11,377
Other Contracted Services	7,703
Asphalt - Hot Mix	845,349
Asphalt - Liquid	107,379
Crushed Stone	154,320
Other Road Materials	38,114
Pipe - Metal	36,588
Road Signs	7,843

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Salt	\$	25,032	
Uniforms		20,382	
Motor Vehicles		75,093	
Total Highway and Bridge Maintenance			\$ 2,494,638

Operation and Maintenance of Equipment

Foremen	\$	37,990	
Mechanic(s)		31,358	
Longevity Pay		2,800	
Social Security		4,353	
State Retirement		4,789	
Employee and Dependent Insurance		13,894	
Life Insurance		114	
Employer Medicare		1,018	
Diesel Fuel		220,573	
Equipment and Machinery Parts		116,475	
Garage Supplies		9,131	
Gasoline		269,554	
Lubricants		12,116	
Tires and Tubes		30,379	
Other Supplies and Materials		1,589	
Total Operation and Maintenance of Equipment			756,133

Other Charges

Building and Contents Insurance	\$	134,781	
Liability Insurance		19,231	
Trustee's Commission		42,584	
Workers' Compensation Insurance		25,865	
Total Other Charges			222,461

Employee Benefits

Unemployment Compensation	\$	5,219	
Total Employee Benefits			5,219

Capital Outlay

Bridge Construction	\$	14,400	
Communication Equipment		298	
Highway Equipment		127,241	
Site Development		14,296	
State Aid Projects		313,648	
Total Capital Outlay			469,883

Total Highway/Public Works Fund \$ 4,173,254

(Continued)

Exhibit K-7

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

<u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Bonds	\$ 493,342	
Principal on Notes	478,784	
Principal on Other Loans	<u>1,282,188</u>	
Total General Government		\$ 2,254,314
 <u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 997,079	
Interest on Notes	20,230	
Interest on Other Loans	<u>1,060,235</u>	
Total General Government		2,077,544
 <u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 83,036	
Other Debt Service	<u>68,303</u>	
Total General Government		<u>151,339</u>
Total General Debt Service Fund		\$ 4,483,197
 <u>General Capital Projects Fund</u>		
<u>General Government</u>		
<u>County Buildings</u>		
Communication Equipment	\$ 19,945	
Motor Vehicles	<u>228</u>	
Total County Buildings		\$ 20,173
 <u>Public Health and Welfare</u>		
<u>Ambulance/Emergency Medical Services</u>		
Building Construction	\$ <u>68,681</u>	
Total Ambulance/Emergency Medical Services		<u>68,681</u>
Total General Capital Projects Fund		<u>88,854</u>
Total Governmental Funds - Primary Government		<u>\$ 28,438,695</u>

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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 11,824,626	
Career Ladder Program	98,757	
Career Ladder Extended Contracts	27,156	
Homebound Teachers	58,915	
Nightwatchmen	982	
Educational Assistants	505,469	
Bonus Payments	65,000	
Other Salaries and Wages	208,991	
Certified Substitute Teachers	26,350	
Non-certified Substitute Teachers	160,391	
Social Security	759,881	
State Retirement	1,092,875	
Life Insurance	16,947	
Medical Insurance	2,751,642	
Employer Medicare	182,392	
Other Contracted Services	52,779	
Instructional Supplies and Materials	139,314	
Textbooks	428,241	
Other Supplies and Materials	68,004	
In Service/Staff Development	4,793	
Fee Waivers	55,896	
Total Regular Instruction Program		\$ 18,529,401

Alternative Instruction Program

Teachers	\$ 40,722	
Educational Assistants	15,100	
Social Security	3,443	
State Retirement	4,435	
Life Insurance	86	
Medical Insurance	2,942	
Employer Medicare	805	
Total Alternative Instruction Program		67,533

Special Education Program

Teachers	\$ 1,448,766
Career Ladder Program	11,004
Homebound Teachers	27,595
Educational Assistants	500,361
Speech Pathologist	136,046
Other Salaries and Wages	46,518
Certified Substitute Teachers	681
Non-certified Substitute Teachers	53,696
Social Security	135,374
State Retirement	175,060
Life Insurance	3,415
Medical Insurance	476,819

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	31,780	
Contracts with Other Public Agencies		140,362	
Operating Lease Payments		7,257	
Travel		125	
Other Contracted Services		54,034	
Instructional Supplies and Materials		48,527	
Other Supplies and Materials		9,792	
Other Charges		299	
Special Education Equipment		38,781	
Total Special Education Program			\$ 3,346,292

Vocational Education Program

Teachers	\$	1,072,652	
Career Ladder Program		7,000	
Other Salaries and Wages		23,393	
Certified Substitute Teachers		1,325	
Non-certified Substitute Teachers		7,625	
Social Security		60,295	
State Retirement		87,458	
Life Insurance		1,265	
Medical Insurance		230,138	
Employer Medicare		14,489	
Instructional Supplies and Materials		27,665	
Total Vocational Education Program			1,533,305

Support Services

Attendance

Supervisor/Director	\$	49,746	
Social Security		3,125	
State Retirement		4,431	
Life Insurance		57	
Medical Insurance		5,429	
Employer Medicare		731	
Travel		123	
Other Supplies and Materials		132	
Total Attendance			63,774

Health Services

Supervisor/Director	\$	42,968	
Career Ladder Program		1,000	
Data Processing Personnel		39,189	
Social Workers		47,793	
Medical Personnel		114,192	
Paraprofessionals		332,295	
Clerical Personnel		72,681	
Longevity Pay		500	

(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.)

Other Salaries and Wages	\$	76,460	
Social Security		43,206	
State Retirement		43,299	
Life Insurance		1,043	
Medical Insurance		155,585	
Employer Medicare		10,105	
Operating Lease Payments		1,788	
Maintenance and Repair Services - Equipment		1,859	
Travel		4,789	
Other Contracted Services		11,675	
Drugs and Medical Supplies		23,049	
Other Supplies and Materials		31,406	
In Service/Staff Development		3,930	
Other Charges		5,795	
Health Equipment		13,921	
Total Health Services	\$		1,078,528

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		503,014	
Paraprofessionals		1,140	
School Resource Officer		159,525	
Longevity Pay		9,077	
Social Security		42,109	
State Retirement		50,150	
Life Insurance		873	
Medical Insurance		113,449	
Employer Medicare		22,410	
Evaluation and Testing		23,587	
Travel		6,825	
Other Contracted Services		135,759	
Workers' Compensation Insurance		3,488	
Total Other Student Support			1,074,406

Regular Instruction Program

Supervisor/Director	\$	193,854	
Career Ladder Program		11,400	
Librarians		492,321	
Instructional Computer Personnel		296	
Social Security		40,735	
State Retirement		61,060	
Life Insurance		753	
Medical Insurance		134,906	
Employer Medicare		10,034	
Travel		28,896	
Library Books/Media		43,619	

(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.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$	1,683	
Other Charges		33	
Total Regular Instruction Program			\$ 1,019,590

Special Education Program

Supervisor/Director	\$	74,305	
Career Ladder Program		2,500	
Psychological Personnel		116,395	
Assessment Personnel		100,462	
Secretary(ies)		26,751	
Longevity Pay		500	
Other Salaries and Wages		53,746	
Social Security		22,923	
State Retirement		30,818	
Life Insurance		463	
Medical Insurance		54,677	
Employer Medicare		5,361	
Operating Lease Payments		638	
Maintenance and Repair Services - Equipment		2,856	
Travel		31,205	
Other Contracted Services		26,007	
Other Supplies and Materials		1,977	
In Service/Staff Development		13,899	
Total Special Education Program			565,483

Vocational Education Program

Career Ladder Program	\$	1,200	
Employer Medicare		17	
Travel		358	
Total Vocational Education Program			1,575

Other Programs

Instructional Computer Personnel	\$	113,228	
Other Salaries and Wages		84,831	
Social Security		11,831	
State Retirement		14,187	
Life Insurance		273	
Medical Insurance		42,505	
Employer Medicare		2,767	
On-behalf Payments to OPEB		182,171	
Communication		19,479	
Data Processing Services		15,000	
Dues and Memberships		60	
Maintenance and Repair Services - Equipment		556,214	
Travel		4,224	
Other Contracted Services		104,362	

(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.)

Other Programs (Cont.)

Library Books/Media	\$	28,624	
Other Equipment		4,574	
Total Other Programs			\$ 1,184,330

Board of Education

Secretary to Board	\$	4,389	
Board and Committee Members Fees		39,500	
In-service Training		2,365	
Social Security		1,876	
State Retirement		290	
Life Insurance		513	
Unemployment Compensation		34,973	
Employer Medicare		1,159	
Other Fringe Benefits		171,414	
Audit Services		14,000	
Dues and Memberships		13,768	
Legal Services		18,060	
Postal Charges		1,496	
Travel		15,853	
Other Contracted Services		3,948	
Other Supplies and Materials		934	
Trustee's Commission		197,837	
Workers' Compensation Insurance		204,592	
In Service/Staff Development		3,985	
Other Charges		9,131	
Total Board of Education			740,083

Director of Schools

County Official/Administrative Officer	\$	107,043	
Career Ladder Program		1,000	
Secretary(ies)		36,145	
Clerical Personnel		53,633	
Longevity Pay		930	
Social Security		11,363	
State Retirement		15,077	
Life Insurance		211	
Medical Insurance		31,771	
Employer Medicare		2,658	
Communication		31,889	
Dues and Memberships		2,889	
Operating Lease Payments		12,287	
Maintenance and Repair Services - Equipment		7,522	
Postal Charges		1,448	
Travel		6,896	
Other Contracted Services		683	
Office Supplies		3,793	
Other Charges		2,911	
Total Director of Schools			330,149

(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

Principals	\$	864,248	
Career Ladder Program		13,000	
Assistant Principals		336,756	
Secretary(ies)		299,258	
Longevity Pay		4,780	
Other Salaries and Wages		220	
Social Security		90,099	
State Retirement		128,457	
Life Insurance		1,947	
Medical Insurance		288,218	
Employer Medicare		21,071	
Communication		31,768	
Operating Lease Payments		13,824	
Maintenance and Repair Services - Equipment		3,532	
Postal Charges		4,499	
Other Charges		2,530	
Total Office of the Principal			\$ 2,104,207

Operation of Plant

Custodial Personnel	\$	750,823	
Longevity Pay		7,280	
Overtime Pay		1,468	
Social Security		45,495	
State Retirement		47,181	
Life Insurance		1,642	
Medical Insurance		226,893	
Employer Medicare		10,654	
Other Contracted Services		128,697	
Custodial Supplies		172,806	
Electricity		1,238,963	
Natural Gas		270,492	
Water and Sewer		134,228	
Building and Contents Insurance		344,112	
Plant Operation Equipment		10,168	
Total Operation of Plant			3,390,902

Maintenance of Plant

Supervisor/Director	\$	50,383
Secretary(ies)		29,049
Maintenance Personnel		285,998
Longevity Pay		3,610
Overtime Pay		3,447
Social Security		21,485
State Retirement		23,005
Life Insurance		627
Medical Insurance		81,536

(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.)

Maintenance of Plant (Cont.)

Employer Medicare	\$	5,025	
Maintenance and Repair Services - Buildings		398,541	
Maintenance and Repair Services - Equipment		50,180	
Travel		1,040	
Other Contracted Services		13,977	
Other Supplies and Materials		336,722	
Maintenance Equipment		11,651	
Total Maintenance of Plant			\$ 1,316,276

Transportation

Supervisor/Director	\$	43,800	
Social Security		2,685	
State Retirement		2,904	
Life Insurance		57	
Medical Insurance		8,197	
Employer Medicare		628	
Contracts with Vehicle Owners		2,118,766	
Maintenance and Repair Services - Vehicles		73,837	
Printing, Stationery, and Forms		2,750	
Travel		3,150	
Other Contracted Services		1,760	
Other Supplies and Materials		17,218	
In Service/Staff Development		1,539	
Other Charges		5,069	
Transportation Equipment		10,494	
Total Transportation			2,292,854

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	65,038	
Cafeteria Personnel		39,793	
Social Security		6,174	
State Retirement		6,034	
Life Insurance		70	
Medical Insurance		198,055	
Employer Medicare		1,492	
Communication		732	
Travel		795	
Total Food Service			318,183

Community Services

Supervisor/Director	\$	21,775	
Other Salaries and Wages		21,741	
Social Security		2,714	
State Retirement		1,488	
Life Insurance		51	

(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.)

Community Services (Cont.)

Medical Insurance	\$	6,586	
Employer Medicare		635	
Communication		679	
Travel		654	
Other Supplies and Materials		4,707	
Other Charges		788	
Total Community Services			\$ 61,818

Early Childhood Education

Supervisor/Director	\$	37,800	
Teachers		135,494	
Educational Assistants		47,315	
Other Salaries and Wages		25,494	
Non-certified Substitute Teachers		2,175	
Social Security		13,521	
State Retirement		16,329	
Life Insurance		370	
Medical Insurance		41,311	
Employer Medicare		3,163	
Travel		566	
Instructional Supplies and Materials		23,169	
In Service/Staff Development		2,395	
Total Early Childhood Education			349,102

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	200,000	
Total Education			200,000

Total General Purpose School Fund \$ 39,567,791

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	385,313	
Educational Assistants		426,604	
Other Salaries and Wages		2,398	
Non-certified Substitute Teachers		33,725	
Social Security		48,930	
State Retirement		61,200	
Life Insurance		1,676	
Medical Insurance		229,342	
Employer Medicare		11,710	
Other Contracted Services		72,458	
Instructional Supplies and Materials		29,539	
Regular Instruction Equipment		55,206	
Total Regular Instruction Program			\$ 1,358,101

(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.)

Special Education Program

Teachers	\$	55,763	
Educational Assistants		465,435	
Other Salaries and Wages		38,083	
Certified Substitute Teachers		1,900	
Social Security		34,775	
State Retirement		30,727	
Life Insurance		1,345	
Medical Insurance		131,312	
Employer Medicare		7,838	
Other Fringe Benefits		86	
Other Contracted Services		2,958	
Instructional Supplies and Materials		94,941	
Other Supplies and Materials		5,900	
In Service/Staff Development		3,616	
Total Special Education Program			\$ 874,679

Vocational Education Program

Other Salaries and Wages	\$	24,708	
Social Security		1,532	
State Retirement		1,641	
Life Insurance		57	
Medical Insurance		9,150	
Employer Medicare		358	
Maintenance and Repair Services - Equipment		500	
Other Supplies and Materials		6,709	
Vocational Instruction Equipment		35,885	
Total Vocational Education Program			80,540

Support Services

Other Student Support

Guidance Personnel	\$	31,999	
Other Salaries and Wages		42,198	
Social Security		4,421	
State Retirement		5,610	
Life Insurance		105	
Medical Insurance		10,271	
Employer Medicare		990	
Travel		16,000	
Other Contracted Services		8,680	
Other Supplies and Materials		178	
Other Charges		12,206	
Total Other Student Support			132,658

Regular Instruction Program

Supervisor/Director	\$	60,927
Secretary(ies)		28,101

(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.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	441,035	
In-service Training		6,000	
Social Security		31,047	
State Retirement		40,881	
Life Insurance		239	
Medical Insurance		53,520	
Employer Medicare		7,824	
Other Fringe Benefits		571	
Communication		4,000	
Operating Lease Payments		5,374	
Travel		68,504	
Other Contracted Services		8,000	
Other Supplies and Materials		13,362	
In Service/Staff Development		78,430	
Other Charges		4,206	
Other Equipment		25,550	
Total Regular Instruction Program			\$ 877,571

Special Education Program

Psychological Personnel	\$	126,000	
Social Security		4,500	
State Retirement		4,535	
Life Insurance		114	
Medical Insurance		17,244	
Employer Medicare		1,200	
Other Fringe Benefits		656	
Travel		8,565	
Other Contracted Services		500	
In Service/Staff Development		13,653	
Total Special Education Program			176,967

Vocational Education Program

Supervisor/Director	\$	3,824	
Employer Medicare		55	
Travel		2,016	
Total Vocational Education Program			5,895

Transportation

Bus Drivers	\$	70	
Contracts with Vehicle Owners		5,245	
Total Transportation			5,315

Total School Federal Projects Fund \$ 3,511,726

(Continued)

Exhibit K-8

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

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Clerical Personnel	\$	44,806	
Cafeteria Personnel		850,518	
Longevity Pay		14,590	
Other Salaries and Wages		46,602	
Social Security		56,261	
State Retirement		48,237	
Life Insurance		2,839	
Medical Insurance		225,610	
Employer Medicare		13,160	
Communication		9,602	
Maintenance and Repair Services - Equipment		9,444	
Other Contracted Services		16,993	
Food Supplies		1,260,910	
USDA - Commodities		93,628	
Other Supplies and Materials		123,685	
In Service/Staff Development		1,485	
Other Charges		1,083	
Food Service Equipment		29,639	
Total Food Service			\$ 2,849,092

Total Central Cafeteria Fund \$ 2,849,092

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Construction	\$	291	
Total Education Capital Projects			\$ 291

Total Education Capital Projects Fund 291

Total Governmental Funds - Monroe County School Department \$ 45,928,900

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, 2014

	Cities - Sales Tax Fund	City School ADA - Sweetwater Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,121,009	\$ 1,121,009
Trustee's Collections - Prior Years	0	40,287	40,287
Circuit/Clerk and Master Collections - Prior Years	0	22,696	22,696
Interest and Penalty	0	10,320	10,320
Pick-up Taxes	0	561	561
Payments in-Lieu-of Taxes - T.V.A.	0	9,805	9,805
Payments in-Lieu-of Taxes - Local Utilities	0	143,650	143,650
Payments in-Lieu-of Taxes - Other	0	180	180
Local Option Sales Tax	3,769,060	918,535	4,687,595
Business Tax	0	27,935	27,935
Other Local Option Taxes	0	84	84
Bank Excise Tax	0	3,381	3,381
Interstate Telecommunications Tax	0	1,135	1,135
Marriage Licenses	0	758	758
Income Tax	0	8,563	8,563
Mixed Drink Tax	0	905	905
State Revenue Sharing - T.V.A.	0	100,000	100,000
Total Cash Receipts	<u>\$ 3,769,060</u>	<u>\$ 2,409,804</u>	<u>\$ 6,178,864</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,731,369	\$ 2,373,743	\$ 6,105,112
Trustee's Commission	37,691	36,061	73,752
Total Cash Disbursements	<u>\$ 3,769,060</u>	<u>\$ 2,409,804</u>	<u>\$ 6,178,864</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 0
Cash Balance, July 1, 2013	0	0	0
Cash Balance, June 30, 2014	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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## SINGLE AUDIT SECTION

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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, 2014, 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 16, 2015. 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: 2014-003, 2014-004, 2014-005, and 2014-006.

### **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: 2014-001 and 2014-002.

### **Monroe County's Response to Findings**

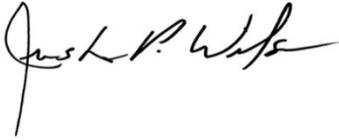
Monroe County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Monroe County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on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

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

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 16, 2015

JPW/kp



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT AUDIT  
SUITE 1500  
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NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7841

**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 Circular A-133 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, 2014. 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, 2014.

### **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

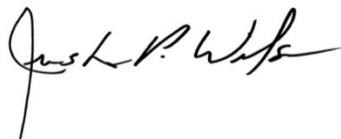
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2014, and the related notes to the financial statements, which collectively comprise Monroe County's basic financial statements. We issued our report thereon dated January 16, 2015, 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 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 16, 2015

JPW/kp

Monroe County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2014

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	\$ 93,628 (3)
Schools and Roads - Grants to States	10.665	N/A	264,648
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	447,006
National School Lunch Program	10.555	N/A	1,460,994 (3)
Passed-through State Department of Human Services:			
Summer Food Service Program for Children	10.559	N/A	52,666
Total U.S. Department of Agriculture			\$ 2,318,942
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 51,106
Total Bureau of Land Management, Department of the Interior			\$ 51,106
U.S. Department of the Interior:			
Passed-through State Department of Environment and Conservation:			
Historic Preservation Fund Grants-in-Aid	15.904	(2)	\$ 11,605
Total U.S. Department of the Interior			\$ 11,605
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(2)	\$ 446,604
Highway Planning and Construction	20.205	(2)	17,530
Total U.S. Department of Transportation			\$ 464,134
Tennessee Valley Authority:			
Direct Program:			
Appalachian Area Development	23.002	(2)	\$ 289,614
Total Tennessee Valley Authority			\$ 289,614
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(2)	\$ 1,538,380
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	1,079,022
Special Education - Preschool Grants	84.173	(2)	35,670
Career and Technical Education - Basic Grants to States	84.048	(2)	107,431
Rural Education	84.358	N/A	63,467
Improving Teacher Quality State Grants	84.367	N/A	408,268
School Improvement Grants	84.377	N/A	123,511
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	217,909
Total U.S. Department of Education			\$ 3,573,658

(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. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 1,463
Total U.S. Election Assistance Commission			<u>\$ 1,463</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	(2)	\$ 112,896
Total U.S. Department of Health and Human Services			<u>\$ 112,896</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(2)	\$ 1,530
Total U.S. Department of Homeland Security			<u>\$ 1,530</u>
Total Expenditures of Federal Awards			<u>\$ 6,824,948</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Juvenile Services Program - State Children's Services Commission	N/A	(2)	\$ 6,750
Litter Program - State Department of Transportation	N/A	(2)	44,900
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	13,688
Law Enforcement Training - State Department of Safety	N/A	(2)	23,400
Airport Maintenance - State Department of Transportation	N/A	(2)	29,279
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	355,231
Driver's Education - State Department of Education	N/A	(2)	30,375
Local Health Services - State Department of Health	N/A	(2)	<u>14,985</u>
Total State Grants			<u>\$ 518,608</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 \$1,554,622.

Monroe County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2014

*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, 2013, which have not been corrected.

**OFFICE OF FINANCE DIRECTOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-001	180	General ledger cash accounts were not reconciled with county trustee reports properly

**OFFICE OF SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-003	181	Duties were not segregated adequately

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**MONROE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2014**

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**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 disclosed 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 Child Nutrition Cluster: the School Breakfast Program, the National School Lunch Program, and the Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); the Improving Teacher Quality State Grants (CFDA No. 84.367); and the Airport Improvement Program (CFDA No. 20.106) 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, 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 FINANCE DIRECTOR**

#### **FINDING 2014-001**

#### **GENERAL LEDGER CASH ACCOUNTS WERE NOT RECONCILED WITH COUNTY TRUSTEE REPORTS MONTHLY**

(Noncompliance Under *Government Auditing Standards*)

The office did not reconcile general ledger cash accounts in the General Purpose School, School Federal Projects, and Central Cafeteria funds with county trustee reports monthly. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with records of the county trustee monthly. Failure to reconcile general ledger cash accounts with county trustee's reports increases the risk that errors may occur and not be detected. This deficiency resulted from a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

#### **RECOMMENDATION**

The office should reconcile general ledger cash accounts with county trustee reports monthly as required by state statute, and any errors discovered should be corrected promptly.

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#### **FINDING 2014-002**

#### **EXPENDITURES EXCEEDED APPROPRIATIONS**

(Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in budget operations of the office:

- A. Expenditures exceeded appropriations in the following funds' major appropriation categories (the legal level of control):

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
County Coroner/Medical Examiner	\$ 8,673
Libraries	9,532
General Purpose School:	
Attendance	1,650
Other Student Support	22,169
Board of Education	33,745
Operation of Plant	84,400
Food Service	19,778
School Federal Projects:	
Vocational Educational Program	220

- B. Salaries exceeded appropriations in several line-item accounts in the General Purpose School Fund by amounts ranging from \$220 to \$135,925.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various county departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

Also, the budget resolution approved by the County Commission states that the salary, wages, or remuneration of each officer, employee, or agent of the county shall not be in excess of the amounts set forth in the estimate of expenditures which accompanies this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission and Board of Education, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission and Board of Education.

FINDING 2014-003

**THE GENERAL PURPOSE SCHOOL AND CENTRAL CAFETERIA FUNDS HAD DEFICIENCIES REGARDING JOURNAL ENTRIES**

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

During our review of journal entries posted to the General Purpose School and Central Cafeteria funds, we noted the following deficiencies, which resulted from a lack of management oversight.

- A. During our examination, we noted where school personnel had made journal entries near the end of the year to the General Purpose School and Central Cafeteria funds transferring expenditures from one line-item to another line-item. These journal entries were an apparent attempt to keep expenditures within appropriations to avoid the necessity of soliciting budget amendments. These journal entries resulted in expenditure accounts not reflecting the true nature of some transactions. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool. The misclassifications in these funds have been corrected in the financial statements of this report.
- B. Documentation was not available or the documentation was inadequate for several journal entries that were posted to the General Purpose School Fund's general ledger. As a result, auditors were not always able to determine if the journal entries were appropriate.

RECOMMENDATION

Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions. When necessary, budget amendments should be submitted to the Board of Education and the County Commission for their consideration and approval. Furthermore, adequate documentation should be maintained for all journal entries.

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**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

FINDING 2014-004

**THE OFFICE SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**

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

The following internal control deficiencies related to the office software were identified:

- A. Employees with deletion permissions can delete cases with receipt history and/or current balances without leaving an adequate audit trail.

- B. A general ledger account with an existing balance can be deleted from the application. If deleted, the related account information is removed from the application.
- C. The application allows a user to void/delete 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.

### RECOMMENDATION

Employees should not have the capability to delete cases that have any receipt activity associated with the case. Also, the capability to delete a general ledger account with an existing balance should be removed. In addition, the application should not allow a transaction to be deleted/voided from the general ledger detail. A voided transaction should create a reversal of the original transaction, and both transactions should be maintained in the detailed general ledger.

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### FINDING 2014-005

#### **AN ADEQUATE TRIAL BALANCE OF THE EXECUTION DOCKET CAUSE BALANCES WAS NOT PROVIDED** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Office of Circuit and General Sessions Courts Clerk did not provide an adequate trial balance of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*. The office started using a new court computer application in August 2013 that did not have the ability to generate a docket trial balance. At June 30, 2014, the clerk was able to generate listings of undisbursed items. However, these listings did not reconcile with the court's general ledger accounts. In addition, the undisbursed receipt listings did not give specific information on case numbers. The information provided on these listings included the receipt number, receipt date, and receipt amount by general ledger account number. Other information provided was to reference the receipt number and/or transaction number; therefore, we were not able to verify the information to individual cases. 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. The failure to accurately reconcile the 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

An execution docket trial balance should be maintained for each court. These execution docket trial balances should be reconciled with general ledger accounts, and any differences should be investigated.

## MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

The issues that were found were all due to our new software and have been addressed and will be corrected when our update is done very shortly. The docket trial balance is being finalized to be sure it covers all requirements. Our vendor has been in contact with the Division of Local Government Audit for several months now and has been working diligently to correct any deficiencies. You can be assured that all matters will be taken care of immediately.

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## OFFICE OF SHERIFF

### FINDING 2014-006

### **DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

Duties were not segregated adequately among the official and employees in the Office of Sheriff. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

## RECOMMENDATION

The sheriff should segregate duties to the extent possible using available resources.

**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, 2014**

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