

ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2018



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2018**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Monroe County, Tennessee
For the Year Ended June 30, 2018

Scope

We have audited the basic financial statements of Monroe County as of and for the year ended June 30, 2018.

Results

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

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

Findings

The following is a summary of the audit finding:

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

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

INTRODUCTORY SECTION

Monroe County Officials

June 30, 2018

Officials

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

Board of County Commissioners

Richard Kirkland, Chairman	Mitch Ingram
Wanda Alexander	Bennie Moser
Marty Allen	Bill Shadden
Bill Bivins	Roger Thomas
Harold Hawkins, Jr.	Paulette Summey

Board of Education

Janie Harrill, Chairman	Jason Miller
Jo T. Cagle	Marsha Standridge
Sharon Freeman	Larry Stein
Faye Green	Dewitt Upton
Sonya Lynn	

Financial Management Committee

Marty Allen, Chairman	Mitch Ingram
Tim Yates, County Mayor	Paulette Summey
Steve Teague, Road Superintendent	Roger Thomas
Tim Blankenship, Director of Schools	

Audit Committee

Jim Fairweather, Chairman
Jeff Amburn
Doug Richesin

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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, 2018, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Monroe County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes restatements reducing the beginning net position of the Governmental Activities of the primary government and the discretely presented Monroe County School Department by \$213,930 and \$1,689,193 respectively, on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedules of county and school total OPEB liabilities and related ratios of on pages 104-113 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 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), miscellaneous schedules and other information such as the introductory section and management's corrective action plan are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is 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), schedule of expenditures of federal awards, 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

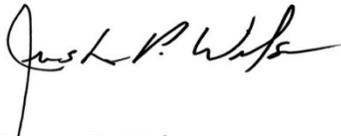
accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Monroe County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2019, 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 solely 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 the effectiveness of Monroe County's 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 4, 2019

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Monroe County, Tennessee
Statement of Net Position
June 30, 2018

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Monroe County School Department</u>
<u>ASSETS</u>		
Cash	\$ 6,917	\$ 2,549
Equity in Pooled Cash and Investments	48,466,004	9,242,319
Accounts Receivable	1,762,786	69,579
Allowance for Uncollectibles	(574,299)	0
Due from Other Governments	732,595	1,618,331
Due from Primary Government	0	52
Due from Component Unit	150,859	0
Property Taxes Receivable	15,867,302	5,368,779
Allowance for Uncollectible Property Taxes	(676,097)	(228,761)
Net Pension Asset - Agent Plan	718,029	341,323
Net Pension Asset - Teacher Retirement Plan	0	83,428
Net Pension Asset - Teacher Legacy Retirement Plan	0	156,631
Capital Assets		
Assets Not Depreciated:		
Land	1,423,034	864,562
Construction in Progress	14,879,998	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	4,462,006	42,058,496
Other Capital Assets	3,954,433	642,436
Infrastructure - Roads, Streets, and Bridges	86,247,013	0
Total Assets	<u>\$ 177,420,580</u>	<u>\$ 60,219,724</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 136,399	\$ 162,193
Pension Changes in Assumptions	534,474	1,587,977
Pension Changes in Investment Earnings	0	23,776
Pension Other Deferrals	0	445,504
Pension Contributions after Measurement Date	443,334	1,911,605
OPEB Contributions after Measurement Date	5,938	315,237
Accumulated Decrease in Fair Value of Hedging Derivatives	1,665,219	0
Total Deferred Outflows of Resources	<u>\$ 2,785,364</u>	<u>\$ 4,446,292</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 375,942	\$ 132,332
Accrued Payroll	118,621	3,343,666
Payroll Deductions Payable	332,314	2,083,587
Contracts Payable	1,357,501	0
Retainage Payable	150,833	0
Accrued Interest Payable	205,974	0
Due to Primary Government	0	150,859
Due to Component Units	52	0
Due to Other Taxing Units	1,757	0
Derivative - Interest Rate Swap	1,758,804	0
Noncurrent Liabilities:		
Due Within One Year	33,848,443	0
Due in More Than One Year	51,031,130	8,749,774
Total Liabilities	<u>\$ 89,181,371</u>	<u>\$ 14,460,218</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Units Monroe County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 14,775,863	\$ 4,999,480
Pension Changes in Experience	529,551	3,491,712
Pension Changes in Investment Earnings	2,635	5,741
Pension Other Deferrals	0	492,576
OPEB Changes in Assumptions	59,444	453,775
Total Deferred Inflows of Resources	<u>\$ 15,367,493</u>	<u>\$ 9,443,284</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 74,793,977	\$ 43,565,494
Restricted for:		
General Government	136,627	0
Finance	44,482	0
Administration of Justice	48,390	0
Public Safety	190,604	0
Public Health and Welfare	1,005,735	0
Highways	1,895,257	0
Education	0	1,716,160
Debt Service	12,664,236	0
Capital Projects	22,751,956	0
Pensions	718,029	581,382
Unrestricted	<u>(38,592,213)</u>	<u>(5,100,522)</u>
Total Net Position	<u>\$ 75,657,080</u>	<u>\$ 40,762,514</u>

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

Exhibit B

Monroe County, Tennessee
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Total Governmental Activities	Monroe County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 4,154,093	\$ 598,442	\$ 133,693	\$ 209,472	\$ (3,212,486)	\$ 0
Finance	1,963,423	1,163,987	0	0	(799,436)	0
Administration of Justice	1,665,109	900,197	9,000	0	(755,912)	0
Public Safety	7,321,159	1,345,786	332,412	20,000	(5,622,961)	0
Public Health and Welfare	5,329,964	3,428,103	288,554	0	(1,613,307)	0
Social, Cultural, and Recreational Services	326,929	0	0	0	(326,929)	0
Agriculture and Natural Resources	134,918	0	0	0	(134,918)	0
Highways	8,339,900	230,709	2,535,350	658,882	(4,914,959)	0
Education	48,649	0	3,591	0	(45,058)	0
Interest on Long-term Debt	2,041,576	0	0	0	(2,041,576)	0
Total Primary Government	\$ 31,325,720	\$ 7,667,224	\$ 3,302,600	\$ 888,354	\$ (19,467,542)	\$ 0
Component Unit:						
Monroe County School Department	\$ 47,371,377	\$ 869,867	\$ 6,476,230	\$ 0	\$ 0	\$ (40,025,280)
Total Component Unit	\$ 47,371,377	\$ 869,867	\$ 6,476,230	\$ 0	\$ 0	\$ (40,025,280)

(Continued)

Exhibit B

Monroe County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Total Governmental Activities	Monroe County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 10,301,255	\$ 5,169,226
Property Taxes Levied for Debt Service					3,572,140	0
Local Option Sales Taxes					738,646	3,645,222
Hotel/Motel Tax					181,614	0
Wheel Tax					991,577	0
Litigation Tax - General					68,858	0
Litigation Tax - Special Purpose					34,612	0
Litigation Tax - Jail, Workhouse, or Courthouse					166,963	0
Business Tax					230,558	124,482
Wholesale Beer Tax					72,725	0
Mixed Drink Tax					0	4,522
Mineral Severance Tax					29,802	0
Income Tax					0	36,682
Other Local Taxes					0	331
Grants and Contributions Not Restricted to Specific Programs					2,361,071	29,982,111
Unrestricted Investment Income					325,289	8
Sale of Equipment					8,100	5,815
Miscellaneous					35,730	171,696
Total General Revenues					\$ 19,118,940	\$ 39,140,095
Insurance Recovery					\$ 25,958	\$ 44,824
Total Revenues and Other Sources (Uses)					\$ 19,144,898	\$ 39,184,919
Change in Fair Value of Derivatives - Interest Rate Swap					\$ 114,511	\$ 0
Change in Net Position					\$ (208,133)	\$ (840,361)
Restatement for OPEB - See Note I.D.9					(213,930)	(1,689,193)
Net Position, July 1, 2017					76,079,143	43,292,068
Net Position, June 30, 2018					\$ 75,657,080	\$ 40,762,514

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

Exhibit C-1

Monroe County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Capital Projects -	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 4,908	\$ 0	\$ 0	\$ 0	\$ 2,009	\$ 6,917
Equity in Pooled Cash and Investments	6,888,306	1,786,515	12,628,234	20,350,509	5,137,565	46,791,129
Accounts Receivable	1,744,111	4,528	11	0	4,142	1,752,792
Allowance for Uncollectibles	(574,299)	0	0	0	0	(574,299)
Due from Other Governments	425,460	260,624	37,945	0	8,566	732,595
Due from Other Funds	1,907	38,047	0	0	186	40,140
Property Taxes Receivable	9,569,368	1,144,863	4,084,076	0	1,068,995	15,867,302
Allowance for Uncollectible Property Taxes	(407,745)	(48,782)	(174,020)	0	(45,550)	(676,097)
Total Assets	\$ 17,652,016	\$ 3,185,795	\$ 16,576,246	\$ 20,350,509	\$ 6,175,913	\$ 63,940,479
<u>LIABILITIES</u>						
Accounts Payable	\$ 163,034	\$ 18,044	\$ 0	\$ 0	\$ 105,619	\$ 286,697
Accrued Payroll	92,109	19,910	0	0	6,602	118,621
Payroll Deductions Payable	280,843	38,867	0	0	12,604	332,314
Contracts Payable	0	0	0	1,357,501	0	1,357,501
Retainage Payable	0	0	0	150,833	0	150,833
Due to Other Funds	34,303	0	0	0	5,837	40,140
Due to Component Units	52	0	0	0	0	52
Due to Other Taxing Units	1,757	0	0	0	0	1,757
Total Liabilities	\$ 572,098	\$ 76,821	\$ 0	\$ 1,508,334	\$ 130,662	\$ 2,287,915
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 8,911,122	\$ 1,066,118	\$ 3,803,151	\$ 0	\$ 995,472	\$ 14,775,863

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Capital Projects -	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>						
Deferred Delinquent Property Taxes	\$ 225,778	\$ 27,012	\$ 96,359	\$ 0	\$ 25,222	\$ 374,371
Other Deferred/Unavailable Revenue	699,019	3,500	12,500	0	0	715,019
Total Deferred Inflows of Resources	\$ 9,835,919	\$ 1,096,630	\$ 3,912,010	\$ 0	\$ 1,020,694	\$ 15,865,253
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 135,627	\$ 0	\$ 0	\$ 0	\$ 0	\$ 135,627
Restricted for Finance	44,482	0	0	0	0	44,482
Restricted for Administration of Justice	48,390	0	0	0	0	48,390
Restricted for Public Safety	56,981	0	0	0	133,623	190,604
Restricted for Public Health and Welfare	0	0	0	0	980,513	980,513
Restricted for Highways/Public Works	0	1,958,992	0	0	0	1,958,992
Restricted for Debt Service	0	0	12,664,236	0	0	12,664,236
Restricted for Capital Projects	0	0	0	18,842,175	3,909,781	22,751,956
Restricted for Other Purposes	1,000	0	0	0	0	1,000
Committed:						
Committed for General Government	1,632,260	0	0	0	0	1,632,260
Committed for Public Safety	21,895	0	0	0	0	21,895
Committed for Other Operations	79,291	0	0	0	0	79,291
Committed for Capital Outlay	318,090	0	0	0	0	318,090
Assigned:						
Assigned for General Government	6,504	0	0	0	0	6,504
Assigned for Finance	296	0	0	0	0	296
Assigned for Administration of Justice	6,697	0	0	0	0	6,697
Assigned for Public Safety	13,507	0	0	0	640	14,147

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Capital Projects -	Other Govern- mental Funds	
<u>FUND BALANCES (Cont.)</u>						
Assigned (Cont.):						
Assigned for Public Health and Welfare	\$ 27,137	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,137
Assigned for Other Operations	619	0	0	0	0	619
Assigned for Highways/Public Works	0	53,352	0	0	0	53,352
Assigned for Other Purposes	88,405	0	0	0	0	88,405
Unassigned	4,762,818	0	0	0	0	4,762,818
Total Fund Balances	<u>\$ 7,243,999</u>	<u>\$ 2,012,344</u>	<u>\$ 12,664,236</u>	<u>\$ 18,842,175</u>	<u>\$ 5,024,557</u>	<u>\$ 45,787,311</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,652,016</u>	<u>\$ 3,185,795</u>	<u>\$ 16,576,246</u>	<u>\$ 20,350,509</u>	<u>\$ 6,175,913</u>	<u>\$ 63,940,479</u>

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

Exhibit C-2

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2018

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)		\$ 45,787,311
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Add: land	\$ 1,423,034	
Add: construction in progress	14,879,998	
Add: buildings and improvements net of accumulated depreciation	4,462,006	
Add: infrastructure net of accumulated depreciation	86,247,013	
Add: other capital assets net of accumulated depreciation	<u>3,954,433</u>	110,966,484
(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.		1,595,624
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (24,205,000)	
Less: notes payable	(30,915,000)	
Less: other loans payable	(27,049,890)	
Less: capital lease payable	(1,409,406)	
Add: debt to be contributed by the School Department	150,859	
Less: compensated absences payable	(562,274)	
Less: landfill closure/postclosure care costs	(125,731)	
Less: fair value of investment-type derivative - interest rate swap	(93,585)	
Less: accrued interest on bonds, notes, other loans, and capital leases	(205,974)	
Less: OPEB obligations	<u>(612,272)</u>	(85,028,273)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 1,114,207	
Less: deferred inflows of resources related to pensions	(532,186)	
Add: deferred outflows of resources related to OPEB	5,938	
Less: deferred inflows of resources related to OPEB	<u>(59,444)</u>	528,515
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		718,029
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,089,390</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 75,657,080</u></u>

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

Exhibit C-3

Monroe County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Capital Projects -	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 11,274,650	\$ 1,148,510	\$ 5,054,153	\$ 0	\$ 941,730	\$ 18,419,043
Licenses and Permits	152,250	0	0	0	0	152,250
Fines, Forfeitures, and Penalties	222,859	0	0	0	150,860	373,719
Charges for Current Services	3,745,182	230,709	0	0	44,668	4,020,559
Other Local Revenues	67,865	9,790	325,271	0	28,291	431,217
Fees Received From County Officials	2,022,860	0	0	0	0	2,022,860
State of Tennessee	1,761,285	3,338,145	32,085	0	93,732	5,225,247
Federal Government	298,612	81,560	0	0	0	380,172
Other Governments and Citizens Groups	312,163	0	56,779	0	0	368,942
Total Revenues	\$ 19,857,726	\$ 4,808,714	\$ 5,468,288	\$ 0	\$ 1,259,281	\$ 31,394,009
<u>Expenditures</u>						
Current:						
General Government	\$ 2,791,650	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,791,650
Finance	1,949,520	0	0	0	0	1,949,520
Administration of Justice	1,653,791	0	0	0	6,040	1,659,831
Public Safety	7,110,835	0	0	0	158,738	7,269,573
Public Health and Welfare	4,546,877	0	0	0	1,146,725	5,693,602
Social, Cultural, and Recreational Services	326,929	0	0	0	0	326,929
Agriculture and Natural Resources	137,359	0	0	0	0	137,359
Other Operations	1,321,193	0	0	0	0	1,321,193
Highways	0	4,907,469	0	0	125,926	5,033,395
Debt Service:						
Principal on Debt	0	0	1,982,214	0	0	1,982,214
Interest on Debt	0	0	1,834,359	0	370,980	2,205,339
Other Debt Service	0	0	300,507	0	7,250	307,757

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Capital Projects -	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 1,462	\$ 0	\$ 0	\$ 11,438,074	\$ 424,927	\$ 11,864,463
Capital Projects - Donated	0	0	0	0	48,649	48,649
Total Expenditures	\$ 19,839,616	\$ 4,907,469	\$ 4,117,080	\$ 11,438,074	\$ 2,289,235	\$ 42,591,474
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 18,110	\$ (98,755)	\$ 1,351,208	\$ (11,438,074)	\$ (1,029,954)	\$ (11,197,465)
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 554,550	\$ 324,269	\$ 0	\$ 0	\$ 48,649	\$ 927,468
Refunding Debt Issued	0	0	9,725,000	0	0	9,725,000
Premiums on Debt Sold	0	0	121,413	0	0	121,413
Insurance Recovery	40,488	0	0	0	0	40,488
Payments to Refunded Debt Escrow Agent	0	0	(9,638,000)	0	0	(9,638,000)
Total Other Financing Sources (Uses)	\$ 595,038	\$ 324,269	\$ 208,413	\$ 0	\$ 48,649	\$ 1,176,369
Net Change in Fund Balances	\$ 613,148	\$ 225,514	\$ 1,559,621	\$ (11,438,074)	\$ (981,305)	\$ (10,021,096)
Fund Balance, July 1, 2017	6,630,851	1,786,830	11,104,615	30,280,249	6,005,862	55,808,407
Fund Balance, June 30, 2018	\$ 7,243,999	\$ 2,012,344	\$ 12,664,236	\$ 18,842,175	\$ 5,024,557	\$ 45,787,311

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, 2018

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)		\$ (10,021,096)
(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	\$ 13,552,926	
Less: current-year depreciation expense	<u>(5,313,632)</u>	8,239,294
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of assets disposed		(38,936)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2018	\$ 1,089,390	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(1,505,528)</u>	(416,138)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on bonds	\$ 954,968	
Add: principal payments on other loans	982,188	
Add: principal payments on capital leases	579,856	
Add: principal amount of other loans refunded	9,638,000	
Add: change in premium on debt issuances	269,101	
Less: bond proceeds	(9,725,000)	
Less: capital lease proceeds	(927,468)	
Add: capital leases contributed to the School Department	48,649	
Less: contributions from the School Department for capital leases	(45,058)	
Less: change in deferred amount on refunding debt	<u>(95,406)</u>	1,679,830
(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	\$ 36,242	
Change in accreted interest payable	222,927	
Change in OPEB Obligation (net of restatement)	21,896	
Change in deferred outflows related to OPEB	5,938	
Change in deferred inflows related to OPEB	(59,444)	
Change in net pension liability/asset	414,451	
Change in deferred outflows related to pensions	(396,084)	
Change in deferred inflows related to pensions	130,631	
Change in compensated absences payable	(28,028)	
Change in landfill postclosure care costs	<u>11,477</u>	360,006
(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.		(125,604)
(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>114,511</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (208,133)</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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,274,650	\$ 0	\$ 0	\$ 11,274,650	\$ 12,257,559	\$ 12,257,559	\$ (982,909)
Licenses and Permits	152,250	0	0	152,250	144,925	165,562	(13,312)
Fines, Forfeitures, and Penalties	222,859	0	0	222,859	179,350	179,350	43,509
Charges for Current Services	3,745,182	0	0	3,745,182	3,719,030	3,793,350	(48,168)
Other Local Revenues	67,865	0	0	67,865	65,804	74,902	(7,037)
Fees Received From County Officials	2,022,860	0	0	2,022,860	2,097,022	2,097,022	(74,162)
State of Tennessee	1,761,285	0	0	1,761,285	1,586,219	1,582,782	178,503
Federal Government	298,612	0	0	298,612	672,764	963,754	(665,142)
Other Governments and Citizens Groups	312,163	0	0	312,163	360,620	361,020	(48,857)
Total Revenues	\$ 19,857,726	\$ 0	\$ 0	\$ 19,857,726	\$ 21,083,293	\$ 21,475,301	\$ (1,617,575)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 292,100	\$ 0	\$ 15	\$ 292,115	\$ 382,980	\$ 382,980	\$ 90,865
Board of Equalization	3,600	0	0	3,600	3,200	3,800	200
County Mayor/Executive	193,611	0	12	193,623	220,538	220,538	26,915
Personnel Office	152,405	(782)	0	151,623	196,974	196,974	45,351
County Attorney	66,434	0	0	66,434	75,000	75,000	8,566
Election Commission	329,359	(80)	1,200	330,479	514,911	355,866	25,387
Register of Deeds	402,202	0	0	402,202	401,992	419,222	17,020
Planning	67,388	0	0	67,388	91,012	91,012	23,624
Engineering	111,923	0	0	111,923	122,373	122,373	10,450
Codes Compliance	43,260	0	0	43,260	54,873	54,873	11,613
Geographical Information Systems	133,616	0	0	133,616	143,042	143,042	9,426
County Buildings	696,073	(4,022)	5,277	697,328	797,652	816,313	118,985
Other General Administration	275,468	0	0	275,468	255,700	281,700	6,232
Preservation of Records	24,211	0	0	24,211	27,673	35,068	10,857
<u>Finance</u>							
Accounting and Budgeting	628,762	(456)	296	628,602	682,202	682,202	53,600
Property Assessor's Office	324,368	(914)	0	323,454	352,959	377,959	54,505

(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 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Reappraisal Program	\$ 115,487	\$ 0	\$ 0	\$ 115,487	\$ 140,137	\$ 139,537	\$ 24,050
County Trustee's Office	339,203	0	0	339,203	374,623	374,623	35,420
County Clerk's Office	541,700	(2,605)	0	539,095	557,933	557,933	18,838
<u>Administration of Justice</u>							
Circuit Court	1,088,772	(42)	0	1,088,730	1,160,822	1,204,854	116,124
General Sessions Judge	246,530	0	0	246,530	271,997	271,997	25,467
Chancery Court	255,570	0	5,697	261,267	347,130	318,229	56,962
Probate Court	51,584	0	1,000	52,584	53,978	53,978	1,394
Other Administration of Justice	11,335	0	0	11,335	44,765	43,965	32,630
<u>Public Safety</u>							
Sheriff's Department	3,549,804	(672)	7,337	3,556,469	3,653,571	3,760,050	203,581
Administration of the Sexual Offender Registry	2,768	0	0	2,768	1,200	2,768	0
Jail	2,669,811	(7,290)	1,334	2,663,855	2,802,328	2,806,508	142,653
Juvenile Services	127,891	0	0	127,891	141,519	146,919	19,028
Fire Prevention and Control	238,475	0	0	238,475	245,000	245,000	6,525
Rescue Squad	55,000	0	0	55,000	55,000	55,000	0
Other Emergency Management	181,447	0	700	182,147	147,904	186,700	4,553
County Coroner/Medical Examiner	103,839	0	0	103,839	94,064	106,664	2,825
Other Public Safety	181,800	0	0	181,800	181,800	181,800	0
<u>Public Health and Welfare</u>							
Local Health Center	51,137	(140)	0	50,997	66,100	66,807	15,810
Rabies and Animal Control	198,255	(12,033)	13,506	199,728	237,720	239,270	39,542
Ambulance/Emergency Medical Services	3,663,674	(18,061)	8,305	3,653,918	3,491,738	4,018,299	364,381
Dental Health Program	407,793	(3,656)	5,325	409,462	567,430	533,891	124,429
Alcohol and Drug Programs	9,323	0	0	9,323	9,323	9,323	0
Crippled Children Services	1,995	0	0	1,995	1,995	1,995	0
Other Local Health Services	214,700	0	0	214,700	323,281	348,609	133,909
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	38,000	0	0	38,000	38,000	38,000	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 7/1/2017	Add: Encumbrances 6/30/2018	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 (Cont.)</u>							
Libraries	\$ 121,053	\$ 0	\$ 0	\$ 121,053	\$ 122,191	\$ 124,191	\$ 3,138
Other Social, Cultural, and Recreational	167,876	0	0	167,876	145,850	180,850	12,974
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	80,629	0	0	80,629	83,424	83,622	2,993
Soil Conservation	54,730	0	0	54,730	56,097	56,097	1,367
Flood Control	2,000	0	0	2,000	2,000	2,000	0
<u>Other Operations</u>							
Tourism	297,930	(30)	49	297,949	288,172	330,209	32,260
Industrial Development	474,885	(310)	70	474,645	1,079,162	1,310,861	836,216
Airport	489,680	0	500	490,180	397,774	666,741	176,561
Veterans' Services	40,807	0	0	40,807	52,565	52,565	11,758
Contributions to Other Agencies	8,320	0	0	8,320	12,000	12,000	3,680
Employee Benefits	9,571	0	0	9,571	43,540	18,040	8,469
<u>Capital Projects</u>							
Public Safety Projects	1,462	0	0	1,462	10,000	10,000	8,538
Total Expenditures	\$ 19,839,616	\$ (51,093)	\$ 50,623	\$ 19,839,146	\$ 21,625,214	\$ 22,818,817	\$ 2,979,671
Excess (Deficiency) of Revenues Over Expenditures	\$ 18,110	\$ 51,093	\$ (50,623)	\$ 18,580	\$ (541,921)	\$ (1,343,516)	\$ 1,362,096
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 554,550	\$ 0	\$ 0	\$ 554,550	\$ 0	\$ 554,550	\$ 0
Insurance Recovery	40,488	0	0	40,488	0	49,052	(8,564)
Transfers Out	0	0	0	0	(27,000)	(27,000)	27,000
Total Other Financing Sources	\$ 595,038	\$ 0	\$ 0	\$ 595,038	\$ (27,000)	\$ 576,602	\$ 18,436

(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 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 613,148	\$ 51,093	\$ (50,623)	\$ 613,618	\$ (568,921)	\$ (766,914)	\$ 1,380,532
Fund Balance, July 1, 2017	6,630,851	(51,093)	0	6,579,758	6,533,571	6,533,571	46,187
Fund Balance, June 30, 2018	\$ 7,243,999	\$ 0	\$ (50,623)	\$ 7,193,376	\$ 5,964,650	\$ 5,766,657	\$ 1,426,719

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,148,510	\$ 0	\$ 0	\$ 1,148,510	\$ 1,260,240	\$ 1,260,240	\$ (111,730)
Charges for Current Services	230,709	0	0	230,709	219,186	219,186	11,523
Other Local Revenues	9,790	0	0	9,790	6,999	7,540	2,250
State of Tennessee	3,338,145	0	0	3,338,145	2,820,444	3,179,115	159,030
Federal Government	81,560	0	0	81,560	28,344	28,344	53,216
Total Revenues	\$ 4,808,714	\$ 0	\$ 0	\$ 4,808,714	\$ 4,335,213	\$ 4,694,425	\$ 114,289
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 249,451	\$ 0	\$ 200	\$ 249,651	\$ 253,350	\$ 253,350	\$ 3,699
Highway and Bridge Maintenance	2,274,995	(67,050)	37,065	2,245,010	2,481,262	2,481,262	236,252
Operation and Maintenance of Equipment	601,690	(9,389)	16,087	608,388	679,050	679,050	70,662
Other Charges	258,022	0	0	258,022	315,249	305,249	47,227
Employee Benefits	7,634	0	0	7,634	5,000	15,000	7,366
Capital Outlay	1,515,677	(171,124)	0	1,344,553	627,984	1,419,756	75,203
Total Expenditures	\$ 4,907,469	\$ (247,563)	\$ 53,352	\$ 4,713,258	\$ 4,361,895	\$ 5,153,667	\$ 440,409
Excess (Deficiency) of Revenues Over Expenditures	\$ (98,755)	\$ 247,563	\$ (53,352)	\$ 95,456	\$ (26,682)	\$ (459,242)	\$ 554,698
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 324,269	\$ 0	\$ 0	\$ 324,269	\$ 0	\$ 324,269	\$ 0
Insurance Recovery	0	0	0	0	0	1,550	(1,550)
Total Other Financing Sources	\$ 324,269	\$ 0	\$ 0	\$ 324,269	\$ 0	\$ 325,819	\$ (1,550)
Net Change in Fund Balance	\$ 225,514	\$ 247,563	\$ (53,352)	\$ 419,725	\$ (26,682)	\$ (133,423)	\$ 553,148
Fund Balance, July 1, 2017	1,786,830	(247,563)	0	1,539,267	615,533	615,533	923,734
Fund Balance, June 30, 2018	\$ 2,012,344	\$ 0	\$ (53,352)	\$ 1,958,992	\$ 588,851	\$ 482,110	\$ 1,476,882

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, 2018

	Governmental Activities - Internal Service Fund
	Employee Insurance - Fund
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 1,674,875
Accounts Receivable	9,994
Total Assets	<u>\$ 1,684,869</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	<u>\$ 89,245</u>
Total Liabilities	<u>\$ 89,245</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 1,595,624</u>
Total Net Position	<u><u>\$ 1,595,624</u></u>

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

Monroe County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Fund
For the Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund
	<u>Employee Health Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 2,565,572
Total Operating Revenues	<u>\$ 2,565,572</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 104,659
Medical Claims	2,230,931
Insurance Premiums	355,586
Total Operating Expenses	<u>\$ 2,691,176</u>
Operating Income (Loss)	<u>\$ (125,604)</u>
Change in Net Position	\$ (125,604)
Net Position, July 1, 2017	<u>1,721,228</u>
Net Position, June, 30, 2018	<u>\$ 1,595,624</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, 2018

	Governmental Activities - Internal Service Fund
	Employee Health Insurance Fund
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 2,445,976
Payments to Fiscal Agents	(104,659)
Payments to Insurers	(355,586)
Stop-loss Recovery	240,047
Payments for Claims	(2,515,338)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (289,560)</u>
Increase (Decrease) in Cash	\$ (289,560)
Cash, July 1, 2017	<u>1,964,435</u>
Cash, June 30, 2018	<u>\$ 1,674,875</u>
<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (125,604)
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	94,081
Increase (Decrease) in Current Liabilities	(44,360)
Increase (Decrease) in Unearned Revenue	(213,677)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (289,560)</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, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,481,035
Equity in Pooled Cash and Investments	1,997
Due from Other Governments	501,358
Taxes Receivable	1,518,840
Allowance for Uncollectible Taxes	<u>(64,717)</u>
Total Assets	<u>\$ 3,438,513</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,957,478
Due to Litigants, Heirs, and Others	<u>1,481,035</u>
Total Liabilities	<u>\$ 3,438,513</u>

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

MONROE COUNTY, TENNESSEE
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MONROE COUNTY, TENNESSEE
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MONROE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The Monroe County Women's Wellness and Maternity Center was organized to provide prenatal care and counseling, as well as a lower cost option of delivery for citizens of the area, and the Monroe County Commission appoints its governing body. Monroe County has assisted the operations of the Women's Wellness and Maternity Center through the issuance of capital outlay notes for facility construction and improvements. The Monroe County Women's Wellness and Maternity Center's auditors reported a going-concern issue in the audit of the fiscal year ending June 30, 2016, and the center ceased operations in April 2018. There was no audit report for the center for the fiscal year ending June 30, 2017; however, in the past, the center's financial

statements were not material to the component units' opinion unit. Therefore, the omission of the center's financial statements and the closure of the center do not affect the financial statements or modify the opinion of the county.

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

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

Administrative Office:

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. Net debt issues totaling \$48,649 were contributed by the county to the School Department during the year ended June 30, 2018.

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.

Other Capital Projects Fund – This fund is used to account for expenditures associated with the construction of a new Justice Center.

Additionally, Monroe County reports the following fund types:

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

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

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

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.

Central Cafeteria Fund – This special revenue fund is used to account for the cafeteria operations in each of the schools. USDA School Lunch and Breakfast Programs and payments received from the sale of meals are the foundational revenues for this fund.

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

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

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

1. Deposits and Investments

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

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

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

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.23 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.

Most payables are disaggregated on the face of the financial statements.

Retainage payable in the primary government's Other Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental funds.

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 three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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	7 - 40
Other Capital Assets	5 - 20
Infrastructure	15 - 50

4. Deferred Outflows/Inflows of Resources

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

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 items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, pension changes in proportionate share of contributions, and OPEB changes in assumptions. 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 are 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, 2018, Monroe County had \$47,406,789 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 make assignments for the primary government and the School Department, respectively.

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

8. Minimum Fund Balance Policy

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of certain governmental funds, the following minimum fund balance policy exists and consists of the sum of committed, assigned, and unassigned fund balance:

General Fund – 22 - 45 percent of current-year appropriations.

Highway/Public Works Fund – 7 - 15 percent of current-year appropriations.

General Purpose School Fund – 7 - 10 percent of current-year appropriations.

Debt Service Funds – the county will typically have one year of future payments as fund balance.

9. Restatements

In prior years, the government was required to recognize a liability for its other postemployment benefits under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Monroe County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Restatements reducing the beginning net position of the Governmental Activities of the primary government and the discretely presented Monroe County School Department by \$213,930 and \$1,689,193 respectively, have been recognized to account for the transitional requirements.

E. Pension Plans

Primary Government

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

Discretely Presented Monroe County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Monroe County. For this purpose, Monroe County recognizes benefit payments when due and payable in accordance with benefit terms. Monroe County's OPEB plan is not administered through a trust.

Discretely Presented Monroe County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Monroe County School Department. For this purpose, the School Department recognizes benefit payments when due and payable in accordance with benefit terms. The School Department's OPEB plan is not administered through a trust.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Monroe County School Department

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

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

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Monroe County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

At June 30, 2018, Monroe County and the Monroe County School Department reported the following encumbrances:

Funds	Amount
Primary Government	
General	\$ 50,623
Highway/Public Works	53,352
Nonmajor Governmental	<u>640</u>
Total	<u>\$ 104,615</u>
School Department	
General Purpose School	\$ 705,958
Central Cafeteria	40,765
Nonmajor Governmental	<u>26,561</u>
Total	<u>\$ 773,284</u>

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, 2018.

B. Derivative Instruments

At June 30, 2018, Monroe County had the following derivative instruments outstanding:

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

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2018, classified by type, and the changes in fair value using a pay fixed rate, receive a percentage of LIBOR pricing model (Level 2 inputs of the GAAP fair value hierarchy) of the derivative instruments for the year then ended as reported in the 2018 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2018</u>		6-30-18
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Investment Derivative:					
Pay fixed interest rate swaps:					
\$6.255M Swap	Investment	\$ 114,511	Debt	\$ (93,585)	\$ 2,610,000
	Earnings				
Cash Flow Hedge:					
\$10.05M Swap	Deferred	346,858	Debt	(1,665,219)	10,050,000
	Outflow				
Total		<u>\$ 461,369</u>		<u>\$(1,758,804)</u>	<u>\$ 12,660,000</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 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™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2018, 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>-1.82%</u>
Net interest rate swap payments		2.45%
Variable-rate bond coupon payments		<u>1.54%</u>
Synthetic interest rate on bonds		<u><u>3.99%</u></u>

Fair value. As of June 30, 2018, the swap had a negative fair value of \$93,585. 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, 2018, 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 swap agreement’s fair value. The swap counterparty, Morgan Keegan Financial Products (“MKFP”) was rated “Baa1/BBB+” by Moody’s and Standard and Poor’s as of June 30, 2018, with its Credit Support Provider, Deutsche Bank, rated AS3/BBB+/A- by Moody’s, Standard & 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 swap agreement 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, 2018, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap	Total
	Principal	Interest	Payment	
2019	\$ 1,270,000	\$ 40,194	\$ 63,850	\$ 1,374,044
2020	1,340,000	20,636	32,781	1,393,417
Total	\$ 2,610,000	\$ 60,830	\$ 96,631	\$ 2,767,461

\$10.05M Swap:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.684 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had a notional amount of \$10.05 million and the associated variable-rate bond had a \$10.05 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-7-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2033. As of June 30, 2018, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.68%
Variable payment from counterparty	% of LIBOR	-1.82%
Net interest rate swap payments		1.86%
Variable-rate bond coupon payments		1.54%
Synthetic interest rate on bonds		3.40%

Fair value. As of June 30, 2018, the swap had a negative fair value of \$1,665,219. 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, 2018, 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, who 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, 2018, Depfa's credit rating had been downgraded and was rated "A2/A-" by Moody's and Standard and Poor's, respectively. The counterparty has posted all collateral requirements with a third-party custodian.

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

Termination risk. The swap agreement 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, 2018, 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	
2019	\$ 0	\$ 154,770	\$ 187,255	342,025
2020	0	154,770	187,255	342,025
2021	0	154,770	187,255	342,025
2022	0	154,770	187,255	342,025
2023	0	154,770	187,255	342,025
2024-2028	4,400,000	646,030	781,628	5,827,658
2029-2033	5,650,000	270,270	326,998	6,247,268
Total	<u>\$ 10,050,000</u>	<u>\$ 1,690,150</u>	<u>\$ 2,044,901</u>	<u>13,785,051</u>

C. Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

Primary Government

Governmental Activities:

	Balance		Balance	
	7-1-17	Increases	Decreases	6-30-18
Capital Assets Not Depreciated:				
Land	\$ 1,387,898	\$ 35,136	\$ 0	\$ 1,423,034
Construction in Progress	3,012,995	12,338,682	(471,679)	14,879,998
Total Capital Assets Not Depreciated	\$ 4,400,893	\$ 12,373,818	\$ (471,679)	\$ 16,303,032
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,157,208	\$ 47,367	\$ 0	\$ 9,204,575
Roads and Bridges	170,476,109	471,679	0	170,947,788
Other Capital Assets	10,580,697	1,131,741	(377,411)	11,335,027
Total Capital Assets Depreciated	\$ 190,214,014	\$ 1,650,787	\$ (377,411)	\$ 191,487,390
Less: Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,555,211	\$ 187,358	\$ 0	\$ 4,742,569
Roads and Bridges	80,432,974	4,267,801	0	84,700,775
Other Capital Assets	6,860,596	858,473	(338,475)	7,380,594
Total Accumulated Depreciation	\$ 91,848,781	\$ 5,313,632	\$ (338,475)	\$ 96,823,938
Total Capital Assets Depreciated, Net	\$ 98,365,233	\$ (3,662,845)	\$ (38,936)	\$ 94,663,452
Governmental Activities Capital Assets, Net	\$ 102,766,126	\$ 8,710,973	\$ (510,615)	\$ 110,966,484

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

Governmental Activities:

General Government	\$ 251,710
Finance	3,800
Public Safety	406,287
Public Health and Welfare	243,718
Highways	4,408,117
Total Depreciation Expense - Governmental Activities	\$ 5,313,632

Discretely Presented Monroe County School Department

Governmental Activities:

	Balance 7-1-17	Increases	Balance 6-30-18
Capital Assets Not Depreciated:			
Land	\$ 864,562	\$ 0	\$ 864,562
Total Capital Assets Not Depreciated	<u>\$ 864,562</u>	<u>\$ 0</u>	<u>\$ 864,562</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 74,008,799	\$ 115,336	\$ 74,124,135
Other Capital Assets	2,268,744	191,420	2,460,164
Total Capital Assets Depreciated	<u>\$ 76,277,543</u>	<u>\$ 306,756</u>	<u>\$ 76,584,299</u>
Less: Accumulated Depreciation For:			
Buildings and Improvements	\$ 30,394,967	\$ 1,670,672	\$ 32,065,639
Other Capital Assets	1,706,862	110,866	1,817,728
Total Accumulated Depreciation	<u>\$ 32,101,829</u>	<u>\$ 1,781,538</u>	<u>\$ 33,883,367</u>
Total Capital Assets Depreciated, Net	<u>\$ 44,175,714</u>	<u>\$ (1,474,782)</u>	<u>\$ 42,700,932</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,040,276</u>	<u>\$ (1,474,782)</u>	<u>\$ 43,565,494</u>

There were no decreases in capital assets to report for the year ended June 30, 2018.

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

Governmental Activities:

Instruction	\$ 1,808
Support Services	1,769,251
Operation of Non-instructional Services	<u>10,479</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,781,538</u>

D. Construction Commitments

At June 30, 2018, the Other Capital Projects Fund had an uncompleted construction contract of \$17,146,849 for the new justice center. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,907
Highway/Public Works	General	34,117
"	Nonmajor governmental	3,930
Nonmajor governmental	General	186

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</u>	<u>Payable</u>	<u>Amount</u>
Primary Government:		
Governmental Activities	Component Unit: School Department: Governmental Activities	\$ 150,859
Component Unit:		
School Department: General Purpose School	Primary Government: General	52

The amount shown as Due to Primary Government (\$150,859) consists of the balance of capital leases issued for the School Department. The School Department has agreed to contribute funds annually to retire the debt. This long-term debt obligation is reflected in the governmental activities on the Statement of Net Position.

F. Capital Leases

On September 20, 2016, Monroe County entered into a five-year lease-purchase agreement for an excavator and skid loader. The terms of the agreement require total lease payments of \$67,553 plus interest of 2.89

percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Debt Service Fund through contributions from the School Department's General Purpose School Fund.

On February 10, 2017, Monroe County entered into a four-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$28,004 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Fund.

On March 10, 2017, Monroe County entered into a four-year lease-purchase agreement for three vehicles. The terms of the agreement require total lease payments of \$82,632 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the Solid Waste/Sanitation Fund.

On April 10, 2017, Monroe County entered into a four-year lease-purchase agreement for two vehicles. The terms of the agreement require total lease payments of \$60,075 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the Solid Waste/Sanitation Fund.

On April 10, 2017, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$18,156 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Fund.

On April 10, 2017, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$34,312 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Fund.

On May 10, 2017, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$21,915 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Debt Service Fund through contributions from the School Department's General Purpose School Fund.

On May 10, 2017, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$32,315 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Debt Service Fund through contributions from the School Department's General Purpose School Fund.

On June 10, 2017, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$36,906 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Debt Service Fund through contributions from the School Department's General Purpose School Fund.

On June 10, 2017, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$20,345 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Debt Service Fund through contributions from the School Department's General Purpose School Fund.

On June 10, 2017, Monroe County entered into a four-year lease-purchase agreement for eight vehicles. The terms of the agreement require total lease payments of \$329,660 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Fund.

On August 10, 2017, Monroe County entered into a four-year lease-purchase agreement for three vehicles. The terms of the agreement require total lease payments of \$123,622 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Fund.

On August 10, 2017, Monroe County entered a four-year lease-purchase agreement for three vehicles. The terms of the agreement require total lease payments of \$66,582 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

On August 10, 2017, Monroe County entered into a four-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$29,298 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

On September 10, 2017, Monroe County entered into a four-year lease-purchase agreement for six vehicles. The terms of the agreement require total lease payments of \$247,245 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Fund.

On September 10, 2017, Monroe County entered into a four-year lease-purchase agreement for two vehicles. The terms of the agreement require total lease payments of \$93,342 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Fund.

On September 7, 2017, Monroe County entered into a four-year lease-purchase agreement for three dump trucks. The terms of the agreement require total lease payments of \$324,269 plus interest of 4.25 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

On September 10, 2017, Monroe County entered into a four-year lease-purchase agreement for two vehicles. The terms of the agreement require total lease payments of \$59,869 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

On October 10, 2017, Monroe County entered into a four-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$41,207 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Fund.

On October 10, 2017, Monroe County entered into a five-year lease-purchase agreement for ambulance equipment. The terms of the agreement require total lease payments of \$214,535 plus interest of 4.9 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Fund.

On January 10, 2018, Monroe County entered into a three-year lease-purchase agreement for two ambulances. The terms of the agreement require total lease payments of \$254,548 plus interest of 4.75 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Fund.

On April 10, 2018, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$48,649 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Debt Service Fund through contributions from the School Department's General Purpose School Fund.

On June 10, 2018, Monroe County entered into a four-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$46,671 plus interest of 4.65 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Fund.

On June 30, 2018, Monroe County entered into a four-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$38,796 plus interest of 4.75 percent. Title to the equipment transfers to Monroe County at the end of the lease period. The lease payments are made from the General Fund.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 2,320,506
Less: Accumulated Depreciation	<u>(421,006)</u>
Total Book Value	<u>\$ 1,899,500</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2019	\$ 606,377
2020	615,987
2021	232,612
2022	<u>62,375</u>
Total Minimum Lease Payments	\$ 1,517,351
Less: Amount Representing Interest	<u>(107,945)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,409,406</u>

G. 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, and bond anticipation notes are issued to fund capital projects in anticipation of future bond issues.

General obligation bonds, notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, two years for notes, and 30 years for 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, 2018, will be retired from the General Debt Service Fund.

General obligation bonds, notes, and other loans outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-18
General Obligation Refunding Bonds	2.0 to 3.0 %	6-1-38	\$ 25,540,000	\$ 24,205,000
Capital Outlay Notes	1.2	6-15-19	30,915,000	30,915,000
Other Loans - Variable Rate - Public Improvement and Refunding	Variable	6-1-39	31,965,000	27,020,000
Other Loan - Fixed Rate	0	8-20-22	71,820	29,890
Capital Leases	2.89 to 4.9	4-10-22	2,320,506	1,409,406

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. The following table summarizes loan agreements outstanding at June 30, 2018, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-18	Interest Type	Interest Rate as of 6-30-18	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	\$ 27,020,000	Variable	1.54%	1.03%
<u>Ft. Loudoun Electric Cooperative</u>					
Interest Free Loan	71,820	<u>29,890</u>	N/A	0	N/A
Total		<u>\$ 27,049,890</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.

On June 15, 2017, Monroe County issued a General Obligation Bond Anticipation Note for construction of a Justice Center. It is anticipated that this note will be retired by June 15, 2019, with bond proceeds.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2018, 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, 2018.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 615,000	\$ 630,812	\$ 1,245,812
2020	615,000	618,263	1,233,263
2021	1,040,000	605,712	1,645,712
2022	1,030,000	583,163	1,613,163
2023	1,090,000	560,812	1,650,812
2024-2028	5,930,000	2,421,325	8,351,325
2029-2033	5,605,000	1,701,188	7,306,188
2034-2038	8,280,000	749,875	9,029,875
Total	<u>\$ 24,205,000</u>	<u>\$ 7,871,150</u>	<u>\$ 32,076,150</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 30,915,000	\$ 370,980	\$ 31,285,980
Total	\$ 30,915,000	\$ 370,980	\$ 31,285,980

Year Ending June 30	Other Loans			
	Principal	Interest (1)	Other Fees	Total
2019	\$ 1,467,188	\$ 666,983	\$ 278,722	\$ 2,412,893
2020	1,542,188	613,384	263,661	2,419,233
2021	1,092,188	556,915	247,827	1,896,930
2022	1,162,188	540,206	236,635	1,939,029
2023	1,156,138	522,419	224,721	1,903,278
2024-2028	6,305,000	2,185,982	941,588	9,432,570
2029-2033	7,705,000	1,198,147	583,902	9,487,049
2034-2038	6,220,000	345,499	231,426	6,796,925
2039	400,000	6,160	4,126	410,286
Total	\$ 27,049,890	\$ 6,635,695	\$ 3,012,608	\$ 36,698,193

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

There is \$12,664,236 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$544, based on the 2010 federal census. Total debt per capita, including bonds, notes, other loans, and capital leases, totaled \$1,877, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

Description of Indebtedness	Outstanding 6-30-18
<u>Capital Leases</u>	
<u>Contributions from the General Purpose School Fund</u>	
Vehicles	\$ 105,808
Excavator and Skid Loader	45,051
Total	\$ 150,859

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Bonds	Accreted Interest on CAB Bonds	Notes	Other Loans
Balance, July 1, 2017	\$ 25,072,968	\$ 222,927	\$ 30,915,000	\$ 28,032,078
Additions	9,725,000	0	0	0
Reductions	(954,968)	(222,927)	0	(982,188)
Debt Refunded	(9,638,000)	0	0	0
Balance, June 30, 2018	<u>\$ 24,205,000</u>	<u>\$ 0</u>	<u>\$ 30,915,000</u>	<u>\$ 27,049,890</u>

Balance Due Within One Year	<u>\$ 615,000</u>	<u>\$ 0</u>	<u>\$ 30,915,000</u>	<u>\$ 1,467,188</u>
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	Capital Leases	Landfill Postclosure Care Costs	Other Post- employment Benefits*	Comp- ensated Absences
Balance, July 1, 2017	\$ 1,061,794	\$ 137,208	\$ 634,168	\$ 534,246
Additions	927,468	2,223	50,322	437,845
Reductions	(579,856)	(13,700)	(72,218)	(409,817)
Balance, June 30, 2018	<u>\$ 1,409,406</u>	<u>\$ 125,731</u>	<u>\$ 612,272</u>	<u>\$ 562,274</u>

Balance Due Within One Year	<u>\$ 570,118</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 281,137</u>
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*Restated beginning balance – See Note I.D.9.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 84,879,573
Less: Balance Due Within One Year	<u>(33,848,443)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 51,031,130</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.

Current Refunding

On July 28, 2017, Monroe County refunded general obligation bonds with a separate general obligation bond issue. The county issued \$9,725,000 of general obligation refunding bonds to provide resources to retire the bonds, and as a result, the liability has been removed from the county's long-term debt. Because of the refunding, total debt service payments over the next 20 years will be reduced by \$2,152,052, and an economic gain (difference between the present value of the debt service payments of the refunded other loans and refunding bonds) of \$1,558,385 was obtained.

Discretely Presented Monroe County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Monroe County School Department for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Other Postemployment Benefits*	Net Pension Liability (Asset) Teacher Legacy Plan#
Balance, July 1, 2017	\$ 8,767,516	\$ 2,966,091
Additions	750,944	0
Reductions	(768,686)	(3,122,722)
Balance, June 30, 2018	<u>\$ 8,749,774</u>	<u>\$ (156,631)</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

*Restated beginning balance – See Note I.D.9.

The plan had a net pension asset at June 30, 2018

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 8,749,774
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,749,774</u>

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

H. 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 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, 2018, were \$103,313 and \$49,654, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. 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 \$85,000 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 \$1,595,624 at June 30, 2018. Liabilities of this fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Health Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled,

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

Employee Insurance - Health Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments - Net of Stop-Loss Recovery	Liability Balance at Fiscal Year-end
2015-2016	\$ 76,942	\$ 1,755,589	\$ (1,758,477)	\$ 74,054
2016-2017	74,054	1,828,644	(1,769,093)	133,605
2017-2018	133,605	2,230,931	(2,275,291)	89,245

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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

C. Contingent Liabilities

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

Monroe County issued a State of Tennessee revolving loan agreement for the benefit of the Tellico Area Service System (TASS) joint venture. The loan is being retired from revenues of TASS and is not reflected on the financial statements of the county. Monroe County would become liable for the loan agreement in the event of default by TASS. As of June 30, 2018, future principal and interest requirements for which the county is contingently liable were \$2,658,165 and \$251,497, respectively, for the State of Tennessee revolving loan.

D. 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 \$125,731 reported as postclosure care liability at June 30, 2018, represents amounts based on what it would cost to perform all postclosure care in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. 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, 2018.

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

F. Jointly Governed Organizations

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

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

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Monroe County and non-certified employees of the discretely presented Monroe County School Department are provided a defined benefit pension plan through the

Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 67.78 percent, the non-certified employees of the discretely presented School Department comprise 32.22 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	249
Inactive Employees Entitled to But Not Yet Receiving Benefits	364
Active Employees	456
Total	<u>1,069</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Monroe County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, the employer contribution for Monroe County was \$662,523 based on a rate of 4.43 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Monroe County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Monroe County’s net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study

performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Monroe County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2016	\$ 38,569,062	\$ 39,019,942	\$ (450,880)
Changes for the Year:			
Service Cost	\$ 1,351,925	\$ 0	\$ 1,351,925
Interest	2,931,126	0	2,931,126
Differences Between Expected and Actual Experience	(84,832)	0	(84,832)
Changes in Assumptions	946,250	0	946,250
Contributions-Employer	0	658,612	(658,612)
Contributions-Employees	0	726,863	(726,863)
Net Investment Income	0	4,403,290	(4,403,290)
Benefit Payments, Including Refunds of Employee Contributions	(1,678,621)	(1,678,621)	0
Administrative Expense	0	(38,423)	38,423
Other Changes	0	2,599	(2,599)
Net Changes	\$ 3,465,848	\$ 4,074,320	\$ (608,472)
Balance, June 30, 2017	\$ 42,034,910	\$ 43,094,262	\$ (1,059,352)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	67.78%	\$ 28,491,262	\$ 29,209,291	\$ (718,029)
School Department	32.22%	13,543,648	13,884,971	(341,323)
Total		<u>\$ 42,034,910</u>	<u>\$ 43,094,262</u>	<u>\$ (1,059,352)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Monroe County calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Monroe County	6.25%	7.25%	8.25%
Net Pension Liability	\$ 4,520,546	\$ (1,059,352)	\$ (5,656,785)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2018, Monroe County recognized pension expense of \$441,203.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, Monroe County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 201,239	\$ 781,280
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,886
Changes in Assumptions	788,542	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	662,523	N/A
Total	<u>\$ 1,652,304</u>	<u>\$ 785,166</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 1,114,207	\$ 532,186
School Department	538,097	252,980
Total	<u>\$ 1,652,304</u>	<u>\$ 785,166</u>

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

Year Ending June 30	Amount
2019	\$ (236,650)
2020	333,349
2021	200,048
2022	(235,706)
2023	143,569
Thereafter	0

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

Discretely Presented Monroe County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Monroe County and non-certified employees of the discretely presented Monroe County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 67.78 percent and the non-certified employees of the discretely presented School Department comprise 32.22 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2018, to the Teacher Retirement Plan were \$115,830, which is four percent of covered

payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2018, the School Department reported a liability (asset) of (\$83,428) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department’s proportion of the net pension liability (asset) was based on the School Department’s share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department’s proportion was .316211 percent. The proportion as of June 30, 2016, was .323468 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$37,859.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,924	\$ 6,274
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,489
Changes in Assumptions	7,329	0
Changes in Proportion of Net Pension Liability (Asset)	803	56
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	115,830	N/A
Total	<u>\$ 126,886</u>	<u>\$ 10,819</u>

The School Department’s employer contributions of \$115,830, reported as pension related deferred outflows of resources subsequent to the

measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ (381)
2020	(381)
2021	(638)
2022	(1,792)
2023	324
Thereafter	3,105

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

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates

are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term

expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Net Pension Liability	\$ 16,645	\$ (83,428)	\$ (156,832)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly.

Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Monroe County School Department for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were \$1,576,586, which is 9.08 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2018, the School Department reported a liability (asset) of (\$156,631) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department’s proportion of the net pension liability (asset) was based on the School Department’s long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department’s proportion was .478728 percent. The proportion measured at June 30, 2016, was .474617 percent.

Pension Expense. For the year ended June 30, 2018, the School Department recognized pension expense of \$(2,530).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 94,429	\$ 3,233,709
Changes in Assumptions	1,326,580	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	23,776	0
Changes in Proportion of Net Pension Liability (Asset)	444,701	492,519
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	1,576,586	N/A
Total	<u>\$ 3,466,072</u>	<u>\$ 3,726,228</u>

The School Department’s employer contributions of \$1,576,586 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ (1,125,121)
2020	477,251
2021	(408,002)
2022	(780,870)
2023	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS

investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%

Net Pension Liability \$ 14,054,331 \$ (156,631) \$ (11,902,929)

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

2. Deferred Compensation

Teachers hired after July 1, 2014, by the discretely presented Monroe County School Department are required to participate in a hybrid pension plan (Teacher Retirement Plan) administered by the Tennessee Consolidated Retirement System. The Teacher Retirement Plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Monroe County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Monroe County School Department contributed \$115,830 and the teachers contributed \$144,789 to this deferred compensation plan.

H. Other Postemployment Benefits (OPEB)

Postemployment Healthcare Plan

Closed Tennessee Plan – Medicare (Primary Government)

Plan Description. Employees of Monroe County who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retirees and

disability participants of local governments, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and local education agencies. However, the amounts reflected in this note disclosure pertain only to the Monroe County Primary Government. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by TCA Sections 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65 are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System (TCRS) may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. Monroe County provided a direct subsidy of \$50 for eligible retirees with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$25 for eligible retirees with 15-19 years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>Monroe County</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	11
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	581
Total	<u><u>592</u></u>

In accordance with TCA 8-27-209, the state insurance committees established by TCA Sections 8-27-201, 8-27-301, and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own

developed policies. For the fiscal year ended June 30, 2018, the county paid \$5,938 to the TNM for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2016	\$ 634,168
Changes for the Year:	
Service Cost	\$ 30,976
Interest	19,346
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	0
Changes in Assumption and Other Inputs	(66,968)
Benefit Payments	(5,250)
Net Changes	<u>\$ (21,896)</u>
Balance June 30, 2017	<u>\$ 612,272</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the county recognized OPEB expense of \$42,798. At June 30, 2018, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	59,444
Net Difference Between Projected and Benefits Paid After the Measurement Date	<u>5,938</u>	<u>0</u>
Total	<u>\$ 5,938</u>	<u>\$ 59,444</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	County
2019	\$ (7,524)
2020	(7,524)
2021	(7,524)
2022	(7,524)
2023	(7,524)
Thereafter	(21,824)

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
County	\$ 720,807	\$ 612,272	\$ 522,958
Total OPEB Liability	\$ 720,807	\$ 612,272	\$ 522,958

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations.

Closed Tennessee Plan – Medicare (Discretely Presented School Department)

Plan Description. Employees of the Monroe County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The School Department's total OPEB liability for the TNM Plan was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with *TCA* 8-27-209, benefits of the TNM are established and amended by cooperation of insurance committees created by *TCA* Sections 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. Monroe County School Department provided a direct subsidy of \$50 for eligible retirees with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$25 for eligible retirees with 15-19 years of service. The state, as a governmental nonemployer contributing entity, contributes to the premiums of eligible retirees of local education agencies based on years of service. The State of Tennessee provides a subsidy of \$50 per month for retirees with 30 or more years of service, retirees with 20-29 years of service receive \$37.50, and retirees with 15-19 years of service receive \$25.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	94
Inactive Employees Entitled to But Not Yet Receiving Benefits	28
Active Employees	566
Total	<u><u>688</u></u>

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* Sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2018, the School Department paid \$51,721 to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Monroe County School Department</u> 54.71%	<u>State of TN</u> 45.29%	<u>Total OPEB Liability</u>
Balance July 1, 2016	\$ 1,837,762	\$ 1,521,139	\$ 3,358,901
Changes for the Year:			
Service Cost	\$ 57,583	\$ 47,663	\$ 105,246
Interest	54,551	45,152	99,703
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(169,296)	(140,128)	(309,424)
Benefit Payments	(54,330)	(44,970)	(99,300)
Net Changes	\$ (111,492)	\$ (92,283)	\$ (203,775)
Balance June 30, 2017	\$ 1,726,270	\$ 1,428,856	\$ 3,155,126

The Monroe County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retirees participating in the TNM. The Monroe County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$77,245 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TMN for School Department retirees.

During the year, the Monroe County School Department's proportionate share of the collective OPEB liability was 54.71 percent and the State of Tennessee's share was 45.29 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$170,569 including the state's share of the OPEB expense.

At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	150,485
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	<u>51,721</u>	<u>0</u>
Total	<u>\$ 51,721</u>	<u>\$ 150,485</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2019	\$ (18,810)
2020	(18,810)
2021	(18,810)
2022	(18,810)
2023	(18,810)
Thereafter	(56,435)

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the TNM, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease	Current Discount Rate	1% Increase
	2.56%	3.56%	4.56%

Proportionate Share of the Collective Total OPEB Liability	\$ 2,000,589	\$ 1,726,270	\$ 1,500,865
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations.

Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan Description. Employees of the Monroe County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Monroe County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Monroe County does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retiree's premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	31
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	566
Total	<u><u>597</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$263,516 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Monroe County School Department</u>	<u>State of TN</u>	<u>Total OPEB Liability</u>
	66.45%	33.55%	
Balance July 1, 2016	\$ 6,929,754	\$ 3,498,879	\$ 10,428,633
Changes for the Year:			
Service Cost	\$ 427,040	\$ 215,616	\$ 642,656
Interest	211,770	106,924	318,694
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(336,255)	(169,778)	(506,033)
Benefit Payments	(208,805)	(105,427)	(314,232)
Net Changes	\$ 93,750	\$ 47,335	\$ 141,085
Balance June 30, 2017	\$ 7,023,504	\$ 3,546,214	\$ 10,569,718

The Monroe County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Monroe County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$305,895 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Monroe County School Department's proportionate share of the collective OPEB liability was 66.45% and the State of Tennessee's share was 33.55%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2018, the School Department recognized OPEB expense of \$911,739, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	303,289
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	<u>263,516</u>	<u>0</u>
Total	<u>\$ 263,516</u>	<u>\$ 303,289</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2019	\$ (32,966)
2020	(32,966)
2021	(32,966)
2022	(32,966)
2023	(32,966)
Thereafter	(138,459)

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
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Proportionate Share of the Collective Total OPEB Liability	\$ 7,553,319	\$ 7,023,504	\$ 6,516,507
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease 6.5 to 2.71%	Current Rates 7.5 to 3.71%	1% Increase 8.5 to 4.71%
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Proportionate Share of the Collective Total OPEB Liability	\$ 6,189,346	\$ 7,023,504	\$ 8,010,845
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I. 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.

J. Purchasing Laws

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

K. Subsequent Events

On September 25, 2018, Monroe County issued a capital lease totaling \$22,976 for a School Department vehicle.

On November 14, 2018, Monroe County issued a capital lease totaling \$21,816 for a property assessor vehicle.

Tim Yates left the Office of County Mayor on August 31, 2018, and was succeeded by Mitch Ingram.

Mildred Estes left the Office of Register of Deeds on August 31, 2018, and was succeeded by Kimberly Bivens.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 1,107,534	\$ 1,114,133	\$ 1,202,322	\$ 1,351,925
Interest	2,495,328	2,580,285	2,781,134	2,931,126
Differences Between Actual and Expected Experience	(1,154,371)	402,476	(488,694)	(84,832)
Changes in Assumptions	0	0	0	946,250
Benefit Payments, Including Refunds of Employee Contributions	(1,240,797)	(1,403,849)	(1,610,341)	(1,678,621)
Net Change in Total Pension Liability	\$ 1,207,694	\$ 2,693,045	\$ 1,884,421	\$ 3,465,848
Total Pension Liability, Beginning	32,783,902	33,991,596	36,684,641	38,569,062
Total Pension Liability, Ending (a)	\$ 33,991,596	\$ 36,684,641	\$ 38,569,062	\$ 42,034,910
Plan Fiduciary Net Position				
Contributions - Employer	\$ 867,537	\$ 884,358	\$ 911,140	\$ 658,612
Contributions - Employee	657,563	678,593	698,994	726,863
Net Investment Income	5,207,555	1,134,720	1,008,740	4,403,290
Benefit Payments, Including Refunds of Employee Contributions	(1,240,797)	(1,403,849)	(1,610,341)	(1,678,621)
Administrative Expense	(18,010)	(23,396)	(33,832)	(38,423)
Other	0	0	0	2,599
Net Change in Plan Fiduciary Net Position	\$ 5,473,848	\$ 1,270,426	\$ 974,701	\$ 4,074,320
Plan Fiduciary Net Position, Beginning	31,300,967	36,774,815	38,045,241	39,019,942
Plan Fiduciary Net Position, Ending (b)	\$ 36,774,815	\$ 38,045,241	\$ 39,019,942	\$ 43,094,262
Net Pension Liability (Asset), Ending (a - b)	\$ (2,783,219)	\$ (1,360,600)	\$ (450,880)	\$ (1,059,352)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.19%	103.71%	101.17%	102.52%
Covered Payroll	\$ 13,065,224	\$ 13,565,312	\$ 13,997,097	\$ 14,507,298
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(21.3%)	(10.03%)	(3.22%)	(7.3%)

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

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

Exhibit F-2

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

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 867,537	\$ 884,358	\$ 911,140	\$ 658,612	\$ 662,523
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(867,537)</u>	<u>(884,358)</u>	<u>(911,140)</u>	<u>(658,612)</u>	<u>(662,523)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>				
Covered Payroll	\$ 13,065,224	\$ 13,565,312	\$ 13,997,097	\$ 14,507,298	\$ 14,945,135
Contributions as a Percentage of Covered Payroll	6.64%	6.52%	6.51%	4.54%	4.43%

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

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

Exhibit F-3

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

	2015	2016	2017	2018
Contractually Required Contribution	\$ 27,263	\$ 56,931	\$ 83,017	\$ 115,830
Less Contributions in Relation to the Contractually Required Contribution	<u>(27,263)</u>	<u>(56,931)</u>	<u>(83,017)</u>	<u>(115,830)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 681,586	\$ 1,423,268	\$ 2,080,484	\$ 2,895,747
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	3.99%	4.00%

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

Exhibit F-4

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually Required Contribution	\$ 1,429,001	\$ 1,610,641	\$ 1,548,796	\$ 1,529,821	\$ 1,576,586
Less Contributions in Relation to the Contractually Required Contribution	<u>(1,429,001)</u>	<u>(1,610,641)</u>	<u>(1,548,796)</u>	<u>(1,529,821)</u>	<u>(1,576,586)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>				
Covered Payroll	\$ 16,092,355	\$ 17,816,806	\$ 17,132,694	\$ 16,917,694	\$ 17,363,240
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%

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

Exhibit F-5

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

	2016	2017	2018
School Department's Proportion of the Net Pension Asset Pension Liability/Asset	0.321270%	0.323468%	0.316211%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (13,197)	\$ (33,674)	\$ (83,428)
Covered Payroll	\$ 681,586	\$ 1,423,268	\$ 2,080,484
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)	(2.37%)	(4.01%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

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

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

Exhibit F-6

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Pension Liability/Asset	0.409997%	0.475940%	0.474617%	0.478728%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (66,623)	\$ 194,961	\$ 2,966,091	\$ (156,631)
Covered Payroll	\$ 16,092,355	\$ 17,816,806	\$ 17,132,694	\$ 16,917,694
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(41.40%)	1.09%	17.31%	(0.93%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

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

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

Exhibit F-7

Monroe County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Medicare Plan
For the Fiscal Year Ended June 30 *

State Administered Medicare Plan

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 30,976
Interest	19,346
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(66,968)
Benefit Payments	<u>(5,250)</u>
Net Change in Total OPEB Liability	\$ (21,896)
Total OPEB Liability, Beginning	<u>634,168</u>
Total OPEB Liability, Ending	<u>\$ 612,272</u>
Covered Employee Payroll	\$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2016	2.92%
2017	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Monroe County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plans
Discretely Presented Monroe County School Department
June 30, 2018

Local Education Plan

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 642,656
Interest	318,694
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(506,033)
Benefit Payments	<u>(314,232)</u>
Net Change in Total OPEB Liability	\$ 141,085
Total OPEB Liability, Beginning	<u>10,428,633</u>
 Total OPEB Liability, Ending	 <u><u>\$ 10,569,718</u></u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 3,546,214
Employer Proportionate Share of the Total OPEB Liability	\$ 7,023,504
 Covered Employee Payroll	 \$ 20,259,007
Total OPEB Liability as a percentage of Covered Employee Payroll	52.17%

State Administered Medicare Plan

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 105,246
Interest	99,703
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(309,424)
Benefit Payments	<u>(99,300)</u>
Net Change in Total OPEB Liability	\$ (203,775)
Total OPEB Liability, Beginning	<u>3,358,901</u>
 Total OPEB Liability, Ending	 <u><u>\$ 3,155,126</u></u>
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 1,428,856
Employer Proportionate Share of the Total OPEB Liability	\$ 1,726,270
 Covered Employee Payroll	 \$ N/A
Total OPEB Liability as a percentage of Covered Employee Payroll	N/A

Notes:

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2016	2.92%
2017	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

MONROE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for Fiscal Year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Capital Projects Funds

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for expenditures associated with the construction of a new Justice Center.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for debt issued by Monroe County that is subsequently contributed to the discretely presented Monroe County School Department.

Exhibit G-1

Monroe County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds				Capital	Total
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Projects Fund General Capital Projects	
<u>ASSETS</u>						
Cash	\$ 210	\$ 0	\$ 1,799	\$ 2,009	\$ 0	\$ 2,009
Equity in Pooled Cash and Investments	1,029,146	138,802	0	1,167,948	3,969,617	5,137,565
Accounts Receivable	4,034	0	108	4,142	0	4,142
Due from Other Governments	8,566	0	0	8,566	0	8,566
Due from Other Funds	0	186	0	186	0	186
Property Taxes Receivable	1,068,995	0	0	1,068,995	0	1,068,995
Allowance for Uncollectible Property Taxes	(45,550)	0	0	(45,550)	0	(45,550)
Total Assets	\$ 2,065,401	\$ 138,988	\$ 1,907	\$ 2,206,296	\$ 3,969,617	\$ 6,175,913
<u>LIABILITIES</u>						
Accounts Payable	\$ 45,783	\$ 0	\$ 0	\$ 45,783	\$ 59,836	\$ 105,619
Accrued Payroll	6,602	0	0	6,602	0	6,602
Payroll Deductions Payable	9,426	3,178	0	12,604	0	12,604
Due to Other Funds	2,383	1,547	1,907	5,837	0	5,837
Total Liabilities	\$ 64,194	\$ 4,725	\$ 1,907	\$ 70,826	\$ 59,836	\$ 130,662
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 995,472	\$ 0	\$ 0	\$ 995,472	\$ 0	\$ 995,472
Deferred Delinquent Property Taxes	25,222	0	0	25,222	0	25,222
Total Deferred Inflows of Resources	\$ 1,020,694	\$ 0	\$ 0	\$ 1,020,694	\$ 0	\$ 1,020,694

(Continued)

Exhibit G-1

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

	Special Revenue Funds			Total	Capital	Total
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees		Projects Fund	
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 133,623	\$ 0	\$ 133,623	\$ 0	\$ 133,623
Restricted for Public Health and Welfare	980,513	0	0	980,513	0	980,513
Restricted for Capital Projects	0	0	0	0	3,909,781	3,909,781
Assigned:						
Assigned for Public Safety	0	640	0	640	0	640
Total Fund Balances	<u>\$ 980,513</u>	<u>\$ 134,263</u>	<u>\$ 0</u>	<u>\$ 1,114,776</u>	<u>\$ 3,909,781</u>	<u>\$ 5,024,557</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,065,401</u>	<u>\$ 138,988</u>	<u>\$ 1,907</u>	<u>\$ 2,206,296</u>	<u>\$ 3,969,617</u>	<u>\$ 6,175,913</u>

Exhibit G-2

Monroe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds				Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 941,730	\$ 0	\$ 0	\$ 941,730	\$ 0
Fines, Forfeitures, and Penalties	0	150,860	0	150,860	0
Charges for Current Services	38,628	0	6,040	44,668	0
Other Local Revenues	28,291	0	0	28,291	0
State of Tennessee	93,732	0	0	93,732	0
Total Revenues	\$ 1,102,381	\$ 150,860	\$ 6,040	\$ 1,259,281	\$ 0
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 0	\$ 6,040	\$ 6,040	\$ 0
Public Safety	0	158,738	0	158,738	0
Public Health and Welfare	1,146,725	0	0	1,146,725	0
Highways	125,926	0	0	125,926	0
Debt Service:					
Interest on Debt	0	0	0	0	370,980
Other Debt Service	0	0	0	0	7,250
Capital Projects	0	0	0	0	424,927
Capital Projects - Donated	0	0	0	0	0
Total Expenditures	\$ 1,272,651	\$ 158,738	\$ 6,040	\$ 1,437,429	\$ 803,157
Excess (Deficiency) of Revenues Over Expenditures	\$ (170,270)	\$ (7,878)	\$ 0	\$ (178,148)	\$ (803,157)

(Continued)

Exhibit G-2

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

	Special Revenue Funds				Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>Other Financing Sources (Uses)</u>					
Capital Leases Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ (170,270)	\$ (7,878)	\$ 0	\$ (178,148)	\$ (803,157)
Fund Balance, July 1, 2017	1,150,783	142,141	0	1,292,924	4,712,938
Fund Balance, June 30, 2018	\$ 980,513	\$ 134,263	\$ 0	\$ 1,114,776	\$ 3,909,781

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total
	Education Capital Projects	Total	Nonmajor Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 0	\$ 941,730
Fines, Forfeitures, and Penalties	0	0	150,860
Charges for Current Services	0	0	44,668
Other Local Revenues	0	0	28,291
State of Tennessee	0	0	93,732
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,259,281</u>
<u>Expenditures</u>			
Current:			
Administration of Justice	\$ 0	\$ 0	\$ 6,040
Public Safety	0	0	158,738
Public Health and Welfare	0	0	1,146,725
Highways	0	0	125,926
Debt Service:			
Interest on Debt	0	370,980	370,980
Other Debt Service	0	7,250	7,250
Capital Projects	0	424,927	424,927
Capital Projects - Donated	48,649	48,649	48,649
Total Expenditures	<u>\$ 48,649</u>	<u>\$ 851,806</u>	<u>\$ 2,289,235</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (48,649)</u>	<u>\$ (851,806)</u>	<u>\$ (1,029,954)</u>

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Education Capital Projects	Total	
<u>Other Financing Sources (Uses)</u>			
Capital Leases Issued	\$ 48,649	\$ 48,649	\$ 48,649
Total Other Financing Sources (Uses)	<u>\$ 48,649</u>	<u>\$ 48,649</u>	<u>\$ 48,649</u>
Net Change in Fund Balances	\$ 0	\$ (803,157)	\$ (981,305)
Fund Balance, July 1, 2017	0	4,712,938	6,005,862
Fund Balance, June 30, 2018	<u>\$ 0</u>	<u>\$ 3,909,781</u>	<u>\$ 5,024,557</u>

Exhibit G-3

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 941,730	\$ 0	\$ 941,730	\$ 1,100,374	\$ 1,100,374	\$ (158,644)
Charges for Current Services	38,628	0	38,628	29,940	29,940	8,688
Other Local Revenues	28,291	0	28,291	19,700	19,700	8,591
State of Tennessee	93,732	0	93,732	73,100	81,900	11,832
Total Revenues	\$ 1,102,381	\$ 0	\$ 1,102,381	\$ 1,223,114	\$ 1,231,914	\$ (129,533)
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Education/Information	\$ 582,752	\$ (1,201)	\$ 581,551	\$ 669,658	\$ 675,266	\$ 93,715
Convenience Centers	550,273	(6,345)	543,928	725,983	720,376	176,448
Postclosure Care Costs	13,700	0	13,700	25,000	25,000	11,300
<u>Highways</u>						
Litter and Trash Collection	125,926	0	125,926	141,702	150,502	24,576
Total Expenditures	\$ 1,272,651	\$ (7,546)	\$ 1,265,105	\$ 1,562,343	\$ 1,571,144	\$ 306,039
Excess (Deficiency) of Revenues Over Expenditures	\$ (170,270)	\$ 7,546	\$ (162,724)	\$ (339,229)	\$ (339,230)	\$ 176,506
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 27,000	\$ 27,000	\$ (27,000)
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 27,000	\$ 27,000	\$ (27,000)
Net Change in Fund Balance	\$ (170,270)	\$ 7,546	\$ (162,724)	\$ (312,229)	\$ (312,230)	\$ 149,506
Fund Balance, July 1, 2017	1,150,783	(7,546)	1,143,237	922,967	922,967	220,270
Fund Balance, June 30, 2018	\$ 980,513	\$ 0	\$ 980,513	\$ 610,738	\$ 610,737	\$ 369,776

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, 2018

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 150,860	\$ 0	\$ 150,860	\$ 210,264	\$ 210,264	\$ (59,404)
Total Revenues	\$ 150,860	\$ 0	\$ 150,860	\$ 210,264	\$ 210,264	\$ (59,404)
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 158,738	\$ 640	\$ 159,378	\$ 210,264	\$ 210,264	\$ 50,886
Total Expenditures	\$ 158,738	\$ 640	\$ 159,378	\$ 210,264	\$ 210,264	\$ 50,886
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,878)	\$ (640)	\$ (8,518)	\$ 0	\$ 0	\$ (8,518)
Net Change in Fund Balance	\$ (7,878)	\$ (640)	\$ (8,518)	\$ 0	\$ 0	\$ (8,518)
Fund Balance, July 1, 2017	142,141	0	142,141	173,994	173,994	(31,853)
Fund Balance, June 30, 2018	\$ 134,263	\$ (640)	\$ 133,623	\$ 173,994	\$ 173,994	\$ (40,371)

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,054,153	\$ 5,193,725	\$ 5,404,525	\$ (350,372)
Other Local Revenues	325,271	0	0	325,271
State of Tennessee	32,085	0	0	32,085
Other Governments and Citizens Groups	56,779	7,188	56,779	0
Total Revenues	<u>\$ 5,468,288</u>	<u>\$ 5,200,913</u>	<u>\$ 5,461,304</u>	<u>\$ 6,984</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 157,968	\$ 1,967,188	\$ 157,968	\$ 0
Education	1,824,246	0	1,824,246	0
<u>Interest on Debt</u>				
General Government	242,032	1,900,538	242,032	0
Education	1,592,327	0	1,692,051	99,724
<u>Other Debt Service</u>				
General Government	0	92,000	4	4
Education	300,507	0	302,229	1,722
Total Expenditures	<u>\$ 4,117,080</u>	<u>\$ 3,959,726</u>	<u>\$ 4,218,530</u>	<u>\$ 101,450</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,351,208</u>	<u>\$ 1,241,187</u>	<u>\$ 1,242,774</u>	<u>\$ 108,434</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 9,725,000	\$ 0	\$ 9,725,000	\$ 0
Premiums on Debt Sold	121,413	0	121,413	0
Payments to Refunded Debt Escrow Agent	(9,638,000)	0	(9,638,000)	0
Total Other Financing Sources	<u>\$ 208,413</u>	<u>\$ 0</u>	<u>\$ 208,413</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 1,559,621	\$ 1,241,187	\$ 1,451,187	\$ 108,434
Fund Balance, July 1, 2017	11,104,615	10,389,463	10,389,463	715,152
Fund Balance, June 30, 2018	<u>\$ 12,664,236</u>	<u>\$ 11,630,650</u>	<u>\$ 11,840,650</u>	<u>\$ 823,586</u>

Fiduciary Funds

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

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

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

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

Exhibit I-1

Monroe County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

	<u>Agency Funds</u>			<u>Total</u>
	<u>Cities - Sales Tax</u>	<u>City School ADA -</u>	<u>Constitu - tional Officers - Agency</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,481,035	\$ 1,481,035
Equity in Pooled Cash and Investments	0	1,997	0	1,997
Due from Other Governments	391,038	110,320	0	501,358
Property Taxes Receivable	0	1,518,840	0	1,518,840
Allowance for Uncollectible Property Taxes	0	(64,717)	0	(64,717)
Total Assets	\$ 391,038	\$ 1,566,440	\$ 1,481,035	\$ 3,438,513
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 391,038	\$ 1,566,440	\$ 0	\$ 1,957,478
Due to Litigants, Heirs, and Others	0	0	1,481,035	1,481,035
Total Liabilities	\$ 391,038	\$ 1,566,440	\$ 1,481,035	\$ 3,438,513

Exhibit I-2

Monroe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,302,540	\$ 4,302,540	\$ 0
Due from Other Governments	383,024	391,038	383,024	391,038
Total Assets	\$ 383,024	\$ 4,693,578	\$ 4,685,564	\$ 391,038
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 383,024	\$ 4,693,578	\$ 4,685,564	\$ 391,038
Total Liabilities	\$ 383,024	\$ 4,693,578	\$ 4,685,564	\$ 391,038
<u>City School ADA - Sweetwater Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,552	\$ 2,740,193	\$ 2,739,748	\$ 1,997
Accounts Receivable	157	0	157	0
Due from Other Governments	202,963	110,320	202,963	110,320
Taxes Receivable	1,506,032	1,518,840	1,506,032	1,518,840
Allowance for Uncollectible Taxes	(59,729)	(64,717)	(59,729)	(64,717)
Total Assets	\$ 1,650,975	\$ 4,304,636	\$ 4,389,171	\$ 1,566,440
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,650,975	\$ 4,304,636	\$ 4,389,171	\$ 1,566,440
Total Liabilities	\$ 1,650,975	\$ 4,304,636	\$ 4,389,171	\$ 1,566,440
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,561,756	\$ 8,265,920	\$ 8,346,641	\$ 1,481,035
Total Assets	\$ 1,561,756	\$ 8,265,920	\$ 8,346,641	\$ 1,481,035
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,561,756	\$ 8,265,920	\$ 8,346,641	\$ 1,481,035
Total Liabilities	\$ 1,561,756	\$ 8,265,920	\$ 8,346,641	\$ 1,481,035

(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	\$ 1,561,756	\$ 8,265,920	\$ 8,346,641	\$ 1,481,035
Equity in Pooled Cash and Investments	1,552	7,042,733	7,042,288	1,997
Accounts Receivable	157	0	157	0
Due from Other Governments	585,987	501,358	585,987	501,358
Taxes Receivable	1,506,032	1,518,840	1,506,032	1,518,840
Allowance for Uncollectible Taxes	(59,729)	(64,717)	(59,729)	(64,717)
Total Assets	<u>\$ 3,595,755</u>	<u>\$ 17,264,134</u>	<u>\$ 17,421,376</u>	<u>\$ 3,438,513</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,033,999	\$ 8,998,214	\$ 9,074,735	\$ 1,957,478
Due to Litigants, Heirs, and Others	1,561,756	8,265,920	8,346,641	1,481,035
Total Liabilities	<u>\$ 3,595,755</u>	<u>\$ 17,264,134</u>	<u>\$ 17,421,376</u>	<u>\$ 3,438,513</u>

Monroe County School Department

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

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

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

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

Exhibit J-1

Monroe County, Tennessee
Statement of Activities
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 26,032,549	\$ 21,315	\$ 4,178,916	\$ (21,832,318)
Support Services	18,060,787	100	0	(18,060,687)
Operation of Non-instructional Services	3,278,041	848,452	2,297,314	(132,275)
Total Governmental Activities	\$ 47,371,377	\$ 869,867	\$ 6,476,230	\$ (40,025,280)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 5,169,226
Local Option Sales Taxes				3,645,222
Business Tax				124,482
Mixed Drink Tax				4,522
Income Tax				36,682
Other Local Taxes				331
Grants and Contributions Not Restricted for Specific Programs				29,982,111
Unrestricted Investment Income				8
Sale of Equipment				5,815
Miscellaneous				171,696
Total General Revenues				\$ 39,140,095
Insurance Recovery				\$ 44,824
Total Revenues and Other Sources (Uses)				\$ 39,184,919
Change in Net Position				\$ (840,361)
Restatement for OPEB - See Note I.D.9				(1,689,193)
Net Position, July 1, 2017				43,292,068
Net Position, June 30, 2018				\$ 40,762,514

Exhibit J-2

Monroe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2018

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>School</u>	<u>Governmental</u>
	<u>School</u>		<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 2,549	\$ 0	\$ 2,549
Equity in Pooled Cash and Investments	7,160,879	1,643,453	437,987	9,242,319
Accounts Receivable	52,584	16,729	266	69,579
Due from Other Governments	1,414,717	12,648	190,966	1,618,331
Due from Primary Government	52	0	0	52
Property Taxes Receivable	5,368,779	0	0	5,368,779
Allowance for Uncollectible Property Taxes	(228,761)	0	0	(228,761)
Total Assets	<u>\$ 13,768,250</u>	<u>\$ 1,675,379</u>	<u>\$ 629,219</u>	<u>\$ 16,072,848</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 125,076	\$ 3,372	\$ 3,884	\$ 132,332
Accrued Payroll	3,168,063	0	175,603	3,343,666
Payroll Deductions Payable	1,956,139	10,791	116,657	2,083,587
Total Liabilities	<u>\$ 5,249,278</u>	<u>\$ 14,163</u>	<u>\$ 296,144</u>	<u>\$ 5,559,585</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 4,999,480	\$ 0	\$ 0	\$ 4,999,480
Deferred Delinquent Property Taxes	126,670	0	0	126,670
Other Deferred/Unavailable Revenue	15,000	0	0	15,000
Total Deferred Inflows of Resources	<u>\$ 5,141,150</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,141,150</u>

(Continued)

Exhibit J-2

Monroe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Monroe County School Department (Cont.)

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>School</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>Federal</u>	<u>Funds</u>
	<u>School</u>		<u>Projects</u>	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 26,205	\$ 1,661,216	\$ 28,739	\$ 1,716,160
Committed:				
Committed for Education	0	0	304,336	304,336
Assigned:				
Assigned for Education	705,958	0	0	705,958
Unassigned	2,645,659	0	0	2,645,659
Total Fund Balances	<u>\$ 3,377,822</u>	<u>\$ 1,661,216</u>	<u>\$ 333,075</u>	<u>\$ 5,372,113</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,768,250</u>	<u>\$ 1,675,379</u>	<u>\$ 629,219</u>	<u>\$ 16,072,848</u>

Exhibit J-3

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Monroe County School Department
June 30, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	5,372,113
(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		42,058,496	
Add: other capital assets net of accumulated depreciation		<u>642,436</u>	43,565,494
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due to primary government for capital leases	\$	(150,859)	
Less: OPEB Obligation		<u>(8,749,774)</u>	(8,900,633)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	4,131,055	
Less: deferred inflows of resources related to pensions		(3,990,029)	
Add: deferred outflows of resources related to OPEB		315,237	
Less: deferred inflows of resources related to OPEB		<u>(453,775)</u>	2,488
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension assets - agent plan	\$	341,323	
Add: net pension assets - teacher retirement plan		83,428	
Add: net pension assets - teacher legacy plan		<u>156,631</u>	581,382
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>141,670</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>40,762,514</u></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, 2018

	Major Funds		Nonmajor Fund	Total Governmental Funds
	General Purpose School	Central Cafeteria	School Federal Projects	
<u>Revenues</u>				
Local Taxes	\$ 9,373,429	\$ 0	\$ 0	\$ 9,373,429
Licenses and Permits	2,595	0	0	2,595
Charges for Current Services	282,837	565,703	0	848,540
Other Local Revenues	198,838	8	0	198,846
State of Tennessee	30,857,036	25,598	0	30,882,634
Federal Government	257,129	2,271,716	3,056,235	5,585,080
Other Governments and Citizens Groups	48,649	0	0	48,649
Total Revenues	<u>\$ 41,020,513</u>	<u>\$ 2,863,025</u>	<u>\$ 3,056,235</u>	<u>\$ 46,939,773</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 25,330,084	\$ 0	\$ 2,260,046	\$ 27,590,130
Support Services	15,896,287	0	796,543	16,692,830
Operation of Non-Instructional Services	737,052	2,530,510	0	3,267,562
Total Expenditures	<u>\$ 41,963,423</u>	<u>\$ 2,530,510</u>	<u>\$ 3,056,589</u>	<u>\$ 47,550,522</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (942,910)</u>	<u>\$ 332,515</u>	<u>\$ (354)</u>	<u>\$ (610,749)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 44,824	\$ 0	\$ 0	\$ 44,824
Total Other Financing Sources (Uses)	<u>\$ 44,824</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,824</u>

(Continued)

Exhibit J-4

Monroe County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Monroe County School Department (Cont.)

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>School</u>	<u>Governmental</u>
	<u>School</u>		<u>Federal</u>	<u>Funds</u>
			<u>Projects</u>	
Net Change in Fund Balances	\$ (898,086)	\$ 332,515	\$ (354)	\$ (565,925)
Fund Balance, July 1, 2017	4,275,908	1,328,701	333,429	5,938,038
Fund Balance, June 30, 2018	\$ 3,377,822	\$ 1,661,216	\$ 333,075	\$ 5,372,113

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, 2018

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)		\$	(565,925)
(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	\$	306,756	
Less: current-year depreciation expense		<u>(1,781,538)</u>	(1,474,782)
(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, 2018	\$	141,670	
Less: deferred delinquent property taxes and other deferred June 30, 2017		<u>(546,602)</u>	(404,932)
(3) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Less: capital lease proceeds contributed from primary government	\$	(48,649)	
Add: principal contributions on leases to primary government		<u>45,058</u>	(3,591)
(4) 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 OPEB obligation (net of restatement)	\$	17,742	
Change in deferred outflows related to OPEB		315,237	
Change in deferred inflows related to OPEB		(453,775)	
Change in net pension asset - agent plan		194,021	
Change in net pension asset - teacher retirement plan		49,754	
Change in net pension asset- teacher legacy plan		3,122,722	
Change in deferred outflows related to pensions		(2,219,338)	
Change in deferred inflows related to pensions		<u>582,506</u>	<u>1,608,869</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ (840,361)</u>

Exhibit J-6

Monroe County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2018

	<u>Special Revenue Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	School Federal Projects		
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 437,987	\$	437,987
Accounts Receivable	266		266
Due from Other Governments	190,966		190,966
	<hr/>		<hr/>
Total Assets	\$ 629,219	\$	629,219
	<hr/> <hr/>		<hr/> <hr/>
<u>LIABILITIES</u>			
Accounts Payable	\$ 3,884	\$	3,884
Accrued Payroll	175,603		175,603
Payroll Deductions Payable	116,657		116,657
Total Liabilities	\$ 296,144	\$	296,144
	<hr/>		<hr/>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 28,739	\$	28,739
Committed:			
Committed for Education	304,336		304,336
Total Fund Balances	\$ 333,075	\$	333,075
	<hr/>		<hr/>
Total Liabilities and Fund Balances	\$ 629,219	\$	629,219
	<hr/> <hr/>		<hr/> <hr/>

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, 2018

	Special Revenue Fund		Total Nonmajor Governmental Funds
	School Federal Projects		
<hr/>			
<u>Revenues</u>			
Federal Government	\$ 3,056,235	\$	3,056,235
Total Revenues	<u>\$ 3,056,235</u>	<u>\$</u>	<u>3,056,235</u>
 <u>Expenditures</u>			
Current:			
Instruction	\$ 2,260,046	\$	2,260,046
Support Services	796,543		796,543
Total Expenditures	<u>\$ 3,056,589</u>	<u>\$</u>	<u>3,056,589</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (354)</u>	<u>\$</u>	<u>(354)</u>
Net Change in Fund Balances	\$ (354)	\$	(354)
Fund Balance, July 1, 2017	333,429		333,429
Fund Balance, June 30, 2018	<u>\$ 333,075</u>	<u>\$</u>	<u>333,075</u>

Exhibit J-8

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
General Purpose School Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,373,429	\$ 0	\$ 0	\$ 9,373,429	\$ 9,702,874	\$ 10,066,706	\$ (693,277)
Licenses and Permits	2,595	0	0	2,595	3,000	3,000	(405)
Charges for Current Services	282,837	0	0	282,837	317,000	317,000	(34,163)
Other Local Revenues	198,838	0	0	198,838	295,750	312,942	(114,104)
State of Tennessee	30,857,036	0	0	30,857,036	30,406,412	30,785,346	71,690
Federal Government	257,129	0	0	257,129	0	175,569	81,560
Other Governments and Citizens Groups	48,649	0	0	48,649	0	48,649	0
Total Revenues	\$ 41,020,513	\$ 0	\$ 0	\$ 41,020,513	\$ 40,725,036	\$ 41,709,212	\$ (688,699)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 19,787,924	\$ 0	\$ 0	\$ 19,787,924	\$ 19,551,600	\$ 19,949,948	\$ 162,024
Alternative Instruction Program	70,199	0	0	70,199	70,840	70,840	641
Special Education Program	3,640,236	0	0	3,640,236	3,465,940	3,715,410	75,174
Career and Technical Education Program	1,831,725	0	0	1,831,725	1,767,210	1,839,247	7,522
<u>Support Services</u>							
Attendance	39,555	0	0	39,555	41,412	41,412	1,857
Health Services	1,106,160	(7,566)	71	1,098,665	1,175,240	1,180,546	81,881
Other Student Support	1,061,558	0	300	1,061,858	1,070,641	1,071,981	10,123
Regular Instruction Program	1,151,555	0	0	1,151,555	1,156,444	1,153,413	1,858
Special Education Program	535,336	0	0	535,336	543,733	540,789	5,453
Career and Technical Education Program	1,217	0	0	1,217	0	1,218	1
Technology	691,294	0	0	691,294	760,353	712,809	21,515
Other Programs	152,967	0	0	152,967	0	152,967	0
Board of Education	527,168	0	150	527,318	750,835	554,235	26,917
Director of Schools	305,996	(60)	0	305,936	329,173	326,173	20,237
Office of the Principal	2,119,642	0	0	2,119,642	2,199,483	2,130,917	11,275
Operation of Plant	3,437,581	(831)	1,431	3,438,181	3,581,624	3,563,378	125,197
Maintenance of Plant	2,393,079	(12,483)	688,389	3,068,985	2,634,229	3,483,517	414,532

(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 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 2,373,179	\$ (14,617)	\$ 15,617	\$ 2,374,179	\$ 2,499,768	\$ 2,483,883	\$ 109,704
<u>Operation of Non-Instructional Services</u>							
Food Service	334,540	0	0	334,540	391,602	334,581	41
Community Services	47,689	0	0	47,689	46,026	55,564	7,875
Early Childhood Education	354,823	(1,629)	0	353,194	337,682	355,215	2,021
Total Expenditures	\$ 41,963,423	\$ (37,186)	\$ 705,958	\$ 42,632,195	\$ 42,373,835	\$ 43,718,043	\$ 1,085,848
Excess (Deficiency) of Revenues Over Expenditures	\$ (942,910)	\$ 37,186	\$ (705,958)	\$ (1,611,682)	\$ (1,648,799)	\$ (2,008,831)	\$ 397,149
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 44,824	\$ 0	\$ 0	\$ 44,824	\$ 0	\$ 0	\$ 44,824
Total Other Financing Sources	\$ 44,824	\$ 0	\$ 0	\$ 44,824	\$ 0	\$ 0	\$ 44,824
Net Change in Fund Balance	\$ (898,086)	\$ 37,186	\$ (705,958)	\$ (1,566,858)	\$ (1,648,799)	\$ (2,008,831)	\$ 441,973
Fund Balance, July 1, 2017	4,275,908	(37,186)	0	4,238,722	4,161,587	4,161,587	77,135
Fund Balance, June 30, 2018	\$ 3,377,822	\$ 0	\$ (705,958)	\$ 2,671,864	\$ 2,512,788	\$ 2,152,756	\$ 519,108

Exhibit J-9

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
School Federal Projects Fund
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 3,056,235	\$ 0	\$ 0	\$ 3,056,235	\$ 2,616,012	\$ 3,874,027	\$ (817,792)
Total Revenues	\$ 3,056,235	\$ 0	\$ 0	\$ 3,056,235	\$ 2,616,012	\$ 3,874,027	\$ (817,792)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,189,484	\$ (4,622)	\$ 24,023	\$ 1,208,885	\$ 1,099,401	\$ 1,621,012	\$ 412,127
Special Education Program	982,799	0	0	982,799	913,490	988,440	5,641
Career and Technical Education Program	87,763	0	2,538	90,301	84,979	91,051	750
<u>Support Services</u>							
Other Student Support	94,316	0	0	94,316	89,364	153,987	59,671
Regular Instruction Program	466,358	(1,022)	0	465,336	386,402	777,996	312,660
Special Education Program	224,541	0	0	224,541	193,306	230,212	5,671
Career and Technical Education Program	9,978	0	0	9,978	9,741	9,978	0
Transportation	1,350	0	0	1,350	0	1,350	0
Total Expenditures	\$ 3,056,589	\$ (5,644)	\$ 26,561	\$ 3,077,506	\$ 2,776,683	\$ 3,874,026	\$ 796,520
Excess (Deficiency) of Revenues Over Expenditures	\$ (354)	\$ 5,644	\$ (26,561)	\$ (21,271)	\$ (160,671)	\$ 1	\$ (21,272)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 160,671	\$ 0	\$ 0
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 160,671	\$ 0	\$ 0
Net Change in Fund Balance	\$ (354)	\$ 5,644	\$ (26,561)	\$ (21,271)	\$ 0	\$ 1	\$ (21,272)
Fund Balance, July 1, 2017	333,429	(5,644)	0	327,785	132,614	132,614	195,171
Fund Balance, June 30, 2018	\$ 333,075	\$ 0	\$ (26,561)	\$ 306,514	\$ 132,614	\$ 132,615	\$ 173,899

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 565,703	\$ 0	\$ 0	\$ 565,703	\$ 675,606	\$ 675,606	\$ (109,903)
Other Local Revenues	8	0	0	8	505	26,769	(26,761)
State of Tennessee	25,598	0	0	25,598	27,875	27,875	(2,277)
Federal Government	2,271,716	0	0	2,271,716	2,203,270	2,203,270	68,446
Total Revenues	\$ 2,863,025	\$ 0	\$ 0	\$ 2,863,025	\$ 2,907,256	\$ 2,933,520	\$ (70,495)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 2,530,510	\$ (50,554)	\$ 40,765	\$ 2,520,721	\$ 2,907,256	\$ 2,933,520	\$ 412,799
Total Expenditures	\$ 2,530,510	\$ (50,554)	\$ 40,765	\$ 2,520,721	\$ 2,907,256	\$ 2,933,520	\$ 412,799
Excess (Deficiency) of Revenues Over Expenditures	\$ 332,515	\$ 50,554	\$ (40,765)	\$ 342,304	\$ 0	\$ 0	\$ 342,304
Net Change in Fund Balance	\$ 332,515	\$ 50,554	\$ (40,765)	\$ 342,304	\$ 0	\$ 0	\$ 342,304
Fund Balance, July 1, 2017	1,328,701	(50,554)	0	1,278,147	805,782	805,782	472,365
Fund Balance, June 30, 2018	\$ 1,661,216	\$ 0	\$ (40,765)	\$ 1,620,451	\$ 805,782	\$ 805,782	\$ 814,669

MISCELLANEOUS SCHEDULES

Exhibit K-1

Monroe County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, Other Loans, and Capital Leases
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Issued During Period	Debt Refunded During Period	Paid and/or Matured During Period	Outstanding 6-30-18
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Public Improvement, Series 1999 (CAB)	\$ 999,236	4.6 to 4.95 %	4-1-1999	4-1-18	\$ 157,968	\$ 0	\$ 0	\$ 157,968	\$ 0
General Obligation School Bonds, Series 2008	9,850,000	4.05 to 5	4-15-08	7-28-17	9,850,000	0	9,638,000	212,000	0
General Obligation School Refunding Bonds, Series 2015	7,810,000	2.0 to 3.0	11-24-15	6-1-35	7,655,000	0	0	40,000	7,615,000
General Obligation School Refunding Bonds, Series 2016	8,005,000	2.0	9-14-16	6-1-31	7,410,000	0	0	545,000	6,865,000
General Obligation School Refunding Bonds, Series 2017	9,725,000	3.0	7-28-17	6-1-38	0	9,725,000	0	0	9,725,000
Total Bonds Payable					<u>\$ 25,072,968</u>	<u>\$ 9,725,000</u>	<u>\$ 9,638,000</u>	<u>\$ 954,968</u>	<u>\$ 24,205,000</u>
<u>NOTES PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
General Obligation Bond Anticipation Note, Series 2017	30,915,000	1.2	6-15-17	6-15-19	\$ 30,915,000	\$ 0	\$ 0	\$ 0	\$ 30,915,000
Total Notes Payable					<u>\$ 30,915,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,915,000</u>
<u>OTHER LOANS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Public Improvement and Refunding, Series E-7-A	31,965,000	Variable (1)	2-19-09	6-1-39	\$ 27,995,000	\$ 0	\$ 0	\$ 975,000	\$ 27,020,000
Fort Loudoun Electric Cooperative Interest-Free Loan	71,820	0	9-13-12	8-20-22	37,078	0	0	7,188	29,890
Total Other Loans Payable					<u>\$ 28,032,078</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 982,188</u>	<u>\$ 27,049,890</u>

(Continued)

Exhibit K-1

Monroe County, Tennessee
 Schedule of Changes in Long-term Bonds, Notes, Other Loans, and Capital Leases (Continued)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Issued During Period	Debt Refunded During Period	Paid and/or Matured During Period	Outstanding 6-30-18
CAPITAL LEASES PAYABLE									
<u>Payable through General Fund</u>									
Maintenance Vehicle - 2017 Ram Crew Cab SSV	(2) \$	28,004	4.65 %	2-10-17	2-10-21	\$ 22,403	\$ 0	\$ 5,601	\$ 16,802
Sheriff Vehicle - 2017 Dodge Journey	(2)	18,156	4.65	4-10-17	4-10-21	14,525	0	3,631	10,894
Sheriff Vehicle - 2017 Dodge Durango	(2)	34,312	4.65	4-10-17	4-10-21	27,450	0	6,862	20,588
Eight Sheriff's Vehicles - 2016 Dodge Chargers AWD	(3)	329,660	4.65	6-10-17	6-10-20	247,245	0	82,415	164,830
Three Sheriff's Vehicles - 2017 Dodge Chargers AWD	(3)	123,622	4.65	8-10-17	8-10-20	92,716	0	30,906	61,810
Six Sheriff's Vehicles - 2017 Dodge Chargers AWD	(3)	247,245	4.65	9-10-17	9-10-20	185,434	0	61,811	123,623
Sheriff Vehicle - 2017 Dodge Chargers AWD	(3)	41,207	4.65	10-10-17	10-10-20	30,905	0	10,302	20,603
Two Sheriff's Vehicles - 2017 Ram Crew Cab SSV	(2)	93,342	4.65	9-10-17	9-10-20	70,006	0	23,336	46,670
Ambulance - Lifepack Defibrillators		214,535	4.90	10-10-17	10-10-21	0	214,535	0	42,907
Two Ambulances - 2016 Chevrolet Express Cargo G3500		254,548	4.75	1-10-18	1-10-20	0	254,548	0	84,849
Sheriff Vehicle - 2018 Dodge Ram Crew Cab		46,671	4.65	6-10-18	6-10-21	0	46,671	0	11,668
EMA Vehicle - 2018 Dodge 3500		38,796	4.75	6-30-18	7-10-21	0	38,796	0	9,699
Total Payable through General Fund						\$ 690,684	\$ 554,550	\$ 373,987	\$ 871,247
<u>Payable through Solid Waste/Sanitation Fund</u>									
Three 2017 Dodge Ram 1500s	(2)	82,632	4.65	3-10-17	3-10-20	\$ 61,974	\$ 0	\$ 20,658	\$ 41,316
Two 2017 Dodge Ram 1500s	(2)	60,075	4.65	4-10-17	4-10-20	45,056	0	15,019	30,037
Total Payable through Solid Waste/Sanitation Fund						\$ 107,030	\$ 0	\$ 35,677	\$ 71,353
<u>Payable through Highway/Public Works Fund</u>									
Three 2017 Dodge Ram 1500s	(2)	66,582	4.65	8-10-17	8-10-20	\$ 49,937	\$ 0	\$ 16,645	\$ 33,292
2017 Dodge Ram 2500	(2)	29,298	4.65	8-10-17	8-10-20	21,973	0	7,325	14,648
Two 2017 Dodge Ram 1500s	(2)	59,869	4.65	9-10-17	9-10-20	44,902	0	14,967	29,935
Three 2018 International Dump Trucks		324,269	4.25	9-7-17	9-7-20	0	324,269	0	86,197
Total Payable through Highway/Public Works Fund						\$ 116,812	\$ 324,269	\$ 125,134	\$ 315,947
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>									
Caterpillar Excavator and Skid Loader		67,553	2.89	9-20-16	9-20-21	\$ 58,083	\$ 0	\$ 13,032	\$ 45,051
2017 Dodge Grand Caravan	(2)	21,915	4.65	5-10-17	5-10-21	17,532	0	4,383	13,149
2017 Dodge Ram 2500 Crew Cab	(2)	32,315	4.65	5-10-17	5-10-21	25,852	0	6,463	19,389
2017 Dodge Ram 2500	(2)	36,906	4.65	6-10-17	6-10-21	29,525	0	7,381	22,144
2017 Jeep Renegade	(2)	20,345	4.65	6-10-17	6-10-21	16,276	0	4,069	12,207
2018 Dodge Ram 3500		48,649	4.65	4-10-18	4-10-22	0	48,649	0	9,730
Total Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund						\$ 147,268	\$ 48,649	\$ 45,058	\$ 150,859
Total Capital Leases Payable						\$ 1,061,794	\$ 927,468	\$ 579,856	\$ 1,409,406

- (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) The dates of issuance and maturity on these leases were reported incorrectly in the prior year, the dates shown are the corrected dates.
- (3) These leases were combined in the prior year, they have been correctly shown in the schedule above to reflect their individual issue and maturity dates.

Exhibit K-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 615,000	\$ 630,812	\$ 1,245,812
2020	615,000	618,263	1,233,263
2021	1,040,000	605,712	1,645,712
2022	1,030,000	583,163	1,613,163
2023	1,090,000	560,812	1,650,812
2024	1,180,000	537,013	1,717,013
2025	1,210,000	510,962	1,720,962
2026	1,150,000	484,450	1,634,450
2027	1,215,000	458,325	1,673,325
2028	1,175,000	430,575	1,605,575
2029	1,235,000	402,725	1,637,725
2030	1,170,000	371,388	1,541,388
2031	1,405,000	341,938	1,746,938
2032	890,000	305,562	1,195,562
2033	905,000	279,575	1,184,575
2034	1,790,000	252,425	2,042,425
2035	1,790,000	198,725	1,988,725
2036	1,455,000	145,025	1,600,025
2037	1,635,000	101,375	1,736,375
2038	1,610,000	52,325	1,662,325
Total	\$ 24,205,000	\$ 7,871,150	\$ 32,076,150

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 30,915,000	\$ 370,980	\$ 31,285,980
Total	\$ 30,915,000	\$ 370,980	\$ 31,285,980

(Continued)

Exhibit K-2

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

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2019	\$ 1,467,188	\$ 666,983	\$ 278,722	\$ 2,412,893
2020	1,542,188	613,384	263,661	2,419,233
2021	1,092,188	556,915	247,827	1,896,930
2022	1,162,188	540,206	236,635	1,939,029
2023	1,156,138	522,419	224,721	1,903,278
2024	1,130,000	504,632	212,806	1,847,438
2025	1,150,000	472,350	201,150	1,823,500
2026	1,295,000	439,760	189,287	1,924,047
2027	1,310,000	403,077	175,929	1,889,006
2028	1,420,000	366,163	162,416	1,948,579
2029	1,445,000	325,695	147,768	1,918,463
2030	1,590,000	284,842	132,862	2,007,704
2031	1,445,000	239,896	116,461	1,801,357
2032	1,580,000	197,183	101,555	1,878,738
2033	1,645,000	150,431	85,257	1,880,688
2034	865,000	101,948	68,288	1,035,236
2035	960,000	88,627	59,365	1,107,992
2036	1,465,000	73,843	49,462	1,588,305
2037	1,395,000	51,282	34,350	1,480,632
2038	1,535,000	29,799	19,960	1,584,759
2039	400,000	6,160	4,126	410,286
Total	<u>\$ 27,049,890</u>	<u>\$ 6,635,595</u>	<u>\$ 3,012,608</u>	<u>\$ 36,698,093</u>

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2019	\$ 570,118	\$ 36,259	\$ 606,377
2020	573,745	42,242	615,987
2021	209,287	23,325	232,612
2022	56,256	6,119	62,375
Total	<u>\$ 1,409,406</u>	<u>\$ 107,945</u>	<u>\$ 1,517,351</u>

Exhibit K-3

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, 2018

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i> and County Commission	\$ 92,192	\$ 100,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	82,802	100,000	"
Director of Schools	State Board of Education and County Board of Education	101,206 (1)	150,000	RLI Insurance Company
Trustee	Section 8-24-102, <i>TCA</i>	75,274	1,677,494	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	75,274	50,000	"
Director of Finance	County Commission	84,402 (2)	100,000	RLI Insurance Company
County Clerk	Section 8-24-102, <i>TCA</i>	75,274	100,000	Ohio Casualty Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	75,274	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court	75,274 (3)	150,000	RLI Insurance Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	75,274	100,000	Ohio Casualty Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	87,802 (4)	100,000	"
Employee Blanket Bond Coverage:				
Monroe County and Monroe County School Department:				
Public Employee Dishonesty				400,000 Tennessee Risk Management Trust

- (1) Does not include a chief executive officer training supplement of \$1,000.
- (2) Does not include longevity of \$600.
- (3) Does not include special commissioner fees of \$6,040.
- (4) Includes a \$5,000 supplement for serving as a workhouse superintendent. Does not include a law enforcement training supplement of \$600.

Exhibit K-4

Monroe County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2018

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 7,985,030	\$ 799,465	\$ 0	\$ 0	\$ 948,585
Trustee's Collections - Prior Year	308,569	29,943	0	0	32,328
Circuit Clerk/Clerk and Master Collections - Prior Years	159,620	16,342	0	0	18,254
Interest and Penalty	70,492	8,336	0	0	7,697
Pickup Taxes	75	12	0	0	8
Payments in-Lieu-of Taxes - T.V.A.	16,136	1,630	0	0	1,863
Payments in-Lieu-of Taxes - Local Utilities	822,806	82,096	0	0	97,442
Payments in-Lieu-of Taxes - Other	373,379	178	0	0	211
<u>County Local Option Taxes</u>					
Local Option Sales Tax	807,547	0	0	0	0
Hotel/Motel Tax	201,329	0	0	0	0
Wheel Tax	0	0	0	0	0
Litigation Tax - General	33,660	0	0	0	0
Litigation Tax - Special Purpose	34,612	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	166,963	0	0	0	0
Business Tax	169,746	0	0	0	7,895
Mixed Drink Tax	6,332	0	0	0	0
Mineral Severance Tax	0	0	0	0	29,802
<u>Statutory Local Taxes</u>					
Bank Excise Tax	37,361	3,728	0	0	4,425
Wholesale Beer Tax	80,993	0	0	0	0
Total Local Taxes	\$ 11,274,650	\$ 941,730	\$ 0	\$ 0	\$ 1,148,510

(Continued)

Exhibit K-4

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Vaccination	\$ 64,652	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	72,571	0	0	0	0
<u>Permits</u>					
Building Permits	15,027	0	0	0	0
Total Licenses and Permits	\$ 152,250	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 19,171	\$ 0	\$ 0	\$ 0	0
Officers Costs	23,955	0	0	0	0
Jail Fees	16,499	0	0	0	0
DUI Treatment Fines	950	0	0	0	0
Data Entry Fee - Circuit Court	2,675	0	0	0	0
Courtroom Security Fee	266	0	0	0	0
<u>General Sessions Court</u>					
Fines	39,167	0	0	0	0
Officers Costs	59,495	0	0	0	0
Jail Fees	27,630	0	0	0	0
DUI Treatment Fines	9,851	0	0	0	0
Data Entry Fee - General Sessions Court	12,322	0	0	0	0
Courtroom Security Fee	876	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	5,672	0	0	0	0
<u>Other Courts - In-county</u>					
Fines	2,375	0	0	0	0
Drug Control Fines	1,700	0	17,422	0	0

(Continued)

Exhibit K-4

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	\$ 255	\$ 0	\$ 0	\$ 0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	133,438	0	0
Total Fines, Forfeitures, and Penalties	\$ 222,859	\$ 0	\$ 150,860	\$ 0	0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 38,628	\$ 0	\$ 0	0
Patient Charges	2,890,555	0	0	0	0
Other General Service Charges	441,398	0	0	0	230,709
<u>Fees</u>					
Airport Fees	242,537	0	0	0	0
Copy Fees	1,942	0	0	0	0
Archives and Records Management Fee	910	0	0	0	0
Telephone Commissions	76,385	0	0	0	0
Vending Machine Collections	83	0	0	0	0
Tourism Fees	58,952	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	6,040	0
Data Processing Fee - Register	14,820	0	0	0	0
Data Processing Fee - Sheriff	4,860	0	0	0	0
Sexual Offender Registration Fee - Sheriff	8,475	0	0	0	0
Data Processing Fee - County Clerk	4,265	0	0	0	0
Total Charges for Current Services	\$ 3,745,182	\$ 38,628	\$ 0	\$ 6,040	\$ 230,709

(Continued)

Exhibit K-4

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 18	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	6,300	0	0	0	0
Commissary Sales	43,416	0	0	0	0
Sale of Recycled Materials	0	27,428	0	0	0
Miscellaneous Refunds	713	863	0	0	2,250
<u>Nonrecurring Items</u>					
Sale of Equipment	560	0	0	0	7,540
Damages Recovered from Individuals	5,677	0	0	0	0
Contributions and Gifts	2,483	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	8,698	0	0	0	0
Total Other Local Revenues	\$ 67,865	\$ 28,291	\$ 0	\$ 0	\$ 9,790
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 445,332	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	240,853	0	0	0	0
General Sessions Court Clerk	238,892	0	0	0	0
Clerk and Master	174,131	0	0	0	0
Register	186,293	0	0	0	0
Sheriff	34,222	0	0	0	0
Trustee	703,137	0	0	0	0
Total Fees Received From County Officials	\$ 2,022,860	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-4

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	0
Airport Maintenance Program	14,300	0	0	0	0
Other General Government Grants	6,700	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	25,800	0	0	0	0
Other Public Safety Grants	15,357	0	0	0	0
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	11,036	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	258,263
State Aid Program	0	0	0	0	400,619
Litter Program	0	53,700	0	0	0
<u>Other State Revenues</u>					
Income Tax	75,345	8,220	0	0	8,994
Beer Tax	17,839	0	0	0	0
Vehicle Certificate of Title Fees	10,343	0	0	0	0
Alcoholic Beverage Tax	101,206	0	0	0	0
State Revenue Sharing - T.V.A.	150,000	0	0	0	21,000
State Revenue Sharing - Telecommunications	49,755	0	0	0	0
Contracted Prisoner Boarding	1,044,907	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,617,147
Petroleum Special Tax	0	0	0	0	32,122
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	211,245	0	0	0	0
Other State Revenues	3,288	31,812	0	0	0
Total State of Tennessee	\$ 1,761,285	\$ 93,732	\$ 0	\$ 0	3,338,145

(Continued)

Exhibit K-4

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 20,000	\$ 0	\$ 0	\$ 0	0
Other Federal through State	193,334	0	0	0	0
<u>Direct Federal Revenue</u>					
Forest Service	69,115	0	0	0	81,560
Other Direct Federal Revenue	16,163	0	0	0	0
Total Federal Government	\$ 298,612	\$ 0	\$ 0	\$ 0	81,560
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 285,339	\$ 0	\$ 0	\$ 0	0
<u>Citizens Groups</u>					
Donations	9,295	0	0	0	0
<u>Other</u>					
Other	17,529	0	0	0	0
Total Other Governments and Citizens Groups	\$ 312,163	\$ 0	\$ 0	\$ 0	0
Total	\$ 19,857,726	\$ 1,102,381	\$ 150,860	\$ 6,040	\$ 4,808,714

(Continued)

Exhibit K-4

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 3,384,010	\$ 13,117,090
Trustee's Collections - Prior Year	119,902	490,742
Circuit Clerk/Clerk and Master Collections - Prior Years	67,347	261,563
Interest and Penalty	29,862	116,387
Pickup Taxes	33	128
Payments in-Lieu-of Taxes - T.V.A.	6,807	26,436
Payments in-Lieu-of Taxes - Local Utilities	347,613	1,349,957
Payments in-Lieu-of Taxes - Other	754	374,522
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	807,547
Hotel/Motel Tax	0	201,329
Wheel Tax	991,577	991,577
Litigation Tax - General	35,198	68,858
Litigation Tax - Special Purpose	0	34,612
Litigation Tax - Jail, Workhouse, or Courthouse	0	166,963
Business Tax	55,266	232,907
Mixed Drink Tax	0	6,332
Mineral Severance Tax	0	29,802
<u>Statutory Local Taxes</u>		
Bank Excise Tax	15,784	61,298
Wholesale Beer Tax	0	80,993
Total Local Taxes	<u>\$ 5,054,153</u>	<u>\$ 18,419,043</u>

(Continued)

Exhibit K-4

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

	<u>Debt Service</u> <u>Fund</u>		
	General	Debt	Total
	Service	Service	
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Animal Vaccination	\$ 0	\$ 0	64,652
Cable TV Franchise		0	72,571
<u>Permits</u>			
Building Permits		0	15,027
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>152,250</u>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 0	19,171
Officers Costs		0	23,955
Jail Fees		0	16,499
DUI Treatment Fines		0	950
Data Entry Fee - Circuit Court		0	2,675
Courtroom Security Fee		0	266
<u>General Sessions Court</u>			
Fines		0	39,167
Officers Costs		0	59,495
Jail Fees		0	27,630
DUI Treatment Fines		0	9,851
Data Entry Fee - General Sessions Court		0	12,322
Courtroom Security Fee		0	876
<u>Chancery Court</u>			
Officers Costs		0	5,672
<u>Other Courts - In-county</u>			
Fines		0	2,375
Drug Control Fines		0	19,122

(Continued)

Exhibit K-4

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Judicial District Drug Program</u>		
Courtroom Security Fee	\$ 0	\$ 255
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	133,438
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 373,719</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Tipping Fees	\$ 0	\$ 38,628
Patient Charges	0	2,890,555
Other General Service Charges	0	672,107
<u>Fees</u>		
Airport Fees	0	242,537
Copy Fees	0	1,942
Archives and Records Management Fee	0	910
Telephone Commissions	0	76,385
Vending Machine Collections	0	83
Tourism Fees	0	58,952
Special Commissioner Fees/Special Master Fees	0	6,040
Data Processing Fee - Register	0	14,820
Data Processing Fee - Sheriff	0	4,860
Sexual Offender Registration Fee - Sheriff	0	8,475
Data Processing Fee - County Clerk	0	4,265
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 4,020,559</u>

(Continued)

Exhibit K-4

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

	<u>Debt Service</u> <u>Fund</u>		
	General	Debt	Total
	Service	Service	
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 325,271	\$	325,289
Lease/Rentals	0		6,300
Commissary Sales	0		43,416
Sale of Recycled Materials	0		27,428
Miscellaneous Refunds	0		3,826
<u>Nonrecurring Items</u>			
Sale of Equipment	0		8,100
Damages Recovered from Individuals	0		5,677
Contributions and Gifts	0		2,483
<u>Other Local Revenues</u>			
Other Local Revenues	0		8,698
Total Other Local Revenues	<u>\$ 325,271</u>	<u>\$</u>	<u>431,217</u>
<u>Fees Received From County Officials</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$ 0	\$	445,332
Circuit Court Clerk	0		240,853
General Sessions Court Clerk	0		238,892
Clerk and Master	0		174,131
Register	0		186,293
Sheriff	0		34,222
Trustee	0		703,137
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$</u>	<u>2,022,860</u>

(Continued)

Exhibit K-4

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

	<u>Debt Service</u> <u>Fund</u>	
	General Debt Service	Total
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Airport Maintenance Program	0	14,300
Other General Government Grants	0	6,700
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	25,800
Other Public Safety Grants	0	15,357
<u>Health and Welfare Grants</u>		
Other Health and Welfare Grants	0	11,036
<u>Public Works Grants</u>		
Bridge Program	0	258,263
State Aid Program	0	400,619
Litter Program	0	53,700
<u>Other State Revenues</u>		
Income Tax	32,085	124,644
Beer Tax	0	17,839
Vehicle Certificate of Title Fees	0	10,343
Alcoholic Beverage Tax	0	101,206
State Revenue Sharing - T.V.A.	0	171,000
State Revenue Sharing - Telecommunications	0	49,755
Contracted Prisoner Boarding	0	1,044,907
Gasoline and Motor Fuel Tax	0	2,617,147
Petroleum Special Tax	0	32,122
Registrar's Salary Supplement	0	15,164
Other State Grants	0	211,245
Other State Revenues	0	35,100
Total State of Tennessee	<u>\$ 32,085</u>	<u>\$ 5,225,247</u>

(Continued)

Exhibit K-4

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

	<u>Debt Service</u> <u>Fund</u>		
	General Debt Service		Total
<u>Federal Government</u>			
<u>Federal Through State</u>			
Homeland Security Grants	\$	0	\$ 20,000
Other Federal through State		0	193,334
<u>Direct Federal Revenue</u>			
Forest Service		0	150,675
Other Direct Federal Revenue		0	16,163
Total Federal Government	<u>\$</u>	<u>0</u>	<u>\$ 380,172</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$	56,779	\$ 342,118
<u>Citizens Groups</u>			
Donations		0	9,295
<u>Other</u>			
Other		0	17,529
Total Other Governments and Citizens Groups	<u>\$</u>	<u>56,779</u>	<u>\$ 368,942</u>
Total	<u>\$</u>	<u>5,468,288</u>	<u>\$ 31,394,009</u>

Exhibit K-5

Monroe County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2018

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,448,537	\$ 0	\$ 0	\$ 4,448,537
Trustee's Collections - Prior Year	171,869	0	0	171,869
Circuit Clerk/Clerk and Master Collections - Prior Years	88,750	0	0	88,750
Interest and Penalty	41,776	0	0	41,776
Pickup Taxes	43	0	0	43
Payments in-Lieu-of Taxes - T.V.A.	8,968	0	0	8,968
Payments in-Lieu-of Taxes - Local Utilities	456,883	0	0	456,883
Payments in-Lieu-of Taxes - Other	983	0	0	983
<u>County Local Option Taxes</u>				
Local Option Sales Tax	4,000,240	0	0	4,000,240
Business Tax	129,326	0	0	129,326
Mixed Drink Tax	4,977	0	0	4,977
Other County Local Option Taxes	331	0	0	331
<u>Statutory Local Taxes</u>				
Bank Excise Tax	20,746	0	0	20,746
Total Local Taxes	<u>\$ 9,373,429</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,373,429</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,595	\$ 0	\$ 0	\$ 2,595
Total Licenses and Permits	<u>\$ 2,595</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,595</u>

(Continued)

Exhibit K-5

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services</u>				
<u>Fees</u>				
Vending Machine Collections	\$ 0	\$ 0	\$ 88	\$ 88
<u>Education Charges</u>				
Lunch Payments - Children	0	0	314,906	314,906
Lunch Payments - Adults	0	0	91,321	91,321
Income from Breakfast	0	0	90,542	90,542
Transportation - Other State Systems	225,737	0	0	225,737
School Based Health Services - FFS	37,352	0	0	37,352
Receipts from Individual Schools	19,748	0	68,846	88,594
Total Charges for Current Services	<u>\$ 282,837</u>	<u>\$ 0</u>	<u>\$ 565,703</u>	<u>\$ 848,540</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 8	\$ 8
Lease/Rentals	100	0	0	100
E-Rate Funding	21,315	0	0	21,315
Miscellaneous Refunds	1,387	0	0	1,387
<u>Nonrecurring Items</u>				
Sale of Equipment	5,815	0	0	5,815
<u>Other Local Revenues</u>				
Other Local Revenues	170,221	0	0	170,221
Total Other Local Revenues	<u>\$ 198,838</u>	<u>\$ 0</u>	<u>\$ 8</u>	<u>\$ 198,846</u>

(Continued)

Exhibit K-5

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

	<u>Special Revenue Funds</u>			Total
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 152,967	\$ 0	\$ 0	\$ 152,967
<u>State Education Funds</u>				
Basic Education Program	28,321,000	0	0	28,321,000
Early Childhood Education	303,782	0	0	303,782
School Food Service	0	0	25,598	25,598
Driver Education	13,079	0	0	13,079
Other State Education Funds	429,079	0	0	429,079
Career Ladder Program	124,490	0	0	124,490
Vocational Equipment	145,937	0	0	145,937
<u>Other State Revenues</u>				
Income Tax	41,682	0	0	41,682
State Revenue Sharing - T.V.A.	1,325,020	0	0	1,325,020
Total State of Tennessee	<u>\$ 30,857,036</u>	<u>\$ 0</u>	<u>\$ 25,598</u>	<u>\$ 30,882,634</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,360,688	\$ 1,360,688
USDA - Commodities	0	0	232,147	232,147
Breakfast	0	0	543,025	543,025
USDA - Other	0	0	135,856	135,856
Vocational Education - Basic Grants to States	0	119,564	0	119,564
Title I Grants to Local Education Agencies	0	1,524,653	0	1,524,653
Special Education - Grants to States	175,569	1,180,217	0	1,355,786
Special Education Preschool Grants	0	27,863	0	27,863

(Continued)

Exhibit K-5

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Rural Education	\$ 0	\$ 41,780	\$ 0	\$ 41,780
Eisenhower Professional Development State Grants	0	122,097	0	122,097
Other Federal through State	0	40,061	0	40,061
<u>Direct Federal Revenue</u>				
Forest Service	81,560	0	0	81,560
Total Federal Government	<u>\$ 257,129</u>	<u>\$ 3,056,235</u>	<u>\$ 2,271,716</u>	<u>\$ 5,585,080</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 48,649	\$ 0	\$ 0	\$ 48,649
Total Other Governments and Citizens Groups	<u>\$ 48,649</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48,649</u>
Total	<u>\$ 41,020,513</u>	<u>\$ 3,056,235</u>	<u>\$ 2,863,025</u>	<u>\$ 46,939,773</u>

Exhibit K-6

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2018

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	52,999	
Social Security		2,839	
Employer Medicare		773	
Audit Services		32,499	
Consultants		30,508	
Contracts with Private Agencies		11,620	
Dues and Memberships		4,792	
Postal Charges		105	
Travel		4,090	
Other Contracted Services		6,670	
Building and Contents Insurance		53,500	
Liability Insurance		8,526	
Workers' Compensation Insurance		1,000	
Tax Relief Program		75,851	
Other Charges		6,328	
Total County Commission			\$ 292,100

Board of Equalization

Board and Committee Members Fees	\$	3,600	
Total Board of Equalization			3,600

County Mayor/Executive

County Official/Administrative Officer	\$	92,192	
Assistant(s)		33,989	
Deputy(ies)		21,281	
Social Security		8,704	
Pensions		6,533	
Employee and Dependent Insurance		19,632	
Life Insurance		171	
Employer Medicare		2,036	
Communication		6,099	
Postal Charges		33	
Travel		244	
Office Supplies		696	
Workers' Compensation Insurance		1,000	
Other Charges		86	
Office Equipment		915	
Total County Mayor/Executive			193,611

Personnel Office

Secretary(ies)	\$	102,410	
Longevity Pay		3,200	
Social Security		6,074	
Pensions		4,679	
Employee and Dependent Insurance		24,009	
Life Insurance		171	
Employer Medicare		1,421	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

Consultants	\$	1,114	
Dues and Memberships		199	
Operating Lease Payments		3,486	
Maintenance Agreements		492	
Travel		1,281	
Other Charges		2,964	
Office Equipment		905	
Total Personnel Office			\$ 152,405

County Attorney

Legal Services	\$	66,434	
Total County Attorney			66,434

Election Commission

County Official/Administrative Officer	\$	67,747	
Assistant(s)		33,338	
Deputy(ies)		32,396	
Election Commission		18,000	
Election Workers		29,296	
Social Security		10,219	
Pensions		5,913	
Employee and Dependent Insurance		32,533	
Life Insurance		171	
Employer Medicare		2,397	
Communication		4,582	
Data Processing Services		774	
Operating Lease Payments		1,464	
Legal Notices, Recording, and Court Costs		2,471	
Maintenance Agreements		18,269	
Maintenance and Repair Services - Office Equipment		749	
Postal Charges		3,472	
Travel		9,836	
Data Processing Supplies		1,146	
Gasoline		103	
Office Supplies		4,791	
Building and Contents Insurance		412	
Workers' Compensation Insurance		1,000	
Other Equipment		48,280	
Total Election Commission			329,359

Register of Deeds

County Official/Administrative Officer	\$	75,274	
Assistant(s)		36,458	
Deputy(ies)		124,071	
Part-time Personnel		15,000	
Longevity Pay		11,600	
Social Security		15,850	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Pensions	\$	10,960	
Employee and Dependent Insurance		49,415	
Life Insurance		342	
Employer Medicare		3,707	
Communication		3,351	
Dues and Memberships		960	
Operating Lease Payments		5,125	
Maintenance Agreements		23,222	
Postal Charges		500	
Travel		270	
Office Supplies		7,737	
Workers' Compensation Insurance		1,000	
Office Equipment		17,360	
Total Register of Deeds			\$ 402,202

Planning

Supervisor/Director	\$	45,653	
Board and Committee Members Fees		1,450	
Social Security		2,905	
Pensions		2,022	
Employee and Dependent Insurance		7,866	
Life Insurance		57	
Employer Medicare		683	
Communication		878	
Dues and Memberships		382	
Legal Notices, Recording, and Court Costs		62	
Licenses		100	
Maintenance Agreements		1,550	
Postal Charges		52	
Travel		1,103	
Office Supplies		28	
Workers' Compensation Insurance		1,000	
Office Equipment		1,597	
Total Planning			67,388

Engineering

Supervisor/Director	\$	52,980	
Social Security		3,225	
Pensions		2,347	
Employee and Dependent Insurance		7,807	
Life Insurance		57	
Employer Medicare		754	
Communication		1,987	
Licenses		5,924	
Maintenance Agreements		22,175	
Travel		3,202	
Equipment and Machinery Parts		10,205	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

General Government (Cont.)

Engineering (Cont.)

Office Supplies	\$	130	
Workers' Compensation Insurance		1,000	
Office Equipment		130	
Total Engineering			\$ 111,923

Codes Compliance

County Official/Administrative Officer	\$	15,606	
Clerical Personnel		2,395	
Part-time Personnel		13,501	
Social Security		1,848	
Pensions		798	
Employee and Dependent Insurance		3,973	
Life Insurance		18	
Employer Medicare		432	
Communication		663	
Dues and Memberships		50	
Maintenance Agreements		936	
Office Supplies		715	
Workers' Compensation Insurance		745	
Office Equipment		1,580	
Total Codes Compliance			43,260

Geographical Information Systems

Supervisor/Director	\$	45,672	
Clerical Personnel		30,133	
Longevity Pay		2,900	
Social Security		4,167	
Pensions		3,487	
Employee and Dependent Insurance		21,911	
Life Insurance		114	
Employer Medicare		975	
Communication		1,817	
Maintenance Agreements		11,365	
Travel		3,202	
Gasoline		243	
Office Supplies		1,752	
Workers' Compensation Insurance		1,000	
Other Charges		598	
Office Equipment		4,280	
Total Geographical Information Systems			133,616

County Buildings

Assistant(s)	\$	73,299	
Supervisor/Director		40,639	
Attendants		24,461	
Custodial Personnel		24,461	
Longevity Pay		1,767	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Overtime Pay	\$	10,405	
Other Salaries and Wages		24,461	
Social Security		11,787	
Pensions		8,676	
Employee and Dependent Insurance		52,991	
Life Insurance		342	
Employer Medicare		2,757	
Communication		2,015	
Maintenance Agreements		14,868	
Maintenance and Repair Services - Buildings		185,247	
Custodial Supplies		8,950	
Electricity		108,855	
Natural Gas		20,789	
Water and Sewer		11,000	
Other Supplies and Materials		452	
Workers' Compensation Insurance		5,000	
Other Charges		56,719	
Principal on Capital Leases		5,601	
Interest on Capital Leases		531	
Total County Buildings			\$ 696,073

Other General Administration

Operating Lease Payments	\$	1,920	
Maintenance Agreements		1,250	
Duplicating Supplies		1,277	
Gasoline		9,330	
Trustee's Commission		261,691	
Total Other General Administration			275,468

Preservation of Records

Supervisor/Director	\$	13,050	
Social Security		809	
Employer Medicare		189	
Communication		342	
Maintenance Agreements		659	
Postal Charges		48	
Other Supplies and Materials		1,026	
Other Charges		8,088	
Total Preservation of Records			24,211

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	84,402	
Assistant(s)		66,892	
Accountants/Bookkeepers		246,128	
Longevity Pay		2,500	
Social Security		22,139	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Pensions	\$	16,984	
Employee and Dependent Insurance		106,240	
Life Insurance		546	
Employer Medicare		5,178	
Communication		12,758	
Data Processing Services		17,376	
Operating Lease Payments		1,344	
Maintenance Agreements		848	
Postal Charges		5,136	
Travel		6,683	
Office Supplies		10,950	
Workers' Compensation Insurance		3,000	
Other Charges		5,974	
Office Equipment		13,684	
Total Accounting and Budgeting			\$ 628,762

Property Assessor's Office

County Official/Administrative Officer	\$	75,274	
Deputy(ies)		32,260	
Secretary(ies)		28,542	
Clerical Personnel		59,019	
Longevity Pay		3,800	
Social Security		11,417	
Pensions		8,600	
Employee and Dependent Insurance		50,651	
Life Insurance		280	
Employer Medicare		2,670	
Communication		5,574	
Contracts with Private Agencies		20,000	
Data Processing Services		9,511	
Dues and Memberships		710	
Operating Lease Payments		1,500	
Maintenance Agreements		1,904	
Maintenance and Repair Services - Vehicles		3,278	
Postal Charges		1,368	
Printing, Stationery, and Forms		312	
Travel		1,700	
Gasoline		1,522	
Office Supplies		2,562	
Workers' Compensation Insurance		1,000	
Office Equipment		914	
Total Property Assessor's Office			324,368

Reappraisal Program

Clerical Personnel	\$	29,256	
Part-time Personnel		46,729	
Social Security		3,851	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Pensions	\$	1,296	
Employee and Dependent Insurance		7,907	
Life Insurance		57	
Employer Medicare		1,096	
Data Processing Services		5,546	
Travel		1,128	
Office Supplies		5,290	
Workers' Compensation Insurance		1,000	
Other Charges		10,502	
Office Equipment		1,829	
Total Reappraisal Program			\$ 115,487

County Trustee's Office

County Official/Administrative Officer	\$	75,274	
Assistant(s)		34,271	
Deputy(ies)		84,115	
Part-time Personnel		10,724	
Longevity Pay		2,000	
Social Security		12,070	
Pensions		8,646	
Employee and Dependent Insurance		50,114	
Life Insurance		285	
Employer Medicare		2,823	
Communication		6,630	
Dues and Memberships		975	
Operating Lease Payments		1,620	
Maintenance Agreements		609	
Postal Charges		3,730	
Travel		1,635	
Other Contracted Services		23,791	
Office Supplies		4,030	
Workers' Compensation Insurance		1,000	
Other Charges		1,874	
Office Equipment		1,987	
Other Capital Outlay		11,000	
Total County Trustee's Office			339,203

County Clerk's Office

County Official/Administrative Officer	\$	75,274
Assistant(s)		42,534
Deputy(ies)		223,648
Secretary to Board		3,000
Part-time Personnel		11,334
Longevity Pay		4,000
Overtime Pay		2,319
Social Security		20,819
Pensions		15,539

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Employee and Dependent Insurance	\$	86,782	
Life Insurance		570	
Employer Medicare		5,033	
Communication		7,212	
Dues and Memberships		875	
Operating Lease Payments		2,162	
Legal Notices, Recording, and Court Costs		346	
Maintenance Agreements		733	
Maintenance and Repair Services - Office Equipment		19,625	
Postal Charges		8,728	
Travel		2,046	
Office Supplies		5,431	
Workers' Compensation Insurance		1,000	
Office Equipment		2,690	
Total County Clerk's Office			\$ 541,700

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	75,274	
Assistant(s)		36,383	
Deputy(ies)		501,549	
Part-time Personnel		47,388	
Longevity Pay		14,400	
Other Salaries and Wages		23,774	
Board and Committee Members Fees		600	
Jury and Witness Expense		19,080	
Social Security		39,972	
Pensions		29,489	
Employee and Dependent Insurance		174,128	
Life Insurance		1,055	
Employer Medicare		9,610	
Communication		18,284	
Operating Lease Payments		3,984	
Legal Notices, Recording, and Court Costs		216	
Maintenance Agreements		252	
Postal Charges		7,189	
Printing, Stationery, and Forms		8,770	
Travel		246	
Office Supplies		16,217	
Workers' Compensation Insurance		3,000	
Other Charges		9,527	
Data Processing Equipment		48,223	
Office Equipment		162	
Total Circuit Court			1,088,772

General Sessions Judge

Judge(s)	\$	155,097	
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(Continued)

Exhibit K-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Secretary(ies)	\$	33,687	
Longevity Pay		2,000	
Social Security		10,126	
Pensions		8,452	
Employee and Dependent Insurance		15,515	
Life Insurance		93	
Employer Medicare		2,728	
Communication		5,184	
Data Processing Services		6,890	
Dues and Memberships		700	
Operating Lease Payments		980	
Maintenance Agreements		1,418	
Postal Charges		100	
Travel		809	
Other Contracted Services		600	
Library Books/Media		489	
Office Supplies		662	
Workers' Compensation Insurance		1,000	
Total General Sessions Judge			\$ 246,530

Chancery Court

County Official/Administrative Officer	\$	75,274	
Deputy(ies)		96,836	
Part-time Personnel		1,997	
Longevity Pay		3,800	
Social Security		10,307	
Pensions		7,793	
Employee and Dependent Insurance		29,644	
Life Insurance		228	
Employer Medicare		2,411	
Communication		9,214	
Dues and Memberships		1,054	
Maintenance Agreements		1,699	
Postal Charges		3,000	
Office Supplies		11,093	
Workers' Compensation Insurance		1,000	
Office Equipment		220	
Total Chancery Court			255,570

Probate Court

Deputy(ies)	\$	32,068
Longevity Pay		2,500
Social Security		1,774
Pensions		1,531
Employee and Dependent Insurance		10,651
Life Insurance		57
Employer Medicare		415

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probate Court (Cont.)

Postal Charges	\$	400	
Office Supplies		1,453	
Office Equipment		735	
Total Probate Court			\$ 51,584

Other Administration of Justice

Legal Notices, Recording, and Court Costs	\$	11,335	
Total Other Administration of Justice			11,335

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	87,802	
Assistant(s)		34,978	
Supervisor/Director		77,495	
Deputy(ies)		445,896	
Investigator(s)		267,849	
Captain(s)		265,682	
Sergeant(s)		160,414	
Accountants/Bookkeepers		34,254	
Mechanic(s)		40,185	
Secretary(ies)		30,488	
Clerical Personnel		58,707	
Part-time Personnel		35,157	
School Resource Officer		250,282	
Longevity Pay		20,900	
Overtime Pay		111,829	
Other Salaries and Wages		117,462	
In-service Training		25,800	
Social Security		121,607	
Pensions		84,552	
Employee and Dependent Insurance		425,759	
Life Insurance		2,498	
Employer Medicare		28,440	
Communication		36,155	
Dues and Memberships		3,100	
Operating Lease Payments		14,574	
Maintenance Agreements		26,012	
Maintenance and Repair Services - Equipment		1,334	
Maintenance and Repair Services - Vehicles		34,270	
Postal Charges		1,882	
Travel		12,420	
Tuition		12,451	
Equipment Parts - Light		550	
Garage Supplies		1,464	
Gasoline		139,915	
Lubricants		4,173	
Office Supplies		10,386	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Small Tools	\$	128	
Tires and Tubes		17,775	
Uniforms		23,569	
Vehicle Parts		16,571	
Workers' Compensation Insurance		41,000	
Other Charges		20,807	
Principal on Capital Leases		230,930	
Interest on Capital Leases		16,564	
Communication Equipment		9,767	
Law Enforcement Equipment		91,226	
Motor Vehicles		46,671	
Office Equipment		8,074	
Total Sheriff's Department			\$ 3,549,804

Administration of the Sexual Offender Registry

Other Charges	\$	2,768	
Total Administration of the Sexual Offender Registry			2,768

Jail

Assistant(s)	\$	34,773	
Lieutenant(s)		107,659	
Sergeant(s)		172,476	
Accountants/Bookkeepers		90,976	
Guards		537,289	
Cafeteria Personnel		42,234	
Part-time Personnel		202,131	
Longevity Pay		8,200	
Overtime Pay		101,769	
Social Security		77,069	
Pensions		41,646	
Employee and Dependent Insurance		257,950	
Life Insurance		1,591	
Employer Medicare		18,024	
Communication		962	
Data Processing Services		340	
Maintenance and Repair Services - Buildings		1,113	
Travel		7,104	
Custodial Supplies		23,452	
Drugs and Medical Supplies		362,899	
Electricity		63,518	
Food Preparation Supplies		125	
Food Supplies		306,351	
Natural Gas		21,166	
Office Supplies		3,264	
Prisoners Clothing		4,456	
Uniforms		10,544	
Water and Sewer		75,678	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Workers' Compensation Insurance	\$	31,000	
Other Charges		48,498	
Building Improvements		3,157	
Law Enforcement Equipment		7,747	
Office Equipment		1,650	
Other Equipment		3,000	
Total Jail			\$ 2,669,811

Juvenile Services

Supervisor/Director	\$	40,665	
Youth Service Officer(s)		33,664	
Longevity Pay		2,400	
Social Security		4,150	
Pensions		3,399	
Employee and Dependent Insurance		22,943	
Life Insurance		114	
Employer Medicare		970	
Communication		891	
Dues and Memberships		637	
Travel		2,582	
Other Contracted Services		7,920	
Office Supplies		1,915	
Other Charges		5,641	
Total Juvenile Services			127,891

Fire Prevention and Control

Contributions	\$	5,000	
Liability Insurance		9,400	
Vehicle and Equipment Insurance		62,100	
Workers' Compensation Insurance		23,500	
Other Charges		138,475	
Total Fire Prevention and Control			238,475

Rescue Squad

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

Other Emergency Management

Other Salaries and Wages	\$	49,000	
Social Security		2,959	
Pensions		1,809	
Employee and Dependent Insurance		7,165	
Life Insurance		52	
Employer Medicare		692	
Communication		45,010	
Maintenance and Repair Services - Vehicles		4,998	
Office Supplies		3,588	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Uniforms	\$	755	
Other Charges		16,239	
Principal on Capital Leases		9,699	
Interest on Capital Leases		685	
Motor Vehicles		38,796	
Total Other Emergency Management			\$ 181,447

County Coroner/Medical Examiner

Supervisor/Director	\$	27,000	
Pauper Burials		2,450	
Other Charges		74,389	
Total County Coroner/Medical Examiner			103,839

Other Public Safety

Contributions	\$	181,800	
Total Other Public Safety			181,800

Public Health and Welfare

Local Health Center

Communication	\$	9,003	
Dues and Memberships		400	
Operating Lease Payments		1,852	
Maintenance Agreements		2,981	
Postal Charges		1,930	
Other Contracted Services		4,533	
Custodial Supplies		124	
Drugs and Medical Supplies		1,064	
Office Supplies		5,251	
Periodicals		59	
Other Charges		23,020	
Office Equipment		920	
Total Local Health Center			51,137

Rabies and Animal Control

Assistant(s)	\$	24,725	
Supervisor/Director		31,531	
Part-time Personnel		35,527	
Social Security		5,152	
Pensions		3,129	
Employee and Dependent Insurance		23,162	
Life Insurance		132	
Employer Medicare		1,205	
Communication		6,870	
Maintenance and Repair Services - Vehicles		374	
Rentals		8,400	
Veterinary Services		40,410	
Custodial Supplies		2,921	

(Continued)

Exhibit K-6

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.)

Electricity	\$	8,083	
Gasoline		850	
Natural Gas		912	
Office Supplies		870	
Water and Sewer		441	
Workers' Compensation Insurance		2,000	
Other Charges		1,561	
Total Rabies and Animal Control			\$ 198,255

Ambulance/Emergency Medical Services

Supervisor/Director	\$	57,946	
Paraprofessionals		1,751,605	
Secretary(ies)		62,130	
Longevity Pay		27,067	
Social Security		112,122	
Pensions		79,507	
Employee and Dependent Insurance		349,067	
Life Insurance		2,004	
Employer Medicare		26,222	
Communication		24,410	
Contracts with Private Agencies		6,542	
Evaluation and Testing		1,125	
Operating Lease Payments		1,500	
Licenses		3,000	
Maintenance Agreements		1,409	
Maintenance and Repair Services - Equipment		2,450	
Maintenance and Repair Services - Vehicles		32,774	
Postal Charges		19	
Travel		2,513	
Tuition		2,970	
Other Contracted Services		113,571	
Custodial Supplies		413	
Diesel Fuel		81,872	
Drugs and Medical Supplies		122,137	
Electricity		7,526	
Natural Gas		2,309	
Office Supplies		858	
Tires and Tubes		8,009	
Uniforms		11,923	
Water and Sewer		1,141	
Refunds		2,453	
Workers' Compensation Insurance		76,016	
Other Charges		73,844	
Principal on Capital Leases		127,756	
Interest on Capital Leases		8,549	
Communication Equipment		3,896	
Motor Vehicles		254,548	
Health Equipment		220,471	
Total Ambulance/Emergency Medical Services			3,663,674

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program

Assistant(s)	\$	18,613	
Supervisor/Director		41,542	
Deputy(ies)		22,504	
Medical Personnel		65,845	
Clerical Personnel		24,112	
Longevity Pay		1,700	
Other Salaries and Wages		89,978	
Social Security		16,069	
Pensions		4,419	
Employee and Dependent Insurance		30,275	
Life Insurance		214	
Employer Medicare		3,758	
Communication		4,643	
Dues and Memberships		800	
Maintenance and Repair Services - Buildings		1,011	
Maintenance and Repair Services - Equipment		3,459	
Postal Charges		1,642	
Drugs and Medical Supplies		49,021	
Gasoline		130	
Office Supplies		4,026	
Uniforms		739	
Other Supplies and Materials		1,500	
Liability Insurance		6,723	
Refunds		195	
Workers' Compensation Insurance		1,000	
In Service/Staff Development		180	
Other Charges		781	
Office Equipment		2,268	
Health Equipment		10,646	
Total Dental Health Program			\$ 407,793

Alcohol and Drug Programs

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

Crippled Children Services

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

Other Local Health Services

Assistant(s)	\$	26,113	
Deputy(ies)		29,993	
Teachers		33,601	
Guidance Personnel		886	
Secretary(ies)		24,148	
Attendants		13,125	
Longevity Pay		3,200	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Social Security	\$	7,687	
Pensions		4,338	
Employee and Dependent Insurance		31,944	
Life Insurance		195	
Employer Medicare		1,798	
Travel		8,392	
Liability Insurance		4,900	
Refunds		53	
Workers' Compensation Insurance		1,000	
Other Charges		23,327	
Total Other Local Health Services			\$ 214,700

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Contributions	\$	113,374	
Maintenance Agreements		7,679	
Total Libraries			121,053

Other Social, Cultural, and Recreational

Contributions	\$	167,876	
Total Other Social, Cultural, and Recreational			167,876

Agriculture and Natural Resources

Agricultural Extension Service

County Official/Administrative Officer	\$	14,429	
Assistant(s)		16,019	
Supervisor/Director		13,150	
Clerical Personnel		5,238	
Other Salaries and Wages		11,080	
Social Security		3,548	
Pensions		10,103	
Employer Medicare		830	
Communication		2,867	
Operating Lease Payments		688	
Maintenance Agreements		582	
Travel		1,199	
Office Supplies		896	
Total Agricultural Extension Service			80,629

Soil Conservation

Secretary(ies)	\$	28,048	
Other Salaries and Wages		8,670	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Social Security	\$	2,264	
Pensions		1,242	
Employee and Dependent Insurance		7,707	
Life Insurance		57	
Employer Medicare		530	
Contributions		2,042	
Dues and Memberships		635	
Travel		1,997	
Workers' Compensation Insurance		829	
Other Charges		709	
Total Soil Conservation			\$ 54,730

Flood Control

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

Other Operations

Tourism

Supervisor/Director	\$	46,426	
Part-time Personnel		43,491	
Social Security		4,896	
Pensions		2,057	
Employee and Dependent Insurance		11,671	
Life Insurance		57	
Employer Medicare		1,249	
Advertising		43,592	
Communication		8,380	
Consultants		21,971	
Dues and Memberships		1,884	
Operating Lease Payments		1,874	
Maintenance Agreements		2,554	
Maintenance and Repair Services - Vehicles		730	
Postal Charges		3,095	
Travel		13,226	
Other Contracted Services		10,000	
Custodial Supplies		2,013	
Electricity		4,159	
Office Supplies		1,523	
Water and Sewer		1,981	
Other Supplies and Materials		62,174	
Workers' Compensation Insurance		1,000	
Other Charges		5,540	
Office Equipment		2,387	
Total Tourism			297,930

Industrial Development

Supervisor/Director	\$	75,039	
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(Continued)

Exhibit K-6

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Secretary(ies)	\$	32,950	
Longevity Pay		1,300	
Social Security		6,613	
Pensions		4,417	
Employee and Dependent Insurance		18,949	
Life Insurance		109	
Employer Medicare		1,546	
Advertising		4,304	
Communication		3,000	
Dues and Memberships		2,975	
Operating Lease Payments		1,375	
Legal Services		2,383	
Maintenance Agreements		905	
Maintenance and Repair Services - Equipment		82	
Maintenance and Repair Services - Vehicles		448	
Postal Charges		195	
Travel		9,819	
Other Contracted Services		2,040	
Gasoline		1,228	
Office Supplies		2,069	
Tires and Tubes		500	
Workers' Compensation Insurance		1,000	
Other Charges		301,639	
Total Industrial Development			\$ 474,885

Airport

Supervisor/Director	\$	32,148	
Longevity Pay		600	
Social Security		1,990	
Pensions		1,451	
Employee and Dependent Insurance		5,348	
Life Insurance		39	
Employer Medicare		465	
Communication		5,369	
Maintenance and Repair Services - Equipment		2,014	
Travel		998	
Other Contracted Services		219,105	
Electricity		14,327	
Gasoline		172,117	
Water and Sewer		570	
Other Supplies and Materials		16,973	
Liability Insurance		3,684	
Other Charges		12,482	
Total Airport			489,680

Veterans' Services

Supervisor/Director	\$	29,908	
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(Continued)

Exhibit K-6

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Social Security	\$	1,822	
Pensions		1,325	
Employee and Dependent Insurance		6,423	
Life Insurance		48	
Employer Medicare		426	
Advertising		28	
Communication		664	
Office Equipment		163	
Total Veterans' Services			\$ 40,807

Contributions to Other Agencies

Contributions	\$	8,320	
Total Contributions to Other Agencies			8,320

Employee Benefits

Other Salaries and Wages	\$	3,036	
Social Security		188	
Pensions		134	
Employee and Dependent Insurance		2,600	
Unemployment Compensation		3,569	
Employer Medicare		44	
Total Employee Benefits			9,571

Capital Projects

Public Safety Projects

Other Charges	\$	1,462	
Total Public Safety Projects			1,462

Total General Fund \$ 19,839,616

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$	46,818	
Laborers		52,363	
Clerical Personnel		30,702	
Part-time Personnel		4,979	
Longevity Pay		4,642	
Social Security		7,985	
Pensions		5,885	
Employee and Dependent Insurance		37,881	
Life Insurance		205	
Employer Medicare		1,867	
Advertising		1,265	
Communication		7,634	
Contracts with Private Agencies		322,910	
Dues and Memberships		691	

(Continued)

Exhibit K-6

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Operating Lease Payments	\$	1,401	
Maintenance and Repair Services - Equipment		3,712	
Travel		728	
Gasoline		15,328	
Office Supplies		1,283	
Small Tools		130	
Tires and Tubes		2,842	
Utilities		6,462	
Other Supplies and Materials		1,858	
Trustee's Commission		18,753	
Other Charges		4,428	
Total Sanitation Education/Information			\$ 582,752

Convenience Centers

Attendants	\$	93,379	
Part-time Personnel		73,942	
Longevity Pay		5,700	
Social Security		10,606	
Pensions		3,986	
Employee and Dependent Insurance		20,963	
Life Insurance		200	
Employer Medicare		2,493	
Communication		2,067	
Maintenance and Repair Services - Equipment		17,814	
Other Contracted Services		211,090	
Small Tools		356	
Utilities		4,237	
Other Supplies and Materials		8,529	
Building and Contents Insurance		58,000	
Liability Insurance		10,290	
Workers' Compensation Insurance		10,000	
Other Charges		8,458	
Office Equipment		113	
Solid Waste Equipment		8,050	
Total Convenience Centers			550,273

Postclosure Care Costs

Testing	\$	12,500	
Other Charges		1,200	
Total Postclosure Care Costs			13,700

Highways

Litter and Trash Collection

Laborers	\$	50,976	
Social Security		3,028	
Pensions		2,219	
Employee and Dependent Insurance		14,588	

(Continued)

Exhibit K-6

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

Solid Waste/Sanitation Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Life Insurance	\$	100	
Employer Medicare		708	
Contracts with Other Public Agencies		16,110	
Principal on Capital Leases		35,677	
Interest on Capital Leases		2,520	
Total Litter and Trash Collection			<u>\$ 125,926</u>

Total Solid Waste/Sanitation Fund \$ 1,272,651

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	81,804	
Longevity Pay		1,600	
Social Security		4,715	
Pensions		3,703	
Employee and Dependent Insurance		21,432	
Life Insurance		114	
Employer Medicare		1,103	
Communication		2,765	
Confidential Drug Enforcement Payments		16,000	
Dues and Memberships		420	
Travel		1,543	
Tuition		350	
Veterinary Services		714	
Animal Food and Supplies		1,295	
Gasoline		11,563	
Trustee's Commission		191	
Other Charges		8,426	
Motor Vehicles		1,000	
Total Drug Enforcement			<u>\$ 158,738</u>

Total Drug Control Fund 158,738

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	6,040	
Total Chancery Court			<u>\$ 6,040</u>

Total Constitutional Officers - Fees Fund 6,040

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	82,802	
Accountants/Bookkeepers		32,930	

(Continued)

Exhibit K-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Secretary(ies)	\$	32,930	
Longevity Pay		1,900	
Social Security		8,628	
Pensions		6,670	
Employee and Dependent Insurance		30,330	
Life Insurance		171	
Employer Medicare		2,018	
Communication		10,046	
Dues and Memberships		3,431	
Legal Services		575	
Maintenance and Repair Services - Office Equipment		2,490	
Postal Charges		298	
Travel		445	
Other Contracted Services		4,282	
Electricity		14,890	
Office Supplies		1,934	
Water and Sewer		11,152	
Other Charges		1,529	
Total Administration			\$ 249,451

Highway and Bridge Maintenance

Foremen	\$	42,110	
Laborers		777,404	
Part-time Personnel		60,019	
Longevity Pay		16,850	
Overtime Pay		19,902	
Social Security		54,283	
Pensions		36,032	
Employee and Dependent Insurance		224,439	
Life Insurance		1,423	
Employer Medicare		12,695	
Engineering Services		8,617	
Other Contracted Services		12,805	
Asphalt - Hot Mix		516,849	
Asphalt - Liquid		132,569	
Crushed Stone		191,819	
Other Road Materials		41,496	
Pipe - Metal		55,794	
Road Signs		10,405	
Uniforms		11,984	
Motor Vehicles		47,500	
Total Highway and Bridge Maintenance			2,274,995

Operation and Maintenance of Equipment

Foremen	\$	43,810
Mechanic(s)		35,984
Longevity Pay		600

(Continued)

Exhibit K-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Social Security	\$	4,483	
Pensions		3,531	
Employee and Dependent Insurance		21,552	
Life Insurance		114	
Employer Medicare		1,048	
Diesel Fuel		113,106	
Equipment and Machinery Parts		110,766	
Garage Supplies		10,717	
Gasoline		207,050	
Lubricants		9,791	
Tires and Tubes		31,794	
Other Supplies and Materials		7,344	
Total Operation and Maintenance of Equipment			\$ 601,690

Other Charges

Building and Contents Insurance	\$	186,820	
Liability Insurance		15,366	
Trustee's Commission		50,836	
Workers' Compensation Insurance		5,000	
Total Other Charges			258,022

Employee Benefits

Unemployment Compensation	\$	7,634	
Total Employee Benefits			7,634

Capital Outlay

Principal on Capital Leases	\$	125,134	
Interest on Capital Leases		2,749	
Other Debt Service		150	
Bridge Construction		422,392	
Communication Equipment		1,163	
Highway Equipment		625,451	
Site Development		2,988	
State Aid Projects		335,650	
Total Capital Outlay			1,515,677

Total Highway/Public Works Fund \$ 4,907,469

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	157,968	
Total General Government			\$ 157,968

Education

Principal on Bonds	\$	797,000	
Principal on Capital Leases		45,058	
Principal on Other Loans		982,188	
Total Education			1,824,246

(Continued)

Exhibit K-6

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 242,032	
Total General Government		\$ 242,032

Education

Interest on Bonds	\$ 664,398	
Interest on Capital Leases	4,533	
Interest on Other Loans	923,396	
Total Education		1,592,327

Other Debt Service

Education

Trustee's Commission	\$ 90,278	
Underwriter's Discount	123,081	
Other Debt Issuance Charges	87,148	
Total Education		300,507

Total General Debt Service Fund \$ 4,117,080

General Capital Projects Fund

Interest on Debt

General Government

Interest on Notes	\$ 370,980	
Total General Government		\$ 370,980

Other Debt Service

General Government

Other Debt Issuance Charges	\$ 6,000	
Other Debt Service	1,250	
Total General Government		7,250

Capital Projects

Public Safety Projects

Contracts with Private Agencies	\$ 103,669	
Data Processing Services	14,484	
Engineering Services	110,943	
Other Charges	501	
Building Construction	116,790	
Furniture and Fixtures	1,710	
Site Development	76,830	
Total Public Safety Projects		424,927

Total General Capital Projects Fund 803,157

Education Capital Projects Fund

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 48,649	
Total Capital Projects Donated to School Department		\$ 48,649

Total Education Capital Projects Fund 48,649

(Continued)

Exhibit K-6

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

<u>Other Capital Projects #1 Fund</u>			
<u>Capital Projects</u>			
<u>Public Safety Projects</u>			
Building Construction	\$ 11,438,074		
Total Public Safety Projects		\$ 11,438,074	
Total Other Capital Projects #1 Fund			\$ 11,438,074
Total Governmental Funds - Primary Government			\$ 42,591,474

Exhibit K-7

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 12,837,874	
Career Ladder Program	80,285	
Career Ladder Extended Contracts	152,704	
Homebound Teachers	63,899	
Educational Assistants	659,576	
Other Salaries and Wages	234,524	
Certified Substitute Teachers	11,919	
Non-certified Substitute Teachers	176,406	
Social Security	826,968	
Pensions	1,191,441	
Life Insurance	16,279	
Medical Insurance	3,042,878	
Employer Medicare	197,804	
Other Contracted Services	4,684	
Instructional Supplies and Materials	152,409	
Textbooks - Bound	24,000	
Other Supplies and Materials	53,981	
Fee Waivers	51,270	
Other Charges	9,023	
Total Regular Instruction Program		\$ 19,787,924

Alternative Instruction Program

Teachers	\$ 48,851	
Educational Assistants	12,209	
Social Security	3,763	
Pensions	4,439	
Life Insurance	57	
Employer Medicare	880	
Total Alternative Instruction Program		70,199

Special Education Program

Teachers	\$ 1,529,231
Career Ladder Program	7,000
Homebound Teachers	14,820
Educational Assistants	537,245
Speech Pathologist	174,570
Other Salaries and Wages	38,469
Certified Substitute Teachers	2,278
Non-certified Substitute Teachers	53,960
Social Security	137,803
Pensions	173,152
Life Insurance	3,254
Medical Insurance	595,357
Employer Medicare	32,238
Contracts with Other Public Agencies	137,336
Contracts with Private Agencies	128,610

(Continued)

Exhibit K-7

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.)

Operating Lease Payments	\$	1,308	
Other Contracted Services		4,465	
Instructional Supplies and Materials		44,999	
Other Supplies and Materials		9,481	
Special Education Equipment		14,660	
Total Special Education Program			\$ 3,640,236

Career and Technical Education Program

Teachers	\$	1,122,651	
Career Ladder Program		6,000	
Longevity Pay		500	
Other Salaries and Wages		37,865	
Certified Substitute Teachers		780	
Non-certified Substitute Teachers		11,041	
Social Security		69,601	
Pensions		101,661	
Life Insurance		1,422	
Medical Insurance		278,958	
Employer Medicare		16,282	
Instructional Supplies and Materials		39,027	
Vocational Instruction Equipment		145,937	
Total Career and Technical Education Program			1,831,725

Support Services

Attendance

Supervisor/Director	\$	30,716	
Social Security		1,904	
Pensions		2,792	
Life Insurance		28	
Medical Insurance		3,598	
Employer Medicare		445	
Other Supplies and Materials		72	
Total Attendance			39,555

Health Services

Supervisor/Director	\$	108,643	
Data Processing Personnel		10,431	
Social Workers		51,061	
Paraprofessionals		413,107	
Clerical Personnel		69,195	
Educational Assistants		14,142	
Longevity Pay		270	
Other Salaries and Wages		79,640	
Social Security		43,936	
Pensions		32,109	
Life Insurance		1,072	

(Continued)

Exhibit K-7

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.)

Medical Insurance	\$	196,114	
Employer Medicare		10,369	
Operating Lease Payments		3,493	
Maintenance and Repair Services - Equipment		1,057	
Travel		2,420	
Other Contracted Services		11,575	
Drugs and Medical Supplies		84	
Other Supplies and Materials		41,078	
In Service/Staff Development		7,450	
Other Charges		6,271	
Health Equipment		2,643	
Total Health Services			\$ 1,106,160

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		504,288	
School Resource Officer		170,835	
Longevity Pay		2,500	
Social Security		41,168	
Pensions		54,396	
Life Insurance		838	
Medical Insurance		147,053	
Employer Medicare		9,628	
Evaluation and Testing		37,690	
Other Contracted Services		81,832	
Other Supplies and Materials		1,714	
Workers' Compensation Insurance		6,433	
In Service/Staff Development		1,183	
Total Other Student Support			1,061,558

Regular Instruction Program

Supervisor/Director	\$	261,294	
Career Ladder Program		5,500	
Librarians		574,296	
Social Security		46,447	
Pensions		69,333	
Life Insurance		778	
Medical Insurance		154,729	
Employer Medicare		11,616	
Travel		13,627	
Library Books/Media		13,935	
Total Regular Instruction Program			1,151,555

Special Education Program

Supervisor/Director	\$	79,842	
Career Ladder Program		2,000	

(Continued)

Exhibit K-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Psychological Personnel	\$	124,156	
Assessment Personnel		112,868	
Secretary(ies)		27,140	
Longevity Pay		500	
Other Salaries and Wages		23,804	
Social Security		22,204	
Pensions		31,787	
Life Insurance		336	
Medical Insurance		61,129	
Employer Medicare		5,222	
Operating Lease Payments		2,184	
Maintenance and Repair Services - Equipment		2,273	
Travel		9,174	
Other Contracted Services		11,581	
Other Supplies and Materials		7,193	
In Service/Staff Development		11,943	
Total Special Education Program			\$ 535,336

Career and Technical Education Program

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

Technology

Supervisor/Director	\$	43,501	
Other Salaries and Wages		150,289	
Social Security		11,777	
Pensions		8,159	
Life Insurance		228	
Medical Insurance		27,074	
Employer Medicare		2,754	
Communication		34,509	
Data Processing Services		29,076	
Maintenance and Repair Services - Equipment		176,390	
Internet Connectivity		163,045	
Travel		4,492	
Library Books/Media		30,000	
Other Equipment		10,000	
Total Technology			691,294

Other Programs

On-behalf Payments to OPEB	\$	152,967	
Total Other Programs			152,967

Board of Education

Secretary to Board	\$	4,500	
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(Continued)

Exhibit K-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Board and Committee Members Fees	\$	39,500	
Social Security		1,774	
Pensions		199	
Life Insurance		342	
Unemployment Compensation		9,569	
Employer Medicare		632	
Other Fringe Benefits		85,284	
Audit Services		10,750	
Dues and Memberships		11,342	
Legal Services		13,371	
Travel		13,880	
Other Contracted Services		1,325	
Other Supplies and Materials		1,150	
Trustee's Commission		210,437	
Workers' Compensation Insurance		108,106	
In Service/Staff Development		1,160	
Other Charges		13,847	
Total Board of Education			\$ 527,168

Director of Schools

County Official/Administrative Officer	\$	101,206	
Career Ladder Program		1,000	
Secretary(ies)		41,439	
Clerical Personnel		42,530	
Longevity Pay		1,000	
Social Security		10,620	
Pensions		12,626	
Life Insurance		171	
Medical Insurance		41,567	
Employer Medicare		2,621	
Communication		23,252	
Dues and Memberships		9,936	
Operating Lease Payments		7,267	
Maintenance and Repair Services - Equipment		2,913	
Postal Charges		500	
Travel		2,768	
Other Contracted Services		541	
Office Supplies		2,065	
Other Charges		1,974	
Total Director of Schools			305,996

Office of the Principal

Principals	\$	860,480	
Career Ladder Program		7,000	
Assistant Principals		327,997	
Secretary(ies)		296,424	

(Continued)

Exhibit K-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Longevity Pay	\$	3,820	
Social Security		88,530	
Pensions		121,871	
Life Insurance		1,714	
Medical Insurance		330,704	
Employer Medicare		20,705	
Communication		43,976	
Operating Lease Payments		13,728	
Maintenance and Repair Services - Equipment		2,693	
Total Office of the Principal			\$ 2,119,642

Operation of Plant

Custodial Personnel	\$	820,285	
Longevity Pay		6,800	
Overtime Pay		170	
Other Salaries and Wages		22,642	
Social Security		50,388	
Pensions		32,727	
Life Insurance		1,334	
Medical Insurance		260,442	
Employer Medicare		11,888	
Other Contracted Services		123,944	
Custodial Supplies		169,810	
Electricity		1,202,341	
Natural Gas		225,962	
Water and Sewer		160,068	
Building and Contents Insurance		325,022	
Plant Operation Equipment		23,758	
Total Operation of Plant			3,437,581

Maintenance of Plant

Supervisor/Director	\$	48,695	
Secretary(ies)		25,389	
Maintenance Personnel		320,073	
Longevity Pay		2,470	
Overtime Pay		906	
Social Security		24,027	
Pensions		17,494	
Life Insurance		724	
Medical Insurance		93,722	
Employer Medicare		5,619	
Communication		8,780	
Maintenance and Repair Services - Buildings		1,175,747	
Maintenance and Repair Services - Equipment		284,993	
Maintenance and Repair Services - Vehicles		7,663	
Other Contracted Services		11,933	

(Continued)

Exhibit K-7

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.)

Gasoline	\$	34,919	
Office Supplies		308	
Other Supplies and Materials		188,857	
Debt Service Contribution to Primary Government		49,591	
Other Debt Service		120	
Maintenance Equipment		42,400	
Motor Vehicles		48,649	
Total Maintenance of Plant			\$ 2,393,079

Transportation

Supervisor/Director	\$	76,935	
Career Ladder Program		500	
Mechanic(s)		31,333	
Clerical Personnel		27,758	
Longevity Pay		800	
Social Security		8,254	
Pensions		9,305	
Life Insurance		160	
Medical Insurance		17,651	
Employer Medicare		1,930	
Contracts with Vehicle Owners		2,055,068	
Maintenance and Repair Services - Vehicles		27,497	
Other Contracted Services		5,392	
Diesel Fuel		22,695	
Uniforms		884	
Other Supplies and Materials		13,210	
In Service/Staff Development		721	
Other Charges		4,383	
Transportation Equipment		68,703	
Total Transportation			2,373,179

Operation of Non-Instructional Services

Food Service

Social Security	\$	3	
Pensions		3	
Medical Insurance		334,010	
Employer Medicare		1	
Communication		523	
Total Food Service			334,540

Community Services

Supervisor/Director	\$	25,071	
Social Security		1,350	
Pensions		1,117	
Life Insurance		56	
Medical Insurance		15,728	

(Continued)

Exhibit K-7

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Community Services (Cont.)</u>		
Employer Medicare	\$ 316	
Travel	600	
Other Charges	3,451	
Total Community Services		\$ 47,689
 <u>Early Childhood Education</u>		
Supervisor/Director	\$ 6,054	
Teachers	153,235	
Secretary(ies)	2,839	
Educational Assistants	70,602	
Non-certified Substitute Teachers	6,652	
Social Security	14,383	
Pensions	17,044	
Life Insurance	353	
Medical Insurance	43,808	
Employer Medicare	3,367	
Travel	1,801	
Instructional Supplies and Materials	18,469	
In Service/Staff Development	6,769	
Other Charges	9,447	
Total Early Childhood Education		<u>354,823</u>
Total General Purpose School Fund		\$ 41,963,423
 <u>School Federal Projects Fund</u>		
<u>Instruction</u>		
<u>Regular Instruction Program</u>		
Teachers	\$ 288,610	
Educational Assistants	431,414	
Non-certified Substitute Teachers	18,209	
Social Security	43,133	
Pensions	42,236	
Life Insurance	1,180	
Medical Insurance	167,353	
Employer Medicare	10,332	
Other Contracted Services	94,083	
Instructional Supplies and Materials	37,973	
Other Charges	690	
Regular Instruction Equipment	54,271	
Total Regular Instruction Program		\$ 1,189,484
 <u>Special Education Program</u>		
Teachers	\$ 215,957	
Educational Assistants	434,388	
Other Salaries and Wages	470	
Social Security	37,980	

(Continued)

Exhibit K-7

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 (Cont.)

Pensions	\$	38,243	
Life Insurance		1,340	
Medical Insurance		230,317	
Employer Medicare		8,884	
Instructional Supplies and Materials		4,210	
Other Supplies and Materials		2,010	
Special Education Equipment		9,000	
Total Special Education Program			\$ 982,799

Career and Technical Education Program

Instructional Supplies and Materials	\$	30,574	
Vocational Instruction Equipment		57,189	
Total Career and Technical Education Program			87,763

Support Services

Other Student Support

Guidance Personnel	\$	34,403	
Other Salaries and Wages		1,110	
Social Security		2,095	
Pensions		3,126	
Life Insurance		42	
Medical Insurance		6,176	
Employer Medicare		490	
Travel		4,290	
Other Contracted Services		7,850	
Other Supplies and Materials		4,185	
In Service/Staff Development		20,480	
Other Charges		10,069	
Total Other Student Support			94,316

Regular Instruction Program

Supervisor/Director	\$	55,069	
Secretary(ies)		35,427	
Longevity Pay		500	
Other Salaries and Wages		215,588	
Social Security		19,191	
Pensions		27,049	
Life Insurance		256	
Medical Insurance		46,375	
Employer Medicare		4,279	
Operating Lease Payments		6,348	
Travel		2,921	
Other Supplies and Materials		4,833	
In Service/Staff Development		47,771	
Other Equipment		751	
Total Regular Instruction Program			466,358

(Continued)

Exhibit K-7

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.)

Special Education Program

Psychological Personnel	\$	119,104	
Clerical Personnel		26,316	
Longevity Pay		90	
Social Security		8,833	
Pensions		11,206	
Life Insurance		171	
Medical Insurance		26,039	
Employer Medicare		2,066	
Travel		166	
Other Supplies and Materials		10,995	
In Service/Staff Development		19,555	
Total Special Education Program			\$ 224,541

Career and Technical Education Program

Supervisor/Director	\$	4,300	
Employer Medicare		62	
Travel		1,197	
In Service/Staff Development		4,419	
Total Career and Technical Education Program			9,978

Transportation

Contracts with Private Agencies	\$	1,350	
Total Transportation			1,350

Total School Federal Projects Fund \$ 3,056,589

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$	73,962	
Cafeteria Personnel		713,834	
Longevity Pay		10,890	
Other Salaries and Wages		75,441	
Social Security		49,813	
Pensions		26,182	
Life Insurance		1,824	
Employer Medicare		11,919	
Communication		8,273	
Maintenance and Repair Services - Equipment		14,834	
Other Contracted Services		6,420	
Food Supplies		1,162,984	
USDA - Commodities		232,147	
Other Supplies and Materials		125,870	
In Service/Staff Development		1,306	
Other Charges		635	
Food Service Equipment		14,176	
Total Food Service			\$ 2,530,510

Total Central Cafeteria Fund 2,530,510

Total Governmental Funds - Monroe County School Department \$ 47,550,522

Exhibit K-8

Monroe County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2018

	Cities - Sales Tax Fund	City School ADA - Sweetwater Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,253,551	\$ 1,253,551
Trustee's Collections - Prior Years	0	48,588	48,588
Circuit/Clerk and Master Collections - Prior Years	0	24,811	24,811
Interest and Penalty	0	9,877	9,877
Pickup Taxes	0	12	12
Payments in-Lieu-of Taxes - T.V.A.	0	2,510	2,510
Payments in-Lieu-of Taxes - Local Utilities	0	129,250	129,250
Payments in-Lieu-of Taxes - Other	0	460	460
Local Option Sales Tax	4,302,540	1,115,886	5,418,426
Business Tax	0	32,939	32,939
Other Local Option Taxes	0	73	73
Bank Excise Tax	0	5,869	5,869
Marriage Licenses	0	731	731
Income Tax	0	14,287	14,287
Mixed Drink Tax	0	1,349	1,349
State Revenue Sharing - T.V.A.	0	100,000	100,000
Total Cash Receipts	\$ 4,302,540	\$ 2,740,193	\$ 7,042,733
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,259,515	\$ 2,699,258	\$ 6,958,773
Trustee's Commission	43,025	40,490	83,515
Total Cash Disbursements	\$ 4,302,540	\$ 2,739,748	\$ 7,042,288
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 445	\$ 445
Cash Balance, July 1, 2017	0	1,552	1,552
Cash Balance, June 30, 2018	\$ 0	\$ 1,997	\$ 1,997

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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, 2018, 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 4, 2019.

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 a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency: 2018-001.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

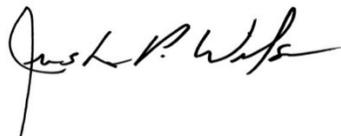
Monroe County's Response to the Finding

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 4, 2019

JPW/tg



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Monroe County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Monroe County's major federal programs for the year ended June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Monroe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

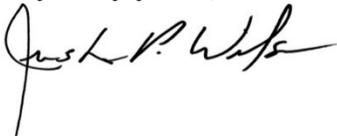
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Monroe County's basic financial statements. We issued our report thereon dated January 4, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 4, 2019

JPW/tg

Monroe County, Tennessee, and the Monroe County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2018

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Child Nutrition Cluster (4):			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 232,147 (5)
Schools and Roads - Grants to States	10.665	N/A	217,115
Passed-through State Department of Education:			
Child Nutrition Cluster (4):			
School Breakfast Program	10.553	N/A	543,025
National School Lunch Program	10.555	N/A	1,448,757 (5)
Passed-through East Tennessee Human Resource Agency:			
Child and Adult Care Food Program	10.558	N/A	47,787
Total U.S. Department of Agriculture			<u>\$ 2,488,831</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 161,629 (6)
Total U.S. Department of Defense			<u>\$ 161,629</u>
U.S. Department of Interior:			
Direct Program:			
Payments in Lieu of Taxes	15.226	(3)	\$ 173,098
Total U.S. Department of Interior			<u>\$ 173,098</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(7)	\$ 181,800
Alcohol Open Container Requirements	20.607	Z-18-THS216	645
Total U.S. Department of Transportation			<u>\$ 182,445</u>
Appalachian Regional Commission:			
Passed-through State Department of Economic and Community Development:			
Appalachian Area Development	23.002	(3)	\$ 10,889
Total Appalachian Regional Commission			<u>\$ 10,889</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 1,502,316
Special Education Cluster (4):			
Special Education - Grants to States	84.027	N/A	1,355,048
Special Education - Preschool Grants	84.173	N/A	27,862
Career and Technical Education - Basic Grants to States	84.048	N/A	115,453
Rural Education	84.358	N/A	41,780
Improving Teacher Quality State Grants	84.367	N/A	122,097
Total U.S. Department of Education			<u>\$ 3,164,556</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	(3)	\$ 44,018
Total U.S. Department of Health and Human Services			<u>\$ 44,018</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	\$ 20,000
Total U.S. Department of Homeland Security			<u>\$ 20,000</u>
Total Expenditures of Federal Grants			<u>\$ 6,245,466</u>

(Continued)

Monroe County, Tennessee, and the Monroe County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants			
Juvenile Services Program - State Children's Services Commission	N/A	(3)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(3)	53,700
Airport Maintenance - State Department of Transportation	N/A	AERM-18-137-00	14,300
Airport Improvement Program (State Portion) - State Department of Transportation	N/A	(8)	9,550
Early Childhood Education - Lottery - State Department of Education	N/A	(3)	303,782
Coordinated School Health - State Department of Education	N/A	(3)	160,000
Safe Schools Act - State Department of Education	N/A	(3)	28,780
ConnectTN - State Department of Education	N/A	(3)	13,962
Family Resource Center - State Department of Education	N/A	(3)	30,212
Vocation Equipment - State Department of Education	N/A	(3)	145,937
Court Security Grant Program - State Administrative Office of the Courts	N/A	(3)	15,537
Archives Development Grant - State Archives and Library Agency	N/A	(3)	3,697
Vacation Guide - State Department of Tourist Development	N/A	(3)	6,700
Three Star Grant - State Department of Economic and Community Development	N/A	(3)	11,036
Tourism Enhancement Grant - State Department of Economic and Community Development	N/A	(3)	5,992
K-3 Pilot Grant - State Department of Education	N/A	(3)	3,900
Kindergarten Entry Initiative Grant - State Department of Education	N/A	(3)	6,850
Project Diabetes Initiative Services - State Department of Health	N/A	(3)	14,689
Local Health Services - State Department of Health	N/A	GG-1855545	192,006
Total State Grants			<u>\$ 1,029,630</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Monroe County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$2,223,929; Special Education Cluster total \$1,382,910.
- (5) Total for CFDA No. 10.555 is \$1,680,904.
- (6) During the year ended June 30, 2018, Monroe County received excess military equipment from the U.S. Department of Military valued at \$161,629.
- (7) AERO-17-203-00: \$81,000; AERO-17-208-00: \$100,800.
- (8) AERO-17-203-00: \$4,500; AERO-17-208-00: \$5,050.

Monroe County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2018

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Monroe County, Tennessee, for the year ended June 30, 2018.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

2017	203	2017-001	The office did not prepare adequate trial balances of the execution dockets	N/A	Not Corrected - See Explanation on Corrective Action Plan
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Prior-year Federal Awards Findings

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

MONROE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Federal Awards:

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

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

A finding and recommendation, as a result of our audit, are presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response. The written response for the finding is paraphrased and presented following the finding and recommendation. Management's corrective action plan, whether related to the financial statements or federal awards, is presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2018-001

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

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

The Office of Circuit and General Sessions Courts Clerk did not prepare adequate trial balances of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated*. The office began using a new court computer application in August 2013 that did not have the capability to generate a docket trial balance. At June 30, 2018, the circuit and general sessions courts clerk was able to generate listings of undisbursed receipt items. However, these listings did not reconcile with general ledger accounts for either of the courts. Also, information relating to short-term investment account activity and cash bonds was not reflected in these reports. This deficiency was in part attributable to the failure of management to ensure that the software vendor designed the system with proper computer application controls and reporting as required by state statute. The failure to accurately reconcile execution docket trial balances with the general ledger application in a timely manner could lead to inaccurate accounting records and increases the risks of misappropriation of funds. Also, this finding is the result of management not correcting the finding noted in the prior-year audit report and not implementing their corrective action plan.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

We concur with this finding.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2018.

Monroe County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2018

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

2018-001	The office did not prepare adequate trial balances of the execution dockets	215
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Martha M. Cook
CLERK OF THE GENERAL SESSIONS, COURT

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Madisonville, Tennessee 37354

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Corrective Action Plan

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

Response and Corrective Action Plan Prepared by:
Martha Cook, Circuit Court Clerk

Person Responsible for Implementing the Corrective Action:
Martha Cook, Circuit Court Clerk

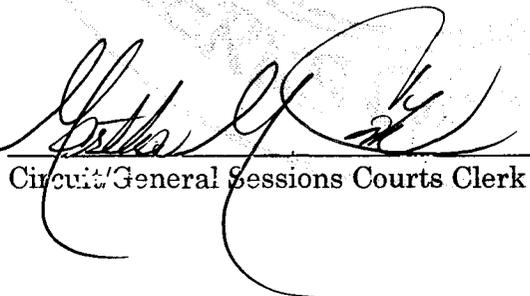
Anticipated Completion Date of Corrective Action:
2019

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Software provider, ICON, is in final stages of testing and preparation to complete the Docket Trial Balance. Testing was not completed in 2018. All the information is available but not in the format the auditors require.

Planned Corrective Action:
We are staying in constant contact with ICON to complete the Docket Trial Balance. ICON wants to insure that the system design, computer application controls and reporting are correct to insure General Sessions and Circuit have an operating Docket Trial Balance.

Signature:



Circuit/General Sessions Courts Clerk