
ANNUAL FINANCIAL REPORT MONROE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



**ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2013**

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

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State Auditors***

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

MONROE COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Monroe County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Monroe County as of and for the year ended June 30, 2013.

Results

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

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

Findings and Best Practice

The following are summaries of the audit findings and best practice:

OFFICE OF FINANCE DIRECTOR

- ◆ General ledger cash accounts were not reconciled with county trustee reports properly.
 - ◆ A loan was not issued in compliance with state statutes.
-

OFFICE OF SHERIFF

- ◆ Duties were not segregated adequately.
-

OFFICE OF PROPERTY ASSESSOR

- ◆ The assessor did not maintain assessment maps adequately.
-

BEST PRACTICE

Monroe County does not have an Audit Committee. The Division of Local Government Audit strongly believes that an Audit Committee is a best practice that should be adopted by the governing body to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

INTRODUCTORY SECTION

Monroe County Officials

June 30, 2013

Officials

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

Board of County Commissioners

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

Judith Lee
Bennie Moser
Bill Shadden
Roger Thomas

Board of Education

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

Janet Martin
Jerry Snyder
Dewitt Upton
Jo T. Cagle

Financial Management Committee

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

Wanda Alexander
Richard Kirkland
Bennie Moser

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Monroe County Women's Wellness and Maternity Center, which represent one percent, .6 percent, and 1.6 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Monroe County Emergency Communications District, which represent 1.4 percent, 1.7 percent, and 1.8 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have

been furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe County Women's Wellness and Maternity Center and the Monroe County Emergency Communications District, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of June 30, 2013, 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.

Emphasis of Matter

As described in Note V.B., Monroe County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Monroe County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

We draw attention to Note I.D.8. to the financial statements, which describes a restatement to the beginning net position of the governmental activities of the primary government for \$357,301. This restatement was necessary due to the implementation of GASB Statement No. 65.

We also draw attention to Note I.D.9. to the financial statements, which describes a prior-period adjustment to the governmental activities of the primary government for \$848,821. This adjustment was necessary to record the liability for accreted interest on capital appreciation bonds, which had not been recognized in the prior year.

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 schedules of funding progress – pension plan and other postemployment benefits plan on pages 94-96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

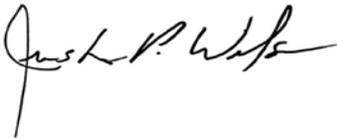
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Monroe County School Department (a discretely presented component unit), and miscellaneous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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014, on our consideration of Monroe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 28, 2014

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Monroe County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Government Governmental Activities	Component Units		
		Monroe County School Department	Women's Wellness and Maternity Center	Emergency Communications District
<u>ASSETS</u>				
Cash	\$ 1,830	\$ 27,302	\$ 91,411	\$ 609,411
Equity in Pooled Cash and Investments	21,619,721	6,336,618	0	0
Accounts Receivable	1,585,457	40,110	177,134	0
Allowance for Uncollectibles	(561,830)	0	(20,144)	0
Due from Other Governments	987,421	1,325,479	0	0
Due from Component Units	511,687	0	0	0
Property Taxes Receivable	14,932,218	5,134,504	0	0
Allowance for Uncollectible Property Taxes	(679,891)	(233,790)	0	0
Prepaid Items	0	0	6,064	0
Capital Assets				
Assets Not Depreciated:				
Land	800,348	864,562	0	0
Construction in Progress	175,326	0	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	4,753,383	50,528,313	0	0
Other Capital Assets	1,844,949	434,236	410,623	298,796
Infrastructure - Roads, Streets, and Bridges	106,464,660	0	0	0
Total Assets	<u>\$ 152,435,279</u>	<u>\$ 64,457,334</u>	<u>\$ 665,088</u>	<u>\$ 908,207</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 138,756	\$ 0	\$ 0	\$ 0
Accumulated Decrease in Fair Value of Hedging Derivatives	1,575,267	0	0	0
Total Deferred Outflows of Resources	<u>\$ 1,714,023</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 337,279	\$ 53,769	\$ 7,656	\$ 5,449
Accrued Payroll	282,838	213,348	12,042	0
Payroll Deductions Payable	252,583	2,260,976	0	0
Contracts Payable	0	52,833	0	0
Due to Primary Government	0	511,687	0	0
Accrued Interest Payable	91,059	0	0	0
Derivative - Interest Rate Swap	2,206,375	0	0	0
Noncurrent Liabilities:				
Due Within One Year	2,656,658	0	18,303	0
Due in More Than One Year	60,203,940	4,709,598	333,514	0
Total Liabilities	<u>\$ 66,030,732</u>	<u>\$ 7,802,211</u>	<u>\$ 371,515</u>	<u>\$ 5,449</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units		
		Monroe County School Department	Women's Wellness and Maternity Center	Emergency Communications District
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 13,714,539	\$ 4,715,782	\$ 0	\$ 0
Total Deferred Inflows of Resources	\$ 13,714,539	\$ 4,715,782	\$ 0	\$ 0
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 111,288,493	\$ 51,827,111	\$ 72,068	\$ 298,796
Restricted for:				
General Government	811,017	0	0	0
Finance	2,444	0	0	0
Administration of Justice	19,874	0	0	0
Public Safety	283,934	0	0	0
Public Health and Welfare	949,589	0	0	0
Highways	1,635,698	0	0	0
Education	0	290,389	0	0
Debt Service	6,609,122	0	0	0
Capital Projects	0	291	0	0
Other Purposes	1,000	0	0	0
Unrestricted	(47,197,140)	(178,450)	221,505	603,962
Total Net Position	\$ 74,404,031	\$ 51,939,341	\$ 293,573	\$ 902,758

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, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Contributions	Capital Grants and Contributions	Primary Governmental Activities	Monroe County School Department	Women's Wellness and Maternity Center	Emergency Communications District		
Primary Government:										
Governmental Activities:										
General Government	\$ 2,705,363	\$ 355,781	\$ 23,095	\$ 0	\$ (2,326,487)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,627,955	1,035,238	14,373	0	(578,344)	0	0	0	0	0
Administration of Justice	1,398,190	837,915	9,000	0	(551,275)	0	0	0	0	0
Public Safety	5,849,800	1,162,654	240,601	0	(4,446,545)	0	0	0	0	0
Public Health and Welfare	5,454,554	3,399,826	303,873	0	(1,750,855)	0	0	0	0	0
Social, Cultural, and Recreational Services	338,584	0	0	0	(338,584)	0	0	0	0	0
Agriculture and Natural Resources	119,527	0	20,411	0	(99,116)	0	0	0	0	0
Other Operations	909,527	51,178	102,183	265,958	(490,208)	0	0	0	0	0
Highways	8,343,025	349,769	2,631,598	139,821	(5,221,837)	0	0	0	0	0
Education	143,746	0	0	88,875	(54,871)	0	0	0	0	0
Interest on Long-term Debt	2,086,244	0	0	0	(2,086,244)	0	0	0	0	0
Debt Service	193,065	0	0	0	(193,065)	0	0	0	0	0
Total Primary Government	\$ 29,169,580	\$ 7,192,361	\$ 3,345,134	\$ 494,654	\$ (18,137,431)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Monroe County School Department	\$ 47,182,909	\$ 1,189,243	\$ 6,172,481	\$ 201,746	\$ 0	\$ (39,619,439)	\$ 0	\$ 0	\$ 0	\$ 0
Women's Wellness and Maternity Center	712,923	647,667	62,653	0	0	0	(2,603)	0	0	0
Emergency Communications District	738,326	493,345	335,754	0	0	0	0	0	90,773	0
Total Component Units	\$ 48,634,158	\$ 2,330,255	\$ 6,570,888	\$ 201,746	\$ 0	\$ (39,619,439)	\$ (2,603)	\$ 0	\$ 90,773	\$ 0

(Continued)

Exhibit B

Monroe County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Component Units			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Monroe County School Department	Women's Wellness and Maternity Center	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				7,747,748	\$ 4,533,731	\$ 0	\$ 0
Property Taxes Levied for Solid Waste/Sanitation				1,260,166	0	0	0
Property Taxes Levied for Highways				773,734	0	0	0
Property Taxes Levied for Debt Service				3,389,611	0	0	0
Local Option Sales Taxes				752,904	3,302,584	0	0
Wheel Tax				892,092	0	0	0
Other Local Taxes				731,215	113,977	0	0
Grants and Contributions Not Restricted to Specific Programs				1,759,652	28,684,228	0	0
Unrestricted Investment Income				16,955	275	85	1,622
Miscellaneous				151,586	10,685	0	837
Insurance Recovery				21,583	0	0	0
Total General Revenues				\$ 17,497,246	\$ 36,645,480	\$ 85	\$ 2,459
Change in Fair Value of Derivatives - Interest Rate Swap				\$ (631,108)	\$ 0	\$ 0	\$ 0
Change in Net Position				\$ (1,271,293)	\$ (2,973,959)	\$ (2,518)	\$ 93,232
Net Position, July 1, 2012				76,881,446	54,913,300	296,091	809,526
Restatement - See Note I.D.8.				(357,301)	0	0	0
Prior-period Adjustment - See Note I.D.9.				(848,821)	0	0	0
Net Position, June 30, 2013				\$ 74,404,031	\$ 51,939,341	\$ 293,573	\$ 902,758

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, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	Highway / Public Works	General Debt Service	Other Govern- mental Funds		
	General				
<u>ASSETS</u>					
Cash	\$ 300	\$ 0	\$ 0	\$ 1,530	\$ 1,830
Equity in Pooled Cash and Investments	7,339,892	1,258,626	6,891,125	4,541,462	20,031,105
Accounts Receivable	1,441,109	30,934	55,445	57,969	1,585,457
Allowance for Uncollectibles	(561,830)	0	0	0	(561,830)
Due from Other Governments	537,914	387,738	41,992	19,777	987,421
Due from Other Funds	1,542	0	0	0	1,542
Due from Component Units	0	0	511,687	0	511,687
Property Taxes Receivable	8,783,885	878,195	3,842,949	1,427,189	14,932,218
Allowance for Uncollectible Property Taxes	(399,942)	(39,989)	(174,975)	(64,985)	(679,891)
Total Assets	\$ 17,142,870	\$ 2,515,504	\$ 11,168,223	\$ 5,982,942	\$ 36,809,539
<u>LIABILITIES</u>					
Accounts Payable	\$ 114,269	\$ 1,425	\$ 116	\$ 130,531	\$ 246,341
Accrued Payroll	228,730	41,414	0	12,694	282,838
Payroll Deductions Payable	210,518	30,395	0	11,670	252,583
Due to Other Funds	0	0	0	1,542	1,542
Total Liabilities	\$ 553,517	\$ 73,234	\$ 116	\$ 156,437	\$ 783,304
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 8,067,597	\$ 806,572	\$ 3,529,573	\$ 1,310,797	\$ 13,714,539
Deferred Delinquent Property Taxes	285,372	28,537	124,850	46,374	485,133
Other Deferred/Unavailable Revenue	444,776	193,164	13,363	4,559	655,862
Total Deferred Inflows of Resources	\$ 8,797,745	\$ 1,028,273	\$ 3,667,786	\$ 1,361,730	\$ 14,855,534
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 811,017	\$ 0	\$ 0	\$ 0	\$ 811,017
Restricted for Finance	2,444	0	0	0	2,444
Restricted for Administration of Justice	19,874	0	0	0	19,874
Restricted for Public Safety	37,968	0	0	245,966	283,934
Restricted for Public Health and Welfare	39,723	0	0	858,933	898,656
Restricted for Highways/Public Works	0	1,413,997	0	0	1,413,997
Restricted for Debt Service	0	0	7,500,321	0	7,500,321
Restricted for Capital Projects	0	0	0	3,359,876	3,359,876
Restricted for Other Purposes	1,000	0	0	0	1,000
Committed:					
Committed for General Government	29,689	0	0	0	29,689
Committed for Administration of Justice	3,153	0	0	0	3,153
Committed for Public Safety	30,942	0	0	0	30,942
Committed for Other Operations	78,916	0	0	0	78,916
Assigned:					
Assigned for General Government	35,105	0	0	0	35,105
Assigned for Finance	12,460	0	0	0	12,460
Assigned for Administration of Justice	2,866	0	0	0	2,866
Assigned for Public Safety	72,014	0	0	0	72,014
Assigned for Public Health and Welfare	55,742	0	0	0	55,742
Assigned for Other Operations	2,277	0	0	0	2,277
Unassigned	6,556,418	0	0	0	6,556,418
Total Fund Balances	\$ 7,791,608	\$ 1,413,997	\$ 7,500,321	\$ 4,464,775	\$ 21,170,701
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,142,870	\$ 2,515,504	\$ 11,168,223	\$ 5,982,942	\$ 36,809,539

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, 2013

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)		\$ 21,170,701
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 800,348	
Add: construction in progress	175,326	
Add: buildings and improvements net of accumulated depreciation	4,753,383	
Add: infrastructure net of accumulated depreciation	106,464,660	
Add: other capital assets net of accumulated depreciation	<u>1,844,949</u>	114,038,666
(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.		1,497,678
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,340,142)	
Less: bonds payable	(18,909,236)	
Less: other loans payable	(40,850,830)	
Add: deferred amount on refunding	138,756	
Less: compensated absences payable	(380,740)	
Less: landfill closure/postclosure care costs	(182,428)	
Less: other postemployment benefits liability	(258,869)	
Less: fair value of investment-type derivative – interest rate swap	(631,108)	
Less: accrued interest on bonds, and notes	(91,059)	
Less: interest accreted on bonds	<u>(938,353)</u>	(63,444,009)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,140,995</u>
Net position of governmental activities (Exhibit A)		<u>\$ 74,404,031</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, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 9,707,085	\$ 866,033	\$ 4,610,098	\$ 1,352,029	\$ 16,535,245
Licenses and Permits	95,713	0	0	0	95,713
Fines, Forfeitures, and Penalties	140,989	0	0	47,149	188,138
Charges for Current Services	3,266,546	349,769	55,445	613,388	4,285,148
Other Local Revenues	227,793	0	16,955	109,365	354,113
Fees Received from County Officials	1,912,919	0	0	0	1,912,919
State of Tennessee	1,481,249	2,602,463	24,063	81,990	4,189,765
Federal Government	542,392	122,757	0	0	665,149
Other Governments and Citizens Groups	183,828	0	556,111	4,000	743,939
Total Revenues	\$ 17,558,514	\$ 3,941,022	\$ 5,262,672	\$ 2,207,921	\$ 28,970,129
<u>Expenditures</u>					
Current:					
General Government	\$ 2,531,114	\$ 0	\$ 0	\$ 0	\$ 2,531,114
Finance	1,645,705	0	0	0	1,645,705
Administration of Justice	1,387,471	0	0	1,891	1,389,362
Public Safety	5,460,448	0	0	227,445	5,687,893
Public Health and Welfare	3,573,225	0	0	1,982,057	5,555,282
Social, Cultural, and Recreational Services	338,584	0	0	0	338,584
Agriculture and Natural Resources	119,959	0	0	0	119,959
Other Operations	892,172	0	0	18,664	910,836
Highways	0	3,913,996	0	62,021	3,976,017
Debt Service:					
Principal on Debt	0	0	2,619,442	0	2,619,442
Interest on Debt	0	0	2,013,880	0	2,013,880
Other Debt Service	0	0	181,782	0	181,782
Capital Projects	2,162	0	0	143,746	145,908
Total Expenditures	\$ 15,950,840	\$ 3,913,996	\$ 4,815,104	\$ 2,435,824	\$ 27,115,764
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 1,607,674	\$ 27,026	\$ 447,568	\$ (227,903)	\$ 1,854,365
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 71,820	\$ 71,820
Insurance Recovery	21,583	0	0	0	21,583
Total Other Financing Sources (Uses)	\$ 21,583	\$ 0	\$ 0	\$ 71,820	\$ 93,403
Net Change in Fund Balances					
Fund Balance, July 1, 2012	\$ 6,162,351	1,386,971	7,052,753	4,620,858	19,222,933
Fund Balance, June 30, 2013	\$ 7,791,608	\$ 1,413,997	\$ 7,500,321	\$ 4,464,775	\$ 21,170,701

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, 2013

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,947,768
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 480,136	
Less: current-year depreciation expense	<u>(4,898,800)</u>	(4,418,664)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 1,140,995	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(1,603,312)</u>	(462,317)
<p>(3) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:</p>		
Less: other loan proceeds	\$ (71,820)	
Add: principal payments on notes	678,452	
Add: principal payments on bonds	1,260,000	
Add: principal payments on other loans	680,990	
Less: change in deferred amount on refunding debt	<u>(11,283)</u>	2,536,339
<p>(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.</p>		
Change in accrued interest payable	\$ 17,168	
Change in accreted interest payable	(89,532)	
Change in compensated absences payable	(11,694)	
Change in other postemployment benefits liability	(59,810)	
Change in landfill postclosure care costs	<u>3,598</u>	(140,270)
<p>(5) Internal service funds are used by management to charge the cost of employee health benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the Statement of Activities.</p>		
		(103,041)
<p>(6) For interest rate swap agreements that are classified as investment derivatives, the change in fair market value is reflected in changes in net position for governmental activities.</p>		
		<u>(631,108)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (1,271,293)</u>

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

Monroe County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
Revenues							
Local Taxes	\$ 9,707,085	\$ 0	\$ 0	\$ 9,707,085	\$ 9,213,041	\$ 9,213,041	\$ 494,044
Licenses and Permits	95,713	0	0	95,713	89,500	89,500	6,213
Fines, Forfeitures, and Penalties	140,989	0	0	140,989	137,200	137,200	3,789
Charges for Current Services	3,266,546	0	0	3,266,546	2,994,106	2,994,106	272,440
Other Local Revenues	227,793	0	0	227,793	211,500	246,175	(18,382)
Fees Received from County Officials	1,912,919	0	0	1,912,919	1,833,529	1,833,529	79,390
State of Tennessee	1,481,249	0	0	1,481,249	1,629,096	2,350,734	(869,485)
Federal Government	542,392	0	0	542,392	495,675	527,550	14,842
Other Governments and Citizens Groups	183,828	0	0	183,828	140,464	153,994	29,834
Total Revenues	\$ 17,558,514	\$ 0	\$ 0	\$ 17,558,514	\$ 16,744,111	\$ 17,545,829	\$ 12,685
Expenditures							
General Government							
County Commission	\$ 320,619	\$ (30)	\$ 0	\$ 320,589	\$ 420,906	\$ 420,906	\$ 100,317
Board of Equalization	3,158	0	0	3,158	8,700	8,700	5,542
County Mayor/Executive	191,577	0	0	191,577	201,047	201,047	9,470
Personnel Office	152,464	(875)	8,225	159,814	190,588	190,588	30,774
County Attorney	39,237	0	0	39,237	45,000	45,000	5,763
Election Commission	233,302	(6,766)	861	227,397	241,022	241,022	13,625
Register of Deeds	372,248	0	100	372,348	355,441	378,522	6,174
Planning	67,529	0	1,600	69,129	98,938	98,938	29,809
Codes Compliance	39,329	(150)	0	39,179	48,211	48,211	9,032
Geographical Information Systems	89,680	(4,950)	556	85,286	96,645	96,645	11,359
County Buildings	743,057	(19,070)	6,627	730,614	633,590	791,953	61,339
Other General Administration	261,460	(49)	17,135	278,546	293,500	310,050	31,504
Preservation of Records	17,454	0	0	17,454	16,215	18,560	1,106
Finance							
Accounting and Budgeting	514,974	(700)	5,387	519,661	572,797	572,797	53,136
Property Assessor's Office	272,519	(35)	0	272,484	317,762	317,762	45,278

(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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Reappraisal Program	\$ 129,039	0	527	129,566	149,001	149,001	\$ 19,435
County Trustee's Office	295,853	(130)	1,195	296,918	307,754	307,754	10,836
County Clerk's Office	433,320	(600)	5,351	438,071	458,624	461,460	23,389
<u>Administration of Justice</u>							
Circuit Court	892,938	(19,094)	2,084	875,928	963,127	963,127	87,199
General Sessions Judge	232,048	(648)	0	231,400	253,581	253,581	22,181
Chancery Court	215,517	(9,297)	333	206,553	293,749	293,294	86,741
Probate Court	45,005	(696)	0	44,309	47,164	47,619	3,310
Other Administration of Justice	1,963	(150)	450	2,263	21,000	21,000	18,737
<u>Public Safety</u>							
Sheriff's Department	2,494,217	(15,999)	26,428	2,504,646	2,694,516	2,752,350	247,704
Administration of the Sexual Offender Registry	1,300	0	0	1,300	0	3,200	1,900
Jail	2,241,527	(3,149)	32,681	2,271,059	2,428,806	2,429,694	158,635
Juvenile Services	91,731	0	0	91,731	107,171	107,171	15,440
Commissary	116,611	(14,132)	10,038	112,517	190,000	190,000	77,483
Fire Prevention and Control	259,928	0	847	260,775	236,668	295,209	34,434
Rescue Squad	50,000	0	0	50,000	50,000	50,000	0
Other Emergency Management	61,418	0	2,020	63,438	76,157	76,657	13,219
County Coroner/Medical Examiner	33,716	0	0	33,716	41,800	41,800	8,084
Other Public Safety	110,000	0	0	110,000	110,000	110,000	0
<u>Public Health and Welfare</u>							
Local Health Center	47,293	0	0	47,293	58,100	58,100	10,807
Rabies and Animal Control	139,990	0	5,144	145,134	168,712	168,712	23,578
Ambulance/Emergency Medical Services	2,587,152	(10,012)	22,449	2,599,589	2,997,317	2,997,317	397,728
Dental Health Program	470,324	(1,782)	28,039	496,581	472,084	496,748	167
Alcohol and Drug Programs	18,452	0	0	18,452	0	18,452	0
Crippled Children Services	1,995	0	0	1,995	1,995	1,995	0
Other Local Health Services	266,622	0	0	266,622	352,800	352,800	86,178

(Continued)

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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
General Welfare Assistance	\$ 40,397	\$ 0	\$ 0	\$ 40,397	\$ 43,364	\$ 43,364	\$ 2,967
Aid to Dependent Children	1,000	0	0	1,000	1,000	1,000	0
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	38,000	0	0	38,000	38,000	38,000	0
Libraries	118,369	(44)	0	118,325	113,374	121,433	3,108
Other Social, Cultural, and Recreational	182,215	0	0	182,215	184,215	184,215	2,000
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	70,960	0	0	70,960	75,726	75,726	4,766
Soil Conservation	46,999	0	0	46,999	49,850	49,850	2,851
Flood Control	2,000	0	0	2,000	2,000	2,000	0
<u>Other Operations</u>							
Tourism	209,472	(18)	531	209,985	189,112	228,642	18,657
Industrial Development	178,044	(446)	1,091	178,689	277,733	277,733	99,044
Other Economic and Community Development	292,061	0	0	292,061	345,958	643,558	351,497
Airport	146,788	0	0	146,788	93,500	561,500	414,712
Veterans' Services	24,434	(25)	655	25,064	25,230	25,231	167
Contributions to Other Agencies	6,365	0	0	6,365	13,500	13,500	7,135
Employee Benefits	27,813	0	0	27,813	105,339	63,339	35,526
Miscellaneous	7,195	0	0	7,195	0	7,195	0
<u>Capital Projects</u>							
Public Safety Projects	2,162	0	0	2,162	10,000	7,000	4,838
Total Expenditures	\$ 15,950,840	\$ (108,847)	\$ 180,354	\$ 16,022,347	\$ 17,588,389	\$ 18,731,028	\$ 2,708,681
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,607,674	\$ 108,847	\$ (180,354)	\$ 1,536,167	\$ (844,278)	\$ (1,185,199)	\$ 2,721,366

(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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 21,583 \$	0 \$	0 \$	21,583 \$	0 \$	16,233 \$	5,350
Transfers Out	0	0	0	0	(30,000)	(30,000)	30,000
Total Other Financing Sources	\$ 21,583 \$	0 \$	0 \$	21,583 \$	(30,000) \$	(13,767) \$	35,350
Net Change in Fund Balance	\$ 1,629,257 \$	108,847 \$	(180,354) \$	1,557,750 \$	(874,278) \$	(1,198,966) \$	2,756,716
Fund Balance, July 1, 2012	6,162,351	(108,847)	0	6,053,504	4,925,095	4,925,095	1,128,409
Fund Balance, June 30, 2013	\$ 7,791,608 \$	0 \$	(180,354) \$	7,611,254 \$	4,050,817 \$	3,726,129 \$	3,885,125

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 866,033	\$ 0	\$ 0	\$ 866,033	\$ 793,700	\$ 793,700	\$ 72,333
Charges for Current Services	349,769	0	0	349,769	325,000	325,000	24,769
State of Tennessee	2,602,463	0	0	2,602,463	2,645,889	2,936,663	(334,200)
Federal Government	122,757	0	0	122,757	198,134	198,134	(75,377)
Total Revenues	\$ 3,941,022	\$ 0	\$ 0	\$ 3,941,022	\$ 3,962,723	\$ 4,253,497	\$ (312,475)
Expenditures							
Highways							
Administration	\$ 215,290	(25)	0	215,265	238,530	238,530	23,265
Highway and Bridge Maintenance	1,995,812	(305,775)	430,345	2,120,382	2,444,950	2,444,950	324,568
Operation and Maintenance of Equipment	750,012	(28,469)	15,073	736,616	750,050	759,736	23,120
Other Charges	234,573	0	0	234,573	243,145	243,145	8,572
Employee Benefits	8,053	0	0	8,053	31,000	21,314	13,261
Capital Outlay	710,256	(420,000)	287,135	577,391	458,000	748,774	171,383
Total Expenditures	\$ 3,913,996	\$ (754,269)	\$ 732,553	\$ 3,892,280	\$ 4,165,675	\$ 4,456,449	\$ 564,169
Excess (Deficiency) of Revenues Over Expenditures	\$ 27,026	\$ 754,269	\$ (732,553)	\$ 48,742	\$ (202,952)	\$ (202,952)	\$ 251,694
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 27,026	\$ 754,269	\$ (732,553)	\$ 48,742	\$ (202,952)	\$ (202,952)	\$ 251,694
Fund Balance, June 30, 2013	\$ 1,386,971	\$ (754,269)	\$ 0	\$ 632,702	\$ 632,703	\$ 632,703	\$ (1)
Fund Balance, June 30, 2013	\$ 1,413,997	\$ 0	\$ (732,553)	\$ 681,444	\$ 429,751	\$ 429,751	\$ 251,693

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, 2013

Governmental
 Activities -
 Internal
Service Fund
 Employee
 Health
 Insurance
Fund

ASSETS

Current Assets:

Equity in Pooled Cash and Investments

\$ 1,588,616

Total Assets

\$ 1,588,616

LIABILITIES

Current Liabilities:

Other Current Liabilities

\$ 90,938

Total Liabilities

\$ 90,938

NET POSITION

Unrestricted

\$ 1,497,678

Total Net Position

\$ 1,588,616

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

Exhibit D-2

Monroe County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 1,837,117
Total Operating Revenues	<u>\$ 1,837,117</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 88,646
Medical Claims	1,586,529
Insurance Premiums	<u>264,983</u>
Total Operating Expenses	<u>\$ 1,940,158</u>
Operating Income (Loss)	<u>\$ (103,041)</u>
Change in Net Position	\$ (103,041)
Net Position, July 1, 2012	<u>1,600,719</u>
Net Position, June, 30, 2013	<u><u>\$ 1,497,678</u></u>

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

Exhibit D-3

Monroe County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund
	<u>Employee Health Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 1,837,117
Payments to Fiscal Agents	(88,646)
Payments to Insurers	(264,983)
Payments for Claims	<u>(1,560,919)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (77,431)</u>
Increase (Decrease) in Cash	\$ (77,431)
Cash, July 1, 2012	<u>1,666,047</u>
Cash, June 30, 2013	<u><u>\$ 1,588,616</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (103,041)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Other Current Liabilities	<u>25,610</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (77,431)</u></u>

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

Exhibit E

Monroe County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,440,521
Taxes Receivable	1,343,033
Allowance for Uncollectible Taxes	(61,153)
Due from Other Governments	761,786
Cash Shortage	<u>20,651</u>
Total Assets	<u><u>\$ 3,504,838</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 2,043,666
Due to Litigants, Heirs, and Others	<u>1,461,172</u>
Total Liabilities	<u><u>\$ 3,504,838</u></u>

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

MONROE COUNTY, TENNESSEE
Index of Notes to the Financial Statements

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MONROE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Monroe County is a public municipal corporation governed by an elected nine-member board. As required by GAAP, these financial statements present Monroe County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

The Monroe County Women's Wellness and Maternity Center was organized to provide prenatal care and counseling, as well as a lower cost option of delivery for citizens of the area, and the Monroe County Commission appoints its governing body. Monroe County has assisted the operations of the Women's Wellness and Maternity Center through the issuance of capital outlay notes for facility construction and improvements.

The Monroe County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Monroe County, and the Monroe County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

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

Administrative Offices:

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

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

B. Government-wide and Fund Financial Statements

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

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

Monroe County issues all debt for the discretely presented Monroe County School Department. Net debt issues of \$143,746 and \$18,664 were contributed by the county to the School Department and the Sweetwater City School System, respectively, during the year ended June 30, 2013.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days

after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Monroe County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Monroe County reports the following major governmental funds:

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

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

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

Additionally, Monroe County reports the following fund types:

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

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

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Monroe County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Monroe County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

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 2.49 percent of the total taxes levied.

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

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

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

3. Capital Assets

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

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

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

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

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

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

4. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Deferred charge on refunding is reported as a deferred outflow of resources in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The accumulated decrease in fair value of hedging derivatives as discussed in Note V.B., is also reported as a deferred outflow of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Compensated Absences

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

6. Long-term Obligations

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

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

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

7. Net Position and Fund Balance

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

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

As of June 30, 2013, Monroe County had \$54,975,806 in outstanding debt for capital purposes for the discretely presented Monroe County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Sweetwater School System) based on an average daily attendance proration. This debt is a liability of Monroe County, but the capital assets acquired are reported in the financial statements of the School Department and the City of Sweetwater School System. Therefore, Monroe County has incurred a liability, significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and the Board of Education are authorized to make assignments. Assigned fund balance in the General Fund consists primarily of amounts assigned for encumbrances. Assigned fund balance in the School Department's General Purpose School Fund consists of \$33,386 for encumbrances and fund balance appropriated for use in the 2013-14 year budget totaling \$2,008,515.

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 that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

8. **Restatement**

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt issuance costs become period costs. A restatement to beginning net position totaling \$357,301 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

9. Prior-period Adjustment

A prior-period adjustment of \$848,821 is reported for governmental activities to record accreted interest on capital appreciation bonds, which was not accrued in prior years.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Monroe County School Department

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

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

Primary Government

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

Discretely Presented Monroe County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the

year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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, 2013, Monroe County reported the following significant encumbrances:

Fund	Description	Amount
Highway/Public Works	Asphalt	\$ 397,000
"	Asphalt - State Aid Projects	285,000

B. Cash Shortages: Prior Years

The audit of Monroe County for the 2008-09 year reported a cash shortage of \$30,646.08 in the Office of Sheriff as of October 22, 2008. This cash shortage resulted from the failure to account properly for all collections from operations of the commissary. The county's insurance company paid the county \$20,646.08 in May 2009 (the cash shortage less a \$10,000 deductible). On January 15, 2010, the former commissary bookkeeper was indicted by the

county's grand jury for theft over \$10,000. The original case was dismissed on July 20, 2011. The bookkeeper was re-indicted, and the trial has been set for June 24, 2014.

The audit of Monroe County for the 2009-10 year reported a cash shortage of \$10,651.30 existed in the Sheriff's Office as of June 30, 2010. Commissary collections for several days between February 11, 2010, and April 19, 2010, had not been deposited to the office bank account or otherwise accounted for properly. There have been no criminal charges filed relating to this shortage as of the date of this report.

C. **Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in certain major appropriation categories (the legal level of control) of the General Purpose School Fund:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Support Services:	
Regular Instruction Program	\$ 734
Operation of Non-Instructional Services:	
Early Childhood Education	1,035

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

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.

Investment Balances. As of June 30, 2013, Monroe County had the following investments carried at fair value. Separate disclosures concerning pooled investments cannot be made for Monroe County and the discretely presented Monroe County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturities (days)	Fair Value
State Treasurer's Investment Pool	11 to 138	\$ 1,300,121

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Monroe County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Monroe County has no investment policy that would further limit its investment choices. As of June 30, 2013, Monroe County's investment in the State Treasurer's Investment Pool was unrated.

B. Derivative Instruments

At June 30, 2013, 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, 2013, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2013 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2013</u>		6-30-13
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Investment Derivative:					
Pay fixed interest rate swaps:					
\$6.255M Swap	Investment Earnings	\$ 340,499 (1)	Debt	\$ (631,108)	\$ 6,000,000
Cash Flow Hedge:					
\$10.05M Swap	Deferred Outflow	1,140,185	Debt	(1,575,267)	10,050,000
Total		<u>\$ 1,480,684</u>		<u>\$ (2,206,375)</u>	<u>\$ 16,050,000</u>

(1) This derivative was classified as a deferred outflow in previous fiscal years. Therefore, the entire fair value amount must be recognized as a change in net position during the year ended June 30, 2013.

Derivative Swap Agreement Detail

\$6.255M Swap:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.27 percent and receives a variable payment computed as 63.1 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had a notional amount of \$6.255 million, and the associated variable-rate bond had a \$6.255 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-7-A Bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2013, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.27%
Variable payment from counterparty		<u>-1.00%</u>
Net interest rate swap payments		3.27%
Variable-rate bond coupon payments		<u>0.07%</u>
Synthetic interest rate on bonds		<u><u>3.34%</u></u>

Fair value. As of June 30, 2013, the swap had a negative fair value of \$631,108. 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, 2013, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative’s fair value. The swap counterparty, Morgan Keegan Financial Products (“MKFP”) was rated “A+” by Standard and Poor’s as of June 30, 2013, with its Credit Support Provider, Deutsche Bank, rated A2/A+/A+ by Moody’s, Standard and Poor’s, and Fitch, respectively.

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

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

Swap payments and associated debt. As of June 30, 2013, 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	
2014	\$ 590,000	\$ 4,200	\$ 196,003	790,203
2015	630,000	3,787	176,729	810,516
2016	670,000	3,346	156,149	829,495
2017	705,000	2,877	134,262	842,139
2018	795,000	2,384	111,231	908,615
2019-2020	2,610,000	2,765	129,035	2,741,800
Total	\$ 6,000,000	\$ 19,359	\$ 903,409	\$ 6,922,768

\$10.05M Swap:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.684 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had a notional amount of \$10.05 million and the associated variable-rate bond had a \$10.05 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series E-7-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2033. As of June 30, 2013, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.68%
Variable payment from counterparty	63% of LIBOR	<u>-1.00%</u>
Net interest rate swap payments		2.68%
Variable-rate bond coupon payments		<u>0.07%</u>
 Synthetic interest rate on bonds		 <u><u>2.75%</u></u>

Fair value. As of June 30, 2013, the swap had a negative fair value of \$1,575,267. 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, 2013, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. In order to mitigate the potential for credit risk, the Authority, on behalf of the County, entered into the interest rate swap agreement with Depfa Bank, which was rated "A+" by Standard and Poor's, AA- by Fitch Ratings and "Aa3" by Moody's Investor Service at the time the interest rate swap agreement was entered into. If Depfa's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian. As of June 30, 2013, Depfa's credit rating had been downgraded and was rated "BBB" by Standard and Poor's (Stable Outlook), "Baa3" by Moody's Investors Service (Stable Outlook) and BBB+ by Fitch Ratings (Negative Outlook). The counterparty has posted all collateral requirements with a third-party custodian.

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

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

Swap payments and associated debt. As of June 30, 2013, 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	
2014	\$ 0	\$ 7,035	\$ 269,571	\$ 276,606
2015	0	7,035	269,571	276,606
2016	0	7,035	269,571	276,606
2017	0	7,035	269,571	276,606
2018	0	7,035	269,571	276,606
2019-2023	0	35,175	1,347,856	1,383,031
2024-2028	4,400,000	29,365	1,125,225	5,554,590
2029-2033	5,650,000	12,285	470,744	6,133,029
Total	\$ 10,050,000	\$ 112,000	\$ 4,291,680	\$ 14,453,680

C. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 800,348	\$ 0	\$ 0	\$ 800,348
Construction in Progress	0	175,326	0	175,326
Total Capital Assets Not Depreciated	\$ 800,348	\$ 175,326	\$ 0	\$ 975,674
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,412,406	\$ 69,950	\$ 0	\$ 8,482,356
Roads and Bridges	169,891,665	0	0	169,891,665
Other Capital Assets	7,204,387	234,860	(211,476)	7,227,771
Total Capital Assets Depreciated	\$ 185,508,458	\$ 304,810	\$ (211,476)	\$ 185,601,792
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,515,900	\$ 213,073	\$ 0	\$ 3,728,973
Roads and Bridges	59,179,712	4,247,293	0	63,427,005
Other Capital Assets	5,155,864	438,434	(211,476)	5,382,822
Total Accumulated Depreciation	\$ 67,851,476	\$ 4,898,800	\$ (211,476)	\$ 72,538,800

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Total Capital Assets Depreciated, Net	\$ 117,656,982	\$ (4,593,990)	\$ 0	\$ 113,062,992
Governmental Activities Capital Assets, Net	\$ 118,457,330	\$ (4,418,664)	\$ 0	\$ 114,038,666

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

Governmental Activities:

General Government	\$ 184,448
Finance	1,267
Public Safety	141,186
Public Health and Welfare	163,530
Other Operations	53,931
Highways	<u>4,354,438</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,898,800</u>

Discretely Presented Monroe County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 666,112	\$ 198,450	\$ 0	\$ 864,562
Construction in Progress	1,402,903	7,397,951	(8,800,854)	0
Total Capital Assets Not Depreciated	<u>\$ 2,069,015</u>	<u>\$ 7,596,401</u>	<u>\$ (8,800,854)</u>	<u>\$ 864,562</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 65,188,278	\$ 8,800,854	\$ 0	\$ 73,989,132
Other Capital Assets	1,646,901	81,561	0	1,728,462
Total Capital Assets Depreciated	<u>\$ 66,835,179</u>	<u>\$ 8,882,415</u>	<u>\$ 0</u>	<u>\$ 75,717,594</u>

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Less: Accumulated Depreciation For:				
Buildings and Improvements	\$ 21,909,733	\$ 1,551,086	\$ 0	\$ 23,460,819
Other Capital Assets	1,181,292	112,934	0	1,294,226
Total Accumulated Depreciation	<u>\$ 23,091,025</u>	<u>\$ 1,664,020</u>	<u>\$ 0</u>	<u>\$ 24,755,045</u>
Total Capital Assets Depreciated, Net	<u>\$ 43,744,154</u>	<u>\$ 7,218,395</u>	<u>\$ 0</u>	<u>\$ 50,962,549</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,813,169</u>	<u>\$ 14,814,796</u>	<u>\$ (8,800,854)</u>	<u>\$ 51,827,111</u>

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

Governmental Activities:

Instruction	\$ 8,678
Support Services	1,642,558
Operation of Non-Instructional Services	<u>12,784</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,664,020</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 1,542
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	131,560
Nonmajor governmental	General Purpose School	112,691

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

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Component Unit:	
Primary Government:	School Department:	
General Debt Service	General Purpose School	\$ 511,687

This balance represents current-year debt service contributions due from the School Department to the primary government.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amount:

Discretely Presented Monroe County School Department

<u>Transfer Out</u>	<u>Transfer In</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
General Purpose School Fund	\$ 250,000

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

E. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General

obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 40 years for bonds, up to 12 years for notes, and up to 30 years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds	4.05 to 5 %	6-1-38	\$ 18,950,000	\$ 17,910,000
General Obligation (CAB) Bonds	4.6 to 4.95	4-1-18	999,236	999,236
Accreted Interest on (CAB) Bonds	4.6 to 4.95	4-1-18	N/A	938,353
Capital Outlay Notes	0 to 4.59	11-1-15	2,256,500	1,340,142
Other Loans - Variable Rate - Public Improvement and Refunding	Variable	6-1-39	31,965,000	31,245,000
Other Loans - Fixed Rate	0 to 2.45	6-1-31	10,671,820	9,605,830

During the 1998-99 year, Monroe County issued Capital Appreciation Bonds (CABs) totaling \$999,236. These bonds accrete interest that is paid at bond maturity. Maturity dates for these bonds range from 2014 through 2018. As of June 30, 2013, approximately \$938,353 of interest had accreted on the bonds.

In prior years, Monroe County entered into variable rate loan agreements with Public Building Authorities (PBAs) to finance capital projects for the county and the discretely presented Monroe County School Department. During the 2008-09 year, Monroe County issued a loan agreement (Series E-7-A) to refund all outstanding PBA loan agreements and to provide funds for capital projects. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, administrative, and debt remarketing) in connection with this loan. Monroe County has also entered into fixed rate loan agreements with a PBA. The following table summarizes loan agreements outstanding at June 30, 2013, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-13	Interest Type	Interest Rate as of 6-30-13	Other Fees on Variable Rate Debt
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Blount County Public
Building Authority

Series E-7-A (Refunding) (1) \$ 31,965,000 \$ 31,245,000 Variable .07% 1.11%

City of Clarksville Public
Building Authority

Fixed Rate Loan Program 10,600,000 9,540,000 Fixed 2.45% N/A

Ft. Loudoun Electric
Cooperative

Interest Free Loan 71,820 65,830 N/A 0% N/A

Total \$ 40,850,830

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

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2013, 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, 2013.

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 478,784	\$ 19,448	\$ 498,232
2015	438,358	10,916	449,274
2016	423,000	3,659	426,659
Total	<u>\$ 1,340,142</u>	<u>\$ 34,023</u>	<u>\$ 1,374,165</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 363,342	\$ 996,296	\$ 1,359,638
2015	348,748	999,390	1,348,138
2016	330,912	1,000,726	1,331,638
2017	323,266	1,006,872	1,330,138
2018	192,968	980,420	1,173,388
2019-2023	1,350,000	3,627,690	4,977,690
2024-2028	3,175,000	3,119,628	6,294,628
2029-2033	4,200,000	2,394,523	6,594,523
2034-2038	8,625,000	1,086,650	9,711,650
Total	\$ 18,909,236	\$ 15,212,195	\$ 34,121,431

Year Ending June 30	Other Loans			
	Principal	Interest (1)	Other Fees	Total
2014	\$ 1,282,188	\$ 721,142	\$ 347,545	\$ 2,350,875
2015	1,327,188	688,342	339,268	2,354,798
2016	1,372,188	654,203	330,492	2,356,883
2017	1,417,188	618,725	321,215	2,357,128
2018	1,512,188	582,070	311,439	2,405,697
2019-2023	9,069,890	2,274,971	1,349,970	12,694,831
2024-2028	8,955,000	3,347,681	1,015,564	13,318,245
2029-2033	9,295,000	587,874	630,182	10,513,056
2034-2038	6,220,000	15,705	250,100	6,485,805
2039	400,000	280	4,459	404,739
Total	\$ 40,850,830	\$ 9,490,993	\$ 4,900,234	\$ 55,242,057

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

There is \$7,500,321 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$1,372, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Bonds	Accreted Interest on CAB Bonds	Notes	Compensated Absences
Balance, July 1, 2012	\$ 20,169,236	\$ 848,821	\$ 2,018,594	\$ 369,046
Additions	0	89,532	0	300,030
Reductions	(1,260,000)	0	(678,452)	(288,336)
Balance, June 30, 2013	<u>\$ 18,909,236</u>	<u>\$ 938,353</u>	<u>\$ 1,340,142</u>	<u>\$ 380,740</u>
Balance Due Within One Year	<u>\$ 363,342</u>	<u>\$ 231,658</u>	<u>\$ 478,784</u>	<u>\$ 285,555</u>

	Other Loans	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2012	\$ 41,460,000	\$ 186,026	\$ 199,059
Additions	71,820	3,402	62,510
Reductions	(680,990)	(7,000)	(2,700)
Balance, June 30, 2013	<u>\$ 40,850,830</u>	<u>\$ 182,428</u>	<u>\$ 258,869</u>
Balance Due Within One Year	<u>\$ 1,282,188</u>	<u>\$ 15,131</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 62,860,598
Less: Balance Due Within One Year	<u>(2,656,658)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 60,203,940</u>

During the year, the discretely presented Monroe County School Department contributed \$511,687 to the primary government to apply toward the retirement of school related debt.

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

Discretely Presented Monroe County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Monroe County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2012	\$ 4,123,084
Additions	1,168,861
Reductions	<u>(582,347)</u>
Balance, June 30, 2013	<u>\$ 4,709,598</u>
Balance Due Within One Year	<u>\$ 0</u>

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

F. On-Behalf Payments – Discretely Presented Monroe County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Monroe County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2013, were \$144,629 and \$40,169, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Industrial Development

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

V. OTHER INFORMATION

A. Risk Management

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

Monroe County has established the Employee Health Insurance Fund for risks associated with the county employees' health insurance plan. The Employee Health Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$60,000 for each employee. The county has obtained a stop/loss commercial insurance policy to cover claims beyond this liability.

All full-time employees of the primary government are eligible to participate in the health program. Retirees are not allowed to participate in the health program. A premium charge for the health program is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,497,678 at June 30, 2013. Liabilities of this fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Health Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claims adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Liability Balance at Fiscal Year-end
2011-2012	\$ 44,372	\$ 1,326,360	\$ (1,305,404)	\$ 65,328
2012-2013	65,328	1,586,529	(1,560,919)	90,938

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. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Monroe County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on

Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

C. Subsequent Events

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

On August 12, 2013, the Tellico Area Services Systems (TASS) paid the remaining balance on its \$360,000 Water Revenue and Tax Bonds, Series 2005. Monroe County had been contingently liable for this debt. See Note V.D., for further discussion of TASS debt.

D. Contingent Liabilities

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

Monroe County is contingently liable for certain Series 2005 revenue and tax bonds of the Tellico Area Service System (TASS) joint venture. Monroe County would become liable for the bonds and interest thereon, in the event of default by TASS. As of June 30, 2013, future principal and interest requirements of these bonds were \$323,852 and \$242,439, respectively. As

discussed in the previous note, subsequent to June 30, 2013, TASS called and retired its Water Revenue and Tax Bonds, series 2005. This eliminated the principal and interest requirements for which Monroe County was contingently liable.

Monroe County also issued a public building authority loan agreement for the benefit of TASS, which is being reimbursed to the county from revenues of TASS. That revenue loan is not reflected on the financial statements of the county. Monroe County would become liable for a portion of this loan agreement in the event of default by TASS. As of June 30, 2013, future principal and interest requirements for which the county is contingently liable were \$415,000 and \$60,452, respectively.

E. Landfill Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Monroe County closed its sanitary landfill in 1999. The \$182,428 reported as postclosure care liability at June 30, 2013, represents amounts based on what it would cost to perform all postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Tellico Area Services System (TASS), a regional water, sewer, and solid waste system, is jointly owned by Monroe and Loudon counties. TASS comprises the County Boards of Public Utilities of each of the counties. Monroe County has control over budgeting and financing the joint venture only to the extent of representation by its County Board of Public Utility. As noted above, Monroe County is contingently liable for revenue bonds and other 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, 2013.

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

Administrative Offices:

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

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

G. Jointly Governed Organization

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

Blount County, Loudon County, Monroe County, and various city school systems jointly govern the Little Tennessee Valley Educational Cooperative. The cooperative was established pursuant to an agreement between the participating governments and is governed by a board of control consisting of the director of schools of each participating government, one representative appointed by the County Commission or City Council of each participating government, and one member appointed by the Board of Education of each participating government. The cooperative was organized in order to combine resources to provide services for special education programs such as the Birth-to-Three program for handicapped children, a child development program for language and behaviorally delayed older students, and an occupational and physical therapy program, as well as psychological services. The cooperative provides educational services on a contractual basis to the

various school systems. The systems may, but are not required to contract for these services.

H. Retirement Commitments

Plan Description

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

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

Funding Policy

Monroe County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 6.64 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, Monroe County's annual pension cost of \$847,089 to TCRS was equal to the county's required and actual

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

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$847,089	100%	\$0
6-30-12	843,135	100	0
6-30-11	851,891	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.28 percent funded. The actuarial accrued liability for benefits was \$29.94 million, and the actuarial value of assets was \$29.12 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.82 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11.97 million, and the ratio of the UAAL to the covered payroll was 6.81 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011, were \$1,649,262, \$1,632,218, and \$1,601,934, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Postemployment Healthcare Plan

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for teachers ranges from zero to 45 percent based on the years of service. During the year ended June 30, 2013, the discretely presented Monroe County School Department contributed \$582,347 for postemployment benefits and the primary government contributed \$2,700.

Annual OPEB Cost and Net OPEB Obligation

	<u>Medicare Supplement Plans</u>		Local
	Primary Government	School Department	Education Group Plan
ARC	\$ 63,000	\$ 125,000	\$ 1,054,000
Interest on the NOPEBO	7,962	17,804	147,120
Adjustment to the ARC	(8,452)	(18,898)	(156,165)
Annual OPEB cost	\$ 62,510	\$ 123,906	\$ 1,044,955
Amount of contribution	(2,700)	(6,888)	(575,459)
Increase/decrease in NOPEBO	\$ 59,810	\$ 117,018	\$ 469,496
Net OPEB obligation, 7-1-12	199,059	445,080	3,678,004
Net OPEB obligation, 6-30-13	\$ 258,869	\$ 562,098	\$ 4,147,500

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

6-30-11	Medicare Supplement	\$ 59,198	5 %	\$ 139,527
6-30-12	"	61,657	3	199,059
6-30-13	"	62,510	4	258,869

School Department

6-30-11	Medicare Supplement	125,501	6	328,764
6-30-12	"	124,191	6	455,080
6-30-13	"	123,906	6	562,098
6-30-11	Local Education Group	1,036,416	55	3,170,438
6-30-12	"	1,035,203	51	3,678,004
6-30-13	"	1,044,955	55	4,147,500

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	<u>Medicare Supplement Plans</u>		Local
	Primary Government	School Department	Education Group Plan
Actuarial valuation date	7-1-11	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 596,000	\$ 1,690,000	\$ 9,321,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 596,000	\$ 1,690,000	\$ 9,321,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	N/A	N/A	\$ 24,869,579
UAAL as a % of covered payroll	N/A	N/A	37%

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

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Education Plan was 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Medicare Supplement Plan was 6.25 percent for fiscal year 2013. The trend will decrease to six percent in fiscal year 2014 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2018. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

J. **Office of Central Accounting, Budgeting, and Purchasing**

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

K. **Purchasing Laws**

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

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

A. **Summary of Significant Accounting Policies**

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

1. **Reporting Entity**

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

The center is governed by seven directors appointed by the Monroe County Board of County Commissioners. The center leases its building facility from Monroe County, Tennessee, pursuant to an agreement dated December 1, 1983. Before the issuance of most debt

instruments, the center must obtain approval of the Monroe County Board of Commissioners. The center's board employs an administrator and staff to conduct the daily operations of the center.

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

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

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

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

2. Basis of Presentation

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

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

Basis of Accounting

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

4. Assets, Liabilities, and Equity

Cash

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

Receivables

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

Capital Assets and Depreciation

In the basic financial statements, capital assets are accounted for and capitalized as capital assets. All capital assets are valued at historical costs or estimated historical cost if actual is unavailable, except for

donated capital assets, which are recorded at their estimated fair value at the date of donation.

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

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

Compensated Absences

Annual Leave

Full-time employees receive annual leave after six months of employment at .5 days per month. Then a one day per month accrual is effective through year five of employment. In years six through ten, annual leave accrues at a rate of 1.42 days per month. In years ten through 20, annual leave accrues at a rate of 1.75 days per month. In year 20 and beyond, employees earn two days per month. Upon termination, the employee is paid for days remaining in the annual leave account (maximum 160 hours). Part-time permanent employees working at least 16 hours and no more than 36 hours per week will receive the same benefits, based on the percentage of their hours in relationship to full-time hours (37.5). The center's liability for accrued compensated absences as of June 30, 2013, is \$13,262.

Sick Leave

Employees accumulate paid sick days according to the amount of time worked at the center. Sick leave is accrued at the rate of .5 days (four hours) per month for full-time. A maximum of 20 days of paid sick leave may be accrued. Employees who resign for reasons other than health-related will not receive payment for accumulated sick leave.

Equity Classifications

Equity is classified as net position and displayed in two components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Unrestricted net position – All other assets, liabilities, deferred outflows or resources, and deferred inflows of resources that do not meet the definition of “restricted” or “investment in capital assets” are classified as unrestricted.

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

5. Revenues and Expenses

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

Operating Revenues/Expenses

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

Nonoperating Revenues/Expenses

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

6. Stewardship, Compliance, and Accountability

Fund Accounting Requirements

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

Use of Estimates

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

Advertising

Marketing costs are expensed as incurred.

Annual Budget

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

7. Implementation of New Accounting Standards

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

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

B. Capital Assets and Depreciation

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

	Capital Assets		
	Balance	Reclassi-	Balance
	7-1-12	fications/ Additions	6-30-13
Depreciable:			
Leasehold Improvements	\$ 433,744	\$ 0	\$ 433,744
Equipment	165,953	1,912	167,865
Furniture	31,945	0	31,945
Alarm System	3,017	0	3,017
Linens	361	0	361
Totals	\$ 635,020	\$ 1,912	\$ 636,932

	Accumulated Depreciation		
	Balance		Balance
	7-1-12	Additions	6-30-13
Leasehold Improvements	\$ 58,486	\$ 10,633	\$ 69,119
Equipment	136,737	2,008	138,745
Furniture	14,104	963	15,067
Alarm System	3,017	0	3,017
Linens	361	0	361
Totals	\$ 212,705	\$ 13,604	\$ 226,309

Depreciation expense for the fiscal year ended June 30, 2013, totaled \$13,604.

C. Cash

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

Investments are carried at fair value.

The carrying amount of the center's deposits at June 30, 2013, was \$91,411. Accounts on deposit with financial institutions were fully insured at June 30, 2013, or collateralized with securities held by the Tennessee Investment Collateral Pool.

D. Employees Retirement Plan

The center has established a tax-deferred annuity plan on behalf of all eligible employees (after 90 days) working at least 25 hours per week. Part-time employees working 16 or more hours weekly may contribute to the retirement plan, but no employer contributions will be made. Section 403(b) of the Internal Revenue Service Code allows employees of a tax-exempt

Section 501(c)(3) organization to exclude from gross income amounts applied to the tax deferred annuity plan. Contributions to the plan are made on a voluntary basis, and full-time employees receive a four percent match from the center. Retirement plan expense for the fiscal year ended June 30, 2013, totaled \$4,573.

E. Risk Financing Activities

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

F. Note Payable

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

Fiscal Year Ending June 30	Note		
	Principal	Interest	Total
2014	\$ 5,041	\$ 13,871	\$ 18,912
2015	5,253	13,659	18,912
2016	5,474	13,438	18,912
2017	5,704	13,208	18,912
2018	5,944	12,968	18,912
Subtotal	\$ 27,416	\$ 67,144	\$ 94,560
2019	\$ 6,194	\$ 12,718	\$ 18,912
2020	6,454	12,458	18,912
2021	6,725	12,187	18,912
2022	7,008	11,904	18,912
2023	7,303	11,609	18,912
Subtotal	\$ 33,684	\$ 60,876	\$ 94,560
2024	7,610	11,302	18,912
2025	7,930	10,982	18,912
2026	8,263	10,649	18,912
2027	8,610	10,302	18,912
2028	8,972	9,940	18,912
Subtotal	\$ 41,385	\$ 53,175	\$ 94,560

Fiscal Year Ending June 30	Note (Cont.)		
	Principal	Interest	Total
2029	\$ 9,350	\$ 9,562	\$ 18,912
2030	9,743	9,169	18,912
2031	10,152	8,760	18,912
2032	10,579	8,333	18,912
2033	11,024	7,888	18,912
Subtotal	\$ 50,848	\$ 43,712	\$ 94,560
2034	\$ 11,487	\$ 7,425	\$ 18,912
2035	11,970	6,942	18,912
2036	12,473	6,439	18,912
2037	12,998	5,914	18,912
2038	13,544	5,368	18,912
Subtotal	\$ 62,472	\$ 32,088	\$ 94,560
2039	\$ 14,113	\$ 4,799	\$ 18,912
2040	14,707	4,205	18,912
2041	15,325	3,587	18,912
2042	15,969	2,943	18,912
2043	16,641	2,271	18,912
Subtotal	\$ 76,755	\$ 17,805	\$ 94,560
2044	\$ 17,340	\$ 1,572	\$ 18,912
2045	18,069	843	18,912
2046	10,586	135	10,721
Subtotal	\$ 45,995	\$ 2,550	\$ 48,545
Total	\$ 338,555	\$ 277,350	\$ 615,905

Schedule of changes in long-term debt:

Beginning balance, 7-1-12	\$ 343,392
Payments	<u>(4,837)</u>
Balance, 6-30-13	<u>\$ 338,555</u>

G. Grants and Foundation Awards

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

Grants:	
State TennCare/Medicaid Provider Incentive Program	\$ 42,500
Safety Net	8,000
Foundations:	
Kiwanis	300
Local:	
Sustain:	
Donations	6,782
Participant Fees	1,546
Donations	2,525
Strong Start	<u>1,000</u>
Total	<u>\$ 62,653</u>

VII. OTHER NOTES – DISCRETELY PRESENTED MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

The district complies with accounting principles generally accepted in the United States of America (GAAP). The district uses the required *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* effective July 1, 2008. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

1. Reporting Entity

The Monroe County Emergency Communications District of (911), a component unit of Monroe County, Tennessee, was established by a resolution of the Monroe County Board of Commissioners in April 1986, and subsequently approved by voters of Monroe County pursuant to the provisions of Tennessee Public Acts of 1984, Chapter 867. The district began operations in March 1987.

The district is governed by nine directors appointed by the Monroe County Board of County Commissioners. Before the issuance of most debt instruments, the district must obtain the approval of the Monroe County Board of County Commissioners. The district's board employs a director and staff to conduct the daily business of the organization.

The purpose of the Monroe County Emergency Communications District is to operate the number 911 as a single emergency telephone number through which emergency services can be quickly and efficiently obtained. The 911 services system is intended to provide a simplified means of securing emergency services, which will result in

saving of life, a reduction in the destruction of property, quicker apprehension of criminals, and ultimately the saving of money.

2. Basis of Presentation

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

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

On the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, business-like activities are presented using the economic resources measurement focus as defined below.

The proprietary fund utilizes an economic resources measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, a business-like activity (proprietary type) is presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or

economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Allocations of costs such as depreciation are recorded in proprietary funds.

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

Cash and Investments

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

Investments, if applicable, are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

Receivables

In the basic financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the district activities include emergency telephone service revenue and rent earned.

Capital Assets and Depreciation

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

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

<u>Assets</u>	<u>Years</u>
Buildings	25 - 50
Improvements	10 - 50
Machinery and Equipment	3 - 20

Compensated Absences

The district's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. At June 30, 2013, the district had no liability for compensated absences or accumulated sick leave. Vacation days are required to be used during each fiscal year with no carry-over to future periods.

Net Position Classifications

Net position is classified as net position and displayed in three components:

- a. Investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “investment in capital assets.”
- c. Restricted net position – Those amounts contained to be used for a specific purpose by external parties, constitutional provisions, or enabling legislation.

5. Revenues and Expenses

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

Operating Revenues/Expenses

Operating revenues and expenses generally result from providing services in connection with the proprietary fund's ongoing operations.

The principal operating revenue of the district is established by tariff rate, a flat monthly recurring telephone charge for one-party residence and another rate for business exchange access service within the base rate area governed by the boundaries of the district. Revenue is collected by telephone service providers and remitted monthly to the district. Rates were \$1.10 for one-party residence lines and \$2.45 for business exchange access service. On May 17, 2012, the Tennessee State Emergency Communications Board approved a rate increase to \$1.50 for residential lines and \$3 for business lines. Telephone service providers

have 60 days to institute the new rates. Wireless fees are collected and remitted bi-monthly to the district through the State of Tennessee.

Operating expenses include salaries, employee benefits, purchased services, supplies, materials, and depreciation on capital assets. In the financial statements, expenses are classified by function for business-type activities by operating and non-operating.

Non-Operating Revenues/Expenses

Non-operating revenues/expenses are all other revenues and expenses not meeting the definition of operating revenues/expenses above. The district's principal non-operating revenues are rent, terminal fees, local government appropriations, and interest income.

6. Stewardship, Compliance, and Accountability

By its nature as an Emergency Communications District (E-911) unit, the entity is subject to various federal, state, and local laws and contractual regulations. An analysis of the entity's compliance with significant laws and regulations and demonstration of its stewardship over entity resources follows.

Fund accounting requirements

The district complies with all state and local laws and regulations pertaining to Emergency Communications Districts as prescribed in the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* issued by the State of Tennessee, Comptroller of the Treasury, Division of Local Government Audit, effective July 1, 2008.

Use of Estimates

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

Annual Budget

An annual budget is adopted by the district, approved by the Board of Directors, and submitted to the Tennessee Emergency Communications Board. The budget is based on expected expenses and estimated revenue resources. The budgetary basis is the accrual basis of

accounting. If changes to estimated amounts become evident during the fiscal year, the district board may amend the budget. All budget items lapse at the end of the fiscal year. Budgetary comparison schedules are presented in the supplemental section of the basic financial statements.

B. Cash

In order to provide a safe, temporary medium for investment of idle funds, districts are authorized by *Tennessee Code Annotated*, Section 6-56-106, to invest in the following:

- (1) Bonds, notes, or treasury bills of the United States;
- (2) Non-convertible debt securities of certain issuers;
- (3) Other obligations, which are guaranteed as to principal and interest by the United States or any of its agencies;
- (4) Certificates of deposit at state and federal chartered banks and savings and loans associations;
- (5) Obligations of the United States or its agencies under a repurchase agreement if approved as an authorized investment by the state director of Local Finance;
- (6) Money market funds whose portfolios consist of any of the foregoing investments if approved as an authorized investment by the state director of Local Finance; and
- (7) The Local Government Investment Pool under which local monies are transferred to and invested with the state treasurer's cash portfolio.

Cash includes bank balances and certificates of deposit that, at the balance sheet date, were either entirely insured or collateralized with securities held by the Tennessee Investment Collateral Pool.

Interest Rate Risk – The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates.

Credit Risk – It is the district's policy to minimize custodial credit risk associated with cash deposits by utilizing financial institutions that issue deposits through the Federal Deposit Insurance Corporation and participate in the Tennessee State Collateral Pool. In addition, other investment credit risk losses are minimized by limiting investments to the safest types of securities.

C. Capital Assets

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

Fiscal Year Ended June 30, 2013:

Capital Assets	Balance 7-1-12	Additions	Decreases	Balance 6-30-13
Building	\$ 177,247	\$ 14,146	\$ 0	\$ 191,393
Less accumulated depreciation	(48,415)	0	(4,700)	(53,115)
Subtotal	\$ 128,832	\$ 14,146	\$ (4,700)	\$ 138,278
Communication equipment	\$ 617,664	\$ 18,899	\$ 0	\$ 636,563
Less accumulated depreciation	(463,164)	0	(29,108)	(492,272)
Subtotal	\$ 154,500	\$ 18,899	\$ (29,108)	\$ 144,291
Office equipment	\$ 41,562	\$ 0	\$ 0	\$ 41,562
Less accumulated depreciation	(36,766)	0	(1,035)	(37,801)
Subtotal	\$ 4,796	\$ 0	\$ (1,035)	\$ 3,761
Other equipment	\$ 41,094	\$ 0	\$ 0	\$ 41,094
Less accumulated depreciation	(32,202)	0	(3,488)	(35,690)
Subtotal	\$ 8,892	\$ 0	\$ (3,488)	\$ 5,404
Furniture and fixtures	\$ 26,086	\$ 0	\$ 0	\$ 26,086
Less accumulated depreciation	(17,784)	0	(1,240)	(19,024)
Subtotal	\$ 8,302	\$ 0	\$ (1,240)	\$ 7,062
Vehicle	\$ 24,738	\$ 0	\$ 0	\$ 24,738
Less accumulated depreciation	(23,502)	0	(1,236)	(24,738)
Subtotal	\$ 1,236	\$ 0	\$ (1,236)	\$ 0
Total	\$ 306,558	\$ 33,045	\$ (40,807)	\$ 298,796

Depreciation expense for the fiscal year ended June 30, 2013, totaled \$40,807.

D. Commitment – AT&T

AT&T (formerly BellSouth) furnishes Stand Alone Location Identification (SALI) equipment to the district at the rates prescribed by the tariffs of the Tennessee Public Service Commission (TPSC). These rates charged by AT&T vary with increases or decreases mandated by TPSC, and for the Per 1000 Access Lines Served for the Combined Automatic Number and SALI. The access charge is based upon the maximum number of access lines in service during the calendar year and is adjusted annually at the end of each calendar year.

The lease term with AT&T is indefinite as to time and is currently at a rate of \$2,120 per month.

E. Employees' Retirement Plan

Plan Description

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

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

Funding Policy

Monroe County Emergency Communications District requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 5.61 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Monroe County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, Monroe County Emergency Communications District's annual pension cost of \$21,962 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions

used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually; (b) projected three percent annual rate of inflation; (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries); (d) projected 3.5 percent annual increase in the Social Security wage base; and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of equities over a ten-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was three years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$ 21,962	100 %	\$ 0
6-30-12	23,468	100	0
6-30-11	21,663	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 95.41 percent funded. The actuarial accrued liability for benefits was \$.67 million, and the actuarial value of assets was \$.64 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.03 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.37 million, and the ratio of the UAAL to the covered payroll was 8.44 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

F. Risk Management

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

G. Subsequent Event

During December 2013, the Board approved a construction bid for a building addition, \$388,000, to be refinanced with a USDA rural development grant and loan.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Monroe County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Monroe County School Department
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 29,123	\$ 29,939	\$ 816	97.28 %	\$ 11,972	6.81 %
7-1-09	23,376	23,376	0	100	11,816	0
7-1-07	21,466	21,466	0	100	10,687	0

Exhibit F-2

Monroe County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Monroe County School Department
June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Medicare Supplement	7-1-09	\$ 0	\$ 545	\$ 545	0 %	N/A	N/A
"	7-1-10	0	545	545	0	N/A	N/A
"	7-1-11	0	595	595	0	N/A	N/A
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	9,345	9,345	0	22,433	42
"	7-1-10	0	9,394	9,394	0	23,306	40
"	7-1-11	0	9,321	9,321	0	23,889	39
Medicare Supplement	7-1-09	0	1,690	1,690	0	N/A	N/A
"	7-1-10	0	1,690	1,690	0	N/A	N/A
"	7-1-11	0	1,690	1,690	0	N/A	N/A

MONROE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

**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, and sheriff.

Capital Projects Funds

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

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

Exhibit G-1

Monroe County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Capital Projects		
ASSETS							
Cash	\$ 0	\$ 0	\$ 1,530	\$ 1,530	\$ 0	\$ 0	1,530
Equity in Pooled Cash and Investments	882,094	249,217	0	1,131,311	3,410,151	0	4,541,462
Accounts Receivable	57,957	0	12	57,969	0	0	57,969
Due from Other Governments	19,777	0	0	19,777	0	0	19,777
Property Taxes Receivable	1,427,189	0	0	1,427,189	0	0	1,427,189
Allowance for Uncollectible Property Taxes	(64,985)	0	0	(64,985)	0	0	(64,985)
Total Assets	\$ 2,322,032	\$ 249,217	\$ 1,542	\$ 2,572,791	\$ 3,410,151	\$ 0	\$ 5,982,942
LIABILITIES							
Accounts Payable	\$ 80,256	\$ 0	\$ 0	\$ 80,256	\$ 50,275	\$ 0	\$ 130,531
Accrued Payroll	11,535	1,159	0	12,694	0	0	12,694
Payroll Deductions Payable	9,578	2,092	0	11,670	0	0	11,670
Due to Other Funds	0	0	1,542	1,542	0	0	1,542
Total Liabilities	\$ 101,369	\$ 3,251	\$ 1,542	\$ 106,162	\$ 50,275	\$ 0	\$ 156,437
DEFERRED INFLOWS OF RESOURCES							
Deferred Current Property Taxes	\$ 1,310,797	\$ 0	\$ 0	\$ 1,310,797	\$ 0	\$ 0	\$ 1,310,797
Deferred Delinquent Property Taxes	46,374	0	0	46,374	0	0	46,374
Other Deferred/Unavailable Revenue	4,559	0	0	4,559	0	0	4,559
Total Deferred Inflows of Resources	\$ 1,361,730	\$ 0	\$ 0	\$ 1,361,730	\$ 0	\$ 0	\$ 1,361,730
FUND BALANCES							
Restricted:							
Restricted for Public Safety	\$ 0	\$ 245,966	\$ 0	\$ 245,966	\$ 0	\$ 0	\$ 245,966
Restricted for Public Health and Welfare	858,933	0	0	858,933	0	0	858,933
Restricted for Capital Projects	0	0	0	0	3,359,876	0	3,359,876
Total Fund Balances	\$ 858,933	\$ 245,966	\$ 0	\$ 1,104,899	\$ 3,359,876	\$ 0	\$ 4,464,775
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,322,032	\$ 249,217	\$ 1,542	\$ 2,572,791	\$ 3,410,151	\$ 0	\$ 5,982,942

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, 2013

	Special Revenue Funds				Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees			General Capital Projects		
<u>Revenues</u>								
Local Taxes	\$ 1,352,029	\$ 0	\$ 0	\$ 1,352,029	\$ 0	\$ 0	\$ 1,352,029	
Fines, Forfeitures, and Penalties	0	47,149	0	47,149	0	0	47,149	
Charges for Current Services	611,497	0	1,891	613,388	0	0	613,388	
Other Local Revenues	20,727	88,638	0	109,365	0	0	109,365	
State of Tennessee	81,990	0	0	81,990	0	0	81,990	
Other Governments and Citizens Groups	0	4,000	0	4,000	0	0	4,000	
Total Revenues	\$ 2,066,243	\$ 139,787	\$ 1,891	\$ 2,207,921	\$ 0	\$ 0	\$ 2,207,921	
<u>Expenditures</u>								
Current:								
Administration of Justice	\$ 0	\$ 0	\$ 1,891	\$ 1,891	\$ 0	\$ 0	\$ 1,891	
Public Safety	0	227,445	0	227,445	0	0	227,445	
Public Health and Welfare	1,843,173	0	0	1,843,173	138,884	0	1,982,057	
Other Operations	0	0	0	0	18,664	0	18,664	
Highways	62,021	0	0	62,021	0	0	62,021	
Capital Projects	0	0	0	0	143,746	0	143,746	
Total Expenditures	\$ 1,905,194	\$ 227,445	\$ 1,891	\$ 2,134,530	\$ 301,294	\$ 0	\$ 2,435,824	
Excess (Deficiency) of Revenues Over Expenditures	\$ 161,049	\$ (87,658)	\$ 0	\$ 73,391	\$ (301,294)	\$ 0	\$ (227,903)	
<u>Other Financing Sources (Uses)</u>								
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 71,820	\$ 0	\$ 71,820	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 71,820	\$ 0	\$ 71,820	
Net Change in Fund Balances	\$ 161,049	\$ (87,658)	\$ 0	\$ 73,391	\$ (229,474)	\$ 0	\$ (156,083)	
Fund Balance, July 1, 2012	697,884	333,624	0	1,031,508	3,589,350	0	4,620,858	
Fund Balance, June 30, 2013	\$ 858,933	\$ 245,966	\$ 0	\$ 1,104,899	\$ 3,359,876	\$ 0	\$ 4,464,775	

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 1,352,029	\$ 0	\$ 0	\$ 1,352,029	\$ 1,287,444	\$ 1,287,444	\$ 64,585
Charges for Current Services	611,497	0	0	611,497	524,000	524,000	87,497
Other Local Revenues	20,727	0	0	20,727	11,000	11,000	9,727
State of Tennessee	81,990	0	0	81,990	74,496	74,496	7,494
Total Revenues	\$ 2,066,243	\$ 0	\$ 0	\$ 2,066,243	\$ 1,896,940	\$ 1,896,940	\$ 169,303
Expenditures							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 1,144,007	(1,400)	3,792	1,146,399	1,314,828	1,315,423	169,024
Convenience Centers	692,166	(900)	892	692,158	837,564	836,970	144,812
Postclosure Care Costs	7,000	0	6,000	13,000	24,000	24,000	11,000
<u>Other Operations</u>							
Employee Benefits	0	0	0	0	720	720	720
<u>Highways</u>							
Litter and Trash Collection	62,021	(1,200)	962	61,783	67,787	67,787	6,004
Total Expenditures	\$ 1,905,194	\$ (3,500)	\$ 11,646	\$ 1,913,340	\$ 2,244,899	\$ 2,244,900	\$ 331,560
Excess (Deficiency) of Revenues Over Expenditures	\$ 161,049	\$ 3,500	\$ (11,646)	\$ 152,903	\$ (347,959)	\$ (347,960)	\$ 500,863
<u>Other Financing Sources (Uses)</u>							
Transfers In	0	0	0	0	30,000	30,000	(30,000)
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,000	\$ 30,000	\$ (30,000)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 161,049	\$ 3,500	\$ (11,646)	\$ 152,903	\$ (317,959)	\$ (317,960)	\$ 470,863
	697,884	(3,500)	0	694,384	694,384	694,384	0
Fund Balance, June 30, 2013	\$ 858,933	\$ 0	\$ (11,646)	\$ 847,287	\$ 376,425	\$ 376,424	\$ 470,863

Exhibit G-4

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 47,149	\$ 235,000	\$ 235,000	\$ (187,851)
Other Local Revenues	88,638	0	67,080	21,558
Other Governments and Citizens Groups	4,000	1,000	1,000	3,000
Total Revenues	<u>\$ 139,787</u>	<u>\$ 236,000</u>	<u>\$ 303,080</u>	<u>\$ (163,293)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 227,445	\$ 179,761	\$ 254,137	\$ 26,692
Total Expenditures	<u>\$ 227,445</u>	<u>\$ 179,761</u>	<u>\$ 254,137</u>	<u>\$ 26,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (87,658)</u>	<u>\$ 56,239</u>	<u>\$ 48,943</u>	<u>\$ (136,601)</u>
Net Change in Fund Balance	\$ (87,658)	\$ 56,239	\$ 48,943	\$ (136,601)
Fund Balance, July 1, 2012	<u>333,624</u>	<u>333,624</u>	<u>333,624</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 245,966</u>	<u>\$ 389,863</u>	<u>\$ 382,567</u>	<u>\$ (136,601)</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,610,098	\$ 4,338,677	\$ 4,338,677	\$ 271,421
Charges for Current Services	55,445	60,000	60,000	(4,555)
Other Local Revenues	16,955	10,000	10,000	6,955
State of Tennessee	24,063	10,000	10,000	14,063
Other Governments and Citizens Groups	556,111	574,548	574,548	(18,437)
Total Revenues	<u>\$ 5,262,672</u>	<u>\$ 4,993,225</u>	<u>\$ 4,993,225</u>	<u>\$ 269,447</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 2,619,442	\$ 2,613,453	\$ 2,619,443	\$ 1
<u>Interest on Debt</u>				
General Government	2,013,880	2,683,884	2,683,884	670,004
<u>Other Debt Service</u>				
General Government	181,782	276,612	270,622	88,840
Total Expenditures	<u>\$ 4,815,104</u>	<u>\$ 5,573,949</u>	<u>\$ 5,573,949</u>	<u>\$ 758,845</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 447,568</u>	<u>\$ (580,724)</u>	<u>\$ (580,724)</u>	<u>\$ 1,028,292</u>
Net Change in Fund Balance	\$ 447,568	\$ (580,724)	\$ (580,724)	\$ 1,028,292
Fund Balance, July 1, 2012	<u>7,052,753</u>	<u>6,906,180</u>	<u>6,906,180</u>	<u>146,573</u>
Fund Balance, June 30, 2013	<u>\$ 7,500,321</u>	<u>\$ 6,325,456</u>	<u>\$ 6,325,456</u>	<u>\$ 1,174,865</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, 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, 2013

	<u>Agency Funds</u>			
	Cities - Sales Tax	City School ADA - Sweetwater	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,440,521	\$ 1,440,521
Taxes Receivable	0	1,343,033	0	1,343,033
Allowance for Uncollectible Taxes	0	(61,153)	0	(61,153)
Due from Other Governments	588,045	173,741	0	761,786
Cash Shortage	0	0	20,651	20,651
Total Assets	<u>\$ 588,045</u>	<u>\$ 1,455,621</u>	<u>\$ 1,461,172</u>	<u>\$ 3,504,838</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 588,045	\$ 1,455,621	\$ 0	\$ 2,043,666
Due to Litigants, Heirs, and Others	0	0	1,461,172	1,461,172
Total Liabilities	<u>\$ 588,045</u>	<u>\$ 1,455,621</u>	<u>\$ 1,461,172</u>	<u>\$ 3,504,838</u>

Exhibit I-2

Monroe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,423,009	\$ 3,423,009	\$ 0
Due from Other Governments	588,468	588,045	588,468	588,045
Total Assets	\$ 588,468	\$ 4,011,054	\$ 4,011,477	\$ 588,045
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 588,468	\$ 4,011,054	\$ 4,011,477	\$ 588,045
Total Liabilities	\$ 588,468	\$ 4,011,054	\$ 4,011,477	\$ 588,045
<u>City School ADA - Sweetwater Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,290,723	\$ 2,290,723	\$ 0
Due from Other Governments	159,412	173,741	159,412	173,741
Due from Other Funds	2,650	0	2,650	0
Taxes Receivable	1,310,954	1,343,033	1,310,954	1,343,033
Allowance for Uncollectible Taxes	(66,098)	(61,153)	(66,098)	(61,153)
Total Assets	\$ 1,406,918	\$ 3,746,344	\$ 3,697,641	\$ 1,455,621
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,406,918	\$ 3,746,344	\$ 3,697,641	\$ 1,455,621
Total Liabilities	\$ 1,406,918	\$ 3,746,344	\$ 3,697,641	\$ 1,455,621
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,444,902	\$ 7,047,164	\$ 7,051,545	\$ 1,440,521
Cash Shortage	22,574	1,553	3,476	20,651
Total Assets	\$ 1,467,476	\$ 7,048,717	\$ 7,055,021	\$ 1,461,172
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,467,476	\$ 7,048,717	\$ 7,055,021	\$ 1,461,172
Total Liabilities	\$ 1,467,476	\$ 7,048,717	\$ 7,055,021	\$ 1,461,172

(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	\$ 1,444,902	\$ 7,047,164	\$ 7,051,545	\$ 1,440,521
Equity in Pooled Cash and Investments	0	5,713,732	5,713,732	0
Cash Shortage	22,574	1,553	3,476	20,651
Due from Other Governments	747,880	761,786	747,880	761,786
Due from Other Funds	2,650	0	2,650	0
Taxes Receivable	1,310,954	1,343,033	1,310,954	1,343,033
Allowance for Uncollectible Taxes	(66,098)	(61,153)	(66,098)	(61,153)
Total Assets	<u>\$ 3,462,862</u>	<u>\$ 14,806,115</u>	<u>\$ 14,764,139</u>	<u>\$ 3,504,838</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,995,386	\$ 7,757,398	\$ 7,709,118	\$ 2,043,666
Due to Litigants, Heirs, and Others	1,467,476	7,048,717	7,055,021	1,461,172
Total Liabilities	<u>\$ 3,462,862</u>	<u>\$ 14,806,115</u>	<u>\$ 14,764,139</u>	<u>\$ 3,504,838</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, two Special Revenue Funds, and a Capital Projects Fund.

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

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

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

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

Exhibit J-1

Monroe County, Tennessee
Statement of Activities
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues			Charges for Services	Capital		Net (Expense) Revenue and Changes in Net Position
	Expenses	Operating Grants and Contributions	Grants and Contributions		Governmental Activities	Total	
Governmental Activities:							
Instruction	\$ 26,149,971	\$ 0	\$ 3,183,774	\$ 0	\$ 0	\$ (22,966,197)	
Support Services	16,892,491	458,714	477,847		201,746	(15,754,184)	
Operation of Non-Instructional Services	3,628,760	730,529	2,510,860		0	(387,371)	
Other Debt Service	511,687	0	0		0	(511,687)	
Total Governmental Activities	\$ 47,182,909	\$ 1,189,243	\$ 6,172,481	\$ 201,746	\$ (39,619,439)		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 4,533,731		
Local Option Sales Taxes					3,302,584		
Other Local Taxes					113,977		
Grants and Contributions Not Restricted for Specific Programs					28,684,228		
Unrestricted Investment Income					275		
Miscellaneous					10,685		
Total General Revenues					\$ 36,645,480		
Change in Net Position					\$ (2,973,959)		
Net Position, July 1, 2012					54,913,300		
Net Position, June 30, 2013					\$ 51,939,341		

Exhibit J-2

Monroe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2013

	Major Funds		Nonmajor	Total
	General	Education	Other	
	Purpose	Capital	Governmental	
	School	Projects	Funds	Governmental
				Funds
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 27,302	\$ 27,302
Equity in Pooled Cash and Investments	6,026,956	69,674	239,988	6,336,618
Accounts Receivable	39,331	0	779	40,110
Due from Other Governments	825,004	0	500,475	1,325,479
Due from Other Funds	131,560	0	112,691	244,251
Property Taxes Receivable	5,134,504	0	0	5,134,504
Allowance for Uncollectible Property Taxes	(233,790)	0	0	(233,790)
Total Assets	\$ 11,923,565	\$ 69,674	\$ 881,235	\$ 12,874,474
<u>LIABILITIES</u>				
Accounts Payable	\$ 38,549	\$ 0	\$ 15,220	\$ 53,769
Accrued Payroll	157,898	0	55,450	213,348
Payroll Deductions Payable	2,051,695	0	209,281	2,260,976
Contracts Payable	0	52,833	0	52,833
Due to Other Funds	112,691	0	131,560	244,251
Due to Primary Government	511,687	0	0	511,687
Total Liabilities	\$ 2,872,520	\$ 52,833	\$ 411,511	\$ 3,336,864
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 4,715,782	\$ 0	\$ 0	\$ 4,715,782
Deferred Delinquent Property Taxes	166,825	0	0	166,825
Other Deferred/Unavailable Revenue	395,812	0	0	395,812
Total Deferred Inflows of Resources	\$ 5,278,419	\$ 0	\$ 0	\$ 5,278,419
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 63,953	\$ 0	\$ 226,436	\$ 290,389
Restricted for Capital Projects	0	291	0	291
Committed:				
Committed for Education	0	0	243,288	243,288
Committed for Capital Projects	0	16,550	0	16,550
Assigned:				
Assigned for Education	2,041,901	0	0	2,041,901
Unassigned	1,666,772	0	0	1,666,772
Total Fund Balances	\$ 3,772,626	\$ 16,841	\$ 469,724	\$ 4,259,191
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,923,565	\$ 69,674	\$ 881,235	\$ 12,874,474

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, 2013

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)		\$	4,259,191
(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		50,528,313	
Add: other capital assets net of accumulated depreciation		<u>434,236</u>	51,827,111
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability			(4,709,598)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>562,637</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>51,939,341</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, 2013

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
			<u>Other</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 8,295,065	\$ 0	\$ 0	\$ 8,295,065
Licenses and Permits	2,778	0	0	2,778
Charges for Current Services	447,624	0	730,529	1,178,153
Other Local Revenues	334,052	0	401	334,453
State of Tennessee	27,803,441	0	0	27,803,441
Federal Government	246,750	0	6,142,811	6,389,561
Other Governments and Citizens Groups	0	143,746	0	143,746
Total Revenues	\$ 37,129,710	\$ 143,746	\$ 6,873,741	\$ 44,147,197
<u>Expenditures</u>				
Current:				
Instruction	\$ 22,912,785	\$ 0	\$ 2,641,995	\$ 25,554,780
Support Services	13,922,978	0	1,547,024	15,470,002
Operation of Non-Instructional Services	725,055	0	2,928,747	3,653,802
Capital Outlay	35,985	0	0	35,985
Debt Service:				
Other Debt Service	511,687	0	0	511,687
Capital Projects	0	7,402,164	0	7,402,164
Total Expenditures	\$ 38,108,490	\$ 7,402,164	\$ 7,117,766	\$ 52,628,420
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (978,780)	\$ (7,258,418)	\$ (244,025)	\$ (8,481,223)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 18,082	\$ 0	\$ 0	\$ 18,082
Transfers In	0	0	250,000	250,000
Transfers Out	(250,000)	0	0	(250,000)
Total Other Financing Sources (Uses)	\$ (231,918)	\$ 0	\$ 250,000	\$ 18,082
Net Change in Fund Balances	\$ (1,210,698)	\$ (7,258,418)	\$ 5,975	\$ (8,463,141)
Fund Balance, July 1, 2012	4,983,324	7,275,259	463,749	12,722,332
Fund Balance, June 30, 2013	\$ 3,772,626	\$ 16,841	\$ 469,724	\$ 4,259,191

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, 2013

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)		\$ (8,463,141)
(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	\$ 7,677,962	
Less: current-year depreciation expense	<u>(1,664,020)</u>	6,013,942
(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, 2013	\$ 562,637	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(500,883)</u>	61,754
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability		<u>(586,514)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (2,973,959)</u>

Exhibit J-6

Monroe County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2013

	Special Revenue Funds		Total
	School	Central	Nonmajor
	Federal	Central	Governmental
	Projects	Cafeteria	Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 27,302	\$ 27,302
Equity in Pooled Cash and Investments	104,687	135,301	239,988
Accounts Receivable	779	0	779
Due from Other Governments	500,475	0	500,475
Due from Other Funds	0	112,691	112,691
Total Assets	\$ 605,941	\$ 275,294	\$ 881,235
<u>LIABILITIES</u>			
Accounts Payable	\$ 14,679	\$ 541	\$ 15,220
Accrued Payroll	55,450	0	55,450
Payroll Deductions Payable	143,591	65,690	209,281
Due to Other Funds	131,560	0	131,560
Total Liabilities	\$ 345,280	\$ 66,231	\$ 411,511
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 17,373	\$ 209,063	\$ 226,436
Committed:			
Committed for Education	243,288	0	243,288
Total Fund Balances	\$ 260,661	\$ 209,063	\$ 469,724
Total Liabilities and Fund Balances	\$ 605,941	\$ 275,294	\$ 881,235

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, 2013

	Special Revenue Funds		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 730,529	\$ 730,529
Other Local Revenues	0	401	401
Federal Government	4,013,993	2,128,818	6,142,811
Total Revenues	<u>\$ 4,013,993</u>	<u>\$ 2,859,748</u>	<u>\$ 6,873,741</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,641,995	\$ 0	\$ 2,641,995
Support Services	1,547,024	0	1,547,024
Operation of Non-Instructional Services	0	2,928,747	2,928,747
Total Expenditures	<u>\$ 4,189,019</u>	<u>\$ 2,928,747</u>	<u>\$ 7,117,766</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (175,026)</u>	<u>\$ (68,999)</u>	<u>\$ (244,025)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 100,000	\$ 150,000	\$ 250,000
Total Other Financing Sources (Uses)	<u>\$ 100,000</u>	<u>\$ 150,000</u>	<u>\$ 250,000</u>
Net Change in Fund Balances	\$ (75,026)	\$ 81,001	\$ 5,975
Fund Balance, July 1, 2012	335,687	128,062	463,749
Fund Balance, June 30, 2013	<u>\$ 260,661</u>	<u>\$ 209,063</u>	<u>\$ 469,724</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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 8,295,065	\$ 0	\$ 0	\$ 8,295,065	\$ 7,920,002	\$ 7,920,002	\$ 375,063
Licenses and Permits	2,778	0	0	2,778	2,500	2,500	278
Charges for Current Services	447,624	0	0	447,624	372,000	382,000	65,624
Other Local Revenues	334,052	0	0	334,052	291,100	317,388	16,664
State of Tennessee	27,803,441	0	0	27,803,441	27,402,238	27,691,131	112,310
Federal Government	246,750	0	0	246,750	315,286	312,594	(65,844)
Total Revenues	\$ 37,129,710	\$ 0	\$ 0	\$ 37,129,710	\$ 36,303,126	\$ 36,625,615	\$ 504,095
Expenditures							
Instruction							
Regular Instruction Program	\$ 17,941,530	\$ (34,250)	\$ 11,371	\$ 17,918,651	\$ 18,105,678	\$ 18,469,042	\$ 550,391
Alternative Instruction Program	70,012	0	0	70,012	70,158	70,279	267
Special Education Program	3,427,711	(44,121)	1,566	3,385,156	3,430,091	3,461,421	76,265
Vocational Education Program	1,435,236	0	0	1,435,236	1,381,188	1,460,345	25,109
Adult Education Program	38,296	0	0	38,296	39,443	42,483	4,187
Support Services							
Attendance	30,716	0	0	30,716	30,548	31,714	998
Health Services	1,160,206	(40,599)	8,779	1,128,386	1,135,697	1,171,432	43,046
Other Student Support	920,685	0	0	920,685	932,831	932,217	11,532
Regular Instruction Program	1,130,234	0	0	1,130,234	980,699	1,129,500	(734)
Special Education Program	394,892	(2,020)	0	392,872	380,130	393,999	1,127
Vocational Education Program	604	0	0	604	1,504	1,504	900
Adult Programs	120,972	0	0	120,972	106,644	121,538	566
Other Programs	782,853	0	0	782,853	567,457	785,287	2,434
Board of Education	479,423	(232)	408	479,599	546,486	554,109	74,510
Director of Schools	313,048	(1,216)	0	311,832	318,602	326,800	14,968
Office of the Principal	2,073,432	0	0	2,073,432	2,501,102	2,109,345	35,913
Operation of Plant	3,200,254	(14,300)	0	3,185,954	3,006,501	3,204,455	18,501

(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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 995,615	\$ (78,575)	\$ 19,396	\$ 936,436	\$ 950,739	\$ 1,117,341	\$ 180,905
Transportation	2,320,044	(500)	1,791	2,321,335	2,348,059	2,358,461	37,126
<u>Operation of Non-Instructional Services</u>							
Food Service	317,716	0	0	317,716	298,507	318,303	587
Community Services	96,838	0	0	96,838	194,685	126,181	29,343
Early Childhood Education	310,501	(11,966)	4,028	302,563	297,685	301,528	(1,035)
<u>Capital Outlay</u>							
Regular Capital Outlay	35,985	0	0	35,985	35,985	35,985	0
<u>Other Debt Service</u>							
Education	511,687	0	0	511,687	511,687	511,687	0
<u>Total Expenditures</u>	<u>\$ 38,108,490</u>	<u>\$ (227,779)</u>	<u>\$ 47,339</u>	<u>\$ 37,928,050</u>	<u>\$ 38,172,106</u>	<u>\$ 39,034,956</u>	<u>\$ 1,106,906</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ (978,780)</u>	<u>\$ 227,779</u>	<u>\$ (47,339)</u>	<u>\$ (798,340)</u>	<u>\$ (1,868,980)</u>	<u>\$ (2,409,341)</u>	<u>\$ 1,611,001</u>
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 18,082	\$ 0	\$ 0	\$ 18,082	\$ 0	\$ 22,398	\$ (4,316)
Transfers Out	(250,000)	0	0	(250,000)	(280,000)	(280,000)	30,000
<u>Total Other Financing Sources</u>	<u>\$ (231,918)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (231,918)</u>	<u>\$ (280,000)</u>	<u>\$ (257,602)</u>	<u>\$ 25,684</u>
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2012</u>	<u>\$ (1,210,698)</u>	<u>\$ 227,779</u>	<u>\$ (47,339)</u>	<u>\$ (1,030,258)</u>	<u>\$ (2,148,980)</u>	<u>\$ (2,666,943)</u>	<u>\$ 1,636,685</u>
	4,983,324	(227,779)	0	4,755,545	4,546,245	4,577,022	178,523
<u>Fund Balance, June 30, 2013</u>	<u>\$ 3,772,626</u>	<u>\$ 0</u>	<u>\$ (47,339)</u>	<u>\$ 3,725,287</u>	<u>\$ 2,397,265</u>	<u>\$ 1,910,079</u>	<u>\$ 1,815,208</u>

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive Negative
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 4,013,993	\$ 0	\$ 4,013,993	\$ 4,093,668	\$ 4,967,899	\$ (953,906)
Total Revenues	\$ 4,013,993	\$ 0	\$ 4,013,993	\$ 4,093,668	\$ 4,967,899	\$ (953,906)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,384,446	\$ (115,581)	\$ 1,268,865	\$ 1,459,123	\$ 1,593,059	\$ 324,194
Special Education Program	1,148,019	(78,951)	1,069,068	919,306	1,149,973	80,905
Vocational Education Program	109,530	(16,254)	93,276	96,972	96,972	3,696
<u>Support Services</u>						
Other Student Support	140,918	(1,505)	139,413	253,353	258,195	118,782
Regular Instruction Program	1,004,897	(53,642)	951,255	1,033,844	1,429,596	478,341
Special Education Program	290,342	(2,503)	287,839	221,240	312,673	24,834
Vocational Education Program	6,210	0	6,210	6,209	6,210	0
Other Programs	90,000	0	90,000	90,000	90,000	0
Transportation	14,657	0	14,657	13,621	31,221	16,564
Total Expenditures	\$ 4,189,019	\$ (268,436)	\$ 3,920,583	\$ 4,093,668	\$ 4,967,899	\$ 1,047,316
Excess (Deficiency) of Revenues Over Expenditures	\$ (175,026)	\$ 268,436	\$ 93,410	\$ 0	\$ 0	\$ 93,410
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 100,000	\$ 0	\$ 100,000	\$ 411,299	\$ 100,000	\$ 0
Transfers Out	0	0	0	(281,299)	0	0
Total Other Financing Sources	\$ 100,000	\$ 0	\$ 100,000	\$ 130,000	\$ 100,000	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (75,026)	\$ 268,436	\$ 193,410	\$ 130,000	\$ 100,000	\$ 93,410
Fund Balance, July 1, 2012	335,687	(268,436)	67,251	67,251	67,251	0
Fund Balance, June 30, 2013	\$ 260,661	\$ 0	\$ 260,661	\$ 197,251	\$ 167,251	\$ 93,410

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, 2013

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2012	Encumbrances 6/30/2013			Original	Final	
<u>Revenues</u>								
Charges for Current Services	\$ 730,529 \$	0 \$	0 \$	0 \$	730,529 \$	816,000 \$	816,000 \$	(85,471)
Other Local Revenues	401	0	0	401	401	1,900	1,900	(1,499)
Federal Government	2,128,818	0	0	2,128,818	2,207,949	2,228,949	2,228,949	(100,131)
Total Revenues	\$ 2,859,748 \$	0 \$	0 \$	2,859,748 \$	3,025,849 \$	3,046,849 \$	3,046,849 \$	(187,101)
<u>Expenditures</u>								
<u>Operation of Non-Instructional Services</u>								
Food Service	\$ 2,928,747 \$	(53,451) \$	11,558 \$	2,886,854 \$	3,025,849 \$	3,025,849 \$	3,025,849 \$	138,995
Total Expenditures	\$ 2,928,747 \$	(53,451) \$	11,558 \$	2,886,854 \$	3,025,849 \$	3,025,849 \$	3,025,849 \$	138,995
Excess (Deficiency) of Revenues Over Expenditures	\$ (68,999) \$	53,451 \$	(11,558) \$	(27,106) \$	0 \$	21,000 \$	21,000 \$	(48,106)
<u>Other Financing Sources (Uses)</u>								
Transfers In	\$ 150,000 \$	0 \$	0 \$	150,000 \$	150,000 \$	150,000 \$	150,000 \$	0
Total Other Financing Sources	\$ 150,000 \$	0 \$	0 \$	150,000 \$	150,000 \$	150,000 \$	150,000 \$	0
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 81,001 \$	53,451 \$	(11,558) \$	122,894 \$	150,000 \$	171,000 \$	171,000 \$	(48,106)
	128,062	(53,451)	0	74,611	73,585	73,585	73,585	1,026
Fund Balance, June 30, 2013	\$ 209,063 \$	0 \$	(11,558) \$	197,505 \$	223,585 \$	244,585 \$	244,585 \$	(47,080)

MISCELLANEOUS SCHEDULES

Exhibit K-1

Monroe County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds
 For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
NOTES PAYABLE								
Payable through General Debt Service Fund								
Various Projects	\$ 450,000	4.59 %	10-11-01	10-11-13	\$ 92,773	\$ 0	\$ 45,346	\$ 47,427
Ambulance, Sheriff Vehicles, Election Commission Bldg. School Bleachers	700,000	3.79	5-1-07	5-1-13	130,000	0	130,000	0
Energy Efficiency	432,000	3.73	2-1-07	2-1-13	78,749	0	78,749	0
Highway, Ambulance, Sheriff Vehicles, and Phone System	156,500	0	4-18-08	6-15-15	67,072	0	22,357	44,715
	1,650,000	1.73	10-25-11	11-1-15	1,650,000	0	402,000	1,248,000
Total Notes Payable					\$ 2,018,594	\$ 0	\$ 678,452	\$ 1,340,142
BONDS PAYABLE								
Payable through General Debt Service Fund								
F.H.A. - Office Building	600,000	5	10-27-1978	1-1-18	\$ 185,000	\$ 0	\$ 25,000	\$ 160,000
High School Refunding, Series 1998	10,205,000	4.25 to 5.25	8-1-1998	5-1-13	1,135,000	0	1,135,000	0
Public Improvement, Series 1999 (CAB)	(2) 999,236	4.6 to 4.95	4-1-1999	4-1-18	999,236	0	0	999,236
General Obligation School Bonds, Series 2007	8,500,000	5	6-7-07	6-1-35	8,000,000	0	100,000	7,900,000
General Obligation School Bonds, Series 2008	9,850,000	4.05 to 5	4-15-08	6-1-38	9,850,000	0	0	9,850,000
Total Bonds Payable					\$ 20,169,236	\$ 0	\$ 1,260,000	\$ 18,909,236
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Public Improvement and Refunding, Series E-7-A	31,965,000	Variable (1)	2-19-09	6-1-39	\$ 31,390,000	\$ 0	\$ 145,000	\$ 31,245,000
Local Government Loan Program, Series 2011	8,300,000	2.45	10-27-11	6-1-31	7,885,000	0	415,000	7,470,000
Local Government Loan Program, Series 2012	2,300,000	2.45	5-1-12	6-1-31	2,185,000	0	115,000	2,070,000
Fort Loudoun Electric Cooperative Interest-Free Loan	71,820	0	9-13-12	8-20-22	0	71,820	5,990	65,830
Total Other Loans Payable					\$ 41,460,000	\$ 71,820	\$ 680,990	\$ 40,850,830

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

(2) These (CAB) bonds accrete interest that is paid at bond maturity. At June 30, 2013, approximately \$938,353 of interest has accreted on these bonds.

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 478,784	\$ 19,448	\$ 498,232
2015	438,358	10,916	449,274
2016	423,000	3,659	426,659
Total	<u>\$ 1,340,142</u>	<u>\$ 34,023</u>	<u>\$ 1,374,165</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 363,342	\$ 996,296	\$ 1,359,638
2015	348,748	999,390	1,348,138
2016	330,912	1,000,726	1,331,638
2017	323,266	1,006,872	1,330,138
2018	192,968	980,420	1,173,388
2019	0	736,638	736,638
2020	0	736,638	736,638
2021	425,000	736,638	1,161,638
2022	425,000	718,138	1,143,138
2023	500,000	699,638	1,199,638
2024	600,000	677,888	1,277,888
2025	650,000	651,638	1,301,638
2026	600,000	623,388	1,223,388
2027	675,000	597,138	1,272,138
2028	650,000	569,576	1,219,576
2029	725,000	542,587	1,267,587
2030	675,000	512,850	1,187,850
2031	925,000	485,062	1,410,062
2032	925,000	446,362	1,371,362
2033	950,000	407,662	1,357,662
2034	1,850,000	367,762	2,217,762
2035	1,875,000	289,638	2,164,638
2036	1,500,000	209,950	1,709,950
2037	1,700,000	146,200	1,846,200
2038	1,700,000	73,100	1,773,100
Total	<u>\$ 18,909,236</u>	<u>\$ 15,212,195</u>	<u>\$ 34,121,431</u>

(Continued)

Exhibit K-2

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

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2014	\$ 1,282,188	\$ 721,142	\$ 347,545	\$ 2,350,875
2015	1,327,188	688,342	339,268	2,354,798
2016	1,372,188	654,203	330,492	2,356,883
2017	1,417,188	618,725	321,215	2,357,128
2018	1,512,188	582,070	311,439	2,405,697
2019	1,997,188	542,406	300,608	2,840,202
2020	2,072,188	486,869	284,393	2,843,450
2021	1,622,188	428,993	267,345	2,318,526
2022	1,692,188	415,248	255,250	2,362,686
2023	1,686,138	401,455	242,374	2,329,967
2024	1,660,000	721,321	229,497	2,610,818
2025	1,680,000	696,273	216,940	2,593,213
2026	1,825,000	671,210	204,158	2,700,368
2027	1,840,000	643,365	189,765	2,673,130
2028	1,950,000	615,512	175,204	2,740,716
2029	1,975,000	200,403	159,422	2,334,825
2030	2,120,000	159,605	143,361	2,422,966
2031	1,975,000	116,028	125,689	2,216,717
2032	1,580,000	72,552	109,633	1,762,185
2033	1,645,000	39,286	92,077	1,776,363
2034	865,000	4,634	73,798	943,432
2035	960,000	4,029	64,155	1,028,184
2036	1,465,000	3,356	53,454	1,521,810
2037	1,395,000	2,331	37,122	1,434,453
2038	1,535,000	1,355	21,571	1,557,926
2039	400,000	280	4,459	404,739
Total	\$ 40,850,830	\$ 9,490,993	\$ 4,900,234	\$ 55,242,057

Exhibit K-3

Monroe County, Tennessee
Schedule of Transfers
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2013

From Fund	To Fund	Purpose	Amount
<u>DISCRETELY PRESENTED MONROE</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ 100,000
"	Central Cafeteria	Cafeteria expenditures	<u>150,000</u>
Total Transfers Discretely Presented Monroe County School Department			<u>\$ 250,000</u>

Exhibit K-4

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, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 80,383	\$ 50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, TCA	71,476	100,000	"
Director of Schools	State Board of Education and County Board of Education	93,278 (1)	100,000	RLI Insurance Company
Trustee	Section 8-24-102, TCA	64,977	1,673,200	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, TCA	65,977 (2)	10,000	"
Director of Finance	County Commission	71,750	50,000	"
County Clerk	Section 8-24-102, TCA	64,977	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	64,977	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	64,977 (3)	25,000	"
Register of Deeds	Section 8-24-102, TCA	64,977	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	76,556 (4)	25,000	"
Employee Blanket Bond Coverage: Monroe County and Monroe County School Department: Public Employee Dishonesty			500,000	Gulf Insurance Company

- (1) Includes a chief executive officer training supplement of \$1,000.
- (2) Includes a salary supplement of \$1,000.
- (3) Does not include special commissioner fees of \$1,780.
- (4) Includes a \$5,080 supplement for serving as a workhouse superintendent. Does not include a law enforcement training supplement of \$600 and a \$325 clothing allowance.

Exhibit K-5

Monroe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

	Special Revenue Funds							Debt Service Fund		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		General Debt Service		
						General	Debt Service			
Local Taxes										
County Property Taxes										
Current Property Tax	\$ 7,225,711	\$ 1,174,804	\$ 0	\$ 0	\$ 722,157	\$ 3,161,578	\$ 12,284,250			
Trustee's Collections - Prior Year	334,828	54,668	0	0	33,143	146,248	568,887			
Circuit/Clerk & Master Collections - Prior Years	169,091	27,488	0	0	16,896	73,975	287,450			
Interest and Penalty	65,521	10,791	0	0	6,362	28,528	111,202			
Pick-up Taxes	8,909	1,565	0	0	808	3,919	15,201			
Payments in-Lieu-of Taxes - T.V.A.	64,185	10,598	0	0	6,414	28,522	109,719			
Payments in-Lieu-of Taxes - Local Utilities	424,985	69,087	0	0	42,467	185,924	722,463			
Payments in-Lieu-of Taxes - Other	53,284	180	0	0	111	484	54,059			
County Local Option Taxes										
Local Option Sales Tax	735,512	0	0	0	0	0	735,512			
Hotel/Motel Tax	173,155	0	0	0	0	0	173,155			
Wheel Tax	0	0	0	0	0	0	0			
Litigation Tax - General	28,829	0	0	0	0	892,092	892,092			
Litigation Tax - Special Purpose	32,531	0	0	0	0	35,340	64,169			
Litigation Tax - Jail, Workhouse, or Courthouse	140,695	0	0	0	0	0	140,695			
Business Tax	140,734	0	0	0	6,546	45,821	193,101			
Mineral Severance Tax	0	0	0	0	29,378	0	29,378			
Statutory Local Taxes										
Bank Excise Tax	16,419	2,669	0	0	1,641	7,183	27,912			
Wholesale Beer Tax	91,591	0	0	0	0	0	91,591			
Interstate Telecommunications Tax	1,105	179	0	0	110	484	1,878			
Total Local Taxes	\$ 9,707,085	\$ 1,352,029	\$ 0	\$ 0	\$ 866,033	\$ 4,610,098	\$ 16,535,245			
Licenses and Permits										
Licenses										
Animal Vaccination	\$ 40,356	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,356			
Cable TV Franchise	50,787	0	0	0	0	0	50,787			
Permits										
Building Permits	4,570	0	0	0	0	0	4,570			
Total Licenses and Permits	\$ 95,713	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 95,713			
Fines, Forfeitures, and Penalties										
Circuit Court										
Fines	\$ 10,049	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,049			
Officers Costs	23,358	0	0	0	0	0	23,358			
Jail Fees	11,199	0	0	0	0	0	11,199			

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund		Total
	General	Solid Waste / Sanitization	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
DUI Treatment Fines	\$ 1,615	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,615
Data Entry Fee - Circuit Court	433	0	0	0	0	0	0	433
Courtroom Security Fee	809	0	0	0	0	0	0	809
<u>General Sessions Court</u>								
Fines	29,318	0	0	0	0	0	0	29,318
Officers Costs	31,647	0	0	0	0	0	0	31,647
Jail Fees	16,348	0	0	0	0	0	0	16,348
DUI Treatment Fines	7,282	0	0	0	0	0	0	7,282
Data Entry Fee - General Sessions Court	1,434	0	0	0	0	0	0	1,434
Courtroom Security Fee	245	0	0	0	0	0	0	245
<u>Chancery Court</u>								
Officers Costs	2,805	0	0	0	0	0	0	2,805
<u>Other Courts - In-county</u>								
Fines	89	0	0	0	0	0	0	89
Drug Control Fines	249	0	9,934	0	0	0	0	10,183
<u>Judicial District Drug Program</u>								
Courtroom Security Fee	8	0	0	0	0	0	0	8
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	37,215	0	0	0	0	37,215
Other Fines, Forfeitures, and Penalties	4,101	0	0	0	0	0	0	4,101
Total Fines, Forfeitures, and Penalties	\$ 140,989	\$ 0	\$ 47,149	\$ 0	\$ 0	\$ 0	\$ 0	\$ 188,138
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Tipping Fees	\$ 0	\$ 611,497	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 611,497
Patient Charges	2,700,703	0	0	0	0	0	0	2,700,703
Other General Service Charges	418,828	0	0	0	349,769	55,445	0	824,042
Service Charges	1,316	0	0	0	0	0	0	1,316
<u>Fees</u>								
Airport Fees	33,074	0	0	0	0	0	0	33,074
Engineer Review Fees	1,475	0	0	0	0	0	0	1,475
Copy Fees	1,200	0	0	0	0	0	0	1,200
Telephone Commissions	30,760	0	0	0	0	0	0	30,760
Vending Machine Collections	207	0	0	0	0	0	0	207
Tourism Fees	49,112	0	0	0	0	0	0	49,112
Constitutional Officers' Fees and Commissions	0	0	0	111	0	0	0	111

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Fund
						General Debt Service
Charges for Current Services (Cont.)						
Fees (Cont.)						
Special Commissioner Fees/Special Master Fees	\$ 0	\$ 0	\$ 0	\$ 1,780	\$ 0	\$ 1,780
Data Processing Fee - Register	14,864	0	0	0	0	14,864
Data Processing Fee - Sheriff	4,466	0	0	0	0	4,466
Sexual Offender Registration Fees - Sheriff	5,350	0	0	0	0	5,350
Data Processing Fee - County Clerk	2,444	0	0	0	0	2,444
Other Charges for Services	2,747	0	0	0	0	2,747
Total Charges for Current Services	\$ 3,266,546	\$ 611,497	\$ 0	\$ 1,891	\$ 349,769	\$ 4,285,148
Other Local Revenues						
Recurring Items						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,955
Lease/Rentals	6,675	0	0	0	0	6,675
Commissary Sales	160,521	0	0	0	0	160,521
Sale of Gasoline	2,066	0	0	0	0	2,066
Sale of Recycled Materials	333	20,727	0	0	0	21,060
Miscellaneous Refunds	37,651	0	0	0	0	37,651
Nonrecurring Items						
Sale of Equipment	13,697	0	88,638	0	0	102,335
Contributions and Gifts	6,850	0	0	0	0	6,850
Total Other Local Revenues	\$ 227,793	\$ 20,727	\$ 88,638	\$ 0	\$ 0	\$ 16,955
Fees Received from County Officials						
Fees in-Lieu-of Salary						
County Clerk	\$ 386,443	\$ 0	\$ 0	\$ 0	\$ 0	\$ 386,443
Circuit Court Clerk	265,127	0	0	0	0	265,127
General Sessions Court Clerk	223,954	0	0	0	0	223,954
Clerk and Master	158,916	0	0	0	0	158,916
Register	192,843	0	0	0	0	192,843
Sheriff	39,396	0	0	0	0	39,396
Trustee	646,240	0	0	0	0	646,240
Total Fees Received from County Officials	\$ 1,912,919	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,912,919
State of Tennessee						
General Government Grants	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Juvenile Services Program						

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund		Total
	General	Solid Waste / Sanitization	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt	Service	
<u>State of Tennessee (Cont.)</u>								
<u>General Government Grants (Cont.)</u>								
Airport Maintenance Program	\$ 14,301	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	14,301
State Reappraisal Grant	2,000	0	0	0	0	0	0	2,000
Solid Waste Grants	0	14,212	0	0	0	0	0	14,212
On-Behalf Contributions for OPEB	7,195	0	0	0	0	0	0	7,195
Other General Government Grants	21,242	0	0	0	0	0	0	21,242
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	21,000	0	0	0	0	0	0	21,000
<u>Public Works Grants</u>								
Bridge Program	0	0	0	0	139,821	0	0	139,821
State Aid Program	0	0	0	0	409,060	0	0	409,060
Litter Program	0	58,836	0	0	0	0	0	58,836
<u>Other State Revenues</u>								
Income Tax	55,004	8,942	0	0	5,496	24,063	0	93,505
Beer Tax	18,586	0	0	0	0	0	0	18,586
Alcoholic Beverage Tax	79,673	0	0	0	0	0	0	79,673
Mixed Drink Tax	4,715	0	0	0	0	0	0	4,715
State Revenue Sharing - T.V.A.	150,000	0	0	0	21,000	0	0	171,000
Contracted Prisoner Boarding	919,414	0	0	0	0	0	0	919,414
Gasoline and Motor Fuel Tax	0	0	0	0	1,994,963	0	0	1,994,963
Petroleum Special Tax	0	0	0	0	32,123	0	0	32,123
Registrar's Salary Supplement	12,373	0	0	0	0	0	0	12,373
Other State Grants	166,746	0	0	0	0	0	0	166,746
Total State of Tennessee	\$ 1,481,249	\$ 81,990	\$ 0	\$ 0	\$ 2,602,463	\$ 24,063	\$ 0	\$ 4,189,765
<u>Federal Government</u>								
<u>Federal Through State</u>								
Law Enforcement Grants	\$ 20,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	20,300
Other Federal through State	482,347	0	0	0	0	0	0	482,347
<u>Direct Federal Revenue</u>								
Forest Service	7,926	0	0	0	122,757	0	0	130,683
Other Direct Federal Revenue	31,819	0	0	0	0	0	0	31,819
Total Federal Government	\$ 542,392	\$ 0	\$ 0	\$ 0	\$ 122,757	\$ 0	\$ 0	\$ 665,149
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 170,998	\$ 0	\$ 0	\$ 0	\$ 0	\$ 518,875	\$ 0	\$ 689,873

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
Other Governments and Citizens Groups (Cont.)								
Citizens Groups								
Donations	\$ 12,830	\$ 0	\$ 4,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,830
Other	0	0	0	0	0	0	37,236	37,236
Total Other Governments and Citizens Groups	\$ 183,828	\$ 0	\$ 4,000	\$ 0	\$ 0	\$ 0	\$ 556,111	\$ 743,939
Total	\$ 17,558,514	\$ 2,066,243	\$ 139,787	\$ 1,891	\$ 3,941,022	\$ 5,262,672	\$ 28,970,129	

Exhibit K-6

Monroe County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2013

	General Purpose School	Special Revenue Funds		Capital Projects Fund	Total
		School Federal Projects	Central Cafeteria	Education Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,223,240	\$ 0	\$ 0	\$ 0	\$ 4,223,240
Trustee's Collections - Prior Year	196,905	0	0	0	196,905
Circuit/Clerk & Master Collections - Prior Years	102,403	0	0	0	102,403
Interest and Penalty	39,024	0	0	0	39,024
Pick-up Taxes	5,751	0	0	0	5,751
Payments in-Lieu-of Taxes - T.V.A.	38,107	0	0	0	38,107
Payments in-Lieu-of Taxes - Local Utilities	248,363	0	0	0	248,363
Payments in-Lieu-of Taxes - Other	38,375	0	0	0	38,375
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,282,109	0	0	0	3,282,109
Business Tax	107,293	0	0	0	107,293
Other County Local Option Taxes	245	0	0	0	245
<u>Statutory Local Taxes</u>					
Bank Excise Tax	9,595	0	0	0	9,595
Interstate Telecommunications Tax	3,655	0	0	0	3,655
Total Local Taxes	\$ 8,295,065	\$ 0	\$ 0	\$ 0	\$ 8,295,065
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,778	\$ 0	\$ 0	\$ 0	\$ 2,778
Total Licenses and Permits	\$ 2,778	\$ 0	\$ 0	\$ 0	\$ 2,778
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 324,982	\$ 0	\$ 324,982
Lunch Payments - Adults	0	0	92,714	0	92,714
Income from Breakfast	0	0	196,620	0	196,620
Transportation - Other State Systems	283,313	0	0	0	283,313
School Based Health Services - FFS	68,422	0	0	0	68,422
Receipts from Individual Schools	95,889	0	116,213	0	212,102
Total Charges for Current Services	\$ 447,624	\$ 0	\$ 730,529	\$ 0	\$ 1,178,153
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 134	\$ 0	\$ 141	\$ 0	\$ 275
Lease/Rentals	11,090	0	0	0	11,090
Refund of Telecommunication and Internet Fees (E-Rate)	47,135	0	0	0	47,135
Retirees' Insurance Payments	259	0	0	0	259
Miscellaneous Refunds	10,166	0	260	0	10,426
<u>Other Local Revenues</u>					
Other Local Revenues	265,268	0	0	0	265,268
Total Other Local Revenues	\$ 334,052	\$ 0	\$ 401	\$ 0	\$ 334,453

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds School Federal Projects	Central Cafeteria	Capital Projects Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 184,798	\$ 0	\$ 0	\$ 0	\$ 184,798
<u>State Education Funds</u>					
Basic Education Program	25,379,502	0	0	0	25,379,502
Early Childhood Education	292,755	0	0	0	292,755
School Food Service	28,566	0	0	0	28,566
Energy Efficient School Initiative	38,000	0	0	0	38,000
Driver Education	24,905	0	0	0	24,905
Other State Education Funds	277,599	0	0	0	277,599
Career Ladder Program	185,205	0	0	0	185,205
Career Ladder - Extended Contract	44,800	0	0	0	44,800
<u>Other State Revenues</u>					
Income Tax	32,020	0	0	0	32,020
Mixed Drink Tax	3,730	0	0	0	3,730
State Revenue Sharing - T.V.A.	1,309,511	0	0	0	1,309,511
Other State Grants	2,050	0	0	0	2,050
Total State of Tennessee	\$ 27,803,441	\$ 0	\$ 0	\$ 0	\$ 27,803,441
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,458,550	\$ 0	\$ 1,458,550
USDA - Commodities	0	0	166,204	0	166,204
Breakfast	0	0	483,064	0	483,064
USDA Food Service Equipment Grant - ARRA	0	0	21,000	0	21,000
Adult Education State Grant Program	21,996	0	0	0	21,996
Vocational Education - Basic Grants to States	0	116,078	0	0	116,078
Other Vocational	0	90,000	0	0	90,000
Title I Grants to Local Education Agencies	0	1,654,267	0	0	1,654,267
Special Education - Grants to States	45,200	1,332,204	0	0	1,377,404
Special Education Preschool Grants	0	27,726	0	0	27,726
Rural Education	0	81,667	0	0	81,667
Eisenhower Professional Development State Grants	0	259,973	0	0	259,973
Race-to-the-Top - ARRA	0	448,604	0	0	448,604
Other Federal through State	56,797	3,474	0	0	60,271
<u>Direct Federal Revenue</u>					
Forest Service	122,757	0	0	0	122,757
Total Federal Government	\$ 246,750	\$ 4,013,993	\$ 2,128,818	\$ 0	\$ 6,389,561
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 143,746	\$ 143,746
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 143,746	\$ 143,746
Total	\$ 37,129,710	\$ 4,013,993	\$ 2,859,748	\$ 143,746	\$ 44,147,197

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General FundGeneral GovernmentCounty Commission

Secretary to Board	\$	2,500	
Board and Committee Members Fees		47,699	
Social Security		3,232	
State Retirement		157	
Employer Medicare		756	
Audit Services		13,356	
Contracts with Private Agencies		30,680	
Dues and Memberships		1,900	
Postal Charges		225	
Building and Contents Insurance		116,799	
Liability Insurance		23,647	
Premiums on Corporate Surety Bonds		488	
Workers' Compensation Insurance		2,005	
Tax Relief Program		60,660	
Other Charges		16,515	
Total County Commission			\$ 320,619

Board of Equalization

Board and Committee Members Fees	\$	3,100	
Legal Notices, Recording, and Court Costs		58	
Total Board of Equalization			3,158

County Mayor/Executive

County Official/Administrative Officer	\$	80,383	
Assistant(s)		28,784	
Deputy(ies)		22,838	
Social Security		7,549	
State Retirement		8,283	
Employee and Dependent Insurance		25,751	
Life Insurance		162	
Employer Medicare		1,766	
Communication		6,083	
Dues and Memberships		2,504	
Postal Charges		500	
Travel		2,018	
Office Supplies		1,955	
Workers' Compensation Insurance		1,804	
Other Charges		348	
Office Equipment		849	
Total County Mayor/Executive			191,577

Personnel Office

Secretary(ies)	\$	72,738	
Longevity Pay		2,500	
Social Security		4,198	
Handling Charges and Administrative Costs		34,163	
State Retirement		4,319	
Employee and Dependent Insurance		18,021	
Life Insurance		132	
Employer Medicare		982	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office (Cont.)

Dues and Memberships	\$	60	
Operating Lease Payments		3,000	
Maintenance Agreements		1,320	
Travel		421	
Other Charges		7,622	
Office Equipment		2,988	
Total Personnel Office			\$ 152,464

County Attorney

Legal Services	\$	39,237	
Total County Attorney			39,237

Election Commission

Supervisor/Director	\$	58,480	
Deputy(ies)		29,431	
Clerical Personnel		10,685	
Longevity Pay		900	
Election Commission		18,000	
Election Workers		34,701	
Social Security		7,409	
State Retirement		5,897	
Employee and Dependent Insurance		16,461	
Life Insurance		114	
Employer Medicare		1,733	
Communication		3,538	
Data Processing Services		393	
Operating Lease Payments		1,560	
Legal Notices, Recording, and Court Costs		2,892	
Maintenance Agreements		15,932	
Maintenance and Repair Services - Office Equipment		110	
Postal Charges		9,221	
Travel		5,259	
Data Processing Supplies		1,796	
Office Supplies		5,058	
Workers' Compensation Insurance		1,773	
Other Charges		118	
Other Equipment		1,841	
Total Election Commission			233,302

Register of Deeds

County Official/Administrative Officer	\$	64,977	
Assistant(s)		27,758	
Deputy(ies)		105,828	
Part-time Personnel		9,999	
Longevity Pay		10,083	
Social Security		13,089	
State Retirement		13,804	
Employee and Dependent Insurance		47,688	
Life Insurance		342	
Employer Medicare		3,061	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Communication	\$	5,158	
Dues and Memberships		657	
Operating Lease Payments		5,592	
Maintenance Agreements		43,468	
Postal Charges		3,500	
Travel		140	
Office Supplies		9,483	
Workers' Compensation Insurance		1,720	
Office Equipment		5,901	
Total Register of Deeds			\$ 372,248

Planning

Supervisor/Director	\$	40,750	
Social Security		2,223	
State Retirement		2,308	
Employee and Dependent Insurance		8,685	
Life Insurance		52	
Employer Medicare		520	
Communication		1,485	
Legal Notices, Recording, and Court Costs		86	
Licenses		8,415	
Printing, Stationery, and Forms		384	
Travel		1,572	
Office Supplies		739	
Other Charges		200	
Communication Equipment		110	
Total Planning			67,529

Codes Compliance

County Official/Administrative Officer	\$	15,995	
Clerical Personnel		2,138	
Part-time Personnel		10,588	
Board and Committee Members Fees		1,950	
Social Security		1,811	
State Retirement		1,527	
Employee and Dependent Insurance		693	
Life Insurance		5	
Employer Medicare		424	
Communication		366	
Dues and Memberships		165	
Maintenance Agreements		1,296	
Travel		48	
Office Supplies		35	
Workers' Compensation Insurance		125	
Other Charges		272	
Office Equipment		1,891	
Total Codes Compliance			39,329

Geographical Information Systems

Supervisor/Director	\$	35,863	
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(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems (Cont.)

Longevity Pay	\$	500	
Social Security		2,140	
State Retirement		2,464	
Employee and Dependent Insurance		8,748	
Life Insurance		57	
Employer Medicare		500	
Communication		3,118	
Dues and Memberships		225	
Maintenance Agreements		11,806	
Travel		4,155	
Gasoline		402	
Office Supplies		354	
Workers' Compensation Insurance		125	
Other Charges		2,081	
Communication Equipment		100	
Motor Vehicles		10,024	
Office Equipment		7,018	
Total Geographical Information Systems			\$ 89,680

County Buildings

Assistant(s)	\$	24,598	
Supervisor/Director		31,620	
Attendants		20,320	
Custodial Personnel		21,280	
Overtime Pay		9,975	
Other Salaries and Wages		20,880	
Social Security		7,608	
State Retirement		8,258	
Employee and Dependent Insurance		37,070	
Life Insurance		280	
Employer Medicare		1,779	
Communication		6,878	
Maintenance Agreements		13,782	
Maintenance and Repair Services - Buildings		142,204	
Rentals		281	
Other Contracted Services		47,807	
Custodial Supplies		16,428	
Electricity		101,014	
Natural Gas		27,507	
Water and Sewer		10,850	
Other Supplies and Materials		444	
Workers' Compensation Insurance		2,494	
Other Charges		92,778	
Building Improvements		79,571	
Communication Equipment		14,387	
Maintenance Equipment		2,964	
Total County Buildings			743,057

Other General Administration

Operating Lease Payments	\$	13,852	
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(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Legal Notices, Recording, and Court Costs	\$	532	
Maintenance Agreements		4,237	
Maintenance and Repair Services - Vehicles		817	
Duplicating Supplies		1,185	
Gasoline		11,578	
Trustee's Commission		228,387	
Other Charges		32	
Administration Equipment		840	
Total Other General Administration			\$ 261,460

Preservation of Records

Supervisor/Director	\$	10,497	
Social Security		651	
Employer Medicare		152	
Communication		382	
Operating Lease Payments		1,155	
Maintenance Agreements		346	
Postal Charges		117	
Travel		41	
Office Supplies		2,345	
Other Supplies and Materials		840	
Other Charges		928	
Total Preservation of Records			17,454

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	71,750	
Accountants/Bookkeepers		253,577	
Longevity Pay		800	
Social Security		18,883	
State Retirement		20,577	
Employee and Dependent Insurance		69,122	
Life Insurance		485	
Employer Medicare		4,421	
Communication		15,093	
Contracts with Private Agencies		9,555	
Data Processing Services		3,160	
Operating Lease Payments		1,727	
Maintenance and Repair Services - Equipment		2,848	
Postal Charges		4,550	
Travel		4,978	
Office Supplies		15,901	
Workers' Compensation Insurance		2,182	
Other Charges		5,456	
Communication Equipment		230	
Office Equipment		9,679	
Total Accounting and Budgeting			514,974

Property Assessor's Office

County Official/Administrative Officer	\$	64,977	
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(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Deputy(ies)	\$	27,758	
Salary Supplements		1,000	
Secretary(ies)		25,477	
Clerical Personnel		53,794	
Longevity Pay		4,000	
Social Security		10,866	
State Retirement		11,472	
Employee and Dependent Insurance		34,605	
Life Insurance		280	
Employer Medicare		2,541	
Communication		5,773	
Data Processing Services		7,674	
Dues and Memberships		2,075	
Operating Lease Payments		1,617	
Maintenance Agreements		949	
Maintenance and Repair Services - Vehicles		1,358	
Postal Charges		574	
Printing, Stationery, and Forms		220	
Travel		1,418	
Gasoline		3,847	
Office Supplies		3,023	
Tires and Tubes		427	
Workers' Compensation Insurance		1,871	
Other Charges		473	
Communication Equipment		110	
Office Equipment		4,340	
Total Property Assessor's Office	\$		272,519

Reappraisal Program

Clerical Personnel	\$	53,011	
Part-time Personnel		8,206	
Longevity Pay		1,300	
Social Security		3,568	
State Retirement		3,606	
Employee and Dependent Insurance		16,087	
Life Insurance		114	
Employer Medicare		835	
Data Processing Services		5,525	
Postal Charges		9,147	
Travel		88	
Office Supplies		1,062	
Workers' Compensation Insurance		75	
Other Charges		278	
Motor Vehicles		25,842	
Office Equipment		295	
Total Reappraisal Program			129,039

County Trustee's Office

County Official/Administrative Officer	\$	64,977	
Assistant(s)		29,264	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Deputy(ies)	\$	75,107	
Part-time Personnel		9,996	
Longevity Pay		2,600	
Social Security		10,976	
State Retirement		11,405	
Employee and Dependent Insurance		37,649	
Life Insurance		285	
Employer Medicare		2,567	
Communication		4,486	
Dues and Memberships		657	
Operating Lease Payments		1,620	
Legal Notices, Recording, and Court Costs		426	
Maintenance Agreements		7,250	
Postal Charges		2,909	
Travel		2,168	
Other Contracted Services		19,807	
Office Supplies		6,064	
Workers' Compensation Insurance		2,245	
Other Charges		545	
Office Equipment		2,850	
Total County Trustee's Office			\$ 295,853

County Clerk's Office

County Official/Administrative Officer	\$	64,977	
Assistant(s)		27,758	
Deputy(ies)		172,039	
Part-time Personnel		12,000	
Longevity Pay		10,342	
Social Security		16,765	
State Retirement		17,926	
Employee and Dependent Insurance		65,540	
Life Insurance		508	
Employer Medicare		4,097	
Communication		6,572	
Dues and Memberships		672	
Operating Lease Payments		1,746	
Legal Notices, Recording, and Court Costs		41	
Maintenance Agreements		771	
Maintenance and Repair Services - Office Equipment		15,886	
Postal Charges		8,019	
Travel		1,354	
Office Supplies		3,293	
Workers' Compensation Insurance		2,414	
Office Equipment		600	
Total County Clerk's Office			433,320

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	64,977
Assistant(s)		56,714

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Deputy(ies)	\$	338,229	
Part-time Personnel		10,335	
Longevity Pay		19,075	
Other Salaries and Wages		31,200	
Jury and Witness Expense		24,399	
In-Service Training		270	
Social Security		31,524	
State Retirement		33,460	
Employee and Dependent Insurance		109,810	
Life Insurance		893	
Employer Medicare		7,412	
Communication		16,224	
Operating Lease Payments		6,420	
Legal Notices, Recording, and Court Costs		270	
Maintenance Agreements		42,500	
Maintenance and Repair Services - Office Equipment		2,999	
Postal Charges		5,157	
Printing, Stationery, and Forms		5,165	
Travel		2,399	
Office Supplies		15,340	
Workers' Compensation Insurance		2,485	
Other Charges		2,913	
Data Processing Equipment		51,736	
Office Equipment		11,032	
Total Circuit Court			\$ 892,938

General Sessions Judge

Judge(s)	\$	145,402	
Secretary(ies)		27,759	
Part-time Personnel		500	
Longevity Pay		1,500	
Social Security		8,610	
State Retirement		11,461	
Employee and Dependent Insurance		14,402	
Life Insurance		114	
Employer Medicare		2,464	
Communication		4,079	
Dues and Memberships		100	
Operating Lease Payments		1,963	
Maintenance Agreements		906	
Postal Charges		1	
Travel		1,751	
Other Contracted Services		2,825	
Library Books/Media		1,204	
Office Supplies		1,748	
Workers' Compensation Insurance		3,617	
Other Charges		12	
Furniture and Fixtures		614	
Office Equipment		1,016	
Total General Sessions Judge			232,048

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	64,977	
Deputy(ies)		55,147	
Longevity Pay		2,600	
Social Security		7,104	
State Retirement		8,043	
Employee and Dependent Insurance		24,834	
Life Insurance		171	
Employer Medicare		1,661	
Communication		6,679	
Dues and Memberships		1,194	
Operating Lease Payments		2,726	
Maintenance Agreements		13,776	
Postal Charges		3,000	
Office Supplies		6,831	
Workers' Compensation Insurance		2,342	
Office Equipment		14,432	
Total Chancery Court			\$ 215,517

Probate Court

Deputy(ies)	\$	26,596	
Longevity Pay		2,000	
Social Security		1,443	
State Retirement		1,799	
Employee and Dependent Insurance		8,498	
Life Insurance		57	
Employer Medicare		338	
Communication		658	
Postal Charges		400	
Office Supplies		2,253	
Workers' Compensation Insurance		69	
Office Equipment		894	
Total Probate Court			45,005

Other Administration of Justice

Legal Notices, Recording, and Court Costs	\$	1,963	
Total Other Administration of Justice			1,963

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	76,556	
Assistant(s)		44,381	
Supervisor/Director		35,969	
Deputy(ies)		427,631	
Investigator(s)		173,349	
Captain(s)		192,511	
Sergeant(s)		141,483	
Accountants/Bookkeepers		27,758	
Secretary(ies)		27,758	
Clerical Personnel		52,267	
Part-time Personnel		16,733	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

School Resource Officer	\$	109,169	
Longevity Pay		16,292	
Overtime Pay		68,908	
Other Salaries and Wages		64,392	
In-Service Training		22,485	
Social Security		89,358	
State Retirement		95,578	
Employee and Dependent Insurance		307,573	
Life Insurance		2,130	
Employer Medicare		21,053	
Communication		25,513	
Dues and Memberships		2,880	
Forest Resource Services		8,812	
Operating Lease Payments		7,872	
Maintenance Agreements		5,650	
Maintenance and Repair Services - Equipment		3,000	
Maintenance and Repair Services - Vehicles		26,627	
Postal Charges		2,389	
Travel		5,596	
Tuition		2,115	
Animal Food and Supplies		194	
Equipment Parts - Light		9,363	
Garage Supplies		1,039	
Gasoline		187,739	
Lubricants		4,096	
Office Supplies		15,069	
Small Tools		821	
Tires and Tubes		16,382	
Uniforms		28,029	
Vehicle Parts		21,226	
Workers' Compensation Insurance		31,923	
Other Charges		14,760	
Communication Equipment		11,001	
Law Enforcement Equipment		38,866	
Office Equipment		9,921	
Total Sheriff's Department		<u> </u>	\$ 2,494,217

Administration of the Sexual Offender Registry

Other Charges	\$	1,300	
Total Administration of the Sexual Offender Registry			1,300

Jail

Assistant(s)	\$	44,381
Captain(s)		38,752
Lieutenant(s)		100,996
Sergeant(s)		167,473
Accountants/Bookkeepers		27,758
Nightwatchmen		76
Guards		440,389
Cafeteria Personnel		38,825

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Part-time Personnel	\$	80,261	
Longevity Pay		7,367	
Overtime Pay		66,187	
Social Security		60,763	
State Retirement		59,030	
Employee and Dependent Insurance		215,595	
Life Insurance		1,606	
Employer Medicare		14,211	
Communication		875	
Maintenance Agreements		2,106	
Maintenance and Repair Services - Buildings		3,292	
Maintenance and Repair Services - Equipment		230	
Travel		3,601	
Custodial Supplies		42,766	
Drugs and Medical Supplies		363,970	
Electricity		64,591	
Food Preparation Supplies		2,624	
Food Supplies		252,359	
Natural Gas		25,272	
Office Supplies		3,997	
Prisoners Clothing		7,625	
Water and Sewer		53,812	
Workers' Compensation Insurance		22,682	
Other Charges		12,870	
Building Improvements		5,370	
Law Enforcement Equipment		4,946	
Office Equipment		3,264	
Other Equipment		1,605	
Total Jail			\$ 2,241,527

Juvenile Services

Supervisor/Director	\$	29,512	
Youth Service Officer(s)		26,115	
Longevity Pay		1,700	
Social Security		3,276	
State Retirement		3,806	
Employee and Dependent Insurance		15,348	
Life Insurance		114	
Employer Medicare		766	
Communication		1,128	
Dues and Memberships		420	
Travel		2,129	
Other Contracted Services		2,400	
Office Supplies		1,365	
Workers' Compensation Insurance		145	
Other Charges		1,922	
Office Equipment		1,585	
Total Juvenile Services			91,731

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Commissary

Communication	\$	1,354	
Food Supplies		104,882	
Office Supplies		1,515	
Uniforms		1,778	
Other Charges		508	
Communication Equipment		220	
Motor Vehicles		4,099	
Office Equipment		2,255	
Total Commissary			\$ 116,611

Fire Prevention and Control

Contributions	\$	60,244	
Other Supplies and Materials		2,442	
Liability Insurance		8,391	
Vehicle and Equipment Insurance		61,023	
Workers' Compensation Insurance		7,828	
Other Charges		120,000	
Total Fire Prevention and Control			259,928

Rescue Squad

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

Other Emergency Management

Other Salaries and Wages	\$	11,124	
Social Security		625	
State Retirement		736	
Employer Medicare		146	
Communication		10,911	
Maintenance and Repair Services - Vehicles		1,978	
Office Supplies		30	
Other Charges		35,730	
Communication Equipment		138	
Total Other Emergency Management			61,418

County Coroner/Medical Examiner

Assistant(s)	\$	6,000	
Supervisor/Director		2,500	
Other Charges		25,216	
Total County Coroner/Medical Examiner			33,716

Other Public Safety

Contributions	\$	110,000	
Total Other Public Safety			110,000

Public Health and Welfare

Local Health Center

Employee and Dependent Insurance	\$	1,000	
Communication		8,849	
Operating Lease Payments		5,100	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Maintenance Agreements	\$	2,631	
Postal Charges		5,106	
Other Contracted Services		6,556	
Custodial Supplies		792	
Drugs and Medical Supplies		799	
Office Supplies		6,721	
Periodicals		59	
Other Charges		9,570	
Communication Equipment		110	
Total Local Health Center			\$ 47,293

Rabies and Animal Control

Assistant(s)	\$	18,840	
Supervisor/Director		27,729	
Part-time Personnel		6,392	
Longevity Pay		592	
Social Security		3,271	
State Retirement		1,881	
Employee and Dependent Insurance		7,100	
Life Insurance		57	
Employer Medicare		765	
Communication		4,502	
Postal Charges		100	
Rentals		2,400	
Travel		1,309	
Veterinary Services		47,078	
Other Contracted Services		350	
Custodial Supplies		2,886	
Electricity		5,935	
Gasoline		2,978	
Natural Gas		639	
Office Supplies		1,662	
Water and Sewer		789	
Workers' Compensation Insurance		2,255	
Other Charges		480	
Total Rabies and Animal Control			139,990

Ambulance/Emergency Medical Services

Supervisor/Director	\$	50,959	
Paraprofessionals		1,283,883	
Secretary(ies)		67,705	
Longevity Pay		21,425	
Social Security		85,264	
State Retirement		85,158	
Employee and Dependent Insurance		227,054	
Life Insurance		1,696	
Employer Medicare		19,952	
Communication		16,961	
Contracts with Private Agencies		27,534	
Evaluation and Testing		730	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Operating Lease Payments	\$	1,800	
Licenses		2,650	
Maintenance Agreements		643	
Maintenance and Repair Services - Equipment		3,514	
Maintenance and Repair Services - Vehicles		25,317	
Postal Charges		920	
Travel		5,189	
Tuition		4,029	
Other Contracted Services		176,803	
Custodial Supplies		3,451	
Diesel Fuel		111,295	
Drugs and Medical Supplies		103,486	
Electricity		5,084	
Natural Gas		1,664	
Office Supplies		3,203	
Tires and Tubes		7,609	
Uniforms		9,663	
Water and Sewer		1,082	
Workers' Compensation Insurance		60,670	
Other Charges		13,705	
Attendance Equipment		1,252	
Communication Equipment		2,025	
Motor Vehicles		97,775	
Office Equipment		2,639	
Health Equipment		53,363	
Total Ambulance/Emergency Medical Services			\$ 2,587,152

Dental Health Program

Assistant(s)	\$	94,582
Deputy(ies)		38,270
Medical Personnel		166,999
Clerical Personnel		10,500
Part-time Personnel		40
Longevity Pay		2,183
Social Security		18,676
State Retirement		16,809
Employee and Dependent Insurance		39,190
Life Insurance		309
Employer Medicare		4,368
Communication		4,992
Dues and Memberships		1,114
Maintenance and Repair Services - Equipment		1,144
Postal Charges		656
Other Contracted Services		7,716
Drugs and Medical Supplies		49,637
Gasoline		92
Office Supplies		3,230
Uniforms		1,908
Other Supplies and Materials		950
Liability Insurance		1,655

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Workers' Compensation Insurance	\$	2,050	
Other Charges		1,267	
Building Improvements		700	
Office Equipment		562	
Other Equipment		725	
Total Dental Health Program			\$ 470,324

Alcohol and Drug Programs

Other Charges	\$	18,452	
Total Alcohol and Drug Programs			18,452

Crippled Children Services

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

Other Local Health Services

Assistant(s)	\$	26,796	
Deputy(ies)		27,371	
Teachers		29,993	
Guidance Personnel		10,272	
Social Workers		29,397	
Secretary(ies)		21,555	
Educational Assistants		4,156	
Attendants		26,810	
Longevity Pay		3,900	
Overtime Pay		296	
Other Salaries and Wages		4,375	
Social Security		11,147	
State Retirement		9,595	
Employee and Dependent Insurance		39,808	
Life Insurance		299	
Employer Medicare		2,607	
Travel		15,456	
Liability Insurance		2,165	
Workers' Compensation Insurance		624	
Total Other Local Health Services			266,622

General Welfare Assistance

Social Workers	\$	25,880	
Longevity Pay		2,100	
Social Security		1,699	
State Retirement		1,846	
Employee and Dependent Insurance		7,100	
Life Insurance		57	
Employer Medicare		397	
Pauper Burials		1,249	
Workers' Compensation Insurance		69	
Total General Welfare Assistance			40,397

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Aid to Dependent Children

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

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Contributions	\$ 113,374	
Maintenance Agreements	4,995	
Total Libraries		118,369

Other Social, Cultural, and Recreational

Contributions	\$ 182,215	
Total Other Social, Cultural, and Recreational		182,215

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$ 13,089	
Assistant(s)	13,471	
Supervisor/Director	11,738	
Clerical Personnel	4,676	
Other Salaries and Wages	9,698	
Social Security	3,284	
State Retirement	8,310	
Employer Medicare	768	
Communication	3,340	
Operating Lease Payments	188	
Travel	998	
Office Supplies	1,400	
Total Agriculture Extension Service		70,960

Soil Conservation

Secretary(ies)	\$ 25,726	
Social Security	2,087	
State Retirement	1,247	
Employee and Dependent Insurance	5,998	
Life Insurance	48	
Employer Medicare	488	
Contributions	2,042	
Dues and Memberships	525	
Other Contracted Services	8,148	
Instructional Supplies and Materials	145	
Office Supplies	490	
Workers' Compensation Insurance	55	
Total Soil Conservation		46,999

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Flood Control

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

Other Operations

Tourism

Supervisor/Director	\$ 41,040	
Custodial Personnel	2,375	
Part-time Personnel	32,179	
Longevity Pay	700	
Social Security	4,720	
State Retirement	2,771	
Employee and Dependent Insurance	7,100	
Life Insurance	57	
Employer Medicare	1,104	
Advertising	21,377	
Communication	10,534	
Dues and Memberships	2,984	
Operating Lease Payments	3,070	
Maintenance Agreements	2,643	
Maintenance and Repair Services - Buildings	584	
Postal Charges	2,050	
Travel	8,633	
Custodial Supplies	1,494	
Electricity	4,209	
Office Supplies	746	
Water and Sewer	764	
Other Supplies and Materials	26,490	
Workers' Compensation Insurance	125	
Other Charges	11,585	
Communication Equipment	138	
Motor Vehicles	20,000	
Total Tourism		209,472

Industrial Development

Supervisor/Director	\$ 60,501
Secretary(ies)	26,948
Longevity Pay	800
Social Security	5,166
State Retirement	5,723
Employee and Dependent Insurance	13,937
Life Insurance	114
Employer Medicare	1,208
Advertising	5,348
Communication	6,580
Dues and Memberships	1,515
Legal Services	7,731
Maintenance and Repair Services - Equipment	700
Maintenance and Repair Services - Vehicles	84
Postal Charges	199
Travel	11,910

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Gasoline	\$	115	
Office Supplies		2,803	
Workers' Compensation Insurance		1,731	
Other Charges		20,328	
Communication Equipment		220	
Office Equipment		4,383	
Total Industrial Development			\$ 178,044

Other Economic and Community Development

Other Charges	\$	292,061	
Total Other Economic and Community Development			292,061

Airport

Communication	\$	2,704	
Maintenance and Repair Services - Equipment		3,565	
Travel		472	
Other Contracted Services		49,591	
Electricity		7,153	
Gasoline		52,797	
Water and Sewer		82	
Other Supplies and Materials		23,163	
Liability Insurance		1,769	
Other Charges		5,492	
Total Airport			146,788

Veterans' Services

Supervisor/Director	\$	20,078	
Social Security		1,245	
Employer Medicare		291	
Advertising		118	
Communication		767	
Contracts with Private Agencies		399	
Dues and Memberships		25	
Postal Charges		140	
Travel		877	
Office Supplies		319	
Office Equipment		175	
Total Veterans' Services			24,434

Contributions to Other Agencies

Contributions	\$	6,365	
Total Contributions to Other Agencies			6,365

Employee Benefits

Employee and Dependent Insurance	\$	2,700	
Unemployment Compensation		25,113	
Total Employee Benefits			27,813

Miscellaneous

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

(Continued)

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

General Fund (Cont.)

Capital Projects

Public Safety Projects

Other Charges	\$ 2,162	
Total Public Safety Projects		\$ 2,162

Total General Fund \$ 15,950,840

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$ 44,355	
Laborers	46,902	
Clerical Personnel	25,620	
Longevity Pay	3,900	
Social Security	7,107	
State Retirement	7,937	
Employee and Dependent Insurance	31,024	
Life Insurance	228	
Employer Medicare	1,662	
Advertising	871	
Communication	8,063	
Contracts with Private Agencies	881,449	
Dues and Memberships	693	
Operating Lease Payments	4,140	
Maintenance and Repair Services - Equipment	7,320	
Travel	1,989	
Gasoline	20,981	
Office Supplies	1,191	
Tires and Tubes	2,212	
Utilities	6,599	
Other Supplies and Materials	1,531	
Trustee's Commission	32,586	
Other Charges	5,217	
Office Equipment	430	
Total Sanitation Education/Information		\$ 1,144,007

Convenience Centers

Attendants	\$ 150,040
Longevity Pay	3,600
Social Security	9,180
State Retirement	5,880
Employee and Dependent Insurance	30,645
Life Insurance	228
Employer Medicare	2,147
Communication	1,609
Contracts with Private Agencies	14,496
Maintenance and Repair Services - Equipment	4,623
Other Contracted Services	400,051
Crushed Stone	469
Fertilizer, Lime, and Seed	74
Office Supplies	26
Small Tools	105

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Utilities	\$	3,786	
Other Supplies and Materials		9,075	
Building and Contents Insurance		23,914	
Liability Insurance		5,772	
Workers' Compensation Insurance		10,237	
Other Charges		12,586	
Solid Waste Equipment		3,623	
Total Convenience Centers			\$ 692,166

Postclosure Care Costs

Testing	\$	6,000	
Other Charges		1,000	
Total Postclosure Care Costs			7,000

Highways

Litter and Trash Collection

Laborers	\$	32,190	
Longevity Pay		525	
Social Security		1,976	
State Retirement		2,172	
Employee and Dependent Insurance		7,371	
Life Insurance		57	
Employer Medicare		462	
Advertising		13,530	
Other Supplies and Materials		3,738	
Total Litter and Trash Collection			62,021

Total Solid Waste/Sanitation Fund \$ 1,905,194

Drug Control Fund

Public Safety

Drug Enforcement

Supervisor/Director	\$	24,907	
Deputy(ies)		73,185	
Social Security		5,993	
State Retirement		6,513	
Employee and Dependent Insurance		17,803	
Life Insurance		148	
Employer Medicare		1,402	
Advertising		2,870	
Communication		2,469	
Confidential Drug Enforcement Payments		4,000	
Dues and Memberships		2,055	
Travel		881	
Veterinary Services		49	
Remittance of Revenue Collected		71,702	
Animal Food and Supplies		442	
Gasoline		40	
Trustee's Commission		99	
Other Charges		1,158	

(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Communication Equipment	\$	220	
Motor Vehicles		11,509	
Total Drug Enforcement			\$ 227,445

Total Drug Control Fund \$ 227,445

Constitutional Officers - Fees Fund

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	111	
Total Circuit Court			\$ 111

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	1,780	
Total Chancery Court			1,780

Total Constitutional Officers - Fees Fund 1,891

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	71,476	
Accountants/Bookkeepers		29,526	
Secretary(ies)		32,113	
Social Security		7,778	
State Retirement		8,812	
Employee and Dependent Insurance		23,409	
Life Insurance		171	
Employer Medicare		1,819	
Communication		7,074	
Dues and Memberships		4,322	
Legal Services		703	
Legal Notices, Recording, and Court Costs		18	
Maintenance and Repair Services - Office Equipment		2,236	
Postal Charges		270	
Other Contracted Services		948	
Electricity		14,738	
Office Supplies		1,086	
Water and Sewer		6,671	
Other Charges		2,120	
Total Administration			\$ 215,290

Highway and Bridge Maintenance

Foremen	\$	37,429	
Laborers		705,233	
Nightwatchmen		261	
Longevity Pay		11,500	
Overtime Pay		315	
Social Security		45,306	
State Retirement		45,696	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Employee and Dependent Insurance	\$	218,956	
Life Insurance		1,632	
Employer Medicare		10,602	
Other Contracted Services		2,696	
Asphalt - Hot Mix		388,665	
Asphalt - Liquid		248,463	
Crushed Stone		177,564	
Other Road Supplies		14,546	
Pipe - Metal		43,282	
Road Signs		9,840	
Salt		6,584	
Uniforms		15,992	
Motor Vehicles		11,250	
Total Highway and Bridge Maintenance			\$ 1,995,812

Operation and Maintenance of Equipment

Foremen	\$	37,429	
Mechanic(s)		31,101	
Longevity Pay		2,700	
Social Security		4,319	
State Retirement		4,730	
Employee and Dependent Insurance		13,957	
Life Insurance		114	
Employer Medicare		1,010	
Other Contracted Services		110	
Diesel Fuel		211,630	
Equipment and Machinery Parts		112,623	
Garage Supplies		7,116	
Gasoline		284,465	
Lubricants		11,683	
Tires and Tubes		25,649	
Other Supplies and Materials		1,376	
Total Operation and Maintenance of Equipment			750,012

Other Charges

Building and Contents Insurance	\$	125,000	
Liability Insurance		19,145	
Trustee's Commission		41,428	
Workers' Compensation Insurance		49,000	
Total Other Charges			234,573

Employee Benefits

Unemployment Compensation	\$	8,053	
Total Employee Benefits			8,053

Capital Outlay

Bridge Construction	\$	155,512	
Communication Equipment		373	
Highway Equipment		27,896	
Site Development		5,310	
State Aid Projects		521,165	
Total Capital Outlay			710,256

Total Highway/Public Works Fund \$ 3,913,996

(Continued)

Exhibit K-7

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

<u>General Debt Service Fund</u>			
<u>Principal on Debt</u>			
<u>General Government</u>			
Principal on Bonds	\$	1,260,000	
Principal on Notes		678,452	
Principal on Other Loans		680,990	
Total General Government		<u>2,619,442</u>	\$ 2,619,442
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Bonds	\$	830,475	
Interest on Notes		37,190	
Interest on Other Loans		1,146,215	
Total General Government		<u>2,013,880</u>	2,013,880
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	83,644	
Other Debt Service		98,138	
Total General Government		<u>181,782</u>	181,782
Total General Debt Service Fund			\$ 4,815,104
<u>General Capital Projects Fund</u>			
<u>Public Health and Welfare</u>			
<u>Ambulance/Emergency Medical Services</u>			
Building Construction	\$	138,884	
Total Ambulance/Emergency Medical Services		<u>138,884</u>	\$ 138,884
<u>Other Operations</u>			
<u>Payments to Cities</u>			
Payments to Schools - Other	\$	18,664	
Total Payments to Cities		<u>18,664</u>	18,664
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	143,746	
Total Education Capital Projects		<u>143,746</u>	143,746
Total General Capital Projects Fund			<u>301,294</u>
Total Governmental Funds - Primary Government			<u>\$ 27,115,764</u>

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	11,639,472	
Career Ladder Program		98,757	
Career Ladder Extended Contracts		59,100	
Homebound Teachers		66,312	
Nightwatchmen		275	
Educational Assistants		510,908	
Bonus Payments		40,000	
Other Salaries and Wages		217,846	
Certified Substitute Teachers		25,050	
Non-certified Substitute Teachers		156,571	
Social Security		747,341	
State Retirement		1,075,911	
Life Insurance		16,922	
Medical Insurance		2,659,325	
Employer Medicare		179,058	
Other Contracted Services		16,354	
Instructional Supplies and Materials		137,566	
Textbooks		97,695	
Other Supplies and Materials		90,699	
Workers' Compensation Insurance		50,518	
Fee Waivers		55,850	
Total Regular Instruction Program			\$ 17,941,530

Alternative Instruction Program

Teachers	\$	38,517	
Educational Assistants		15,663	
Social Security		3,322	
State Retirement		4,460	
Life Insurance		114	
Medical Insurance		6,832	
Employer Medicare		777	
Workers' Compensation Insurance		327	
Total Alternative Instruction Program			70,012

Special Education Program

Teachers	\$	1,380,554	
Career Ladder Program		12,495	
Homebound Teachers		19,999	
Educational Assistants		503,714	
Speech Pathologist		184,957	
Other Salaries and Wages		41,917	
Certified Substitute Teachers		2,775	
Non-certified Substitute Teachers		65,030	
Social Security		131,248	
State Retirement		170,017	
Life Insurance		3,374	
Medical Insurance		393,187	
Employer Medicare		30,735	
Contracts with Other Public Agencies		222,114	

(Continued)

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	\$	1,155	
Other Contracted Services		35,642	
Instructional Supplies and Materials		115,846	
Other Supplies and Materials		8,680	
Workers' Compensation Insurance		19,068	
Special Education Equipment		85,204	
Total Special Education Program			\$ 3,427,711

Vocational Education Program

Teachers	\$	982,122	
Career Ladder Program		7,000	
Certified Substitute Teachers		2,175	
Non-certified Substitute Teachers		12,550	
Social Security		60,039	
State Retirement		87,271	
Life Insurance		1,260	
Medical Insurance		237,533	
Employer Medicare		14,051	
Instructional Supplies and Materials		25,003	
Workers' Compensation Insurance		6,232	
Total Vocational Education Program			1,435,236

Adult Education Program

Teachers	\$	33,550	
Social Security		2,078	
State Retirement		1,373	
Employer Medicare		486	
Instructional Supplies and Materials		121	
Workers' Compensation Insurance		278	
Other Equipment		410	
Total Adult Education Program			38,296

Support Services

Attendance

Supervisor/Director	\$	29,243	
Career Ladder Program		600	
Employer Medicare		433	
Travel		37	
Other Supplies and Materials		225	
Workers' Compensation Insurance		178	
Total Attendance			30,716

Health Services

Supervisor/Director	\$	41,455	
Career Ladder Program		1,000	
Data Processing Personnel		25,213	
Social Workers		47,090	
Medical Personnel		112,487	
Paraprofessionals		399,291	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Clerical Personnel	\$	65,677	
Other Salaries and Wages		20,765	
Social Security		41,739	
State Retirement		45,115	
Life Insurance		1,094	
Medical Insurance		197,432	
Employer Medicare		9,762	
Maintenance and Repair Services - Equipment		890	
Travel		5,719	
Other Contracted Services		3,386	
Drugs and Medical Supplies		23,202	
Other Supplies and Materials		37,360	
Workers' Compensation Insurance		1,431	
In Service/Staff Development		5,350	
Other Charges		32,536	
Health Equipment		42,212	
Total Health Services	\$		1,160,206

Other Student Support

Career Ladder Program	\$	4,000	
Guidance Personnel		522,391	
School Resource Officer		102,484	
Longevity Pay		2,825	
Social Security		37,802	
State Retirement		54,484	
Life Insurance		821	
Medical Insurance		127,851	
Employer Medicare		8,841	
Evaluation and Testing		19,778	
Travel		7,914	
Other Contracted Services		20,143	
Other Supplies and Materials		3,247	
Workers' Compensation Insurance		6,465	
In Service/Staff Development		1,639	
Total Other Student Support			920,685

Regular Instruction Program

Supervisor/Director	\$	230,718	
Career Ladder Program		14,700	
Librarians		509,589	
Other Salaries and Wages		20,000	
In-Service Training		9,677	
Social Security		42,083	
State Retirement		60,999	
Life Insurance		763	
Medical Insurance		155,244	
Employer Medicare		10,208	
Travel		24,163	
Library Books/Media		44,442	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Supplies and Materials	\$	870	
Workers' Compensation Insurance		5,188	
In Service/Staff Development		1,528	
Other Charges		62	
Total Regular Instruction Program			\$ 1,130,234

Special Education Program

Supervisor/Director	\$	68,875	
Career Ladder Program		2,000	
Psychological Personnel		114,617	
Assessment Personnel		40,988	
Secretary(ies)		26,756	
Longevity Pay		500	
Social Security		15,418	
State Retirement		21,921	
Life Insurance		285	
Medical Insurance		39,718	
Employer Medicare		3,606	
Operating Lease Payments		1,078	
Maintenance Agreements		452	
Maintenance and Repair Services - Equipment		335	
Postal Charges		48	
Travel		33,435	
Other Contracted Services		15,371	
Other Supplies and Materials		4,004	
Workers' Compensation Insurance		1,889	
In Service/Staff Development		3,596	
Total Special Education Program			394,892

Vocational Education Program

Travel	\$	598	
Workers' Compensation Insurance		6	
Total Vocational Education Program			604

Adult Programs

Supervisor/Director	\$	76,022	
Career Ladder Program		1,000	
Other Salaries and Wages		14,058	
Social Security		5,632	
State Retirement		6,840	
Life Insurance		17	
Medical Insurance		11,106	
Employer Medicare		1,317	
Travel		3,182	
Workers' Compensation Insurance		507	
In Service/Staff Development		1,291	
Total Adult Programs			120,972

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

Instructional Computer Personnel	\$	110,773	
Part-time Personnel		4,894	
Other Salaries and Wages		62,814	
Social Security		13,786	
State Retirement		16,689	
Life Insurance		296	
Medical Insurance		40,610	
Employer Medicare		3,108	
On-Behalf Payments to OPEB		184,798	
Communication		27,067	
Data Processing Services		15,000	
Dues and Memberships		279	
Maintenance and Repair Services - Equipment		148,716	
Travel		7,382	
Other Contracted Services		97,166	
Library Books/Media		29,221	
Other Supplies and Materials		15,000	
Other Equipment		5,254	
Total Other Programs			\$ 782,853

Board of Education

Secretary to Board	\$	4,389	
Board and Committee Members Fees		39,500	
Social Security		1,948	
State Retirement		291	
Life Insurance		513	
Unemployment Compensation		14,892	
Employer Medicare		631	
Other Fringe Benefits		150,818	
Audit Services		13,000	
Dues and Memberships		10,928	
Legal Services		15,421	
Postal Charges		1,005	
Travel		19,317	
Other Supplies and Materials		200	
Premiums on Corporate Surety Bonds		945	
Trustee's Commission		193,918	
Workers' Compensation Insurance		280	
Other Charges		11,427	
Total Board of Education			479,423

Director of Schools

County Official/Administrative Officer	\$	92,278	
Career Ladder Program		1,000	
Secretary(ies)		37,427	
Clerical Personnel		58,104	
Longevity Pay		1,400	
Social Security		11,350	
State Retirement		14,719	

(Continued)

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.)

Director of Schools (Cont.)

Life Insurance	\$	228	
Medical Insurance		28,004	
Employer Medicare		2,654	
Communication		32,790	
Dues and Memberships		2,405	
Operating Lease Payments		3,600	
Maintenance Agreements		1,423	
Postal Charges		1,947	
Travel		7,920	
Other Contracted Services		9,861	
Office Supplies		2,738	
Workers' Compensation Insurance		1,104	
Other Charges		2,096	
Total Director of Schools			\$ 313,048

Office of the Principal

Principals	\$	799,599	
Career Ladder Program		14,600	
Assistant Principals		342,319	
Secretary(ies)		288,551	
Longevity Pay		4,560	
Social Security		85,818	
State Retirement		121,832	
Life Insurance		1,890	
Medical Insurance		331,452	
Employer Medicare		20,075	
Communication		31,384	
Operating Lease Payments		9,331	
Maintenance Agreements		2,407	
Postal Charges		4,500	
Workers' Compensation Insurance		7,642	
Other Charges		1,685	
Administration Equipment		5,787	
Total Office of the Principal			2,073,432

Operation of Plant

Custodial Personnel	\$	717,983	
Longevity Pay		7,140	
Overtime Pay		1,133	
Other Salaries and Wages		19,264	
Social Security		43,811	
State Retirement		46,640	
Life Insurance		1,693	
Medical Insurance		199,498	
Employer Medicare		10,246	
Other Contracted Services		75,469	
Custodial Supplies		190,552	
Electricity		1,154,058	
Natural Gas		184,243	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Water and Sewer	\$	144,847	
Building and Contents Insurance		317,994	
Workers' Compensation Insurance		28,277	
Other Charges		38,029	
Plant Operation Equipment		19,377	
Total Operation of Plant			\$ 3,200,254

Maintenance of Plant

Supervisor/Director	\$	49,959	
Secretary(ies)		26,729	
Maintenance Personnel		218,034	
Longevity Pay		3,360	
Overtime Pay		23,916	
Other Salaries and Wages		31,471	
Social Security		20,996	
State Retirement		23,471	
Life Insurance		627	
Medical Insurance		80,299	
Employer Medicare		4,910	
Maintenance and Repair Services - Buildings		124,363	
Maintenance and Repair Services - Equipment		48,451	
Travel		136	
Other Contracted Services		6,947	
Other Supplies and Materials		299,073	
Workers' Compensation Insurance		12,733	
Maintenance Equipment		20,140	
Total Maintenance of Plant			995,615

Transportation

Supervisor/Director	\$	43,333	
Bus Drivers		46,033	
Social Security		5,508	
State Retirement		5,557	
Life Insurance		171	
Medical Insurance		20,527	
Employer Medicare		1,288	
Contracts with Parents		6,317	
Contracts with Vehicle Owners		2,078,807	
Maintenance and Repair Services - Vehicles		76,453	
Printing, Stationery, and Forms		2,683	
Travel		3,317	
Other Contracted Services		1,045	
Other Supplies and Materials		22,499	
Workers' Compensation Insurance		224	
In Service/Staff Development		1,462	
Other Charges		4,820	
Total Transportation			2,320,044

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	64,077	
Cafeteria Personnel		38,293	
Other Salaries and Wages		59	
Social Security		6,032	
State Retirement		5,920	
Life Insurance		85	
Medical Insurance		166,791	
Employer Medicare		1,455	
Communication		685	
Travel		1,495	
Workers' Compensation Insurance		32,824	
Total Food Service			\$ 317,716

Community Services

Supervisor/Director	\$	15,582	
Other Salaries and Wages		52,082	
Social Security		4,161	
State Retirement		2,885	
Life Insurance		91	
Medical Insurance		7,751	
Employer Medicare		973	
Communication		741	
Travel		301	
Other Supplies and Materials		5,887	
Workers' Compensation Insurance		197	
Other Charges		6,187	
Total Community Services			96,838

Early Childhood Education

Teachers	\$	124,519	
Educational Assistants		46,361	
Other Salaries and Wages		24,618	
Non-certified Substitute Teachers		3,775	
Social Security		12,108	
State Retirement		14,136	
Life Insurance		342	
Medical Insurance		33,264	
Employer Medicare		2,833	
Travel		1,208	
Instructional Supplies and Materials		44,137	
Workers' Compensation Insurance		1,206	
In Service/Staff Development		1,994	
Total Early Childhood Education			310,501

Capital Outlay

<u>Regular Capital Outlay</u>			
Other Capital Outlay	\$	35,985	
Total Regular Capital Outlay			35,985

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 511,687	
Total Education		\$ 511,687

Total General Purpose School Fund \$ 38,108,490

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 431,895	
Educational Assistants	400,470	
Other Salaries and Wages	3,825	
Certified Substitute Teachers	400	
Non-certified Substitute Teachers	32,425	
Social Security	50,021	
State Retirement	62,109	
Life Insurance	1,733	
Medical Insurance	205,245	
Employer Medicare	11,939	
Other Contracted Services	86,875	
Instructional Supplies and Materials	26,801	
Other Supplies and Materials	1,547	
Regular Instruction Equipment	69,161	
Total Regular Instruction Program		\$ 1,384,446

Special Education Program

Teachers	\$ 108,161	
Educational Assistants	512,031	
Other Salaries and Wages	25,000	
Social Security	38,208	
State Retirement	37,545	
Life Insurance	1,368	
Medical Insurance	149,091	
Employer Medicare	9,052	
Maintenance and Repair Services - Equipment	3,030	
Other Contracted Services	12,402	
Instructional Supplies and Materials	134,719	
Other Supplies and Materials	33,666	
Special Education Equipment	83,746	
Total Special Education Program		1,148,019

Vocational Education Program

Educational Assistants	\$ 26,820	
Longevity Pay	500	
Social Security	1,644	
State Retirement	1,814	
Life Insurance	57	
Medical Insurance	6,225	
Employer Medicare	385	
Maintenance and Repair Services - Equipment	256	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Other Supplies and Materials	\$	29,872	
Vocational Instruction Equipment		41,957	
Total Vocational Education Program			\$ 109,530

Support Services

Other Student Support

Guidance Personnel	\$	24,780	
Other Salaries and Wages		48,664	
Social Security		4,441	
State Retirement		5,428	
Life Insurance		91	
Medical Insurance		10,155	
Employer Medicare		1,039	
Travel		17,034	
Other Contracted Services		7,285	
Other Supplies and Materials		1,067	
In Service/Staff Development		1,286	
Other Charges		19,648	
Total Other Student Support			140,918

Regular Instruction Program

Supervisor/Director	\$	76,298	
Secretary(ies)		29,912	
Longevity Pay		500	
Other Salaries and Wages		478,286	
Non-certified Substitute Teachers		1,925	
Social Security		30,790	
State Retirement		40,999	
Life Insurance		339	
Medical Insurance		46,726	
Employer Medicare		8,286	
Operating Lease Payments		3,657	
Maintenance Agreements		773	
Travel		47,466	
Other Contracted Services		50,667	
Other Supplies and Materials		58,403	
In Service/Staff Development		70,715	
Other Charges		2,653	
Other Equipment		56,502	
Total Regular Instruction Program			1,004,897

Special Education Program

Psychological Personnel	\$	130,173	
Secretary(ies)		1,000	
Other Salaries and Wages		11,317	
Social Security		8,357	
State Retirement		12,249	
Life Insurance		114	
Medical Insurance		15,013	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	1,876	
Communication		215	
Travel		50,707	
Other Contracted Services		37,713	
Other Supplies and Materials		605	
In Service/Staff Development		21,003	
Total Special Education Program			\$ 290,342

Vocational Education Program

Supervisor/Director	\$	3,768	
Employer Medicare		24	
Travel		2,418	
Total Vocational Education Program			6,210

Other Programs

Travel	\$	775	
In Service/Staff Development		6,000	
Other Equipment		83,225	
Total Other Programs			90,000

Transportation

Contracts with Parents	\$	2,257	
Contracts with Vehicle Owners		12,400	
Total Transportation			14,657

Total School Federal Projects Fund \$ 4,189,019

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$	42,937	
Cafeteria Personnel		832,878	
Longevity Pay		14,410	
Overtime Pay		87	
Other Salaries and Wages		62,962	
Social Security		55,865	
State Retirement		46,580	
Life Insurance		2,810	
Medical Insurance		158,637	
Employer Medicare		13,092	
Communication		9,211	
Maintenance and Repair Services - Equipment		5,824	
Other Contracted Services		34,291	
Food Supplies		1,313,183	
USDA - Commodities		166,204	
Other Supplies and Materials		115,778	
In Service/Staff Development		515	
Other Charges		2,850	
Food Service Equipment		50,633	
Total Food Service			\$ 2,928,747

Total Central Cafeteria Fund 2,928,747

(Continued)

Exhibit K-8

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$	71,926
Building Construction		7,036,887
Building Improvements		94,901
Other Capital Outlay		<u>198,450</u>
Total Education Capital Projects		<u>\$ 7,402,164</u>
Total Education Capital Projects Fund		<u>\$ 7,402,164</u>
Total Governmental Funds - Monroe County School Department		<u><u>\$ 52,628,420</u></u>

Exhibit K-9

Monroe County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2013

	Cities - Sales Tax Fund	City School ADA - Sweetwater Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,104,999	\$ 1,104,999
Trustee's Collections - Prior Years	0	51,534	51,534
Circuit/Clerk and Master Collections - Prior Years	0	24,642	24,642
Interest and Penalty	0	10,205	10,205
Pick-up Taxes	0	1,504	1,504
Payments in-Lieu-of Taxes - T.V.A.	0	9,960	9,960
Payments in-Lieu-of Taxes - Local Utilities	0	64,964	64,964
Payments in-Lieu-of Taxes - Other	0	10,038	10,038
Local Option Sales Tax	3,423,009	853,502	4,276,511
Business Tax	0	25,992	25,992
Other Local Option Taxes	0	64	64
Bank Excise Tax	0	2,510	2,510
Interstate Telecommunications Tax	0	912	912
Marriage Licenses	0	723	723
Income Tax	0	9,532	9,532
Mixed Drink Tax	0	978	978
State Revenue Sharing - T.V.A.	0	100,000	100,000
Contributions (Loan Proceeds)	0	18,664	18,664
Total Cash Receipts	<u>\$ 3,423,009</u>	<u>\$ 2,290,723</u>	<u>\$ 5,713,732</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,302,876	\$ 2,255,961	\$ 5,558,837
Trustee's Commission	120,133	34,762	154,895
Total Cash Disbursements	<u>\$ 3,423,009</u>	<u>\$ 2,290,723</u>	<u>\$ 5,713,732</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 0
Cash Balance, July 1, 2012	0	0	0
Cash Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

SINGLE AUDIT SECTION



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Monroe County's basic financial statements, and have issued our report thereon dated February 28, 2014. Our report includes a reference to other auditors who audited the financial statements of the Monroe County Women's Wellness and Maternity Center and the Monroe County Emergency Communications District, as described in our report on Monroe County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable

possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-001(B) and 2013-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-001(A), 2013-002, and 2013-004.

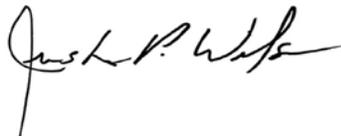
Monroe County's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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

February 28, 2014

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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NASHVILLE, TENNESSEE 37243-1402
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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Monroe County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Monroe County's major federal programs for the year ended June 30, 2013. Monroe County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Monroe County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

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

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

Opinion on Each Major Federal Program

In our opinion, Monroe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Monroe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Monroe County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Monroe County's internal control over compliance.

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

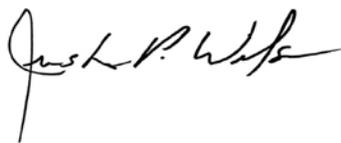
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Monroe County's basic financial statements. We issued our report thereon dated February 28, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 28, 2014

JPW/sb

Monroe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 166,204 (3)
School and Roads - Grants to States	10.665	N/A	273,659
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	483,064
National School Lunch Program	10.555	N/A	1,458,550 (3)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	21,000
Direct Program:			
Environmental Quality Incentives Program	10.912	68-4741-035	192
Total U.S. Department of Agriculture			\$ 2,402,669
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program	14.228	GG-11-35590	\$ 210,469
Total U.S. Department of Housing and Urban Development			\$ 210,469
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 52,178
Total Bureau of Land Management, Department of the Interior			\$ 52,178
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1104	\$ 20,300
Total U.S. Department of Justice			\$ 20,300
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	GG-10-31037-00	\$ 38,440
Total U.S. Department of Highway Administration			\$ 38,440
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 32,178
Title I Grants to Local Educational Agencies	84.010	(2)	1,445,966
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	1,377,853
Special Education - Preschool Grants	84.173	(2)	26,509
Career and Technical Education - Basic Grants to States	84.048	(2)	206,047
State Grants for Innovative Programs	84.298	N/A	989
Education Technology State Grants, Recovery Act	84.386	N/A	2,485
English Language Acquisition Grants	84.365	N/A	18
School Improvement Grants	84.377	N/A	207,667
Rural Education	84.358	N/A	81,667
Improving Teacher Quality State Grants	84.367	N/A	263,121
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	353,460
Total U.S. Department of Education			\$ 3,997,960

(Continued)

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

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Centers for Disease Control:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG-12-37332-00	\$ 20,000
Passed-through State Department of Education:			
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501	(2)	36,797
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	GG-13-39067-00	127,008
Total U.S. Department of Health and Human Services			<u>\$ 183,805</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(2)	\$ 29,252
Total U.S. Department of Homeland Security			<u>\$ 29,252</u>
Total Expenditures of Federal Awards			<u>\$ 6,935,073</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Litter Program - State Department of Transportation	N/A	(2)	\$ 58,836
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	14,212
Law Enforcement Training - State Department of Safety	N/A	(2)	21,000
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	16,847
Airport Maintenance - State Department of Transportation	N/A	(2)	14,301
Juvenile Services Program - State Children's Services Commission	N/A	(2)	9,000
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	292,755
Driver's Education - State Department of Education	N/A	(2)	24,905
Local Health Services - State Department of Health	N/A	GG-13-39067-00	156,526
Archives Development - Tennessee Secretary of State	N/A	(2)	2,345
Total State Grants			<u>\$ 610,727</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,624,754.

Monroe County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Monroe County, Tennessee, for the year ended June 30, 2012, which has not been corrected.

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
12.03	184	Duties were not segregated adequately

MONROE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Monroe County is unmodified.
2. The audit of the financial statements of Monroe County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Monroe County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Special Education Cluster: Special Education – Grants to States and the Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) and the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Monroe County qualified as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The finance director and assessor of property provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF FINANCE DIRECTOR

FINDING 2013-001

GENERAL LEDGER CASH ACCOUNTS WERE NOT RECONCILED WITH COUNTY TRUSTEE REPORTS PROPERLY

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

Our audit revealed that general ledger cash accounts were not reconciled with county trustee reports properly. These deficiencies resulted from a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

- A. The General, General Purpose School, School Federal Projects, and Central Cafeteria funds were not reconciled with county trustee reports on a monthly basis. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with the records of the county trustee monthly.
- B. The Solid Waste/Sanitation, Drug Control, and Highway/Public Works funds were reconciled through June 2013. However, these reconciliations identified errors and other reconciling items that were not corrected. The failure to correct identified errors and other reconciling items allows the general ledger cash accounts and/or the cash balances in the Trustee's Office to remain misstated.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The finance director was not aware that the reconciliation of cash accounts had not been completed in a timely manner because the assistant finance director was responsible for this duty. The assistant finance director has an advanced degree in accounting and several years of experience; therefore, the finance director never questioned whether or not these duties were performed. The assistant finance director resigned her position on May 7, 2013. After her departure, the county's auditor and the finance director discovered

that the entries to reconcile these cash funds had not been made for eight months and had not been reconciled for two additional months. These funds have now been reconciled and entries have been made. The funds for fiscal year 2013-14 are reconciled through the month of December 2013. A new assistant finance director has been hired and is now responsible for these reconciliations. The finance director reviews and helps with the reconciliation of cash accounts and/or funds in a timely manner.

FINDING 2013-002

A LOAN WAS NOT ISSUED IN COMPLIANCE WITH STATE STATUTES

(Noncompliance Under *Government Auditing Standards*)

On September 13, 2012, the county issued a \$71,820 loan for an HVAC system without the approval of the state Comptroller's Office as required by Section 9-21-601, *Tennessee Code Annotated (TCA)*. Also, county officials did not file a Report on Debt Obligation with the state Comptroller's Office for the loan. Section 9-21-151, *TCA*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt was issued, a description of the debt obligation, and an itemized description of the costs of issuance. These deficiencies are the result of management's oversight. The county received retroactive loan approval from the state Comptroller's Office and filed the Report on Debt Obligation in February 2014.

RECOMMENDATION

All debt should be issued in compliance with state statutes.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The finance director has now filed the Report on Debt Obligation and the supporting documentation with the state Comptroller's Office for the HVAC System loan. The finance director will be responsible for the filing of all required forms and documentation in accordance with state statutes for future debt incurred by Monroe County.

OFFICE OF SHERIFF

FINDING 2013-003

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the official and employees in the Office of Sheriff. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is

the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

OFFICE OF PROPERTY ASSESSOR

FINDING 2013-004

THE ASSESSOR DID NOT MAINTAIN ASSESSMENT MAPS ADEQUATELY (Noncompliance Under *Government Auditing Standards*)

The assessor did not maintain the assessment maps adequately. During the monitoring of the assessor's mapping by the state Division of Property Assessments, an error rate of 88 percent was discovered. These errors included inaccurate placement of parcel lines, inaccurate calculation of lot sizes, properties not properly identified or mapped, and duplications. Mapping procedures are outlined in the Division of Property Assessment's *Basic Mapping Manual*. This deficiency can be attributed to management's failure to follow proper mapping procedures and a lack of internal controls to ensure accurate assessments. These errors could result in the inaccurate assessment of properties.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

On February 25, 2014, for the first time the Monroe County Property Assessor was provided a copy of this finding averring that the assessor did not adequately maintain assessment maps during the audit period. An error rate of 88 percent is alleged in the finding. No information specifically documenting the alleged error rate has been provided. In the absence of such information, the assessor of property disputes the alleged finding and demands strict documented proof allegedly supporting said finding. While errors have on occasion occurred, prompt remedial action to such errors has always occurred. The assessor of property hereby requests that all documentation be provided in alleged support of the claimed deficiency.

STATE DEPARTMENT OF PROPERTY ASSESSMENT COMMENT

The Office of Assessor of Property in Monroe County has failed to comply with the accepted mapping procedures as required. A representative with the state Division of Property Assessment met with the assessor, provided a listing of the sample parcels, and the

majority of these identified errors were not corrected. On May 22, 2013, the assessor signed the audit worksheet, indicating he both acknowledged and agreed with the audit finding, and that the issue had been explained to him adequately. The monitoring errors were again brought to his attention indicating the need for correction.

BEST PRACTICE

MONROE COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Monroe County does not have an Audit Committee. Sound business practices dictate that establishing an Audit Committee would significantly improve management oversight and accountability. The absence of an Audit Committee has been a management decision by the County Commission. The Division of Local Government Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

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

There were no findings and questioned costs for federal awards.

**MONROE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2013**

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