

ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

***STEVE REEDER, CPA, CGFM, CFE
Audit Manager***

***JESSICA COX, CPA, CGFM
Senior Auditor***

***TYLER MUSIC
KAITLYN SILVERS
DANNIELLE VICARS, CPA
DOUG SANDIDGE, CISA, CFE
State Auditors***

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

MONROE COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Monroe County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-24
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	25
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	26-29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	30
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	31-34
Highway/Public Works Fund	C-6	35
Proprietary Funds:		
Statement of Net Position	D-1	36
Statement of Revenues, Expenses, and Changes in Net Position	D-2	37
Statement of Cash Flows	D-3	38
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	39
Index and Notes to the Financial Statements		40-111
REQUIRED SUPPLEMENTARY INFORMATION:		112
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-1	113
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-2	114
Schedule of Contributions Based on Participation in the Teacher Pension Plan of TCRS – Discretely Presented Monroe County School Department	F-3	115

	Exhibit	Page(s)
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Monroe County School Department	F-4	116
Schedule of Proportionate Share of the Net Pension Liability (Asset) in the Teacher Pension Plan of TCRS – Discretely Presented Monroe County School Department	F-5	117
Schedule of Proportionate Share of the Net Pension Liability (Asset) in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Monroe County School Department	F-6	118
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Medicare Plan	F-7	119
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plans - Discretely Presented Monroe County School Department	F-8	120
Notes to the Required Supplemental Information		121
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		122
Nonmajor Governmental Funds:		123
Combining Balance Sheet	G-1	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	125
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	G-3	126
Drug Control Fund	G-4	127
Major Governmental Fund:		128
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	129
Fiduciary Funds:		130
Combining Statement of Fiduciary Assets and Liabilities	I-1	131
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	132-133
Component Unit:		
Discretely Presented Monroe County School Department:		134
Statement of Activities	J-1	135
Balance Sheet – Government Funds	J-2	136-137
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	J-3	138
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	139
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	140

	Exhibit	Page(s)
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-6	141-142
School Federal Projects Fund	J-7	143
Central Cafeteria Fund	J-8	144
Miscellaneous Schedules:		145
Schedule of Changes in Long-term Bonds, Notes, Other Loans, and Capital Leases □	K-1	146-147
Schedule of Long-term Debt Requirements by Year	K-2	148-149
Schedule of Transfers	K-3	150
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Monroe County School Department	K-4	151
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	152-157
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Monroe County School Department	K-6	158-161
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	162-185
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Monroe County School Department	K-8	186-195
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	K-9	196
 <u>SINGLE AUDIT SECTION</u>		 197
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		198-199
Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance		200-202
Schedule of Expenditures of Federal Awards and State Grants		203-204
Summary Schedule of Prior-year Findings		205
Schedule of Findings and Questioned Costs		206-208
Management's Corrective Action Plan		209-210

Summary of Audit Findings

Annual Financial Report
Monroe County, Tennessee
For the Year Ended June 30, 2019

Scope

We have audited the basic financial statements of Monroe County as of and for the year ended June 30, 2019.

Results

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

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

Finding

The following is a summary of the audit finding:

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

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

INTRODUCTORY SECTION

Monroe County Officials
June 30, 2019

Officials

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

Board of County Commissioners

Mitch Ingram, Chairman
Joe Anderson II
Brian Harrill
Richard Kirkland
Chad Leming
Adam Reynolds

Bill Shadden
Paulette Summey
Roger Thomas
Doug Watson
Chris Wiseman

Board of Education

Sonya Lynn, Chairman
Jo T. Cagle
Sharon Freeman
Faye Green
Janie Harrill

Jason Miller
John Ridgell
Marsha Standridge
Dewitt Upton

Financial Management Committee

Paulette Summey, Chairman
Mitch Ingram, County Mayor
Steve Teague, Road Superintendent
Tim Blankenship, Director of Schools

Chad Leming
Adam Reynolds
Roger Thomas

Audit Committee

Jim Fairweather, Chairman
Jeff Amburn
Doug Richesin

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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, 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedules of county and school total other postemployment benefits (OPEB) liabilities and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements,

and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monroe County's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Monroe County School Department (a discretely presented component unit), miscellaneous schedules and other information such as the introductory section and management's corrective action plan are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

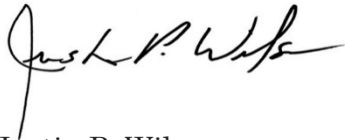
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Monroe County School Department (a discretely presented component unit), schedule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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019, on our consideration of Monroe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Monroe County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 4, 2019

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Monroe County, Tennessee
Statement of Net Position
June 30, 2019

	Primary Governmental Activities	Component Unit Monroe County School Department
ASSETS		
Cash	\$ 9,437	\$ 2,372
Equity in Pooled Cash and Investments	33,259,170	8,460,850
Accounts Receivable	1,946,369	50,827
Allowance for Uncollectibles	(621,835)	0
Due from Other Governments	892,213	1,174,197
Due from Primary Government	0	11,800
Due from Component Unit	148,963	0
Property Taxes Receivable	15,832,608	5,442,532
Allowance for Uncollectible Property Taxes	(702,958)	(239,807)
Net Pension Asset - Agent Plan	1,319,101	652,060
Net Pension Asset - Teacher Retirement Plan	0	148,422
Net Pension Asset - Teacher Legacy Retirement Plan	0	1,714,816
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	72,044
Capital Assets:		
Assets Not Depreciated:		
Land	1,423,034	864,562
Construction in Progress	31,024,570	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	4,420,045	40,402,121
Infrastructure - Roads, Streets, and Bridges	81,973,317	0
Other Capital Assets	3,148,442	768,484
Total Assets	<u>\$ 174,072,476</u>	<u>\$ 59,525,280</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Changes in Experience	\$ 89,780	\$ 399,409
Pension Changes in Assumptions	422,154	1,228,461
Pension Changes in Proportion	0	322,432
Pension Contributions after Measurement Date	476,927	2,090,951
OPEB Change in Experience	0	1,308,052
OPEB Change in Assumptions	0	280,853
OPEB Changes in Proportion	0	737,921
OPEB Contributions after Measurement Date	6,188	348,786
Accumulated Decrease in Fair Value of Hedging Derivatives	2,109,061	0
Total Deferred Outflows of Resources	<u>\$ 3,104,110</u>	<u>\$ 6,716,865</u>
LIABILITIES		
Accounts Payable	\$ 303,640	\$ 81,262
Accrued Payroll	124,738	3,747,915
Payroll Deductions Payable	381,621	2,095,066
Contracts Payable	828,636	0
Accrued Interest Payable	180,383	0
Due to Primary Government	0	148,963
Due to Other Taxing Units	1,798	0
Derivative - Interest Rate Swap	2,150,898	0
Noncurrent Liabilities:		
Due Within One Year - Debt	3,149,095	0
Due Within One Year - Other	290,984	0
Due in More Than One Year - Debt	77,985,093	0
Due in More Than One Year - Other	644,919	11,303,103
Total Liabilities	<u>\$ 86,041,805</u>	<u>\$ 17,376,309</u>

(Continued)

Exhibit A

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

	<u>Primary Governmental Activities</u>	<u>Component Units Monroe County School Department</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 14,766,787	\$ 5,079,943
Pension Changes in Experience	572,423	2,602,295
Pension Changes in Investment Earnings	127,689	444,720
Pension Changes in Proportion	0	331,741
OPEB Changes in Experience	357,935	92,587
OPEB Changes in Assumptions	53,861	439,960
OPEB Changes in Proportion	0	52,687
Total Deferred Inflows of Resources	<u>\$ 15,878,695</u>	<u>\$ 9,043,933</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 86,393,906	\$ 42,035,167
Restricted for:		
General Government	151,997	0
Finance	59,468	0
Administration of Justice	67,255	0
Public Safety	88,794	0
Public Health and Welfare	896,747	0
Highways	2,306,249	0
Education	0	1,832,135
Debt Service	14,704,312	0
Capital Projects	4,796,503	0
Pensions	1,319,101	2,587,342
Unrestricted	<u>(35,528,246)</u>	<u>(6,632,741)</u>
Total Net Position	<u>\$ 75,256,086</u>	<u>\$ 39,821,903</u>

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

Exhibit B

Monroe County, Tennessee
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Governmental	Monroe County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 5,134,747	\$ 610,456	\$ 338,368	\$ 729,287	\$ (3,456,636)	\$ 0
Finance	1,916,748	1,250,915	0	0	(665,833)	0
Administration of Justice	1,630,151	957,680	9,000	0	(663,471)	0
Public Safety	8,118,391	1,232,002	335,692	33,500	(6,517,197)	0
Public Health and Welfare	5,450,927	3,500,975	374,316	0	(1,575,636)	0
Social, Cultural, and Recreational Services	307,362	0	0	0	(307,362)	0
Agriculture and Natural Resources	127,533	0	0	0	(127,533)	0
Highways	9,356,913	222,388	2,931,300	972,128	(5,231,097)	0
Education	65,262	0	0	0	(65,262)	0
Interest on Long-term Debt	1,959,816	0	0	0	(1,959,816)	0
Total Primary Government	<u>\$ 34,067,850</u>	<u>\$ 7,774,416</u>	<u>\$ 3,988,676</u>	<u>\$ 1,734,915</u>	<u>\$ (20,569,843)</u>	<u>\$ 0</u>
Component Unit:						
Monroe County School Department	\$ 49,353,448	\$ 893,728	\$ 6,640,071	\$ 0	\$ 0	\$ (41,819,649)
Total Component Unit	<u>\$ 49,353,448</u>	<u>\$ 893,728</u>	<u>\$ 6,640,071</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (41,819,649)</u>

(Continued)

Exhibit B

Monroe County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government	Monroe County School Department
				Total Governmental Activities		
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 10,579,405	\$ 5,385,374	
Property Taxes Levied for Debt Service				3,666,836	0	
Local Option Sales Taxes				916,083	4,453,707	
Hotel/Motel Tax				216,635	0	
Wheel Tax				1,012,676	0	
Litigation Tax - General				87,314	0	
Litigation Tax - Special Purpose				41,470	0	
Litigation Tax - Jail, Workhouse, or Courthouse				203,764	0	
Business Tax				483,969	268,200	
Mineral Severance Tax				39,238	0	
Wholesale Beer Tax				71,923	0	
Mixed Drink Tax				0	5,639	
Income Tax				0	13,625	
Other Local Taxes				0	251	
Grants and Contributions Not Restricted to Specific Programs				1,571,101	30,550,545	
Grants and Contributions for Debt Service				483,232	0	
Unrestricted Investment Income				30	3,637	
Investment Earnings for Debt Service				565,319	0	
Miscellaneous				104,636	183,494	
Sale of Equipment				55,543	2,770	
Total General Revenues				\$ 20,099,174	\$ 40,867,242	
Insurance Recovery				\$ 17,927	\$ 11,796	
Total Revenues and Other Sources (Uses)				\$ 20,117,101	\$ 40,879,038	
Change in Fair Value of Derivatives - Interest Rate Swap				\$ 51,748	\$ 0	
Change in Net Position				\$ (400,994)	\$ (940,611)	
Net Position, July 1, 2018				75,657,080	40,762,514	
Net Position, June 30, 2019				\$ 75,256,086	\$ 39,821,903	

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, 2019

	Major Funds				
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects -
<u>ASSETS</u>					
Cash	\$ 6,746	\$ 0	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	6,617,474	2,050,289	14,672,039	1,333,284	4,320,849
Accounts Receivable	1,940,753	951	0	0	0
Allowance for Uncollectibles	(621,835)	0	0	0	0
Due from Other Governments	575,305	267,579	21,728	0	0
Due from Other Funds	1,432,678	132,507	0	0	0
Due from Component Units	0	0	0	0	0
Property Taxes Receivable	9,548,439	1,142,364	4,075,142	0	0
Allowance for Uncollectible Property Taxes	(423,945)	(50,720)	(180,934)	0	0
Total Assets	<u>\$ 19,075,615</u>	<u>\$ 3,542,970</u>	<u>\$ 18,587,975</u>	<u>\$ 1,333,284</u>	<u>\$ 4,320,849</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 171,086	\$ 3,468	\$ 0	\$ 0	\$ 28,994
Accrued Payroll	95,157	24,359	0	0	0
Payroll Deductions Payable	320,556	46,445	0	0	0
Contracts Payable	0	0	0	0	828,636
Due to Other Funds	112,953	0	0	0	0
Due to Other Taxing Units	1,798	0	0	0	0
Total Liabilities	<u>\$ 701,550</u>	<u>\$ 74,272</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 857,630</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 8,905,643	\$ 1,065,468	\$ 3,800,811	\$ 0	\$ 0
Deferred Delinquent Property Taxes	194,129	23,225	82,852	0	0

(Continued)

Exhibit C-1

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

	Major Funds				
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects -
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>					
Other Deferred/Unavailable Revenue	\$ 712,295	\$ 0	\$ 0	\$ 0	\$ 0
Total Deferred Inflows of Resources	\$ 9,812,067	\$ 1,088,693	\$ 3,883,663	\$ 0	\$ 0
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 150,997	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for Finance	59,468	0	0	0	0
Restricted for Administration of Justice	67,255	0	0	0	0
Restricted for Public Safety	70,778	0	0	0	0
Restricted for Public Health and Welfare	0	0	0	0	0
Restricted for Highways/Public Works	0	2,380,005	0	0	0
Restricted for Debt Service	0	0	14,704,312	0	0
Restricted for Capital Projects	0	0	0	1,333,284	3,463,219
Restricted for Other Purposes	1,000	0	0	0	0
Committed:					
Committed for General Government	1,799,847	0	0	0	0
Committed for Public Safety	13,895	0	0	0	0
Committed for Other Operations	79,291	0	0	0	0
Committed for Capital Outlay	318,090	0	0	0	0
Assigned:					
Assigned for General Government	69,746	0	0	0	0
Assigned for Finance	8,513	0	0	0	0
Assigned for Administration of Justice	8,208	0	0	0	0
Assigned for Public Safety	60,666	0	0	0	0
Assigned for Public Health and Welfare	27,758	0	0	0	0

(Continued)

Exhibit C-1

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

FUND BALANCES (Cont.)

Assigned (Cont.):

Assigned for Other Operations

Assigned for Other Purposes

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Major Funds					
General	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects -	
\$ 20,927	\$ 0	\$ 0	\$ 0	\$ 0	0
54,324	0	0	0	0	0
5,751,235	0	0	0	0	0
<u>\$ 8,561,998</u>	<u>\$ 2,380,005</u>	<u>\$ 14,704,312</u>	<u>\$ 1,333,284</u>	<u>\$ 3,463,219</u>	
<u>\$ 19,075,615</u>	<u>\$ 3,542,970</u>	<u>\$ 18,587,975</u>	<u>\$ 1,333,284</u>	<u>\$ 4,320,849</u>	

(Continued)

Exhibit C-1

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

	<u>Nonmajor Funds</u>		<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$	2,691	\$	9,437
Equity in Pooled Cash and Investments		923,579		29,917,514
Accounts Receivable		4,665		1,946,369
Allowance for Uncollectibles		0		(621,835)
Due from Other Governments		27,601		892,213
Due from Other Funds		0		1,565,185
Due from Component Units		99		99
Property Taxes Receivable		1,066,663		15,832,608
Allowance for Uncollectible Property Taxes		(47,359)		(702,958)
Total Assets	\$	<u>1,977,939</u>	\$	<u>48,838,632</u>
<u>LIABILITIES</u>				
Accounts Payable	\$	44,172	\$	247,720
Accrued Payroll		5,222		124,738
Payroll Deductions Payable		14,620		381,621
Contracts Payable		0		828,636
Due to Other Funds		4,297		117,250
Due to Other Taxing Units		0		1,798
Total Liabilities	\$	<u>68,311</u>	\$	<u>1,701,763</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$	994,865	\$	14,766,787
Deferred Delinquent Property Taxes		21,686		321,892

(Continued)

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

	Nonmajor Funds		Total Governmental Funds
	Other	Govern- mental Funds	
			Total Governmental Funds
	\$ 0	\$ 712,295	
	\$ 1,016,551	\$ 15,800,974	

DEFERRED INFLOWS OF RESOURCES (Cont.)

Other Deferred/Unavailable Revenue
 Total Deferred Inflows of Resources

FUND BALANCES

Restricted:

Restricted for General Government	\$ 0	\$ 150,997
Restricted for Finance	0	59,468
Restricted for Administration of Justice	0	67,255
Restricted for Public Safety	18,016	88,794
Restricted for Public Health and Welfare	875,061	875,061
Restricted for Highways/Public Works	0	2,380,005
Restricted for Debt Service	0	14,704,312
Restricted for Capital Projects	0	4,796,503
Restricted for Other Purposes	0	1,000

Committed:

Committed for General Government	0	1,799,847
Committed for Public Safety	0	13,895
Committed for Other Operations	0	79,291
Committed for Capital Outlay	0	318,090

Assigned:

Assigned for General Government	0	69,746
Assigned for Finance	0	8,513
Assigned for Administration of Justice	0	8,208
Assigned for Public Safety	0	60,666
Assigned for Public Health and Welfare	0	27,758

(Continued)

Exhibit C-1

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

FUND BALANCES (Cont.)

Assigned (Cont.):

 Assigned for Other Operations

 Assigned for Other Purposes

Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
Other	Govern- mental Funds	Total Governmental Funds
\$ 0	\$ 20,927	
0	54,324	
0	5,751,235	
<u>\$ 893,077</u>	<u>\$ 31,335,895</u>	
		<u><u>\$ 1,977,939</u></u>
		<u><u>\$ 48,838,632</u></u>

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

Exhibit C-2

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2019

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)		\$ 31,335,895
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Add: land	\$ 1,423,034	
Add: construction in progress	31,024,570	
Add: buildings and improvements net of accumulated depreciation	4,420,045	
Add: infrastructure net of accumulated depreciation	81,973,316	
Add: other capital assets net of accumulated depreciation	<u>3,148,443</u>	121,989,408
(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.		1,837,801
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (54,507,200)	
Less: other loans payable	(25,582,702)	
Less: capital lease payable	(1,044,286)	
Add: debt to be contributed by the School Department	148,864	
Less: compensated absences payable	(581,967)	
Less: landfill closure/postclosure care costs	(109,851)	
Less: fair value of investment-type derivative - interest rate swap	(41,837)	
Less: accrued interest on bonds, notes, other loans, and capital leases	(180,383)	
Less: OPEB obligations	<u>(244,085)</u>	(82,143,447)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 988,861	
Less: deferred inflows of resources related to pensions	(700,112)	
Add: deferred outflows of resources related to OPEB	6,188	
Less: deferred inflows of resources related to OPEB	<u>(411,796)</u>	(116,859)
(5) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,319,101
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,034,187</u>
Net position of governmental activities (Exhibit A)		<u>\$ 75,256,086</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, 2019

	Major Funds				
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects -
<u>Revenues</u>					
Local Taxes	\$ 11,473,048	\$ 1,295,772	\$ 5,234,751	\$ 0	\$ 0
Licenses and Permits	103,219	0	0	0	0
Fines, Forfeitures, and Penalties	236,218	0	0	0	0
Charges for Current Services	3,772,456	222,388	0	0	0
Other Local Revenues	217,970	0	565,319	0	0
Fees Received From County Officials	2,185,788	0	0	0	0
State of Tennessee	2,047,333	3,835,277	21,004	0	0
Federal Government	780,425	98,539	0	0	0
Other Governments and Citizens Groups	303,230	0	79,490	0	0
Total Revenues	\$ 21,119,687	\$ 5,451,976	\$ 5,900,564	\$ 0	\$ 0
<u>Expenditures</u>					
Current:					
General Government	\$ 2,983,842	\$ 0	\$ 0	\$ 0	\$ 0
Finance	2,008,519	0	0	0	0
Administration of Justice	1,690,401	0	0	0	0
Public Safety	7,820,770	0	0	0	0
Public Health and Welfare	4,259,177	0	0	0	0
Social, Cultural, and Recreational Services	307,362	0	0	0	0
Agriculture and Natural Resources	134,248	0	0	0	0
Other Operations	2,034,182	0	0	0	0
Highways	0	5,120,198	0	0	0
Debt Service:					
Principal on Debt	0	0	2,149,445	30,915,000	0
Interest on Debt	0	0	1,614,427	370,980	0
Other Debt Service	0	0	96,616	0	0

(Continued)

Exhibit C-3

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

	Major Funds				
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects -
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 1,248	\$ 0	\$ 0	\$ 777,616	\$ 15,378,956
Capital Projects - Donated	0	0	0	0	0
Total Expenditures	\$ 21,239,749	\$ 5,120,198	\$ 3,860,488	\$ 32,063,596	\$ 15,378,956
<u>Excess (Deficiency) of Revenues</u>					
Over Expenditures	\$ (120,062)	\$ 331,778	\$ 2,040,076	\$ (32,063,596)	\$ (15,378,956)
<u>Other Financing Sources (Uses)</u>					
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 30,917,200	\$ 0
Capital Leases Issued	21,816	0	0	0	0
Insurance Recovery	38,779	0	0	0	0
Transfers In	1,430,101	35,883	0	0	0
Transfers Out	(52,635)	0	0	(1,430,101)	0
Total Other Financing Sources (Uses)	\$ 1,438,061	\$ 35,883	\$ 0	\$ 29,487,099	\$ 0
<u>Net Change in Fund Balances</u>					
Fund Balance, July 1, 2018	\$ 7,243,999	\$ 2,012,344	\$ 12,664,236	\$ 3,909,781	\$ 18,842,175
Fund Balance, June 30, 2019	\$ 8,561,998	\$ 2,380,005	\$ 14,704,312	\$ 1,333,284	\$ 3,463,219

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Total Governmental Funds
	Other Govern- mental Funds		Funds
<u>Revenues</u>			
Local Taxes	\$ 1,063,651	\$	19,067,222
Licenses and Permits	0		103,219
Fines, Forfeitures, and Penalties	30,437		266,655
Charges for Current Services	43,269		4,038,113
Other Local Revenues	34,275		817,564
Fees Received From County Officials	0		2,185,788
State of Tennessee	88,766		5,992,380
Federal Government	0		878,964
Other Governments and Citizens Groups	0		382,720
Total Revenues	<u>\$ 1,260,398</u>	\$	<u>33,732,625</u>
<u>Expenditures</u>			
Current:			
General Government	\$ 0	\$	2,983,842
Finance	0		2,008,519
Administration of Justice	0		1,690,401
Public Safety	164,174		7,984,944
Public Health and Welfare	1,226,104		5,485,281
Social, Cultural, and Recreational Services	0		307,362
Agriculture and Natural Resources	0		134,248
Other Operations	0		2,034,182
Highways	108,571		5,228,769
Debt Service:			
Principal on Debt	0		33,064,445
Interest on Debt	0		1,985,407
Other Debt Service	0		96,616

(Continued)

Exhibit C-3

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

	Nonmajor Funds		Other Govern- mental Funds	Total Governmental Funds
<hr/>				
<u>Expenditures (Cont.)</u>				
Capital Projects	\$	0	\$	16,157,820
Capital Projects - Donated		65,262		65,262
Total Expenditures	<u>\$</u>	<u>1,564,111</u>	<u>\$</u>	<u>79,227,098</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$</u>	<u>(303,713)</u>	<u>\$</u>	<u>(45,494,473)</u>
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$	0	\$	30,917,200
Capital Leases Issued		65,262		87,078
Insurance Recovery		0		38,779
Transfers In		16,752		1,482,736
Transfers Out		0		(1,482,736)
Total Other Financing Sources (Uses)	<u>\$</u>	<u>82,014</u>	<u>\$</u>	<u>31,043,057</u>
Net Change in Fund Balances	<u>\$</u>	<u>(221,699)</u>	<u>\$</u>	<u>(14,451,416)</u>
Fund Balance, July 1, 2018		<u>1,114,776</u>		<u>45,787,311</u>
Fund Balance, June 30, 2019	<u>\$</u>	<u>893,077</u>	<u>\$</u>	<u>31,335,895</u>

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, 2019

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)		\$ (14,451,416)
(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	\$ 16,546,348	
Less: current-year depreciation expense	<u>(5,335,345)</u>	11,211,003
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of assets disposed		(188,079)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 1,034,187	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(1,089,390)</u>	(55,203)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Add: principal payments on bonds	\$ 615,000	
Add: principal payments on notes	30,915,000	
Add: principal payments on other loans	1,467,188	
Add: principal payments on capital leases	452,198	
Less: bond proceeds	(30,917,200)	
Less: capital lease proceeds	(87,078)	
Add: capital leases contributed to the school department	65,262	
Less: contributions from the school department for capital leases	<u>(67,257)</u>	2,443,113
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 25,591	
Change in OPEB Obligation	368,187	
Change in deferred outflows related to OPEB	250	
Change in deferred inflows related to OPEB	(352,352)	
Change in net pension liability/asset	601,072	
Change in deferred outflows related to pensions	(125,346)	
Change in deferred inflows related to pensions	(167,926)	
Change in compensated absences payable	(19,693)	
Change in landfill postclosure care costs	<u>15,880</u>	345,663
(6) Internal service funds are used by management to charge the cost of employee health benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		242,177
(7) For interest rate swap agreements that are classified as investment derivatives, the change in fair market value is reflected in changes in net position for governmental activities.		<u>51,748</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (400,994)</u>

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

Exhibit C-5

Monroe County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,473,048	\$ 0	\$ 0	\$ 11,473,048	\$ 11,656,732	\$ 11,656,732	\$ (183,684)
Licenses and Permits	103,219	0	0	103,219	144,925	144,925	(41,706)
Fines, Forfeitures, and Penalties	236,218	0	0	236,218	179,350	179,350	56,868
Charges for Current Services	3,772,456	0	0	3,772,456	3,807,714	3,807,714	(35,258)
Other Local Revenues	217,970	0	0	217,970	66,204	177,955	40,015
Fees Received From County Officials	2,185,788	0	0	2,185,788	2,097,022	2,097,022	88,766
State of Tennessee	2,047,333	0	0	2,047,333	1,553,685	1,650,277	397,056
Federal Government	780,425	0	0	780,425	878,754	935,454	(155,029)
Other Governments and Citizens Groups	303,230	0	0	303,230	343,092	343,092	(39,862)
Total Revenues	\$ 21,119,687	\$ 0	\$ 0	\$ 21,119,687	\$ 20,727,478	\$ 20,992,521	\$ 127,166
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 393,068	\$ (15)	\$ 0	\$ 393,053	\$ 385,454	\$ 500,454	\$ 107,401
Board of Equalization	2,600	0	0	2,600	3,500	3,500	900
County Mayor/Executive	226,676	(12)	0	226,664	228,452	234,152	7,488
Personnel Office	161,108	0	0	161,108	183,687	181,667	20,559
County Attorney	64,563	0	0	64,563	75,000	87,500	22,937
Election Commission	343,727	(1,200)	14,070	356,597	365,912	369,912	13,315
Register of Deeds	411,538	0	0	411,538	419,181	419,181	7,643
Planning	68,644	0	40	68,684	92,513	92,513	23,829
Engineering	121,974	0	1,000	122,974	124,632	124,632	1,658
Codes Compliance	43,297	0	0	43,297	56,230	56,230	12,933
Geographical Information Systems	138,576	0	0	138,576	146,727	153,728	15,152
County Buildings	693,286	(5,277)	54,636	742,645	830,268	869,372	126,727
Other General Administration	275,838	0	0	275,838	254,000	286,500	10,662
Preservation of Records	38,947	0	0	38,947	19,495	38,947	0
<u>Finance</u>							
Accounting and Budgeting	606,932	(296)	8,513	615,149	695,490	691,490	76,341
Property Assessor's Office	329,574	0	0	329,574	388,082	394,482	64,908

(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 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Reappraisal Program	\$ 133,723	\$ 0	\$ 0	\$ 133,723	\$ 147,969	\$ 169,785	\$ 36,062
County Trustee's Office	364,755	0	0	364,755	386,744	390,544	25,789
County Clerk's Office	573,535	0	0	573,535	576,718	586,118	12,583
<u>Administration of Justice</u>							
Circuit Court	1,100,776	0	0	1,100,776	1,198,069	1,213,069	112,293
General Sessions Judge	251,446	0	0	251,446	281,132	281,132	29,686
Chancery Court	271,757	(5,697)	8,208	274,268	340,139	333,139	58,871
Probate Court	56,422	(1,000)	0	55,422	55,743	57,243	1,821
Other Administration of Justice	10,000	0	0	10,000	45,065	45,065	35,065
<u>Public Safety</u>							
Sheriff's Department	4,030,066	(7,337)	3,839	4,026,568	4,071,168	4,151,372	124,804
Administration of the Sexual Offender Registry	3,961	0	0	3,961	3,000	3,961	0
Jail	2,907,479	(1,334)	25,611	2,931,756	2,941,651	3,054,477	122,721
Juvenile Services	136,206	0	0	136,206	150,412	150,412	14,206
Fire Prevention and Control	260,000	0	0	260,000	260,000	260,000	0
Rescue Squad	60,000	0	0	60,000	60,000	60,000	0
Other Emergency Management	90,688	(700)	0	89,988	123,212	137,597	47,609
County Coroner/Medical Examiner	125,570	0	0	125,570	106,000	168,000	42,430
Other Public Safety	206,800	0	0	206,800	206,800	206,800	0
<u>Public Health and Welfare</u>							
Local Health Center	55,661	0	0	55,661	66,807	86,807	31,146
Rabies and Animal Control	248,159	(13,506)	150	234,803	261,134	329,659	94,856
Ambulance/Emergency Medical Services	3,243,727	(8,305)	7,658	3,243,080	3,606,771	3,764,702	521,622
Dental Health Program	408,090	(5,325)	19,951	422,716	585,116	606,199	183,483
Alcohol and Drug Programs	9,323	0	0	9,323	9,323	9,323	0
Crippled Children Services	1,995	0	0	1,995	1,995	1,995	0
Other Local Health Services	292,222	0	0	292,222	347,879	358,078	65,856
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	38,000	0	0	38,000	38,000	38,000	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services (Cont.)</u>							
Libraries	\$ 116,512	\$ 0	\$ 0	\$ 116,512	\$ 122,191	\$ 122,191	\$ 5,679
Other Social, Cultural, and Recreational	152,850	0	0	152,850	155,350	155,350	2,500
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	71,536	0	0	71,536	88,505	88,505	16,969
Soil Conservation	60,712	0	0	60,712	60,298	63,598	2,886
Flood Control	2,000	0	0	2,000	2,000	2,000	0
<u>Other Operations</u>							
Tourism	225,199	(49)	327	225,477	307,368	307,368	81,891
Industrial Development	1,254,272	(70)	600	1,254,802	1,153,693	1,310,836	56,034
Airport	471,158	(500)	20,000	490,658	572,581	638,931	148,273
Veterans' Services	50,882	0	0	50,882	54,138	54,138	3,256
Contributions to Other Agencies	9,640	0	0	9,640	12,000	12,000	2,360
Employee Benefits	23,031	0	0	23,031	44,134	44,134	21,103
<u>Capital Projects</u>							
Public Safety Projects	1,248	0	0	1,248	10,000	10,000	8,752
Total Expenditures	\$ 21,239,749	\$ (50,623)	\$ 164,603	\$ 21,353,729	\$ 22,721,728	\$ 23,776,788	\$ 2,423,059
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (120,062)	\$ 50,623	\$ (164,603)	\$ (234,042)	\$ (1,994,250)	\$ (2,784,267)	\$ 2,550,225
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 21,816	\$ 0	\$ 0	\$ 21,816	\$ 0	\$ 21,816	\$ 0
Insurance Recovery	38,779	0	0	38,779	23,632	39,874	(1,095)
Transfers In	1,430,101	0	0	1,430,101	0	1,430,101	0
Transfers Out	(52,635)	0	0	(52,635)	(79,635)	(79,635)	27,000
Total Other Financing Sources	\$ 1,438,061	\$ 0	\$ 0	\$ 1,438,061	\$ (56,003)	\$ 1,412,156	\$ 25,905

(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 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 1,317,999	\$ 50,623	\$ (164,603)	\$ 1,204,019	\$ (2,050,253)	\$ (1,372,111)	\$ 2,576,130
Fund Balance, July 1, 2018	7,243,999	(50,623)	0	7,193,376	5,926,202	5,926,202	1,267,174
Fund Balance, June 30, 2019	\$ 8,561,998	\$ 0	\$ (164,603)	\$ 8,397,395	\$ 3,875,949	\$ 4,554,091	\$ 3,843,304

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,295,772	\$ 0	\$ 0	\$ 1,295,772	\$ 1,198,561	\$ 1,198,561	\$ 97,211
Charges for Current Services	222,388	0	0	222,388	219,186	219,186	3,202
Other Local Revenues	0	0	0	0	7,500	7,500	(7,500)
State of Tennessee	3,835,277	0	0	3,835,277	2,971,933	3,694,061	141,216
Federal Government	98,539	0	0	98,539	28,344	28,344	70,195
Total Revenues	\$ 5,451,976	\$ 0	\$ 0	\$ 5,451,976	\$ 4,425,524	\$ 5,147,652	\$ 304,324
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 258,023	\$ (200)	\$ 84	\$ 257,907	\$ 261,902	\$ 265,902	\$ 7,995
Highway and Bridge Maintenance	2,704,730	(37,065)	78,745	2,746,410	2,934,011	2,934,011	187,601
Operation and Maintenance of Equipment	646,340	(16,087)	26,793	657,046	714,643	714,645	57,599
Other Charges	270,308	0	0	270,308	316,249	312,249	41,941
Employee Benefits	0	0	0	0	5,000	5,000	5,000
Capital Outlay	1,240,797	0	0	1,240,797	637,101	1,359,229	118,432
Total Expenditures	\$ 5,120,198	\$ (53,352)	\$ 105,622	\$ 5,172,468	\$ 4,868,906	\$ 5,591,036	\$ 418,568
Excess (Deficiency) of Revenues Over Expenditures	\$ 331,778	\$ 53,352	\$ (105,622)	\$ 279,508	\$ (443,382)	\$ (443,384)	\$ 722,892
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 35,883	\$ 0	\$ 0	\$ 35,883	\$ 35,883	\$ 35,883	\$ 0
Total Other Financing Sources	\$ 35,883	\$ 0	\$ 0	\$ 35,883	\$ 35,883	\$ 35,883	\$ 0
Net Change in Fund Balance	\$ 367,661	\$ 53,352	\$ (105,622)	\$ 315,391	\$ (407,499)	\$ (407,501)	\$ 722,892
Fund Balance, July 1, 2018	2,012,344	(53,352)	0	1,958,992	1,761,711	1,761,711	197,281
Fund Balance, June 30, 2019	\$ 2,380,005	\$ 0	\$ (105,622)	\$ 2,274,383	\$ 1,354,212	\$ 1,354,210	\$ 920,173

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, 2019

	Governmental Activities - Internal Service Fund
	<u>Fund</u>
	Employee Health Insurance Fund
	<u>Fund</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 1,392,842
Due From Other Funds	500,879
Total Assets	<u>\$ 1,893,721</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	<u>\$ 55,920</u>
Total Liabilities	<u>\$ 55,920</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 1,837,801</u>
Total Net Position	<u>\$ 1,837,801</u>

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

Exhibit D-2

Monroe County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Fund
For the Year Ended June 30, 2019

	Governmental Activities - Internal Service Fund
	<u>Employee Health Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 2,878,630
Total Operating Revenues	<u>\$ 2,878,630</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 87,556
Medical Claims	2,186,805
Insurance Premiums	<u>362,092</u>
Total Operating Expenses	<u>\$ 2,636,453</u>
Operating Income (Loss)	<u>\$ 242,177</u>
Change in Net Position	\$ 242,177
Net Position, July 1, 2018	<u>1,595,624</u>
Net Position, June, 30, 2019	<u><u>\$ 1,837,801</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, 2019

	Governmental Activities - Internal Service Fund
	Employee Health Insurance Fund
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 2,387,745
Payments to Fiscal Agents	(87,556)
Payments to Insurers	(362,092)
Stop-loss Recovery	130,590
Payments for Claims	(2,350,720)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (282,033)</u>
Increase (Decrease) in Cash	\$ (282,033)
Cash, July 1, 2018	<u>1,674,875</u>
Cash, June 30, 2019	<u><u>\$ 1,392,842</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 242,177
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables	(490,885)
Increase (Decrease) in Current Liabilities	<u>(33,325)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (282,033)</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, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,443,628
Equity in Pooled Cash and Investments	3,396
Due from Other Governments	563,244
Taxes Receivable	1,430,040
Allowance for Uncollectible Taxes	<u>(65,331)</u>
Total Assets	<u>\$ 4,374,977</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,931,349
Due to Litigants, Heirs, and Others	<u>2,443,628</u>
Total Liabilities	<u>\$ 4,374,977</u>

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

MONROE COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	42
B. Government-wide and Fund Financial Statements	43
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	44
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	46
2. Receivables and Payables	47
3. Restricted Assets	48
4. Capital Assets	48
5. Deferred Outflows/Inflows of Resources	49
6. Compensated Absences	50
7. Long-term Debt and Long-term Obligations	50
8. Net Position and Fund Balance	51
9. Minimum Fund Balance Policy	52
E. Pension Plans	53
F. Other Postemployment Benefit (OPEB) Plans	53
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	54
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	54
III. Stewardship, Compliance, and Accountability	
Budgetary Information	55
IV. Detailed Notes on All Funds	
A. Deposits and Investments	56
B. Derivative Instruments	61
C. Capital Assets	66
D. Construction Commitments	67
E. Interfund Receivables, Payables and Transfers	68
F. Capital Leases	69
G. Long-term Debt	73
H. Long-term Obligations	76
I. On-Behalf Payments	78
J. Industrial Development	78

Continued

MONROE COUNTY, TENNESSEE
Index of Notes to the Financial Statements (Cont.)

Note	Page(s)
V. Other Information	
A. Risk Management	78
B. Accounting Changes	80
C. Contingent Liabilities	80
D. Changes in Administration	81
E. Landfill Postclosure Care Costs	81
F. Joint Ventures	81
G. Jointly Governed Organizations	82
H. Retirement Commitments	83
I. Other Postemployment Benefits (OPEB)	100
J. Office of Central Accounting, Budgeting, and Purchasing	111
K. Purchasing Laws	111
L. Subsequent Events	111

MONROE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

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

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

Monroe County issues all debt for the discretely presented Monroe County School Department. Net debt issues totaling \$65,262 were contributed by the county to the school department during the year ended June 30, 2019.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. The internal service

fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Monroe County reports the following major governmental funds:

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

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

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

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

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

Additionally, Monroe County reports the following fund types:

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received

by the state to be forwarded to the various cities in Monroe County, and the city school system's share of educational revenues. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

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

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

1. Deposits and Investments

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

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

certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

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

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.29 percent of the total taxes levied.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court

for collection are not included in taxes receivable since they are neither measurable nor available.

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

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

3. Restricted Assets

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Monroe County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Monroe County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Monroe County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

4. Capital Assets

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	7 - 40
Other Capital Assets	5 - 20
Infrastructure	15 - 50

5. Deferred Outflows/Inflows of Resources

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

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

6. 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.

7. Long-term Debt and Long-term Obligations

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

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

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

8. 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.

The government-wide Statement of Net Position reports \$24,390,426 of restricted net position, of which \$1,686,103 is restricted by enabling legislation.

As of June 30, 2019, Monroe County had \$45,538,686 in outstanding debt for capital purposes for the discretely presented Monroe County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Sweetwater School System) based on an average daily attendance proration. This debt is a liability of Monroe County, but the capital assets acquired are reported in the financial statements of the school department and the City of Sweetwater School System. Therefore, Monroe County has incurred a liability, significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission and the Board of Education make assignments for the primary government and the school department, respectively.

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

9. Minimum Fund Balance Policy

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

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

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

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

Debt Service Funds – 50 – 150 percent of current-year appropriations

E. Pension Plans

Primary Government

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

Discretely Presented Monroe County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

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

Discretely Presented Monroe County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Monroe County School Department

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

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

Primary Government

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

Discretely Presented Monroe County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

At June 30, 2019, Monroe County and the Monroe County School Department reported the following encumbrances:

<u>Funds</u>	<u>Amount</u>
Primary Government:	
General	\$ 164,603
Highway/Public Works	<u>105,622</u>
Total	<u>\$ 270,225</u>
School Department:	
General Purpose School	\$ 102,408
Central Cafeteria	<u>55,662</u>
Total	<u>\$ 158,070</u>

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2019.

TCRS Stabilization Trust

Legal Provisions. The Monroe County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Monroe County School Department may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the

highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined using amortized cost, which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2019, the Monroe County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 22,334
Developed Market International Equity	N/A	N/A	10,086
Emerging Market International Equity	N/A	N/A	2,882
U.S. Fixed Income	N/A	N/A	14,409
Real Estate	N/A	N/A	7,204
Short-term Securities	N/A	N/A	720
Investments at Amortized Cost using the NAV:			14,409
Private Equity and Strategic Lending	N/A	N/A	0
Total			\$ 72,044

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity Developed Market	\$ 22,334	\$ 22,334	0	0	0
International Equity Emerging Market	10,086	10,086	0	0	0
International Equity	2,882	2,882	0	0	0
U.S. Fixed Income	14,409	0	14,409	0	0
Real Estate	7,204	0	0	7,204	0
Short-term Securities	720	0	720	0	0
Private Equity and Strategic Lending	14,409	0	0	0	14,409
Total	\$ 72,044	\$ 35,302	\$ 15,129	\$ 7,204	14,409

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Monroe County School Department does not have the ability to limit trust 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. The Monroe County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Monroe County School Department places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement,

investments are held in the name of the trust for the benefit of the Monroe County School Department to pay retirement benefits of the school department employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>.

B. Derivative Instruments

At June 30, 2019, 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, 2019, classified by type, and the changes in fair value using a pay fixed rate, receive a percentage of LIBOR pricing model (Level 2 inputs of the GAAP fair value hierarchy) of the derivative instruments for the year then ended as reported in the 2019 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2019</u>		6-30-19
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Investment Derivative:					
Pay fixed interest rate swaps:					
\$6.255M Swap	Investment Earnings	\$ 51,748	Debt	\$ (41,837)	\$ 1,340,000
Cash Flow Hedge:					
\$10.05M Swap	Deferred Outflow	(443,842)	Debt	(2,109,061)	10,050,000
Total		<u>\$ (392,094)</u>		<u>\$(2,150,898)</u>	<u>\$ 11,390,000</u>

Derivative Swap Agreement Detail

\$6.255M Swap:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.27 percent and receives a variable payment computed as 63.1 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had a notional amount of \$6.255 million and the associated variable-rate bond had a \$6.255 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series E-7-A Bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association™ (the “SIFMA”). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2019, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.27%
Variable payment from counterparty	% of LIBOR	<u>-1.11%</u>
Net interest rate swap payments		3.16%
Variable-rate bond coupon payments		<u>1.95%</u>
Synthetic interest rate on bonds		<u><u>5.11%</u></u>

Fair value. As of June 30, 2019, the swap had a negative fair value of \$41,837. 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, 2019, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the swap agreement’s fair value. The swap counterparty, Raymond James Financial Projects (“RJFP”, formerly Morgan Keegan Financial Products) was rated “Baa1/BBB+” by Moody’s and Standard and Poor’s as of June 30, 2019, with its Credit Support Provider, Deutsche Bank, rated AS3/BBB+/A- by Moody’s, Standard & Poor’s and Fitch, respectively.

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

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

Swap payments and associated debt. As of June 30, 2019, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2020	\$ 1,340,000	\$ 26,130	\$ 42,294	\$ 1,408,424
Total	\$ 1,340,000	\$ 26,130	\$ 42,294	\$ 1,408,424

\$10.05M Swap:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.684 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap had a notional amount of \$10.05 million and the associated variable-rate bond had a \$10.05 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-7-A Bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2033. As of June 30, 2019, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.68%
Variable payment from counterparty	% of LIBOR	<u>-1.11%</u>
Net interest rate swap payments		2.57%
Variable-rate bond coupon payments		<u>1.95%</u>
Synthetic interest rate on bonds		<u><u>4.52%</u></u>

Fair value. As of June 30, 2019, the swap had a negative fair value of \$2,109,061. 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, 2019, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative’s fair value. In order to mitigate the potential for credit risk, the authority, on behalf of the county, entered into the interest rate swap agreement with Depfa Bank, who was rated “A+” by Standard and Poor’s, AA- by Fitch Ratings and “Aa3” by Moody’s Investor Service at the time the interest rate swap agreement was entered into. If Depfa’s credit rating is downgraded, the counterparty is required to post

collateral with a third-party custodian. As of June 30, 2019, Depfa’s credit rating had been downgraded and was rated “A2/A-” by Moody’s and Standard and Poor’s, respectively. The counterparty has posted all collateral requirements with a third-party custodian.

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

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

Swap payments and associated debt. As of June 30, 2019, 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	
2020	\$ 0	\$ 195,975	\$ 258,491	\$ 454,466
2021	0	195,975	258,491	454,466
2022	0	195,975	258,491	454,466
2023	0	195,975	258,491	454,466
2024	800,000	195,975	258,491	1,254,466
2025-2029	4,600,000	732,225	965,805	6,298,030
2030-2033	4,650,000	232,050	306,074	5,188,124
Total	\$ 10,050,000	\$ 1,944,150	\$ 2,564,334	\$ 14,558,484

C. Capital Assets

Capital assets activity for the year ended June 30, 2019, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 1,423,034	\$ 0	\$ 0	\$ 1,423,034
Construction in Progress	14,879,998	16,144,572		31,024,570
Total Capital Assets Not Depreciated	\$ 16,303,032	\$ 16,144,572	\$ 0	\$ 32,447,604
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,204,575	\$ 150,000	\$ 0	\$ 9,354,575
Roads and Bridges	170,947,788	0	0	170,947,788
Other Capital Assets	11,335,027	251,776	(1,726,081)	9,860,722
Total Capital Assets Depreciated	\$ 191,487,390	\$ 401,776	\$ (1,726,081)	\$ 190,163,085
Less: Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,742,569	\$ 191,961	\$ 0	\$ 4,934,530
Roads and Bridges	84,700,775	4,273,697	0	88,974,472
Other Capital Assets	7,380,594	869,687	(1,538,002)	6,712,279
Total Accumulated Depreciation	\$ 96,823,938	\$ 5,335,345	\$ (1,538,002)	\$ 100,621,281
Total Capital Assets Depreciated, Net	\$ 94,663,452	\$ (4,933,569)	\$ (188,079)	\$ 89,541,804
Governmental Activities Capital Assets, Net	\$ 110,966,484	\$ 11,211,003	\$ (188,079)	\$ 121,989,408

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

Governmental Activities:

General Government	\$ 248,871
Finance	2,909
Administration of Justice	137
Public Safety	404,905
Public Health and Welfare	250,816
Highways	4,427,707
Total Depreciation Expense - Governmental Activities	\$ 5,335,345

Discretely Presented Monroe County School Department

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 864,562	\$ 0	\$ 0	\$ 864,562
Total Capital Assets Not Depreciated	<u>\$ 864,562</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 864,562</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 74,124,135	\$ 0	\$ 0	\$ 74,124,135
Other Capital Assets	2,460,164	281,787	(21,915)	2,720,036
Total Capital Assets Depreciated	<u>\$ 76,584,299</u>	<u>\$ 281,787</u>	<u>\$ (21,915)</u>	<u>\$ 76,844,171</u>
Less: Accumulated Depreciation For:				
Buildings and Improvements	\$ 32,065,639	\$ 1,656,375	\$ 0	\$ 33,722,014
Other Capital Assets	1,817,728	142,225	(8,401)	1,951,552
Total Accumulated Depreciation	<u>\$ 33,883,367</u>	<u>\$ 1,798,600</u>	<u>\$ (8,401)</u>	<u>\$ 35,673,566</u>
Total Capital Assets Depreciated, Net	<u>\$ 42,700,932</u>	<u>\$ (1,516,813)</u>	<u>\$ (13,514)</u>	<u>\$ 41,170,605</u>
Governmental Activities Capital Assets, Net	<u>\$ 43,565,494</u>	<u>\$ (1,516,813)</u>	<u>\$ (13,514)</u>	<u>\$ 42,035,167</u>

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

Governmental Activities:

Instruction	\$ 2,284
Support Services	1,788,308
Operation of Non-instructional Services	<u>8,008</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,798,600</u>

D. Construction Commitments

At June 30, 2019, the Other Capital Projects Fund had an uncompleted construction contract of \$1,855,274 for the new justice center. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	General Capital Projects	\$ 1,430,101
General	Nonmajor governmental	2,577
Highway/Public Works	General	128,607
"	Nonmajor governmental	3,900
Nonmajor Proprietary	General	422,498
"	Highway/Public Works	58,425
"	Nonmajor governmental	19,956

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.

The receivable totaling \$1,430,101 in the General Fund was in transit from the General Capital Projects Fund at June 30, 2019. Receivables in the Highway/Public Works Fund totaling \$17,834 were in transit from the General Fund (\$15,654) and nonmajor governmental Solid Waste/Sanitation (\$1,491) and Drug Control (\$689) funds at June 30, 2019. Receivables totaling \$500,879 in the Self Insurance Fund (a nonmajor proprietary fund) were in transit from the General Fund (\$422,498), Highway/Public Works Fund (\$58,425), and nonmajor governmental Solid Waste/Sanitation (\$15,254) and Drug Control (\$4,702) funds at June 30, 2019.

Receivable	Payable	Amount
Primary Government:		
Nonmajor governmental		
	Component Unit: School Department: General Purpose School	\$ 99
Governmental Activities	School Department	148,864
Component Unit:		
School Department:		
General Purpose School	Primary Government: General	9,440
School Federal Projects	Highway/Public Works	2,360

A portion of the amount reflected as Due to Primary Government from the discretely presented school department on the government-wide Statement of Net Position (\$148,864) represents the balance of capital leases issued for the

school department. The school department has agreed to contribute funds annually to retire the debt. This long-term debt obligation is reflected in the governmental activities on the Statement of Net Position. The amounts due to the school department from the primary government's General and Highway/Public Works funds was in transit at June 30, 2019.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2019, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In			Purpose
	General Fund	Highway/ Public Works Fund	Nonmajor Governmental Fund	
General Capital Projects	\$ 1,430,101	\$ 0	\$ 0	Reimbursement
General		35,883	0	Operations
"	0	0	16,752	Operations

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 and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The county made a one-time transfer of \$1,430,101 from the General Capital Projects Fund to the General Fund to reimburse for justice center construction expenditures paid from the General Fund before debt was issued for the project.

F. Capital Leases

On June 30, 2019, Monroe County had 13 leases payable through the General Fund. The original amount of issue on these leases totaled \$1,478,199 and the outstanding balance at June 30, 2019, totaled \$619,877. In each agreement, title to the equipment transfers to Monroe County at the end of the lease period.

On February 10, 2017, Monroe County entered into a four-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$28,004 plus interest of 4.65 percent.

On April 10, 2017, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$18,156 plus interest of 4.65 percent.

On April 10, 2017, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$34,312 plus interest of 4.65 percent.

On June 10, 2017, Monroe County entered into a four-year lease-purchase agreement for eight vehicles. The terms of the agreement require total lease payments of \$329,660 plus interest of 4.65 percent.

On August 10, 2017, Monroe County entered into a four-year lease-purchase agreement for three vehicles. The terms of the agreement require total lease payments of \$123,622 plus interest of 4.65 percent.

On September 10, 2017, Monroe County entered into a four-year lease-purchase agreement for six vehicles. The terms of the agreement require total lease payments of \$247,245 plus interest of 4.65 percent. (Note: During the year, one of these vehicles was wrecked and paid off through insurance recovery. This lease now covers five vehicles with total original lease payments of \$206,038.)

On September 10, 2017, Monroe County entered into a four-year lease-purchase agreement for two vehicles. The terms of the agreement require total lease payments of \$93,342 plus interest of 4.65 percent.

On October 10, 2017, Monroe County entered into a four-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$41,207 plus interest of 4.65 percent.

On October 10, 2017, Monroe County entered into a five-year lease-purchase agreement for ambulance equipment. The terms of the agreement require total lease payments of \$214,535 plus interest of 4.9 percent.

On January 10, 2018, Monroe County entered into a three-year lease-purchase agreement for two ambulances. The terms of the agreement require total lease payments of \$254,548 plus interest of 4.75 percent.

On June 10, 2018, Monroe County entered into a four-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$46,671 plus interest of 4.65 percent.

On February 10, 2019, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$21,816 plus interest of 4.99 percent.

On April 10, 2019, Monroe County entered into a three-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments \$25,081 plus interest of 4.91 percent. (Note: This lease replaces a lease originally entered into on June 30, 2018.)

On June 30, 2019, Monroe County had two leases payable through the Solid Waste/Sanitation Fund. The original amount of issue on these leases totaled \$142,707 and the outstanding balance at year-end totaled \$35,676. In each agreement, title to the equipment transfers to Monroe County at the end of the lease period.

On March 10, 2017, Monroe County entered into a four-year lease-purchase agreement for three vehicles. The terms of the agreement require total lease payments of \$82,632 plus interest of 4.65 percent.

On April 10, 2017, Monroe County entered into a four-year lease-purchase agreement for two vehicles. The terms of the agreement require total lease payments of \$60,075 plus interest of 4.65 percent.

On June 30, 2019, Monroe County had four leases payable through the Highway/Public Works Fund. The original amount of issue on these leases totaled \$480,018 and the outstanding balance at year-end totaled \$239,869. In each agreement, title to the equipment transfers to Monroe County at the end of the lease period.

On August 10, 2017, Monroe County entered a four-year lease-purchase agreement for three vehicles. The terms of the agreement require total lease payments of \$66,582 plus interest of 4.65 percent.

On August 10, 2017, Monroe County entered into a four-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$29,298 plus interest of 4.65 percent.

On September 7, 2017, Monroe County entered into a four-year lease-purchase agreement for three dump trucks. The terms of the agreement require total lease payments of \$324,269 plus interest of 4.25 percent.

On September 10, 2017, Monroe County entered into a four-year lease-purchase agreement for two vehicles. The terms of the agreement require total lease payments of \$59,869 plus interest of 4.65 percent.

On June 30, 2019, Monroe County had eight leases payable through the General Debt Service Fund through contributions from the school department's General Purpose School Fund. The original amount of issue on these leases totaled \$271,030 and the outstanding balance at year-end totaled \$148,864. In each agreement, title to the equipment transfers to Monroe County at the end of the lease period.

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

On May 10, 2017, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$32,315 plus interest of 4.65 percent.

On June 10, 2017, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$36,906 plus interest of 4.65 percent.

On June 10, 2017, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$20,345 plus interest of 4.65 percent.

On April 10, 2018, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$48,649 plus interest of 4.65 percent.

On September 10, 2018, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$22,976 plus interest of 4.65 percent.

On September 10, 2018, Monroe County entered into a five-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$22,976 plus interest of 4.65 percent.

On April 10, 2019, Monroe County entered into a four-year lease-purchase agreement for a vehicle. The terms of the agreement require total lease payments of \$19,310 plus interest of 4.99 percent.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 2,332,116
Less: Accumulated Depreciation	<u>(823,807)</u>
Total Book Value	<u>\$ 1,508,309</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Year Ending June 30	Governmental Funds
2020	\$ 615,651
2021	400,318
2022	87,569
2023	19,138
Total Minimum Lease Payments	<u>\$ 1,122,676</u>
Less: Amount Representing Interest	<u>(78,390)</u>
 Present Value of Minimum Lease Payments	 <u><u>\$ 1,044,286</u></u>

G. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Monroe County issues general obligation bonds 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 have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of up to 40 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Monroe County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes, and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Other loans outstanding were issued for original terms of up to 30 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2019, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds	2.875 %	6-5-59	\$ 30,917,200	\$ 30,917,200
General Obligation Refunding Bonds	2.0 to 3.0	6-1-38	25,540,000	23,590,000
Direct Borrowing and Direct Placement:				
Other Loans - Variable Rate -				
Public Improvement and Refunding	Variable	6-1-39	31,965,000	25,560,000
Other Loan - Fixed Rate	0	8-20-22	71,820	22,702
Capital Leases	2.89 to 4.99	2-10-23	2,371,954	1,044,286

In prior years, Monroe County entered into variable rate loan agreements with Public Building Authorities (PBAs) to finance capital projects for the county and the discretely presented Monroe County School Department. During the 2008-09 year, Monroe County issued a loan agreement (Series E-7-A) to refund all outstanding PBA loan agreements and to provide funds for capital projects. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, administrative, and debt remarketing) in connection with this loan. The following table summarizes loan agreements outstanding at June 30, 2019, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-19	Interest Type	Interest Rate as of 6-30-19	Other Fees on Variable Rate Debt
<u>Blount County Public Building Authority</u>					
Series E-7-A (Public Improvement and Refunding) (1)	\$ 31,965,000	\$ 25,560,000	Variable	1.85%	1.15%
<u>Ft. Loudoun Electric Cooperative</u>					
Interest Free Loan	71,820	<u>22,702</u>	N/A	0	N/A
Total		<u>\$ 25,582,702</u>			

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

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2019, 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, 2019.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 1,033,861	\$ 1,501,642	\$ 2,535,503
2021	1,471,063	1,476,889	2,947,952
2022	1,473,621	1,441,782	2,915,403
2023	1,546,545	1,406,507	2,953,052
2024	1,649,845	1,369,408	3,019,253
2025-2029	8,547,687	6,235,551	14,783,238
2030-2034	9,118,357	5,103,731	14,222,088
2035-2039	9,905,119	3,593,531	13,498,650
2040-2044	3,942,403	2,568,797	6,511,200
2045-2049	4,551,097	1,960,103	6,511,200
2050-2054	5,253,773	1,257,427	6,511,200
2055-2059	6,013,829	446,123	6,459,952
Total	<u>\$ 54,507,200</u>	<u>\$ 28,361,491</u>	<u>\$ 82,868,691</u>

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest (1)	Other Fees	Total
2020	\$ 1,542,188	\$ 784,879	\$ 295,062	\$ 2,622,129
2021	1,092,188	712,798	277,343	2,082,329
2022	1,162,188	692,725	264,817	2,119,730
2023	1,156,138	671,357	251,484	2,078,979
2024	1,130,000	649,990	238,151	2,018,141
2025-2029	6,620,000	2,574,623	980,944	10,175,567
2030-2034	7,125,000	1,222,380	564,497	8,911,877
2035-2039	5,755,000	299,977	187,185	6,242,162
Total	<u>\$ 25,582,702</u>	<u>\$ 7,608,729</u>	<u>\$ 3,059,483</u>	<u>\$ 36,250,914</u>

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

There is \$14,704,312 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,224, based on the 2010 federal census. Total debt per capita, including bonds, other loans, and capital leases, totaled \$1,822, based on the 2010 federal census.

The school department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table

below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the school department and as Due from Component Units in the financial statements of the primary government.

Description of Debt	Outstanding 6-30-19
<u>Capital Leases - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
Vehicles	\$ 117,226
Excavator and Skid Loader	<u>31,638</u>
Total	<u>\$ 148,864</u>

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2019, was as follows:

Governmental Activities:	Bonds	Notes - Direct Placement	Other Loans - Direct Placement	Capital Leases- Direct Placement
Balance, July 1, 2018	\$ 24,205,000	\$ 30,915,000	\$ 27,049,890	\$ 1,409,406
Additions	30,917,200	0	0	87,078
Reductions	<u>(615,000)</u>	<u>(30,915,000)</u>	<u>(1,467,188)</u>	<u>(452,198)</u>
Balance, June 30, 2019	<u>\$ 54,507,200</u>	<u>\$ 0</u>	<u>\$ 25,582,702</u>	<u>\$ 1,044,286</u>
Balance Due Within One Year	<u>\$ 1,033,861</u>	<u>\$ 0</u>	<u>\$ 1,542,188</u>	<u>\$ 573,046</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 81,134,188
Less: Balance Due Within One Year - Debt	<u>(3,149,095)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 77,985,093</u>

H. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2019, was as follows:

	Landfill Postclosure Care Costs	Other Post- employment Benefits	Comp- ensated Absences
Balance, July 1, 2018	\$ 125,731	\$ 612,272	\$ 562,274
Additions	2,470	49,038	439,245
Reductions	(18,350)	(417,225)	(419,552)
Balance, June 30, 2019	<u>\$ 109,851</u>	<u>\$ 244,085</u>	<u>\$ 581,967</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 290,984</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 935,903
Less: Balance Due Within One Year - Other	<u>(290,984)</u>
Noncurrent Liabilities - Due in More Than One Year - Other- Exhibit A	<u>\$ 644,919</u>

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

Discretely Presented Monroe County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Monroe County School Department for the year ended June 30, 2019, was as follows:

Governmental Activities:

	Other Postemployment Benefits
Balance, July 1, 2018	\$ 8,749,774
Additions	3,341,645
Reductions	<u>(788,316)</u>
Balance, June 30, 2019	<u>\$ 11,303,103</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2019	\$ 11,303,103
Less: Balance Due Within One Year - Other	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 11,303,103</u>

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

I. On-Behalf Payments

Discretely Presented Monroe County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Monroe County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2019, were \$103,313 and \$49,654, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

J. 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. At June 30, 2019, county officials are researching this contract and the status of the land that was covered by the original contract to determine if the contract is still in effect.

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 losses.

Monroe County has established the Employee Health Insurance Fund for risks associated with the county employees' health insurance plan. The Employee Health Insurance Fund is accounted for as an internal service fund where

assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$85,000 for each employee. The county has obtained a stop/loss commercial insurance policy to cover claims beyond this liability.

All full-time employees of the primary government are eligible to participate in the health program. Retirees are not allowed to participate in the health program. A premium charge for the health program is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,837,801 at June 30, 2019. 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 - Net of Stop-Loss Recovery	Liability Balance at Fiscal Year-end
2017-2018	\$ 133,605	\$ 2,230,931	\$ (2,275,291)	\$ 89,245
2018-2019	89,245	2,186,805	(2,220,130)	55,920

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. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Monroe County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes accounting and reporting requirements for certain asset retirement obligations (AROs) associated with tangible capital assets. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, and expense/expenditures. In addition, this standard establishes note disclosure requirements for AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period* amends paragraphs 5 through 22 of GASB Statement No. 62. This standard establishes that interest cost incurred before the end of a construction period should be recognized as an expense/expenditure. The changes adopted to conform with this standard are to be applied prospectively.

C. Contingent Liabilities

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

Monroe County issued a State of Tennessee revolving loan agreement for the benefit of the Tellico Area Service System (TASS) joint venture. The loan is being retired from revenues of TASS and is not reflected on the financial statements of the county. Monroe County would become liable for the loan agreement in the event of default by TASS. As of June 30, 2019, future

principal and interest requirements for which the county is contingently liable were \$2,461,498 and \$213,744, respectively, for the State of Tennessee revolving loan.

D. Changes in Administration

On August 31, 2018, Tim Yates left the Office of County Mayor and was succeeded by Mitch Ingram, and Mildred Estes left the Office of Register of Deeds and was succeeded by Kimberly Bivens.

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 \$109,851 reported as postclosure care liability at June 30, 2019, represents amounts based on what it would cost to perform all postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

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

The Tenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Tenth Judicial District; Monroe, Bradley, McMinn, and Polk counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police

chiefs of participating law enforcement agencies within each judicial district. Monroe County made no contributions to the DTF for the year ended June 30, 2019.

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

Administrative Offices:

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

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

G. Jointly Governed Organizations

Monroe County, in conjunction with Bradley, McMinn, and Polk counties, participates in the Southeast Tennessee Community Corrections Program. The program's 20-member board comprises the county mayor/executive and the sheriff 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 provides alternative sentencing for selected nonviolent offenders and receives funding from the Tennessee Department of Correction. The counties that participate in the program do not have any ongoing financial interest or responsibility for the program.

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

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Monroe County and non-certified employees of the discretely presented Monroe County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 66.92 percent, the non-certified employees of the discretely presented school department comprise 33.08 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

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

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	250
Inactive Employees Entitled to But Not Yet Receiving Benefits	371
Active Employees	456
Total	<u><u>1,077</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Monroe County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contribution for Monroe County was \$713,831 based on a rate of 4.55 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Monroe County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Monroe County’s net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2017	\$ 42,034,910	\$ 43,094,262	\$ (1,059,352)
Changes for the Year:			
Service Cost	\$ 1,386,714	\$ 0	\$ 1,386,714
Interest	3,082,757	0	3,082,757
Differences Between Expected and Actual Experience	(452,607)	0	(452,607)
Changes in Assumptions	0	0	0
Contributions-Employer	0	661,551	(661,551)
Contributions-Employees	0	751,139	(751,139)
Net Investment Income	0	3,559,142	(3,559,142)
Benefit Payments, Including Refunds of Employee Contributions	(1,801,679)	(1,801,679)	0
Administrative Expense	0	(43,159)	43,159
Other Changes	0	0	0
Net Changes	\$ 2,215,185	\$ 3,126,994	\$ (911,809)
Balance, June 30, 2018	\$ 44,250,095	\$ 46,221,256	\$ (1,971,161)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	66.92%	\$ 29,612,164	\$ 30,931,265	\$ (1,319,101)
School Department	33.08%	14,637,931	15,289,991	(652,060)
Total		\$ 44,250,095	\$ 46,221,256	\$ (1,971,161)

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

Monroe County	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
---------------	-------------------------	--------------------------------------	-------------------------

Net Pension Liability \$ 3,843,898 \$ (1,971,161) \$ (6,762,339)

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

Pension Expense or Negative Pension Expense. For the year ended June 30, 2019, Monroe County recognized pension expense of \$235,555.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, Monroe County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 134,160	\$ 855,383
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	190,809
Changes in Assumptions	630,834	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	713,831	N/A
Total	\$ 1,478,825	\$ 1,046,192

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 988,861	\$ 700,112
School Department	489,964	346,080
Total	<u>\$ 1,478,825</u>	<u>\$ 1,046,192</u>

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

Year Ending June 30	Amount
2020	\$ 152,733
2021	19,432
2022	(416,322)
2023	(37,047)
2024	0
Thereafter	0

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

Payable to the Pension Plan

At June 30, 2019, Monroe County reported a payable of \$129,086 for the outstanding amount of contributions due to the pension plan at year end.

Discretely Presented Monroe County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Monroe County and non-certified employees of the discretely presented Monroe County School Department are provided a defined benefit pension plan through the Public Employee Retirement

Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 66.92 percent and the non-certified employees of the discretely presented school department comprise 33.08 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the

consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$67,422, which is 1.94 percent of covered payroll. In addition, employer contributions of \$68,407, which is 2.06 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the Stabilization Reserve Trust Fund, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$148,422) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .327262 percent. The proportion as of June 30, 2017, was .316211 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of \$50,509.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 8,406	\$ 5,912
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	8,384
Changes in Assumptions	7,002	0
Changes in Proportion of Net Pension Liability (Asset)	742	2,726
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	67,422	N/A
Total	<u>\$ 83,572</u>	<u>\$ 17,022</u>

The school department's employer contributions of \$67,422, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ (1,265)
2021	(1,531)
2022	(2,726)
2023	(535)
2024	582
Thereafter	4,603

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

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 22,946	\$ (148,422)	\$ (274,681)

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

Payable to the Pension Plan

At June 30, 2019, the Monroe County School Department reported a payable of \$27,573 for the outstanding amount of contributions due to the pension plan at year end.

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Monroe County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$1,786,625, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$1,714,816) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion

of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, the school department's proportion was .487314 percent. The proportion measured at June 30, 2017, was .478728 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized (negative) pension expense of (\$510,940).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference Between Expected and Actual Experience	\$ 346,623	\$ 2,313,423
Changes in Assumptions	1,012,779	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	373,216
Changes in Proportion of Net Pension Liability (Asset)	321,690	329,015
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	<u>1,786,625</u>	N/A
Total	<u>\$ 3,467,717</u>	<u>\$ 3,015,654</u>

The school department's employer contributions of \$1,786,625 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 333,434
2021	(567,696)
2022	(947,618)
2023	(152,683)
2024	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2018, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one

percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

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

Net Pension Liability \$ 13,218,885 \$ (1,714,816) \$ (14,070,373)

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

Payable to the Pension Plan

At June 30, 2019, the Monroe County School Department reported a payable of \$223,542 for the outstanding amount of contributions due to the pension plan at year end.

2. Deferred Compensation

Teachers hired after July 1, 2014, by the discretely presented Monroe County School Department are required to participate in a hybrid pension plan (Teacher Retirement Plan) administered by the Tennessee Consolidated Retirement System. The Teacher Retirement Plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Monroe County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Monroe County School Department contributed \$184,097 and the teachers contributed \$65,322 to this deferred compensation plan.

I. Other Postemployment Benefits (OPEB)

Postemployment Healthcare Plan

Closed Tennessee Plan – Medicare (Primary Government)

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

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

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

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

	<u>Monroe County</u>
Retirees and Beneficiaries	11
Inactive, Not Yet Receiving Benefits	15
Active Members	179
Total	<u><u>205</u></u>

In accordance with *TCA 8-27-209*, the state insurance committees established by *TCA Sections 8-27-201, 8-27-301, and 8-27-701* determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2019, the county paid \$6,188 to the TNM for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2017	\$ 612,272
Changes for the Year:	
Service Cost	\$ 26,406
Interest	22,632
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	(409,069)
Changes in Assumption and Other Inputs	(2,218)
Benefit Payments	(5,938)
Net Changes	<u>\$ (368,187)</u>
Balance June 30, 2018	<u>\$ 244,085</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB (negative) expense of (\$9,898). At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 357,935
Changes of Assumptions/Inputs	0	53,861
Net Difference Between Projected and Benefits Paid After the Measurement Date of June 30, 2018	<u>6,188</u>	<u>0</u>
Total	<u>\$ 6,188</u>	<u>\$ 411,796</u>

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

Year Ending June 30	County
2020	\$ (58,935)
2021	(58,935)
2022	(58,935)
2023	(58,935)
2024	(58,935)
Thereafter	(117,121)

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

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

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
County	\$ 282,941	\$ 244,085	\$ 212,318
Total OPEB Liability	<u>\$ 282,941</u>	<u>\$ 244,085</u>	<u>\$ 212,318</u>

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

Closed Tennessee Plan – Medicare (Discretely Presented School Department)

Plan Description. Employees of the Monroe County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The school department's total OPEB liability for the TNM Plan was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

	<u>School Department</u>
Retirees and Beneficiaries	95
Inactive, Not Yet Receiving Benef	35
Active Members	534
Total	<u><u>664</u></u>

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* Sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the fiscal year ended June 30, 2019, the school department paid \$55,375 to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Monroe County</u> School Department 53.02%	<u>State of</u> TN 46.98%	<u>Total OPEB</u> Liability
Balance July 1, 2017	\$ 1,726,270	\$ 1,428,856	\$ 3,155,126
Changes for the Year:			
Service Cost	\$ 45,770	\$ 40,556	\$ 86,326
Interest	60,226	53,365	113,591
Change in Proportion	(53,423)	53,423	0
Changes in			
Benefit Terms	(77,817)	(68,952)	(146,769)
Difference between			
Expected and Actuarial			
Experience	(105,628)	(93,594)	(199,222)
Changes in Assumption			0
and Other Inputs	(13,119)	(11,625)	(24,744)
Benefit Payments	(53,748)	(47,627)	(101,375)
Net Changes	<u>\$ (197,739)</u>	<u>\$ (74,454)</u>	<u>\$ (272,193)</u>
Balance June 30, 2018	<u>\$ 1,528,531</u>	<u>\$ 1,354,402</u>	<u>\$ 2,882,933</u>

The Monroe County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retirees participating in the TNM. The Monroe County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$3,248 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TMN for school department retirees.

During the year, the Monroe County School Department's proportionate share of the collective OPEB liability was 53.02 percent and the State of Tennessee's share was 46.98 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB negative expense of \$8,882 including the state's share of the OPEB expense.

At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 92,587
Changes of Assumptions/Inputs	0	139,100
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	0	52,687
Benefits Paid After the Measurement Date of June 30, 2018	<u>55,375</u>	<u>0</u>
Total	<u>\$ 55,375</u>	<u>\$ 284,374</u>

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

Year Ending June 30	School Department
2020	\$ (40,309)
2021	(40,309)
2022	(40,309)
2023	(40,309)
2024	(40,309)
Thereafter	(82,827)

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

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

<u>Discount Rate</u>	1%	Current Discount Rate	1%
	Decrease		Increase
	2.62%	3.62%	4.62%

Proportionate Share of the Collective Total OPEB Liability	\$ 1,768,132	\$ 1,528,531	\$	1,332,646
--	--------------	--------------	----	-----------

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

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

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

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

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

	<u>School Department</u>
Retirees and Beneficiaries	28
Inactive, Nonretired Members	2
Active Members Eligible for Future Benefits	493
Active Members Not Eligible for Future Benefits	41
Total	<u>564</u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$293,411 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Monroe County School Department</u>	<u>State of TN</u>	<u>Total OPEB Liability</u>
	73.96%	26.04%	
Balance July 1, 2017	\$ 7,023,504	\$ 3,546,214	\$ 10,569,718
Changes for the Year:			
Service Cost	\$ 441,041	\$ 155,316	\$ 596,357
Interest	289,155	101,828	390,983
Change in Proportion	793,426	(793,426)	0
Changes in Benefit Terms	(266,712)	(93,924)	(360,636)
Difference between Expected and Actuarial Experience	1,453,391	511,822	1,965,213
Changes in Assumption and Other Inputs	312,058	109,894	421,952
Benefit Payments	(271,291)	(95,538)	(366,829)
Net Changes	<u>\$ 2,751,068</u>	<u>\$ (104,028)</u>	<u>\$ 2,647,040</u>
Balance June 30, 2018	<u>\$ 9,774,572</u>	<u>\$ 3,442,186</u>	<u>\$ 13,216,758</u>

The Monroe County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Monroe County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$130,479 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Monroe County School Department's proportionate share of the collective OPEB liability was 73.96 percent and the State of Tennessee's share was 26.04 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB expense of \$815,809, including the state's share of the expense. At June 30, 2019, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Difference Between Expected and Actual Experience	\$ 1,308,053	\$ 0
Changes of Assumptions/Inputs	280,852	300,861
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	737,921	0
Benefits Paid After the Measurement Date of June 30, 2018	<u>293,411</u>	<u>0</u>
Total	<u>\$ 2,620,237</u>	<u>\$ 300,861</u>

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

Year Ending June 30	School Department
2020	\$ 221,845
2021	221,845
2022	221,845
2023	221,845
2024	221,845
Thereafter	916,739

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

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

<u>Discount Rate</u>	1% Decrease	Current Discount Rate	1% Increase
	2.62%	3.62%	4.62%

Proportionate Share of the Collective Total OPEB Liability	\$ 10,487,596	\$ 9,774,572	\$ 9,087,736
--	---------------	--------------	--------------

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

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Curent Rates	1% Increase
	5.75 to 2.85%	6.75 to 3.85%	7.75 to 4.85%

Proportionate Share of the Collective Total OPEB Liability	\$ 8,627,485	\$ 9,774,572	\$ 11,122,081
--	--------------	--------------	---------------

J. Office of Central Accounting, Budgeting, and Purchasing

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

K. Purchasing Laws

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

L. Subsequent Events

On July 10, 2019, Monroe County issued a capital lease totaling \$30,433 for a Sheriff Department vehicle.

On July 23, 2019, Monroe County approved an additional \$25 wheel tax.

Tim Blankenship left the Office of Director of Schools on June 30, 2019, and was succeeded by Dr. DeAnna McClendon.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 1,107,534	\$ 1,114,133	\$ 1,202,322	\$ 1,351,925	\$ 1,386,714
Interest	2,495,328	2,580,285	2,781,134	2,931,126	3,082,757
Differences Between Actual and Expected Experience	(1,154,371)	402,476	(488,694)	(84,832)	(452,607)
Changes in Assumptions	0	0	0	946,250	0
Benefit Payments, Including Refunds of Employee Contributions	(1,240,797)	(1,403,849)	(1,610,341)	(1,678,621)	(1,801,679)
Net Change in Total Pension Liability	\$ 1,207,694	\$ 2,693,045	\$ 1,884,421	\$ 3,465,848	\$ 2,215,185
Total Pension Liability, Beginning	32,783,902	33,991,596	36,684,641	38,569,062	42,034,910
Total Pension Liability, Ending (a)	\$ 33,991,596	\$ 36,684,641	\$ 38,569,062	\$ 42,034,910	\$ 44,250,095
Plan Fiduciary Net Position					
Contributions - Employer	\$ 867,537	\$ 884,358	\$ 911,140	\$ 658,612	\$ 661,551
Contributions - Employee	657,563	678,593	698,994	726,863	751,139
Net Investment Income	5,207,555	1,134,720	1,008,740	4,403,290	3,559,142
Benefit Payments, Including Refunds of Employee Contributions	(1,240,797)	(1,403,849)	(1,610,341)	(1,678,621)	(1,801,679)
Administrative Expense	(18,010)	(23,396)	(33,832)	(38,423)	(43,159)
Other	0	0	0	2,599	0
Net Change in Plan Fiduciary Net Position	\$ 5,473,848	\$ 1,270,426	\$ 974,701	\$ 4,074,320	\$ 3,126,994
Plan Fiduciary Net Position, Beginning	31,300,967	36,774,815	38,045,241	39,019,942	43,094,262
Plan Fiduciary Net Position, Ending (b)	\$ 36,774,815	\$ 38,045,241	\$ 39,019,942	\$ 43,094,262	\$ 46,221,256
Net Pension Liability (Asset), Ending (a - b)	\$ (2,783,219)	\$ (1,360,600)	\$ (450,880)	\$ (1,059,352)	\$ (1,971,161)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.19%	103.71%	101.17%	102.52%	104.45%
Covered Payroll	\$ 13,065,224	\$ 13,565,312	\$ 13,997,097	\$ 14,507,298	\$ 14,934,192
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(21.30%)	(10.03%)	(3.22%)	(7.30%)	(13.20%)

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit F-2

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

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 867,537	\$ 884,358	\$ 911,140	\$ 658,612	\$ 661,551	\$ 713,831
Less Contributions in Relation to the Actuarially Determined Contribution	(867,537)	(884,358)	(911,140)	(658,612)	(661,551)	(713,831)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 13,065,224	\$ 13,565,312	\$ 13,997,097	\$ 14,507,298	\$ 14,934,192	\$ 15,688,595
Contributions as a Percentage of Covered Payroll	6.64%	6.52%	6.51%	4.54%	4.43%	4.55%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit F-3

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

	2015	2016	2017	2018	2019*
Contractually Required Contribution	\$ 27,263	\$ 56,931	\$ 83,017	\$ 114,395	\$ 67,422
Less Contributions in Relation to the Contractually Required Contribution	(27,263)	(56,931)	(83,017)	(114,395)	(67,422)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 681,586	\$ 1,423,268	\$ 2,080,484	\$ 2,874,414	\$ 3,477,658
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	3.99%	3.98%	1.94%

* - In FY 2019 the School Department placed the actuarially determined contribution rate (1.94%) of covered payroll into the pension plan and placed 2.06% of covered payroll into the Pension Stabilization Reserve Trust.

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

Exhibit F-4

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

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 1,429,001	\$ 1,610,641	\$ 1,548,796	\$ 1,529,821	\$ 1,549,424	\$ 1,786,625
Less Contributions in Relation to the Contractually Required Contribution	(1,429,001)	(1,610,641)	(1,548,796)	(1,529,821)	(1,549,424)	(1,786,625)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 16,092,355	\$ 17,816,806	\$ 17,132,694	\$ 16,917,694	\$ 17,038,198	\$ 17,080,550
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.09%	10.46%

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

Exhibit F-5

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Asset Pension Liability/Asset	0.321270%	0.323468%	0.316211%	0.327262%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (13,197)	\$ (33,674)	\$ (83,428)	\$ (148,422)
Covered Payroll	\$ 681,586	\$ 1,423,268	\$ 2,080,484	\$ 2,874,414
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)	(2.37%)	(4.01%)	(5.16%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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

Exhibit F-6

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

	2014	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.409997%	0.475940%	0.474617%	0.478728%	0.487314%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (66,623)	\$ 194,961	\$ 2,966,091	\$ (156,631)	\$ (1,714,816)
Covered Payroll	\$ 16,092,355	\$ 17,816,806	\$ 17,132,694	\$ 16,917,694	\$ 17,038,198
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41%)	1.09%	17.31%	(0.93%)	(10.06%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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

Exhibit F-7

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

State Administered Medicare Plan

	2017	2018
Total OPEB Liability		
Service Cost	\$ 30,976	\$ 26,406
Interest	19,346	22,632
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(409,069)
Changes in Assumptions or Other Inputs	(66,968)	(2,218)
Benefit Payments	(5,250)	(5,938)
Net Change in Total OPEB Liability	\$ (21,896)	\$ (368,187)
Total OPEB Liability, Beginning	634,168	612,272
Total OPEB Liability, Ending	<u>\$ 612,272</u>	<u>\$ 244,085</u>
Covered Employee Payroll	\$ N/A	\$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A

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

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

2017	2.92%
2018	3.56%
2019	3.62%

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

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

Local Education Plan

	2017	2018
Total OPEB Liability		
Service Cost	\$ 642,656	\$ 596,357
Interest	318,694	390,983
Changes in Benefit Terms	0	(360,636)
Differences Between Actual and Expected Experience	0	1,965,213
Changes in Assumptions or Other Inputs	(506,033)	421,952
Benefit Payments	(314,232)	(366,829)
Net Change in Total OPEB Liability	\$ 141,085	\$ 2,647,040
Total OPEB Liability, Beginning	10,428,633	10,569,718
Total OPEB Liability, Ending	\$ 10,569,718	\$ 13,216,758
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 3,546,214	\$ 3,442,186
Employer Proportionate Share of the Total OPEB Liability	\$ 7,023,504	\$ 9,774,572
Covered Employee Payroll	\$ 20,259,007	\$ 20,558,208
Total OPEB Liability as a percentage of Covered Employee Payroll	52.17%	64.29%

State Administered Medicare Plan

	2017	2018
Total OPEB Liability		
Service Cost	\$ 105,246	\$ 86,326
Interest	99,703	113,591
Changes in Benefit Terms	0	(146,769)
Differences Between Actual and Expected Experience	0	(199,222)
Changes in Assumptions or Other Inputs	(309,424)	(24,744)
Benefit Payments	(99,300)	(101,375)
Net Change in Total OPEB Liability	\$ (203,775)	\$ (272,193)
Total OPEB Liability, Beginning	3,358,901	3,155,126
Total OPEB Liability, Ending	\$ 3,155,126	\$ 2,882,933
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,428,856	\$ 1,354,402
Employer Proportionate Share of the Total OPEB Liability	\$ 1,726,270	\$ 1,528,531
Covered Employee Payroll	\$ N/A	\$ N/A
Total OPEB Liability as a percentage of Covered Employee Payroll	N/A	N/A

Notes:

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

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

2017	2.92%
2018	3.56%
2019	3.62%

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

MONROE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for Fiscal Year 2019 were calculated based on the June 30, 2017, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.25%

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Capital Projects Fund

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.

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

Exhibit G-1

Monroe County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 210	\$ 0	\$ 2,481	\$ 2,691
Equity in Pooled Cash and Investments	901,533	22,046	0	923,579
Accounts Receivable	4,569	0	96	4,665
Due from Other Governments	27,601	0	0	27,601
Due from Component Units	99	0	0	99
Property Taxes Receivable	1,066,663	0	0	1,066,663
Allowance for Uncollectible Property Taxes	(47,359)	0	0	(47,359)
Total Assets	<u>\$ 1,953,316</u>	<u>\$ 22,046</u>	<u>\$ 2,577</u>	<u>\$ 1,977,939</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 44,172	\$ 0	\$ 0	\$ 44,172
Accrued Payroll	5,222	0	0	5,222
Payroll Deductions Payable	11,104	3,516	0	14,620
Due to Other Funds	1,206	514	2,577	4,297
Total Liabilities	<u>\$ 61,704</u>	<u>\$ 4,030</u>	<u>\$ 2,577</u>	<u>\$ 68,311</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 994,865	\$ 0	\$ 0	\$ 994,865
Deferred Delinquent Property Taxes	21,686	0	0	21,686
Total Deferred Inflows of Resources	<u>\$ 1,016,551</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,016,551</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 18,016	\$ 0	\$ 18,016
Restricted for Public Health and Welfare	875,061	0	0	875,061
Total Fund Balances	<u>\$ 875,061</u>	<u>\$ 18,016</u>	<u>\$ 0</u>	<u>\$ 893,077</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,953,316</u>	<u>\$ 22,046</u>	<u>\$ 2,577</u>	<u>\$ 1,977,939</u>

Exhibit G-2

Monroe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds			Capital	Total
	Solid Waste / Sanitation	Drug Control	Total	Projects Fund Education Capital Projects	
<u>Revenues</u>					
Local Taxes	\$ 1,063,651	\$ 0	\$ 1,063,651	\$ 0	\$ 1,063,651
Fines, Forfeitures, and Penalties	0	30,437	30,437	0	30,437
Charges for Current Services	43,269	0	43,269	0	43,269
Other Local Revenues	19,545	14,730	34,275	0	34,275
State of Tennessee	88,766	0	88,766	0	88,766
Total Revenues	\$ 1,215,231	\$ 45,167	\$ 1,260,398	\$ 0	\$ 1,260,398
<u>Expenditures</u>					
Current:					
Public Safety	\$ 0	\$ 164,174	\$ 164,174	\$ 0	\$ 164,174
Public Health and Welfare	1,226,104	0	1,226,104	0	1,226,104
Highways	108,571	0	108,571	0	108,571
Capital Projects - Donated	0	0	0	65,262	65,262
Total Expenditures	\$ 1,334,675	\$ 164,174	\$ 1,498,849	\$ 65,262	\$ 1,564,111
Excess (Deficiency) of Revenues Over Expenditures	\$ (119,444)	\$ (119,007)	\$ (238,451)	\$ (65,262)	\$ (303,713)
<u>Other Financing Sources (Uses)</u>					
Capital Leases Issued	\$ 0	\$ 0	\$ 0	\$ 65,262	\$ 65,262
Transfers In	13,992	2,760	16,752	0	16,752
Total Other Financing Sources (Uses)	\$ 13,992	\$ 2,760	\$ 16,752	\$ 65,262	\$ 82,014
Net Change in Fund Balances	\$ (105,452)	\$ (116,247)	\$ (221,699)	\$ 0	\$ (221,699)
Fund Balance, July 1, 2018	980,513	134,263	1,114,776	0	1,114,776
Fund Balance, June 30, 2019	\$ 875,061	\$ 18,016	\$ 893,077	\$ 0	\$ 893,077

Exhibit G-3

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,063,651	\$ 1,139,080	\$ 1,139,080	\$ (75,429)
Charges for Current Services	43,269	29,940	29,940	13,329
Other Local Revenues	19,545	19,700	19,700	(155)
State of Tennessee	88,766	81,900	81,900	6,866
Total Revenues	<u>\$ 1,215,231</u>	<u>\$ 1,270,620</u>	<u>\$ 1,270,620</u>	<u>\$ (55,389)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Education/Information	\$ 621,059	\$ 676,795	\$ 679,295	\$ 58,236
Convenience Centers	586,695	790,760	791,260	204,565
Postclosure Care Costs	18,350	25,000	25,000	6,650
<u>Highways</u>				
Litter and Trash Collection	108,571	150,463	147,463	38,892
Total Expenditures	<u>\$ 1,334,675</u>	<u>\$ 1,643,018</u>	<u>\$ 1,643,018</u>	<u>\$ 308,343</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (119,444)</u>	<u>\$ (372,398)</u>	<u>\$ (372,398)</u>	<u>\$ 252,954</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 13,992	\$ 40,992	\$ 40,992	\$ (27,000)
Total Other Financing Sources	<u>\$ 13,992</u>	<u>\$ 40,992</u>	<u>\$ 40,992</u>	<u>\$ (27,000)</u>
Net Change in Fund Balance	\$ (105,452)	\$ (331,406)	\$ (331,406)	\$ 225,954
Fund Balance, July 1, 2018	<u>980,513</u>	<u>838,553</u>	<u>838,553</u>	<u>141,960</u>
Fund Balance, June 30, 2019	<u><u>\$ 875,061</u></u>	<u><u>\$ 507,147</u></u>	<u><u>\$ 507,147</u></u>	<u><u>\$ 367,914</u></u>

Exhibit G-4

Monroe County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Drug Control Fund
 For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 30,437	\$ 0	\$ 30,437	\$ 210,264	\$ 210,264	\$ (179,827)
Other Local Revenues	14,730	0	14,730	0	8,800	5,930
Total Revenues	<u>\$ 45,167</u>	<u>\$ 0</u>	<u>\$ 45,167</u>	<u>\$ 210,264</u>	<u>\$ 219,064</u>	<u>\$ (173,897)</u>
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 164,174	\$ (640)	\$ 163,534	\$ 214,488	\$ 214,488	\$ 50,954
Total Expenditures	<u>\$ 164,174</u>	<u>\$ (640)</u>	<u>\$ 163,534</u>	<u>\$ 214,488</u>	<u>\$ 214,488</u>	<u>\$ 50,954</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (119,007)</u>	<u>\$ 640</u>	<u>\$ (118,367)</u>	<u>\$ (4,224)</u>	<u>\$ 4,576</u>	<u>\$ (122,943)</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 2,760	\$ 0	\$ 2,760	\$ 2,760	\$ 2,760	\$ 0
Total Other Financing Sources	<u>\$ 2,760</u>	<u>\$ 0</u>	<u>\$ 2,760</u>	<u>\$ 2,760</u>	<u>\$ 2,760</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (116,247)	\$ 640	\$ (115,607)	\$ (1,464)	\$ 7,336	\$ (122,943)
Fund Balance, July 1, 2018	<u>134,263</u>	<u>(640)</u>	<u>133,623</u>	<u>142,141</u>	<u>142,141</u>	<u>(8,518)</u>
Fund Balance, June 30, 2019	<u>\$ 18,016</u>	<u>\$ 0</u>	<u>\$ 18,016</u>	<u>\$ 140,677</u>	<u>\$ 149,477</u>	<u>\$ (131,461)</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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,234,751	\$ 4,995,660	\$ 4,995,660	\$ 239,091
Other Local Revenues	565,319	0	0	565,319
State of Tennessee	21,004	0	0	21,004
Other Governments and Citizens Groups	79,490	7,188	79,490	0
Total Revenues	<u>\$ 5,900,564</u>	<u>\$ 5,002,848</u>	<u>\$ 5,075,150</u>	<u>\$ 825,414</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 2,149,445	\$ 2,082,188	\$ 2,149,445	\$ 0
<u>Interest on Debt</u>				
Education	1,614,427	1,711,613	1,716,658	102,231
<u>Other Debt Service</u>				
Education	96,616	92,000	98,000	1,384
Total Expenditures	<u>\$ 3,860,488</u>	<u>\$ 3,885,801</u>	<u>\$ 3,964,103</u>	<u>\$ 103,615</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,040,076</u>	<u>\$ 1,117,047</u>	<u>\$ 1,111,047</u>	<u>\$ 929,029</u>
Net Change in Fund Balance	\$ 2,040,076	\$ 1,117,047	\$ 1,111,047	\$ 929,029
Fund Balance, July 1, 2018	<u>12,664,236</u>	<u>12,647,795</u>	<u>12,647,795</u>	<u>16,441</u>
Fund Balance, June 30, 2019	<u>\$ 14,704,312</u>	<u>\$ 13,764,842</u>	<u>\$ 13,758,842</u>	<u>\$ 945,470</u>

Fiduciary Funds

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

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

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

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

Exhibit I-1

Monroe County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

	Agency Funds			
	Cities - Sales Tax	City School ADA -	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,443,628	\$ 2,443,628
Equity in Pooled Cash and Investments	0	3,396	0	3,396
Due from Other Governments	438,019	125,225	0	563,244
Property Taxes Receivable	0	1,430,040	0	1,430,040
Allowance for Uncollectible Property Taxes	0	(65,331)	0	(65,331)
Total Assets	<u>\$ 438,019</u>	<u>\$ 1,493,330</u>	<u>\$ 2,443,628</u>	<u>\$ 4,374,977</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 438,019	\$ 1,493,330	\$ 0	\$ 1,931,349
Due to Litigants, Heirs, and Others	0	0	2,443,628	2,443,628
Total Liabilities	<u>\$ 438,019</u>	<u>\$ 1,493,330</u>	<u>\$ 2,443,628</u>	<u>\$ 4,374,977</u>

Exhibit I-2

Monroe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,656,178	\$ 4,656,178	\$ 0
Due from Other Governments	391,038	438,019	391,038	438,019
Total Assets	\$ 391,038	\$ 5,094,197	\$ 5,047,216	\$ 438,019
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 391,038	\$ 5,094,197	\$ 5,047,216	\$ 438,019
Total Liabilities	\$ 391,038	\$ 5,094,197	\$ 5,047,216	\$ 438,019
<u>City School ADA - Sweetwater Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,997	\$ 2,742,964	\$ 2,741,565	\$ 3,396
Due from Other Governments	110,320	125,225	110,320	125,225
Taxes Receivable	1,518,840	1,430,040	1,518,840	1,430,040
Allowance for Uncollectible Taxes	(64,717)	(65,331)	(64,717)	(65,331)
Total Assets	\$ 1,566,440	\$ 4,232,898	\$ 4,306,008	\$ 1,493,330
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,566,440	\$ 4,232,898	\$ 4,306,008	\$ 1,493,330
Total Liabilities	\$ 1,566,440	\$ 4,232,898	\$ 4,306,008	\$ 1,493,330
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,481,035	\$ 9,966,692	\$ 9,004,099	\$ 2,443,628
Total Assets	\$ 1,481,035	\$ 9,966,692	\$ 9,004,099	\$ 2,443,628
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,481,035	\$ 9,966,692	\$ 9,004,099	\$ 2,443,628
Total Liabilities	\$ 1,481,035	\$ 9,966,692	\$ 9,004,099	\$ 2,443,628

(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	\$ 1,481,035	\$ 9,966,692	\$ 9,004,099	\$ 2,443,628
Equity in Pooled Cash and Investments	1,997	7,399,142	7,397,743	3,396
Due from Other Governments	501,358	563,244	501,358	563,244
Taxes Receivable	1,518,840	1,430,040	1,518,840	1,430,040
Allowance for Uncollectible Taxes	(64,717)	(65,331)	(64,717)	(65,331)
Total Assets	<u>\$ 3,438,513</u>	<u>\$ 19,293,787</u>	<u>\$ 18,357,323</u>	<u>\$ 4,374,977</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,957,478	\$ 9,327,095	\$ 9,353,224	\$ 1,931,349
Due to Litigants, Heirs, and Others	1,481,035	9,966,692	9,004,099	2,443,628
Total Liabilities	<u>\$ 3,438,513</u>	<u>\$ 19,293,787</u>	<u>\$ 18,357,323</u>	<u>\$ 4,374,977</u>

Monroe County School Department

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

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

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

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

Exhibit J-1

Monroe County, Tennessee
Statement of Activities
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 27,244,094	\$ 0	\$ 4,196,420	\$ (23,047,674)
Support Services	18,778,083	0	0	(18,778,083)
Operation of Non-instructional Services	3,331,271	893,728	2,443,651	6,108
Total Governmental Activities	\$ 49,353,448	\$ 893,728	\$ 6,640,071	\$ (41,819,649)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 5,385,374
Local Option Sales Taxes				4,453,707
Business Tax				268,200
Mixed Drink Tax				5,639
Income Tax				13,625
Other Local Taxes				251
Grants and Contributions Not Restricted for Specific Programs				30,550,545
Unrestricted Investment Income				3,637
Sale of Equipment				2,770
Miscellaneous				183,494
Total General Revenues				\$ 40,867,242
Insurance Recovery				\$ 11,796
Total Revenues and Other Sources (Uses)				\$ 40,879,038
Change in Net Position				\$ (940,611)
Net Position, July 1, 2018				40,762,514
Net Position, June 30, 2019				\$ 39,821,903

Exhibit J-2

Monroe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2019

	Major Funds		Nonmajor	Total
	General Purpose School	Central Cafeteria	Fund School Federal Projects	
<u>ASSETS</u>				
Cash	\$ 0	\$ 2,372	\$ 0	\$ 2,372
Equity in Pooled Cash and Investments	6,287,849	1,776,719	396,282	8,460,850
Accounts Receivable	39,111	11,716	0	50,827
Due from Other Governments	818,431	86,572	269,194	1,174,197
Due from Primary Government	9,440	0	2,360	11,800
Property Taxes Receivable	5,442,532	0	0	5,442,532
Allowance for Uncollectible Property Taxes	(239,807)	0	0	(239,807)
Restricted Assets	72,044	0	0	72,044
Total Assets	\$ 12,429,600	\$ 1,877,379	\$ 667,836	\$ 14,974,815
<u>LIABILITIES</u>				
Accounts Payable	\$ 76,277	\$ 287	\$ 4,698	\$ 81,262
Accrued Payroll	3,542,286	33,093	172,536	3,747,915
Payroll Deductions Payable	1,889,402	45,301	160,363	2,095,066
Due to Primary Government	99	0	0	99
Total Liabilities	\$ 5,508,064	\$ 78,681	\$ 337,597	\$ 5,924,342
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 5,079,943	\$ 0	\$ 0	\$ 5,079,943
Deferred Delinquent Property Taxes	108,914	0	0	108,914
Total Deferred Inflows of Resources	\$ 5,188,857	\$ 0	\$ 0	\$ 5,188,857

(Continued)

Exhibit J-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>Central Cafeteria</u>	<u>Fund School Federal Projects</u>	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 32,832	\$ 1,798,698	\$ 605	\$ 1,832,135
Restricted for Hybrid Retirement Stabilization Funds	72,044	0	0	72,044
Committed:				
Committed for Education	0	0	329,634	329,634
Assigned:				
Assigned for Education	102,408	0	0	102,408
Unassigned	1,525,395	0	0	1,525,395
Total Fund Balances	<u>\$ 1,732,679</u>	<u>\$ 1,798,698</u>	<u>\$ 330,239</u>	<u>\$ 3,861,616</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,429,600</u>	<u>\$ 1,877,379</u>	<u>\$ 667,836</u>	<u>\$ 14,974,815</u>

Exhibit J-3

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Monroe County School Department
June 30, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	3,861,616
(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		40,402,121	
Add: other capital assets net of accumulated depreciation		<u>768,484</u>	42,035,167
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due to primary government for capital leases	\$	(148,864)	
Less: OPEB Obligation		<u>(11,303,103)</u>	(11,451,967)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	4,041,253	
Less: deferred inflows of resources related to pensions		(3,378,756)	
Add: deferred outflows of resources related to OPEB		2,675,612	
Less: deferred inflows of resources related to OPEB		<u>(585,234)</u>	2,752,875
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension assets - agent plan	\$	652,060	
Add: net pension assets - teacher retirement plan		148,422	
Add: net pension assets - teacher legacy plan		<u>1,714,816</u>	2,515,298
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>108,914</u>
Net position of governmental activities (Exhibit A)		\$	<u>39,821,903</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, 2019

	Major Funds		Nonmajor	Total
	General Purpose School	Central Cafeteria	Fund School Federal Projects	
<u>Revenues</u>				
Local Taxes	\$ 10,157,919	\$ 0	\$ 0	\$ 10,157,919
Licenses and Permits	2,670	0	0	2,670
Charges for Current Services	270,467	623,421	0	893,888
Other Local Revenues	189,725	16	0	189,741
State of Tennessee	31,394,072	30,150	32,970	31,457,192
Federal Government	229,483	2,418,501	3,103,753	5,751,737
Other Governments and Citizens Groups	65,262	0	0	65,262
Total Revenues	<u>\$ 42,309,598</u>	<u>\$ 3,072,088</u>	<u>\$ 3,136,723</u>	<u>\$ 48,518,409</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 27,112,320	\$ 0	\$ 2,281,756	\$ 29,394,076
Support Services	16,476,468	0	857,803	17,334,271
Operation of Non-Instructional Services	395,261	2,934,606	0	3,329,867
Total Expenditures	<u>\$ 43,984,049</u>	<u>\$ 2,934,606</u>	<u>\$ 3,139,559</u>	<u>\$ 50,058,214</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,674,451)</u>	<u>\$ 137,482</u>	<u>\$ (2,836)</u>	<u>\$ (1,539,805)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 29,308	\$ 0	\$ 0	\$ 29,308
Total Other Financing Sources (Uses)	<u>\$ 29,308</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,308</u>
Net Change in Fund Balances	<u>\$ (1,645,143)</u>	<u>\$ 137,482</u>	<u>\$ (2,836)</u>	<u>\$ (1,510,497)</u>
Fund Balance, July 1, 2018	<u>3,377,822</u>	<u>1,661,216</u>	<u>333,075</u>	<u>5,372,113</u>
Fund Balance, June 30, 2019	<u>\$ 1,732,679</u>	<u>\$ 1,798,698</u>	<u>\$ 330,239</u>	<u>\$ 3,861,616</u>

Exhibit J-5

Monroe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ (1,510,497)
(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	\$ 281,787	
Less: current-year depreciation expense	<u>(1,798,600)</u>	(1,516,813)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of assets disposed		(13,514)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 108,914	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(141,670)</u>	(32,756)
(4) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provide current financial resources to governmental funds, while the contributions by the school department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Less: capital lease proceeds contributed from the primary government	\$ (65,262)	
Add: principal contributions on leases to the primary government	<u>67,257</u>	1,995
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in OPEB obligation	\$ (2,553,329)	
Change in deferred outflows related to OPEB	2,360,375	
Change in deferred inflows related to OPEB	(131,459)	
Change in net pension asset - agent plan	310,737	
Change in net pension asset - teacher retirement plan	64,994	
Change in net pension asset - teacher legacy plan	1,558,185	
Change in deferred outflows related to pensions	(89,802)	
Change in deferred inflows related to pensions	<u>611,273</u>	<u>2,130,974</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (940,611)</u>

Exhibit J-6

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 10,157,919	\$ 0	\$ 0	\$ 10,157,919	\$ 10,028,763	\$ 10,088,763	\$ 69,156
Licenses and Permits	2,670	0	0	2,670	3,000	3,000	(330)
Charges for Current Services	270,467	0	0	270,467	322,000	322,000	(51,533)
Other Local Revenues	189,725	0	0	189,725	242,100	252,372	(62,647)
State of Tennessee	31,394,072	0	0	31,394,072	30,724,394	31,333,703	60,369
Federal Government	229,483	0	0	229,483	0	142,910	86,573
Other Governments and Citizens Groups	65,262	0	0	65,262	0	70,179	(4,917)
Total Revenues	\$ 42,309,598	\$ 0	\$ 0	\$ 42,309,598	\$ 41,320,257	\$ 42,212,927	\$ 96,671
Expenditures							
Instruction							
Regular Instruction Program	\$ 21,348,453	\$ 0	\$ 0	\$ 21,348,453	\$ 20,178,423	\$ 21,348,453	\$ 0
Alternative Instruction Program	96,092	0	0	96,092	85,538	96,092	0
Special Education Program	3,926,105	0	0	3,926,105	3,811,239	3,926,105	0
Career and Technical Education Program	1,741,670	0	0	1,741,670	1,775,320	1,741,670	0
Support Services							
Attendance	38,253	0	0	38,253	45,240	38,262	9
Health Services	1,212,899	(71)	648	1,213,476	1,180,695	1,216,038	2,562
Other Student Support	1,158,354	(300)	51,352	1,209,406	1,090,554	1,227,957	18,551
Regular Instruction Program	1,118,701	0	0	1,118,701	1,222,051	1,128,951	10,250
Special Education Program	569,597	0	526	570,123	606,356	622,434	52,311
Career and Technical Education Program	1,217	0	0	1,217	1,218	1,218	1
Technology	962,458	0	0	962,458	597,470	994,206	31,748
Other Programs	152,967	0	0	152,967	0	152,967	0
Board of Education	632,917	(150)	0	632,767	755,053	632,767	0
Director of Schools	319,093	0	0	319,093	328,428	328,698	9,605
Office of the Principal	2,300,450	0	0	2,300,450	2,214,526	2,316,689	16,239
Operation of Plant	3,477,400	(1,431)	1,431	3,477,400	3,735,874	3,565,084	87,684
Maintenance of Plant	1,943,681	(688,389)	44,051	1,299,343	1,396,895	2,129,988	830,645

(Continued)

Exhibit J-6

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 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 2,588,481	\$ (15,617)	\$ 900	\$ 2,573,764	\$ 2,534,479	\$ 2,628,565	\$ 54,801
<u>Operation of Non-Instructional Services</u>							
Food Service	678	0	0	678	320,721	700	22
Community Services	51,409	0	3,500	54,909	48,990	63,282	8,373
Early Childhood Education	343,174	0	0	343,174	331,138	357,100	13,926
Total Expenditures	\$ 43,984,049	\$ (705,958)	\$ 102,408	\$ 43,380,499	\$ 42,260,208	\$ 44,517,226	\$ 1,136,727
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,674,451)	\$ 705,958	\$ (102,408)	\$ (1,070,901)	\$ (939,951)	\$ (2,304,299)	\$ 1,233,398
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 29,308	\$ 0	\$ 0	\$ 29,308	\$ 0	\$ 13,149	\$ 16,159
Total Other Financing Sources	\$ 29,308	\$ 0	\$ 0	\$ 29,308	\$ 0	\$ 13,149	\$ 16,159
Net Change in Fund Balance	\$ (1,645,143)	\$ 705,958	\$ (102,408)	\$ (1,041,593)	\$ (939,951)	\$ (2,291,150)	\$ 1,249,557
Fund Balance, July 1, 2018	3,377,822	(705,958)	0	2,671,864	2,312,427	2,312,427	359,437
Fund Balance, June 30, 2019	\$ 1,732,679	\$ 0	\$ (102,408)	\$ 1,630,271	\$ 1,372,476	\$ 21,277	\$ 1,608,994

Exhibit J-7

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
State of Tennessee	\$ 32,970	\$ 0	\$ 32,970	\$ 0	\$ 32,970	\$ 0
Federal Government	3,103,753	0	3,103,753	2,612,463	3,793,496	(689,743)
Total Revenues	<u>\$ 3,136,723</u>	<u>\$ 0</u>	<u>\$ 3,136,723</u>	<u>\$ 2,612,463</u>	<u>\$ 3,826,466</u>	<u>\$ (689,743)</u>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,288,498	\$ (24,023)	\$ 1,264,475	\$ 1,169,044	\$ 1,633,128	\$ 368,653
Special Education Program	888,139	0	888,139	831,926	893,583	5,444
Career and Technical Education Program	105,119	(2,538)	102,581	78,491	104,164	1,583
<u>Support Services</u>						
Other Student Support	68,534	0	68,534	96,425	101,841	33,307
Regular Instruction Program	559,432	0	559,432	421,183	854,372	294,940
Special Education Program	221,175	0	221,175	200,474	232,209	11,034
Career and Technical Education Program	7,837	0	7,837	11,631	7,837	0
Transportation	825	0	825	0	1,200	375
Total Expenditures	<u>\$ 3,139,559</u>	<u>\$ (26,561)</u>	<u>\$ 3,112,998</u>	<u>\$ 2,809,174</u>	<u>\$ 3,828,334</u>	<u>\$ 715,336</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,836)	\$ 26,561	\$ 23,725	\$ (196,711)	\$ (1,868)	\$ 25,593
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 196,714	\$ 0	\$ 0
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 196,714</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (2,836)	\$ 26,561	\$ 23,725	\$ 3	\$ (1,868)	\$ 25,593
Fund Balance, July 1, 2018	333,075	(26,561)	306,514	333,429	333,429	(26,915)
Fund Balance, June 30, 2019	<u>\$ 330,239</u>	<u>\$ 0</u>	<u>\$ 330,239</u>	<u>\$ 333,432</u>	<u>\$ 331,561</u>	<u>\$ (1,322)</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
Central Cafeteria Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 623,421	\$ 0	\$ 0	\$ 623,421	\$ 672,342	\$ 672,395	\$ (48,974)
Other Local Revenues	16	0	0	16	0	0	16
State of Tennessee	30,150	0	0	30,150	30,000	35,000	(4,850)
Federal Government	2,418,501	0	0	2,418,501	2,255,000	2,255,000	163,501
Total Revenues	<u>\$ 3,072,088</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,072,088</u>	<u>\$ 2,957,342</u>	<u>\$ 2,962,395</u>	<u>\$ 109,693</u>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 2,934,606	\$ (40,765)	\$ 55,662	\$ 2,949,503	\$ 2,957,342	\$ 3,142,342	\$ 192,839
Total Expenditures	<u>\$ 2,934,606</u>	<u>\$ (40,765)</u>	<u>\$ 55,662</u>	<u>\$ 2,949,503</u>	<u>\$ 2,957,342</u>	<u>\$ 3,142,342</u>	<u>\$ 192,839</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 137,482	\$ 40,765	\$ (55,662)	\$ 122,585	\$ 0	\$ (179,947)	\$ 302,532
Net Change in Fund Balance	\$ 137,482	\$ 40,765	\$ (55,662)	\$ 122,585	\$ 0	\$ (179,947)	\$ 302,532
Fund Balance, July 1, 2018	1,661,216	(40,765)	0	1,620,451	1,328,701	1,328,701	291,750
Fund Balance, June 30, 2019	<u>\$ 1,798,698</u>	<u>\$ 0</u>	<u>\$ (55,662)</u>	<u>\$ 1,743,036</u>	<u>\$ 1,328,701</u>	<u>\$ 1,148,754</u>	<u>\$ 594,282</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Monroe County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, Other Loans, and Capital Leases
For the Year Ended June 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-19
BONDS PAYABLE								
<u>Pavable through General Debt Service Fund</u>								
General Obligation School Refunding Bonds, Series 2015	\$ 7,810,000	2.0 to 3.0 %	11-24-15	6-1-35	\$ 7,615,000	\$ 0	\$ 40,000	\$ 7,575,000
General Obligation School Refunding Bonds, Series 2016	8,005,000	2.0	9-14-16	6-1-31	6,865,000	0	550,000	6,315,000
General Obligation School Refunding Bonds, Series 2017	9,725,000	2.5 to 3.25	7-28-17	6-1-38	9,725,000	0	25,000	9,700,000
General Obligation Bonds, Series 2017	30,917,200	2.875	6-5-19	6-5-59	0	30,917,200	0	30,917,200
Total Bonds Payable					<u>\$ 24,205,000</u>	<u>\$ 30,917,200</u>	<u>\$ 615,000</u>	<u>\$ 54,507,200</u>
NOTES PAYABLE								
<u>Pavable through General Debt Service Fund</u>								
General Obligation Bond Anticipation Note, Series 2017	30,915,000	1.2	6-15-17	6-15-19	\$ 30,915,000	\$ 0	\$ 30,915,000	\$ 0
Total Notes Payable					<u>\$ 30,915,000</u>	<u>\$ 0</u>	<u>\$ 30,915,000</u>	<u>\$ 0</u>
OTHER LOANS PAYABLE								
<u>Pavable through General Debt Service Fund</u>								
Public Improvement and Refunding, Series E-7-A	31,965,000	Variable (1)	2-19-09	6-1-39	\$ 27,020,000	\$ 0	\$ 1,460,000	\$ 25,560,000
Fort Loudoun Electric Cooperative Interest-Free Loan	71,820	0	9-13-12	8-20-22	29,890	0	7,188	22,702
Total Other Loans Payable					<u>\$ 27,049,890</u>	<u>\$ 0</u>	<u>\$ 1,467,188</u>	<u>\$ 25,582,702</u>
CAPITAL LEASES PAYABLE								
<u>Pavable through General Fund</u>								
Maintenance Vehicle - 2017 Ram Crew Cab SSV	28,004	4.65	2-10-17	2-10-21	\$ 16,802	\$ 0	\$ 5,601	\$ 11,201
Sheriff Vehicle - 2017 Dodge Journey	18,156	4.65	4-10-17	4-10-21	10,894	0	3,631	7,263
Sheriff Vehicle - 2017 Dodge Durango	34,312	4.65	4-10-17	4-10-21	20,588	0	6,863	13,725
Eight Sheriff's Vehicles - 2016 Dodge Chargers AWD	329,660	4.65	6-10-17	6-10-20	164,830	0	82,415	82,415
Three Sheriff's Vehicles - 2017 Dodge Chargers AWD	(2) 123,622	4.65	8-10-17	8-10-20	61,810	0	0	61,810
Five Sheriff's Vehicles - 2017 Dodge Chargers AWD	(3) (2) 247,245	4.65	9-10-17	9-10-20	123,623	0	20,604	103,019
Two Sheriff's Vehicles - 2017 Ram Crew Cab SSV	(2) 93,342	4.65	9-10-17	9-10-20	46,670	0	0	46,670
Sheriff Vehicle - 2017 Dodge Chargers AWD	(2) 41,207	4.65	10-10-17	10-10-20	20,603	0	0	20,603
Ambulance - Lifepack Defibrillators	214,535	4.90	10-10-17	10-10-21	171,628	0	42,907	128,721
Two Ambulances - 2016 Chevrolet Express Cargo G3500	254,548	4.75	1-10-18	1-10-20	169,699	0	84,849	84,850
Sheriff Vehicle - 2018 Dodge Ram Crew Cab	46,671	4.65	6-10-18	6-10-21	35,003	0	11,667	23,336
Property Assessor Vehicle - 2019 Jeep Compass	21,816	4.99	2-10-19	2-10-23	0	21,816	4,363	17,453
EMA Vehicle - 2018 Dodge 3500	(4) 25,081	4.91	4-10-19	4-10-22	29,097	0	10,286	18,811
Total Payable through General Fund					<u>\$ 871,247</u>	<u>\$ 21,816</u>	<u>\$ 273,186</u>	<u>\$ 619,877</u>

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-19
<u>CAPITAL LEASES PAYABLE (Cont.)</u>								
<u>Payable through Solid Waste/Sanitation Fund</u>								
Three 2017 Dodge Ram 1500s	\$ 82,632	4.65 %	3-10-17	3-10-20	\$ 41,316	\$ 0	\$ 20,658	\$ 20,658
Two 2017 Dodge Ram 1500s	60,075	4.65	4-10-17	4-10-20	30,037	0	15,019	15,018
Total Payable through Solid Waste/Sanitation Fund					\$ 71,353	\$ 0	\$ 35,677	\$ 35,676
<u>Payable through Highway/Public Works Fund</u>								
Three 2017 Dodge Ram 1500s	(2) 66,582	4.65	8-10-17	8-10-20	\$ 33,292	\$ 0	\$ 0	\$ 33,292
2017 Dodge Ram 2500	(2) 29,298	4.65	8-10-17	8-10-20	14,648	0	0	14,648
Three 2018 International Dump Trucks	324,269	4.25	9-7-17	9-7-20	238,072	0	76,078	161,994
Two 2017 Dodge Ram 1500s	(2) 59,869	4.65	9-10-17	9-10-20	29,935	0	0	29,935
Total Payable through Highway/Public Works Fund					\$ 315,947	\$ 0	\$ 76,078	\$ 239,869
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>								
Caterpillar Excavator and Skid Loader	67,553	2.89	9-20-16	9-20-21	\$ 45,051	\$ 0	\$ 13,413	\$ 31,638
2017 Dodge Grand Caravan	21,915	4.65	5-10-17	1-31-19	13,149	0	13,149	0
2017 Dodge Ram 2500 Crew Cab	32,315	4.65	5-10-17	5-10-21	19,389	0	6,463	12,926
2017 Dodge Ram 2500	36,906	4.65	6-10-17	6-10-21	22,144	0	7,381	14,763
2017 Jeep Renegade	20,345	4.65	6-10-17	6-10-21	12,207	0	4,069	8,138
2018 Dodge Ram 3500	48,649	4.65	4-10-18	4-10-22	38,919	0	9,730	29,189
2018 Dodge Caravan	22,976	4.65	9-10-18	9-10-22	0	22,976	4,595	18,381
2018 Dodge Caravan	22,976	4.65	9-10-18	9-10-22	0	22,976	4,595	18,381
2019 Dodge Caravan	19,310	4.99	4-10-19	4-10-22	0	19,310	3,862	15,448
Total Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund					\$ 150,859	\$ 65,262	\$ 67,257	\$ 148,864
Total Capital Leases Payable					\$ 1,409,406	\$ 87,078	\$ 452,198	\$ 1,044,286

- (1) This loan agreement included refunding 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) In the two prior years, these lease payments were paid in the fiscal year before payment was due; there were no payments in the current fiscal year.
- (3) During the year, one of these vehicles was wrecked decreasing the number of vehicles on this lease from six to five. Insurance recovery was used to pay off this vehicle.
- (4) During the year, this vehicle was traded for a smaller vehicle. The original cost was reduced from \$38,796 to \$25,081. The interest rate increased from 4.75% to 4.91%, and the last maturity date changed from 6-10-21 to 4-10-22. An adjustment was made to reflect the difference in the remaining lease and the new balance. This is shown as a payment on principal per audit.

Exhibit K-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 1,033,861	\$ 1,501,642	\$ 2,535,503
2021	1,471,063	1,476,889	2,947,952
2022	1,473,621	1,441,782	2,915,403
2023	1,546,545	1,406,507	2,953,052
2024	1,649,845	1,369,408	3,019,253
2025	1,693,532	1,329,670	3,023,202
2026	1,647,618	1,289,072	2,936,690
2027	1,727,115	1,248,450	2,975,565
2028	1,702,034	1,205,781	2,907,815
2029	1,777,387	1,162,578	2,939,965
2030	1,728,188	1,115,440	2,843,628
2031	1,979,449	1,069,728	3,049,177
2032	1,481,184	1,016,619	2,497,803
2033	1,513,406	973,409	2,486,815
2034	2,416,130	928,535	3,344,665
2035	2,434,371	856,594	3,290,965
2036	2,118,142	784,123	2,902,265
2037	2,317,461	721,154	3,038,615
2038	2,312,342	652,223	2,964,565
2039	722,803	579,437	1,302,240
2040	743,859	558,381	1,302,240
2041	765,530	536,710	1,302,240
2042	787,831	514,409	1,302,240
2043	810,782	491,458	1,302,240
2044	834,401	467,839	1,302,240
2045	858,709	443,531	1,302,240
2046	883,725	418,515	1,302,240
2047	909,469	392,771	1,302,240
2048	935,964	366,276	1,302,240
2049	963,230	339,010	1,302,240
2050	991,291	310,949	1,302,240
2051	1,020,169	282,071	1,302,240
2052	1,049,889	252,351	1,302,240
2053	1,080,474	221,766	1,302,240
2054	1,111,950	190,290	1,302,240
2055	1,144,343	157,896	1,302,239
2056	1,177,680	124,560	1,302,240
2057	1,211,988	90,252	1,302,240
2058	1,247,296	54,944	1,302,240
2059	1,232,523	18,471	1,250,994
Total	\$ 54,507,200	\$ 28,361,491	\$ 82,868,691

(Continued)

Exhibit K-2

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

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2020	\$ 1,542,188	\$ 784,879	\$ 295,062	\$ 2,622,129
2021	1,092,188	712,797	277,343	2,082,328
2022	1,162,188	692,725	264,817	2,119,730
2023	1,156,138	671,357	251,484	2,078,979
2024	1,130,000	649,990	238,151	2,018,141
2025	1,150,000	607,725	225,106	1,982,831
2026	1,295,000	565,090	211,831	2,071,921
2027	1,310,000	517,102	196,881	2,023,983
2028	1,420,000	468,838	181,759	2,070,597
2029	1,445,000	415,868	165,367	2,026,235
2030	1,590,000	362,435	148,686	2,101,121
2031	1,445,000	303,650	130,331	1,878,981
2032	1,580,000	247,547	113,650	1,941,197
2033	1,645,000	186,278	95,410	1,926,688
2034	865,000	122,470	76,421	1,063,891
2035	960,000	106,468	66,435	1,132,903
2036	1,465,000	88,708	55,353	1,609,061
2037	1,395,000	61,605	38,441	1,495,046
2038	1,535,000	35,797	22,337	1,593,134
2039	400,000	7,400	4,618	412,018
Total	<u>\$ 25,582,702</u>	<u>\$ 7,608,729</u>	<u>\$ 3,059,483</u>	<u>\$ 36,250,914</u>

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2020	\$ 573,046	\$ 42,605	\$ 615,651
2021	373,881	26,437	400,318
2022	79,944	7,625	87,569
2023	17,415	1,723	19,138
Total	<u>\$ 1,044,286</u>	<u>\$ 78,390</u>	<u>\$ 1,122,676</u>

Exhibit K-3

Monroe County, Tennessee
Schedule of Transfers
Primary Government
For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ 13,992
General	Drug Control	"	2,760
General	Highway/Public Works	"	35,883
General Capital Projects	General	Reimbursement	<u>1,430,101</u>
Total Transfers Primary Government			<u>\$ 1,482,736</u>

Monroe County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Monroe County School Department
For the Year Ended June 30, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:	Section 8-24-102, <i>TCA</i>			
Tim Yates (7-1-18 through 8-31-18)	and County Commission	\$ 16,081	\$ 100,000	Ohio Casualty Insurance Company
Mitch Ingram (9-1-18 through 6-30-19)		80,163	(5)	
Road Superintendent	Section 8-24-102, <i>TCA</i>	86,661	(5)	
Director of Schools	State Board of Education and County Board of Education	103,231	(1) (5)	150,000 RLI Insurance Company
Trustee	Section 8-24-102, <i>TCA</i>	78,782	(5)	
Assessor of Property	Section 8-24-102, <i>TCA</i>	78,782	(5)	50,000 Ohio Casualty Insurance Company
Director of Finance	County Commission	86,934	(2) (5)	100,000 RLI Insurance Company
County Clerk	Section 8-24-102, <i>TCA</i>	78,782	(5)	
Circuit and General Sessions Courts Clerk Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court	78,782	(5)	
Register of Deeds:				
Mildred Estes (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	13,130	100,000	Ohio Casualty Insurance Company
Kim Bivens (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	65,652	(5)	
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	91,661	(4) (5)	
Employee Blanket Bond Coverage:				
Monroe County and Monroe County School Department: Public Employee Dishonesty			400,000	Tennessee Risk Management Trust

- (1) Does not includes a chief executive officer training supplement of \$1,000.
- (2) Does not include longevity of \$700.
- (3) Does not include special commissioner fees of \$3,042.
- (4) Includes a \$5,000 supplement for serving as a workhouse superintendent. Does not include a law enforcement training supplement of \$600.
- (5) These officials were covered by the \$400,000 blanket bond.

Exhibit K-5

Monroe County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2019

	Special Revenue Funds				Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 8,117,367	\$ 904,047	\$ 0	\$ 968,200	\$ 3,453,840	\$ 13,443,454
Trustee's Collections - Prior Year	269,739	32,956	0	35,183	125,679	463,557
Circuit Clerk/Clerk and Master Collections - Prior Years	182,218	20,363	0	21,801	77,771	302,153
Interest and Penalty	52,786	5,911	0	6,305	22,533	87,535
Pickup Taxes	1,189	193	0	119	520	2,021
Payments in-Lieu-of Taxes - T.V.A.	12,436	1,389	0	1,488	5,307	20,620
Payments in-Lieu-of Taxes - Local Utilities	847,068	94,627	0	101,342	361,518	1,404,555
Payments in-Lieu-of Taxes - Other	102,401	268	0	101,517	1,025	205,211
<u>County Local Option Taxes</u>						
Local Option Sales Tax	916,083	0	0	0	0	916,083
Hotel/Motel Tax	216,635	0	0	0	0	216,635
Wheel Tax	0	0	0	0	1,012,676	1,012,676
Litigation Tax - General	43,160	0	0	0	44,154	87,314
Litigation Tax - Special Purpose	41,470	0	0	0	0	41,470
Litigation Tax - Jail, Workhouse, or Courthouse	203,764	0	0	0	0	203,764
Business Tax	352,723	0	0	16,406	114,840	483,969
Mixed Drink Tax	7,203	0	0	0	0	7,203
Mineral Severance Tax	0	0	0	39,238	0	39,238
<u>Statutory Local Taxes</u>						
Bank Excise Tax	34,883	3,897	0	4,173	14,888	57,841
Wholesale Beer Tax	71,923	0	0	0	0	71,923
Total Local Taxes	\$ 11,473,048	\$ 1,063,651	\$ 0	\$ 1,295,772	\$ 5,234,751	\$ 19,067,222

(Continued)

Exhibit K-5

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

	General	Special Revenue Funds			Debt Service	Total
		Solid Waste / Sanitation	Drug Control	Highway / Public Works	Fund General Debt Service	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	\$ 37,653	\$ 0	\$ 0	\$ 0	\$ 0	37,653
Cable TV Franchise	52,703	0	0	0	0	52,703
<u>Permits</u>						
Building Permits	12,863	0	0	0	0	12,863
Total Licenses and Permits	\$ 103,219	\$ 0	\$ 0	\$ 0	\$ 0	103,219
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 12,759	\$ 0	\$ 0	\$ 0	\$ 0	12,759
Officers Costs	28,006	0	0	0	0	28,006
Jail Fees	18,208	0	0	0	0	18,208
DUI Treatment Fines	950	0	0	0	0	950
Data Entry Fee - Circuit Court	2,636	0	0	0	0	2,636
Courtroom Security Fee	236	0	0	0	0	236
<u>General Sessions Court</u>						
Fines	38,864	0	0	0	0	38,864
Officers Costs	64,768	0	0	0	0	64,768
Jail Fees	24,032	0	0	0	0	24,032
DUI Treatment Fines	7,244	0	0	0	0	7,244
Data Entry Fee - General Sessions Court	15,789	0	0	0	0	15,789
Courtroom Security Fee	1,085	0	0	0	0	1,085
<u>Chancery Court</u>						
Officers Costs	4,378	0	0	0	0	4,378
<u>Other Courts - In-county</u>						
Drug Control Fines	17,060	0	679	0	0	17,739

(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	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	\$ 203	\$ 0	\$ 0	\$ 0	\$ 0	203
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	29,758	0	0	29,758
Total Fines, Forfeitures, and Penalties	\$ 236,218	\$ 0	\$ 30,437	\$ 0	\$ 0	266,655
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 43,269	\$ 0	\$ 0	\$ 0	43,269
Patient Charges	2,949,627	0	0	0	0	2,949,627
Other General Service Charges	386,182	0	0	222,388	0	608,570
Service Charges	2,375	0	0	0	0	2,375
<u>Fees</u>						
Airport Fees	270,237	0	0	0	0	270,237
Copy Fees	1,361	0	0	0	0	1,361
Archives and Records Management Fee	798	0	0	0	0	798
Telephone Commissions	72,363	0	0	0	0	72,363
Vending Machine Collections	87	0	0	0	0	87
Tourism Fees	53,996	0	0	0	0	53,996
Data Processing Fee - Register	15,370	0	0	0	0	15,370
Data Processing Fee - Sheriff	5,072	0	0	0	0	5,072
Sexual Offender Registration Fee - Sheriff	8,725	0	0	0	0	8,725
Data Processing Fee - County Clerk	6,263	0	0	0	0	6,263
Total Charges for Current Services	\$ 3,772,456	\$ 43,269	\$ 0	\$ 222,388	\$ 0	4,038,113

(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	Highway / Public Works	General Debt Service	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 30	\$ 0	\$ 0	\$ 0	\$ 565,319	\$ 565,349
Lease/Rentals	6,600	0	0	0	0	6,600
Commissary Sales	55,683	0	0	0	0	55,683
Sale of Recycled Materials	0	19,545	0	0	0	19,545
Miscellaneous Refunds	2,794	0	0	0	0	2,794
<u>Nonrecurring Items</u>						
Sale of Equipment	40,813	0	14,730	0	0	55,543
Contributions and Gifts	10,208	0	0	0	0	10,208
<u>Other Local Revenues</u>						
Other Local Revenues	101,842	0	0	0	0	101,842
Total Other Local Revenues	\$ 217,970	\$ 19,545	\$ 14,730	\$ 0	\$ 565,319	\$ 817,564
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 497,414	\$ 0	\$ 0	\$ 0	\$ 0	\$ 497,414
Circuit Court Clerk	262,057	0	0	0	0	262,057
General Sessions Court Clerk	280,522	0	0	0	0	280,522
Clerk and Master	176,823	0	0	0	0	176,823
Register	194,951	0	0	0	0	194,951
Sheriff	37,500	0	0	0	0	37,500
Trustee	736,521	0	0	0	0	736,521
Total Fees Received From County Officials	\$ 2,185,788	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,185,788

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service	Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service Fund	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Airport Maintenance Program	11,893	0	0	0	0	11,893
Other General Government Grants	15,000	0	0	0	0	15,000
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	26,400	0	0	0	0	26,400
Other Public Safety Grants	26,294	0	0	0	0	26,294
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	3,083	0	0	0	0	3,083
<u>Public Works Grants</u>						
State Aid Program	0	0	0	972,128	0	972,128
Litter Program	0	53,700	0	0	0	53,700
<u>Other State Revenues</u>						
Income Tax	49,214	5,498	0	5,888	21,004	81,604
Beer Tax	17,959	0	0	0	0	17,959
Vehicle Certificate of Title Fees	8,723	0	0	0	0	8,723
Alcoholic Beverage Tax	107,661	0	0	0	0	107,661
State Revenue Sharing - T.V.A.	150,000	0	0	21,000	0	171,000
State Revenue Sharing - Telecommunications	45,935	0	0	0	0	45,935
Contracted Prisoner Boarding	1,022,814	0	0	0	0	1,022,814
Gasoline and Motor Fuel Tax	0	0	0	2,804,139	0	2,804,139
Petroleum Special Tax	0	0	0	32,122	0	32,122
Registrar's Salary Supplement	15,164	0	0	0	0	15,164
Other State Grants	537,725	0	0	0	0	537,725
Other State Revenues	468	29,568	0	0	0	30,036
Total State of Tennessee	\$ 2,047,333	\$ 88,766	\$ 0	\$ 3,835,277	\$ 21,004	\$ 5,992,380

(Continued)

Exhibit K-5

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

	General	Special Revenue Funds			Debt Service	Total
		Solid Waste / Sanitation	Drug Control	Highway / Public Works	Fund General Debt Service	
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 516,321	\$ 0	\$ 0	\$ 0	\$ 0	516,321
Homeland Security Grants	33,500	0	0	0	0	33,500
Other Federal through State	190,865	0	0	0	0	190,865
<u>Direct Federal Revenue</u>						
Forest Service	31,539	0	0	98,539	0	130,078
Other Direct Federal Revenue	8,200	0	0	0	0	8,200
Total Federal Government	<u>\$ 780,425</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 98,539</u>	<u>\$ 0</u>	<u>878,964</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 303,230	\$ 0	\$ 0	\$ 0	\$ 79,490	\$ 382,720
Total Other Governments and Citizens Groups	<u>\$ 303,230</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 79,490</u>	<u>\$ 382,720</u>
Total	<u>\$ 21,119,687</u>	<u>\$ 1,215,231</u>	<u>\$ 45,167</u>	<u>\$ 5,451,976</u>	<u>\$ 5,900,564</u>	<u>\$ 33,732,625</u>

Exhibit K-6

Monroe County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2019

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,616,418	\$ 0	\$ 0	\$ 4,616,418
Trustee's Collections - Prior Year	167,747	0	0	167,747
Circuit Clerk/Clerk and Master Collections - Prior Years	104,059	0	0	104,059
Interest and Penalty	29,659	0	0	29,659
Pickup Taxes	695	0	0	695
Payments in-Lieu-of Taxes - T.V.A.	7,094	0	0	7,094
Payments in-Lieu-of Taxes - Local Utilities	483,182	0	0	483,182
Payments in-Lieu-of Taxes - Other	1,370	0	0	1,370
<u>County Local Option Taxes</u>				
Local Option Sales Tax	4,453,707	0	0	4,453,707
Business Tax	268,200	0	0	268,200
Mixed Drink Tax	5,639	0	0	5,639
Other County Local Option Taxes	251	0	0	251
<u>Statutory Local Taxes</u>				
Bank Excise Tax	19,898	0	0	19,898
Total Local Taxes	\$ 10,157,919	\$ 0	\$ 0	\$ 10,157,919
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,670	\$ 0	\$ 0	\$ 2,670
Total Licenses and Permits	\$ 2,670	\$ 0	\$ 0	\$ 2,670

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Charges for Current Services</u>				
<u>Fees</u>				
Vending Machine Collections	\$ 0	\$ 0	\$ 160	\$ 160
<u>Education Charges</u>				
Lunch Payments - Children	0	0	363,317	363,317
Lunch Payments - Adults	0	0	99,417	99,417
Income from Breakfast	0	0	93,757	93,757
Transportation - Other State Systems	223,130	0	0	223,130
School Based Health Services - FFS	18,400	0	0	18,400
Receipts from Individual Schools	28,937	0	66,770	95,707
Total Charges for Current Services	\$ 270,467	\$ 0	\$ 623,421	\$ 893,888
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 3,637	\$ 0	\$ 0	\$ 3,637
Miscellaneous Refunds	203	0	16	219
<u>Nonrecurring Items</u>				
Sale of Equipment	2,770	0	0	2,770
<u>Other Local Revenues</u>				
Other Local Revenues	183,115	0	0	183,115
Total Other Local Revenues	\$ 189,725	\$ 0	\$ 16	\$ 189,741
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 152,967	\$ 0	\$ 0	\$ 152,967

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 28,786,110	\$ 0	\$ 0	\$ 28,786,110
Early Childhood Education	288,484	0	0	288,484
School Food Service	0	0	25,150	25,150
Driver Education	18,034	0	0	18,034
Other State Education Funds	386,555	0	0	386,555
Coordinated School Health	169,169	0	0	169,169
Family Resource Centers	30,612	0	0	30,612
Career Ladder Program	125,197	0	0	125,197
<u>Other State Revenues</u>				
Income Tax	28,625	0	0	28,625
State Revenue Sharing - T.V.A.	1,408,319	0	0	1,408,319
Other State Grants	0	32,970	5,000	37,970
Total State of Tennessee	\$ 31,394,072	\$ 32,970	\$ 30,150	\$ 31,457,192
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,387,631	\$ 1,387,631
USDA - Commodities	0	0	203,190	203,190
Breakfast	0	0	560,246	560,246
USDA - Other	0	0	267,434	267,434
Vocational Education - Basic Grants to States	0	122,373	0	122,373
Title I Grants to Local Education Agencies	0	1,563,203	0	1,563,203
Special Education - Grants to States	130,944	1,075,820	0	1,206,764
Special Education Preschool Grants	0	32,805	0	32,805

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Rural Education	\$ 0	\$ 54,372	\$ 0	\$ 54,372
Eisenhower Professional Development State Grants	0	200,394	0	200,394
Other Federal through State	0	54,786	0	54,786
<u>Direct Federal Revenue</u>				
Forest Service	98,539	0	0	98,539
Total Federal Government	<u>\$ 229,483</u>	<u>\$ 3,103,753</u>	<u>\$ 2,418,501</u>	<u>\$ 5,751,737</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 65,262	\$ 0	\$ 0	\$ 65,262
Total Other Governments and Citizens Groups	<u>\$ 65,262</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,262</u>
Total	<u>\$ 42,309,598</u>	<u>\$ 3,136,723</u>	<u>\$ 3,072,088</u>	<u>\$ 48,518,409</u>

Exhibit K-7

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2019

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	52,558	
Social Security		2,800	
Employer Medicare		744	
Audit Services		16,917	
Communication		250	
Contracts with Private Agencies		19,596	
Dues and Memberships		5,669	
Postal Charges		376	
Travel		6,049	
Building and Contents Insurance		50,000	
Liability Insurance		8,067	
Tax Relief Program		72,639	
Other Charges		7,403	
Building Purchases		150,000	
Total County Commission	\$		393,068

Board of Equalization

Board and Committee Members Fees	\$	2,600	
Total Board of Equalization			2,600

County Mayor/Executive

County Official/Administrative Officer	\$	96,244	
Assistant(s)		39,591	
Deputy(ies)		28,606	
Social Security		9,891	
Pensions		7,515	
Employee and Dependent Insurance		26,786	
Life Insurance		172	
Employer Medicare		2,313	
Communication		6,930	
Dues and Memberships		1,223	
Postal Charges		392	
Travel		2,546	
Office Supplies		1,223	
Workers' Compensation Insurance		1,000	
Other Charges		740	
Office Equipment		1,504	
Total County Mayor/Executive			226,676

Personnel Office

Secretary(ies)	\$	105,293	
Longevity Pay		3,500	
Social Security		6,366	
Pensions		4,877	
Employee and Dependent Insurance		27,826	
Life Insurance		171	
Employer Medicare		1,489	

(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.)

Consultants	\$	1,114	
Operating Lease Payments		4,150	
Maintenance Agreements		450	
Travel		289	
Other Charges		4,679	
Office Equipment		904	
Total Personnel Office			\$ 161,108

County Attorney

Legal Services	\$	62,063	
Other Debt Issuance Charges		2,500	
Total County Attorney			64,563

Election Commission

County Official/Administrative Officer	\$	70,904	
Assistant(s)		34,338	
Deputy(ies)		33,368	
Computer Programmer(s)		9,500	
Election Commission		21,240	
Election Workers		56,752	
Social Security		12,884	
Pensions		6,451	
Employee and Dependent Insurance		40,493	
Life Insurance		180	
Employer Medicare		3,051	
Communication		5,492	
Data Processing Services		996	
Operating Lease Payments		2,245	
Legal Notices, Recording, and Court Costs		3,574	
Maintenance Agreements		18,031	
Postal Charges		5,201	
Travel		8,334	
Data Processing Supplies		630	
Gasoline		527	
Office Supplies		4,066	
Building and Contents Insurance		412	
Workers' Compensation Insurance		1,000	
Other Equipment		4,058	
Total Election Commission			343,727

Register of Deeds

County Official/Administrative Officer	\$	78,782	
Assistant(s)		37,297	
Deputy(ies)		130,672	
Part-time Personnel		15,442	
Longevity Pay		11,900	
Social Security		16,498	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Pensions	\$	11,056	
Employee and Dependent Insurance		54,716	
Life Insurance		323	
Employer Medicare		3,858	
Communication		3,571	
Dues and Memberships		1,230	
Operating Lease Payments		5,761	
Maintenance Agreements		24,789	
Postal Charges		1,500	
Travel		1,449	
Office Supplies		6,168	
Workers' Compensation Insurance		1,000	
Office Equipment		5,526	
Total Register of Deeds			\$ 411,538

Planning

Supervisor/Director	\$	47,022	
Board and Committee Members Fees		750	
Social Security		2,956	
Pensions		2,140	
Employee and Dependent Insurance		9,172	
Life Insurance		57	
Employer Medicare		693	
Communication		886	
Dues and Memberships		382	
Legal Notices, Recording, and Court Costs		85	
Maintenance Agreements		1,485	
Postal Charges		48	
Printing, Stationery, and Forms		28	
Travel		1,550	
Office Supplies		95	
Workers' Compensation Insurance		1,000	
Office Equipment		295	
Total Planning			68,644

Engineering

Supervisor/Director	\$	54,570	
Social Security		3,342	
Pensions		2,483	
Employee and Dependent Insurance		9,213	
Life Insurance		57	
Employer Medicare		782	
Communication		2,583	
Licenses		13,539	
Maintenance Agreements		13,754	
Equipment and Machinery Parts		20,135	
Workers' Compensation Insurance		1,000	
Office Equipment		516	
Total Engineering			121,974

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance

County Official/Administrative Officer	\$	16,074	
Clerical Personnel		2,467	
Part-time Personnel		13,757	
Social Security		1,899	
Pensions		844	
Employee and Dependent Insurance		4,037	
Life Insurance		17	
Employer Medicare		444	
Communication		658	
Dues and Memberships		25	
Maintenance Agreements		1,101	
Postal Charges		235	
Office Supplies		22	
Workers' Compensation Insurance		745	
Other Charges		84	
Office Equipment		888	
Total Codes Compliance			\$ 43,297

Geographical Information Systems

Supervisor/Director	\$	47,043	
Clerical Personnel		32,537	
Longevity Pay		3,000	
Social Security		4,330	
Pensions		3,757	
Employee and Dependent Insurance		27,095	
Life Insurance		114	
Employer Medicare		1,013	
Communication		1,824	
Maintenance Agreements		11,365	
Travel		373	
Gasoline		381	
Office Supplies		1,761	
Workers' Compensation Insurance		1,000	
Other Charges		2,236	
Motor Vehicles		447	
Office Equipment		300	
Total Geographical Information Systems			138,576

County Buildings

Assistant(s)	\$	75,426	
Supervisor/Director		53,176	
Attendants		25,189	
Custodial Personnel		25,189	
Longevity Pay		1,900	
Overtime Pay		3,014	
Other Salaries and Wages		25,189	
Social Security		12,373	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Pensions	\$	8,833	
Employee and Dependent Insurance		56,574	
Life Insurance		332	
Employer Medicare		2,894	
Communication		2,896	
Maintenance Agreements		7,549	
Maintenance and Repair Services - Buildings		151,452	
Other Contracted Services		48,925	
Custodial Supplies		11,170	
Electricity		115,499	
Natural Gas		20,671	
Water and Sewer		14,214	
Other Supplies and Materials		1,621	
Workers' Compensation Insurance		5,000	
Other Charges		9,425	
Principal on Capital Leases		5,601	
Interest on Capital Leases		531	
Maintenance Equipment		8,643	
Total County Buildings			\$ 693,286

Other General Administration

Operating Lease Payments	\$	1,920	
Legal Notices, Recording, and Court Costs		534	
Maintenance Agreements		1,444	
Maintenance and Repair Services - Vehicles		231	
Duplicating Supplies		866	
Gasoline		8,093	
Trustee's Commission		262,750	
Total Other General Administration			275,838

Preservation of Records

Supervisor/Director	\$	13,442	
Social Security		833	
Employer Medicare		195	
Communication		331	
Maintenance Agreements		698	
Postal Charges		18	
Other Supplies and Materials		4,496	
Other Charges		18,934	
Total Preservation of Records			38,947

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	86,934	
Assistant(s)		71,482	
Accountants/Bookkeepers		216,679	
Part-time Personnel		709	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Longevity Pay	\$	2,900	
Social Security		21,573	
Pensions		16,194	
Employee and Dependent Insurance		102,130	
Life Insurance		475	
Employer Medicare		5,045	
Communication		12,497	
Data Processing Services		18,618	
Operating Lease Payments		2,096	
Maintenance Agreements		837	
Postal Charges		5,185	
Travel		6,861	
Other Contracted Services		8,325	
Office Supplies		9,828	
Workers' Compensation Insurance		3,000	
Other Charges		6,099	
Data Processing Equipment		6,680	
Office Equipment		2,785	
Total Accounting and Budgeting			\$ 606,932

Property Assessor's Office

County Official/Administrative Officer	\$	78,782	
Deputy(ies)		33,426	
Secretary(ies)		29,399	
Clerical Personnel		63,036	
Longevity Pay		4,100	
Social Security		12,027	
Pensions		9,498	
Employee and Dependent Insurance		59,048	
Life Insurance		285	
Employer Medicare		2,813	
Communication		5,716	
Data Processing Services		15,117	
Dues and Memberships		2,040	
Operating Lease Payments		1,500	
Maintenance Agreements		2,019	
Maintenance and Repair Services - Vehicles		35	
Postal Charges		1,820	
Printing, Stationery, and Forms		290	
Travel		938	
Gasoline		1,386	
Office Supplies		2,931	
Workers' Compensation Insurance		1,000	
Other Charges		94	
Office Equipment		2,274	
Total Property Assessor's Office			329,574

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Secretary(ies)	\$	23,839	
Clerical Personnel		30,134	
Part-time Personnel		28,244	
Social Security		4,245	
Pensions		2,040	
Employee and Dependent Insurance		14,723	
Life Insurance		90	
Employer Medicare		1,183	
Data Processing Services		32	
Travel		138	
Office Supplies		1,044	
Workers' Compensation Insurance		1,000	
Other Charges		18	
Principal on Capital Leases		4,363	
Interest on Capital Leases		414	
Motor Vehicles		21,816	
Office Equipment		400	
Total Reappraisal Program			\$ 133,723

County Trustee's Office

County Official/Administrative Officer	\$	78,782	
Assistant(s)		34,800	
Deputy(ies)		86,639	
Part-time Personnel		19,029	
Longevity Pay		2,300	
Social Security		12,946	
Pensions		9,215	
Employee and Dependent Insurance		58,178	
Life Insurance		285	
Employer Medicare		3,028	
Communication		6,787	
Dues and Memberships		770	
Operating Lease Payments		1,620	
Maintenance Agreements		8,259	
Postal Charges		4,831	
Travel		2,896	
Other Contracted Services		29,110	
Office Supplies		2,968	
Workers' Compensation Insurance		1,000	
Other Charges		1,312	
Total County Trustee's Office			364,755

County Clerk's Office

County Official/Administrative Officer	\$	78,782
Assistant(s)		43,810
Deputy(ies)		230,305
Secretary to Board		3,000

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Part-time Personnel	\$	8,903	
Longevity Pay		4,625	
Overtime Pay		4,000	
Social Security		21,649	
Pensions		16,586	
Employee and Dependent Insurance		103,097	
Life Insurance		565	
Employer Medicare		5,192	
Communication		7,825	
Dues and Memberships		910	
Operating Lease Payments		3,847	
Legal Notices, Recording, and Court Costs		112	
Maintenance Agreements		312	
Maintenance and Repair Services - Office Equipment		20,342	
Postal Charges		8,893	
Travel		1,801	
Office Supplies		5,899	
Workers' Compensation Insurance		1,000	
Office Equipment		2,080	
Total County Clerk's Office			\$ 573,535

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	78,782	
Assistant(s)		37,475	
Deputy(ies)		517,820	
Part-time Personnel		30,913	
Longevity Pay		16,158	
Other Salaries and Wages		21,200	
Board and Committee Members Fees		600	
Jury and Witness Expense		22,908	
Social Security		40,527	
Pensions		30,301	
Employee and Dependent Insurance		197,649	
Life Insurance		1,040	
Employer Medicare		9,648	
Communication		20,340	
Operating Lease Payments		4,134	
Legal Notices, Recording, and Court Costs		234	
Maintenance Agreements		15,162	
Postal Charges		4,872	
Printing, Stationery, and Forms		3,654	
Travel		2,485	
Office Supplies		18,194	
Workers' Compensation Insurance		3,000	
Other Charges		9,553	
Data Processing Equipment		12,980	
Office Equipment		1,147	
Total Circuit Court			1,100,776

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge

Judge(s)	\$	158,354	
Secretary(ies)		34,698	
Longevity Pay		2,100	
Social Security		10,329	
Pensions		8,879	
Employee and Dependent Insurance		18,126	
Life Insurance		86	
Employer Medicare		2,797	
Communication		5,517	
Data Processing Services		3,550	
Dues and Memberships		275	
Operating Lease Payments		1,165	
Maintenance Agreements		1,341	
Travel		886	
Library Books/Media		771	
Office Supplies		715	
Workers' Compensation Insurance		1,000	
Other Charges		80	
Furniture and Fixtures		428	
Other Equipment		349	
		<hr/>	
Total General Sessions Judge	\$		251,446

Chancery Court

County Official/Administrative Officer	\$	78,782	
Deputy(ies)		99,741	
Part-time Personnel		3,459	
Longevity Pay		3,900	
Social Security		10,842	
Pensions		8,300	
Employee and Dependent Insurance		32,924	
Life Insurance		228	
Employer Medicare		2,536	
Communication		9,537	
Dues and Memberships		830	
Maintenance Agreements		1,614	
Postal Charges		3,000	
Office Supplies		14,056	
Workers' Compensation Insurance		1,000	
Office Equipment		1,008	
		<hr/>	
Total Chancery Court			271,757

Probate Court

Deputy(ies)	\$	33,030	
Longevity Pay		2,600	
Social Security		1,864	
Pensions		1,621	
Employee and Dependent Insurance		12,754	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probate Court (Cont.)

Life Insurance	\$	57	
Employer Medicare		436	
Postal Charges		400	
Office Supplies		1,995	
Office Equipment		1,665	
Total Probate Court			\$ 56,422

Other Administration of Justice

Legal Notices, Recording, and Court Costs	\$	10,000	
Total Other Administration of Justice			10,000

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	91,661	
Assistant(s)		65,086	
Supervisor/Director		83,776	
Deputy(ies)		434,042	
Investigator(s)		268,572	
Captain(s)		270,223	
Sergeant(s)		154,621	
Accountants/Bookkeepers		35,282	
Mechanic(s)		34,105	
Secretary(ies)		31,403	
Clerical Personnel		85,428	
Part-time Personnel		23,359	
School Resource Officer		457,428	
Longevity Pay		18,875	
Overtime Pay		123,627	
Other Salaries and Wages		118,578	
In-service Training		25,800	
Social Security		136,575	
Pensions		99,761	
Employee and Dependent Insurance		555,245	
Life Insurance		2,911	
Employer Medicare		31,940	
Communication		34,515	
Dues and Memberships		2,300	
Operating Lease Payments		14,508	
Maintenance Agreements		30,790	
Maintenance and Repair Services - Equipment		4,500	
Maintenance and Repair Services - Vehicles		62,856	
Postal Charges		2,308	
Travel		22,615	
Tuition		11,984	
Equipment Parts - Light		1,017	
Garage Supplies		2,009	
Gasoline		137,252	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Lubricants	\$	4,185	
Office Supplies		9,582	
Small Tools		1,106	
Tires and Tubes		19,634	
Uniforms		34,656	
Vehicle Parts		15,565	
Workers' Compensation Insurance		45,000	
Other Charges		157,794	
Principal on Capital Leases		125,180	
Interest on Capital Leases		8,617	
Communication Equipment		2,533	
Law Enforcement Equipment		126,169	
Office Equipment		5,093	
Total Sheriff's Department	\$		4,030,066

Administration of the Sexual Offender Registry

Other Charges	\$	3,961	
Total Administration of the Sexual Offender Registry			3,961

Jail

Assistant(s)	\$	60,508	
Lieutenant(s)		92,395	
Sergeant(s)		166,971	
Accountants/Bookkeepers		95,706	
Guards		630,843	
Cafeteria Personnel		19,781	
Part-time Personnel		198,558	
Longevity Pay		8,592	
Overtime Pay		119,541	
Social Security		83,195	
Pensions		50,219	
Employee and Dependent Insurance		302,138	
Life Insurance		1,729	
Employer Medicare		19,457	
Communication		1,311	
Data Processing Services		1,180	
Maintenance Agreements		100	
Maintenance and Repair Services - Equipment		946	
Travel		8,081	
Custodial Supplies		28,508	
Drugs and Medical Supplies		441,061	
Electricity		65,587	
Food Supplies		270,172	
Natural Gas		18,547	
Office Supplies		6,649	
Prisoners Clothing		5,748	
Uniforms		18,019	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Water and Sewer	\$	79,504	
Workers' Compensation Insurance		35,000	
Other Charges		70,621	
Building Improvements		2,870	
Law Enforcement Equipment		2,821	
Office Equipment		835	
Other Equipment		286	
Total Jail			\$ 2,907,479

Juvenile Services

Supervisor/Director	\$	41,886	
Youth Service Officer(s)		34,674	
Longevity Pay		2,600	
Social Security		4,340	
Pensions		3,602	
Employee and Dependent Insurance		26,481	
Life Insurance		114	
Employer Medicare		1,015	
Communication		863	
Dues and Memberships		1,210	
Postal Charges		110	
Travel		2,404	
Other Contracted Services		11,080	
Office Supplies		1,209	
Other Charges		4,190	
Office Equipment		428	
Total Juvenile Services			136,206

Fire Prevention and Control

Contributions	\$	5,000	
Liability Insurance		9,400	
Vehicle and Equipment Insurance		71,100	
Workers' Compensation Insurance		23,500	
Other Charges		151,000	
Total Fire Prevention and Control			260,000

Rescue Squad

Contributions	\$	60,000	
Total Rescue Squad			60,000

Other Emergency Management

Other Salaries and Wages	\$	49,963	
Social Security		3,019	
Pensions		1,781	
Employee and Dependent Insurance		7,467	
Life Insurance		48	
Employer Medicare		706	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Communication	\$	14,008	
Maintenance and Repair Services - Vehicles		1,601	
Office Supplies		993	
Uniforms		348	
Principal on Capital Leases		10,286	
Interest on Capital Leases		468	
Total Other Emergency Management	\$		90,688

County Coroner/Medical Examiner

Pauper Burials	\$	1,850	
Other Charges		123,720	
Total County Coroner/Medical Examiner			125,570

Other Public Safety

Contributions	\$	206,800	
Total Other Public Safety			206,800

Public Health and Welfare

Local Health Center

Communication	\$	8,464	
Dues and Memberships		200	
Operating Lease Payments		1,992	
Maintenance Agreements		3,533	
Postal Charges		2,518	
Other Contracted Services		9,496	
Custodial Supplies		652	
Drugs and Medical Supplies		308	
Office Supplies		6,672	
Periodicals		90	
Other Charges		21,122	
Office Equipment		614	
Total Local Health Center			55,661

Rabies and Animal Control

Assistant(s)	\$	29,273	
Supervisor/Director		33,882	
Part-time Personnel		49,234	
Social Security		6,426	
Pensions		3,340	
Employee and Dependent Insurance		25,817	
Life Insurance		132	
Employer Medicare		1,503	
Communication		8,625	
Licenses		480	
Maintenance and Repair Services - Vehicles		173	
Rentals		8,000	
Travel		1,411	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Veterinary Services	\$	44,041	
Custodial Supplies		5,034	
Electricity		8,592	
Gasoline		590	
Natural Gas		860	
Office Supplies		895	
Water and Sewer		427	
Workers' Compensation Insurance		2,000	
Other Charges		17,424	
Total Rabies and Animal Control			\$ 248,159

Ambulance/Emergency Medical Services

Supervisor/Director	\$	59,493	
Paraprofessionals		1,740,092	
Secretary(ies)		65,687	
Longevity Pay		27,300	
Social Security		112,326	
Pensions		77,779	
Employee and Dependent Insurance		358,557	
Life Insurance		1,905	
Employer Medicare		26,270	
Communication		20,284	
Contracts with Private Agencies		6,347	
Evaluation and Testing		335	
Operating Lease Payments		1,500	
Licenses		2,250	
Maintenance and Repair Services - Equipment		3,522	
Maintenance and Repair Services - Vehicles		62,313	
Postal Charges		7	
Travel		1,770	
Tuition		2,477	
Other Contracted Services		106,963	
Custodial Supplies		2,748	
Diesel Fuel		105,657	
Drugs and Medical Supplies		93,508	
Electricity		7,377	
Natural Gas		2,200	
Office Supplies		2,038	
Tires and Tubes		8,385	
Uniforms		12,953	
Water and Sewer		1,373	
Workers' Compensation Insurance		84,962	
Other Charges		104,076	
Principal on Capital Leases		127,756	
Interest on Capital Leases		8,549	
Communication Equipment		1,458	
Office Equipment		1,849	
Health Equipment		1,661	
Total Ambulance/Emergency Medical Services			3,243,727

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program

Assistant(s)	\$	14,660	
Supervisor/Director		45,936	
Deputy(ies)		25,688	
Medical Personnel		32,717	
Clerical Personnel		14,276	
Longevity Pay		1,900	
Other Salaries and Wages		107,978	
Social Security		14,738	
Pensions		3,992	
Employee and Dependent Insurance		28,232	
Life Insurance		147	
Employer Medicare		3,447	
Communication		4,737	
Dues and Memberships		887	
Janitorial Services		950	
Maintenance and Repair Services - Equipment		1,218	
Postal Charges		1,290	
Travel		90	
Other Contracted Services		425	
Drugs and Medical Supplies		54,564	
Gasoline		124	
Office Supplies		4,783	
Uniforms		446	
Other Supplies and Materials		1,552	
Liability Insurance		6,813	
Refunds		334	
Workers' Compensation Insurance		1,000	
In Service/Staff Development		50	
Other Charges		10,183	
Office Equipment		2,593	
Health Equipment		22,246	
Other Equipment		94	
Total Dental Health Program			\$ 408,090

Alcohol and Drug Programs

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

Crippled Children Services

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

Other Local Health Services

Assistant(s)	\$	28,024	
Deputy(ies)		41,215	
Teachers		34,609	
Guidance Personnel		4,346	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Secretary(ies)	\$	24,872	
Attendants		64,544	
Longevity Pay		3,400	
Social Security		12,016	
Pensions		8,382	
Employee and Dependent Insurance		44,756	
Life Insurance		280	
Employer Medicare		2,810	
Travel		13,899	
Liability Insurance		6,569	
Workers' Compensation Insurance		1,000	
Other Charges		1,500	
Total Other Local Health Services			\$ 292,222

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		3,138	
Total Libraries			116,512

Other Social, Cultural, and Recreational

Contributions	\$	152,850	
Total Other Social, Cultural, and Recreational			152,850

Agriculture and Natural Resources

Agricultural Extension Service

County Official/Administrative Officer	\$	15,684	
Assistant(s)		15,036	
Supervisor/Director		14,757	
Clerical Personnel		5,431	
Social Security		2,996	
Pensions		8,571	
Employee and Dependent Insurance		2,339	
Employer Medicare		701	
Communication		2,561	
Operating Lease Payments		750	
Maintenance Agreements		649	
Travel		1,199	
Office Supplies		862	
Total Agricultural Extension Service			71,536

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$	30,048	
Other Salaries and Wages		9,001	
Social Security		2,305	
Pensions		1,367	
Employee and Dependent Insurance		11,913	
Life Insurance		57	
Employer Medicare		539	
Contributions		2,042	
Dues and Memberships		715	
Travel		999	
Office Supplies		9	
Workers' Compensation Insurance		829	
Other Charges		888	
Total Soil Conservation			\$ 60,712

Flood Control

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

Other Operations

Tourism

Supervisor/Director	\$	46,788	
Part-time Personnel		33,231	
Social Security		4,717	
Pensions		1,482	
Employee and Dependent Insurance		11,495	
Life Insurance		48	
Employer Medicare		1,103	
Advertising		42,096	
Communication		8,083	
Dues and Memberships		1,549	
Operating Lease Payments		1,524	
Maintenance Agreements		2,647	
Maintenance and Repair Services - Vehicles		27	
Postal Charges		149	
Travel		5,305	
Other Contracted Services		10,000	
Custodial Supplies		1,260	
Electricity		818	
Office Supplies		2,128	
Water and Sewer		2,209	
Other Supplies and Materials		46,168	
Workers' Compensation Insurance		1,000	
Other Charges		784	
Office Equipment		588	
Total Tourism			225,199

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Supervisor/Director	\$	73,542	
Secretary(ies)		33,003	
Longevity Pay		1,400	
Social Security		6,279	
Pensions		4,567	
Employee and Dependent Insurance		22,653	
Life Insurance		109	
Employer Medicare		1,469	
Advertising		2,518	
Communication		3,091	
Dues and Memberships		3,236	
Operating Lease Payments		1,500	
Legal Services		9,352	
Maintenance Agreements		855	
Maintenance and Repair Services - Vehicles		591	
Postal Charges		84	
Travel		10,075	
Gasoline		603	
Office Supplies		1,530	
Tires and Tubes		336	
Workers' Compensation Insurance		1,000	
Other Charges		1,076,370	
Office Equipment		109	
Total Industrial Development			\$ 1,254,272

Airport

Supervisor/Director	\$	32,496	
Longevity Pay		700	
Social Security		2,018	
Pensions		1,510	
Employee and Dependent Insurance		6,213	
Life Insurance		39	
Employer Medicare		472	
Communication		5,639	
Maintenance and Repair Services - Equipment		525	
Travel		441	
Other Contracted Services		194,185	
Electricity		16,332	
Gasoline		179,480	
Water and Sewer		694	
Other Supplies and Materials		12,227	
Liability Insurance		3,724	
Other Charges		14,463	
Total Airport			471,158

Veterans' Services

Supervisor/Director	\$	35,888	
---------------------	----	--------	--

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Social Security	\$	2,211	
Pensions		1,393	
Employee and Dependent Insurance		7,728	
Life Insurance		48	
Employer Medicare		517	
Communication		261	
Contracts with Private Agencies		449	
Postal Charges		75	
Travel		1,688	
Office Supplies		455	
Office Equipment		169	
Total Veterans' Services			\$ 50,882

Contributions to Other Agencies

Contributions	\$	9,640	
Total Contributions to Other Agencies			9,640

Employee Benefits

Employee and Dependent Insurance	\$	4,162	
Unemployment Compensation		18,869	
Total Employee Benefits			23,031

Capital Projects

Public Safety Projects

Other Charges	\$	1,248	
Total Public Safety Projects			1,248

Total General Fund \$ 21,239,749

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$	48,223	
Laborers		53,943	
Clerical Personnel		31,623	
Part-time Personnel		3,350	
Longevity Pay		4,400	
Social Security		8,020	
Pensions		6,284	
Employee and Dependent Insurance		42,714	
Life Insurance		210	
Employer Medicare		1,876	
Advertising		1,082	
Communication		8,153	
Contracts with Private Agencies		355,241	
Dues and Memberships		427	
Operating Lease Payments		1,500	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Maintenance and Repair Services - Equipment	\$	1,863	
Travel		503	
Gasoline		14,618	
Office Supplies		969	
Tires and Tubes		2,130	
Utilities		7,062	
Other Supplies and Materials		1,410	
Trustee's Commission		21,035	
Other Charges		3,359	
Office Equipment		1,064	
Total Sanitation Education/Information			\$ 621,059

Convenience Centers

Attendants	\$	102,271	
Part-time Personnel		78,963	
Longevity Pay		4,100	
Social Security		11,371	
Pensions		4,772	
Employee and Dependent Insurance		28,181	
Life Insurance		247	
Employer Medicare		2,678	
Communication		1,889	
Maintenance and Repair Services - Equipment		11,177	
Other Contracted Services		196,843	
Crushed Stone		906	
Fertilizer, Lime, and Seed		178	
Pipe - Concrete		3,705	
Small Tools		293	
Utilities		3,904	
Other Supplies and Materials		5,863	
Building and Contents Insurance		58,000	
Liability Insurance		10,500	
Workers' Compensation Insurance		11,000	
Other Charges		5,838	
Solid Waste Equipment		44,016	
Total Convenience Centers			586,695

Postclosure Care Costs

Testing	\$	12,500	
Other Charges		5,850	
Total Postclosure Care Costs			18,350

Highways

Litter and Trash Collection

Laborers	\$	40,145	
Longevity Pay		500	
Social Security		2,508	

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Pensions	\$	1,488	
Employee and Dependent Insurance		8,955	
Life Insurance		81	
Employer Medicare		587	
Contracts with Other Public Agencies		16,110	
Principal on Capital Leases		35,677	
Interest on Capital Leases		2,520	
Total Litter and Trash Collection			\$ 108,571

Total Solid Waste/Sanitation Fund \$ 1,334,675

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	88,185	
Longevity Pay		1,800	
Social Security		5,099	
Pensions		3,924	
Employee and Dependent Insurance		23,295	
Life Insurance		114	
Employer Medicare		1,192	
Communication		2,900	
Confidential Drug Enforcement Payments		20,000	
Dues and Memberships		105	
Veterinary Services		1,270	
Animal Food and Supplies		1,306	
Gasoline		11,133	
Trustee's Commission		10	
Other Charges		3,841	
Total Drug Enforcement			\$ 164,174

Total Drug Control Fund 164,174

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	86,661	
Accountants/Bookkeepers		33,918	
Secretary(ies)		33,918	
Longevity Pay		2,100	
Social Security		9,078	
Pensions		7,127	
Employee and Dependent Insurance		35,407	
Life Insurance		171	
Employer Medicare		2,123	
Communication		9,777	
Dues and Memberships		3,978	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Legal Services	\$	554	
Maintenance and Repair Services - Office Equipment		2,536	
Postal Charges		304	
Travel		833	
Other Contracted Services		2,400	
Electricity		14,596	
Office Supplies		1,781	
Water and Sewer		8,784	
Other Charges		1,977	
Total Administration			\$ 258,023

Highway and Bridge Maintenance

Foremen	\$	43,373	
Laborers		851,260	
Part-time Personnel		70,875	
Longevity Pay		18,425	
Overtime Pay		15,500	
Social Security		59,968	
Pensions		40,932	
Employee and Dependent Insurance		275,598	
Life Insurance		1,598	
Employer Medicare		14,025	
Other Contracted Services		2,550	
Asphalt - Hot Mix		652,458	
Asphalt - Liquid		279,387	
Crushed Stone		227,636	
Other Road Materials		53,505	
Pipe - Metal		71,645	
Road Signs		12,058	
Uniforms		13,937	
Total Highway and Bridge Maintenance			2,704,730

Operation and Maintenance of Equipment

Foremen	\$	43,373	
Mechanic(s)		37,066	
Longevity Pay		700	
Social Security		4,546	
Pensions		3,690	
Employee and Dependent Insurance		23,363	
Life Insurance		114	
Employer Medicare		1,063	
Diesel Fuel		117,654	
Equipment and Machinery Parts		156,163	
Garage Supplies		7,190	
Gasoline		198,847	
Lubricants		9,736	
Tires and Tubes		40,832	
Other Supplies and Materials		2,003	
Total Operation and Maintenance of Equipment			646,340

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Building and Contents Insurance	\$	187,000	
Liability Insurance		24,200	
Trustee's Commission		54,108	
Workers' Compensation Insurance		5,000	
Total Other Charges	\$		270,308

Capital Outlay

Maintenance and Repair Services - Vehicles	\$	25,252	
Principal on Capital Leases		76,078	
Interest on Capital Leases		10,118	
Communication Equipment		1,378	
Highway Equipment		174,057	
Site Development		4,528	
State Aid Projects		949,386	
Total Capital Outlay			1,240,797

Total Highway/Public Works Fund \$ 5,120,198

General Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$	615,000	
Principal on Capital Leases		67,257	
Principal on Other Loans		1,467,188	
Total Education	\$		2,149,445

Interest on Debt

Education

Interest on Bonds	\$	630,812	
Interest on Capital Leases		5,045	
Interest on Other Loans		978,570	
Total Education			1,614,427

Other Debt Service

Education

Trustee's Commission	\$	95,116	
Other Debt Issuance Charges		1,500	
Total Education			96,616

Total General Debt Service Fund 3,860,488

General Capital Projects Fund

Principal on Debt

General Government

Principal on Notes	\$	30,915,000	
Total General Government	\$		30,915,000

(Continued)

Exhibit K-7

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

General Capital Projects Fund (Cont.)

Interest on Debt

General Government

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

Capital Projects

Public Safety Projects

Contracts with Private Agencies	\$ 149,072	
Data Processing Services	123,816	
Engineering Services	113,155	
Legal Notices, Recording, and Court Costs	226	
Building Construction	73,726	
Food Service Equipment	38,239	
Furniture and Fixtures	243,041	
Right-of-Way	2,036	
Site Development	34,305	
Total Public Safety Projects		<u>777,616</u>

Total General Capital Projects Fund		\$ 32,063,596
-------------------------------------	--	---------------

Education Capital Projects Fund

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 65,262	
Total Capital Projects Donated to School Department		<u>\$ 65,262</u>

Total Education Capital Projects Fund		65,262
---------------------------------------	--	--------

Other Capital Projects #1 Fund

Capital Projects

Public Safety Projects

Contracts with Private Agencies	\$ 31,164	
Engineering Services	32,072	
Other Charges	500	
Other Debt Issuance Charges	12,000	
Building Construction	15,296,420	
Right-of-Way	6,800	
Total Public Safety Projects		<u>\$ 15,378,956</u>

Total Other Capital Projects #1 Fund		<u>15,378,956</u>
--------------------------------------	--	-------------------

Total Governmental Funds - Primary Government		<u>\$ 79,227,098</u>
---	--	----------------------

Exhibit K-8

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 13,613,536	
Career Ladder Program	72,175	
Career Ladder Extended Contracts	29,300	
Homebound Teachers	101,605	
Educational Assistants	702,175	
Bonus Payments	22,312	
Other Salaries and Wages	229,887	
Social Security	857,714	
Pensions	1,376,470	
Life Insurance	16,158	
Medical Insurance	3,157,016	
Employer Medicare	206,660	
Contracts for Substitute Teachers - Certified	377,995	
Other Contracted Services	21,329	
Instructional Supplies and Materials	135,016	
Textbooks - Bound	341,392	
Other Supplies and Materials	22,195	
Fee Waivers	52,578	
Other Charges	12,940	
Total Regular Instruction Program		\$ 21,348,453

Alternative Instruction Program

Teachers	\$ 60,206	
Educational Assistants	12,991	
Social Security	4,398	
Pensions	6,388	
Life Insurance	57	
Medical Insurance	10,470	
Employer Medicare	1,028	
Contracts for Substitute Teachers - Certified	554	
Total Alternative Instruction Program		96,092

Special Education Program

Teachers	\$ 1,651,030	
Career Ladder Program	7,000	
Homebound Teachers	15,890	
Educational Assistants	612,945	
Speech Pathologist	192,379	
Other Salaries and Wages	39,471	
Social Security	145,771	
Pensions	199,193	
Life Insurance	3,156	
Medical Insurance	624,620	
Employer Medicare	34,091	
Contracts with Other Public Agencies	129,500	
Contracts with Private Agencies	78,042	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Operating Lease Payments	\$	1,308	
Contracts for Substitute Teachers - Certified		51,876	
Other Contracted Services		7,006	
Instructional Supplies and Materials		56,896	
Other Supplies and Materials		33,996	
Special Education Equipment		41,935	
Total Special Education Program			\$ 3,926,105

Career and Technical Education Program

Teachers	\$	1,136,110	
Career Ladder Program		5,000	
Longevity Pay		500	
Other Salaries and Wages		39,205	
Social Security		70,410	
Pensions		120,836	
Life Insurance		1,363	
Medical Insurance		265,450	
Employer Medicare		16,467	
Contracts for Substitute Teachers - Certified		15,642	
Instructional Supplies and Materials		45,192	
Other Supplies and Materials		25,495	
Total Career and Technical Education Program			1,741,670

Support Services

Attendance

Supervisor/Director	\$	27,625	
Social Security		1,647	
Pensions		2,964	
Life Insurance		23	
Medical Insurance		5,537	
Employer Medicare		385	
Other Supplies and Materials		72	
Total Attendance			38,253

Health Services

Supervisor/Director	\$	123,434	
Data Processing Personnel		11,459	
Social Workers		52,109	
Paraprofessionals		460,327	
Clerical Personnel		71,734	
Educational Assistants		16,970	
Longevity Pay		300	
Other Salaries and Wages		94,161	
Social Security		48,053	
Pensions		38,755	
Life Insurance		1,081	

(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.)

Medical Insurance	\$	233,857	
Employer Medicare		11,238	
Operating Lease Payments		2,787	
Maintenance and Repair Services - Equipment		2,288	
Travel		2,133	
Other Contracted Services		9,319	
Drugs and Medical Supplies		10	
Other Supplies and Materials		22,736	
In Service/Staff Development		3,902	
Other Charges		3,694	
Health Equipment		2,552	
Total Health Services			\$ 1,212,899

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		480,616	
School Resource Officer		186,781	
Longevity Pay		3,000	
Social Security		39,930	
Pensions		55,001	
Life Insurance		836	
Medical Insurance		141,117	
Employer Medicare		9,338	
Contracts for Substitute Teachers - Certified		2,218	
Other Contracted Services		85,752	
Other Supplies and Materials		2,492	
Workers' Compensation Insurance		6,433	
In Service/Staff Development		15,206	
Other Equipment		128,634	
Total Other Student Support			1,158,354

Regular Instruction Program

Supervisor/Director	\$	261,836	
Career Ladder Program		5,500	
Librarians		527,221	
Social Security		43,038	
Pensions		77,677	
Life Insurance		730	
Medical Insurance		163,377	
Employer Medicare		10,888	
Travel		5,773	
Contracts for Substitute Teachers - Certified		8,633	
Library Books/Media		14,028	
Total Regular Instruction Program			1,118,701

(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.)

Special Education Program

Supervisor/Director	\$	81,439	
Career Ladder Program		1,000	
Psychological Personnel		137,573	
Assessment Personnel		115,126	
Secretary(ies)		29,629	
Longevity Pay		500	
Other Salaries and Wages		22,620	
Social Security		22,086	
Pensions		34,560	
Life Insurance		280	
Medical Insurance		45,074	
Employer Medicare		5,567	
Operating Lease Payments		2,028	
Maintenance and Repair Services - Equipment		2,134	
Travel		8,252	
Other Contracted Services		13,842	
Other Supplies and Materials		14,999	
In Service/Staff Development		32,888	
Total Special Education Program			\$ 569,597

Career and Technical Education Program

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

Technology

Supervisor/Director	\$	64,448	
Other Salaries and Wages		154,661	
Social Security		13,289	
Pensions		9,708	
Life Insurance		194	
Medical Insurance		32,297	
Employer Medicare		3,108	
Communication		39,203	
Data Processing Services		20,550	
Maintenance and Repair Services - Equipment		178,833	
Internet Connectivity		171,896	
Library Books/Media		45,375	
Other Equipment		228,896	
Total Technology			962,458

Other Programs

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

(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.)

Board of Education

Secretary to Board	\$	4,500	
Board and Committee Members Fees		39,500	
Social Security		1,818	
Pensions		205	
Life Insurance		291	
Unemployment Compensation		5,321	
Employer Medicare		632	
Other Fringe Benefits		138,252	
Audit Services		20,000	
Dues and Memberships		11,571	
Legal Services		24,481	
Postal Charges		500	
Travel		17,442	
Other Supplies and Materials		2,173	
Trustee's Commission		216,306	
Workers' Compensation Insurance		113,912	
In Service/Staff Development		480	
Other Charges		35,533	
Total Board of Education			\$ 632,917

Director of Schools

County Official/Administrative Officer	\$	103,231	
Career Ladder Program		1,000	
Secretary(ies)		42,353	
Clerical Personnel		46,703	
Longevity Pay		1,270	
Social Security		10,993	
Pensions		14,537	
Life Insurance		172	
Medical Insurance		43,435	
Employer Medicare		2,722	
Communication		25,419	
Dues and Memberships		6,950	
Operating Lease Payments		7,223	
Maintenance and Repair Services - Equipment		3,068	
Postal Charges		2,100	
Travel		3,670	
Other Contracted Services		510	
Office Supplies		2,302	
Other Charges		1,435	
Total Director of Schools			319,093

Office of the Principal

Principals	\$	876,697	
Career Ladder Program		6,000	
Assistant Principals		411,013	

(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.)

Office of the Principal (Cont.)

Secretary(ies)	\$	298,394	
Longevity Pay		3,670	
Social Security		94,212	
Pensions		149,718	
Life Insurance		1,759	
Medical Insurance		372,476	
Employer Medicare		22,033	
Communication		49,867	
Operating Lease Payments		11,616	
Maintenance and Repair Services - Equipment		2,995	
Total Office of the Principal			\$ 2,300,450

Operation of Plant

Custodial Personnel	\$	838,262	
Longevity Pay		6,920	
Other Salaries and Wages		37,501	
Social Security		52,434	
Pensions		33,778	
Life Insurance		1,269	
Medical Insurance		251,555	
Employer Medicare		12,439	
Other Contracted Services		134,677	
Custodial Supplies		174,970	
Electricity		1,250,758	
Natural Gas		160,180	
Water and Sewer		166,110	
Building and Contents Insurance		327,732	
Plant Operation Equipment		28,815	
Total Operation of Plant			3,477,400

Maintenance of Plant

Supervisor/Director	\$	53,545	
Secretary(ies)		24,396	
Maintenance Personnel		364,455	
Longevity Pay		2,810	
Overtime Pay		374	
Social Security		26,995	
Pensions		20,288	
Life Insurance		680	
Medical Insurance		96,002	
Employer Medicare		6,281	
Communication		10,425	
Maintenance and Repair Services - Buildings		791,187	
Maintenance and Repair Services - Equipment		195,876	
Maintenance and Repair Services - Vehicles		5,581	
Travel		14,107	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Contracted Services	\$	11,419	
Gasoline		40,437	
Office Supplies		992	
Other Supplies and Materials		124,893	
Debt Service Contribution to Primary Government		72,302	
Other Debt Service		61	
Maintenance Equipment		15,313	
Motor Vehicles		65,262	
Total Maintenance of Plant			\$ 1,943,681

Transportation

Supervisor/Director	\$	63,129	
Mechanic(s)		40,333	
Clerical Personnel		33,251	
Longevity Pay		800	
Social Security		8,233	
Pensions		9,988	
Life Insurance		171	
Medical Insurance		12,383	
Employer Medicare		1,925	
Contracts with Vehicle Owners		2,249,086	
Maintenance and Repair Services - Vehicles		54,012	
Printing, Stationery, and Forms		1,615	
Other Contracted Services		5,086	
Diesel Fuel		27,923	
Other Supplies and Materials		11,255	
In Service/Staff Development		675	
Other Charges		2,891	
Transportation Equipment		65,725	
Total Transportation			2,588,481

Operation of Non-Instructional Services

Food Service

Communication	\$	678	
Total Food Service			678

Community Services

Supervisor/Director	\$	28,303	
Longevity Pay		400	
Social Security		1,549	
Pensions		1,306	
Life Insurance		57	
Medical Insurance		16,504	
Employer Medicare		362	
Other Charges		2,928	
Total Community Services			51,409

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Supervisor/Director	\$	7,042	
Teachers		151,483	
Secretary(ies)		3,181	
Educational Assistants		49,913	
Social Security		12,452	
Pensions		17,850	
Life Insurance		354	
Medical Insurance		50,889	
Employer Medicare		2,915	
Contracts for Substitute Teachers - Non-certified		5,267	
Instructional Supplies and Materials		28,030	
Other Supplies and Materials		5,426	
In Service/Staff Development		6,268	
Other Charges		2,104	
Total Early Childhood Education			\$ 343,174

Total General Purpose School Fund \$ 43,984,049

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	336,190	
Educational Assistants		431,093	
Social Security		44,260	
Pensions		51,560	
Life Insurance		1,251	
Medical Insurance		186,305	
Employer Medicare		10,650	
Contracts for Substitute Teachers - Certified		1,901	
Other Contracted Services		98,465	
Instructional Supplies and Materials		24,903	
Other Charges		423	
Regular Instruction Equipment		101,497	
Total Regular Instruction Program			\$ 1,288,498

Special Education Program

Teachers	\$	229,532	
Educational Assistants		348,465	
Social Security		33,053	
Pensions		34,416	
Life Insurance		1,210	
Medical Insurance		233,606	
Employer Medicare		7,857	
Total Special Education Program			888,139

(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.)

Career and Technical Education Program

Contracts for Substitute Teachers - Certified	\$	1,188	
Instructional Supplies and Materials		33,598	
Vocational Instruction Equipment		70,333	
Total Career and Technical Education Program	\$		105,119

Support Services

Other Student Support

Guidance Personnel	\$	35,817	
Social Security		2,114	
Pensions		3,826	
Life Insurance		43	
Medical Insurance		6,448	
Employer Medicare		494	
Travel		3,560	
In Service/Staff Development		7,002	
Other Charges		9,230	
Total Other Student Support			68,534

Regular Instruction Program

Supervisor/Director	\$	71,639	
Secretary(ies)		36,203	
Other Salaries and Wages		237,205	
Social Security		20,630	
Pensions		33,415	
Life Insurance		274	
Medical Insurance		45,413	
Employer Medicare		4,829	
Operating Lease Payments		7,174	
Travel		737	
Other Supplies and Materials		10,282	
In Service/Staff Development		79,245	
Other Equipment		12,386	
Total Regular Instruction Program			559,432

Special Education Program

Psychological Personnel	\$	128,103	
Clerical Personnel		27,461	
Social Security		9,347	
Pensions		15,290	
Life Insurance		171	
Medical Insurance		29,284	
Employer Medicare		2,186	
Other Supplies and Materials		4,548	
In Service/Staff Development		4,785	
Total Special Education Program			221,175

(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.)

Career and Technical Education Program

Supervisor/Director	\$	4,477	
Employer Medicare		65	
Travel		753	
In Service/Staff Development		2,542	
Total Career and Technical Education Program			\$ 7,837

Transportation

Contracts with Vehicle Owners	\$	825	
Total Transportation			825

Total School Federal Projects Fund \$ 3,139,559

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	37,952	
Clerical Personnel		47,409	
Cafeteria Personnel		803,690	
Longevity Pay		11,160	
Other Salaries and Wages		87,616	
Social Security		57,308	
Pensions		32,557	
Life Insurance		1,807	
Medical Insurance		344,324	
Employer Medicare		13,548	
Communication		9,241	
Other Contracted Services		5,580	
Food Supplies		1,117,067	
USDA - Commodities		203,190	
Other Supplies and Materials		120,796	
In Service/Staff Development		348	
Other Charges		607	
Food Service Equipment		40,406	
Total Food Service			\$ 2,934,606

Total Central Cafeteria Fund 2,934,606

Total Governmental Funds - Monroe County School Department \$ 50,058,214

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, 2019

	Cities - Sales Tax Fund	City School ADA - Sweetwater Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,212,258	\$ 1,212,258
Trustee's Collections - Prior Years	0	40,287	40,287
Circuit/Clerk and Master Collections - Prior Years	0	27,098	27,098
Interest and Penalty	0	8,339	8,339
Pickup Taxes	0	182	182
Payments in-Lieu-of Taxes - T.V.A.	0	1,857	1,857
Payments in-Lieu-of Taxes - Local Utilities	0	126,502	126,502
Payments in-Lieu-of Taxes - Other	0	359	359
Local Option Sales Tax	4,656,178	1,141,872	5,798,050
Business Tax	0	67,885	67,885
Mixed Drink Tax	0	1,545	1,545
Other Local Option Taxes	0	84	84
Bank Excise Tax	0	5,210	5,210
Marriage Licenses	0	693	693
Income Tax	0	8,793	8,793
State Revenue Sharing - T.V.A.	0	100,000	100,000
Total Cash Receipts	\$ 4,656,178	\$ 2,742,964	\$ 7,399,142
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,609,616	\$ 2,700,646	\$ 7,310,262
Trustee's Commission	46,562	40,919	87,481
Total Cash Disbursements	\$ 4,656,178	\$ 2,741,565	\$ 7,397,743
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 1,399	\$ 1,399
Cash Balance, July 1, 2018	0	1,997	1,997
Cash Balance, June 30, 2019	\$ 0	\$ 3,396	\$ 3,396

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

**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, 2019, and the related notes to the financial statements, which collectively comprise Monroe County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated November 4, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency: 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

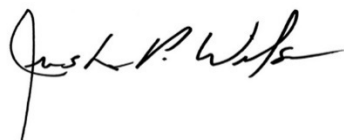
Monroe County's Response to the Finding

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 4, 2019

JPW/yu



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Monroe County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Monroe County's major federal programs for the year ended June 30, 2019. Monroe County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, Monroe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

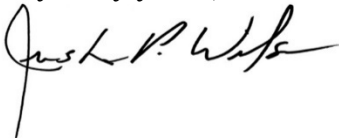
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

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

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

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 4, 2019

JPW/yu

Monroe County, Tennessee, and the Monroe County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2019

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 203,190 (5)
Forest Service Schools and Roads Cluster: (4)			
Schools and Roads - Grants to States	10.665	N/A	213,308
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	560,246
National School Lunch Program	10.555	N/A	1,387,631 (5)
Passed-through State Department of Human Services:			
Child Nutrition Cluster: (4)			
Summer Food Service Program for Children	10.559	N/A	<u>267,434</u>
Total U.S. Department of Agriculture			<u>\$ 2,631,809</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	<u>\$ 27,017 (6)</u>
Total U.S. Department of Defense			<u>\$ 27,017</u>
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	(3)	<u>\$ 516,321</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 516,321</u>
U.S. Department of Interior:			
Direct Program:			
Payments in Lieu of Taxes	15.226	(3)	\$ 572,824
Passed-through State Department of Environment and Conservation:			
Historic Preservation Fund Grants-in-Aid	15.904	(3)	<u>18,257</u>
Total U.S. Department of Interior			<u>\$ 591,081</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(7)	\$ 165,129
Passed-through State Department of Safety and Homeland Security:			
Alcohol Open Container Requirements	20.607	Z-18-THS216	<u>6,254</u>
Total U.S. Department of Transportation			<u>\$ 171,383</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 1,563,203
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	1,206,764
Special Education - Preschool Grants	84.173	N/A	32,805
Career and Technical Education - Basic Grants to States	84.048	N/A	122,373
Rural Education	84.358	N/A	54,372
Improving Teacher Quality State Grants	84.367	N/A	200,394
Student Support and Academic Enrichment Program	84.424	N/A	<u>46,387</u>
Total U.S. Department of Education			<u>\$ 3,226,298</u>
National Archives and Records Administration:			
Passed-through Tennessee Secretary of State:			
National Historical Publications and Records Grants	89.003	(3)	<u>\$ 1,225</u>
Total National Archives and Records Administration			<u>\$ 1,225</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
CCDF Cluster: (4)			
Child Care and Development Block Grant	93.575	(3)	<u>\$ 8,400</u>
Total U.S. Department of Health and Human Services			<u>\$ 8,400</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	\$ 20,000
Homeland Security Grant Program	97.067	(3)	<u>13,500</u>
Total U.S. Department of Homeland Security			<u>\$ 33,500</u>
Total Expenditures of Federal Grants			<u>\$ 7,207,034</u>

(Continued)

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants			
Juvenile Services Program - State Children's Services Commission	N/A	(3)	\$ 9,000
Litter Program - State Department of Transportation	N/A	(3)	53,700
Airport Maintenance - State Department of Transportation	N/A	AERO-19-137-00	11,893
Airport Improvement Program (State Portion) - State Department of Transportation	N/A	(8)	17,742
Early Childhood Education - Lottery - State Department of Education	N/A	(3)	288,484
Coordinated School Health - State Department of Education	N/A	(3)	160,000
Safe Schools Act - State Department of Education	N/A	(3)	54,700
CTE Perkins Reserve - State Department of Education	N/A	(3)	1,083
School Safety - State Department of Education	N/A	(3)	128,634
Work-Based Learning Grant Program - State Department of Economic and Community Development	N/A	(3)	25,000
Healthy Students Stronger Learners - State Department of Education	N/A	(3)	9,169
Family Resource Center - State Department of Education	N/A	(3)	30,612
Read to be Ready Summary Literacy Grant - State Department of Education	N/A	(3)	32,970
Breakfast After the Bell - State Department of Education	N/A	N/A	5,000
Court Security Grant Program - State Administrative Office of the Courts	N/A	(3)	26,294
Archives Development Grant - State Archives and Library Agency	N/A	(3)	2,190
Vacation Guide - State Department of Tourist Development	N/A	(3)	7,500
Three Star Grant - State Department of Economic and Community Development	N/A	(3)	3,083
Tourism Enhancement Grant - State Department of Economic and Community Development	N/A	(3)	11,686
Site Development Grant Program - State Department of Economic and Community Development	N/A	(3)	213,199
Local Health Services - State Department of Health	N/A	GG-1855545	287,965
Total State Grants			<u>\$ 1,379,904</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Monroe County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$2,418,501; Special Education Cluster total \$1,239,569; Forest Service Schools and Roads Cluster total \$213,308; CCDF Cluster total \$8,400.
- (5) Total for CFDA No. 10.555 is \$1,590,821.
- (6) During the year ended June 30, 2019, Monroe County received excess military equipment from the U.S. Department of Military valued at \$27,017.
- (7) AERO-17-209-00: \$9,000; AERO-19-183-00: \$80,154; AERO-206-00: \$75,975.
- (8) AERO-17-203-00: \$28; AERO-17-208-00: \$308; AERO-17-209-00: \$1,000; AERO-206-00: \$7,500; AERO-19-183-00: \$8,906.

Monroe County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2019

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Monroe County, Tennessee, for the year ended June 30, 2019.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
-------------	-------------	----------------	------------------	-------------	----------------

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

2018	212	2018-001	The office did not prepare adequate trial balances of the execution dockets	N/A	Not Corrected - See Explanation on Corrective Action Plan
------	-----	----------	---	-----	---

Prior-year Federal Awards Findings

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

MONROE COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Federal Awards:

- 4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
- 5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
- 7. Identification of Major Federal Programs:
 - * CFDA Number: 84.027 and 84.173 Special Education Cluster: Special Education Grants to States and Special Education Preschool Grants
 - * CFDA Number: 14.228 Community Development Block Grant/ State's Program
- 8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
- 9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2019-001

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

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

The Office of Circuit and General Sessions Courts Clerk did not prepare adequate trial balances of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated*. The office began using a new court computer application in August 2013 that did not have the capability to generate a docket trial balance. At June 30, 2019, the circuit and general sessions courts clerk was able to generate listings of undisbursed receipt items. However, these listings did not reconcile with general ledger accounts for either of the courts. Also, information relating to short-term investment account activity and cash bonds was not reflected in these reports. This deficiency was in part attributable to the failure of management to ensure that the software vendor designed the system with proper computer application controls and reporting as required by state statute. The failure to accurately reconcile execution docket trial balances with the general ledger application in a timely manner could lead to inaccurate accounting records and increases the risks of misappropriation of funds. Also, this finding is the result of management not correcting the finding noted in the prior-year audit report and not implementing their corrective action plan.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

I concur with this finding.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2019.

Monroe County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2019

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
-------------------	------------------	---------------------------------------

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

2019-001	The office did not prepare adequate trial balances of the execution dockets	210
----------	---	-----

Martha M. Cook
CLERK OF THE GENERAL SESSIONS, COURT

310 Tellico Street S. • Suite 1
Madisonville, Tennessee 37354

Sessions (423) 442-9537
Fax (423) 420-9091

Corrective Action Plan

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

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

**Person Responsible for Implementing the Corrective Action:
Martha Cook**

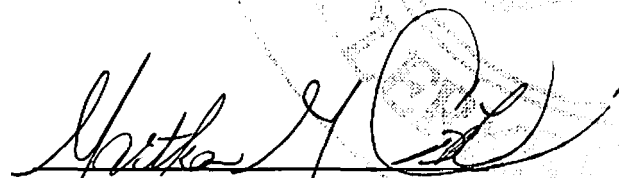
**Anticipated Completion Date of Corrective Action:
2020**

**Repeat Finding:
Yes**

**Reason Corrective Action was Not Taken in the Prior Year:
ICON, the software provider is still testing and is in preparation to complete the Docket Trial
Balance. Testing was not concluded in this current year of 2019. All the information is
available but not in the required format.**

Planned Corrective Action:

**We are in constant contact with ICON to complete the Docket Trial Balance. They want to
insure the design of the system and computer application controls.**



Martha Cook, Circuit and General Sessions Courts Clerk



Date