

CITY OF MORRISTOWN TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR 2014
BEGINNING JULY 1, 2013 AND ENDING JUNE 30, 2014

PREPARED BY
FINANCE DEPT.

CITY OF MORRISTOWN, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

***For the Fiscal Year 2014
Beginning July 1, 2013 and Ending June 30, 2014***

Finance Department

City of Morristown
Comprehensive Annual Financial Report
Year Ended June 30, 2014

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Comprehensive Annual Financial Report
June 30, 2014

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City of Morristown

Incorporated 1855



November 30, 2014

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Morristown:

State law requires that all general-purpose local governments publish within six months of the close of each year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Morristown for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the City of Morristown. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Morristown has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and compile sufficient reliable information for the preparation of the City of Morristown's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Morristown's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Morristown's financial statements have been audited by Craine, Thompson, and Jones, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Morristown for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Morristown's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Morristown was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance report section of this CAFR.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in

conjunction with it. The City of Morristown's MD&A can be found immediately following the report of the independent auditors.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Morristown for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Profile of the Government

The City of Morristown was incorporated in 1855 and operates under a council-administrator form of government. It is located between two major Tennessee Valley Authority lakes approximately 40 miles northeast of Knoxville on Interstate-81 and approximately 60 miles southwest of the Tri-Cities area on the same highway. The City currently occupies a land area of approximately 22 square miles and serves a population of approximately 25,000. The City is authorized by state statutes to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Council.

Policy-making and legislative authority are vested in the Mayor and Council members consisting of the mayor and six other members. The Council is responsible, among other things, for passing ordinances, resolutions, adopting the budget, appointing committees, and hiring the City Administrator, City Attorney, Police Chief, and Fire Chief. The City's Administrator is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City and for appointing the heads of various departments.

The City of Morristown provides a full range of services, including police, fire, street construction and maintenance, planning and zoning, parks and recreation, cultural events and general administrative services. In addition, water, electric and sewer service and solid waste collection are provided under an Enterprise fund concept with user charges established by the Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

The annual budget serves as the foundation for the City of Morristown's financial planning and control. All departments of the City of Morristown are required to submit requests for appropriation to the City Administrator. The City Administrator uses these requests as the starting point for developing a proposed budget. The City Administrator then presents this proposed budget to the Council for review by May 15. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the City of Morristown's fiscal year. The appropriated budget is prepared by fund, function, and department. The City Administrator may make transfers of appropriations within a department. Budget-to-actual comparisons are provided in this report. The general fund comparison is presented on page 23 as part of the basic financial statements for the City's fund.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Morristown operates.

Local economy

The economy continues to have an impact on every segment of Morristown's largest taxpayers, especially the automotive industry. Morristown has many manufacturers that are tied to this industry. They produce automotive products for many different type of brands but principally Toyota. Manufacturing continues to make up the majority of property tax assessments for the City of Morristown. The breakdown between commercial and residential is 68% and 32% respectively. Morristown did see improvement in local sales tax as we had the previous year. Sales tax increased 2.5% from the previous year. The majority of the increase can be attributed to completion of a road project on a major route in the City. Also there were addition of a franchise restaurant chain to the economy.

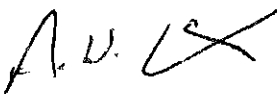
Major Initiatives

Morristown's industry continues to see improvement and plans for expansion. Three additional expansions have been scheduled to go with the expansions of two plants in the previous year. Also there are two retail developments that has begun placing clients. One of those stores is a major retail chain that will be open February 2015. The City of Morristown and the Industrial Development Board continue to recruit new industry and support expansion of our existing industry. One main effort is the acquisition of property for the East Tennessee Progress Center to provide available land for possible expansion for business recruiting.

Acknowledgment

The preparation of the CAFR could not have been accomplished without the efforts and dedication of the staff of the Department of Finance. We would like to express our appreciation to the Finance staff and other personnel from various departments, agencies, and authorities that assisted in the preparation. Also, we would like to thank the Mayor and Council for their guidance and support.

Respectfully submitted,



Tony Cox
City Administrator



Larry Clark
Administrative Services Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Morristown
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Enos".

Executive Director/CEO

CITY OF MORRISTOWN
CITY OFFICIALS
June 30, 2014

MAYOR

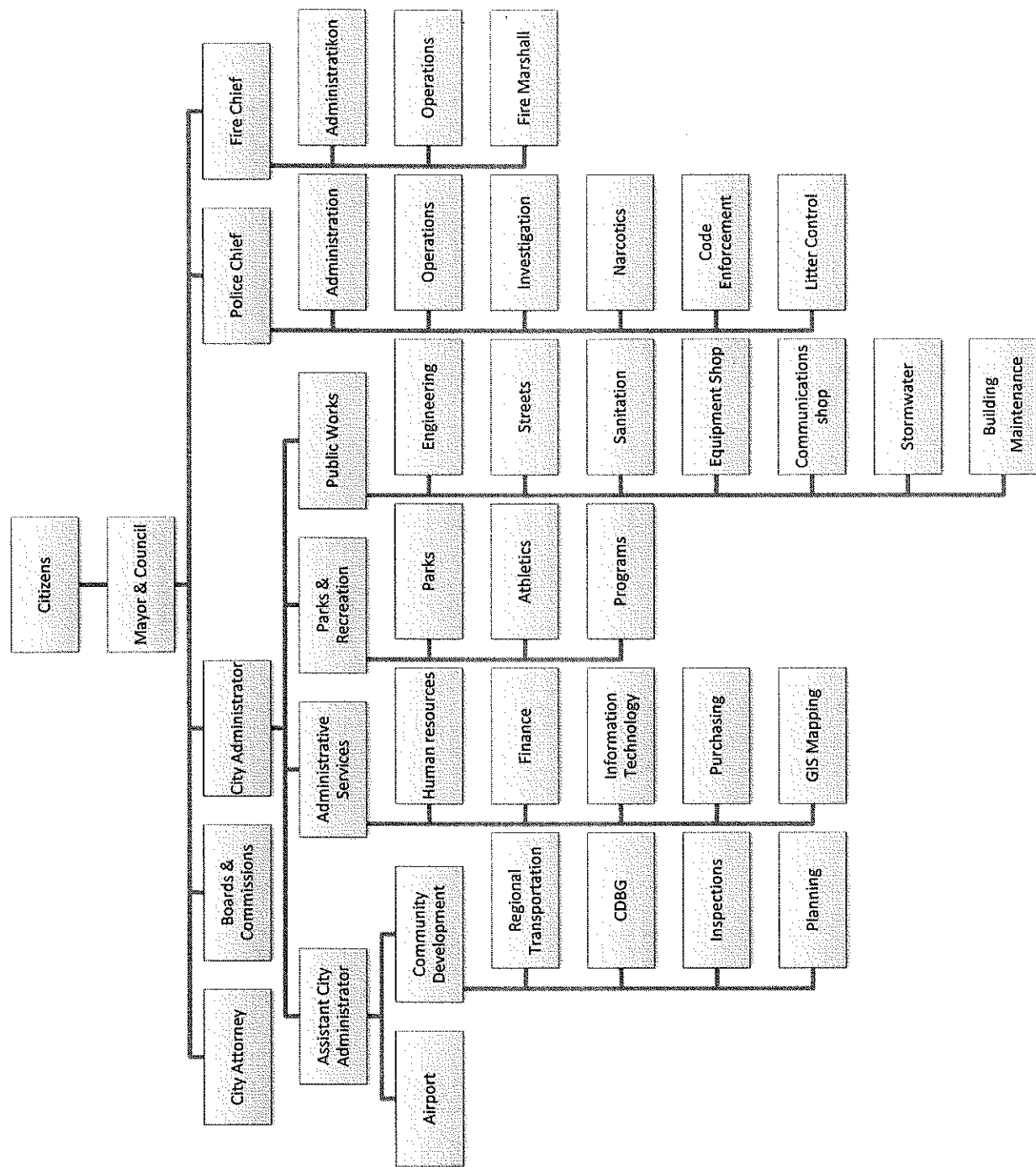
Danny Thomas

COUNCIL

Kay Senter
Dennis Alvis
Chris Bivens
Paul Lebel
Gary Chesney
Bob Garrett

City Administrator
Assistant City Administrator
City Attorney
Director of Administrative Services
Director of Planning
Police Chief
Fire Chief
Chief Building Official
Director of Public Works
City Engineer
Director of Parks and Recreation

Tony Cox
Ralph Fielder
Richard Jessee
Larry Clark
Alan Hartman
Roger Overholt
William Honeycutt
Jay Moore
Paul Brown
Jeff Branham
Craig Price



CRANE, THOMPSON & JONES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

225 WEST FIRST NORTH STREET
P.O. BOX 1779
SUITE 300, MILLENNIUM SQUARE
MORRISTOWN, TENNESSEE 37816-1779
423-586-7650

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Morristown, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Morristown, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Morristown Utilities Commission, which represent 96 percent, 97 percent, and 98 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Morristown Utilities Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Morristown, Tennessee, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and solid waste fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedule of funding progress, and OPEB schedule of funding progress and schedule of employer contributions on pages 9-16 and 89 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 and other auditors 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Morristown, Tennessee's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, nonmajor fund budgetary schedules, schedule of state financial assistance, and statistical section 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 presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, nonmajor fund budgetary schedules, schedule of expenditures of federal awards, and schedule of state financial assistance 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements, nonmajor fund budgetary schedules, schedule of expenditures of federal awards, and schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 21, 2014, on our consideration of the City of Morristown, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Morristown, Tennessee's internal control over financial reporting and compliance.

Craige, Thompson & Jones, P.C.

Morristown, Tennessee
November 21, 2014

Management's Discussion & Analysis

As management of the City of Morristown, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found on pages 1- 3 of this report.

Financial Highlights

- The assets of the City of Morristown exceeded its liabilities at the close of the most recent fiscal year by approximately \$173 million (net position), an increase of nearly \$12 million during FY 2014. Of this amount, \$49 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Morristown's governmental funds reported combined ending fund balances of just over \$26 million, an increase of almost \$1.1 million from the prior year.
- The City of Morristown's total long-term debt decreased by \$18,869,872 during the current fiscal year. The General Fund's long-term debt decreased by \$1,109,361.
- The City of Morristown's General Fund reported a fund balance of \$25,712,009 on June 30, 2014.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the City of Morristown's financial statements. The basic financial statements consist of three parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Morristown's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Morristown's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Morristown is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxed and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Morristown that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Morristown include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities include the power, water, storm water, broadband and wastewater systems. Of the business-type activities, the Morristown Utilities Commission is responsible for water,

power, wastewater and broadband. The Morristown Utilities Commission is an administrative unit of the City and therefore has been included as a business-type activity of the primary government. The Morristown Utilities Commission issues a separate comprehensive annual financial report and information from that report is used in this report. Readers should consult the Morristown Utility Commission's Comprehensive Annual Financial Report for more detailed information on their finances.

The government-wide financial statements can be found beginning on page 17 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Morristown, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Morristown can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Morristown maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the solid waste fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Morristown adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found beginning on page 19 of this report.

Proprietary funds. The City of Morristown maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Morristown uses enterprise funds to account for its water, wastewater, storm water, broadband and power systems.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for wastewater, water, power and broadband systems, all of which are considered to be major funds of the City of Morristown. The storm water system is not considered to be a major fund; however it is presented separately in the proprietary fund financial statements because it is the only other proprietary fund.

The basic proprietary fund financial statements can be found beginning on page 48 of this report.

Fiduciary funds. The City of Morristown maintains two types of fiduciary funds. An agency fund is used to report resources held in a custodial capacity only. The City of Morristown uses an agency fund to account for LAMTPO funding. LAMTPO is the metropolitan planning organization for Morristown's region encompassing two counties and four cities. LAMTPO's board consists of members from these localities consisting of Mayors and City Administrators. The City also maintains a trust fund for the OPEB obligation. The administration of the fund assets is contracted out to USI Advisors, Inc. In this audit year the City fully funded its annual required contribution.

The basic fiduciary fund financial statements can be found on pages 53 and 54 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 55 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Morristown's progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City of Morristown, assets exceeded liabilities by almost \$172.0 million at the close of the most recent fiscal year. Net position increased by \$12.0 million for the period.

City of Morristown's Net Assets						
	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 38,593,133	\$ 36,234,256	\$ 64,067,089	\$ 64,067,089	\$ 102,660,222	\$ 100,301,345
Capital assets	54,203,414	51,021,973	175,127,598	156,140,762	229,331,012	207,162,735
Total assets	92,796,547	87,256,229	239,194,687	220,207,851	331,991,234	307,464,080
Long-term liabilities						
outstanding	19,861,979	21,021,354	97,938,574	90,062,004	117,800,553	111,083,358
Other liabilities	13,126,833	11,547,965	29,902,972	24,140,806	43,029,805	35,688,771
Total liabilities	32,988,812	32,569,319	127,841,546	114,202,810	160,830,358	146,772,129
Net position:						
Net investment in capital						
assets	33,965,440	29,647,943	88,050,533	79,424,880	122,015,973	109,072,823
Restricted	1,680,576	1,607,753			1,680,576	1,607,753
Assigned	0	0				
Unrestricted	24,213,008	23,431,214	24,920,115	26,580,161	49,133,123	50,011,375
Total net position	\$ 59,859,024	\$ 54,686,910	\$ 112,970,648	\$ 106,005,041	\$ 172,829,672	\$ 160,691,951

Note: The total column includes internal balances that have been eliminated for reported in the reported in the government-wide statement of net position.

By far the largest portion of the City of Morristown's net position (69%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Morristown uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Morristown's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

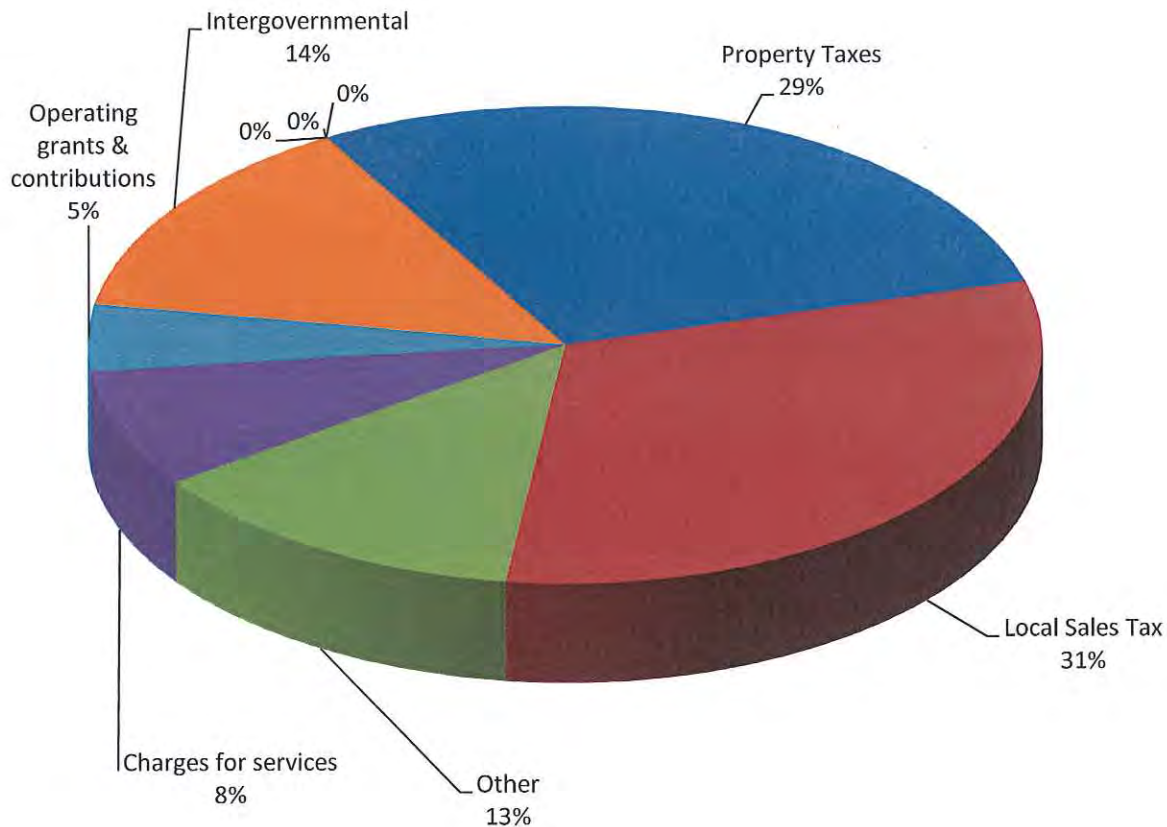
An additional portion of the City of Morristown's net position (less than 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$49,133,123) may be used to meet Morristown's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Morristown is able to report positive balances in two of the three categories of net position for governmental activities, and all three categories of net position for business-type activities. The general fund had an unassigned fund balance of \$12,155,081 on June 30, 2014.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,562,520	\$ 2,754,046	\$ 103,491,254	\$ 101,066,384	\$ 106,053,774	\$ 103,820,430
Operating grants & contributions	1,454,535	710,156	2,580,025	2,219,003	4,034,560	2,929,159
Capital grants & contributions	-	-	524,286	1,602,948	524,286	1,602,948
General revenues:						
Property taxes	9,313,995	9,083,552	-	-	9,313,995	9,083,552
Sales tax	10,061,738	9,923,645	-	-	10,061,738	9,923,645
Intergovernmental	4,476,998	5,146,051	-	-	4,476,998	5,146,051
Other	4,227,573	3,783,230	225,086	81,739	4,452,659	3,864,969
Total revenues	32,097,359	31,400,680	106,820,651	104,970,074	138,918,010	136,370,754
Expenses:						
General government	2,837,464	3,593,414	-	-	2,837,464	3,593,414
Public safety	14,634,316	14,016,226	-	-	14,634,316	14,016,226
Public works	6,831,898	6,665,204	-	-	6,831,898	6,665,204
Economic development	296,060	147,547	-	-	296,060	147,547
Parks & recreation	2,056,499	1,773,943	-	-	2,056,499	1,773,943
Civic support	1,011,941	1,098,472	-	-	1,011,941	1,098,472
Transportation	-	-	-	-	-	-
Retiree Health Insurance	306,363	401,695	-	-	306,363	401,695
Interest on long-term debt	286,676	327,064	-	-	286,676	327,064
Water	-	-	6,287,865	5,689,323	6,287,865	5,689,323
Wastewater	-	-	9,067,056	9,489,262	9,067,056	9,489,262
Storm water	-	-	832,132	810,198	832,132	810,198
Power	-	-	75,270,529	73,724,566	75,270,529	73,724,566
Broadband	-	-	6,945,100	7,256,552	6,945,100	7,256,552
Total expenses	28,261,217	28,023,565	98,402,682	96,969,901	126,663,899	124,993,466
Increase (decrease) in net position before transfers	3,836,142	3,377,115	8,417,969	8,000,173	12,254,111	11,377,288
Transfers	1,452,361	1,667,528	(1,452,361)	(1,667,528)	-	-
Increase (decrease) in net position	5,288,502	5,044,643	6,965,607	6,332,645	12,254,109	11,377,288
Net position - July 1, 2013	54,686,910	49,629,352	106,005,041	100,318,072	160,691,951	149,947,424
Prior period adjustment	(116,388)	12,915	-	(645,676)	(116,388)	(632,761)
Net position - June 30, 2014	\$ 59,859,024	\$ 54,686,910	\$ 112,970,648	\$ 106,005,041	\$ 172,829,672	\$ 160,691,951

The graph below presents the major sources of revenue for governmental activities.

Revenues by Source-Governmental Activities



The property tax continues to be a stable revenue source for the City. For FY 2014 collections increased \$230,443 from FY 2013.

Intergovernmental revenues received by the City can vary when there are projects managed by the City but paid for primarily by other entities, such as the State of Tennessee or federal government.

Financial Analysis of the Government's Funds

As noted earlier, the City of Morristown uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Morristown's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Morristown's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Morristown's governmental funds reported combined ending fund balances of \$26,075,039 an increase of \$1,091,947.

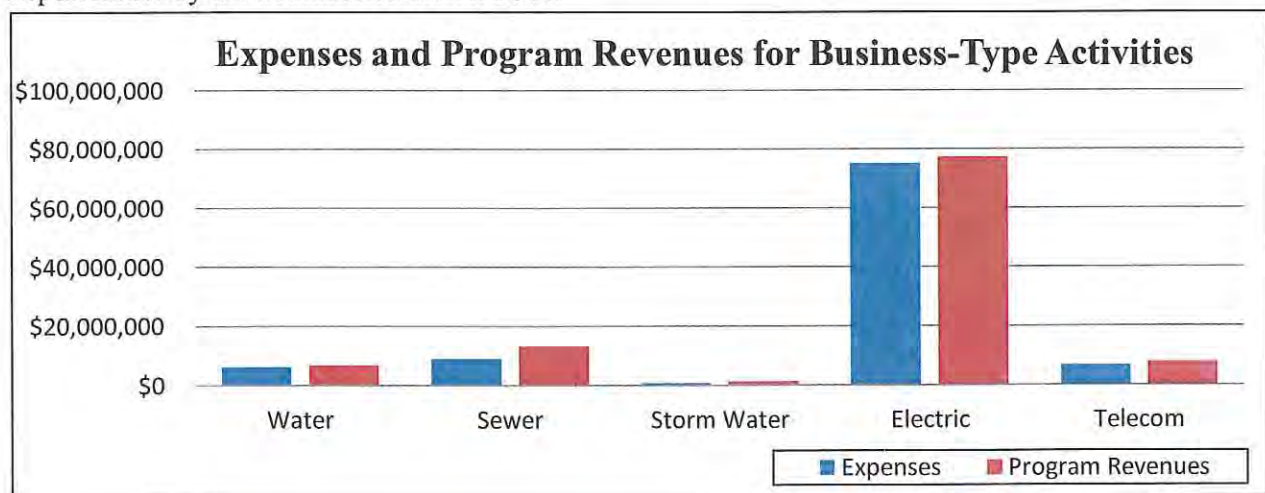
The general fund's fund balance increased \$1,401,671. The increase is related to conservative interest budget amounts, sale tax collections better than expected and grant reimbursements that were not budgeted.

The solid waste fund is used to account for the City's sanitation and recycling operations. The solid waste fund's operations are funded by user fees and if needed and allocation from the general fund. The purpose for the current outstanding debt was for the purchase of sanitation trucks. The solid waste fund balance decreased in the amount of \$196,424 due to management's decision to use the existing fund balance and not allocate funds from general fund.

Proprietary Funds. The City of Morristown's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the City's Business Type Activities decreased \$6,965,607. The unrestricted net position of the City's storm water fund increased \$498,141 for FY 2014. The reason for the increase is lower interest expense costs and small increase in revenue.

During the year, Wastewater Fund operations were transferred to Morristown Utility Commission. This transfer was done because of many factors but the main factor was to take advantage of economies of scale of putting wastewater operations with water operations. Included in the transfer were the employees of the Wastewater operation and continuing the work to meet the Commissioner's order. Unrestricted net position of the Morristown Utility Commission, which operates power, wastewater, water, and broadband service for the City, at the end of the year, amounted to \$109,208,851, an increase of \$6,467,466. The Morristown Utility Commission debt increased by \$4,961,706. For a more thorough discussion of the Morristown Utility Commission's finances readers should consult the Comprehensive Annual Financial Report issued by the Commission for FY 2014.



General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for FY 2014 can be briefly summarized as follows:

- \$442,178 in interest savings on variable rate debt.
- \$201,332 sales tax collections above budget.
- \$329,115 in increased allocated for Greenway Grants issued by the State of Tennessee.

Capital Asset and Debt Administration

Capital assets. The City of Morristown's investment in capital assets for its governmental and business type activities as of June 30, 2014, amounts to \$54 million and \$175 million, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure and construction in progress.

(net of depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	7,839,719	7,830,929	-	2,448,205	7,839,719	10,279,134
Buildings	12,291,359	11,661,128	-	-	12,291,359	11,661,128
Improvements other than buildings	1,094,389	1,215,343	-	-	1,094,389	1,215,343
Machinery & equipment	3,327,338	2,480,211	-	-	3,327,338	2,480,211
Infrastructure	28,835,331	27,834,362	-	-	28,835,331	27,834,362
Utility plant and equipment	-	-	167,284,097	142,897,429	167,284,097	142,897,429
Construction in	815,278	-	7,843,501	10,795,128	8,658,779	10,795,128
Total	54,203,414	51,021,973	175,127,598	156,140,762	229,331,012	207,162,735

Additional information on the City of Morristown's capital assets can be found on page 63 of this report.

Long-term debt. At the end of the current fiscal year, the City of Morristown had total bonded debt outstanding of \$ 126.3 million; of this amount \$20.2 million comprises net direct debt of governmental activities. The remainder of the City of Morristown's debt represents bonds secured by specified revenue sources and the full faith and credit of the government.

The City's breakdown of variable and fixed rate debt is 44% and 56% respectively.

The following is a brief summary of the City's long-term debt by fund:

City of Morristown's Long-Term Debt				
	Balance			Balance
	July 1, 2013	Additions	Reductions	June 30, 2014
Governmental activities				
General fund	\$ 20,995,733	\$ -	\$ 1,110,165	\$ 19,885,568
Solid waste fund	378,263	-	25,858	352,405
Total governmental activities	21,373,996	-	1,136,023	20,237,973
Business-type activities				
Sewer system	53,701,226	5,309,336	2,516,778	56,493,784
Storm water system	5,074,600	-	211,344	4,863,256
Electric system	16,161,313	3,589,250	1,024,937	18,725,626
Water system	15,241,950	-	832,480	14,409,470
Telecom system	10,976,215	9,971,286	9,322,627	11,624,874
Total business-type activities	101,155,304	18,869,872	13,908,166	106,117,010
Total Debt	\$ 122,529,300	\$ 18,869,872	\$ 15,044,189	\$ 126,354,983

Additional information on the City of Morristown's long-term debt can be found on page 75 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Morristown was 7.7% for June 2014, which is a decrease from a rate of 10.00% a year ago. The state's average unemployment rate was 7.4% and the national rate was 6.3%.
- Inflationary trends in the region compare favorably to national indices.
- Sales tax increased \$138,093 in FY 2014 when compared to FY 2013.

All of these factors were considered in the preparation and continual monitoring of the City of Morristown's budget for the FY 2014.

Requests for Information

This financial report is designed to provide a general overview of the City of Morristown's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for addition financial information should be addressed to the City of Morristown, Administrative Services Director, P.O. Box 1499, Morristown, Tennessee 37816-1499. The Comprehensive Annual Financial Report and other information about the City may be found on the City's website www.mymorristown.com, as part of our continuing usage of advancing technology and e-commerce.

City of Morristown, Tennessee

Statement of Net Position

June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 13,823,418	\$ 28,403,167	\$ 42,226,585
Receivables (net of allowance for uncollectibles)	12,700,759	8,737,534	21,438,293
Inventories	92,576	1,613,423	1,705,999
Internal balances	246,858	924,361	-
Due from others		440,009	440,009
Other current assets		99,345	99,345
Restricted cash and cash equivalents		9,695,083	9,695,083
Investments		7,177,504	7,177,504
Capital assets (net of accumulated depreciation):			
Land	7,839,719		7,839,719
Buildings	12,291,359		12,291,359
Improvements	1,094,389		1,094,389
Equipment	3,327,338		3,327,338
Infrastructure	28,835,331		28,835,331
Utility plant and equipment		167,284,097	167,284,097
Construction in progress	815,278	7,843,501	8,658,779
Real estate - non-operating	11,729,522		11,729,522
Due from other funds		5,567,003	5,567,003
Other assets		248,619	248,619
Plant acquisition adjustments		397,197	397,197
Total assets	<u>92,796,547</u>	<u>238,430,843</u>	<u>330,056,172</u>
DEFERRED OUTFLOWS OF RESOURCES			
Accrual for unbilled revenue	<u>51,289</u>	<u>2,381,351</u>	<u>2,432,640</u>
LIABILITIES			
Accounts payable	231,295	9,654,041	9,885,336
Accrued expenditures and other current liabilities	155,795	2,916,217	3,072,012
Due to others - bonds and deposits	46,325		46,325
Internal balances		1,171,219	-
Customer deposits		3,746,142	3,746,142
Due to other funds		5,567,003	5,567,003
General bonded debt			
Due within one year	1,173,561	5,687,961	6,861,522
Due in more than one year	19,064,413	95,473,310	114,537,723
Premium on bonds payable		224,682	224,682
Capital lease obligation			
Due within one year		18,877	18,877
Due in more than one year		57,606	57,606
Contractual liability			
Due within one year		81,955	81,955
Due in more than one year		2,405,261	2,405,261
Accrued post retirement benefit obligation		652,420	652,420
Compensated absences:			
Estimated to be paid within one year	401,432		401,432
Estimated to be paid after one year	797,566	2,397	799,963
Total liabilities	<u>21,870,387</u>	<u>127,659,091</u>	<u>148,358,259</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	<u>11,118,425</u>	<u>182,455</u>	<u>11,300,880</u>
NET POSITION			
Net investment in capital assets	33,965,440	88,050,533	122,015,973
Restricted for:			
Community development	105,259		105,259
Narcotics	54,421		54,421
Gas Tax	1,520,896		1,520,896
Unrestricted (deficit)	24,213,008	24,920,115	49,133,123
Total net position	<u>\$ 59,859,024</u>	<u>\$ 112,970,648</u>	<u>\$ 172,829,672</u>

Amounts in the "Total" column have been adjusted to reflect the eliminations of internal balances between the governmental and business-type activities and will not cross-foot.

City of Morristown, Tennessee
Statement of Activities
Year Ended June 30, 2014

Functions/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
Public safety	\$ 2,837,464	\$ 134,359	\$ -	\$ -	\$ (2,703,105)	\$ -	\$ (2,703,105)
Public works	14,634,316	1,057,791	326,345	-	(13,250,180)	-	(13,250,180)
Parks and recreation	6,831,898	1,370,370	123,188	-	(5,338,340)	-	(5,338,340)
Economic development	2,056,499	-	3,511	-	(2,052,988)	-	(2,052,988)
Civic support	296,060	-	888,876	-	592,816	-	592,816
Retiree health insurance	1,011,941	-	112,614	-	(899,327)	-	(899,327)
Long-term debt expense	306,363	-	-	-	(306,363)	-	(306,363)
Total governmental activities	286,676	-	-	-	(286,676)	-	(286,676)
	28,261,218	2,562,520	1,454,535	-	(24,244,163)	-	(24,244,163)
Business-type activities:							
Water	6,287,865	6,449,809	225,643	53,450	-	441,037	441,037
Wastewater	9,067,056	12,656,593	420,415	139,284	-	4,149,236	4,149,236
Storm water	832,132	1,330,147	2,016	-	-	500,031	500,031
Power	75,270,529	75,425,515	1,545,209	331,552	-	2,031,747	2,031,747
Broadband	6,945,100	7,629,190	386,742	-	-	1,070,832	1,070,832
Total business-type activities	98,402,682	103,491,254	2,580,025	524,286	-	8,192,883	8,192,883
Total primary government	\$ 126,663,900	\$ 106,053,774	\$ 4,034,559	\$ 524,286	(24,244,163)	8,192,883	(16,051,281)
Property taxes					9,313,995	-	9,313,995
Franchise taxes					692,442	-	692,442
Local sales tax					10,061,738	-	10,061,738
Alcohol beverage tax					1,404,875	-	1,404,875
Business and gross receipts tax					837,434	-	837,434
Hotel/motel tax					542,235	-	542,235
Other revenue					750,587	225,086	975,673
Intergovernmental (unrestricted)					4,476,998	-	4,476,998
Total governmental fund revenue					28,080,304	225,086	28,305,390
Transfers					1,452,361	(1,452,361)	-
Total general revenues and transfers					29,532,665	(1,227,275)	28,305,390
Change in net position					5,288,501	6,965,607	12,254,109
Net position - beginning					54,686,910	106,005,041	160,691,951
Prior period adjustment					(116,388)	-	(116,388)
Net position as adjusted - beginning					54,570,522	106,005,041	160,575,563
Net position - ending					\$ 59,859,023	\$ 112,970,648	\$ 172,829,672

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

City of Morristown, Tennessee

Balance Sheet

Governmental Funds

June 30, 2014

	<u>General</u>	<u>Solid Waste Fund</u>	<u>NonMajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$12,388,808	\$ 30,111	\$ 211,083	\$12,630,002
Receivables (net of allowance for uncollectibles)	12,568,942	128,002	3,815	12,700,759
Interfund loans receivable - current	-	-	-	-
Due from others	246,858	-	-	246,858
Inventories	92,576	-	-	92,576
Real estate - non-operating	11,729,522	-	-	11,729,522
 Total assets	 37,026,706	 158,113	 214,899	 37,399,717
DEFERRED OUTFLOWS OF RESOURCES				
Accrued unbilled revenue	-	51,289	-	51,289
 Total assets and deferred outflows of resources	 <u>\$37,026,706</u>	 <u>\$ 209,401</u>	 <u>\$ 214,899</u>	 <u>37,451,006</u>
LIABILITIES				
Accounts payable	\$ 53,638.04	\$ 1,783	\$ -	\$ 55,421
Due to others-bonds	46,325	-	-	46,325
Accrued expenditures and other current liabilities	149,295	4,312	2,188	155,795
 Total liabilities	 <u>249,258</u>	 <u>6,095</u>	 <u>2,188</u>	 <u>257,541</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	11,065,439	-	52,986	11,118,425
FUND BALANCES				
Nonspendable				
Inventories	92,576	-	-	92,576
Real estate - non-operating	11,729,522	-	-	11,729,522
Restricted				
Narcotics	-		54,421	54,421
Community Development	-		105,259	105,259
Gas tax	1,520,896			1,520,896
Assigned				
Sidewalks	12,000			12,000
Capital outlay 2012	144,876			144,876
Narcotics			44	44
Solid waste		203,306		203,306
General government	148			148
Public safety	21,106			21,106
Public works	843			843
Parks and recreation	34,961			34,961
Unassigned	12,155,081			12,155,081
Total fund balances	<u>25,712,009</u>	<u>203,306</u>	<u>159,724</u>	<u>26,075,039</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$37,026,706</u>	<u>\$ 209,401</u>	<u>\$ 214,898</u>	

Amounts reported for governmental activities in the statement

of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

54,203,414

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(21,436,971)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

1,017,542

Net position of governmental activities

\$59,859,024

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

City of Morristown, Tennessee
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2014

	General	Solid Waste Fund	Total Non Major Funds	Total Governmental Funds
Revenues				
Taxes:				
Property	\$ 9,313,995	\$ -	\$ -	\$ 9,313,995
Franchise	692,442	-	-	692,442
Local sales tax	10,061,738	-	-	10,061,738
Alcoholic beverages	1,404,875	-	-	1,404,875
Business and gross receipts	837,434	-	-	837,434
Hotel/motel tax	542,235	-	-	542,235
Total taxes	22,852,719	-	-	22,852,719
Licenses, permits and fines	967,966	-	89,825	1,057,791
Other revenue	627,462	123,125	-	750,587
Service charges and fees	134,359	1,370,370	-	1,504,729
Intergovernmental	5,717,743	-	213,790	5,931,533
Total revenues	30,300,249	1,493,495	303,615	32,097,359
Expenditures				
Current:				
General government:				
Mayor and council	132,728	-	-	132,728
Council elections	-	-	-	-
City administrator	470,572	-	-	470,572
Finance	634,671	-	-	634,671
Purchasing	73,259	-	-	73,259
Computer operations	261,529	-	-	261,529
Human resources	277,338	-	-	277,338
Legal services	122,335	-	-	122,335
Community and economic affairs	970,463	-	-	970,463
Codes enforcement	149,949	-	-	149,949
Community development	-	-	264,165	264,165
Engineering	270,078	-	-	270,078
GIS	27,514	-	-	27,514
Inspections	446,269	-	-	446,269
Total general government	3,836,706	-	264,165	4,100,871
Public safety:				
Police	7,160,072.25	-	574,560	7,734,632
Fire	7,325,990.90	-	-	7,325,991
Total public safety	14,486,063.15	-	574,560	15,060,623

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

City of Morristown, Tennessee
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2014

	General	Solid Waste Fund	Total Non Major Funds	Total Governmental Funds
Public works	6,493,909	1,705,457	-	8,199,366
Parks and recreation	2,037,972	-	-	2,037,972
Civic support	750,451	-	-	750,451
Library	261,490	-	-	261,490
Economic development	201,550	-	-	201,550
Retiree health insurance	306,363	-	-	306,363
Debt service:				-
Bond principal	1,110,165	25,858	-	1,136,023
Bond interest	178,780	8,604	-	187,384
Bond expense	99,292	-	-	99,292
Total debt service	1,388,237	34,462	-	1,422,699
Total expenditures	29,762,742	1,739,919.22	838,725.08	32,341,386
Excess (deficiency) of revenues over expenditures	537,507	(246,424.27)	(535,109.83)	(244,027)
Other financing sources (uses):				
Transfers in	1,452,361	50,000	535,663	2,038,024
Transfers out	(585,663)	-	-	(585,663)
Total other financing sources and uses	866,698	50,000	535,663	1,452,361
Net change in fund balances	1,404,205	(196,424)	553	1,208,334
Fund balances - beginning	24,425,304	398,617	159,171	24,983,092
Prior period adjustment	(117,501)	1,113	-	(116,388)
Fund balances - ending	\$ 25,712,008	\$ 203,306	\$ 159,724	\$ 26,075,038

City of Morristown, Tennessee
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances--total governmental funds	\$ 1,208,334
Governmental funds report capital outlays as expenditures. In the government-wide financial statements, capital asset additions are reported as additions to capital assets.	6,162,979
In the government-wide financial statements, certain capital assets are depreciated. In the governmental basis financial statements, capital assets are charged to expenditures, therefore, depreciation is not taken.	(2,981,503)
Issuance of long-term debt	-
The payment of long-term debt is reported as an expenditure in the governmental funds financial statements, but is considered as a reduction in debt in the city-wide financial statements.	1,136,023
The payment of bond issue expense is considered an expenditure in the governmental financial statements, whereas, in the city-wide financial statements, it is considered an asset and is amortized.	-
Compensated absences are considered expenditures when paid on the governmental fund basis, but in the government-wide financial statements are considered expenses as incurred.	(154,540)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	(82,791)
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 governmental funds.	-
Change in net assets of governmental activities	<u>\$ 5,288,502</u>

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Local taxes:				
Property taxes-current	\$ 8,650,000	\$ 8,650,000	\$ 8,617,816	\$ (32,184)
Property taxes-prior	220,000	320,000	409,369	89,369
Penalty and interest	85,000	85,000	150,126	65,126
Property taxes-delinquent	120,000	120,000	109,006	(10,994)
In lieu/tax equivalent	880,000	942,640	27,678	(914,962)
Cable franchise tax	200,000	200,000	301,773	101,773
Gas franchise tax	400,000	400,000	390,669	(9,331)
Local option sales tax	10,076,076	10,076,076	10,061,738	(14,338)
Wholesale beer tax	950,358	950,358	927,156	(23,202)
Wholesale liquor tax	240,000	240,000	477,719	237,719
Business and gross receipts tax	921,027	921,027	837,434	(83,593)
Hotel and Motel tax	440,000	450,000	542,235	92,235
Total local taxes	23,182,461	23,355,101	22,852,719	(502,382)
Licenses and permits:				
Beer permits	15,000	15,000	14,630	(370)
Building permits	85,000	85,000	146,111	61,111
Electrical permits	15,000	15,000	19,529	4,529
Plumbing permits	11,000	11,000	14,672	3,672
Gas permits	3,500	3,500	4,773	1,273
Development fees	5,000	5,000	9,720	4,720
Sidewalks	-	-	3,500	3,500
Sign permits	-	-	18,375	18,375
Server permits	8,000	8,000	2,400	(5,600)
Farmers market permits	1,000	1,000	-	(1,000)
Total licenses and permits	143,500	143,500	233,710	90,210
Intergovernmental revenue:				
USDA summer feeding program	90,000	111,160	112,614	1,454
ARRA grants	-	170,000	273,249	103,249
TVA gross receipts tax	165,840	165,840	322,362	156,522
State sales tax	1,875,000	1,875,000	2,076,332	201,332
Telecommunication sales tax	2,300	2,300	2,943	643
State income tax	135,000	135,000	263,715	128,715
State beer tax	12,000	12,000	13,787	1,787
Mixed drink tax	-	-	35,145	35,145
State gasoline tax	864,000	864,000	756,690	(107,310)
State PTS tax	55,400	55,400	59,649	4,249
Dept. of transportation proj. revenue	3,019,200	3,019,200	193,973	(2,825,227)
Dept. of transportation airport grants	1,125,000	1,125,000	559,761	(565,239)
Other state revenue	356,000	371,000	9,013	(361,987)
C.O.P.S. grant	187,434	187,434	-	(187,434)
State excise tax	50,000	50,000	10,766	(39,234)
C.O.P.S. more grant	42,132	42,132	130,476	88,344
Public safety in-service	-	-	50,425	50,425
Dept. of justice grants	-	16,200	100,191	83,991
Police department grants and reimb	-	20,000	20,105	105
Public works reimbursements	-	-	63	63
TIGER grant	-	89,000	89,220	220
Governor highway safety grant	-	-	25,147	25,147
Greenway grant and reimbursement	-	329,000	329,115	115
State of TN farmers market	-	-	1,000	1,000
TML grants	-	-	2,000	2,000
Other county revenue	280,000	280,000	280,000	-
Total intergovernmental revenue	8,259,306	8,919,666	5,717,743	(3,201,923)

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Fines and users fees:				
Local match-private business	-	-	8,177	8,177
Recreation fees	145,000	145,000	134,359	(10,641)
City court fines and costs	900,000	900,000	648,512	(251,488)
Redflex citations	-	-	4,552	4,552
Sex offender registry	3,000	3,000	5,325	2,325
DUI fines	84,000	84,000	67,690	(16,310)
Total fines and users fees	<u>1,132,000</u>	<u>1,132,000</u>	<u>868,616</u>	<u>(263,384)</u>
Other revenue:				
Morristown Utilities Commission	-	-	30,409	30,409
Donations to parks and recreation	10,000	10,000	3,511	(6,489)
Donations-police	-	-	1,526	1,526
Fire department donations	-	-	203	203
Police reports	2,000	2,000	1,510	(490)
Docview reports	1,000	1,000	641	(359)
Other revenues	-	-	102,535	102,535
Fire department charge for services	-	-	2,902	2,902
Interest on investments	5,293	5,293	51,673	46,380
Rental of city property	130,000	130,000	284,938	154,938
Rental income-airport	20,000	20,000	79,374	59,374
Sale of city property	-	975,000	5,389	(969,611)
Judgments and restitution	-	-	652	652
Driver license verification	-	-	33	33
Insurance reimbursements	-	24,475	39,128	14,653
Miscellaneous	38,000	38,000	23,039	(14,961)
Fund balance	<u>1,151,088</u>	<u>1,330,303</u>	<u>-</u>	<u>(1,330,303)</u>
Total other revenue	<u>1,357,381</u>	<u>2,536,071</u>	<u>627,462</u>	<u>(1,908,609)</u>
Total revenue	<u>34,074,648</u>	<u>36,086,338</u>	<u>30,300,249</u>	<u>(5,786,089)</u>
Expenditures:				
General government:				
Mayor and city council:				
Wages & salaries permanent emp..	37,200	37,700	37,560	(140)
Christmas bonus & longevity	667	807	800	(7)
F.I.C.A.	2,348	2,348	2,133	(215)
Medicare	549	549	499	(50)
Employee health insurance	69,569	65,969	40,737	(25,232)
Employee life insurance	152	152	-	(152)
Workers compensation insurance	-	3,200	-	(3,200)
Postal service	175	175	154	(21)
Printing services	1,200	1,200	1,123	(77)
Legal notices	2,100	2,100	2,726	626
Electricity	-	1,633	1,562	(71)
Water & sewer	-	248	128	(120)
Natural gas & propane	-	180	-	(180)
Telephone services	600	1,250	674	(576)
Subscriptions & books	400	400	160	(240)
Memberships & dues	17,000	17,000	15,339	(1,661)
Education seminars & training	-	3,000	1,785	(1,215)
Travel business expenses	12,000	12,000	12,937	937
Office supplies & materials	750	750	511	(239)
Office equipment	-	3,600	3,564	(36)
Other supplies & materials	800	800	761	(39)
Insurance	3,304	3,304	3,102	(202)

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

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Property (contents) insurance	690	710	709	(1)
Equipment rental/lease	2,625	2,625	1,765	(860)
Council Contingency	90,000	50,425	4,000	(46,425)
Total Mayor and city council	242,129	212,125	132,728	(79,397)
Council elections:				
Other contracted services	15,000	15,000	-	(15,000)
City administrator:				
Wages and salaries	320,835	327,935	319,060	(8,875)
Overtime	1,056	1,156	1,069	(87)
Wages & salaries temp. emp.	-	2,600	2,560	(40)
Christmas bonus & longevity	1,056	1,456	1,450	(6)
F.I.C.A.	20,023	20,023	17,214	(2,809)
Medicare	4,683	4,683	4,411	(272)
TCRS contribution	47,409	47,409	47,106	(303)
Employee health insurance	47,286	47,286	36,513	(10,773)
Employee life insurance	1,216	1,216	-	(1,216)
Workers compensation insurance	4,565	4,565	4,202	(363)
Unemployment insurance	-	7,000	5,015	(1,985)
Postal service	200	200	233	33
Printing services	-	1,500	1,466	(34)
Legal notices	1,500	1,500	916	(584)
Electricity	-	5,717	5,466	(251)
Water & sewer	-	866	449	(417)
Natural gas & propane	-	630	-	(630)
Telephone services	1,300	2,600	1,566	(1,034)
Subscriptions & books	2,000	2,000	1,940	(60)
Memberships & dues	4,500	4,500	2,471	(2,029)
Education seminars & training	1,500	1,500	1,353	(147)
Travel business expenses	15,000	15,000	3,821	(11,179)
Other contracted services	4,000	4,500	7,824	3,324
Office supplies & materials	500	500	116	(384)
Office equipment	-	2,000	1,704	(296)
General operating supplies	500	500	413	(87)
Other supplies & materials	-	20	10	(10)
Insurance	353	353	331	(22)
Property (contents) insurance	74	84	76	(8)
Equipment rental/lease	3,000	3,000	1,798	(1,202)
Other miscellaneous expenses	-	-	17	17
Grants & other subsidies	25,000	23,000	-	(23,000)
Total city administrator	507,556	535,299	470,572	(64,727)
Finance department:				
Wages & salaries permanent emp.	244,954	284,954	281,928	(3,026)
Overtime	500	500	200	(300)
Christmas bonus & longevity	1,740	1,740	1,629	(111)
F.I.C.A.	15,326	15,326	17,150	1,824
Medicare	3,584	3,584	4,011	427
TCRS contribution	36,288	36,288	41,605	5,317
Employee health insurance	76,151	76,151	51,579	(24,572)
Employee life insurance	1,061	1,061	-	(1,061)
Workers compensation insurance	9,936	10,086	9,105	(981)

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Postal service	10,000	10,000	5,199	(4,801)
Printing services	500	500	35	(465)
Legal notices	1,200	1,200	1,329	129
Electricity	-	12,251	11,714	(537)
Water & sewer	-	1,756	961	(795)
Natural gas & propane	-	1,350	-	(1,350)
Telephone services	-	500	594	94
Medical services	-	100	93	(7)
Accounting & audit services	45,000	45,000	57,675	12,675
Cashier over/short	-	10	5	(5)
Other professional services	105,000	105,000	101,698	(3,302)
Repair & maint. office equip.	500	500	-	(500)
Subscriptions & books	250	250	-	(250)
Memberships & dues	1,750	1,750	1,458	(292)
Education seminars & training	3,000	3,000	2,025	(975)
Travel business expenses	6,000	6,000	3,635	(2,365)
Other contracted services	22,500	22,500	11,323	(11,177)
Office supplies & materials	5,500	7,500	4,400	(3,100)
Office equipment	4,000	4,000	615	(3,385)
Computers/software	-	10	9	(1)
General operating supplies	200	200	243	43
Insurance	1,035	1,035	3,922	2,887
OPEB funding	23,281	23,281	-	(23,281)
Property (contents) insurance	217	227	223	(4)
Equipment rental/lease	7,500	24,500	10,834	(13,666)
Bank services & charges	-	7,650	9,363	1,713
Cash variances	-	120	112	(8)
Reimbursable expenses	-	-	0	0
Total finance department	626,973	709,880	634,671	(75,209)
Purchasing department:				
Wages and salaries	46,586	47,386	46,959	(427)
Overtime	250	250	-	(250)
Christmas bonus and longevity	288	288	282	(6)
FICA	2,922	2,922	2,811	(111)
Medicare	683	683	657	(26)
TCRS contribution	6,918	6,918	6,939	21
Employee health insurance	11,730	11,730	11,563	(167)
Employee life insurance	183	183	-	(183)
Workers compensation insurance	1,642	1,642	1,401	(241)
Postal service	200	200	402	202
Other professional services	200	200	-	(200)
Membership and dues	-	100	79	(21)
Education seminars and training	500	500	-	(500)
Travel	500	500	877	377
Other contracted services	-	100	44	(56)
Office supplies and materials	400	400	213	(187)
Other supplies & materials	50	50	-	(50)
Insurance	894	894	839	(55)
Property (contents) insurance	187	187	193	6
Equipment rental/lease	1,750	1,750	-	(1,750)
Total purchasing department	75,883	76,883	73,259	(3,624)

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Retiree benefits-general fund:				
Health insurance/retirees	500,000	500,000	306,363	(193,637)
Total retiree benefits-general fund	500,000	500,000	306,363	(193,637)
Computer operations:				
Wages and salaries	57,561	61,061	60,354	(707)
Christmas bonus and longevity	1,131	1,131	282	(849)
FICA	3,639	3,639	3,616	(23)
Medicare	851	851	846	(5)
TCRS contribution	8,616	8,616	8,906	290
Employee health insurance	23,356	23,356	11,489	(11,867)
Employee life insurance	226	226	-	(226)
Workers compensation insurance	3,624	5,124	1,853	(3,271)
Clothing/uniforms/shoes	100	100	114	14
Postal service	-	100	0	(100)
Electricity	-	1,633	1,562	(71)
Water & sewer	-	248	128	(120)
Natural gas & propane	-	180	-	(180)
Telephone services	3,000	2,900	1,784	(1,116)
Medical services	-	2,100	2,048	(52)
Other professional services	750	750	-	(750)
Repair & maint. office equip.	500	500	160	(340)
Repair & maint. bldg./grounds	-	14,350	14,350	-
Subscriptions & books	200	200	35	(165)
Memberships & dues	400	400	-	(400)
Education seminars & training	3,500	3,500	2,805	(695)
Travel business expenses	2,500	2,500	145	(2,355)
Other contracted services	31,600	31,600	38,659	7,059
Office supplies & materials	200	200	125	(75)
ADP parts & components	5,000	5,000	4,549	(451)
General operating supplies	600	600	422	(178)
Gasoline & diesel fuel	200	200	228	28
Insurance	3,953	3,953	3,710	(243)
Property (contents) insurance	828	853	851	(2)
Equipment rental/lease	250	250	-	(250)
Office equipment	117,064	102,714	102,506	(208)
Total computer operations	269,649	278,835	261,529	(17,306)
Human resources:				
Wages & salaries permanent emp.	144,926	146,926	145,089	(1,837)
Overtime	500	500	-	(500)
Christmas bonus & longevity	1,164	1,164	1,118	(46)
F.I.C.A.	9,089	9,089	8,321	(768)
Medicare	2,126	2,126	1,946	(180)
TCRS contribution	21,349	21,349	20,446	(903)
Employee health insurance	29,384	29,384	29,156	(228)
Employee life insurance	533	533	-	(533)
Workers compensation insurance	2,798	6,748	3,502	(3,246)
Tuition reimbursement	4,000	4,000	-	(4,000)
Postal service	300	300	315	15
Printing services	750	750	21	(729)
Legal notices	775	5,775	4,785	(990)
Electricity	-	4,084	3,905	(179)

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Water & sewer	-	919	320	(599)
Natural gas & propane	-	450	-	(450)
Telephone services	-	2,000	1,143	(857)
Medical services	-	100	93	(7)
Subscriptions & books	400	400	240	(160)
Memberships & dues	900	900	575	(325)
Education seminars & training	11,500	11,500	3,287	(8,213)
Travel business expenses	4,000	4,000	6,176	2,176
Other contracted services	6,750	11,750	32,075	20,325
Office supplies & materials	1,000	1,600	2,379	779
Office equipment	500	500	3,087	2,587
General operating supplies	1,000	1,000	80	(920)
Other supplies & materials	200	1,700	1,935	235
Insurance	3,482	3,482	3,240	(242)
Property (contents) insurance	730	750	750	(0)
Equipment rental/lease	2,500	6,500	3,355	(3,145)
Total human resources	250,656	280,279	277,338	(2,941)
Legal services:				
Wages & salaries permanent emp.	12,368	12,368	10,399	(1,969)
Christmas bonus & longevity	2,937	2,937	393	(2,544)
Health and life insurance	-	120	104	(16)
F.I.C.A.	949	949	572	(377)
Medicare	222	222	134	(88)
TCRS contribution	2,247	2,247	-	(2,247)
Employee health insurance	11,591	11,591	14,763	3,172
Employee life insurance	49	49	-	(49)
Workers compensation insurance	3,153	3,153	1,401	(1,752)
Attorney consult fees	59,000	63,000	86,603	23,603
Legal services	20,000	20,000	700	(19,300)
Subscriptions & books	3,750	3,750	4,930	1,180
Other contracted services	-	1,300	1,250	(50)
Insurance	-	-	883	883
Property (contents) insurance	197	1,097	203	(894)
Total legal services	116,463	122,783	122,335	(448)
Community and economic affairs:				
Wages & salaries permanent emp.	170,573	170,573	151,932	(18,641)
Overtime	134	134	-	(134)
Christmas bonus & longevity	1,128	1,128	686	(442)
F.I.C.A.	10,654	10,654	9,143	(1,511)
Medicare	2,492	2,492	2,138	(354)
TCRS contribution	25,225	25,225	22,357	(2,868)
Employee health insurance	26,799	26,799	22,493	(4,306)
Employee life insurance	654	654	-	(654)
Workers compensation insurance	4,349	5,849	4,622	(1,227)
Postal service	-	300	205	(95)
Legal notices	6,000	6,000	4,788	(1,212)
Medical services	-	170	166	(4)
Other professional services	500	500	-	(500)
Repair & maint. office equip.	3,500	3,500	2,713	(787)
Subscriptions & books	500	500	78	(422)
Memberships & dues	2,000	2,000	975	(1,025)

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Education seminars & training	2,500	2,500	1,421	(1,079)
Travel business expenses	4,000	4,000	4,091	91
Other contracted services	8,800	8,800	1,456	(7,344)
Office supplies & materials	3,000	3,000	2,787	(213)
General operating supplies	1,500	1,500	50	(1,450)
Gasoline & diesel fuel	1,500	1,537	922	(614)
Veh. parts/oil/fluid/tires	300	600	567	(33)
Other supplies & materials	2,000	2,000	1,536	(464)
Insurance	894	894	839	(55)
Property (contents) insurance	187	199	193	(6)
Equipment rental/lease	1,000	3,000	3,833	833
LAMTPO local match	-	-	106,399	106,399
Grants & other subsidies	200,000	584,000	624,074	40,074
Total community and economic affairs	480,189	868,508	970,463	101,955
Codes enforcement:				
Wages & salaries permanent emp.	76,657	76,657	65,979	(10,678)
Overtime	-	1,000	686	(314)
Christmas bonus & longevity	582	582	740	158
F.I.C.A.	4,789	4,789	3,932	(857)
Medicare	1,120	1,120	920	(200)
TCRS contribution	11,339	11,339	9,901	(1,438)
Employee health insurance	23,247	23,247	20,736	(2,511)
Employee life insurance	286	286	-	(286)
Workers compensation insurance	1,687	1,687	3,060	1,373
Clothing/uniforms/shoes	500	500	422	(78)
Postal service	350	350	1,124	774
Legal notices	200	200	-	(200)
Electricity	-	1,633	1,562	(71)
Water & sewer	-	48	128	80
Natural gas & propane	-	180	-	(180)
Telephone services	400	400	684	284
Medical services	-	50	28	(22)
Computer/data processing	250	200	-	(200)
Memberships & dues	75	50	-	(50)
Education seminars & training	500	500	250	(250)
Travel business expenses	500	500	507	7
Other contracted services	15,000	30,000	27,776	(2,224)
Office supplies & materials	100	100	97	(3)
Small tools & equipment	500	500	1,367	867
General operating supplies	-	25	5	(21)
Gasoline & diesel fuel	4,500	5,056	6,099	1,044
Veh. parts/oil/fluid/tires	500	500	3,187	2,687
Insurance	471	471	442	(29)
Property (contents) insurance	99	99	101	2
Equipment rental/lease	100	100	217	117
Total codes enforcement	143,752	162,169	149,949	(12,220)
Engineering:				
Wages & salaries permanent emp.	188,833	188,833	117,695	(71,138)
Overtime	1,000	1,000	-	(1,000)
Christmas bonus & longevity	813	813	-	(813)
F.I.C.A.	11,820	11,820	7,152	(4,668)

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Medicare	2,764	2,764	1,673	(1,091)
TCRS contribution	27,987	27,987	16,228	(11,759)
Employee health insurance	37,652	37,652	35,448	(2,204)
Employee life insurance	741	741	-	(741)
Workers compensation insurance	4,931	5,981	4,342	(1,639)
Unemployment insurance	-	2,000	1,925	(75)
Clothing/uniforms/shoes	250	250	321	71
Postal service	200	200	62	(138)
Legal notices	500	500	-	(500)
Electricity	-	4,084	3,905	(179)
Water & sewer	-	819	320	(499)
Natural gas & propane	-	450	-	(450)
Telephone services	2,700	2,700	888	(1,812)
Medical services	-	130	158	28
Other professional services	1,000	1,000	-	(1,000)
Subscriptions & books	250	250	-	(250)
Memberships & dues	2,565	2,565	2,019	(546)
Education seminars & training	250	250	-	(250)
Travel business expenses	2,500	2,500	(75)	(2,575)
Other contracted services	-	2,900	56,293	53,393
Office supplies & materials	3,500	3,500	1,632	(1,868)
Office equipment	-	3,200	3,156	(44)
Computers/software	900	900	-	(900)
General operating supplies	4,000	4,000	2,019	(1,981)
Gasoline & diesel fuel	5,000	5,109	1,179	(3,930)
Veh. parts/oil/fluid/tires	2,000	2,000	790	(1,210)
Other supplies & materials	900	900	-	(900)
Insurance	1,736	1,736	1,630	(106)
Property (contents) insurance	364	374	374	(0)
Equipment rental/lease	6,840	19,840	10,946	(8,894)
Total engineering	311,996	339,748	270,078	(69,669)
GIS:				
Wages & salaries permanent emp.	61,200	61,200	15,976	(45,224)
F.I.C.A.	3,794	3,794	971	(2,823)
Medicare	887	887	227	(660)
TCRS contribution	8,984	8,984	2,354	(6,630)
Employee health insurance	10,687	10,687	2,207	(8,480)
Employee life insurance	11,760	11,760	-	(11,760)
Telephone services	-	300	217	(83)
Medical services	-	300	186	(114)
Memberships & dues	1,500	1,500	-	(1,500)
Education seminars & training	2,000	2,000	-	(2,000)
Travel business expenses	750	750	-	(750)
Other contracted services	10,000	9,400	-	(9,400)
Office supplies & materials	500	500	392	(108)
Office equipment	5,000	5,000	4,913	(87)
General operating supplies	1,500	1,500	70	(1,430)
Gasoline & diesel fuel	1,500	1,500	-	(1,500)
Other supplies & materials	2,500	2,500	-	(2,500)
Total GIS	122,562	122,562	27,514	(95,048)

Police supervision:

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Wages & salaries permanent emp.	246,714	283,314	281,656	(1,658)
Overtime	1,000	1,000	-	(1,000)
Other salaries & wages	3,584	524	-	(524)
Christmas bonus & longevity	2,486	2,986	3,505	519
F.I.C.A.	15,735	17,242	17,137	(105)
Medicare	3,680	4,033	4,008	(25)
TCRS contribution	37,255	40,491	40,454	(37)
Employee health insurance	58,684	58,684	67,820	9,136
Employee life insurance	958	958	-	(958)
Workers compensation insurance	6,222	11,186	8,405	(2,781)
Clothing/uniforms/shoes	950	950	820	(130)
Postal service	1,200	1,200	977	(223)
Printing services	300	700	711	11
Legal notices	350	350	-	(350)
Electricity	-	46,553	44,512	(2,041)
Water & sewer	-	5,354	3,653	(1,701)
Natural gas & propane	-	5,130	-	(5,130)
Telephone services	1,100	2,300	3,320	1,020
Medical services	-	28	28	-
Computer/data processing	30,500	30,500	37,217	6,717
Other professional services	1,000	1,000	978	(22)
Repair & maint. vehicles	150	150	-	(150)
Repair & maint. bldg./grounds	-	144	143	(1)
Subscriptions & books	850	850	737	(113)
Memberships & dues	2,650	2,650	2,724	74
Education seminars & training	2,300	2,300	2,250	(50)
Travel business expenses	8,140	7,968	6,027	(1,941)
Other contracted services	-	6,500	6,500	-
Office supplies & materials	1,200	1,200	1,139	(61)
Office equipment	800	800	806	6
Gasoline & diesel fuel	6,650	7,030	4,055	(2,975)
Veh. parts/oil/fluid/tires	500	500	120	(380)
Other supplies & materials	-	-	21	21
Insurance	5,082	5,082	4,770	(312)
Property (contents) insurance	1,065	1,095	1,095	(0)
Equipment rental/lease	4,000	3,772	2,993	(779)
Sex offenders administration	-	-	3,059	3,059
Other miscellaneous expenses	-	-	653	653
DOJ JAG grant	-	16,428	16,428	(0)
Total police supervision	445,105	570,952	568,719	(2,233)
Patrol and traffic:				
Wages & salaries permanent emp.	2,659,258	2,598,358	2,568,620	(29,738)
Overtime	85,000	106,350	106,258	(92)
Wages & salaries temp. emp.	2,000	9,800	10,002	202
Holiday pay	77,684	77,684	93,333	15,649
Christmas bonus & longevity	24,065	26,165	26,048	(117)
F.I.C.A.	176,576	176,576	170,155	(6,421)
Medicare	39,296	39,796	39,795	(1)
TCRS contribution	418,087	418,087	414,697	(3,390)
Employee health insurance	726,344	726,344	726,474	130
Employee life insurance	10,119	10,119	-	(10,119)
Workers compensation insurance	73,727	186,085	110,804	(75,281)
Clothing/uniforms/shoes	54,700	55,078	42,268	(12,810)

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Postal service	500	616	102	(514)
Printing services	2,500	2,500	2,631	131
Telephone services	12,250	12,250	12,724	474
Medical services	5,500	5,500	8,591	3,091
Other professional services	5,000	5,000	4,603	(397)
Repairs & maint. communications	1,500	1,500	1,208	(292)
Repair & maint. vehicles	25,000	42,901	42,678	(223)
Repair & maint. bldg./grounds	5,000	5,000	5,258	258
Memberships & dues	2,000	2,000	662	(1,338)
Education seminars & training	24,000	24,000	27,669	3,669
Travel business expenses	25,000	25,000	15,088	(9,912)
Other contracted services	8,300	9,047	7,702	(1,345)
Office supplies & materials	10,000	10,000	9,864	(136)
Munitions	24,000	25,554	19,776	(5,777)
Small tools & equipment	38,675	47,075	46,477	(598)
Janitorial supplies	100	100	-	(100)
General operating supplies	3,000	2,807	2,835	28
Gasoline & diesel fuel	268,000	286,747	209,318	(77,429)
Veh. parts/oil/fluid/tires	65,000	65,000	70,003	5,003
Insurance	86,103	86,103	80,849	(5,254)
Property (contents) insurance	17,947	18,447	18,445	(2)
Equipment rental/lease	4,643	4,643	2,700	(1,943)
Other miscellaneous expenses	-	193	193	(1)
Motor equipment	299,350	297,889	296,081	(1,808)
Other capital outlay	46,250	53,311	53,311	-
Total patrol and traffic	5,326,474	5,463,625	5,247,218	(216,407)
Police investigation:				
Wages & salaries permanent emp.	813,056	810,466	806,954	(3,512)
Overtime	28,000	30,590	30,533	(57)
Christmas bonus & longevity	10,760	11,560	11,559	(1)
F.I.C.A.	52,813	52,813	51,197	(1,616)
Medicare	12,351	12,351	11,974	(377)
TCRS contribution	125,047	125,047	124,472	(575)
Employee health insurance	176,205	176,205	175,719	(486)
Employee life insurance	3,079	3,079	-	(3,079)
Workers compensation insurance	16,661	40,461	21,715	(18,746)
Clothing/uniforms/shoes	9,750	9,750	9,750	(0)
Postal service	500	500	635	135
Printing services	200	200	205	5
Telephone services	4,500	5,700	5,612	(88)
Medical services	150	150	294	144
Other professional services	300	300	200	(100)
Repair & maint. vehicles	700	700	573	(127)
Subscriptions & books	50	50	35	(15)
Memberships & dues	500	500	418	(82)
Education seminars & training	3,000	3,300	1,510	(1,790)
Travel business expenses	7,000	6,700	2,577	(4,123)
Other contracted services	-	25	25	-
Office supplies & materials	6,100	6,057	5,857	(200)
General operating supplies	3,100	3,100	2,917	(183)
Gasoline & diesel fuel	28,200	29,945	17,576	(12,370)
Veh. parts/oil/fluid/tires	6,800	6,800	6,598	(202)
Insurance	19,763	19,763	18,551	(1,212)

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Property (contents) insurance	4,142	5,300	4,256	(1,044)
Equipment rental/lease	9,500	9,500	5,852	(3,648)
Other miscellaneous expenses	-	18	18	(1)
Motor equipment	27,500	27,500	26,552	(948)
Total police investigation	1,369,727	1,398,430	1,344,135	(54,295)
Fire supervision:				
Wages & salaries permanent emp.	400,507	407,207	407,211	4
Other salaries & wages	1,900	-	-	-
Christmas bonus & longevity	5,420	5,585	5,580	(5)
F.I.C.A.	25,285	25,285	24,878	(407)
Medicare	5,913	5,913	5,818	(95)
TCRS contribution	59,869	60,274	60,277	3
Employee health insurance	70,691	69,331	70,158	827
Employee life insurance	1,508	58	-	(58)
Workers compensation insurance	3,811	7,004	7,004	-
Clothing/uniforms/shoes	500	95	-	(95)
Postal service	50	50	63	13
Electricity	-	360	245	(115)
Natural gas & propane	-	2,940	1,129	(1,811)
Telephone services	2,500	2,500	2,297	(203)
Medical services	-	28	84	56
Subscriptions & books	300	300	378	78
Memberships & dues	700	700	484	(216)
Education seminars & training	500	367	70	(297)
Travel business expenses	700	700	652	(48)
Office supplies & materials	1,900	1,900	1,267	(633)
Office equipment	-	1,650	1,603	(47)
General operating supplies	300	272	-	(272)
Gasoline & diesel fuel	6,500	6,852	5,050	(1,802)
Veh. parts/oil/fluid/tires	1,500	1,500	2,297	797
Insurance	1,976	1,976	1,855	(121)
Property (contents) insurance	414	426	426	(0)
Equipment rental/lease	6,500	6,500	4,474	(2,026)
Total Fire supervision	599,244	609,773	603,299	(6,474)
Fire inspection:				
Wages & salaries permanent emp.	63,740	68,640	68,643	3
Other salaries & wages	1,900	-	-	-
Christmas bonus & longevity	846	846	846	0
F.I.C.A.	4,122	4,177	4,173	(4)
Medicare	964	979	976	(3)
TCRS contribution	9,760	10,120	10,118	(2)
Employee health insurance	11,775	11,775	11,671	(104)
Employee life insurance	243	243	-	(243)
Workers compensation insurance	4,512	9,882	8,405	(1,477)
Clothing/uniforms/shoes	300	300	-	(300)
Postal service	100	100	5	(95)
Telephone services	600	600	602	2
Subscriptions & books	1,000	1,000	740	(260)
Memberships & dues	400	400	455	55
Education seminars & training	2,000	2,000	1,840	(160)
Travel business expenses	5,500	5,500	5,775	275

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Public relations expenses	3,500	3,500	4,064	564
Other contracted services	300	300	-	(300)
Office supplies & materials	300	300	182	(118)
General operating supplies	300	300	127	(173)
Gasoline & diesel fuel	6,000	6,443	5,432	(1,011)
Veh. parts/oil/fluid/tires	1,000	1,000	-	(1,000)
Insurance	-	1,856	1,855	(1)
Property (contents) insurance	414	426	426	(12,177)
Equipment rental/lease	-	4,200	3,888	(25,151)
Total fire inspection	119,576	134,887	130,222	(41,680)
Fire stations:				
Postal service	0	2	1	(1)
Electricity	0	30,240	35,340	5,100
Water & sewer	0	8,496	7,416	(1,080)
Natural gas & propane	0	20,666	14,757	(5,909)
Telephone services	0	9,291	9,366	75
Repair/maint. operations equip.	0	3,000	1,165	(1,835)
Repair & maint. office equip.	3,000	0	0	-
Repair & maint. bldg./grounds	40,000	40,000	43,289	3,289
Repair & maint. other	3,000	3,000	4,735	1,735
Other contracted services	13,600	13,598	11,882	(1,716)
Office supplies & materials	300	300	303	3
Janitorial supplies	18,500	18,500	18,535	35
General operating supplies	6,500	6,500	6,714	214
Gasoline & diesel fuel	300	300	0	(300)
Veh. parts/oil/fluid/tires	100	100	386	286
Insurance	7,058	7,058	0	(7,058)
Property (contents) insurance	1,479	1,479	1,520	41
Total fire stations	93,837	162,530	155,410	(7,120)
Fire fighting:				
Wages & salaries permanent emp.	3,333,877	3,335,927	3,336,334	407
Overtime	209,500	228,500	228,301	(199)
Holiday pay	67,798	138,798	140,338	1,540
Christmas bonus & longevity	36,853	39,353	38,803	(550)
F.I.C.A.	226,178	226,178	222,471	(3,707)
Medicare	52,896	52,896	52,029	(867)
TCRS contribution	535,531	535,531	540,078	(8,706)
Employee health insurance	913,304	872,254	875,058	
Employee life insurance	12,087	12,087	-	
Workers compensation insurance	72,370	146,620	132,069	(14,551)
Clothing/uniforms/shoes	55,000	54,685	54,280	(405)
Postal service	300	300	147	(153)
Electricity	-	6,000	6,019	19
Water & sewer	2,000	36,120	30,097	(6,023)
Telephone services	400	400	-	(400)
Medical services	-	2,319	2,403	84
Other professional services	30,000	35,037	34,288	(749)
Repair & maint. vehicles	500	500	75	(425)
Repair/maint. operations equip.	8,000	8,000	8,339	339
Subscriptions & books	2,500	2,500	1,791	(709)
Memberships & dues	7,000	7,000	8,476	1,476

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Education seminars & training	40,000	38,290	10,377	(27,913)
Travel business expenses	20,000	20,728	40,425	19,696
Other contracted services	700	700	625	(75)
Office supplies & materials	1,000	1,000	375	(626)
General operating supplies	15,000	18,846	14,794	(4,051)
Gasoline & diesel fuel	65,000	68,257	30,483	(37,773)
Veh. parts/oil/fluid/tires	70,000	71,226	59,630	(11,596)
Insurance	94,113	92,257	88,729	(3,528)
Property (contents) insurance	20,136	20,271	20,269	(2)
Equipment rental/lease	4,000	4,000	2,792	(1,208)
Machinery & equipment	-	3,609	3,853	243
Motor equipment	425,000	425,989	425,484	(100,617)
Total fire fighting	6,321,043	6,506,178	6,409,233	(201,026)
Fire and medical response:				
Clothing/uniforms/shoes	4,000	4,315	4,310	(5)
Printing services	300	300	256	(44)
Repair/maint. operations equip.	2,000	5,475	5,421	(54)
Subscriptions & books	0	450	450	(0)
Memberships & dues	150	150	0	(150)
Education seminars & training	5,000	5,000	4,560	(440)
Small tools & equipment	6,000	6,180	6,176	(4)
General operating supplies	3,500	4,377	4,373	(4)
Insurance	1,976	1,976	1,855	(121)
Property (contents) insurance	0	430	426	(4)
Total fire and medical response	22,926	28,653	27,827	(826)
Inspections:				
Wages & salaries permanent emp.	280,132	281,232	281,435	203
Christmas bonus & longevity	4,022	4,182	4,181	(1)
F.I.C.A.	17,618	17,618	17,275	(343)
Medicare	4,120	4,120	4,040	(80)
TCRS contribution	41,714	41,714	41,242	(472)
Employee health insurance	58,777	57,677	57,168	(509)
Employee life insurance	1,083	1,083	-	(1,083)
Workers compensation insurance	6,293	7,283	5,604	(1,679)
Clothing/uniforms/shoes	1,000	1,000	1,430	430
Postal service	250	250	514	264
Printing services	200	200	145	(55)
Legal notices	350	350	482	132
Electricity	-	4,084	3,905	(179)
Water & sewer	-	469	320	(149)
Natural gas & propane	-	450	-	(450)
Telephone services	1,000	1,000	1,646	646
Medical services	-	-	28	28
Other professional services	2,000	2,000	-	(2,000)
Subscriptions & books	400	400	130	(270)
Memberships & dues	800	800	522	(278)
Education seminars & training	2,400	2,400	1,123	(1,277)
Travel business expenses	850	850	883	33
Other contracted services	36,000	35,741	7,081	(28,660)
Office supplies & materials	250	250	409	159
Office equipment	-	259	259	-

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Gasoline & diesel fuel	6,000	6,428	4,391	(2,037)
Veh. parts/oil/fluid/tires	2,000	2,000	1,203	(797)
Other supplies & materials	400	400	254	(146)
Insurance	1,788	1,788	1,678	(110)
Property (contents) insurance	375	386	385	(1)
Equipment rental/lease	1,000	13,350	8,536	(4,814)
Total inspections	470,822	489,764	446,269	(43,495)
Public works supervision:				
Wages & salaries permanent emp.	105,604	120,404	120,409	5
Overtime	-	100	99	(1)
Wages & salaries temp. emp.	-	50	44	(6)
Christmas bonus & longevity	1,602	1,602	452	(1,150)
F.I.C.A.	6,647	7,222	7,215	(7)
Medicare	1,554	1,704	1,687	(17)
TCRS contribution	15,738	17,938	17,910	(28)
Employee health insurance	23,492	25,892	26,231	339
Employee life insurance	406	406	-	(406)
Workers compensation insurance	2,347	5,347	2,563	(2,784)
Clothing/uniforms/shoes	3,500	3,500	1,910	(1,590)
Postal service	25	25	0	(25)
Printing services	100	100	-	(100)
Legal notices	200	200	278	78
Telephone services	1,000	1,000	1,054	54
Medical services	300	300	84	(216)
Repair & maint. office equip.	100	100	-	(100)
Subscriptions & books	50	50	-	(50)
Memberships & dues	500	500	817	317
Education seminars & training	3,000	3,000	390	(2,610)
Travel business expenses	3,000	3,000	737	(2,263)
Other contracted services	350	350	12,120	11,770
Office supplies & materials	1,500	1,500	1,401	(99)
Office equipment	1,600	1,600	117	(1,483)
Janitorial supplies	100	100	-	(100)
General operating supplies	300	300	294	(6)
Gasoline & diesel fuel	3,500	3,660	2,192	(1,469)
Veh. parts/oil/fluid/tires	1,700	1,700	1,248	(452)
Insurance	2,965	2,965	2,783	(182)
Property (contents) insurance	621	641	638	(3)
Equipment rental/lease	3,300	9,800	4,753	(5,047)
Total public works supervision:	185,101	215,056	207,425	(7,632)
Buildings and grounds:				
Wages & salaries permanent emp.	105,866	113,666	113,579	(87)
Overtime	6,000	7,300	7,250	(50)
Wages & salaries temp. emp.	25,000	20,155	20,351	196
Christmas bonus & longevity	1,533	1,533	1,373	(160)
F.I.C.A.	8,581	8,581	8,568	(14)
Medicare	2,007	2,007	2,004	(3)
TCRS contribution	16,647	16,647	16,392	(255)
Employee health insurance	35,079	32,619	32,537	(82)
Employee life insurance	402	402	-	(402)
Workers compensation insurance	6,031	7,381	6,796	(585)

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Unemployment insurance	-	2,460	2,460	-
Clothing/uniforms/shoes	3,000	3,000	2,205	(795)
Postal service	25	25	-	(25)
Legal notices	-	1,229	1,229	(1)
Electricity	350,000	52,584	32,319	(20,265)
Water & sewer	55,000	23,472	42,713	19,241
Natural gas & propane	55,000	39,452	27,137	(12,315)
Telephone services	87,000	79,748	44,484	(35,264)
Medical services	300	300	196	(104)
Other professional services	1,000	1,000	-	(1,000)
Repair & maint. vehicles	2,000	2,000	-	(2,000)
Repair/maint. operations equip.	3,000	3,000	3,093	93
Repair & maint. bldg./grounds	80,000	81,000	70,441	(10,559)
Subscriptions & books	25	25	-	(25)
Memberships & dues	500	500	-	(500)
Education seminars & training	1,500	271	90	(181)
Travel business expenses	1,000	1,000	168	(832)
Other contracted services	28,316	28,316	30,211	1,895
Small tools & equipment	4,000	4,000	4,138	138
Janitorial supplies	12,000	12,000	10,659	(1,341)
General operating supplies	20,000	20,000	16,222	(3,778)
Gasoline & diesel fuel	5,000	5,458	4,181	(1,277)
Veh. parts/oil/fluid/tires	4,000	4,000	1,160	(2,840)
Insurance	9,411	9,411	8,834	(577)
Property (contents) insurance	1,972	2,027	2,027	(0)
Equipment rental/lease	1,000	1,000	697	(303)
Other miscellaneous expenses	2,000	2,088	2,078	(10)
Machinery & equipment	10,000	10,000	8,298	(1,702)
Motor equipment	28,500	31,100	30,877	(223)
Other capital outlay	-	7,252	7,252	(0)
Total buildings and grounds	972,695	638,008	562,016	(75,992)
Equipment shop:				
Wages & salaries permanent emp.	277,744	282,044	281,991	(53)
Overtime	10,000	12,900	12,778	(122)
Christmas bonus & longevity	3,621	3,781	3,778	(3)
F.I.C.A.	18,065	18,065	17,862	(203)
Medicare	4,225	4,225	4,177	(48)
TCRS contribution	42,772	43,872	43,832	(40)
Employee health insurance	81,957	79,057	78,653	(404)
Employee life insurance	1,076	1,076	-	(1,076)
Workers compensation insurance	7,595	7,120	10,665	3,545
Clothing/uniforms/shoes	7,000	14,500	7,473	(7,027)
Postal service	-	11	11	(0)
Natural gas & propane	300	300	140	(160)
Telephone services	1,000	1,000	724	(276)
Medical services	1,000	1,000	165	(835)
Other professional services	500	489	-	(489)
Repair & maint. vehicles	500	500	-	(500)
Education seminars & training	2,000	2,000	569	(1,431)
Travel business expenses	300	300	-	(300)
Other contracted services	2,800	1,937	210	(1,727)
Office supplies & materials	500	500	421	(79)
Small tools & equipment	11,300	11,300	9,465	(1,835)

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Janitorial supplies	3,000	3,000	3,245	245
General operating supplies	1,000	1,000	509	(491)
Gasoline & diesel fuel	4,000	4,000	4,563	563
Veh. parts/oil/fluid/tires	2,000	2,000	1,345	(655)
Insurance	1,976	1,976	1,855	(121)
Property (contents) insurance	414	414	426	12
Equipment rental/lease	1,200	1,200	744	(456)
Landfill fee/disposition chgs..	-	1,063	1,062	(1)
Total equipment shop	487,845	500,630	486,661	(13,969)
Street repairs and maintenance:				
Wages & salaries permanent emp.	336,798	336,798	301,333	(35,465)
Overtime	8,500	8,500	8,392	(108)
Christmas bonus & longevity	5,865	5,865	5,858	(7)
F.I.C.A.	21,772	21,772	18,552	(3,220)
Medicare	5,092	5,092	4,339	(753)
TCRS contribution	51,551	51,551	46,286	(5,265)
Employee health insurance	105,309	105,309	91,315	(13,994)
Employee life insurance	1,299	1,299	-	(1,299)
Workers compensation insurance	10,965	21,985	12,952	(9,033)
Clothing/uniforms/shoes	6,000	6,000	4,746	(1,254)
Contracts with other agencies	-	500	500	-
Telephone services	1,000	1,000	724	(276)
Medical services	2,000	2,000	1,540	(460)
Repair & maint. vehicles	1,000	1,000	-	(1,000)
Repair/maint. operations equip.	22,000	22,000	13,598	(8,402)
Education seminars & training	1,200	1,200	1,680	480
Travel business expenses	400	400	-	(400)
Other contracted services	2,000	1,770	-	(1,770)
Office supplies & materials	300	300	508	208
Small tools & equipment	4,000	4,000	11,178	7,178
Janitorial supplies	200	200	-	(200)
General operating supplies	8,000	8,000	6,064	(1,936)
Gasoline & diesel fuel	45,000	47,249	24,448	(22,802)
Veh. parts/oil/fluid/tires	17,000	17,000	18,527	1,527
Concrete products	3,000	3,000	328	(2,672)
Crushed stone & sand	8,000	8,000	8,913	913
Asphalt	160,000	110,000	74,387	(35,613)
Insurance	9,882	9,882	9,276	(606)
Property (contents) insurance	2,071	2,131	2,128	(3)
Equipment rental/lease	1,000	1,000	420	(580)
Landfill fee/disposition chgs.	-	230	230	(0)
Motor equipment	98,500	100,780	100,780	-
Other capital outlay	-	92,259	92,259	-
Total street repairs and maintenance	939,704	998,072	861,262	(136,810)
Street lighting and signs:				
Wages & salaries permanent emp.	31,985	99,718	96,593	(3,125)
Overtime	2,000	2,000	267	(1,733)
Christmas bonus & longevity	288	288	288	(0)
F.I.C.A.	2,125	5,725	5,704	(21)
Medicare	497	1,347	1,334	(13)
TCRS contribution	5,031	14,231	14,194	(37)

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Employee health insurance	11,721	30,338	30,635	297
Employee life insurance	123	123	-	(123)
Workers compensation insurance	1,087	1,757	1,401	(356)
Clothing/uniforms/shoes	700	700	733	33
Postal service	-	10	9	(1)
Legal notices	-	38	38	0
Electrical, plumbing & hdwe.	-	115	402	287
Electricity	600,000	576,050	549,774	(26,276)
Natural gas & propane	150	150	212	62
Telephone services	-	1,000	437	(563)
Medical services	-	2,000	1,675	(325)
Repair & maint. vehicles	500	337	35	(303)
Subscriptions & books	350	350	-	(350)
Education seminars & training	400	400	130	(270)
Travel business expenses	400	400	-	(400)
Office supplies & materials	100	100	172	72
Small tools & equipment	3,000	3,000	2,978	(22)
Janitorial supplies	100	100	-	(100)
General operating supplies	30,000	30,000	29,984	(16)
Gasoline & diesel fuel	7,500	7,960	6,290	(1,670)
Veh. parts/oil/fluid/tires	4,000	4,000	2,203	(1,797)
Insurance	376	376	353	(23)
Property (contents) insurance	79	84	81	(3)
Other miscellaneous expenses	195,000	141,000	-	(141,000)
Total street lighting and signs	897,512	923,697	745,924	(177,774)
Brush pick-up and snow removal				
Wages & salaries permanent emp.	351,076	315,076	314,718	(358)
Overtime	17,500	22,250	22,173	(77)
Wages & salaries temp. emp.	40,000	40,000	35,486	(4,514)
Christmas bonus & longevity	4,703	4,703	3,324	(1,379)
F.I.C.A.	25,623	25,623	22,281	(3,343)
Medicare	5,993	5,993	5,211	(782)
TCRS contribution	54,797	54,797	49,368	(5,429)
Employee health insurance	113,381	113,381	108,858	(4,523)
Employee life insurance	1,242	1,242	-	(1,242)
Workers compensation insurance	11,340	15,717	13,588	(2,129)
Unemployment insurance	-	1,213	1,213	(0)
Clothing/uniforms/shoes	7,350	7,350	5,933	(1,417)
Postal service	50	50	5	(45)
Legal notices	400	400	205	(195)
Telephone services	500	500	362	(138)
Medical services	1,000	1,000	884	(116)
Other professional services	700	700	230	(470)
Repair/maint. operations equip.	15,000	15,000	18,456	3,456
Education seminars & training	400	400	350	(50)
Travel business expenses	500	500	-	(500)
Office supplies & materials	100	900	520	(380)
Small tools & equipment	6,500	6,500	6,332	(168)
Janitorial supplies	150	150	-	(150)
General operating supplies	1,500	1,500	1,320	(180)
Gasoline & diesel fuel	90,000	96,951	82,015	(14,936)
Veh. parts/oil/fluid/tires	70,000	70,000	97,916	27,916
Salt/sodium chloride	50,000	50,000	31,174	(18,826)

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Insurance	8,611	8,611	8,083	(528)
Property (contents) insurance	1,805	1,855	1,855	(0)
Landfill fee/disposition chgs.	245,000	245,000	218,201	(26,800)
Motor equipment	90,000	138,982	138,982	(0)
Other capital outlay	10,000	10,000	9,500	(500)
Total brush pick-up and snow removal	1,225,221	1,256,344	1,198,541	(57,803)
Sidewalks:				-
Other contracted services	25,000	24,550	-	(24,550)
General operating supplies	-	450	450	-
Concrete products	10,000	7,990	418	(7,572)
Crushed stone & sand	-	2,010	2,010	0
Total sidewalks	35,000	35,000	2,879	(32,121)
Traffic devices:				
Wages & salaries permanent emp.	2,200	192	-	(192)
Overtime	8,000	8,000	7,006	(994)
F.I.C.A.	632	632	420	(212)
Medicare	148	148	98	(50)
TCRS contribution	1,497	1,497	1,029	(468)
Employee health insurance	-	2,008	2,012	4
Postal service	-	8	7	(1)
Electricity	38,000	31,000	14,424	(16,576)
Natural gas & propane	500	500	-	(500)
Telephone services	-	100	100	(0)
Other professional services	1,500	1,500	-	(1,500)
Repairs & maint. communications	4,000	4,000	3,999	(1)
Repair & maint. vehicles	1,000	1,000	-	(1,000)
Repair & maint. traffic signals	40,000	40,000	39,762	(238)
Subscriptions & books	250	250	-	(250)
Memberships & dues	650	650	140	(510)
Education seminars & training	2,400	2,400	715	(1,685)
Travel business expenses	350	350	191	(159)
Office supplies & materials	200	92	-	(92)
Small tools & equipment	4,000	4,000	281	(3,719)
General operating supplies	3,000	3,000	72	(2,928)
Gasoline & diesel fuel	2,500	2,500	124	(2,376)
Veh. parts/oil/fluid/tires	3,100	3,100	785	(2,315)
Parts, traffic signals	13,000	13,000	11,923	(1,077)
Other supplies & materials	2,500	2,500	-	(2,500)
Total traffic devices:	129,427	122,427	83,088	(39,339)
Communication shop:				
Wages & salaries permanent emp.	80,319	80,819	85,508	4,689
Overtime	2,500	2,500	1,519	(981)
Christmas bonus & longevity	741	741	740	(1)
F.I.C.A.	5,181	5,211	5,257	46
Medicare	1,212	1,222	1,229	7
TCRS contribution	12,267	12,337	12,891	554
Employee health insurance	23,421	22,811	21,176	(1,635)
Employee life insurance	312	312	-	(312)
Workers compensation insurance	2,383	2,383	2,801	418

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Clothing/uniforms/shoes	1,100	1,100	1,029	(71)
Postal service	-	17	16	(1)
Electricity	-	3,852	3,077	(775)
Telephone services	400	400	1,219	819
Other professional services	200	200	-	(200)
Repairs & maint. communications	350	350	-	(350)
Repair & maint. vehicles	2,000	2,000	-	(2,000)
Repair/maint. operations equip.	2,000	2,000	370	(1,630)
Repair & maint. office equip.	1,500	1,500	-	(1,500)
Repair & maint. bldg./grounds	1,000	1,000	-	(1,000)
Subscriptions & books	300	300	-	(300)
Education seminars & training	1,500	1,500	-	(1,500)
Travel business expenses	500	500	-	(500)
Other contracted services	500	54	-	(54)
Office supplies & materials	300	283	254	(29)
Janitorial supplies	50	50	-	(50)
General operating supplies	100	100	93	(7)
Gasoline & diesel fuel	2,000	2,083	2,546	463
Veh. parts/oil/fluid/tires	2,000	2,000	149	(1,851)
Insurance	2,070	2,070	1,943	(127)
Property (contents) insurance	-	446	446	(0)
Total communication shop	146,206	150,141	142,264	(7,877)
Pavement management system:				
Legal notices	-	1,018	1,017	(1)
Street infrastructure imp.	3,814,000	3,812,982	533,211	(3,279,771)
Total pavement management system	3,814,000	3,814,000	534,228	(3,279,772)
Health inspection and welfare:				
Overtime	5,000	3,995	-	(3,995)
F.I.C.A.	310	310	-	(310)
Medicare	73	73	-	(73)
TCRS contribution	734	734	-	(734)
Workers compensation insurance	-	7,005	7,004	(1)
Education seminars & training	500	279	-	(279)
Travel business expenses	250	250	-	(250)
Small tools & equipment	400	400	390	(10)
Janitorial supplies	250	250	-	(250)
General operating supplies	3,000	3,000	3,000	-
Gasoline & diesel fuel	6,500	6,815	3,385	(3,430)
Veh. parts/oil/fluid/tires	1,000	1,000	90	(910)
Insurance general liability	941	941	883	(58)
Property (contents) insurance	-	203	203	(0)
Other miscellaneous expenses	-	18	18	(1)
Motor equipment	28,000	28,000	26,665	(1,335)
Total health inspections and welfare	46,958	53,273	41,637	(11,636)
Parks and recreation supervision:				
Wages & salaries permanent emp.	263,987	257,987	258,054	67
Overtime	150	6,150	5,940	(210)
Christmas bonus & longevity	2,721	2,881	2,879	(2)

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

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
F.I.C.A.	16,545	16,545	16,214	(331)
Medicare	3,869	3,869	3,792	(77)
TCRS contribution	39,175	39,175	37,715	(1,460)
Employee health insurance	58,703	58,703	54,242	(4,461)
Employee life insurance	984	984	-	(984)
Workers compensation insurance	1,273	5,183	4,202	(981)
Postal service	3,600	3,600	3,229	(371)
Printing services	300	300	175	(125)
Legal notices	900	900	175	(725)
Electricity	-	6,652	5,543	(1,109)
Water & sewer	-	739	641	98
Natural gas & propane	-	8,520	3,610	4,910
Telephone services	-	121	121	0
Medical services	1,200	1,200	121	1,079
Memberships & dues	1,300	1,300	1,155	145
Education seminars & training	1,000	1,000	990	10
Travel business expenses	2,000	2,000	1,514	486
Office supplies & materials	-	3,449	3,227	222
Office equipment	1,000	1,000	432	568
Insurance	1,976	1,976	972	1,004
Property (contents) insurance	217	227	223	4
Equipment rental/lease	7,450	7,450	5,225	2,225
Cash variances	-	30	30	-
Tree board	-	100	88	12
Total parks and recreation supervision	408,350	432,041	410,508	21,533
Playground and programs:				
Wages & salaries permanent emp.	113,387	114,087	114,055	32
Overtime	200	1,950	1,818	132
Wages & salaries temp. emp.	72,600	77,600	77,434	166
Christmas bonus & longevity	838	1,028	1,026	2
F.I.C.A.	11,596	11,821	11,800	21
Medicare	2,712	2,762	2,759	3
TCRS contribution	16,675	16,890	16,889	1
Employee health insurance	35,071	35,071	34,387	684
Employee life insurance	390	390	0	390
Workers compensation insurance	4,934	15,494	12,800	2,694
Unemployment insurance	0	0	1,984	(1,984)
Postal service	0	1	0	1
Legal notices	0	274	274	0
Electricity	0	4,573	11,760	(7,187)
Water & sewer	0	9,718	3,275	6,443
Natural gas & propane	0	7,800	2,350	5,450
Telephone services	800	800	1,275	(475)
Medical services	200	200	153	47
Other professional services	1,500	1,500	512	988
Repair & maint. bldg./grounds	1,500	11,500	24,095	(12,595)
Memberships & dues	15,000	15,000	12,550	2,450
Education seminars & training	250	250	0	250
Other contracted services	98,500	97,897	87,878	10,019
Office equipment	1,500	1,500	0	1,500
Small tools & equipment	4,000	4,000	3,450	550
Janitorial supplies	0	328	328	0
General operating supplies	58,200	58,200	58,468	(268)

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Insurance	11,594	11,594	10,601	993
Property (contents) insurance	2,367	2,367	2,432	(65)
Equipment rental/lease	5,000	5,000	3,535	1,465
Improvements other than bldgs.	0	10,000	10,000	-
Machinery & equipment	27,000	27,000	22,532	4,468
Total playgrounds and programs	485,814	546,595	530,421	16,174
Parks and maintenance:				
Wages & salaries permanent emp.	352,919	352,919	334,137	(18,783)
Overtime	5,000	5,000	639	(4,362)
Wages & salaries temp. emp.	145,000	145,000	131,661	(13,339)
Christmas bonus & longevity	3,747	3,747	3,976	229
F.I.C.A.	31,413	31,413	28,368	(3,045)
Medicare	7,347	7,347	6,634	(713)
TCRS contribution	53,093	53,093	48,473	(4,620)
Employee health insurance	116,965	116,965	98,962	(18,003)
Employee life insurance	1,384	1,384	-	(1,384)
Workers compensation insurance	2,323	14,128	167	(13,961)
Unemployment insurance	14,000	14,000	23,945	9,945
Postal service	-	19	18	(1)
Legal notices	-	681	681	(0)
Electricity	-	68,913	63,770	(5,143)
Water & sewer	-	19,213	26,342	7,129
Natural gas & propane	-	3,600	936	(2,664)
Telephone services	1,500	1,500	2,515	1,015
Medical services	-	1,032	1,031	(1)
Other professional services	1,000	1,000	-	(1,000)
Repair & maint. vehicles	-	100	72	(28)
Repair/maint. operations equip.	11,000	11,000	12,183	1,183
Repair & maint. bldg./grounds	32,500	32,500	31,943	(557)
Education seminars & training	100	100	-	(100)
Other contracted services	41,240	41,240	26,389	(14,851)
Small tools & equipment	8,000	8,000	5,280	(2,720)
Janitorial supplies	11,800	11,800	10,288	(1,512)
General operating supplies	33,500	31,768	17,655	(14,113)
Gasoline & diesel fuel	33,000	36,017	26,150	(9,867)
Veh. parts/oil/fluid/tires	6,500	6,500	7,532	1,032
Splash pad supplies	2,000	2,000	2,700	700
Concrete products	4,000	4,000	1,008	(2,992)
Crushed stone & sand	6,000	6,000	6,503	503
Insurance	14,870	14,870	13,958	(912)
Property (contents) insurance	3,116	3,206	3,202	(4)
Equipment rental/lease	2,000	8,000	1,944	(6,056)
Landfill fee/disposition chgs.	500	500	-	(500)
Building structures	200,000	200,000	128,551	(71,449)
Motor equipment	62,000	62,000	26,281	(35,719)
Other capital outlay	10,000	10,000	3,150	(6,850)
Total parks and maintenance	1,217,817	1,330,555	1,097,043	(233,512)
Social services:				
ALPS	9,500	9,500	9,500	-
Boys & Girls Club, Inc.	15,675	15,675	15,675	-

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

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
CEASE	16,625	16,625	16,625	-
Central Services	5,000	5,000	5,000	-
Child Advocacy	950	950	950	-
Girls, Inc.	11,400	11,400	11,400	-
Helping Hands	7,125	7,125	7,125	-
Keep America Beautiful	19,950	19,950	19,950	-
MATS	-	8,400	8,400	-
M-H Child Care Centers	22,800	22,800	22,800	-
New Hope Recovery	4,750	4,750	4,750	-
Rose Center	11,875	11,875	11,875	-
Senior Citizens Center	47,500	47,500	47,500	-
Senior Citizen Hope Assistance	4,750	4,750	4,750	-
Stepping Out	1,425	5,000	5,000	-
Youth Emergency Shelter	30,875	30,875	30,875	-
Boys & Girls Club Swim Team	10,000	10,000	10,000	-
Tennessee Achieves	5,000	5,000	5,000	-
Crockett Tavern Association	7,500	7,500	7,500	-
Diversity Task Force	7,000	7,000	7,000	-
Workforce Development	10,000	10,000	10,000	-
Project Graduation	-	1,000	1,000	-
Total social services	249,700	262,675	262,675	-
Fixed based operations:				
Clothing/uniforms/shoes	-	1,362	1,361	1
Postal service	250	250	266	(16)
Legal notices	750	750	66	684
Electricity	-	26,508	22,055	4,453
Water & sewer	-	17,392	22,975	(5,583)
Natural gas & propane	-	10,800	4,363	6,437
Telephone services	-	1,270	1,270	0
Other professional services	30,000	30,000	4,065	25,935
Other professional services	-	-	2,267	(2,267)
Repair/maint. operations equip.	800	800	891	(91)
Repair & maint. bldg./grounds	30,000	30,000	15,193	14,807
Memberships & dues	600	600	190	410
Education seminars & training	1,500	1,500	450	1,050
Travel business expenses	1,000	1,000	1,127	(127)
Other contracted services	24,590	24,590	29,869	(5,279)
Office supplies & materials	100	100	-	100
General operating supplies	7,000	4,368	372	3,996
Veh. parts/oil/fluid/tires	1,500	1,500	520	980
Buildings	-	975,000	975,000	-
Other capital outlay	1,193,354	1,193,354	545,687	647,667
Total fixed based operations	1,291,444	2,321,144	1,627,985	693,159
Bond principal:				
Debt principal	1,111,000	1,111,000	1,110,165	835
Bond interest	890,340	620,958	178,780	442,178
Paying agent fees	40,000	99,292	99,292	0
Total bond principal	2,041,340	1,831,250	1,388,237	443,013

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

City of Morristown, Tennessee
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Special appropriations:				
Animal Control	137,890	137,890	137,890	-
E-911 District	187,278	187,278	198,742	(11,464)
Summer Feeding Program	90,000	111,160	112,860	(1,700)
Public Library	257,000	261,500	261,490	10
Economic Development	200,000	210,000	201,550	8,450
Emergency Management Agency	45,000	45,000	3,711	41,289
TIF Payments	-	34,574	34,574	(0)
Total special appropriations	917,168	987,402	950,816	36,586
Total revenues	34,074,648	36,086,338	30,300,249	(5,786,089)
Total expenditures	33,922,864	36,007,172	29,762,742	6,244,431
Excess of revenues over(under) expenditures	151,784	79,166	537,507	458,342
Other financing sources (uses):				
Operating transfers in	497,930	497,930	1,452,361	954,431
Operating transfers out	(642,062)	(692,062)	(585,663)	(106,399)
Proceeds from issuance of bonds	-	-	-	-
Total other financing sources-net	(144,132)	(194,132)	866,698	848,032
Excess of revenues and other financing sources (under) expenditures and other financing uses	7,652	(114,966)	1,404,206	1,519,172
Fund balance - July 1, 2013	24,425,304	24,425,304	24,425,304	-
Prior period adjustment	-	-	(117,501)	(117,501)
Fund balance - July 1, 2013 - as adjusted	24,425,304	24,425,304	24,307,803	(117,501)
Fund balance -June 30, 2014	<u>\$ 24,432,956</u>	<u>\$ 24,310,338</u>	<u>\$ 25,712,009</u>	<u>\$ 1,401,671</u>

City of Morristown, Tennessee
Solid Waste Fund
Statement of Revenue, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Revenue:				
Other local revenue:				
Non-rev-fund balance appropriated	\$ 244,414	\$ 244,414	\$ -	\$ (244,414)
Insurance and customer reimbursements	-	-	123,125	123,125
Solid waste fees	1,260,000	1,409,450	1,370,370	(39,080)
Total other local revenue	1,504,414	1,653,864	1,493,495	(160,369)
Expenditures:				
Sanitation department:				
Wages & salaries permanent emp.	378,080	443,080	437,594	5,486
Overtime	6,000	10,800	10,512	288
Christmas bonus & longevity	5,215	5,215	4,185	1,030
F.I.C.A.	24,136	24,136	26,775	(2,639)
Medicare	5,645	5,645	6,262	(617)
TCRS contribution	57,149	57,149	65,983	(8,834)
Employee health insurance	117,029	117,029	133,723	(16,694)
Employee life insurance	1,469	1,469	-	1,469
Workers compensation insurance	17,836	23,286	15,013	8,273
Clothing/uniforms/shoes	7,000	7,000	5,865	1,135
Postal service	50	50	24	26
Legal notices	1,200	1,200	1,240	(40)
Water & sewer	-	50	8	42
Telephone services	500	500	425	76
Medical services	900	900	723	177
Education seminars & training	200	200	-	200
Other contracted services	-	120,000	48,278	71,722
Office supplies & materials	200	700	537	163
General operating supplies	1,250	1,250	837	413
Gasoline & diesel fuel	80,000	85,533	69,831	15,702
Veh. parts/oil/fluid/tires	55,000	55,000	57,610	(2,610)
Solid waste containers	33,000	33,000	32,946	54
Insurance	9,882	9,882	9,276	606
Property (contents) insurance	2,505	2,505	2,128	377
Landfill fee/disposition chgs.	375,000	375,000	360,362	14,638
Motor equipment	-	-	139,364	(139,364)
Total sanitation department	1,179,246	1,380,579	1,429,501	(48,922)
Curbside recycle:				
Wages & salaries permanent emp.	68,013	70,013	69,075	938
Overtime	750	1,550	1,443	107
Christmas bonus & longevity	757	757	740	17
F.I.C.A.	4,310	4,310	4,267	43
Medicare	1,008	1,008	998	10
TCRS contribution	10,206	10,206	10,119	88
Employee health insurance	23,385	23,385	22,949	436
Employee life insurance	266	266	-	266
Workers compensation insurance	3,529	3,529	2,807	722
Clothing/uniforms/shoes	1,500	1,500	1,102	398
Legal notices	100	100	-	100
Medical services	200	200	134	66

City of Morristown, Tennessee
Solid Waste Fund
Statement of Revenue, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Travel business expenses	400	400	-	400
Other contracted services	35,000	37,050	30,729	6,321
Office supplies & materials	300	300	234	66
Small tools & equipment	250	250	211	39
Janitorial supplies	100	100	-	100
Gasoline & diesel fuel	12,500	13,388	8,091	5,297
Veh. parts/oil/fluid/tires	9,000	9,000	4,375	4,625
Solid waste containers	15,000	15,000	16,974	(1,974)
Insurance	1,741	1,741	1,634	107
Property (contents) insurance	2,534	2,534	476	2,058
Motor equipment	100,000	100,000	99,599	401
Total curbside recycle	290,849	296,587	275,956	20,630
Bond principal:				
Debt principal	25,020	25,870	25,858	12
Debt interest	8,799	8,799	8,604	195
Paying agent fees	500	500	-	500
Total bond principal	34,319	35,169	34,462	707
Total expenditures	1,504,414	1,712,335	1,739,919	(27,585)
Excess of revenue over (under) expenditures	-	(58,471)	(246,424)	(187,954)
Other financing sources (uses):				
Operating transfer in	-	50,000	50,000	-
Operating transfer out	-	-	-	-
Total other financing sources-net	-	50,000	50,000	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	(8,471)	(196,424)	(187,954)
Fund balance - July 1, 2013	398,617	398,617	398,617	-
Prior period adjustment	-	-	1,113	1,113
Fund balance - July 1, 2013 - as adjusted	398,617	398,617	399,730	(1,113)
Fund balance - June 30, 2014	\$ 398,617	\$ 390,146	\$ 203,306	\$ (189,067)

City of Morristown, Tennessee

Statement of Net Position

Proprietary Funds

June 30, 2014

	Business-type Activities					Governmental	
	Enterprise Funds					Activities -	
	Wastewater System	Storm Water System	Power System	Water System	Broadband	Total	Internal Service Fund - Health Insurance
Assets							
Current assets:							
Cash and cash equivalents	\$ 7,797,852	\$ 3,843,306	\$ 12,215,159	\$ 4,370,771	\$ 176,079	\$ 28,403,167	\$ 1,193,416
Accounts receivable:							
Trade, net of allowances	-	285,408	8,452,126	-	-	8,737,534	-
Intertund receivables	150,794	-	574,495	199,072	-	924,361	-
Due from others	96,101	-	339,017	2,661	2,210	440,009	-
Other accounts receivable	-	-	-	-	-	-	-
Current portion of discounted energy units	-	-	-	-	-	-	-
Other current assets	-	-	-	12,789	86,556	99,345	-
Materials and supplies inventory	140,585	71,708	942,698	458,432	-	1,613,423	-
Total current assets	8,185,332	4,200,422	22,523,495	5,043,745	264,845	40,217,839	1,193,416
Noncurrent assets:							
Restricted cash and cash equivalents	6,108,398	-	-	2,910,724	675,961	9,695,083	-
Investments	7,177,504	-	-	-	-	7,177,504	-
Total restricted assets	13,285,902	-	-	2,910,724	675,961	16,872,587	-
Capital assets:							
Plant and equipment in service	101,877,555	6,822,851	104,023,776	63,316,012	11,833,183	287,873,377	-
Less accumulated depreciation	(42,270,676)	(3,060,521)	(44,712,980)	(25,208,986)	(5,336,117)	(120,589,280)	-
	59,606,879	3,762,330	59,310,796	38,107,026	6,497,066	167,284,097	-
Construction in progress	5,283,314	756,252	924,454	300,741	578,740	7,843,501	-
Net capital assets	64,890,193	4,518,582	60,235,250	38,407,767	7,075,806	175,127,598	-
Due from Other Funds	-	-	5,567,003	-	-	5,567,003	-
Plant acquisition adjustments, net of accumulated depreciation	-	-	397,197	-	-	397,197	-
Unamortized debt expense	-	-	-	-	-	-	-
Other assets	-	119,751	128,868	-	-	248,619	-
Total noncurrent assets	78,176,095	4,638,333	66,329,318	41,318,491	7,751,767	198,213,004	-
Total assets	86,361,427	8,838,755	88,851,813	46,362,236	8,016,612	238,430,843	1,193,416
Deferred outflows of resources							
Accrual for unbilled revenue	559,230	54,755	1,570,874	196,492	-	2,381,351	-
Total assets and deferred outflows of resources	\$ 86,920,657	\$ 8,893,510	\$ 90,422,687	\$ 46,558,728	\$ 8,016,612	\$ 240,812,194	\$ 1,193,416

Amounts in the "Total" column have been adjusted to reflect the eliminations of internal balances and will not cross-foot.

City of Morristown, Tennessee

Statement of Net Position

Proprietary Funds

June 30, 2014

	Business-Type Activities					Governmental	
	Enterprise Funds					Activities -	
	Wastewater System	Storm Water System	Power System	Water System	Broadband	Total	Internal Service Fund - Health Insurance
Liabilities							
Current liabilities:							
Accounts payable:							
Trade	\$ 2,424,955	\$ -	\$ 6,615,058	\$ 135,256	\$ 478,770	\$ 9,654,041	\$ 175,874
Interfund payables	107,354	-	242,512	-	574,495	924,361	-
City of Morristown	33,753	-	213,105	-	-	246,858	-
Customer deposits	-	-	3,666,842	-	79,300	3,746,142	-
Accrued payroll related liabilities	137,084	2,546	1,507,138	468,939	162,160	2,277,967	-
Other accrued liabilities	236,777	38,832	218,585	32,593	111,563	638,350	-
Current portion of contractual obligation	81,955	-	-	-	-	81,955	-
Current portion of capital lease obligation	-	-	-	-	18,877	18,877	-
Current portion of long-term debt	3,414,652	212,542	1,079,036	856,784	124,947	5,687,961	-
Total current liabilities	6,436,530	253,920	13,542,276	1,493,574	1,550,112	23,276,412	175,874
Noncurrent liabilities:							
Accrued post retirement benefit obligation	9,046	-	419,085	80,946	143,343	652,420	-
Due to other funds	-	-	-	-	5,567,003	5,567,003	-
Capital lease obligation, less current portion	-	-	-	-	57,606	57,606	-
Contractual obligation, less current portion	2,405,261	-	-	-	-	2,405,261	-
Long-term debt - less current portion	54,264,891	4,650,714	17,646,589	13,552,687	5,358,429	95,473,310	-
Contractual liability	-	-	-	-	-	-	-
Premium on bonds payable	-	224,682	-	-	-	224,682	-
Compensated absences	-	2,397	-	-	-	2,397	-
Total non-current liabilities	56,679,198	4,877,793	18,065,674	13,633,633	11,126,381	104,382,679	-
Total liabilities	63,115,728	5,131,713	31,607,950	15,127,207	12,676,493	127,659,091	175,874
Deferred inflows of resources							
Deferred revenues	-	-	-	-	182,455	182,455	-
Net position							
Net investment in capital assets	18,009,336	(569,356)	41,509,625	26,909,020	2,191,908	88,050,533	-
Restricted	-	-	-	-	-	-	-
Unrestricted net position (deficit)	5,795,593	4,331,153	17,305,112	4,522,601	(7,034,244)	24,920,115	1,017,542
Total net position (deficit)	23,804,929	3,761,797	58,814,737	31,431,521	(4,842,336)	112,970,648	1,017,542
Total liabilities, deferred inflows of resources, and net position	\$ 86,920,657	\$ 8,893,510	\$ 90,422,687	\$ 46,558,728	\$ 8,016,612	\$ 240,812,194	\$ 1,193,416

Amounts in the "Total" column have been adjusted to reflect the eliminations of internal balances and will not cross-foot.

City of Morristown, Tennessee
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2014

	Business-type Activities Enterprise Funds					Total	Governmental Activities - Internal Service Fund - Health Insurance
	Wastewater System	Storm Water System	Power System	Water System	Broadband		
Operating revenues:							
Metered sales	\$ 12,656,593	\$ 1,330,147	\$ 75,425,515	\$ 6,449,809	\$ -	\$ 95,862,064	\$ -
Broadband sales	-	-	-	-	7,629,190	7,629,190	-
Intertund services provided	-	-	1,189,573	187,463	921,003	-	-
Charges for services	-	-	-	-	-	-	4,087,537
Other operating revenues	420,415	2,016	1,545,209	225,643	386,742	2,580,025	-
Total operating revenues	13,077,008	1,332,163	78,160,297	6,862,915	8,936,935	106,071,279	4,087,537
Operating expenses:							
Power purchased	-	-	62,661,481	-	-	62,661,481	-
Operations	4,663,490	484,148	5,407,797	3,622,312	6,181,982	20,359,729	-
Maintenance	766,285	68,158	2,160,642	673,674	238,941	3,907,900	-
Intertund services used	200,741	-	847,454	287,505	962,339	-	-
Depreciation and amortization	2,509,645	143,708	4,572,648	1,552,723	372,067	9,150,791	-
Taxes	-	-	305,357	-	87,683	393,040	-
Insurance claims and expenses	-	-	-	-	-	-	4,170,328
Miscellaneous	-	653	-	-	-	653	-
Total operating expenses	8,140,161	696,666	75,955,379	6,136,414	7,843,012	96,473,593	4,170,328
Operating income (loss)	4,936,847	635,497	2,204,918	726,501	1,093,923	9,597,686	(82,791)
Other income (expense):							
Interest income	158,042	22,135	31,537	11,673	1,699	225,086	-
Financing cost	(222,674)	-	(105,282)	-	(32,011)	(359,967)	-
Interest expense	(904,962)	(135,466)	(57,322)	(438,956)	(32,416)	(1,569,122)	-
Net other income (expense)	(969,594)	(113,332)	(131,067)	(427,283)	(62,728)	(1,704,004)	-
Income (loss) before contributions and transfers	3,967,253	522,166	2,073,851	299,218	1,031,195	7,893,683	(82,791)
Contributions	139,284	-	-	53,450	-	192,734	-
TVA load control reimbursement	-	-	331,552	-	-	331,552	-
Grant income	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out (tax equivalent payments to City of Morristown)	(304,820)	(24,024)	(1,087,397)	(36,120)	-	(1,452,361)	-
Changes in net position	3,801,717	498,141	1,318,006	316,548	1,031,195	6,965,607	(82,791)
Net position at beginning of year, as previously stated	20,003,212	3,263,656	57,496,731	31,114,973	(5,873,531)	106,005,041	1,100,333
Prior period adjustment	-	-	-	-	-	-	-
Net position at beginning of year, as restated	20,003,212	3,263,656	57,496,731	31,114,973	(5,873,531)	106,005,041	1,100,333
Net position - ending	\$ 23,804,929	\$ 3,761,797	\$ 58,814,737	\$ 31,431,521	\$ (4,842,336)	\$ 112,970,648	\$ 1,017,542

Amounts in the "Total" column have been adjusted to reflect the eliminations of internal balances and will not cross-foot.

City of Morristown, Tennessee
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014

	Business-Type Activities						Governmental
	Enterprise Funds						Activities -
	Wastewater	Storm Water	Power	Water	Broadband	Total	Internal
	System	System	System	System	System		Service Fund -
							Health Insurance
Cash flows from operating activities:							
Cash received from customers	\$ 14,177,850	\$ 1,293,817	\$ 77,244,727	\$ 6,986,361	\$ 8,944,318	\$ 108,647,073	\$ 4,094,330
Cash received from City of Morristown	33,753	-	273,418	-	-	307,171	-
Cash paid to suppliers	(4,846,595)	(499,978)	(66,248,339)	(3,216,718)	(6,024,219)	(80,835,849)	-
Claims and premiums paid	-	-	-	-	-	-	(4,123,077)
Cash paid to employees	(317,609)	(188,246)	(5,034,128)	(1,433,758)	(1,385,977)	(8,359,718)	-
Net cash provided by operating activities	9,047,399	605,593	6,235,678	2,335,885	1,534,122	19,758,677	(28,747)
Cash flows from noncapital financing activities:							
Transfers to City of Morristown (tax equivalent payments)	(304,820)	-	(1,067,397)	(36,120)	-	(1,428,337)	-
TVA load control reimbursement	-	-	331,552	-	-	331,552	-
Long-term portion of compensated absences	-	(12,492)	-	-	-	(12,492)	-
Net cash flows from noncapital financing activities	(304,820)	(12,492)	(755,845)	(36,120)	-	(1,109,277)	-
Cash flows from investing activities:							
Interest received on cash and cash equivalents	158,042	22,135	31,537	11,673	1,699	225,086	-
Sale (purchase) of investments	4,486,211	-	-	-	-	4,486,211	-
Net cash flows from investing activities	4,644,253	22,135	31,537	11,673	1,699	4,711,297	-
Cash flows from capital and related financing activities:							
Bond proceeds	-	-	-	-	-	-	-
Payments on capital lease obligations	-	-	-	-	(14,941)	(14,941)	-
Unamortized bond premium	-	(24,964)	-	-	-	(24,964)	-
Debt issuance cost expense	-	-	-	-	-	-	-
Net additions to capital assets	(12,651,244)	(1,789,835)	(9,011,113)	(889,181)	(1,290,106)	(25,631,479)	-
Interfund (repayments) advances	273,734	(346,361)	460,655	(185,921)	(231,294)	(29,187)	-
State of Tennessee grant funds	-	-	-	-	-	-	-
Contributions	139,284	-	-	53,450	-	192,734	-
Principal payments on long term debt and contractual obligation	(2,642,851)	(211,345)	(1,024,936)	(832,480)	(120,047)	(4,831,659)	-
Interest paid on long term debt	(904,962)	(135,465)	(57,322)	(438,956)	(32,416)	(1,569,121)	-
Financing costs paid on long-term debt	(222,674)	-	(105,282)	-	(32,011)	(359,967)	-
Proceeds from long term borrowings	5,309,336	-	3,467,524	-	1,000,000	9,776,860	-
Net cash flows from financing activities	(10,699,377)	(2,507,970)	(6,270,474)	(2,293,088)	(720,815)	(22,491,724)	-
Increase (decrease) in cash and cash equivalents	2,687,455	(1,892,734)	(759,104)	18,350	815,006	868,973	(28,747)
Cash and cash equivalents, beginning	11,218,795	5,736,040	12,974,263	7,263,145	37,034	37,229,277	1,222,163
Cash and cash equivalents, ending	\$ 13,906,250	\$ 3,843,306	\$ 12,215,159	\$ 7,281,495	\$ 852,040	\$ 38,098,250	\$ 1,193,416

City of Morristown, Tennessee
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014

	Business-Type Activities						Governmental
	Enterprise Funds						Activities -
	Wastewater System	Storm Water System	Power System	Water System	Broadband System	Total	Internal Service Fund - Health Insurance
Reconciliation of operating income to net cash provided by operating activities:							
Operating income (loss)	\$ 4,936,847	\$ 635,497	\$ 2,204,918	\$ 726,501	\$ 1,093,923	\$ 9,597,686	\$ (82,791)
Adjustments to reconcile operating income to net cash flows from operating activities:							
Depreciation and amortization	2,509,645	143,708	4,572,648	1,552,723	372,067	9,150,791	-
Provision for losses on accounts receivable	-	-	192,230	-	-	192,230	-
Redemption of discounted energy units	-	-	-	-	-	-	-
Changes in operating assets and liabilities:							
Accounts receivable	1,207,229	(41,347)	(216,193)	-	-	949,689	6,425
Loans receivable	-	-	-	-	-	-	-
Accrual of unbilled revenue	(10,286)	5,017	45,744	4,218	-	44,693	-
Materials and supplies inventory	(18,865)	63,351	(75,068)	(66,176)	-	(96,758)	-
Other assets	(96,101)	-	99,813	4,052	58,042	65,806	-
Trade accounts payable	347,935	(194,106)	(834,339)	(29,400)	(5,636)	(715,546)	47,619
Loans payable	-	-	-	-	-	-	-
Customer deposits and prepayments	-	-	210,743	119,228	(745)	329,226	-
Other liabilities	170,995	(6,527)	35,182	24,739	16,471	240,860	-
Net cash provided by operating activities	\$ 9,047,399	\$ 605,593	\$ 6,235,676	\$ 2,335,885	\$ 1,534,122	\$ 19,758,677	\$ (28,747)
Noncash disclosure:							
Acquisition of capital assets	\$ 2,087,661	\$ -	\$ 127,168	\$ -	\$ 187,662	\$ 2,402,691	\$ -
Proceeds receivable from long-term borrowings	-	-	121,726	-	-	121,726	-

City of Morristown, Tennessee
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Post-Employment Benefits Trust</u>	<u>LAMTPO Agency Fund</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 346	\$ 455,620
Interest and dividends receivable	-	-
Grants receivable	-	139,690
Investments at fair value:		
Mutual funds - short-term	7,391	-
Mutual funds - equity	132,901	-
Mutual funds - fixed income	83,006	-
	<hr/>	<hr/>
Total Assets	223,644	\$ 595,310
	<hr/>	<hr/>
<u>Liabilities</u>		
Accounts payable	-	\$ 590
Due to LAMTPO	-	594,720
	<hr/>	<hr/>
Total Liabilities	-	\$ 595,310
	<hr/>	<hr/>
Net position held in trust for pension benefits	\$ 223,644	
	<hr/>	

City of Morristown, Tennessee
Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 June 30, 2014

	<u>Post-Employment Benefits Trust</u>
<u>Additions</u>	
Employer contributions	\$ 375,632
Investment earnings:	
Dividends and capital gains	11,406
Net increase in fair value of investments	<u>15,506</u>
Total additions	<u>402,544</u>
<u>Deductions</u>	
Benefits	375,632
Administrative expenses	<u>4,560</u>
Total deductions	<u>380,192</u>
Change in net position	22,352
Net position - beginning of the year, as adjusted	<u>201,292</u>
Net position - end of the year	<u><u>\$ 223,644</u></u>

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Morristown, Tennessee (the City) is a municipal corporation operating under the Council-Administrator form of government. The City's major operations include police and fire protection, parks and recreation, public works, and general administrative services. In addition, the City owns and operates water, power, wastewater (Note 5) and broadband systems (the System). The water, power, wastewater and broadband systems are operated by a separate board (Morristown Utilities Commissions, the Commission, or MUC), which is appointed by the Mayor and approved by City Council.

The City's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments. Certain of the significant changes in the statement include the following.

- The financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City elected to implement both the general provisions and infrastructure provisions.

A. Reporting Entity

These financial statements present the City (the primary government). There are no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from the government-wide statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are funded to a significant extent by user fees and charges for support.

Direct expenses are those that are clearly identifiable with a specific function or segment. The statement of activities demonstrates the extent to which the direct expenses of each function or segment are offset by program revenues. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided or given by the function or segment and 2) grants and contributions that are restricted for meeting the operational or capital requirements of a particular function or segment.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Although they are excluded from the government-wide financial statements, separate financial statements are also provided for the fiduciary funds. Each major governmental enterprise fund is reported in a separate column in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 fund financial statements. Revenues are reported 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 other restricted revenues are recognized as revenue when all eligible requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Similar to the accrual basis of accounting, expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Compensated absences, consisting of unused vacation pay and other compensated absences, are not included in the governmental basis financial statements, but are shown as a reconciling item and included in the city-wide financial statements. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

Property taxes, franchise taxes, licenses, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue during the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The *Solid Waste Fund* is the fund used to pay for all solid waste expenditures. Solid waste revenues are provided by monthly charges to customers and additional can purchases. Transfers from the general fund are made for any remaining deficit. Fund balance of the solid waste fund is assigned for solid waste operations.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government reports the following major proprietary funds:

The *Power System Fund* accounts for the activities of the government's electric distribution activities.

The *Water System Fund* accounts for the activities of the government's water distribution activities.

The *Wastewater System Fund* accounts for the activities of the government's sewage treatment operations.

The *Broadband System Fund* accounts for the activities of the government's cable and telephone services.

The *Storm Water System Fund* accounts for the activities of the government's storm water management activities.

Additionally, the government reports the following fund types:

The *Narcotics Fund* and *Solid Waste Fund* are required by the State of Tennessee.

The *CDBG Fund* has been established to account for expenditure of CDBG grant funds.

Special revenue funds receive revenue from designated sources and transfers from the General Fund and are expended for designated purposes.

The *Fiduciary Fund* is an agency fund to account for the City's role as the fiscal agent for LAMTPO.

The *Insurance Fund* is an internal service fund used to account for the City's health insurance services.

Standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the *Government Auditing Standards*. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidelines.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The City also recognizes as revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses of the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted sources are available for use, it is the government's policy to use restricted resources first and unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements and other activities that are outstanding at the end of the year are referred to as either "due to/from other funds" or "advances to/from other funds." These have been eliminated in the government-wide statement of net position.

All trade receivables were considered collectible at June 30, 2014. Based on experience, an allowance for uncollected property taxes of 1% of the tax levies for the past ten years is maintained.

Property taxes are levied as of January 1st on property values assessed as of the same date. Bills for those taxes are usually mailed on July 1st. A 2% discount is offered for payment within thirty days after the bills are mailed. On December 1st, any unpaid taxes become delinquent and a penalty of 4.5% is assessed with an additional 1% per month for additional delinquency. After one year and eleven months, any unpaid taxes are sent to the County Clerk and Master for collection.

3. *Inventories*

All inventories are valued at the lower of cost or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. *Restricted Assets*

This represents constraints placed on the use of assets through external restraints imposed by creditors (such as through debt covenants) or by grants, contributors, or laws and regulations of other governments or constraints imposed by law or enabling legislation.

5. *Income Taxes*

The Power and Water Systems, as well as the Wastewater and Storm Water funds are exempt from federal and state income taxes since they are comprised of funds of the City, a nontaxable entity. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Broadband System is exempt from federal income taxes; however, it is required by TCA 7-52-606 to pay franchise and excise tax to the State of Tennessee.

6. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets used in the government-wide financial statements are defined as those having an individual cost of more than \$5,000 and an estimated life in excess of two years. Estimated useful lives for the major classes of equipment are as follows:

Infrastructure (roads and streets)	20 years
Automotive	6 years
Other mobile equipment	12 to 15 years
Computer equipment	5 to 7 years
Buildings	15 to 50 years
Transmission equipment, fixtures and devices	25 to 50 years
Distribution transformers, meters, fixtures and devices	5 to 50 years
Furniture, fixtures and equipment	5 to 25 years

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant acquisition adjustments represent the excess of cost over net book value of utilities properties acquired from other utilities districts. Such excess is amortized over the estimated useful life of the related property (periods of up to 20 years).

7. *Compensated Absences*

It is the government's policy to permit employees to accumulate earned but not used sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have 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 and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Morristown Utilities Commission's policy is to recognize the cost of both vacation pay and sick leave benefits as earned. In the event of termination or retirement, an employee is reimbursed for accumulated vacation days. In general, accumulated vacation days are limited to thirty days. Employees are reimbursed for accumulated sick leave upon retirement or termination at an equivalent salary rate of 100%, 50% or 33-1/3% depending on the date earned. Sick leave accumulation is limited to ninety days.

8. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary statement of net position. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond 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 uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Fund Equity*

The City's fund balance is classified into the following categories:

Non-spendable Fund Balance – Fund balances reported as non-spendable in the accompanying financial statements represent amounts for permanent fund principal restrictions, inventory, prepaid expenditures, advances to other funds, and noncurrent notes receivable.

Restricted Fund Balance – Fund balances reported as restricted are the result of externally imposed restrictions placed upon current resources by state statutes, creditors, bond covenants, donors, or grantors.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Committed Fund Balance – Fund balances reported as committed are self-imposed restrictions placed upon certain resources by the City's highest level of decision making authority (City Council) and cannot be used for any other purpose, modified, or rescinded unless formal action (ordinance) is approved by the City Council.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned Fund Balance – Fund balances reported as assigned are intended for certain purposes as approved by management. City Council has a fund balance policy that allows amounts to be assigned or re-assigned by management.

Unassigned Fund Balance – In accordance with GAAP, the general fund is the only governmental fund that reports an unassigned fund balance. The unassigned fund balance has not been restricted, committed, or assigned to a specific purpose within the general fund.

When committed, assigned or unassigned fund balance amounts are available for use, it is the City's policy to use the committed fund balance first; the assigned fund balance second; and then the unassigned fund balance as needed.

10. Net Position of Morristown Utilities Commission

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, 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. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt or deferred inflows of resources attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt or deferred inflows of resources is included in the same net position component as the unspent proceeds.
- Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted – This component of net position is the net amount of the assets, deferred outflows or resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

11. 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 City has one item that qualifies for reporting in this category which is the accrual for unbilled revenue.

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 City has one item that qualifies for reporting in this category. These revenues are from current and delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2 – 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.

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and the government-wide statement of net position.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balance-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

Around the first of March, the budget process begins, with the City Administrator giving direction to department heads. Toward the end of March, Department heads submit their proposed budgets, and these are reviewed by the City Administrator, who makes the final decisions before submission to City Council. City Council has work sessions and makes their revisions and publishes the proposed budget in the local newspaper. Before June 30, City Council adopts the budget ordinance with two readings.

The appropriated budget is prepared by fund, function, and department, but the budget ordinance is on the fund level. The government's department heads may make transfers of appropriations within their department. The legal level of budgetary control is the fund level. Management can transfer amounts between departments. City Council amended the original budget, and the original and final amounts are presented in the financial statements included in this report.

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year-end, deposits and short-term investments were as follows:

	<u>Cash and Equivalents</u>
Government type funds	\$ 13,823,418
Enterprise type funds	<u>28,403,167</u>
Totals	<u><u>\$ 38,393,449</u></u>

As of June 30, 2014, all of Morristown Utilities Commission's deposits were covered by the bank collateral pool administered by the State Treasurer. Banks participating in the pool report the aggregate balance of their public fund accounts to the State. Collateral to secure these deposits must be pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in aggregate rather than against each individual account. Public fund accounts covered by the pool are considered entirely insured or collateralized.

As of June 30, 2014, the Water System and Broadband System have restricted cash and cash equivalents totaling \$2,910,724 and \$675,961, respectively. The Wastewater System has restricted cash and cash equivalents totaling \$6,108,398 and restricted short-term investments of \$7,177,504 as of June 30, 2014. The restricted assets consist of unspent bond proceeds described in Note 4J.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

As of June 30, 2014, all of Morristown Utilities Commission's investments were rated in the two highest categories by a nationally recognized rating agency as required by statutes of the State of Tennessee, except for \$500,920 in taxable municipal securities of the Wastewater System, which were subsequently liquidated at their carrying value.

The City's deposits in excess of the FDIC insurance limits as of June 30, 2014, were covered by the bank collateral pool administered by the Treasurer of the State of Tennessee.

The City has repurchase agreements with First Tennessee Bank whereby City funds are invested overnight in securities of the U.S. Treasury Department. At June 30, 2014, the City had \$2,771,250 at First Tennessee Bank invested in these securities and has included these in cash and cash equivalents.

B. Receivables and Real Estate – Non-operating

Receivables as of year end for the government's individual major funds and nonmajor in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Solid Waste</u>	<u>Non-Major and Other Funds</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Receivables:						
Taxes	\$10,289,284	\$ -	\$ -	\$ -	\$ -	\$10,289,284
Accounts	2,735,524	128,002	3,815	8,737,534	-	11,604,875
Grants	-	-	-	-	-	-
Other	-	-	-	-	-	-
Gross receivables	13,024,808	128,002	3,815	8,737,534	-	21,894,159
Less: Allowance for bad debt	(455,866)	-	-	-	-	(455,866)
Net receivables	<u>\$12,568,942</u>	<u>\$128,002</u>	<u>\$ 3,815</u>	<u>\$8,737,534</u>	<u>\$ -</u>	<u>\$21,438,293</u>

Included in taxes receivable of the General Fund is property taxes of \$9,117,321 that were assessed as of January 1, 2014, but will not be billed until after June 30, 2014. There is an offsetting deferred income for the above balance.

Real estate – non-operating is an inventory of industrial park land held for re-sale. The balance at June 30, 2014, was \$11,729,522.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital assets of the City's primary government were as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,830,929	\$ 8,790	\$ -	\$ 7,839,719
Construction in progress	-	815,278	-	815,278
Total capital assets not being depreciated	7,830,929	824,068	-	8,654,997
Capital assets being depreciated:				
Buildings	18,817,099	975,000	-	19,792,099
Improvements other than buildings	12,163,807	7,252	-	12,171,059
Machinery and equipment	11,595,035	1,661,844	(273,401)	12,983,478
Infrastructure	45,331,052	2,968,180	-	48,299,232
Total capital assets being depreciated	87,906,993	5,612,276	(273,401)	93,245,868
Less: accumulated depreciation:				
Buildings	(7,155,971)	(344,769)	-	(7,500,740)
Improvements other than buildings	(10,948,464)	(128,206)	-	(11,076,670)
Machinery and equipment	(9,114,824)	(653,165)	111,849	(9,656,140)
Infrastructure	(17,496,690)	(1,967,211)	-	(19,463,901)
Total accumulated depreciation	(44,715,949)	(3,093,351)	111,849	(47,697,451)
Net capital assets being depreciated	43,191,044	2,518,925	(161,552)	45,548,417
Total capital assets-government activities	\$ 51,021,973	\$ 3,342,993	\$ (161,552)	\$ 54,203,414

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,448,205	\$ 23,570	\$ -	\$ 2,471,775
Construction in progress	10,795,128	26,830,720	(29,782,347)	7,843,501
Total assets not being depreciated	<u>13,243,333</u>	<u>26,854,290</u>	<u>(29,782,347)</u>	<u>10,315,276</u>
Capital assets being depreciated:				
Building and improvements	20,151,818	104,572	-	20,256,390
Transmission and distribution	200,400,933	28,542,142	(905,802)	228,037,273
Furniture, fixtures and equipment	34,996,886	3,167,783	(1,075,556)	37,089,113
Total capital assets being depreciated	<u>255,549,637</u>	<u>31,814,497</u>	<u>(1,981,358)</u>	<u>285,382,776</u>
Less accumulated depreciation:				
Building and improvements	(6,432,774)	(376,579)	-	(6,809,353)
Transmission and distribution	(89,745,163)	(6,308,226)	948,561	(95,104,828)
Furniture, fixtures and equipment	(16,474,271)	(3,037,486)	848,977	(18,662,780)
Total accumulated depreciation	<u>(112,652,208)</u>	<u>(9,722,291)</u>	<u>1,797,538</u>	<u>(120,576,961)</u>
Net capital assets being depreciated	<u>142,897,429</u>	<u>22,092,206</u>	<u>(183,820)</u>	<u>164,805,815</u>
Total net capital assets - business type activities	<u>156,140,762</u>	<u>48,946,496</u>	<u>(29,966,167)</u>	<u>175,121,091</u>
Total net capital assets	<u>\$207,162,735</u>	<u>\$52,289,489</u>	<u>\$(30,127,719)</u>	<u>\$229,324,505</u>

Depreciation expense was charged to government activities as follows:

General government	\$ 314,638
Public safety	327,295
Public works	2,289,568
Parks and recreation	67,340
Airport	94,510
Total	<u>\$ 3,093,351</u>
Wastewater	\$ 2,579,855
Storm water fund	143,708
Water and electric power	6,517,336
Broadband	481,392
Total	<u>\$ 9,722,291</u>

The provision for depreciation does not include depreciation on transportation equipment. Those amounts are reported as operations expenses in the statements of revenues, expenses and changes in net position. The cost of maintenance and repairs is charged to expense as incurred. The depreciation on transportation equipment not included in depreciation expense previously noted was \$392,395 for the power system, \$96,525 for the water system, \$70,210 for the wastewater system, and \$109,325 for the broadband system. During 2014 interest in the amount of \$310,000 related to construction projects of MUC has been capitalized.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

D. Accounts payable and other current liabilities

	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
Accounts payable	\$ 231,295	\$ 9,654,041	\$ 9,885,336
Accrued payroll and other liabilities	155,795	2,916,217	3,072,012
 Total	 \$ 387,090	 \$ 12,570,258	 \$ 12,957,348

E. Interfund receivables, advances, payables, and transfers

The interfund receivables and payables as of June 30, 2014, are as follows:

The first item represents an interfund loan between the broadband system and power system (see note 4-J).

The next three items represent temporary operating cash advances between the power system, water system, and wastewater system.

The receivable from the wastewater system represents in lieu and operating costs. The receivable from the power system represents routine operating costs paid by the City and billed to the power system. These are routine receivables and do not constitute loans.

<u>Receivable From</u>	<u>Payable to</u>	<u>Purpose</u>	<u>Amount</u>
Broadband System	Power System	Interfund loan	\$6,141,498
Power System	Water System	Operating and maint. costs	91,718
Power System	Wastewater System	Operating and maint. costs	150,794
Wastewater System	Water System	Operating and maint. costs	107,354
Wastewater System	General Fund	In lieu of tax	33,753
Power System	General Fund	Operating costs	213,105
			<u>\$6,738,222</u>

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The interfund transfers were as follows:

<u>Fund</u>	<u>Purpose</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental:			
General Fund	Operating Transfer	\$ 1,452,361	\$ 585,663
Other Funds	Operating Transfer	585,663	
Enterprise Funds:			
Power System	In lieu of tax		1,087,397
Water System	In lieu of tax		36,120
Storm Water	In lieu of tax		9,024
Sewer	In lieu of tax		304,820
Storm Water	Administrative Expenses		15,000
		<u>\$ 2,038,024</u>	<u>\$ 2,038,024</u>

All items represent duly appropriated operating transfers. The transfers from the power fund, water fund and wastewater fund to the general fund are for in lieu of tax payments that are required to be accounted for as transfers by the Governmental Accounting Standards Board. Transfers from the storm water fund were for in lieu of tax payments and reimbursement of administrative costs.

F. Post-Retirement Healthcare Benefits

City of Morristown – excluding Power, Water, Wastewater, and Broadband Systems

RETIREE MEDICAL, DENTAL AND VISION INSURANCE PLAN PROVISIONS:

Type of Coverage:

- a. Plan Types:** Self-funded Medical, Dental and Vision
- b. Eligibility:** Age 60 and 10 years of service or 30 years of service until Medicare eligible.
- c. Benefit/Cost Sharing:** Employer pays 85% of medical premium and 100% of dental and vision premiums. For employees retiring after June 30, 2010, the employer will pay 2.84% of medical premiums for each year of service up to a maximum of 85%.
- d. Spouse Benefit:** Yes, while retiree is eligible.
- e. Surviving Spouse Benefit:** None
- f. Annual Premiums:** Average Medical: Retiree \$5,164; Spouse \$5,164
Average Dental: Retiree \$304; Spouse \$304
Average Vision: Retiree \$78; Spouse \$34

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

1) GASB 45 DISCLOSURE REQUIREMENTS – ESTIMATED

Annual OPEB Cost and Net OPEB Obligation	7/1/2013 - 6/30/2014
1. Annual Required Contribution (ARC)	\$ 375,632
2. Interest on net OPEB Obligation	-
3. Adjustment to ARC	-
4. Annual OPEB Cost (expense) (1 + 2 + 3)	375,632
5. Contributions made (assumed middle of year)	(375,632)
6. Increase in net OPEB Obligation (4 - 5)	-
7. Net OPEB Obligation - beginning of year	-
8. Net OPEB Obligation - end of year (6 + 7)	\$ -

*Contribution made was assumed to equal Expected Benefit Payments

The annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the Net OPEB obligation for fiscal years ending June 30, 2011, 2012, 2013, and 2014 are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributions	Net OPEB Obligation	Covered Payroll	OPEB Cost % of Payroll
6/30/2014	\$ 375,632	100.0%	\$ -	\$ 11,683,168	3.2%
6/30/2013	\$ 376,550	100.0%	\$ -	\$ 11,398,213	3.3%
6/30/2012	\$ 468,493	100.0%	\$ -	\$ -	0.0%
6/30/2011	\$ 455,797	100.0%	\$ -	\$ -	0.0%

Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (AAL) ((b - a)/c)
1/1/2007	\$ -	\$ 5,333,339	\$ 5,333,339	0.0%	N/A	N/A
07/01/10	212,913	5,093,035	4,880,122	4.2%	N/A	N/A

Methods and Assumptions

Funding Interest Rate	7.00%
2012 Medical/Rx Trend Rates	9.00%
Ultimate Medical/Rx Trend Rates	5.00%
Year Ultimate Trend Rates Reached	2016
Actuarial Cost Method	Entry Age Normal
Annual Payroll Increase	2.50%
The Remaining Amortization Period at June 30, 2014 (closed)	24.95

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

1. Funding Interest Rate:

An interest rate of 7.00% was used.

2. Mortality:

The mortality rates are from the RP-2000 Combined Fully Generational Mortality Table with projection scale AA.

3. Retirement Rates:

It was assumed that the following percentage of eligible employees would retire each year:

Age	Rate	Age	Rate
50-54	15% *	61	11.5%
55	15.0%	62	21.5%
56-57	3.0%	63	14.5%
58	4.0%	64	16.0%
59	6.5%	65	29.0%
60	9.0%	66+	N/A

* 35% assumed for police and firemen with 30 years of service.

4. Disability Rates:

None

5. Termination Rates:

Based on age and service:

Age	Male	Female
20	15.7%	18.7%
25	12.4%	14.9%
30	9.1%	11.1%
35	5.8%	7.3%
40	2.5%	3.5%
45	2.2%	3.0%
50	1.9%	2.4%
55	1.6%	1.9%

6. Health Care Trend Rates:

It was assumed that health care costs would increase in accordance with the trend rates in the following table.

Year	Medical	Vision & Dental
	Rates	Rates
2012	9.0%	5.0%
2013	8.0%	5.0%
2014	7.0%	5.0%
2015	6.0%	5.0%
2016+	5.0%	5.0%

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

7. Participation Rate: It was assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.
8. Percent Married: It was assumed that 40% of the male and 40% of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.
9. Actuarial Value of Assets: N/A
10. Per Capita Claims Cost: Conventional insured equivalent premiums were age-graded on the current participants in the Medical plan. Further details of the annual per capita claims cost are shown below:
- | <u>Age</u> | <u>Male</u> | <u>Female</u> |
|------------|-------------|---------------|
| 50 | 4,854 | 5,600 |
| 51 | 5,043 | 5,705 |
| 52 | 5,240 | 5,814 |
| 53 | 5,447 | 5,912 |
| 54 | 5,665 | 6,014 |
| 55 | 5,894 | 6,116 |
| 56 | 6,131 | 6,221 |
| 57 | 6,374 | 6,327 |
| 58 | 6,610 | 6,483 |
| 59 | 6,854 | 6,647 |
| 60 | 7,109 | 6,814 |
| 61 | 7,370 | 6,981 |
| 62 | 7,643 | 7,156 |
| 63 | 7,789 | 7,294 |
| 64 | 7,938 | 7,432 |
11. Administrative Expenses: Included in premiums used.
12. Participant Salary Increases: 4.00% annually
13. Payroll Growth Rate: 2.50% annually

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Actuarial Cost Method

An Actuarial Cost Method develops an orderly allocation of the actuarial present value of benefits payments over the working lifetime of the participants in the plan. The actuarial present value of benefits allocated to a particular fiscal year is called the Normal Cost. The actuarial present value of benefits allocated to all periods prior to a valuation date is called the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is amortized over future years in accordance with the employer's established accounting policy.

The Entry Age Actuarial Cost Method is used in this valuation. Under this method, the Actuarial Present Value of the Projected Benefits of each individual included in the Actuarial Valuation is allocated on a level basis over future earnings of the individual between entry age and assumed exit age(s). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

The amortization of the unfunded actuarial accrued liability has been determined as a level percentage of the projected payroll of active plan members. At each valuation, a new amortization base is created equal to the excess of the unfunded actuarial accrued liability over the remaining balances of prior amortization bases. The new base is amortized over 30 years. The equivalent single amortization period for all components combined may not exceed the maximum acceptable period of 30 years.

Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.

Actuarial valuations for the OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Actuarial calculations of the OPEB plan reflect a long-term perspective.

G. Morristown Utilities Commission (Water, Power, Wastewater and Broadband Systems) Post-Employment Benefits

The Systems provide other post-employment benefits (OPEB), in accordance with its employee benefits plan, to all eligible retirees.

Current accounting guidance requires the recognition of liabilities for OPEB over the employment of participants rather than as premiums are paid. The Power, Water, Wastewater and Broadband Systems recognized \$62,987, \$17,068 and \$9,046 and \$29,208, respectively, for these benefits in 2014.

The Systems' OPEB is a single employer defined benefit plan and is not required to issue a separate financial report.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Plan Description

The Systems provide medical, dental, and life insurance benefits to retirees. Employees who retire at age 55 with 10 years of service or at age 65 with five years of service are eligible to participate. The Systems pay the same monthly premium amount that is paid for active employees for the retiree's dependents medical premiums. The retiree's spouse is also eligible for medical benefits (same as retiree) as long as the retiree is eligible (there are no surviving spouse benefits). The life insurance benefit available to retirees is \$5,000. The average annual medical and dental premium is \$5,400 and \$411, respectively.

Funding Policy

The Systems fund the plan on a pay-as-you-go basis and do not intend to contribute in excess of the annual premiums. The annual required contribution (ARC) is an actuarially determined amount that represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Annual OPEB and Net OPEB Obligation

	<u>Power</u>	<u>Water</u>	<u>Wastewater</u>	<u>Broadband</u>
1. Annual Required Contribution (ARC)	\$ 105,784	\$ 34,040	\$ 10,192	\$ 30,460
2. Interest on net OPEB Obligation	14,244	2,555	-	4,565
3. Adjustment to ARC	<u>(18,150)</u>	<u>(3,256)</u>	<u>-</u>	<u>(5,817)</u>
4. Annual OPEB Cost (expense) (1 + 2 + 3)	101,878	33,339	10,192	29,208
5. Contributions made (assumed middle of year)	<u>(38,891)</u>	<u>(16,271)</u>	<u>(1,146)</u>	<u>-</u>
6. Increase in net OPEB Obligation (4 - 5)	62,987	17,068	9,046	29,208
7. Net OPEB Obligation - beginning of year	<u>356,098</u>	<u>63,878</u>	<u>-</u>	<u>114,135</u>
8. Net OPEB Obligation - end of year (6 + 7)	<u>\$ 419,085</u>	<u>\$ 80,946</u>	<u>\$ 9,046</u>	<u>\$ 143,343</u>

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is as follows:

<u>Fund</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligations</u>
2014:			
Power System	\$ 101,878	38.2%	\$ 419,085
Water System	33,339	48.8%	80,946
Wastewater System	10,192	11.2%	9,046
Broadband System	29,208	0.0%	143,343
2013:			
Power System	\$ 109,042	19.8%	\$ 356,098
Water System	31,628	13.1%	63,878
Broadband System	26,595	0.0%	114,135
2012:			
Power System	\$ 103,592	18.0%	\$ 268,594
Water System	30,084	41.0%	36,395
Broadband System	25,112	0.0%	87,540

Funding Status and Funding Progress

<u>System</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (AAL) ((b - a)/c)</u>
Power	7/1/2013	\$ -	\$ 939,342	\$ 939,342	0.0%	\$ 4,089,606	23%
Water	7/1/2013	-	330,210	330,210	0.0%	1,221,906	27%
Wastewater	1/1/2014	-	153,876	153,876	0.0%	583,274	26.4%
Broadband	7/1/2013	-	89,022	89,022	0.0%	1,076,414	8.3%

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Actuarial Methods and Assumptions

The actuarial methods and assumptions used were applied consistently for the Power, Water, Wastewater and Broadband Systems and were as follows:

Funding Interest Rate	4.00%
2009 Medical Trend Rates	9.00%
Ultimate Trend Rate	5.00%
Year Ultimate Trend Rate Reached	2017
Actuarial Cost Method	Entry Age Normal
Annual Payroll Growth Rate	2.50%
Remaining Amortization Period at June 30, 2014 (closed)	22.9 years

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about the change in actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

The mortality rates are from the RP-2000 Combined Fully Generational Mortality Table with projection scale AA. It was assumed that the following percentages of eligible employees would retire each year:

<u>Age</u>	<u>Rate</u>
55-59	3%
60-64	20%
65-69	15%
70+	100%

It was also assumed that employees would terminate employment with the rate in the following table:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	6.3%	7.5%
25	5.0%	6.0%
30	3.6%	4.4%
35	2.3%	2.9%
40	1.0%	1.4%
45	0.9%	1.2%
50	0.8%	1.0%
55	0.6%	0.7%

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

It was assumed that health care cost would increase in accordance with the trend rates in the following table:

<u>Year</u>	<u>Medical Rates</u>	<u>Vision and Dental Rates</u>
2013	9.0%	5.0%
2014	8.0%	5.0%
2015	7.0%	5.0%
2016	6.0%	5.0%

It was assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement. It was also assumed that 10% of the male and 10% of the female employees who elect retiree health coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

The preparation of the actuarial liabilities calculated requires management to make assumptions discussed above. Due to the use of these assumptions, actual results may differ from the estimates. The discount rate considers inflationary rate adjustments.

Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.

Actuarial valuations for the OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Actuarial calculations of the OPEB plan reflect a long-term perspective.

H. Deferred Items

Deferred items consisted of the following:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Taxes due after June 30, 2014	\$ 11,118,425	\$ -	\$ 11,118,425
Broadband	-	182,455	182,455
Total	<u>\$ 11,118,425</u>	<u>\$ 182,455</u>	<u>\$ 11,300,880</u>

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

I. Other Liabilities

Included in non-current liabilities is a liability for compensated absences in the storm water system of \$2,397, and in the governmental activities of \$797,566. In addition, the broadband system of Morristown Utilities Commission has a capital lease payable of \$18,877 which is included in current liabilities.

	Governmental Activities	Business Activities
Balance-July 1, 2013	\$ 1,044,458	\$ 58,850
Increases	2,015,658	7,687
Decreases	(1,861,118)	(62,418)
Balance-June 30, 2014	<u>\$ 1,198,998</u>	<u>\$ 4,119</u>

As an other long-term liability, compensated absences for the governmental activities are expected to be liquidated with expendable available financial resources of the general, narcotics, and solid waste funds.

Self Insurance

The City is self-insured for employee medical benefits which are administered by Blue Cross Blue Shield of Tennessee, Inc. The rate of the premiums paid into the fund is based on prior experience and insurance company recommendations. Claims in excess of a self-insured aggregate limit of \$4,052,514 and specific underlying coverage of \$85,000 per employee are covered through a stop loss coverage agreement with BlueRe of Tennessee, an affiliate of the claims administrator. The stop loss arrangement provides for 100% reimbursement of claims exceeding \$4,052,514, subject to contract provisions, up to a maximum aggregate reimbursement of \$1,000,000 per policy year.

Claims Liabilities

Liabilities of the self-insurance fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The self-insurance fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled. The process used to compute claims liabilities does not necessarily result in an exact amount. Claims incurred prior to June 30, 2014 and subsequently settled total approximately \$175,506, which is recorded as a payable in the self-insurance fund. Claims incurred but not reported are estimated to be insignificant as of June 30, 2014.

J. Capital Debt

Power System

The Power System has a promissory note (2003 Promissory Note) with the City in the principal amount of \$2,500,000. The note was issued to the Commission with proceeds from the City's loan agreement with the Public Building Authority of Sevier County Bonds. Principal is payable in annual installments of \$250,000 through 2018. Interest is payable quarterly at variable rates for 30 day commercial paper with a AA bond rating as determined by Standard and Poor (0.123% per annum as of June 30, 2014).

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The City has an outstanding promissory note (2008 Promissory Note) with the Public Building Authority of the City of Clarksville, Tennessee, at a variable interest rate as defined in the agreement, payable in annual installments ranging from \$510,000 and \$1,360,000 through May 2035. The note provides for a variable interest rate, which is determined by the Remarketing Agent for the securities. In its sole discretion, the Remarketing Agent resets the minimum rate of interest that is necessary to remarket all of the outstanding bonds at par plus accrued interest if settled on a non-interest payment date, based on market conditions. Many factors are considered when determining the interest rates, and there is no standard formula used to determine them. The City has allocated the responsibility of the 2008 Promissory Note between the Power System and the Broadband System based upon their proportionate assets acquired with proceeds from the note.

During 2013, the City entered into a loan agreement (2013 Promissory Note) with the Public Building Authority of the City of Clarksville in a principal amount not to exceed \$7,000,000 (\$3,514,912 outstanding as of June 30, 2014). Interest is payable monthly at variable rates (0.08% as of June 30) as determined by the Trustee. Principal is payable annually in varying amounts ranging from \$364,000 in 2015 to \$605,000 in 2028.

Periodically, the Power System acquires additional service areas from local elective cooperatives servicing Hamblen County residents. As a result of the acquisitions of service areas, the Power System pays the cooperatives a calculated fee (Cooperative Notes) over a 10-year period based on lost revenues of the cooperatives.

Water System

The City has an outstanding loan agreement (2009 Promissory Note) with the Public Building Authority of the City of Clarksville in the principal amount of \$7,500,000. Proceeds from the loan agreement were used for various capital projects of the Water System. Interest is payable quarterly at a fixed rate of 3.38%. Principal is payable in varying amounts from \$305,000 in December 2014 to \$505,000 in December 2029.

The City has a revolving fund loan agreement (2002 DWSRF Promissory Note) with the State for the repayment of a principal amount up to \$10.5 million for the purpose of expanding an existing water treatment facility of the Water System. The Water System drew a total of \$10,492,582 before closing out the project during 2007. Interest is payable monthly at an annual percentage rate of 2.61% on the outstanding balance. Principal is also payable monthly in varying amounts from \$41,990 in July 2014 to \$55,815 in April 2026. The note is payable from revenues derived from the operations of the Water System.

The City has a \$2,000,000 promissory note (2011 DWSRF Promissory Note) between the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to fund a remote-read water meter project. Of the proceeds, \$800,000 was provided as a grant via loan forgiveness through the State. Interest is payable monthly at an annual percentage rate of 2.83% on the outstanding balance. Principal is also payable monthly in varying amounts from \$3,992 in July 2014 to \$6,399 in June 2032. The note is payable from revenues derived from operations of the Water System.

Wastewater System

The City has an outstanding loan agreement (2008 – 50518 Promissory Note) with the Public Building Authority of the City of Clarksville in the principal amount of \$8,000,000 of which 50% is attributed to the Wastewater System. Proceeds from the loan agreement were used for the construction and equipping of extensions and improvements to the Wastewater System and refunding of prior debt. Interest is payable monthly at variable rates (0.07% as of June 30, 2014) as determined by the Remarketing Agent. Principal is payable annually in varying amounts from \$162,000 in May 2015 to \$305,500 in May 2028.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

The City has an outstanding loan agreement (2008 – 50545 Promissory Note) with the Public Building Authority of the City of Clarksville in the principal amount of \$3,000,000 of which 57% is attributed to the Wastewater System. Proceeds from the loan agreement were used for the installation of energy conservation measures and related upgrades to reduce energy costs in public facilities. Interest is payable monthly at variable rates (0.07% as of June 30, 2014) as determined by the Remarketing Agent. Principal is payable annually in varying amounts from \$66,120 in May 2015 to \$130,530 in May 2029.

The City has an outstanding loan agreement (2008 – 50532 Promissory Note) with the Public Building Authority of the County of Montgomery, Tennessee in the principal amount of \$20,000,000 of which 53.98% is attributed to the Wastewater System. Proceeds from the loan agreement were used for the purpose of prepaying outstanding indebtedness. Interest is payable monthly at variable rates (0.07% as of June 30, 2014) as determined by the Remarketing Agent. Principal is payable annually in varying amounts from \$437,743 in May 2015 to \$825,354 in May 2028.

The City has an outstanding loan agreement (2008 – 50536 Promissory Note) with the Public Building Authority of the City of Clarksville in the principal amount of \$5,035,000 of which 35% is attributed to the Wastewater System. Proceeds from the loan agreement were used for the purpose of prepaying outstanding indebtedness. Interest is payable monthly at variable rates (0.07% as of June 30, 2014) as determined by the Remarketing Agent. Principal is payable annually in varying amounts from \$71,750 in May 2015 to \$136,500 in May 2028.

The City has an outstanding loan agreement (2009 – Promissory Note) between the Public Building Authority of the City of Clarksville and First Tennessee Bank in the principal amount of \$5,000,000 of which 38.15% is attributed to the Wastewater System. Proceeds from the loan agreement were used for the purpose of prepaying outstanding indebtedness and construction, extension, renovation and improvement of the Wastewater System, including the acquisition of certain equipment. Interest is payable quarterly at a fixed rate of 2.91%. Principal is payable annually in varying amounts from \$59,514 in December 2014 to \$105,676 in December 2034.

The City has a revolving fund loan agreement (2007 – CWSRF Promissory Note) between the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority for the repayment of a principal amount up to \$12,500,000 for the purpose of rehabilitation and site work at the wastewater treatment plant. The City drew a total of \$10,016,558 before closing out the project during 2012. Interest is payable monthly at an annual percentage rate of 2.06% on the outstanding balance. Principal is also payable monthly in varying amounts from \$35,537 in July 2014 to \$50,476 in January 2032. The note is payable from revenues derived from the operations of the System.

The City has a revolving fund loan agreement (2009 – CWSRF Promissory Note) between the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority for the repayment of a principal amount up to \$1,600,000 for the purpose of rehabilitation and site work at the wastewater treatment plant. The City drew a total of \$1,287,983 before closing out the project during 2014. Interest is payable monthly at an annual percentage rate of 2.73% on the outstanding balance. Principal is also payable monthly in varying amounts from \$4,302 in July 2014 to \$7,102 in October 2032. The note is payable from revenues derived from the operations of the System.

The City has a revolving fund loan agreement (2013 – CWSRF Promissory Note) between the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority for the repayment of a principal amount up to \$5,000,000 for the purpose of rehabilitation and site work at the wastewater treatment plant. The note had been issued but not drawn upon as of June 30, 2014.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

During 2012, the City issued \$31,000,000 of General Obligation Bonds, Series 2012, of which \$26,000,000 relates to the Wastewater System. The bonds were issued for the purpose of financing the cost of constructing, improving and extending the Wastewater System. The bonds consist of serial maturities of increasing amounts ranging from \$1,086,117 in October 2014 to \$1,077,730 in October 2036. Interest is payable semi-annually at rates ranging from 2% to 4%. The bonds are subject to redemption at the direction of the City prior to maturity. The bonds maturing on October 1, 2022 and thereafter are subject to redemption as a whole or in part at any time at the direction of the City. The bonds are payable from and secured by income and revenues from the operation of the Wastewater System.

During 2014, the City entered into a loan agreement (2013 Promissory Note) with the Public Building Authority of the City of Clarksville in the principal amount not to exceed \$20,000,000 (\$5,142,587 outstanding as of June 30). Proceeds from the loan agreement were used for the extension, construction, improvement and equipping of the Wastewater System. Interest is payable semi-annually at a fixed rate of 3.65%. Principal of \$1,000,000 is payable annually, maturing September 2033.

Bonds payable are reported net of the applicable premium.

The Wastewater System has agreed to establish and revise rates such that revenues will be sufficient to pay all costs of maintaining, operating, repairing and ensuring the Wastewater System and the amounts necessary for the payment of principal and interest on the bonds.

During 2009, the City entered into an asset purchase agreement for the acquisition of a wastewater treatment plant located in Hamblen County, Tennessee. The agreement provided for an initial down payment of \$750,000 plus ongoing Flow Fees generally ranging between \$182,500 (minimum Flow Fee if annual volume fails to exceed the average of 500,000 gallons per day) and \$736,125 annually through 2034 depending on the volume of discharges. The City recorded the acquisition (and related contractual obligation) at the estimated fair value of the wastewater treatment plant. The obligation (\$2,487,216 outstanding as of June 30, 2014) is payable monthly at \$15,208, which includes interest at the imputed rate of 4.1%. Flow fees in excess of \$15,208, if any, will be charged to expense as incurred.

Broadband System

The Broadband System was allocated a portion of the 2008 Promissory Note (Power System) based on the assets acquired from the proceeds of the note. In addition, the Broadband System has an interfund note payable to the Power System. In accordance with Tennessee Code Annotated 7-52-603(b), a line of credit was executed allowing the Broadband System to borrow up to \$7,000,000 from the Power System at an interest rate equal to the highest rate earned on Power System investments (0.25% at June 30, 2014). Interest incurred on the loan amounted to \$16,141 in 2014. The agreement was approved by TVA as required by the power contract and provides for the repayment of all advances along with accumulated interest by January 2025.

During 2014, the City entered into a loan agreement (2014 Promissory Note) with First Tennessee Bank in the principal amount of \$1,000,000. Proceeds from the loan agreement were used for the purpose of purchase, installation integration and bringing into operational status a phone switch. Interest is payable semi-annually at a fixed rate of 2.59%. Principal is payable annually in varying amounts from \$100,000 in June 2016 to \$123,000 in June 2024.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Future Debt Maturities

<u>Year Ending</u>	<u>Governmental</u>		<u>Business-type</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,173,561	\$ 854,941	\$ 6,262,456	\$ 1,709,612
2016	1,211,529	808,938	6,421,328	1,759,311
2017	1,225,612	761,078	6,551,049	1,639,836
2018	1,270,664	711,266	6,667,862	1,518,771
2019	1,314,316	659,263	6,527,301	1,412,788
2020-2024	7,301,596	2,437,790	28,943,731	5,539,985
2025-2029	5,808,509	855,926	24,141,743	3,188,608
2030-2034	765,409	81,216	15,335,099	1,296,427
2035-2039	166,778	2,427	5,266,441	198,954
Totals	<u>\$20,237,974</u>	<u>\$ 7,172,845</u>	<u>\$106,117,010</u>	<u>\$18,264,292</u>

Following are debt requirements for capital leases:

<u>Business-type</u>	
2015	\$ 18,877
2016	18,877
2017	18,877
2018	18,877
2019	12,584
Total future minimum lease payments	88,092
Less amounts representing interest	(11,609)
Present value of future minimum lease payments (including \$18,877 classified as current)	<u>\$ 76,483</u>

City of Morristown, Tennessee
Changes in Long-Term Debt
June 30, 2014

The following is a summary of the changes in long-term debt for the year ended June 30, 2014.

<u>Description and Purpose</u>	<u>Amount of Original Issue (Bonds Only)</u>	<u>Range of Final Maturity Dates</u>	<u>Range of Interest Rates (%)</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>
<u>Primary Government</u>							
<u>General Long-Term Debt</u>							
2008 Public Improvement (\$8M)	4,000,000	2009-2028	Variable	\$ 3,331,500	\$ -	\$ 154,500	\$ 3,177,000
2008 Public Improvement (\$3M)	1,290,000	2009-2029	Variable	1,121,870	-	47,300	1,074,570
2008 Public Improvement (\$30M)	8,193,665	2009-2035	Variable	6,827,371	-	316,276	6,511,095
2008 Public Improvement (\$20M)(Water)	1,011,200	2009-2035	Variable	842,581	-	39,032	803,549
Local Government Energy Loan	183,604	2010-2016	0	78,687	-	26,229	52,458
2008 Public Improvement (\$5M)	3,272,750	2009-2028	Variable	2,749,500	-	126,750	2,622,750
2009 Public Improvement and Refunding(\$5M)	2,848,203	2009-2034	2.91	2,608,286	-	86,016	2,522,270
Capital Outlay Note	3,750,000	2011-2024	2.06	3,435,938	-	314,062	3,121,876
Total general bonds and notes				<u>20,995,733</u>	<u>-</u>	<u>1,110,165</u>	<u>19,885,568</u>
<u>Enterprise Funds</u>							
<u>Wastewater System</u>							
2003 Refunding (B-2-A)	1,360,000	2006-2014	Variable	205,000	-	205,000	-
2008 Public Improvement (\$8M)	4,000,000	2009-2028	Variable	3,331,500	-	154,500	3,177,000
2008 Public Improvement (\$3M)	1,710,000	2009-2029	Variable	1,487,130	-	62,700	1,424,430
2008 Public Improvement (\$20M)	10,795,135	2009-2035	Variable	8,995,046	-	416,692	8,578,354
State Revolving Fund 07-203	12,500,000	Various	2.06	9,362,296	-	417,756	8,944,540
State Revolving Fund 09-229	857,197	Various	2.73	1,092,874	166,749	48,156	1,211,467
2009 Public Improvement (\$5M)	1,762,250	2009-2028	Variable	1,480,500	-	68,250	1,412,250
2009 Public Improvement and Refunding(\$5M)	1,907,419	2009-2034	2.91	1,746,880	-	57,607	1,689,273
General Obligation Bonds	26,000,000	2012-2037	2.0-4.0	26,000,000	-	1,086,117	24,913,883
2013 Public Improvement (\$20M)	5,142,587	2013-2033	3.65	-	5,142,587	-	5,142,587
<u>Power System</u>							
Holston Electric Notes		2009-2018	None	53,268	-	53,268	-
Appalachian Electric Notes		2003-2020	None	420,805	-	26,716	394,089
Series V-A-2 Bonds	2,500,000	2004-2018	Variable	1,225,000	-	225,000	1,000,000
2008 TML Bonds	15,186,961	2011-2035	Variable	14,186,577	-	369,953	13,816,624
2013 Promissory Note	7,000,000	2013-2028	Variable	275,662	3,589,250	350,000	3,514,912

City of Morristown, Tennessee

Changes in Long-Term Debt
June 30, 2014

<u>Water System</u>						
DWSRF Promissory Note	10,492,582	2007-2026	2.61	7,407,227	-	490,908
Water System Bonds Series 2010	7,500,000	2010-2029	3.38	6,680,000	-	295,000
2011 DWSRF Note				1,154,724	-	46,572
						6,916,319
						6,385,000
						1,108,152
<u>Broadband System</u>						
Telecom System 2008 TML Bonds	20,115,000	2016-2030	Variable	4,603,423	-	120,047
Interfund Loan from Power System			0.25	6,372,792	8,971,286	9,202,580
First Tennessee Bank Promissory Note		2014-2024	2.59	-	1,000,000	-
						1,000,000
						4,483,376
						6,141,498
						1,000,000
<u>Storm Water System</u>						
2009 Public Improvement and Refunding(\$5M)	81,459	2009-2034	2.91	74,600.00	-	2,460
General Obligation Bonds	5,000,000	2012-2037	2.0-4.0	5,000,000.00	-	208,884
				101,155,304	18,869,872	13,908,166
						72,140
						4,791,117
						106,117,010
<u>Other</u>						
<u>Solid Waste Bonds (Joint Venture)</u>						
2009 Public Improvement and Refunding(\$5M)	162,919	2009-2034	2.91	149,201	-	4,920
Capital Outlay Note	250,000	2011-2024	0.5	229,062	-	20,938
Total other				378,263	-	25,858
						144,281
						208,125
						352,406
Total				\$ 122,529,300	\$ 18,869,872	\$ 15,044,188
						\$ 126,354,984
<u>Capital Leases:</u>						
<u>Broadband</u>						
				\$ 91,424	\$ -	\$ 14,941
Total				\$ 91,424	\$ -	\$ 14,941
						\$ 76,483
						\$ 76,483

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

K. Prior Period Adjustment

Prior period adjustments were necessary to correct accounts payable presented on the solid waste fund and receivable from the agency fund (LAMTPO). Details of the effects on beginning net position are as follows:

	Government-wide		Fund Statements	
	Governmental Activities	Business-type Activities	General Fund	Solid Waste
Net Position - June 30, 2013	<u>\$54,686,910</u>	<u>\$106,005,041</u>	<u>\$ 24,425,304</u>	<u>\$ 398,617</u>
Prior period adjustment:				
Correction - due to manual A/P items				
Solid Waste Fund	1,113			1,113
Receivable correction - LAMTPO	(117,501)		(117,501)	
Total prior period adjustment	<u>(116,388)</u>	<u>-</u>	<u>(117,501)</u>	<u>1,113</u>
Net Position - June 30, 2013, as adjusted	<u><u>\$ 54,570,522</u></u>	<u><u>\$106,005,041</u></u>	<u><u>\$ 24,307,803</u></u>	<u><u>\$ 399,730</u></u>

L. State Street Aid Activities

The following is a summary of State Street Aid activity within the General Fund for the year ended June 30, 2014:

Reserve fund balance, July 1, 2013	\$1,448,582
Add – state gasoline tax revenues	947,535
Less – state expenditures: paving	<u>875,221</u>
Reserve fund balance, June 30, 2014	<u>\$1,520,896</u>

M. Other Disclosures

1. Commitments and Contingencies

At June 30, 2014, the City had the following commitments:

The City has a month-to-month contract with Morristown Air Service for fixed base operation of the airport.

Contingent Liabilities

In November 2013, the City entered into an agreement with Charter Central, LLC, for the lease of an airport hangar and office space for a term of 25 years. Charter Central, LLC, paid \$975,000 at the beginning of the lease term. Due to the lease cancellation clause, a contingent liability of \$800,000 is being amortized over the life of the lease with interest and lease revenue recognized annually.

The government is the defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material effect on the financial condition of the government.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

2. Concentration of Credit Risk

The City and Morristown Utilities Commission provide electric power, water, wastewater and broadband service to customers in the City of Morristown and Hamblen County. Customers include residential, commercial, and heavy industrial users. Residential customers for the Power and Broadband Systems are required to place deposits that approximate one month's account balance. Loss experience has not been significant to the operations for these services.

N. Enterprise Funds

The following Enterprise Funds have been created to provide various services to the general public:

Power Fund – established to account for the operation of MUC Power System.

Water Fund – established to account for the operation of MUC Water System.

Wastewater Fund – established to account for the operation of MUC Wastewater System - *Note 5*.

Broadband Fund – established to account for the operation of MUC Broadband System.

Storm Water Fund - established to account for Storm Water mitigation activities of the City of Morristown.

Power Contract

The Power System has a power contract with the Tennessee Valley Authority (TVA) whereby the Power System purchases all of its electric power from TVA and is subject to certain restrictions and conditions as provided in the contract.

MUC was previously selected by TVA for a pilot program to implement and test a demand response infrastructure. As part of this program, MUC agreed to provide system load reduction at TVA's request over a ten year period. During 2014, MUC implemented load reduction and received \$331,552 from TVA.

Tennessee Valley Authority Home Insulation Program

The Power System participates in the TVA *energy right*® Residential Program which provides interest-bearing loans to the Power System's customers for energy-efficient equipment and other weatherization measures. Under the program, the Power System collects payments on new and previously existing loans and forwards payments to a financial institution pursuant to guidelines established by TVA.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

O. Net Position

Net position for the Power, Water, Wastewater and Broadband Systems consist of the following as of June 30, 2014:

	Power System	Water System	Wastewater System	Broadband System
Net investment in capital assets consists of the following:				
Net capital assets	\$ 60,235,250	\$ 38,407,767	\$ 64,890,193	\$ 7,075,806
Restricted unspent bond funds	-	2,910,724	13,285,902	675,961
Less related liabilities:				
Current portion of long-term debt and contractual obligation	-	-	3,496,607	-
Current portion of long-term debt and capital lease obligation	-	-	-	143,824
Current portion of long-term debt	1,079,036	856,784	-	-
Long-term debt and contractual obligation, less current portion	-	-	56,670,152	-
Long-term debt and capital lease obligation, less current portion	-	-	-	5,416,035
Long-term debt, less current portion	17,646,589	13,552,687	-	-
Total related liabilities	18,725,625	14,409,471	60,166,759	5,559,859
Net investment in capital assets	<u>\$ 41,509,625</u>	<u>\$ 26,909,020</u>	<u>\$ 18,009,336</u>	<u>\$ 2,191,908</u>

Unrestricted net position consists of all other items in the balance sheets not reflected above.

P. Joint Ventures

Morristown-Hamblen County Library – The City of Morristown and Hamblen County jointly own the Morristown-Hamblen Library. Each appoints an equal number of members to its board of directors. The City contributed \$261,490 for the library operation during the fiscal year ended June 30, 2014.

Hamblen County-Morristown Solid Waste Authority – The City of Morristown and Hamblen County jointly own the Hamblen County-Morristown Landfill. Each appoints an equal number of members to the board of directors. This operation is self-sufficient in that users are charged for services rendered. During the year ended June 30, 2014, the City was charged \$218,200.

City of Morristown does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Morristown-Hamblen Library and Hamblen County-Morristown Solid Waste Disposal System can be obtained from their respective administrative offices at the following addresses:

Morristown-Hamblen Library
417 West Main Street
Morristown, TN 37814

Hamblen County-Morristown Solid
Waste Disposal System
P.O. Box 2108
Morristown, TN 37816

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Q. Pension Plan Information

CITY OF MORRISTOWN

Plan Description

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

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

Funding Policy

Morristown requires employees to contribute 5.0 percent of earnable compensation.

Morristown is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2014, was 14.68% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for MORRISTOWN is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2014, Morristown's annual pension cost of \$1,927,666 to TCRS was equal to Morristown's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. Morristown's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was 14 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
June 30, 2013	\$ 1,912,033	100.00%	\$ -
June 30, 2012	\$ 1,848,357	100.00%	\$ -
June 30, 2011	\$ 1,874,073	100.00%	\$ -

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 80.00 percent funded. The actuarial accrued liability for benefits was \$67.06 million, and the actuarial value of assets was \$53.65 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$13.41 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12.65 million, and the ratio of the UAAL to the covered payroll was 105.99 percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Plan Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>- Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b) - (a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered</u> <u>Payroll</u> <u>((b - a)/c)</u>
07/01/11	\$ 50,041	\$ 63,093	\$ 13,052	79.31%	\$ 12,554	103.97%
07/01/09	42,923	51,271	8,348	83.72%	13,532	61.69%
07/01/07	41,850	50,438	8,588	82.97%	13,034	65.89%

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Morristown Utilities Commission's Retirement Plan

The Systems share in a defined contribution retirement plan, Morristown Utilities Commission Employee Retirement Plan (the Plan), covering substantially all employees. The Commission is the administrator of the Plan and is responsible for establishing or amending the Plan provisions and contribution requirements.

Power System:

	Total	Covered	Employer	% of	Employee	% of
	Payroll	Payroll	Contributions	Covered	Contributions	Covered
				Payroll		Payroll
2014	\$ 5,106,363	\$ 4,695,584	\$ 701,989	15%	\$ 344,593	7%
2013	\$ 4,522,471	\$ 4,249,744	\$ 636,363	15%	\$ 328,198	8%
2012	\$ 4,367,221	\$ 4,207,127	\$ 631,069	15%	\$ 309,463	7%
2011	\$ 4,230,281	\$ 4,024,616	\$ 603,622	15%	\$ 290,525	7%

Water System:

	Total	Covered	Employer	% of	Employee	% of
	Payroll	Payroll	Contributions	Covered	Contributions	Covered
				Payroll		Payroll
2014	\$ 1,458,497	\$ 1,385,506	\$ 204,042	15%	\$ 72,291	5%
2013	\$ 1,405,880	\$ 1,343,576	\$ 197,953	15%	\$ 81,841	6%
2012	\$ 1,266,713	\$ 1,248,179	\$ 183,889	15%	\$ 80,157	6%
2011	\$ 1,216,305	\$ 1,180,455	\$ 173,905	15%	\$ 78,757	7%

Broadband System:

	Total	Covered	Employer	% of	Employee	% of
	Payroll	Payroll	Contributions	Covered	Contributions	Covered
				Payroll		Payroll
2014	\$ 1,339,471	\$ 1,164,406	\$ 171,279	15%	\$ 53,534	5%
2013	\$ 1,402,398	\$ 1,219,296	\$ 180,526	15%	\$ 58,285	5%
2012	\$ 1,194,775	\$ 915,333	\$ 136,152	15%	\$ 48,741	5%
2011	\$ 954,974	\$ 749,847	\$ 112,477	15%	\$ 44,351	6%

Wastewater System:

	Total	Covered	Employer	% of	Employee	% of
	Payroll	Payroll	Contributions	Covered	Contributions	Covered
				Payroll		Payroll
2014	\$ 438,885	\$ 361,247	\$ 53,971	15%	\$ 25,764	7%

City of Morristown, Tennessee
Notes to Financial Statements
June 30, 2014

NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)

Under the Plan terms, the Systems will match participant contributions up to 3% of the participant's salary and may also contribute an additional amount to the Plan at its discretion. During 2014, the discretionary contribution amounted to 12% of the participants' salary. Participants are not required but may contribute up to a total of 75% of their salary subject to IRS limitations. All employees who have completed one year of service as defined by the Plan and who have attained the age of 21 are eligible to participate in the Plan. Participants are 100% vested in the employer contributions when they are made.

R. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries of employees for which the City carries commercial insurance purchased from independent third parties. The City has not experienced an insurance settlement in excess of insurance coverage in any of the past three fiscal years. The City bears the risk of loss up to the deductible amounts which are disclosed in the accompanying Statistical Section.

NOTE 5 – TRANSFER OF OPERATIONS

Under a memo of understanding, the City transferred operations of the Wastewater (sewer) System to the Commission effective December 30, 2013. Condensed financial information of the Wastewater System was as follows as of the transfer date:

Assets:	
Current assets	\$ 7,793,367
Restricted current assets	13,189,482
Capital assets	59,335,721
Total assets	<u>80,318,570</u>
Liabilities:	
Current liabilities	4,847,599
Long-term liabilities	53,768,209
Total liabilities	<u>58,615,808</u>
Net position	<u>\$ 21,702,762</u>

City of Morristown, Tennessee
Required Supplementary Information
June 30, 2014

Schedule of Funded Status and Funding Progress for Morristown, Tennessee
(Excluding Morristown Utility Commission)

Pension

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
07/01/11	\$ 50,041	\$ 63,093	\$ 13,052	79.31%	\$ 12,554	103.97%
07/01/09	42,923	51,271	8,348	83.72%	13,532	61.69%
07/01/07	41,850	50,438	8,588	82.97%	13,034	65.89%

OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (AAL) ((b - a)/c)
1/1/2007	\$ -	\$ 5,333,339	\$ 5,333,339	0.0%	N/A	N/A
07/01/10	212,913	5,093,035	4,880,122	4.2%	N/A	N/A
07/01/12	180,115	4,215,993	4,035,878	4.3%	11,398,213	35.4%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/2009	\$ 518,360	100%
6/30/2010	473,774	100%
6/30/2011	455,797	100%
6/30/2012	468,493	100%
6/30/2013	376,550	100%
6/30/2014	375,632	100%

City of Morristown, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	<u>Narcotics</u>	<u>Community Development</u>	<u>Total NonMajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 105,618	\$ 105,465	\$ 211,083
Receivables (net of allowance for uncollectibles)	3,815	-	3,815
Total assets	<u>\$ 109,433</u>	<u>\$ 105,465</u>	<u>\$ 214,899</u>
LIABILITIES			
Payroll liabilities	\$ 1,982	\$ 206	\$ 2,188
Total liabilities	<u>1,982</u>	<u>206</u>	<u>2,188</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	<u>52,986</u>	<u>-</u>	<u>52,986</u>
FUND BALANCE			
Committed	44	-	44
Restricted fund balance	<u>54,421</u>	<u>105,259</u>	<u>159,680</u>
Total fund balance	<u>54,465</u>	<u>105,259</u>	<u>159,724</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 109,433</u>	<u>\$ 105,465</u>	<u>\$ 214,899</u>

City of Morristown, Tennessee
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2014

	<u>Narcotics</u>	<u>Community Development</u>	<u>Total NonMajor Governmental Funds</u>
Revenues:			
Licenses, permits and fines	\$ 89,825	\$ -	\$ 89,825
Intergovernmental	211	213,580	213,790
	<u>90,036</u>	<u>213,580</u>	<u>303,615</u>
Total revenues			
Expenditures:			
Current:			
Administration	-	103,176	103,176
Programs	-	160,990	160,990
Contracts with other agencies	-	-	-
	<u>-</u>	<u>264,165</u>	<u>264,165</u>
Total general government			
Public safety:			
Police	574,560	-	574,560
	<u>574,560</u>	<u>-</u>	<u>574,560</u>
Total public safety			
	<u>574,560</u>	<u>264,165</u>	<u>838,725</u>
Total expenditures			
	<u>574,560</u>	<u>264,165</u>	<u>838,725</u>
Deficiency of revenue over expenditures	<u>(484,524)</u>	<u>(50,586)</u>	<u>(535,110)</u>
Other financing sources (uses):			
Transfers in	535,663	-	535,663
Transfers out	-	-	-
	<u>535,663</u>	<u>-</u>	<u>535,663</u>
Total other financing sources and uses			
	<u>535,663</u>	<u>-</u>	<u>535,663</u>
Net change in fund balance	51,139	(50,586)	553
Fund balance - beginning	3,326	155,845	159,171
Fund balance - ending	<u>\$ 54,465</u>	<u>\$ 105,259</u>	<u>\$ 159,724</u>

City of Morristown, Tennessee
Community Development Fund
Schedule of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual
for the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Revenue:				
ESG grant	\$ 72,112	\$ 72,112	\$ -	\$ 72,112
CDBG reimbursements	350,667	350,667	213,580	137,087
Non rev.-fund balance appropriations	-	500	-	500
Total revenues	422,779	423,279	213,580	209,699
Expenditures:				
CDBG administration:				
Wages and salaries permanent employees	53,629	54,129	54,040	89
Christmas bonus and longevity	283	283	282	1
FICA	3,343	3,343	3,257	86
Medicare	782	782	762	20
TCRS contribution	7,914	7,914	7,979	(65)
Employee health insurance	11,750	11,750	11,703	47
Employee life insurance	210	210	-	210
Workers compensation	1,575	1,575	1,401	174
Postal service	500	500	118	382
Printing services	220	220	-	220
Legal notices	1,650	1,650	917	733
Other professional services	5,500	5,500	9,970	(4,470)
Memberships and dues	1,500	1,500	335	1,165
Education seminars and training	6,600	6,600	5,484	1,116
Travel business expenses	9,800	9,800	6,520	3,280
Office supplies and materials	2,000	2,000	409	1,591
Other miscellaneous expenses	5,000	5,000	-	5,000
Total CDBG administration	112,256	112,756	103,176	9,580
CDBG programs and activities:				
Grants and subsidies	310,523	310,523	160,990	149,533
Total CDBG programs and activities	310,523	310,523	160,990	149,533
Total expenditures	422,779	423,279	264,165	159,114
Net change in fund balance	-	-	(50,586)	50,586
Fund balance, July 1, 2013	155,845	155,845	155,845	-
Fund balance, June 30, 2014	<u>\$ 155,845</u>	<u>\$ 155,845</u>	<u>\$ 105,259</u>	<u>\$ 50,586</u>

City of Morristown, Tennessee
Narcotics Fund
Schedule of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual
for the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance
Revenue:				
OCEDTF reimbursements	\$ -	\$ 3,100	\$ 3,123	\$ (23)
State reimbursements and refunds	-	210	211	(1)
Non rev.-fund balance appropriations	-	3,290	-	3,290
Donations-police	-	5,000	5,000	-
Program income	125,099	125,099	81,701	43,398
Total revenues	125,099	136,699	90,036	46,663
Vice:				
Wages and salaries permanent employees	58,519	58,519	56,755	1,764
Overtime	3,500	3,500	2,924	576
Christmas bonus and longevity	655	655	655	0
FICA	3,886	3,886	3,638	248
Medicare	909	909	851	58
TCRS contribution	9,201	9,201	8,957	244
Employee health insurance	22,507	22,507	11,619	10,888
Employee life insurance	1,525	1,525	-	1,525
Workers compensation	1,182	1,182	1,401	(219)
Clothing/uniform/shoes	650	650	650	-
Telephone services	720	720	835	(115)
Medical services	-	100	56	44
Other professional services	800	800	-	800
Repair and maintenance vehicles	200	200	-	200
Education seminars and training	400	400	375	25
Travel business expenses	500	500	405	95
Office supplies and materials	400	400	283	117
Gasoline and diesel fuel	2,660	2,660	2,074	586
Vehicle parts/oil/fluid/tires	500	500	-	500
Insurance	1,788	1,788	1,678	110
Property (contents) insurance	375	375	385	(10)
Total vice	110,877	110,977	93,541	17,436
Narcotics:				
Wages and salaries permanent employees	238,474	238,474	235,197	3,277
Overtime	10,000	13,500	13,218	282
Holiday pay	3,132	3,132	-	3,132
Christmas bonus and longevity	-	2,700	2,682	18
FICA	15,600	15,600	15,200	400
Medicare	3,648	3,648	3,555	93
TCRS contribution	36,936	36,936	37,264	(328)
Employee health insurance	58,642	58,642	56,996	1,646
Employee life insurance	904	904	-	904
Workers compensation	33,341	33,341	7,004	26,337
Clothing/uniform/shoes	2,800	2,800	2,600	200
Postal service	200	200	211	(11)
Legal notices	700	700	127	573
Telephone services	3,550	3,550	2,644	906
Medical services	-	200	112	88
Other professional services	10	10	-	10
Repair and maintenance vehicles	250	250	-	250
Memberships and dues	265	265	114	151
Education seminars and training	1,700	1,700	700	1,000
Travel business expenses	3,200	3,200	2,771	429
Other contracted services	8,400	8,400	5,212	3,188
Office supplies and materials	1,800	1,800	1,613	187
Small tools & equipment	18,900	23,900	14,032	9,868
General operating supplies	3,000	3,102	422	2,680
Gasoline and diesel fuel	15,000	16,241	15,611	630
Vehicle parts/oil/fluid/tires	3,618	3,618	2,958	660
Insurance	8,941	8,941	8,392	549
Property (contents) insurance	1,874	1,874	1,926	(52)
Equipment rental/lease	-	100	58	42
Undercover expenses	75,000	75,000	50,399	24,601
Total Narcotics	549,885	562,727	481,018	81,709
Total expenditures	660,762	673,704	574,560	99,145
Net change in fund balance	(535,663)	(537,005)	(484,524)	(52,481)
Other sources of funds:				
Operating transfers in	535,663	535,663	535,663	-
Net change in fund balance	-	(1,342)	51,139	(52,481)
Fund balance, July 1, 2013	3,326	3,326	3,326	-
Fund balance, June 30, 2014	\$ 3,326	\$ 1,984	\$ 54,465	\$ (52,481)

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

City of Morristown, Tennessee
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

CFDA Number	Grantor Agency/Program	Contract Number	(A) Balance July 1, 2013 Receivable	(B) Receipts	(C) Federal Expenditures	(D) Balance June 30, 2014 Receivable
10.559	USDA/ Summer Feeding Program	30-007	\$ -	\$ 112,614	\$ 112,614	\$ -
14.218	U.S. Department of Housing and Urban Development/CDBG	B-12-MC-47-0013	(42,305)	197,875	155,570	-
14.231	THDA	ESG-12-17	(14,102)	30,896	16,794	-
		ESG-12-30	-	41,216	41,216	-
			(56,407)	269,987	213,580	-
16.607	U.S. Department of Justice/ Bulletproof Vest Partnership Program		-	5,918	5,918	-
16.71	COPS	2010-UM-WX-0293	(51,289)	217,863	190,079	(23,504)
16.738	Edward Byrne Memorial JAG Program	2011-DJ-BX-3459	-	19,482	19,482	-
16.738	Edward Byrne Memorial JAG Program	2013-DJ-BX-1129	-	-	15,190	(15,190)
20.607	Traffic Safety & Impaired Driving Prevention	154AL-14-87	-	20,060	25,147	(5,087)
			(51,289)	263,322	255,815	(43,782)
20.106	U. S. Department of Transportation/ Airport Fueling System	TAD 32-555-0444-04	(15,185)	86,255	92,793	(21,723)
20.205	Highway Planning Grants	STP-M-66(46)	-	6,724	13,244	(6,520)
		STP-M-9113(12)	(16,301)	117,726	101,425	-
		STP-M-9113(8)	-	13,207	13,207	-
		STP-M-34(79)	(8,471)	18,070	9,599	-
		STP-M-9113(11)	(119,117)	238,254	119,137	-
		STP-M-9113(13)	(14,226)	34,341	20,115	-
		STP-M-34(78)	-	38,476	38,476	-
		STP-M-9113(18)	(188,914)	255,060	66,146	-
		STP-M-9113(20)	-	-	19,478	(19,478)
		HPP-9113(9)	-	432	65,333	(64,901)
		SRTS-9113(19)	-	1,554	1,554	-
	Downtown Pedestrian Imp/Corridor Proj	70178	-	117,236	295,385	(178,150)
	Transportation Planning & Coordination	SPR-PL-1(318)	(23,445)	77,068	53,919	(296)
		TN-96-X014-00	-	23,603	23,603	-
		TN-90-x347-00	(114,431)	191,119	206,385	(129,697)
		TN-80-005	-	-	9,993	(9,993)
		IM-81-1(102)7	-	14,429	14,429	-
		STP-HPP-66(44)	-	15,114	15,114	-
			(484,904)	1,162,412	1,086,542 (E)	(409,034)
			\$ (607,785)	\$ 1,894,591	\$ 1,761,344	\$ (474,539)

- A) Receivable at June 30, 2013
B) Cash receipts
C) Federal expenditures
D) Receivable at June 30, 2014
E) Major federal program

Basis of Presentation

The schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of the City of Morristown, Tennessee, under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the City of Morristown, Tennessee, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Morristown, Tennessee.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting.

City of Morristown, Tennessee
Schedule of State Financial Assistance
Year Ended June 30, 2014

Grantor Agency/Program	Contract Number	(A)	(B)	(C)	(D)
		Balance July 1, 2013 Receivable	Receipts	Expenditures	Balance June 30, 2014 Receivable
Airport Rehabilitation	32-555-0743-04	\$ -	\$361,072	\$ 365,859	\$ (4,787)
Airport Apron Improvements	32-555-0742	(42,388)	52,936	10,548	-
Airport Maintenance Grant	AERO-M13-201-00	(2,346)	2,346	-	-
Airport Maintenance Grant	AERM-14-377-00	-	18,575	19,800	(1,225)
2013 Airport Layout Plan	32-555-0747-04	-	25,243	56,194	(30,950)
Airport Security Upgrades	32-555-0748.04	-	9,105	9,105	-
2014 Runway Obstruction	32-555-0749-04	-	5,463	5,463	-
TN Historical Commission	GG-7-08-13	-	2,562	2,562	-
Internet Crimes Against Children	C-13-0168	(9,865)	9,865	-	-
Fast Track Grants	GG-12-376905-00	(136,597)	136,597	-	-
Section 5307 Operating Assistance	32UROP-S3-008	(57,216)	172,627	115,411	-
		<u>\$ (248,411)</u>	<u>\$796,390</u>	<u>\$ 584,941</u>	<u>\$ (36,962)</u>

A) Receivable at June 30, 2013

B) Cash receipts

C) State expenditures

D) Receivable at June 30, 2014

City of Morristown, Tennessee
Statistical Information
June 30, 2014

This part of the City of Morristown's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

City of Morristown, Tennessee
Net Position by Component
Last Ten Fiscal Years
June 30, 2014

	6/30/2005	6/30/2006	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014
Governmental activities:										
Net investment in capital assets										
Restricted	\$ 32,485,958	\$ 32,367,332	\$ 20,829,489	\$ 41,772,607	\$ 43,089,778	\$ 44,137,100	\$ 31,753,875	\$ 26,055,799	\$ 29,547,943	\$ 33,965,440
Unrestricted	3,256,311	3,461,669	153,829	2,746,754	2,622,266	353,457	644,679	1,369,307	1,607,753	1,680,576
Total governmental activities net position	3,918,333	2,407,332	12,742,735			3,210,976	17,903,817	22,204,246	23,431,214	24,213,008
	<u>\$ 39,660,602</u>	<u>\$ 38,236,323</u>	<u>\$ 33,726,053</u>	<u>\$ 44,519,361</u>	<u>\$ 45,712,044</u>	<u>\$ 47,701,533</u>	<u>\$ 50,302,371</u>	<u>\$ 49,629,352</u>	<u>\$ 54,686,910</u>	<u>\$ 59,859,024</u>
Business-type activities:										
Net investment in capital assets										
Restricted	\$ 63,008,050	\$ 65,965,213	\$ 65,694,276	\$ 68,057,045	\$ 73,440,732	\$ 73,214,568	\$ 72,398,653	\$ 76,792,135	\$ 79,424,880	\$ 88,050,533
Unrestricted	3,522,421	531,903	557,111	1,331,951	1,331,951	585,465	22,815,516	23,525,937	26,580,161	24,920,115
Total business-type net position	11,713,846	13,638,464	12,858,565	13,775,143	11,011,165	15,782,758	95,214,169	\$100,318,072	\$106,005,041	\$112,970,648
	<u>\$ 78,244,317</u>	<u>\$ 80,135,580</u>	<u>\$ 79,109,952</u>	<u>\$ 81,832,188</u>	<u>\$ 85,783,848</u>	<u>\$ 89,582,791</u>	<u>\$ 95,214,169</u>	<u>\$ 100,318,072</u>	<u>\$ 106,005,041</u>	<u>\$ 112,970,648</u>
Primary government:										
Net investment in capital assets										
Restricted	\$ 95,494,008	\$ 98,332,545	\$ 86,523,765	\$ 109,829,652	\$ 116,530,510	\$ 117,351,668	\$ 104,152,528	\$ 102,847,934	\$ 109,072,823	\$ 122,015,973
Unrestricted	6,778,732	3,993,562	710,940	2,341,975	3,954,217	938,922	644,679	1,369,307	1,607,753	1,680,576
Total primary government	15,632,179	16,045,796	25,601,300	14,179,922	11,011,165	18,993,734	40,719,333	45,730,183	50,011,375	49,133,123
	<u>\$117,904,919</u>	<u>\$118,371,903</u>	<u>\$112,836,005</u>	<u>\$126,351,549</u>	<u>\$131,495,892</u>	<u>\$137,284,324</u>	<u>\$145,516,540</u>	<u>\$149,947,424</u>	<u>\$160,691,951</u>	<u>\$172,829,672</u>

City of Morristown, Tennessee
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
June 30, 2014

	6/30/2005	6/30/2006	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014
Revenues:										
Taxes										
Licenses, permits and fines	\$ 18,798,835	\$ 19,509,714	\$ 19,819,597	\$ 22,261,063	\$ 23,229,793	\$ 21,494,303	\$ 22,480,586	\$ 22,869,163	\$ 22,536,744	\$ 22,852,719
Use of money and property	936,037	904,316	1,093,488	1,045,551	1,497,081	1,472,826	1,510,750	1,319,940	1,178,045	1,057,791
Service charges and fees	690,408	607,576	329,777	470,219	246,632	1,014,717	870,195	636,386	253,683	750,587
Intergovernmental	131,998	155,179	137,584	141,703	132,712	151,393	1,225,730	1,431,315	1,576,001	1,504,729
	5,294,295	7,664,424	6,141,091	6,269,338	5,340,445	5,820,905	6,204,797	5,478,005	5,866,207	5,931,533
Total revenues	25,851,573	28,841,209	27,521,537	30,187,874	30,446,663	29,954,144	32,292,058	31,734,809	31,400,680	32,097,359
Expenditures:										
General government										
Public safety	3,322,466	3,654,202	4,378,805	4,578,048	3,823,150	3,410,399	3,317,502	4,062,142	3,629,042	4,100,871
Public works	11,946,235	12,010,039	14,326,759	14,553,542	13,950,739	13,027,747	13,039,718	13,522,370	13,972,414	15,060,623
Parks and recreation	6,897,308	9,055,173	10,381,286	11,036,209	6,931,598	6,353,399	6,619,663	8,862,747	8,798,240	8,199,366
Airport	1,568,247	1,957,729	3,229,978	2,338,137	2,070,840	1,656,613	1,706,724	1,746,676	1,768,165	2,037,972
Civic support	292,552	275,700	190,240	132,719	302,588	-	-	-	-	-
Library	544,398	532,178	856,174	558,723	1,338,282	490,500	279,966	1,395,326	841,472	750,451
Economic development	1,448,415	4,355,672	2,224,061	1,117,549	464,294	1,167,663	250,000	243,600	257,000	261,490
Transportation	-	-	-	-	-	642,427	-	-	-	-
Retiree benefits	434,580	292,973	-	-	-	394,866	439,304	309,530	401,695	306,363
Miscellaneous	39,351	20,531	-	-	-	133,532	133,532	-	-	-
Debt service:										
Principal	1,224,800	1,265,000	1,105,000	3,150,000	1,586,805	4,058,614	1,501,662	1,574,629	1,675,568	1,136,023
Interest	178,333	178,432	449,487	722,876	538,250	341,172	237,224	232,380	239,740	187,384
Debt expense	4,670	299,340	155,077	62,156	53,404	68,620	45,929	57,337	87,324	99,292
Total expenditures	27,901,355	33,896,969	37,296,867	38,249,959	31,059,950	31,745,552	29,439,696	32,363,110	31,850,551	32,341,385
Deficiency of revenue over expenditures	(2,049,782)	(5,055,760)	(9,775,330)	(8,062,085)	(613,287)	(1,791,408)	2,852,362	(628,301)	(449,871)	(244,026)
Other financing sources (uses)										
Transfers in	2,550,093	2,371,219	2,421,324	2,443,018	1,925,885	2,471,905	1,898,007	2,202,954	2,059,154	2,038,024
Transfers out	(1,725,817)	(1,717,920)	(1,733,483)	(1,712,003)	(1,876,147)	(1,736,947)	(1,538,386)	(1,184,908)	(391,626)	(585,663)
Bonds issued	1,992,464	10,000,000	4,750,000	5,970,000	1,473,604	3,012,455	-	4,000,000	-	-
Total other financing sources (uses)	2,816,740	10,653,299	5,437,841	6,701,015	1,523,322	3,747,413	359,619	5,018,046	1,667,528	1,452,361
Net change in fund balance	\$ 766,958	\$ 5,597,539	\$ (4,337,489)	\$ (1,361,070)	\$ 910,035	\$ 1,956,005	\$ 3,211,981	\$ 4,399,745	\$ 1,217,657	\$ 1,208,335
Debt service as a percentage of total governmental expenditures	5.05%	5.14%	4.58%	10.29%	7.01%	14.08%	6.06%	5.76%	6.29%	4.40%

City of Morristown, Tennessee
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis)
June 30, 2014

	6/30/2005	6/30/2006	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014
Expenses:										
Governmental Activities:										
General government	\$ 3,532,804	\$ 3,732,690	\$ 4,427,912	\$ 4,729,356	\$ 3,593,414	\$ 3,536,036	\$ 3,518,056	\$ 4,267,622	\$ 3,593,414	\$ 2,837,464
Public safety	11,553,257	12,011,746	14,783,116	14,938,433	14,016,226	13,510,787	13,528,045	13,775,987	14,016,226	14,634,316
Public works	5,024,791	7,884,650	8,936,753	12,760,354	6,665,204	7,208,206	8,372,617	9,939,809	6,665,204	6,831,898
Parks and recreation	1,469,315	1,864,017	3,107,468	2,404,471	1,773,943	1,767,692	1,805,109	1,793,705	1,773,943	2,066,499
Civic support	544,398	532,178	856,949	558,723	1,098,472	553,177	663,498	1,638,926	1,098,472	1,011,941
Economic development	1,448,415	3,879,932	126,444	1,117,549	147,547	624,033	1,904,129	392,784	147,547	296,060
Retiree benefits	434,580	292,973	-	-	-	384,866	439,304	309,530	401,695	306,363
Airport	704,585	554,398	631,368	573,847	-	-	-	-	-	-
Transportation	-	-	-	-	-	767,273	-	-	-	-
Long-term debt expense	217,831	339,239	582,295	785,032	327,064	342,543	283,153	289,717	327,064	286,676
Other	-	-	-	-	-	-	-	-	-	-
Total governmental activities expense	<u>24,929,976</u>	<u>31,091,823</u>	<u>33,452,305</u>	<u>37,867,765</u>	<u>27,621,970</u>	<u>28,704,613</u>	<u>30,513,911</u>	<u>32,408,080</u>	<u>28,023,565</u>	<u>28,261,217</u>
Business-type activities:										
Water	3,765,578	4,241,596	4,486,115	5,056,029	5,689,323	5,305,637	5,840,954	5,854,982	5,689,323	6,287,865
Wastewater	4,696,065	5,170,188	5,682,688	6,760,588	9,421,138	7,844,245	9,210,878	9,632,557	9,489,262	9,067,056
Power	47,493,148	53,341,801	56,800,708	61,105,276	73,724,566	63,957,470	73,019,022	71,977,895	73,724,566	75,270,529
Broadband system	4,176	714,677	4,449,839	6,907,546	7,256,552	7,030,319	6,321,905	6,963,308	7,256,552	6,945,100
Storm water	-	-	-	436,016	810,198	576,843	592,574	658,713	810,198	832,132
Total business-type expenses	<u>55,958,967</u>	<u>63,468,262</u>	<u>71,419,350</u>	<u>80,265,455</u>	<u>96,901,777</u>	<u>84,714,514</u>	<u>94,985,333</u>	<u>95,087,455</u>	<u>96,969,901</u>	<u>98,402,682</u>
Total primary government expenses	<u>80,888,943</u>	<u>94,560,085</u>	<u>104,871,655</u>	<u>118,133,220</u>	<u>124,523,647</u>	<u>113,419,127</u>	<u>125,499,244</u>	<u>127,495,535</u>	<u>124,993,466</u>	<u>126,663,899</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	231,440	223,537	557,087	409,037	232,242	280,238	134,066	130,440	232,242	134,359
Public safety	936,037	904,316	414,861	778,216	1,140,852	1,343,981	1,510,750	1,319,940	1,178,045	1,057,791
Public works	-	258,709	-	-	-	-	1,091,664	1,300,875	1,343,759	1,370,370
Parks and recreation	131,998	155,179	137,584	-	-	-	-	-	-	-
Civic support	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Retiree benefits	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-
Long-term expense	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	505,818	448,884	889,336	746,980	975,928	1,091,876	700,118	710,156	1,454,535
Capital grants and contributions	-	3,234,328	1,702,895	1,546,886	710,156	660,995	-	-	-	-
Total governmental activities program revenues	<u>1,299,475</u>	<u>5,281,887</u>	<u>3,261,311</u>	<u>3,622,475</u>	<u>2,830,230</u>	<u>3,261,142</u>	<u>3,828,356</u>	<u>3,451,373</u>	<u>3,464,202</u>	<u>4,017,055</u>
Business-type activities:										
Charge for services:										
Water	4,943,461	5,339,101	5,335,578	5,572,994	6,450,217	6,769,458	6,936,381	6,602,966	6,450,217	6,449,609
Wastewater	4,589,153	4,749,533	5,556,473	8,766,896	6,601,692	6,601,692	9,308,092	10,049,655	11,227,579	12,656,593
Power	49,466,518	55,821,500	58,631,933	63,351,409	74,850,804	67,681,072	77,167,026	74,575,366	74,850,804	1,330,147
Broadband system	-	102,690	2,548,590	4,503,672	7,195,234	6,502,002	6,321,898	6,815,505	7,195,234	75,425,515
Storm water	-	-	-	89,383	1,342,550	563,562	541,053	1,375,723	1,342,550	7,629,190
Operating grants and contributions	-	-	-	-	-	-	-	2,067,523	2,219,003	2,580,025
Capital grants and contributions	-	-	-	55,500	84,631	84,631	847,793	165,384	1,602,948	524,286
Total business-type activities program revenue	<u>58,999,132</u>	<u>66,012,824</u>	<u>72,072,574</u>	<u>82,339,854</u>	<u>96,525,128</u>	<u>88,202,417</u>	<u>101,122,243</u>	<u>101,652,122</u>	<u>104,888,335</u>	<u>106,595,565</u>
Total primary government program revenue	<u>\$ 60,298,607</u>	<u>\$ 71,294,711</u>	<u>\$ 75,333,885</u>	<u>\$ 85,962,329</u>	<u>\$ 99,355,358</u>	<u>\$ 91,463,559</u>	<u>\$ 104,950,599</u>	<u>\$ 105,103,495</u>	<u>\$ 108,352,537</u>	<u>\$ 110,612,620</u>
Net (expense) revenue:										
Governmental activities	<u>\$(23,630,501)</u>	<u>\$(25,809,836)</u>	<u>\$(30,190,994)</u>	<u>\$(34,245,290)</u>	<u>\$(24,791,640)</u>	<u>\$(25,443,471)</u>	<u>\$(26,685,555)</u>	<u>\$(28,956,707)</u>	<u>\$(24,559,363)</u>	<u>\$(24,244,162)</u>
Business-type activities	<u>3,040,165</u>	<u>2,544,562</u>	<u>653,224</u>	<u>2,074,399</u>	<u>(376,649)</u>	<u>3,487,903</u>	<u>6,136,910</u>	<u>6,564,667</u>	<u>7,918,434</u>	<u>8,192,883</u>
Total primary government program expense	<u>\$(20,590,336)</u>	<u>\$(23,265,374)</u>	<u>\$(29,537,770)</u>	<u>\$(32,170,891)</u>	<u>\$(25,168,289)</u>	<u>\$(21,955,568)</u>	<u>\$(20,548,645)</u>	<u>\$(22,392,040)</u>	<u>\$(16,640,929)</u>	<u>\$(16,051,279)</u>

City of Morristown, Tennessee
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis)
June 30, 2014

	6/30/2005	6/30/2006	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014
General governmental and other changes in net position:										
Governmental Activities:										
Property taxes	\$ 6,544,269	\$ 6,959,567	\$ 6,744,789	\$ 9,521,787	\$ 8,766,697	\$ 9,180,026	\$ 9,885,189	\$ 9,135,643	\$ 9,083,552	\$ 9,313,995
In-lieu taxes	72,748	92,446	65,529	35,536	-	-	-	-	-	-
Franchise taxes	853,208	1,006,887	732,339	826,802	784,365	644,358	400,815	598,668	632,723	692,442
Local sales tax	9,196,618	9,491,687	9,594,019	9,446,110	10,389,929	9,454,955	9,611,440	10,236,619	9,923,645	10,061,738
Alcohol beverage tax	1,032,668	1,076,180	1,107,005	1,138,908	1,178,386	1,190,044	1,140,739	1,364,148	1,397,959	1,404,875
Business and gross receipts tax	784,119	881,441	943,210	866,833	947,659	663,824	882,131	1,000,937	936,935	837,434
Hotel/motel tax	350,931	384,387	417,120	425,087	387,704	361,096	454,855	533,149	561,930	542,235
Use of money and property	96,134	607,576	451,307	470,219	246,632	1,014,717	870,195	979,709	253,683	750,587
Intergovernmental	4,097,107	3,405,260	3,989,312	3,834,117	2,148,264	4,188,982	5,112,921	4,777,887	5,146,051	4,476,998
Transfers	824,276	653,299	687,841	731,014	1,530,560	734,958	813,163	1,532,378	1,667,528	1,452,361
Total governmental activities	23,852,078	24,558,730	24,732,471	27,296,413	26,360,196	27,432,960	29,171,448	30,159,138	29,604,006	29,532,665
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	387,820	161,484	95,302	86,495	304,325	81,739	225,086
Transfers	(824,276)	(653,299)	(687,841)	(731,014)	(1,530,560)	(734,958)	(813,163)	(1,532,378)	(1,667,528)	(1,452,361)
Total business-type activities	(824,276)	(653,299)	(687,841)	(343,194)	(1,369,076)	(639,656)	(726,668)	(1,228,053)	(1,585,789)	(1,227,275)
Total primary government	\$23,027,802	\$23,905,431	\$24,044,630	\$26,953,219	\$24,991,120	\$26,793,304	\$28,444,780	\$28,931,085	\$28,018,217	\$28,305,390
Changes in net position:										
Governmental activities	\$ 221,577	\$ (1,219,206)	\$ (5,458,513)	\$ (6,948,877)	\$ 2,693,183	\$ 1,989,489	\$ 2,485,893	\$ 1,202,432	\$ 5,044,643	\$ 5,288,502
Business-type activities	2,125,089	1,891,263	(34,597)	1,731,206	2,236,653	2,848,247	5,410,242	5,336,614	6,332,645	6,965,607
Total primary government	\$ 2,347,466	\$ 672,057	\$ (5,493,110)	\$ (5,217,671)	\$ 4,929,836	\$ 4,837,736	\$ 7,896,135	\$ 6,539,046	\$ 11,377,288	\$ 12,254,109
General Fund										
Reserved	\$ 1,923,010	\$ 8,551,476	\$ 4,669,443	\$ -	\$ 2,619,067	\$ 353,457	\$ 639,964	\$ 13,028,600	\$ 13,228,903	\$ 13,556,928
Unreserved	5,254,556	4,060,987	-	2,705,279	-	3,326,040	6,804,115	10,075,983	11,196,401	12,155,081
Total general fund	\$ 7,177,566	\$ 12,612,463	\$ 4,669,443	\$ 2,705,279	\$ 2,619,067	\$ 3,679,497	\$ 7,444,079	\$ 23,104,583	\$ 24,425,304	\$ 25,712,009
All other governmental funds										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (26,323)	\$ 387,277	\$ 541,585	\$ 398,617	\$ -
Reserved	53,301	9,883	163,657	41,475	3,199	25,473	73,843	106,353	159,171	363,030
Total all other governmental funds	\$ 53,301	\$ 9,883	\$ 163,657	\$ 41,475	\$ 3,199	\$ (850)	\$ 461,120	\$ 647,938	\$ 557,788	\$ 363,030

City of Morristown, Tennessee
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
June 30, 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 1,923,010	\$ 8,551,476	\$ 4,669,443	\$ 3,431,536	\$ 2,619,067	\$ 353,457	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	-	11,765,646	11,780,321	11,822,098
Restricted	-	-	-	-	-	-	-	1,262,954	1,448,582	1,520,896
Committed	-	-	-	-	-	-	-	3,072	69,710	57,058
Assigned	-	-	-	-	-	1,065,688	1,170,837	3,852	8,500	156,876
Unassigned	-	-	-	-	-	-	-	10,069,059	11,118,191	12,155,081
Unreserved	5,254,556	4,060,987	-	-	-	3,159,977	6,656,404	-	-	-
Total general fund	<u>\$7,177,566</u>	<u>\$12,612,463</u>	<u>\$4,669,443</u>	<u>\$3,431,536</u>	<u>\$2,619,067</u>	<u>\$4,579,122</u>	<u>\$7,827,241</u>	<u>\$23,104,583</u>	<u>\$24,425,304</u>	<u>\$25,712,009</u>
All other governmental funds										
Reserved	\$ 53,301	\$ 9,883	\$ 163,657	\$ 41,475	\$ 3,199	\$ 25,473	\$ 77,958	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	106,353	159,171	159,680
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	541,585	398,617	203,350
Unassigned	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	984	984	984	-	(26,323)	-	-	-	-
Total all other governmental funds	<u>\$ 53,301</u>	<u>\$ 10,867</u>	<u>\$ 164,641</u>	<u>\$ 42,459</u>	<u>\$ 3,199</u>	<u>\$ (850)</u>	<u>\$ 77,958</u>	<u>\$ 647,938</u>	<u>\$ 557,788</u>	<u>\$ 363,030</u>

City of Morristown, Tennessee
Governmental Activities Revenue by Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Fiscal Year	Property Tax	In-lieu Tax	Franchise Tax	Local Sales Tax	Alcohol Beverage Tax	Business		Licenses, Permits, and Fines	Hotel/Motel Tax	Use of Money and Property	Inter-Governmental	Transfers	Total
						and Gross Receipts Tax	and Gross Receipts Tax						
2005	\$6,544,269	\$ 72,748	\$ 853,208	\$9,196,618	\$1,032,668	\$ 784,119	\$ 784,119	\$ -	\$350,931	\$ 96,134	\$ 4,097,107	\$ 824,276	\$ 23,852,078
2006	6,989,567	92,446	1,006,887	9,491,687	1,076,180	881,441	881,441	-	384,387	607,576	3,405,260	653,299	24,588,730
2007	6,960,375	65,529	732,339	9,594,019	1,107,005	943,210	943,210	-	417,120	1,276,070	5,899,091	687,841	27,682,599
2008	9,521,787	35,536	826,802	9,446,110	1,138,908	866,833	866,833	-	425,087	1,421,389	6,027,338	731,015	30,440,805
2009	8,766,697	-	784,365	10,389,929	1,178,386	947,659	947,659	-	367,704	1,876,425	5,340,445	795,053	30,446,663
2010	9,180,026	-	644,358	9,454,955	1,190,044	663,824	663,824	1,472,826	361,096	1,166,110	5,820,905	734,958	30,689,102
2011	9,999,606	-	400,815	9,611,440	1,140,739	882,131	882,131	1,510,750	454,885	2,095,925	6,204,797	848,566	33,149,654
2012	9,135,642	-	598,668	10,236,619	1,364,148	1,000,937	1,000,937	1,319,940	533,149	2,067,701	5,478,005	1,018,046	32,752,855
2013	9,064,768	18,784	632,723	9,923,645	1,397,959	936,935	936,935	203,798	561,930	1,387,479	5,358,672	1,667,528	31,154,221
2014	9,286,317	27,678	692,442	10,061,738	1,404,875	837,434	837,434	233,710	542,235	1,496,078	5,717,743	1,452,361	31,752,611

City of Morristown, Tennessee
Table of General Bonded Debt with Total Assessment and
Expenditure Ratio
Ten Tax Years Ended 2014

Tax Year	General Bonded Debt	Total Assessment	Ration of Bonded Debt to Total Assessment	Total Expenditures	Ratio of Bonded Debt to Total Expenditures
2005	\$ 12,202,286	\$ 570,401,429	.021 to 1	\$ 25,842,630	.472 to 1
2006	20,922,286	673,488,281	.031 to 1	27,901,352	.750 to 1
2007	22,538,317	704,561,094	.032 to 1	33,896,969	.665 to 1
2008	24,008,317	693,683,310	.035 to 1	37,296,867	.644 to 1
2009	22,521,414	728,824,170	.031 to 1	38,249,959	.589 to 1
2010	21,676,922	734,794,794	.030 to 1	26,991,342	.803 to 1
2011	20,395,260	880,290,913	.023 to 1	31,320,230	.651 to 1
2012	19,054,360	864,098,668	.022 to 1	31,217,154	.610 to 1
2013	21,373,996	863,349,937	.025 to 1	30,941,516	.691 to 1
2014	20,237,974	868,315,105	.023 to 1	32,088,324	.630 to 1

City of Morristown, Tennessee
Property Tax Levies and Collections
For the Ten Years Ended 2014
June 30, 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed value	\$ 614,747,798	\$ 704,667,216	\$ 663,683,310	\$ 735,127,536	\$ 734,974,794	\$ 680,290,913	\$ 865,679,073	\$ 864,096,668	\$ 863,408,190	\$ 868,315,105
Rate per \$100	1.09	1.09	0.97	1.37	1.22	1.22	1.05	1.05	1.05	1.05
Total tax levy	6,700,751	6,835,272	9,503,463	8,903,661	8,968,580	9,243,067	9,091,730	9,073,036	9,065,786	\$ 9,117,321
Collections/reductions:										
Initial tax year	6,421,637	6,546,642	8,767,049	8,367,645	8,502,700	8,755,460	8,590,172	8,679,616	8,579,330	
Additional through June 30, 2014	247,805	267,846	666,799	434,157	398,510	399,371	377,154	211,688	-	
Total collections/reductions	6,669,442	6,814,488	9,433,848	8,801,802	8,901,210	9,154,831	8,967,326	8,891,304	8,579,330	
Taxes receivable, June 30, 2014	\$ 31,309	\$ 20,784	\$ 69,615	\$ 101,859	\$ 67,370	\$ 88,236	\$ 124,404	\$ 181,732	\$ 486,456	
Percent of levy collected Initial	95.83%	95.78%	92.25%	93.98%	94.81%	94.72%	94.48%	95.66%	94.63%	
tax year										
Percent of levy outstanding	0.47%	0.30%	0.73%	1.14%	0.75%	0.95%	1.37%	2.00%	5.37%	
June 30, 2014										

**City of Morristown
Principal Employers
Current Year and Nine Years Ago**

Employer	2014			2005		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Hamblen County Dept. of Education	1,284	1	11%	1,225	3	10%
Koch Foods	1,125	2	10%	950	4	8%
MAHLE, Inc.	1,006	3	9%	1,423	2	11%
Walters State Community College	743	4	6%	708	6	6%
Morristown Hamblen Healthcare	716	5	6%	713	5	6%
JTEKT Automotive	715	6	6%	-	-	-
Howmet	520	7	5%	525	10	4%
Wal-Mart	432	8	4%	550	9	4%
Rich Products	402	9	3%	-	-	-
Lear Corporation	403	10	3%	-	-	-
Shelby Williams Industries, Inc.	-	-	-	675	7	5%
Toyota TRW Automotive	-	-	-	572	8	5%
Berkline	-	-	-	1,625	1	13%
Total	7,346		64%	8,966		71%

City of Morristown, Tennessee
Assessed Value and Estimated Actual Value of Taxable Property
For the Ten Years Ended 2014
June 30, 2014

Tax Year	Residential Property	Commercial Property	Public Utility Property	Other	Industrial Property	Public Utility Property	Total Assessment Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2005	\$ 197,382,450	\$ 311,856,480	\$ 581,570	\$ 2,358,850	\$ 161,306,661	\$ 2,770	\$ 673,488,781	\$ 0.97	\$ 2,030,459,639	33.17%
2006	208,319,300	320,294,680	577,060	2,554,275	172,813,509	2,770	704,561,594	0.97	2,130,508,894	33.07%
2007	214,131,050	323,243,200	577,060	3,551,000	152,179,019	1,981	693,683,310	1.37	2,257,282,643	30.73%
2008	222,757,250	335,363,800	557,095	4,638,175	165,505,013	2,837	728,824,170	1.22	2,377,490,324	30.66%
2009	224,697,525	340,950,480	557,095	4,567,200	164,020,624	1,870	734,794,794	1.22	2,429,789,052	30.24%
2010	266,744,425	405,874,600	707,025	5,657,800	201,304,793	2,270	880,290,913	1.05	2,776,600,762	31.70%
2011	266,864,625	404,414,480	707,025	5,658,932	188,231,174	2,837	865,879,073	1.05	2,729,853,556	31.72%
2012	267,600,800	406,290,680	707,025	5,674,505	183,822,111	3,547	864,098,668	1.05	2,722,855,361	31.74%
2013	266,280,800	302,287,800	707,025	5,663,750	102,759,240	2,270	677,700,885	1.05	2,720,476,644	24.91%
2014	267,100,775	342,794,907	707,025	5,697,950	252,008,861	5,587	868,315,105	1.05	2,736,636,423	31.73%

City of Morristown, Tennessee
Operating Indicators by Function
 Last Ten Fiscal Years
 June 30, 2014

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Physical arrests	5,250	5,266	7,572	6,487	5,620	2,097	4,844	4,872	3,061	3,661
Parking violations	8,645	8,652	7,179	14,809	15,211	10,071	357	288	17	167
Fire:										
Number of calls answered	2,985	3,211	3,390	3,337	3,232	4,271	3,914	2,975	3,222	3,984
Inspections	1,815	1,827	2,376	2,361	948	659	741	2,781	2,562	2,535
Highway and streets:										
Street maintenance/resurfacing (miles)	8.11	4.73	0.4	6.18	2.39	-	209.30	224.60	45.60	1.33
Sanitation:										
Brush collected (annual)	2,606.2	2,792.5	3,411.5	2,711.2	3,327.04	3,238.19	2,870.70	6,094.32	6,574.00	2,412.14
Refuse collected	14,928.6	15,008.8	9,944.0	8,555.7	9,770.21	9,416.08	4,209.62	9,313.31	9,248.60	9,313.01

**City of Morristown, Tennessee
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level In Years of Formal Schooling	School Enrollment	Unemployment Rate
2005	25,402	\$ 661,950,718	\$ 26,059	36.90	14.3	10,519	6.40
2006	25,716	674,119,224	26,214	40.00	14.1	10,513	4.60
2007	25,686	673,075,944	26,204	41.02	14.0	10,613	5.70
2008	26,419	695,823,622	26,338	36.00	13.4	10,398	7.20
2009	25,800	696,780,600	27,007	36.80	13.3	10,079	13.48
2010	28,054	896,633,894	31,961	37.30	13.0	9,532	11.20
2011	29,137	548,154,381	18,813	36.20	12.0	10,972	11.80
2012	29,369	579,097,942	19,718	35.88	13.7	9,852	13.53
2013	29,269	961,135,422	32,838	36.20	14.0	13,046	10.20
2014	29,324	955,610,512	32,588	39.80	14.5	13,136	7.70

City of Morristown, Tennessee
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function										
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	48	48	48	48	48	48	48	48	48	48
Fire stations	5	5	6	6	6	6	6	6	6	6
Sanitation										
Collection trucks	5	5	4	4	4	4	4	4	4	4
Highways and streets										
Street (miles)	240	241	263	263	320	320	320	320	352	352.1
Culture and recreation										
Parks acreage	232	257	259	259	264	264	264	264	264	264
Parks	15	15	16	16	16	16	16	16	16	16

City of Morristown, Tennessee
Schedule of Wastewater Utility Rates and Number of Customers
 Year Ended June 30, 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Wastewater rate</u>										
Inside	\$ 3.00	\$ 3.00	\$ 3.65	\$ 4.20	\$ 4.59	\$ 4.59	\$ 4.96	\$ 8.11	\$ 8.11	\$ 9.17
Outside	6.00	6.00	7.30	8.40	9.18	9.18	9.92	16.22	16.22	18.34
<u>Customers</u>										
Inside	10,230	10,230	10,578	10,578	11,523	11,523	11,627	11,618	11,668	10,566
Outside	438	438	438	438	109	109	104	105	106	10
<u>Commodity charge (per 1,000 gallons)</u>										
Inside										5.00
Outside										10.00

City of Morristown, Tennessee
Schedule of Power Rates (Last Ten Years)
Year Ended June 30, 2014

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Residential										
Customer charge per month	\$ 16.71	\$ 16.71	\$ 16.71	\$ 16.71	\$ 16.71	\$ 13.21	\$ 11.50	\$ 8.40	\$ 8.40	\$ 8.27
Energy charge:										
First 2,000 kWh	0.09515	0.09097	0.09242	0.08934	0.08175	0.07582	0.07943	0.07189	0.06735	0.05961
Additional kWh per month	0.09915	0.09097	0.09242	0.08934	0.07968	0.07375	0.00736	0.07002	0.06548	0.05777
Commercial, Industrial, Governmental and Institutional:										
GSA - 1 (demand of up to 50 kW)										
Customer charge per month	\$20 or \$37	\$20 or \$37	26.00	26.00	26.00	21.50	21.50	15.25	15.25	15.00
Energy charge per kWh per month	0.10502	0.10076	0.10219	0.09899	0.09137	0.08463	0.08787	0.07902	0.07453	0.06576
GSA - 2 (demand of 51 to 1,000 kW)										
Customer charge per month	133.00	133.00	133.00	133.00	133.00	127.00	127.00	127.00	127.00	125.00
Demand charge:										
First 50 kW per month	12.00	11.86	11.86	13.78	13.78	12.86	12.52	11.48	11.48	10.26
Excess over 50 kW per month										
Energy charge:										
First 15,000 kWh per month	0.09866	0.09559	0.09702	0.09381	0.0857	0.07896	0.0822	0.07404	0.06955	0.06086
Additional kWh per month	0.06695	0.0635	0.06491	0.06262	0.04861	0.0448	0.04904	0.04378	0.03935	0.03445
GSA - 3 (demand of 1,001 to 5,000 kW)										
Customer charge per month	270.00	270.00	270.00	270.00	270.00	266.00	266.00	205.00	205.00	200.00
Demand charge:										
First 1,000 kW per month	12.24	11.98	11.98	11.68	13.88	12.90	12.54	11.49	11.49	10.22
Excess over 1,000 kW per month	13.99	13.67	13.67	13.31	15.44	14.29	13.87	12.64	12.64	11.15
Energy charge:										
Per kWh per month	0.06691	0.06348	0.06489	0.06262	0.04903	0.04522	0.04946	0.0438	0.03937	0.03477
TDGSB (Demand > 5,001 kW)										
Demand charge:										
On peak	16.84	16.45	16.45	-	-	-	-	-	-	-
Excess off peak	4.07	4.00	4.00	-	-	-	-	-	-	-
Excess over contract	16.84	16.45	16.45	-	-	-	-	-	-	-
Energy charge:										
On peak	0.10127	0.09683	0.09694	0	0	0	0	0	0	0
Off peak (first 425 kWh)	0.06568	0.06215	0.06226	0	0	0	0	0	0	0
Off peak (next 195 kWh)	0.04653	0.04349	0.0436	0	0	0	0	0	0	0
Off peak (additional kWh)	0.03026	0.02764	0.02775	0	0	0	0	0	0	0

City of Morristown, Tennessee
Schedule of Power Rates (Last Ten Years)
Year Ended June 30, 2014

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
GSB (demand of 5,001 to 15,000 kW)										
Customer charge per month	-	-	-	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Demand charge:										
Per kWh per month	-	-	-	19.92	13.27	11.63	11.89	10.61	10.61	11.58
Energy charge:										
First 620 kWh per Kw per month	-	-	-	0.10427	0.0374	0.03899	0.0307	0.03216	0.02771	0.03035
Additional kWh per month	-	-	-	0.02771	0.03074	0.03337	0.03113	0.02707	0.02262	0.02477
GSB (non-manufacturing)										
(demand of 15,001 to 25,000 kW)										
Customer charge per month	-	-	-	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Demand charge:										
Per kWh per month	-	-	-	19.92	14.89	14.21	13.78	12.95	12.95	11.07
Energy charge:										
First 620 kWh per Kw per month	-	-	-	0.10427	0.04132	0.04625	0.04234	0.03872	0.03427	0.03035
Additional kWh per month	-	-	-	0.02771	0.03372	0.03928	0.03559	0.03241	0.02796	0.02477
Part F (demand greater than 25,000 kW)										
Customer charge per month	-	-	-	-	-	-	-	-	-	1,500.00
Demand charge:										
Per kWh per month	-	-	-	-	-	-	-	-	-	13.50
Energy charge:										
Per kWh per month	-	-	-	-	-	-	-	-	-	0.02433
Active Service (number of customers)										
Residential	11,721	11,764	11,752	11,683	11,819	11,545	11,687	11,191	11,098	11,070
Commercial	2,120	2,121	2,105	2,085	2,109	2,166	2,210	2,707	2,619	2,551
Industrial	458	449	447	467	464	455	465	462	464	461
Street and athletic	73	70	71	69	69	69	70	69	67	64
Outdoor lighting	34	34	31	32	35	35	37	36	37	36
Total active service	14,406	14,438	14,406	14,336	14,496	14,270	14,469	14,465	14,285	14,182

City of Morristown Tennessee
Schedule of Water Rates and Number of Customers
Year Ended June 30, 2014

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Inside City Rate										
Customer charge per month	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65
Commodity charge (per 1,000 gallons)										
First 25,000 gallons	-	-	-	-	-	-	-	-	-	-
Over 25,000 gallons	-	-	-	-	-	-	-	-	-	-
First 50,000 gallons	2.05	2.05	2.05	2.05	2.05	1.90	1.55	1.55	1.55	1.55
Next 50,000 gallons	1.80	1.80	1.80	1.80	1.80	1.65	1.30	1.30	1.30	1.30
Over 100,000	1.60	1.60	1.60	1.60	1.60	1.45	1.10	1.10	1.10	1.10
Minimum bill:										
5/8" meter	8.75	8.75	8.75	8.75	8.75	8.45	7.75	7.75	7.75	7.75
3/4" meter	9.25	9.25	9.25	9.25	9.25	8.95	8.25	8.25	8.25	8.25
1" meter	10.00	10.00	10.00	10.00	10.00	9.70	9.25	9.25	9.25	9.25
1 1/2" meter	11.50	11.50	11.50	11.50	11.50	11.20	10.75	10.75	10.75	10.75
2" meter	16.00	16.00	16.00	16.00	16.00	15.70	15.25	15.25	15.25	15.25
3" meter	61.00	61.00	61.00	61.00	61.00	60.70	52.00	52.00	52.00	52.00
4" meter	71.00	71.00	71.00	71.00	71.00	70.70	70.00	70.00	70.00	70.00
6" meter	101.00	101.00	101.00	101.00	101.00	100.70	100.00	100.00	100.00	100.00
8" meter	114.30	114.30	114.30	114.30	114.30	-	-	-	-	-
Outside City rates:										
Customer charge per month	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Commodity charge (per 1,000 gallons)										
First 25,000 gallons	-	-	-	-	-	-	-	-	-	-
Over 25,000 gallons	-	-	-	-	-	-	-	-	-	-
First 50,000 gallons	4.10	4.10	4.10	4.10	4.10	3.80	3.10	3.10	3.10	3.10
Next 50,000 gallons	3.60	3.60	3.60	3.60	3.60	3.30	2.60	2.60	2.60	2.60
Over 100,000 gallons	3.20	3.20	3.20	3.20	3.20	2.90	2.20	2.20	2.20	2.20
Minimum bill:										
5/8" meter	12.85	12.85	12.85	12.85	12.85	12.25	10.85	10.85	10.85	10.85
3/4" meter	13.35	13.35	13.35	13.35	13.35	12.75	11.35	11.35	11.35	11.35
1" meter	14.10	14.10	14.10	14.10	14.10	13.50	12.10	12.10	12.10	12.10
1 1/2" meter	15.60	15.60	15.60	15.60	15.60	15.00	13.60	13.60	13.60	13.60
2" meter	20.10	20.10	20.10	20.10	20.10	19.50	18.10	18.10	18.10	18.10
3" meter	65.10	65.10	65.10	65.10	65.10	64.50	63.10	63.10	63.10	63.10
4" meter	75.10	75.10	75.10	75.10	75.10	74.50	73.10	73.10	73.10	73.10
6" meter	105.10	105.10	105.10	105.10	105.10	104.50	103.10	103.10	103.10	103.10
8" meter	118.40	118.40	118.40	118.40	118.40	-	-	-	-	-
Monthly fire protection service charge:										
4"	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
6"	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
8"	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
10"	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
12"	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00
Number of Customers										
Total active service	12,549	12,569	12,553	12,501	12,567	12,506	12,937	12,684	12,517	12,453

City of Morristown Tennessee
Schedule of Monthly Broadband Rates (Last Eight Years)
Year Ended June 30, 2014

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Standard Cable:									
Expanded basic	\$ 50.95	\$ 46.95	\$ 46.95	\$ 46.95	\$ 46.95	\$ 41.95	\$ 41.95	\$ 41.95	\$ 41.95
Digital basic	60.95	54.95	54.95	54.95	54.95	49.95	49.95	49.95	49.95
Digital basic + 1	69.95	63.95	63.95	63.95	63.95	59.95	59.95	59.95	59.95
Digital basic + 2	77.95	71.95	71.95	71.95	71.95	67.95	67.95	67.95	67.95
Digital basic + 4	90.95	84.95	84.95	84.95	84.95	80.95	80.95	80.95	80.95
Premium channels	9.95-12.95	9.95-12.95	9.95-12.95	9.95-12.95	9.95-12.95	9.95-11.95	9.95-11.95	9.95-11.95	9.95-11.95
Internet:									
Residential									
Tier 1	34.95	34.95	34.95	34.95	34.95	29.95	29.95	29.95	29.95
Tier 2	39.95	39.95	39.95	39.95	39.95	39.95	39.95	39.95	39.95
Tier 3	74.95	74.95	44.95	59.95	59.95	59.95	59.95	59.95	59.95
Tier 4	-	99.95	74.95	99.95	99.95	99.95	99.95	99.95	99.95
Tier 5	-	-	99.95-199.95	159.95	159.95	-	-	-	-
Commercial									
Tier 1	44.95	44.95	44.95	44.95	44.95	39.95	39.95	39.95	39.95
Tier 2	74.95	74.95	74.95	74.95	74.95	74.95	74.95	74.95	74.95
Tier 3	99.95	99.95	99.95	99.95	99.95	99.95	99.95	99.95	99.95
Tier 4	149.90	149.95	149.95	149.95	149.95	149.95	149.95	149.95	149.95
Tier 5	-	199.95	199.95	199.95	199.95	199.95	199.95	-	-
Tier 6	-	299.95	-	-	-	-	-	-	-
Telephone:									
Residential									
Basic Pack	22.95	22.95	22.95	22.95	22.95	22.95	22.95	22.95	22.95
Preferred Pack	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	27.95
Additional services	3.75-11.95	3.75-11.95	3.75-11.95	3.75-8.95	3.75-8.95	3.75-8.95	3.75-8.95	3.75-8.95	6.95-8.95
Long distance per minute	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Commercial									
Access line	25.95	25.95	25.95	25.95	25.95	25.95	25.95	25.95	26.95
Business local telephone service	36.95	36.95	36.95	36.95	36.95	36.95	36.95	36.95	39.95
Additional services	7.95-27.95	7.95-27.95	7.95-27.95	6.95-25.95	6.95-25.95	6.95-25.95	6.95-25.95	6.95-25.95	6.95-7.95
Long distance rate per minute	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05

Note: The Broadband System began operations in 2006.



AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0

American Water Works Association
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Click to access definition
Click to add a comment

Water Audit Report for: **Morristown Utilities Commission (0000474)**
Reporting Year: **2014** **7/2013 - 6/2014**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: **MILLION GALLONS (US) PER YEAR**

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

Volume from own sources: **9** **3,190.004** MG/Yr
Water imported: **n/a** MG/Yr
Water exported: **n/a** MG/Yr

Master Meter and Supply Error Adjustments

Enter grading in column 'E' and 'J' -----> Pcnt: **9** **2.00%** Value: **0** MG/Yr
Pcnt: **9** **0** Value: **0** MG/Yr
Pcnt: **9** **0** Value: **0** MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

WATER SUPPLIED: **3,127.455** MG/Yr

AUTHORIZED CONSUMPTION

Billed metered: **10** **2,820.310** MG/Yr
Billed unmetered: **n/a** MG/Yr
Unbilled metered: **10** **32.351** MG/Yr
Unbilled unmetered: **9** **39.093** MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

AUTHORIZED CONSUMPTION: **2,891.755** MG/Yr

Click here: **?**
for help using option
buttons below

Pcnt: **1.25%** Value: **0** MG/Yr

Use buttons to select
percentage of water
supplied
OR
value

WATER LOSSES (Water Supplied - Authorized Consumption)

235.700 MG/Yr

Apparent Losses

Unauthorized consumption: **9** **7.819** MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: **10** **28.815** MG/Yr
Systematic data handling errors: **9** **7.051** MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses: **43.684** MG/Yr

Pcnt: **0.25%** Value: **0** MG/Yr

Pcnt: **1.00%** Value: **0** MG/Yr
Pcnt: **0.25%** Value: **0** MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **192.016** MG/Yr

WATER LOSSES: **235.700** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **307.145** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: **5** **275.0** miles
Number of active AND inactive service connections: **6** **13,800**
Service connection density: **9** **50** conn./mile main

Are customer meters typically located at the curbside or property line?

Average length of customer service line: **9**

(length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: **4** **65.0** psi

COST DATA

Total annual cost of operating water system: **10** **\$3,729,738** \$/Year
Customer retail unit cost (applied to Apparent Losses): **6** **\$2.05** \$/1000 gallons (US)
Variable production cost (applied to Real Losses): **10** **\$356.17** \$/Million gallons ☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 86 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Volume from own sources

2: Customer retail unit cost (applied to Apparent Losses)

3: Unauthorized consumption



AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0
American Water Works Association.
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Water Audit Report for: Morristown Utilities Commission (0000474)

Reporting Year: 2014 7/2013 - 6/2014

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 86 out of 100 ***

System Attributes:

Apparent Losses:	43.684	MG/Yr
+	192.016	MG/Yr
=	235.700	MG/Yr
?	Unavoidable Annual Real Losses (UARL):	84.41 MG/Yr
	Annual cost of Apparent Losses:	\$89,553
	Annual cost of Real Losses:	\$68,390

Valued at Variable Production Cost

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	9.8%
	Non-revenue water as percent by cost of operating system:	4.9%
Operational Efficiency:	Apparent Losses per service connection per day:	8.67 gallons/connection/day
	Real Losses per service connection per day:	38.12 gallons/connection/day
	Real Losses per length of main per day*:	N/A
	Real Losses per service connection per day per psi pressure:	0.59 gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	192.02 million gallons/year
	? Infrastructure Leakage Index (ILI) [CARL/UARL]:	2.27

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

City of Morristown, Tennessee
Principal Property Taxpayers, Current Year and Nine Years Ago
June 30, 2014

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value
Mahle	\$ 24,402,240	1	2.81%	\$ 26,895,420	1	4.79%
Toyoda-TRW	22,997,629	2	2.65%	20,527,438	2	3.65%
Vifan	18,979,302	3	2.19%	9,928,133	5	1.77%
Otics USA, Inc.	13,524,057	4	1.56%			0.00%
Tuff Torq	11,844,057	5	1.36%	10,396,782	4	1.85%
Meritor/Rockwell	10,987,537	6	1.27%	5,741,484	9	1.02%
CBL Morristown Ltd.	10,186,960	7	1.17%	9,564,280	6	1.70%
Lear	12,727,127	8	1.47%	9,101,824	7	1.62%
NCR	7,260,617	9	0.84%			
Team Technologies	7,085,157	10	0.82%			
Berkline				12,694,790	3	2.26%
Bellsouth				8,126,414	8	1.45%
Shelby Williams				5,460,952	10	0.97%

City of Morristown, Tennessee
Debt Capacity Information
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
June 30, 2014

Fiscal Year	Population	Per Capita Income	Governmental Activities	Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
			General Obligation Bonds	Revenue Bonded Debt			
2005	25,402	\$ 26,059	\$ 12,202,286	\$ 35,023,408	\$ 47,225,694	0.06%	\$ 1,859
2006	25,716	26,214	20,922,286	48,548,085	69,470,371	0.04%	2,701
2007	25,686	26,204	22,538,317	48,583,584	71,121,901	0.04%	2,769
2008	26,419	26,338	24,008,317	57,350,826	81,359,143	0.03%	3,080
2009	25,800	27,007	22,521,414	62,632,314	85,153,728	0.03%	3,301
2010	28,054	31,961	21,676,922	70,536,488	92,213,410	0.03%	3,287
2011	29,137	18,813	20,395,260	67,736,119	88,131,379	0.02%	3,025
2012	29,369	19,718	19,054,360	66,678,349	85,732,709	0.02%	2,919
2013	29,269	32,838	21,373,996	94,873,935	116,247,931	0.03%	3,972
2014	29,324	32,588	20,237,974	106,117,010	126,354,984	0.03%	4,309

City of Morristown, Tennessee
Debt Capacity Information
Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years
June 30, 2014

Fiscal Year	Population	Actual Value of Taxable Property	General Bonded Debt	Percent of General Obligation Debt to Actual Value	Net Bonded Debt Per Capita
2005	25,402	\$ 1,706,865,190	\$ 12,202,286	0.71%	\$ 480
2006	25,716	2,030,459,639	20,922,286	1.03%	814
2007	25,686	2,130,508,894	22,538,317	1.06%	877
2008	26,419	2,257,282,643	24,008,317	1.06%	909
2009	25,800	2,377,490,324	22,521,414	0.95%	873
2010	25,800	2,776,600,762	21,676,922	0.78%	840
2011	29,137	2,729,853,556	20,395,260	0.75%	700
2012	29,369	2,722,855,361	19,054,360	0.70%	649
2013	29,269	2,720,476,644	21,373,996	0.79%	730
2014	29,324	2,736,636,423	20,237,974	0.74%	690

City of Morristown, Tennessee
City Government Employees by Function/Program
June 30, 2014

Function/Program	Employees as of June 30,								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government									
Mayor and council	7	7	7	7	7	7	7	7	7
City administration & staff	4	3	3	3	3	3	3	4	4
Finance	6.5	6.5	5.5	6	6	7	7	7	7
Purchasing	1	1	1	1	1	1	1	1	1
Information technology	1	2	2	2	2	2	2	2	2
Human resources	2.5	1.5	1.5	2	2	2	2	2	2
Legal services	2	2	2	2	2	2	2	2	2
Planning	4.3	6.3	6.3	6.3	7.3	6.3	7.4	7.4	7.5
Engineering	4.1	3.1	3.1	3.1	3.1	3.3	3.9	3.4	3.375
Inspections	5	5	4	4	4	5	5	5	5
Police									
Supervision	5	5	6	6	6	5	5	5	5
Patrol	65	65	64	63	63	67	70	63	62
Investigations	15	15	15	15	15	15	13	13	14
Codes enforcement	1	2	1	1	1	1	1	1	1
Vice	0	1	1	1	1	1	1	1	1
Narcotics	5	5	5	5	5	5	4	4	4
Fire									
Supervision	6	6	6	6	6	6	6	4	4
Firefighting	79	79	79	81	81	84	84	87	86
Prevention & inspection	1	1	1	1	1	2	2	1	1
Public works									
Supervision	2	1.83	1.83	1.5	1.5	1.5	1.5	1.5	1.5
Buildings & grounds	3	2	2	2	2	2	2	6	6
Equipment shop	7	7	7	7	7	7	7	7	7
Repairs & maintenance	9	9	9	9	9	10	10	10	10
Street lights & signs	1	1	1	1	2	2	2	2	2
Brush & snow	10.7	10.7	10.7	9	9	13	13	14	13
Communication shop	2	1.65	1.65	2	2	2	2	2	1
Storms drains & ways	0	0	0	0	0	0	0	4	4
Street cleaning	0	0	0	0	0	0	0	2	2
Parks and recreation	17	17	17	17	18	20	20	21	20
Sewer	16	17.98	17.98	26.9	26.9	25.9	25.7	22.7	22.625
Storm water	5.1	5.44	5.44	7.2	7.2	7	6.5	0	0
Solid waste	12.5	12	12	12	13	13	13	13	13
Total	<u>299.7</u>	<u>302</u>	<u>299</u>	<u>310</u>	<u>314</u>	<u>328</u>	<u>329</u>	<u>325</u>	<u>321</u>

Note: This information was not available for years prior to 2006.

CRANE, THOMPSON & JONES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

225 WEST FIRST NORTH STREET
P.O. Box 1779
SUITE 300, MILLENNIUM SQUARE
MORRISTOWN, TENNESSEE 37816-1779
423-586-7650

INDEPENDENT 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 GOVERNMENT AUDITING STANDARDS

To the Mayor and City Council
City of Morristown, Tennessee

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 business-type activities, each major fund, and the aggregate remaining fund information of City of Morristown, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Morristown, Tennessee's basic financial statements, and have issued our report thereon dated November 21, 2014. Our report includes a reference to other auditors who audited the financial statements of Morristown Utilities Commission, as described in our report on City of Morristown, Tennessee's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Morristown, Tennessee'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 City of Morristown, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Morristown, Tennessee's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. The finding is identified as 14-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Morristown, Tennessee'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*.

City of Morristown, Tennessee's Response to Findings

City of Morristown, Tennessee's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Morristown, Tennessee'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 results 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Craine, Thompson & Jones, P.C.

Morristown, Tennessee
November 21, 2014

CRAINE, THOMPSON & JONES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

225 WEST FIRST NORTH STREET
P.O. Box 1779
SUITE 300, MILLENNIUM SQUARE
MORRISTOWN, TENNESSEE 37816-1779
423-586-7650

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Mayor and City Council
City of Morristown, Tennessee

Report on Compliance for Each Major Federal Program

We have audited City of Morristown, Tennessee's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Morristown, Tennessee's major federal programs for the year ended June 30, 2014. City of Morristown, Tennessee's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Morristown, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Morristown, Tennessee'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 City of Morristown, Tennessee's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Morristown, Tennessee, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of City of Morristown, Tennessee, 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 City of Morristown, Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Morristown, Tennessee's internal control over compliance.

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

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

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

Craire, Thompson & Jones, P.C.

Morristown, Tennessee
November 21, 2014

City of Morristown, Tennessee
Schedule of Findings and Questioned Costs
June 30, 2014

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	yes
Noncompliance material to financial statements noted?	no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	no
Identification of major programs:	
US Department of Transportation – Transportation Planning	20.205
Dollar threshold used to distinguish between Type A and B programs	\$300,000
Auditee qualified as low-risk auditee	no

Section II – Financial Statement Findings:

Finding 14-1

Condition: Payment of a travel advance was duplicated.

Criteria: A completed and authorized travel request form is submitted prior to an advance being given.

Cause of condition: The first payment was split into two checks (check #145916 for \$762.72 for mileage and check #145915 for \$239.00 for meals) with both being paid on 6/6/2014. The second payment was made on one check (check #146085 for \$1,001.72) dated 6/13/14. All travel advance payments are processed from a copy of the travel advance form submitted to accounts payable. The original is kept for reconciliation of the trip and as support for credit card payments (for the lodging portion).

Potential effect of condition: Payment duplication causes expenditures to be overstated.

Recommendation: Payments should be made from the original travel request form and in one check.

Management's response: Management agrees with the finding. Procedures are now in place to ensure duplicate payments will not occur. These procedures include documenting on the paperwork of when checks are written.

**City of Morristown, Tennessee
Disposition of Prior Year Findings
June 30, 2014**

FYE 6/30/2013

Finding 13-1

Condition: The payroll clerk used unearned vacation and compensatory time.

This condition was resolved at June 30, 2014.

FYE 6/30/2010

Finding 10-1:

Condition: As part of the audit, we prepared the financial statements, including the government-wide presentation and related notes from information provided by the City. Under current professional standards, the City is responsible for the internal control process which includes the preparation of year-end financial statements in accordance with generally accepted accounting principles and the modified accrual basis of accounting. Some adjustments were necessary to properly record and adjust transactions. These included investments, receivables, payables, revenue, and expenditures, and government-wide adjustments.

This condition was resolved at June 30, 2014.

Finding 10-5:

Condition: The City of Morristown does not have formal written policies and procedures in place to document its accounting system, internal control structure, and the assignment of employee responsibilities to effectively capture and report the City's financial information.

This condition was resolved at June 30, 2014.