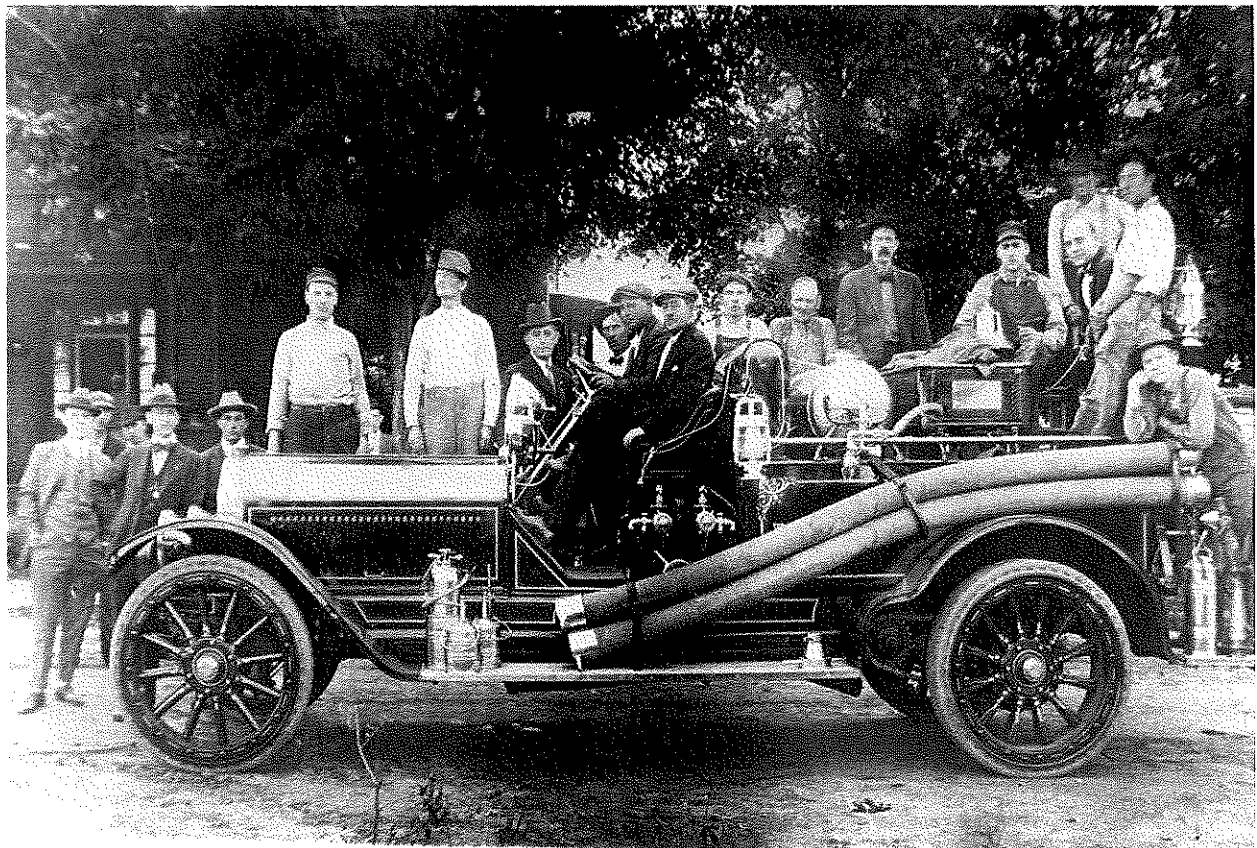


# CITY OF MORRISTOWN, TENNESSEE

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR 2015  
BEGINNING JULY 1, 2014 AND ENDING JUNE 30, 2015

PREPARED BY:  
FINANCE DEPARTMENT

## About the Cover

### **1916 AMERICAN-LAFRANCE FIRE ENGINE "W.B. WHITTAKER" Morristown's First Motorized Fire Truck**

Pictured with the truck are (L to R) Roy Kelley, J.O. Phillips, Bill Blair, Shell Burger, Sam Kelley, W.B. Whittaker, Jim Mathes, Perry Burger (at wheel), J.E. Burke, Austin Fanning, Ross Barnette, Jim Corey, Ellis Carey, Bob Lowe, Sullins Dosser, Oscar Graham, and Bob LaPrade.

In 1916, the City of Morristown purchased its first motorized fire engine, a 1916 American-LaFrance type 75 at a price of \$9,000. This truck replaced a horse drawn truck. Most departments named their trucks after a horse that the truck helped replace, presidents, or people in the community. Morristown chose to name the truck after W.B. Whittaker who was serving as Mayor at the time of the purchase of this Fire Truck.

Prior to the purchase of the engine, the three horses did dual duty for the City; they pulled the water wagon for street washing, and also the City's only fire truck. Upon ringing of the fire bell over city hall, the driver, Mr. Buchanan, would quickly unhitch the trio, hurry to the fire hall, and hitch them to the fire truck.

On June 21<sup>st</sup>, 1916 the Morristown Gazette reported:

#### **City Purchases Auto Truck**

Last week the city closed a deal for a new automobile fire truck which is to be one of the most modern makes. It was bought from the American-LaFrance Fire Engine Co., and the price paid was \$9,000. The Truck has a six cylinder, four cycle motor with a 5 1/2 inch bore and a six inch stroke furnishing 100 horsepower, which is one of the most powerful engines made. It is sold as a type 75, triple combination pumper, chemical engine and hose motor car. The truck is to be delivered in about 60 days and will be one less of a long list of necessities that the city has needed for a good while.

After its retirement, the truck was moved to Cherokee Park and placed in the playground area so children could play and experience the feeling of being a firefighter. It remained there until 1995, when it was deemed a health hazard. It was moved to a spot near Cherokee Lake where it remained for years facing the toll of time. In March 2010 the Morristown Citizen Tribune ran an article about the remains of the historic engine. Reading the story, members of the Fire Department have taken up the challenge of restoration of the engine in order to return it to the Morristown Fire Department. The First Fire Truck Fund has been established to help support this effort with the goal of completing restoration by 2016, the truck's 100<sup>th</sup> birthday. Learn more about this effort and how you can assist at their Facebook page.

<https://www.facebook.com/MorristownsFirstFireTruckFund>

# ***CITY OF MORRISTOWN, TENNESSEE***

## ***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

***For the Fiscal Year 2015***

***Beginning July 1, 2014 and Ending June 30, 2015***

*Finance Department*

City of Morristown, Tennessee  
Comprehensive Annual Financial Report  
Year Ended June 30, 2015

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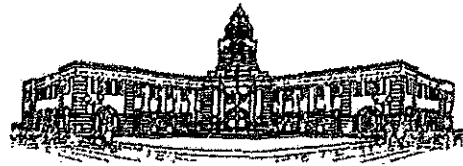
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# City of Morristown

*Incorporated 1855*



December 4, 2015

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), audited in accordance with generally accepted auditing standards and in accordance with Government 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, 2015.

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, 2015, 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 unmodified opinion that the City of Morristown's financial statements for the fiscal year ended June 30, 2015, 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.

## **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 29,000. 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, broadband, sewer service, and storm water 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 28 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 the automotive 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 71% and 29% respectively. The City of Morristown continues to be a regional employer. The City of Morristown has been experiencing a significant amount

of retail development. This development has been attributed to a major retail chain locating a second store in the City. This has resulted in national retail chains interested in locating stores in Morristown. Several retail developments are under construction. As a result of the retail development, local option sales tax is projected to increase by 4.6% in the 2015-2016 fiscal year.

### **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 three plants in the previous year. 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.

### **Awards and Acknowledgment**

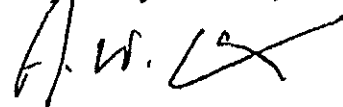
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Morristown for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the second consecutive year that the government has achieved this prestigious award. 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.

The City of Morristown also received the GFOA's Distinguished Budget Presentation award for its annual budget documented for the 2014-2015 fiscal year. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report 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 of this report. Also, we would like to thank the Mayor and Council for their support for maintaining the highest standards of professionalism in the management of the City of Morristown's finances.

Respectfully submitted,



Tony Cox  
City Administrator



Larry Clark  
Administrative Services Director





Government Finance Officers Association

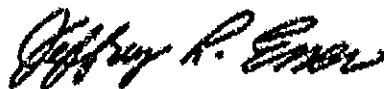
**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Morristown  
Tennessee**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**



Executive Director/CEO

**CITY OF MORRISTOWN**  
**CITY OFFICIALS**  
June 30, 2015

**MAYOR**

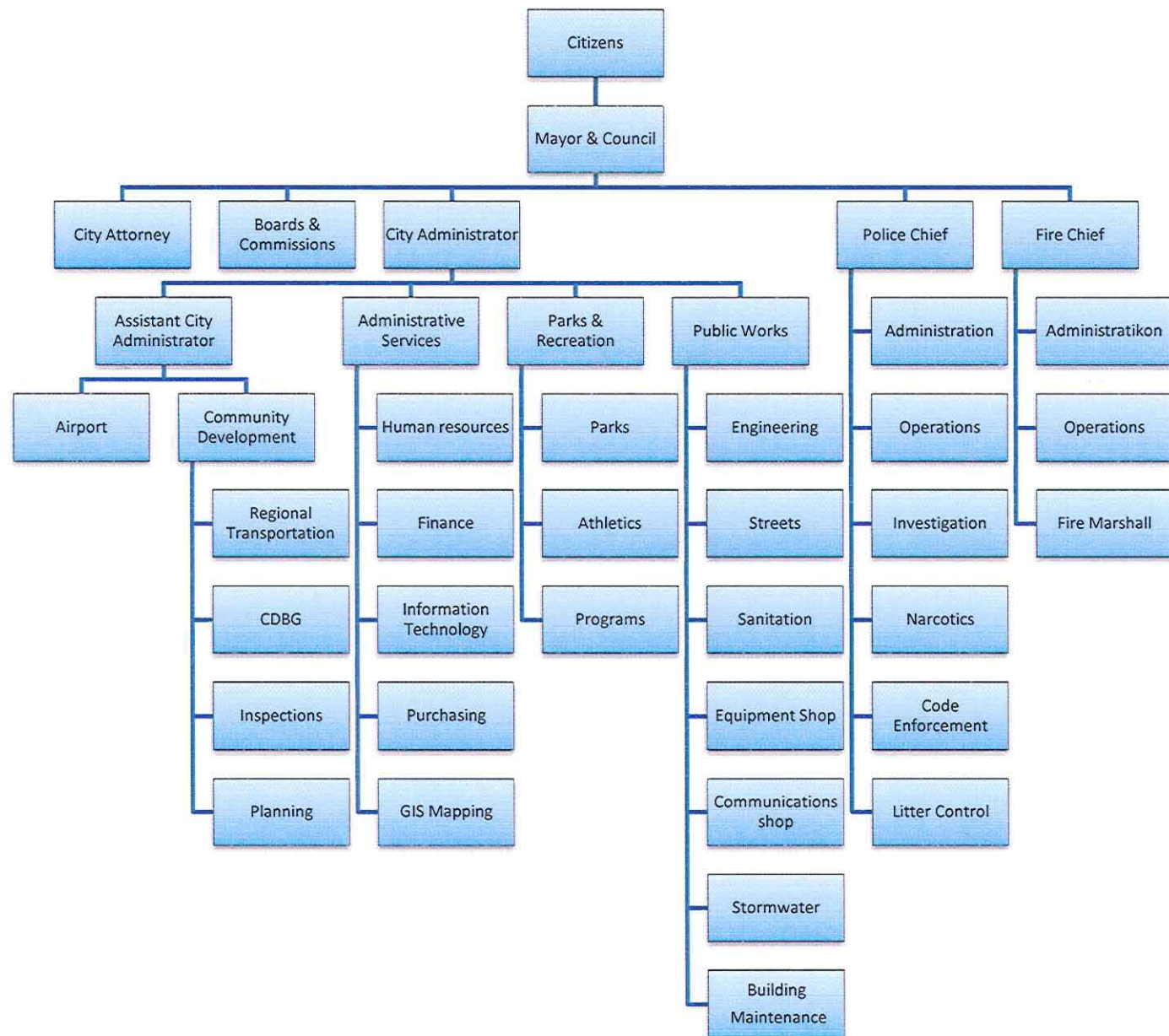
Gary Chesney

**COUNCIL**

Dennis Alvis  
Chris Bivens  
Bob Garrett  
Tommy Pedigo  
Kay Senter  
Ken Smith

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  
Director of Parks and Recreation

Tony Cox  
Ralph Fielder  
Richard Jessee  
Larry Clark  
Alan Hartman  
Roger Overholt  
William Honeycutt  
Vacant  
Paul Brown  
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, 2015, and the related notes to the financial statements, which collectively comprise the City of Morristown, Tennessee'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 the City of Morristown, Tennessee, as of June 30, 2015, 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, schedule of changes in net pension liability (asset) and related ratios and schedule of contributions based on participation in the public employee pension plan of TCRS, Morristown Utilities Commission schedule of funding progress and schedule of employer contributions for Morristown Utilities Retiree Benefit Plan, and OPEB schedule of funded status and funding progress and schedule of employer contributions on pages 9-21 and 96-100 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, statement of changes in assets and liabilities – LAMTPO agency fund, 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, statement of changes in assets and liabilities – LAMTPO agency fund, 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, statement of changes in assets and liabilities – LAMTPO – agency fund, 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 December 4, 2015, 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.

*Craine, Thompson & Jones, P.C.*

Morristown, Tennessee  
December 4, 2015

## Management's Discussion & Analysis

As management of the City of Morristown, Tennessee, we offer readers of the City of Morristown's financial statements this narrative overview and analysis of the financial activities of the City of Morristown for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our letter of transmittal, which can be found on pages 1- 3 of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Morristown exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$168.6 million (net position). Of this amount, \$33 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Morristown's total net position decreased by approximately \$4.2 million. While total net position increased by approximately \$8.3 million from operating activities, a prior period adjustment related to the implementation of an accounting standard for the recording of retirement liability decreased total net position by approximately \$12.5 million.
- As of the close of the current fiscal year, the City of Morristown's governmental funds reported combined ending fund balances of approximately \$27.4 million, an increase of almost \$1.3 million in comparison with the prior year. Approximately 26% of this amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the City of Morristown's General Fund was approximately \$7.1 million, or approximately 21.8% of total General Fund expenditures.
- The City of Morristown's total outstanding long-term debt increased by \$9,052,271 during the current fiscal year because of additional funding for the wastewater and power system.

### Overview of the Financial Statements

This discussion and analysis provided here is intended to serve as an introduction to the City of Morristown's financial statements. The City of Morristown's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support 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, liabilities, and deferred inflows/outflows of resources, with the difference 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 City of Morristown'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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, 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 of the City of Morristown 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 Utilities Commission's Comprehensive Annual Financial Report for more detailed information on their finances.

The government-wide financial statements can be found on pages 22-23 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 three categories: governmental funds, proprietary funds, and fiduciary 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 four 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 two 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 on pages 24-27 of this report.

**Proprietary funds.** The City of Morristown maintains two different types of proprietary funds. *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. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Morristown's various functions. The City of Morristown uses an internal service fund to account for its self-insured employee health insurance program. Because the services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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 on pages 52-56 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the City of Morristown's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Morristown maintains two types of fiduciary funds. The City of Morristown uses an agency fund to account for the Lakeway Area Metropolitan Transportation Planning Organization (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.

The basic fiduciary fund financial statements can be found on pages 57 and 58 of this report.

**Notes to the financial statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 59-95 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 and OPEB benefits to its employees. A table of contents has been provided to locate this information.

### **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 and deferred outflows of resources exceeded



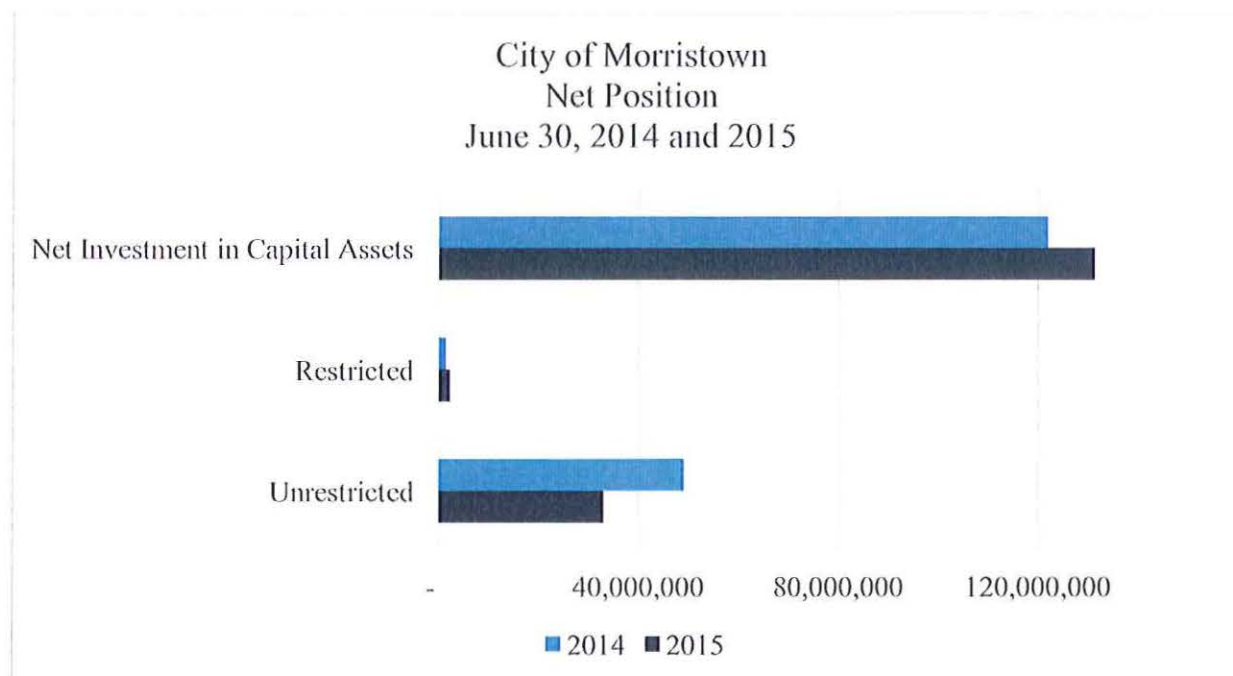
liabilities and deferred inflows of resources by almost \$168.6 million at the close of the most recent fiscal year.

City of Morristown's Net Position						
	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 41,302,629	\$ 38,593,133	\$ 58,303,008	\$ 62,378,884	\$ 99,605,637	\$ 100,972,017
Capital assets	53,939,753	54,203,414	196,057,074	175,127,598	249,996,827	229,331,012
Total assets	\$ 95,242,382	\$ 92,796,547	\$ 254,360,082	\$ 237,506,482	\$ 349,602,464	\$ 330,303,029
Total deferred outflows of resources	\$ 2,009,259	\$ 51,289	\$ 2,651,918	\$ 2,381,351	\$ 4,661,177	\$ 2,432,640
Long-term liabilities outstanding	\$ 27,252,609	\$ 19,861,979	\$ 105,670,270	\$ 97,938,574	\$ 132,922,879	\$ 117,800,553
Other liabilities	4,592,633	2,008,408	33,384,548	28,796,156	37,977,181	30,804,564
Total liabilities	\$ 31,845,242	\$ 21,870,387	\$ 139,054,818	\$ 126,734,730	\$ 170,900,060	\$ 148,605,117
Total deferred inflows of resources	\$ 14,401,084	\$ 11,118,425	\$ 325,197	\$ 182,455	\$ 14,726,281	\$ 11,300,880
Net position:						
Net investment in capital assets	\$ 34,875,277	\$ 33,965,440	\$ 98,316,369	\$ 88,050,533	\$ 133,191,646	\$ 122,015,973
Restricted	2,420,193	1,680,576	0	0	2,420,193	1,680,576
Unrestricted	13,709,845	24,213,008	19,315,616	24,920,115	33,025,461	49,133,123
Total net position	\$ 51,005,315	\$ 59,859,024	\$ 117,631,985	\$ 112,970,648	\$ 168,637,300	\$ 172,829,672

By far the largest portion of the City of Morristown's net position (78.9%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related outstanding debt that was used to acquire those assets. The City of Morristown uses these capital assets to provide a variety of services to citizens. Accordingly, 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 used 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 (1.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$33,025,461 is unrestricted and 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 all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



However, the City of Morristown’s overall net position decreased by approximately \$4.2 million from the prior fiscal year. The reasons for the overall decrease are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, net position of the governmental activities increased by \$3.4 million. This increase is attributed to the economic expansion that the City of Morristown is currently experiencing. Economic growth was spurred by the completion of a major road project and the fact that a large retailer located a second store within the City. Because of this retail development, the City of Morristown realized local sales tax growth that exceeded budgeted amounts by approximately 7.0%. The beginning net position was restated due to implementation of an accounting standard that measures and recognizes liabilities, deferred inflows/outflows, and expenses/expenditures. Because of the implementation of this standard, beginning net position decreased by approximately \$12.3 million. Overall, net position for the governmental activities decreased approximately \$8.9 million when considering current year activity and the prior period adjustment. See pages 78, 79, and 96 of the notes to the financial statements for more details about the implementation of this standard.

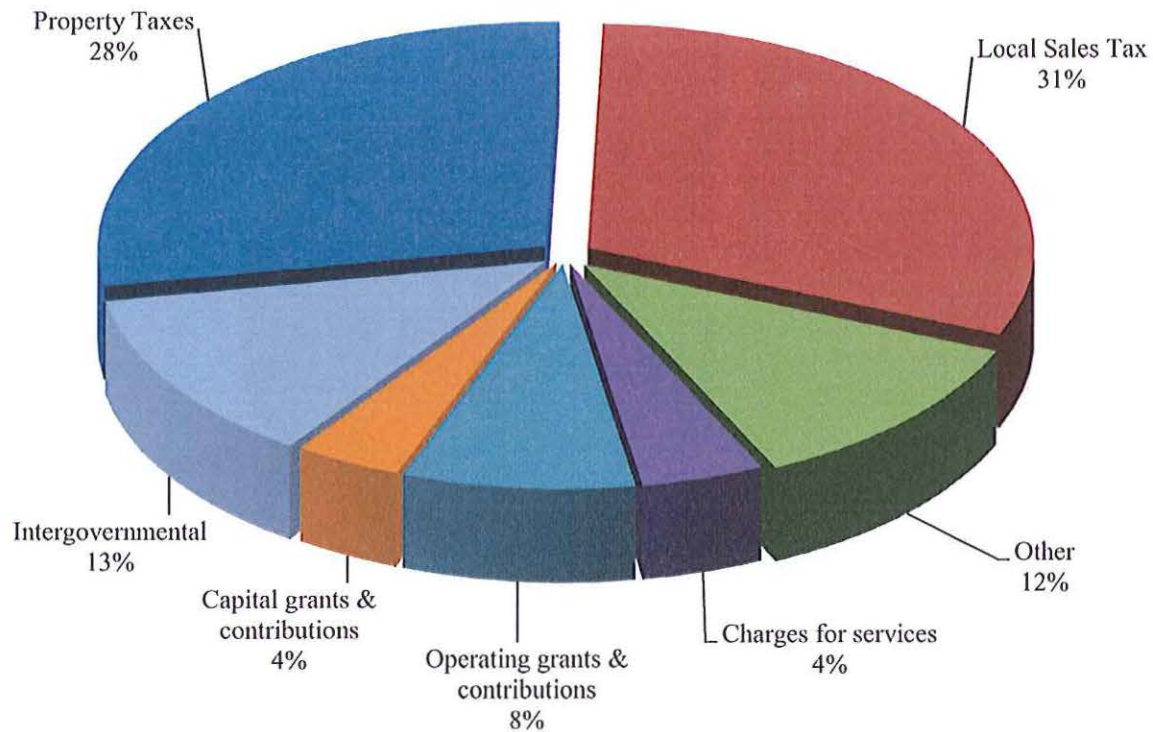
City of Morristown's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,905,770	\$ 2,562,520	\$ 103,325,749	\$ 103,491,254	\$ 106,231,519	\$ 106,053,774
Operating grants & contributions	3,018,801	1,454,535	2,586,526	2,580,025	5,605,327	4,034,560
Capital grants & contributions	-	-	151,200	524,286	151,200	524,286
General revenues:						
Property taxes	9,916,198	9,313,995	-	-	9,916,198	9,313,995
Sales tax	10,793,398	10,061,738	-	-	10,793,398	10,061,738
Intergovernmental	4,321,104	4,476,998	-	-	4,321,104	4,476,998
Other	4,082,625	4,227,573	60,378	225,086	4,143,003	4,452,659
<b>Total revenues</b>	<b>35,037,896</b>	<b>32,097,359</b>	<b>106,123,853</b>	<b>106,820,651</b>	<b>141,161,749</b>	<b>138,918,010</b>
<b>Expenses:</b>						
General government	4,726,075	2,837,464	-	-	4,726,075	2,837,464
Public safety	14,168,464	14,634,316	-	-	14,168,464	14,634,316
Public works	10,493,687	6,831,898	-	-	10,493,687	6,831,898
Economic development	417,774	296,060	-	-	417,774	296,060
Parks & recreation	1,807,804	2,056,499	-	-	1,807,804	2,056,499
Civic support	942,834	1,011,941	-	-	942,834	1,011,941
Transportation	-	-	-	-	-	-
Retiree health insurance	382,916	306,363	-	-	382,916	306,363
Interest on long-term debt	263,167	286,676	-	-	263,167	286,676
Water	-	-	6,117,002	6,287,865	6,117,002	6,287,865
Wastewater	-	-	9,385,294	9,067,056	9,385,294	9,067,056
Storm water	-	-	994,148	832,132	994,148	832,132
Power	-	-	75,855,798	75,270,529	75,855,798	75,270,529
Broadband	-	-	7,330,637	6,945,100	7,330,637	6,945,100
<b>Total expenses</b>	<b>33,202,721</b>	<b>28,261,217</b>	<b>99,682,879</b>	<b>98,402,682</b>	<b>132,885,600</b>	<b>126,663,899</b>
Increase (decrease) in net position before transfers	1,835,175	3,836,142	6,440,974	8,417,969	8,276,149	12,254,111
Transfers	1,597,848	1,452,361	(1,597,848)	(1,452,361)	-	-
Increase (decrease) in net position	3,433,023	5,288,502	4,843,126	6,965,607	8,276,149	12,254,109
Net position - July 1, 2014	59,859,024	54,686,910	112,970,648	106,005,041	172,829,672	160,691,951
Prior period adjustment	(12,286,732)	(116,388)	(181,789)	-	(12,468,521)	(116,388)
<b>Net position - June 30, 2015</b>	<b>\$ 51,005,315</b>	<b>\$ 59,859,024</b>	<b>\$ 117,631,985</b>	<b>\$ 112,970,648</b>	<b>\$ 168,637,300</b>	<b>\$ 172,829,672</b>

**Revenues** on the government-wide Statement of Activities are broken into two major categories, program and general revenues.

**Program revenues** are three types: charges for services (arise from charges to customers), operating grants and contributions (restricted for a specific purpose), and capital grants and contributions (restricted for a specific purpose).

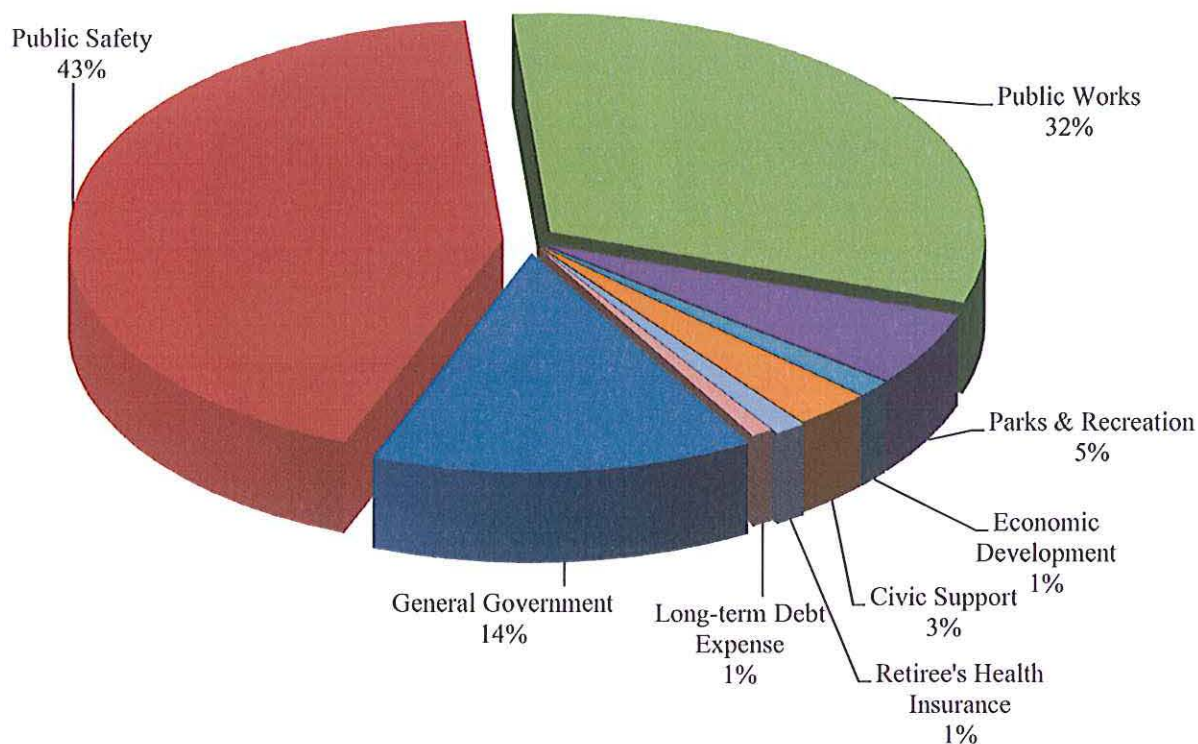
**General revenues** are all revenues that do not qualify as program revenues and by far are the largest revenue source. The largest single revenue sources within this major category are property taxes and local option sales tax. Property tax continues to be a stable revenue source for the City of Morristown. During the current fiscal year, property tax collections increased by approximately \$600,000 or 6.5% compared to the previous fiscal year. The graph below presents the major sources of revenues for governmental activities.

## Revenues by Source - Governmental Activities



Public Safety expenses of \$14,168,464 and Public Works expenses of \$10,493,687 are the largest expenses of the City of Morristown, which when combined total \$24,662,151 and are 75% of total expenses. Of this amount, \$1,722,122 was recovered by charges for services and \$1,091,409 from operating grants/contributions. For additional details, see illustrations below.

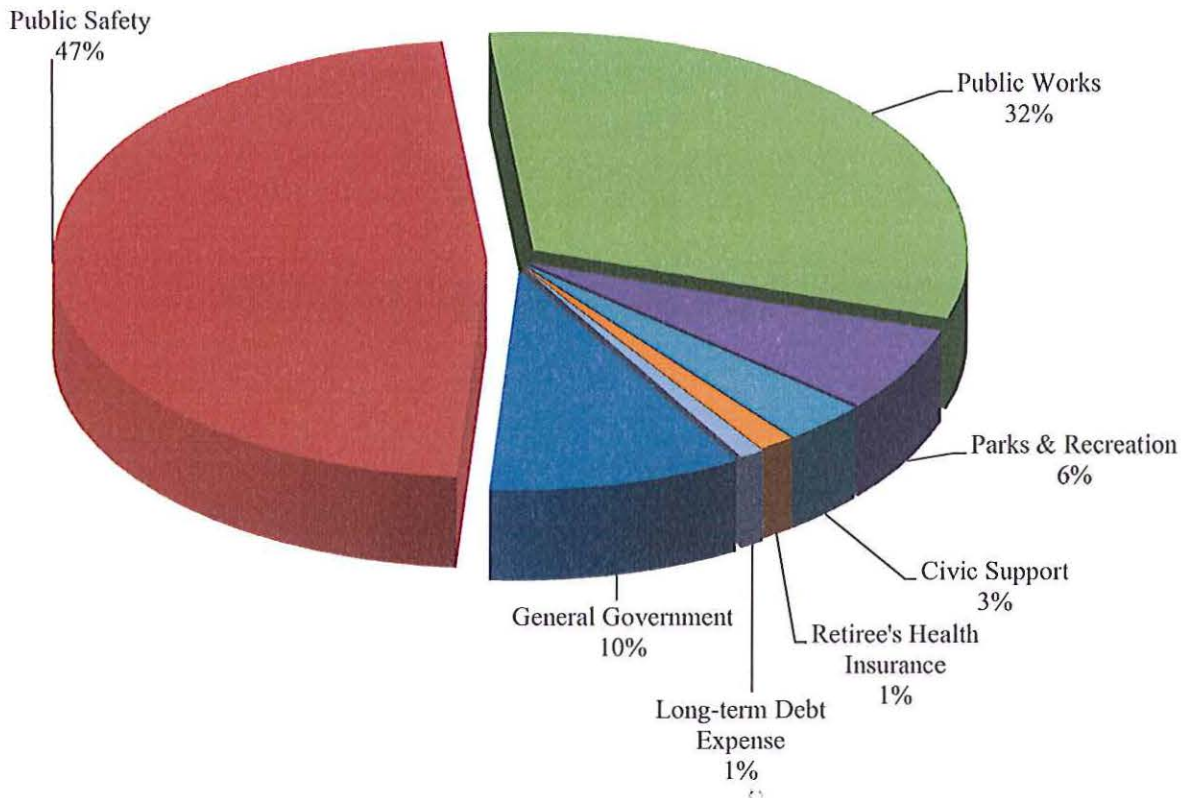
## Program Expenses - Governmental Activities



The following illustration shows the “net (expenses)” from the Statement of Activities as a percentage of the total. Unlike the preceding illustration, this one not only shows the percentage of total costs, it shows the impact the program had on the local citizens’ tax base, as a percentage. Net expense is all program expenses less all program revenues.



## Expenses by Governmental Activities



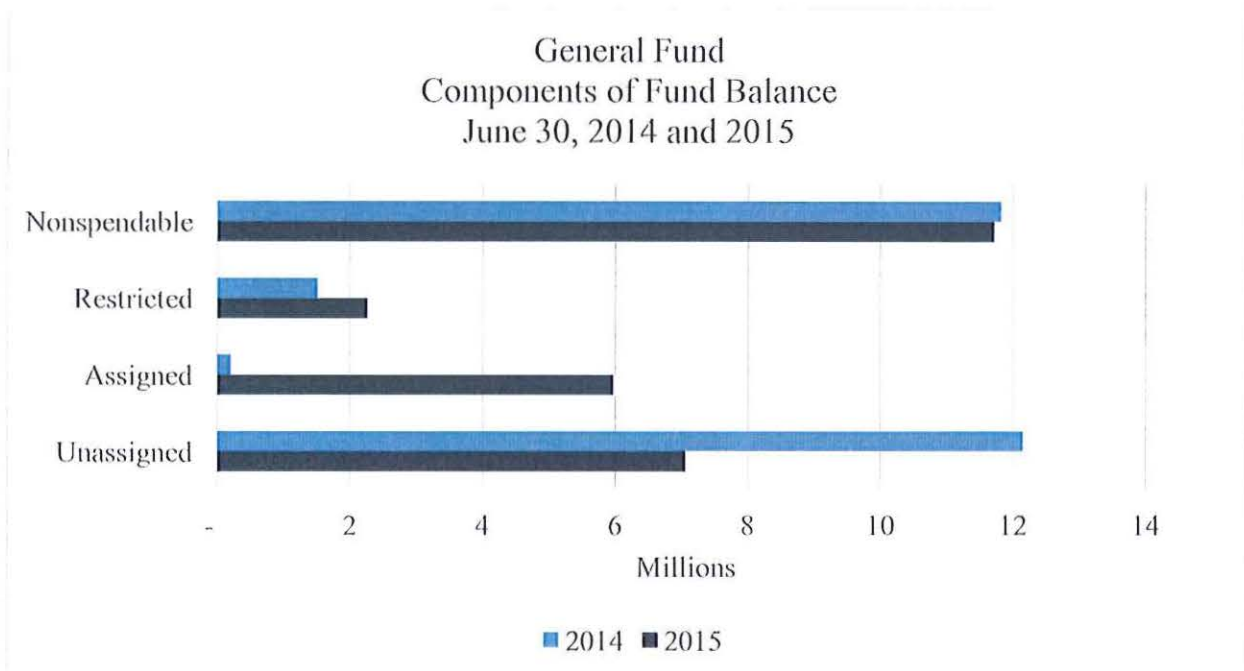
**Business-type Activities.** For the City of Morristown's business-type activities, the results for the current year were positive in that overall net position increased to reach an ending balance of approximately \$117.6 million. The total increase in net position for business-type activities was \$4.8 million or 4.3% from the prior fiscal year. The increase in net position is attributed to rate increases in the broadband system. As a result, revenues from broadband activity charges for services increased by approximately \$786,000.

### 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, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has been limited to use for a particular purpose by either an external party, the City of Morristown itself, or a group or individual that has been delegated authority to assign resources for use for a particular purpose by the City of Morristown's Council.

At June 30, 2015, the City of Morristown's governmental funds reported combined ending fund balances of \$27,399,299 an increase of \$1,500,355 in comparison with the prior year. Approximately 25.8% of this amount (\$7,062,313) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is 1) not in spendable form or legally/contractually required to be maintained intact (\$11,716,611), 2) restricted for particular purposes (\$2,420,193) or 3) assigned for particular purposes (\$6,200,182).



The general fund is the chief operating fund of the City of Morristown. At the end of the current fiscal year, unassigned fund balance was \$7,062,313, while total fund balance increased to \$27,014,574. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 21.8% of total general fund expenditures, while total fund balance represents 83.2% of that same amount. City of Morristown Council has formally adopted a financial policy stating that the City's general fund will maintain an unassigned fund balance of at least 15%, but not to exceed 40% of annual general fund expenditures.

The fund balance of the City of Morristown's general fund increased \$1,478,660. As discussed earlier with governmental activities, the increase can be attributed to economic growth and retail development resulting in local sales tax growth that exceeded budgeted amounts by approximately 7.0%. Additionally, a conservative budgeting approach is utilized in projecting estimated revenues to ensure that actual revenues meet or exceed the projected amount.

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. During the current fiscal year a transfer from the general fund was necessary to provide funds for operations. The solid waste fund balance increased in the amount of \$26,706. The user fee funding the solid waste fund, as well as additional funding alternatives, will be evaluated to determine a long-term funding plan.

**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 increased by \$4,843,126. The unrestricted net position of the City's storm water fund increased \$258,107 for the current fiscal year. Unrestricted net position of the Morristown Utilities Commission, which operates power, wastewater, water, and broadband service for the City, at the end of the year, amounted to \$15,955,446, a decrease of \$4,633,516. Morristown Utilities Commission's debt increased by \$10,436,894. For a more thorough discussion of the Morristown Utilities Commission's finances readers should consult the Comprehensive Annual Financial Report issued by the Commission for the current fiscal year ended.

## **General Fund Budgetary Highlights**

During the fiscal year, amendments were necessary to increase estimated revenues and original budgeted appropriations. Additionally, there were amendments made to reallocate appropriations between departments without increasing the total appropriations. The original budget ordinance approved appropriations totaling \$36,980,908. Budget amendments were approved by Council during the year increasing total appropriations to \$38,784,211, an increase of \$1,893,303 or 5.1%. Significant differences between the original budget and the final amended budget for the current fiscal year can be briefly summarized as follows:

- \$500,000 increase attributed to a Greenway Grant issued by the State of Tennessee.
- \$371,900 increase attributed to grant funds from the State of Tennessee for improvements made to the farmers' market.
- \$300,000 to transfer funds to the solid waste fund for operations.

At the close of the fiscal year, actual expenditures were \$5,625,578 less than budgetary estimates. This is attributed to the timing of capital projects being started as anticipated and the conservative management by department heads.

## **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, 2015, amounts to \$54 million and \$196 million, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, vehicles, park facilities, infrastructure, and construction in progress. The total increase in capital assets for the current fiscal year was approximately 9%.



City of Morristown's Capital Assets (net of depreciation)							
	Governmental Activities		Business-Type Activities		Total		
	2015	2014	2015	2014	2015	2014	
Land	\$ 7,785,639	\$ 7,839,719	\$ -	\$ -	\$ 7,785,639	\$ 7,839,719	
Buildings	11,914,275	12,291,359	-	-	11,914,275	12,291,359	
Improvements other than buildings	1,224,855	1,094,389	-	-	1,224,855	1,094,389	
Machinery & equipment	4,490,129	3,327,338	-	-	4,490,129	3,327,338	
Infrastructure	26,751,856	28,835,331	-	-	26,751,856	28,835,331	
Utility plant and equipment	-	-	178,546,840	167,284,097	178,546,840	167,284,097	
Construction in progress	1,772,999	815,278	17,510,234	7,843,501	19,283,233	8,658,779	
Total	\$ 53,939,753	\$ 54,203,414	\$ 196,057,074	\$ 175,127,598	\$ 249,996,827	\$ 229,331,012	

Additional information on the City of Morristown's capital assets can be found in Note 4.C on pages 67-68 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Morristown had total bonded debt outstanding of \$135.5 million; of this amount, \$19.1 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 55% and 43% respectively.

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

City of Morristown's Long-Term Debt					
	Balance July 1, 2014		Additions	Reductions	Balance June 30, 2015
Governmental activities					
General fund	\$	19,885,568	\$ -	\$ 1,147,443	\$ 18,738,125
Solid waste fund		352,406	-	26,055	326,351
Total governmental activities		20,237,974	-	1,173,498	19,064,476
Business-type activities					
Sewer system		56,493,784	14,478,032	3,361,311	67,610,505
Storm water system		4,863,257	-	211,125	4,652,132
Electric system		18,725,625	1,477,707	1,079,034	19,124,298
Water system		14,409,471	-	856,783	13,552,688
Telecom system		11,624,874	-	221,717	11,403,157
Total business-type activities		106,117,011	15,955,739	5,729,970	116,342,780
Total Debt	\$	126,354,985	\$ 15,955,739	\$ 6,903,468	\$ 135,407,256

The City of Morristown's total debt increased by \$9,052,271 (7.2%) during the current fiscal year. The reason for the increase was attributed to continued ongoing construction projects to upgrade and enhance the infrastructure of the wastewater plant, sewer lines, and pumping stations.

Additional information on the City of Morristown's long-term debt can be found in Note 4.J on pages 80-85 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following economic factors currently affect the City of Morristown and were considered in developing the 2015-2016 fiscal year budget.

- As previously discussed, the continued retail development that the City of Morristown is currently experiencing. Several major developments are under construction that will continue to bring regional sales tax dollars to the City of Morristown. The State of Tennessee has projected revenue growth at 3% for fiscal year 15-16. Based on data gathered, it appears reasonable that the City of Morristown will receive at least an additional \$167,000 of new revenues from the development of a major retail chain. These new revenues are attributed to stopping the leakage that had been occurring into a neighboring county. It is realistic to estimate the modest growth equating to approximately 4.6% in 15-16 budgeted amount compared to 14-15 actual collections or 7.8% increase when comparing 15-16 budgeted amount to 14-15 budgeted amounts. The modest growth estimate will allow actual collections to meet or exceed budgeted amounts barring any unforeseen economic downturn.
- The unemployment rate for the City of Morristown as of June 30, 2015, was 6.9%, which continues to show improvement compared to 7.7% a year ago. This can be attributed to the economic activity that the City of Morristown is experiencing with expansions by current manufacturing companies and several retail developments. The state's average unemployment rate as of June 30, 2015, was 6.3% and the national average was 5.5%.
- The property tax rate for tax year 2015 was adopted at the same effective rate as the 2014 tax year.

During the current fiscal year, the assigned fund balance in the General Fund was \$6,200,182. The City of Morristown has appropriated \$1,407,096 of this amount for spending in the 2015-2016 fiscal year budget. This action was taken to address the need for improving the City of Morristown's capital assets without having to issue long-term debt, and is not spent on reoccurring operating expenditures.

### **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, Office of Finance, P.O. Box 1499, Morristown, Tennessee 37816-1499.

**City of Morristown, Tennessee**

**Statement of Net Position**

**June 30, 2015**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,520,297	\$ 23,466,996	\$ 38,987,293
Cash shortage	500	-	500
Receivables (net of allowance for uncollectibles)	13,920,026	8,739,866	22,659,892
Inventories	47,869	1,650,205	1,698,074
Internal balances	114,517	-	114,517
Due from others		1,028,959	1,028,959
Other current assets	30,678	142,487	173,165
Restricted cash and cash equivalents		16,551,340	16,551,340
Capital assets (net of accumulated depreciation):			
Land	7,785,639		7,785,639
Buildings	11,914,275		11,914,275
Improvements	1,224,855		1,224,855
Equipment	4,490,129		4,490,129
Infrastructure	26,751,856		26,751,856
Utility plant and equipment		178,546,840	178,546,840
Construction in progress	1,772,999	17,510,234	19,283,233
Real estate - non-operating	11,668,742		11,668,742
Due from other funds		6,044,728	6,044,728
Other assets		369,060	369,060
Plant acquisition adjustments		309,367	309,367
Total assets	<u>95,242,382</u>	<u>254,360,082</u>	<u>349,602,464</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension other deferrals	1,953,008	29,132	1,982,140
Accrual for unbilled revenue	56,251	2,622,786	2,679,037
Total deferred outflows of resources	<u>2,009,259</u>	<u>2,651,918</u>	<u>4,661,177</u>
<b>LIABILITIES</b>			
Accounts payable	1,068,074	10,763,358	11,831,432
Accrued expenses and other current liabilities	914,581	3,055,179	3,969,760
Unearned revenue	976,921		976,921
Due to others - bonds and deposits	50,825		50,825
Internal balances		114,517	114,517
Customer deposits		3,880,338	3,880,338
Due to other funds		6,044,728	6,044,728
General bonded debt			
Due within one year	1,211,530	8,096,840	7,308,370
Due in more than one year	17,852,946	105,533,343	123,386,289
Capital lease obligation			
Due within one year		18,877	18,877
Due in more than one year		42,296	42,296
Contractual liability			
Due within one year		150,527	150,527
Due in more than one year		2,450,161	2,450,161
Accrued post retirement benefit obligation		767,727	767,727
Compensated absences:			
Estimated to be paid within one year	370,702		370,702
Estimated to be paid after one year	864,970	8,815	873,785
Net pension liability	<u>8,534,693</u>	<u>128,112</u>	<u>8,662,805</u>
Total liabilities	<u>31,845,242</u>	<u>139,054,818</u>	<u>170,900,060</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension changes - experience	421,366	6,325	427,691
Pension changes - investment earnings	3,632,773	54,530	3,687,303
Unearned revenue	<u>10,346,945</u>	<u>264,342</u>	<u>10,611,287</u>
Total deferred inflows of resources	<u>14,401,084</u>	<u>325,197</u>	<u>14,726,281</u>
<b>NET POSITION</b>			
Net Investment in capital assets	34,875,277	98,316,369	133,191,646
Restricted for:			
Community development	71,418		71,418
Narcotics	83,295		83,295
Gas Tax	950,086		950,086
Public health and welfare	857,150		857,150
Social, cultural, and recreational	57,073		57,073
Public works	45,667		45,667
Other operations	355,504		355,504
Unrestricted (deficit)	<u>13,709,845</u>	<u>19,315,616</u>	<u>33,025,461</u>
Total net position	<u>\$ 51,005,315</u>	<u>\$ 117,631,985</u>	<u>\$ 168,637,300</u>

City of Morristown, Tennessee  
**Statement of Activities**  
Year Ended June 30, 2015

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	
<b>Primary government</b>								
Governmental activities								
General government	\$ 4,726,075	\$ 1,183,648	\$ -	\$ -	\$ (3,542,427)	\$ -	\$ (3,542,427)	
Public safety	14,168,464	365,496	187,874	-	(13,615,094)	-	(13,615,094)	
Public works	10,493,687	1,356,626	903,535	-	(8,233,526)	-	(8,233,526)	
Parks and recreation	1,807,804	-	560	-	(1,807,244)	-	(1,807,244)	
Economic development	417,774	-	1,884,884	-	1,467,110	-	1,467,110	
Civic support	942,834	-	41,948	-	(900,886)	-	(900,886)	
Retiree health insurance	382,916	-	-	-	(382,916)	-	(382,916)	
Long-term debt expense	263,167	-	-	-	(263,167)	-	(263,167)	
Total governmental activities	<u>33,202,721</u>	<u>2,905,770</u>	<u>3,018,801</u>	<u>-</u>	<u>(27,278,150)</u>	<u>-</u>	<u>(27,278,150)</u>	
<b>Business-type activities:</b>								
Water	6,117,002	6,411,681	32,807	99,800	-	427,286	427,286	
Wastewater	9,385,294	12,247,129	808,636	51,400	-	3,721,871	3,721,871	
Storm water	994,148	1,276,062	-	-	-	281,914	281,914	
Power	75,855,798	75,151,759	1,434,066	-	-	730,027	730,027	
Broadband	7,330,637	8,239,118	311,017	-	-	1,219,498	1,219,498	
Total business-type activities	<u>99,682,879</u>	<u>103,325,749</u>	<u>2,586,526</u>	<u>151,200</u>	<u>-</u>	<u>6,380,596</u>	<u>6,380,596</u>	
Total primary government	<u>\$ 132,885,600</u>	<u>\$ 106,231,519</u>	<u>\$ 5,605,327</u>	<u>\$ 151,200</u>	<u>(27,278,150)</u>	<u>6,380,596</u>	<u>(20,897,554)</u>	
					Property taxes	9,916,198	-	9,916,198
					Franchise taxes	726,174	-	726,174
					Local sales tax	10,793,398	-	10,793,398
					Alcohol beverage tax	1,316,273	-	1,316,273
					Business and gross receipts tax	958,795	-	958,795
					Hotel/motel tax	565,490	-	565,490
					Litigation tax	12,906	-	12,906
					Other revenue	502,987	60,378	563,365
					Intergovernmental (unrestricted)	4,321,104	-	4,321,104
					Total governmental fund revenue	29,113,325	60,378	29,173,703
					Transfers	1,597,848	(1,597,848)	-
					Total general revenues and transfers	30,711,173	(1,537,470)	29,173,703
					Change in net position	3,433,023	4,843,126	8,276,149
					Net position - beginning	59,859,024	112,970,648	172,829,672
					Prior period adjustment	(12,286,732)	(181,789)	(12,468,521)
					Net position as adjusted - beginning	47,572,292	112,788,859	160,361,151
					Net position - ending	\$ 51,005,315	\$ 117,631,985	\$ 168,637,300

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

City of Morristown, Tennessee

Balance Sheet

Governmental Funds

June 30, 2015

	General	Solid Waste Fund	NonMajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,198,512	\$ 209,802	\$ 240,304	\$ 14,648,618
Cash shortage	-	-	500	500
Receivables (net of allowance for uncollectibles)	13,691,577	135,052	36,463	13,863,092
Interfund loans receivable - current	114,517	-	-	114,517
Inventories	47,869	-	-	47,869
Real estate - non-operating	11,668,742	-	-	11,668,742
Total assets	39,721,217	344,854	277,267	40,343,338
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Accrued unbilled revenue	-	56,251	-	56,251
Total assets and deferred outflows of resources	<u>\$ 39,721,217</u>	<u>\$ 401,105</u>	<u>\$ 277,267</u>	<u>40,399,589</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 626,460	\$ 78,361	\$ 6,197	\$ 711,018
Due to others-bonds	50,825	-	-	50,825
Accrued expenditures and other current liabilities	914,581	-	-	914,581
Unearned revenue	913,250	36,481	27,190	976,921
Total liabilities	2,505,116	114,842	33,387	2,653,345
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	10,201,527	56,251	89,167	10,346,945
<b>FUND BALANCES</b>				
Nonspendable				
Inventories	47,869	-	-	47,869
Real estate - non-operating	11,668,742	-	-	11,668,742
Restricted				
Narcotics	-		83,295	83,295
Community development	-		71,418	71,418
Gas tax	950,086		-	950,086
Public health and welfare	857,150			857,150
Social, cultural, and recreational	57,073			57,073
Public works	45,667			45,667
Other operations	355,504			355,504
Assigned				
Solid waste		230,012	-	230,012
General government	584,505		-	584,505
Finance	62,106			62,106
Public safety	18,019		-	18,019
Public works	21,248			21,248
Social, cultural, and recreational	12,273			12,273
Agriculture and natural resources	605,276			605,276
Other operations	2,771			2,771
Capital projects	3,156,876		-	3,156,876
Other purposes	1,507,096		-	1,507,096
Unassigned	7,062,313		-	7,062,313
Total fund balances	27,014,574	230,012	154,713	27,399,299
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 39,721,217</u>	<u>\$ 401,105</u>	<u>\$ 277,267</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.

53,939,753

Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.

(12,588,832)

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

(18,347,140)

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.

602,235

Net position of governmental activities

\$ 51,005,315

City of Morristown, Tennessee  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2015

	General	Solid Waste Fund	Total Non Major Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes:				
Property	\$ 9,916,198	\$ -	\$ -	\$ 9,916,198
Franchise	726,174	-	-	726,174
Local sales tax	10,793,398	-	-	10,793,398
Alcoholic beverages	1,316,273	-	-	1,316,273
Business and gross receipts	958,795	-	-	958,795
Hotel/motel tax	565,490	-	-	565,490
Litigation tax	12,906	-	-	12,906
Total taxes	24,289,234	-	-	24,289,234
Licenses, permits and fines	287,287	-	78,209	365,496
Other revenue	502,987	-	-	502,987
Service charges and fees	1,183,648	1,356,626	-	2,540,274
Intergovernmental	6,866,289	-	473,616	7,339,905
<b>Total revenues</b>	<b>33,129,445</b>	<b>1,356,626</b>	<b>551,825</b>	<b>35,037,896</b>
<b>Expenditures:</b>				
Current:				
General government:				
Mayor and council	150,070	-	-	150,070
Council elections	16,814	-	-	16,814
City administrator	483,567	-	-	483,567
Finance	757,713	-	-	757,713
Purchasing	72,245	-	-	72,245
Computer operations	507,561	-	-	507,561
Human resources	281,486	-	-	281,486
Legal services	202,303	-	-	202,303
Community and economic affairs	1,512,977	-	-	1,512,977
Codes enforcement	178,206	-	-	178,206
Community development	-	-	488,008	488,008
Engineering	229,660	-	-	229,660
GIS	250,941	-	-	250,941
Inspections	420,123	-	-	420,123
Total general government	5,063,666	-	488,008	5,551,674
Public safety:				
Police	7,543,238.00	-	552,046	8,095,284
Fire	7,579,278.00	-	-	7,579,278
Total public safety	15,122,516.00	-	552,046	15,674,562

**City of Morristown, Tennessee**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

	<u>General</u>	<u>Solid Waste Fund</u>	<u>Total Non Major Funds</u>	<u>Total Governmental Funds</u>
Public works	7,127,460	1,595,705	-	8,723,165
Parks and recreation	2,024,368	-	-	2,024,368
Civic support	756,937	-	-	756,937
Library	257,000	-	-	257,000
Economic development	328,040	-	-	328,040
Retiree health insurance	382,916	-	-	382,916
Debt service:				
Bond principal	1,147,537	26,023	-	1,173,560
Bond interest	161,713	8,192	-	169,905
Bond expense	93,262	-	-	93,262
Total debt service	<u>1,402,512</u>	<u>34,215</u>	<u>-</u>	<u>1,436,727</u>
Total expenditures	<u>32,465,415</u>	<u>1,629,920.00</u>	<u>1,040,054.00</u>	<u>35,135,389</u>
Excess (deficiency) of revenues over expenditures	<u>664,030</u>	<u>(273,294.00)</u>	<u>(488,229.00)</u>	<u>(97,493)</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,597,848	300,000	483,218	2,381,066
Transfers out	<u>(783,218)</u>	<u>-</u>	<u>-</u>	<u>(783,218)</u>
Total other financing sources and uses	<u>814,630</u>	<u>300,000</u>	<u>483,218</u>	<u>1,597,848</u>
Net change in fund balances	1,478,660	26,706	(5,011)	1,500,355
Fund balances - beginning	25,712,009	203,306	159,724	26,075,039
Prior period adjustment	<u>(176,095)</u>	<u>-</u>	<u>-</u>	<u>(176,095)</u>
Fund balances - ending	<u>\$ 27,014,574</u>	<u>\$ 230,012</u>	<u>\$ 154,713</u>	<u>\$ 27,399,299</u>

**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, 2015**

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

Net change in fund balances--total governmental funds	\$ 1,500,355
Governmental funds report capital outlays as expenditures. In the government-wide financial statements, capital asset additions are reported as additions to capital assets.	2,795,318
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.	(3,058,979)
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.	1,173,496
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.	(36,674)
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.	(415,307)
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.	1,474,814
Change in net assets of governmental activities	<u>\$ 3,433,023</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, 2015**

	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>				
<b>Local taxes:</b>				
Property taxes-current	\$ 8,650,000	\$ 8,650,000	\$ 9,319,187	\$ 669,187
Property taxes-prior	220,000	220,000	244,040	24,040
Penalty and interest	85,000	85,000	127,695	42,695
Property taxes-delinquent	120,000	120,000	160,554	40,554
In lieu/tax equivalent	1,148,743	1,548,743	64,722	(1,484,021)
Cable franchise tax	200,000	200,000	332,256	132,256
Gas franchise tax	400,000	400,000	393,918	(6,082)
Local option sales tax	10,086,701	10,086,701	10,793,398	706,697
Wholesale beer tax	976,899	976,899	966,986	(9,913)
Wholesale liquor tax	240,000	240,000	349,287	109,287
Business and gross receipts tax	921,027	921,027	958,795	37,768
Hotel and motel tax	500,000	500,000	565,490	65,490
City litigation tax	-	-	12,906	12,906
Total local taxes	23,548,370	23,948,370	24,289,234	340,864
<b>Licenses and permits:</b>				
Beer permits	15,000	15,000	15,580	580
Building permits	85,000	129,000	206,388	77,388
Electrical permits	15,000	15,000	19,134	4,134
Plumbing permits	11,000	11,000	16,663	5,663
Gas permits	3,500	3,500	5,587	2,087
Development fees	5,000	5,000	15,198	10,198
Sidewalks	4,000	4,000	-	(4,000)
Sign permits	-	-	8,737	8,737
Server permits	8,000	8,000	-	(8,000)
Farmers market permits	1,000	1,000	-	(1,000)
Total licenses and permits	147,500	191,500	287,287	95,787
<b>Intergovernmental revenue:</b>				
USDA summer feeding program	90,000	90,000	41,948	(48,052)
ARRA grants	-	-	-	-
TVA gross receipts tax	300,000	300,000	337,702	37,702
State sales tax	1,947,726	1,947,726	2,387,650	439,924
Telecommunication sales tax	2,300	2,300	3,488	1,188
State income tax	135,000	135,000	349,118	214,118
State beer tax	12,000	12,000	13,935	1,935
Mixed drink tax	-	-	41,645	41,645
State gasoline tax	740,091	740,091	832,416	92,325
State PTS tax	55,400	55,400	69,379	13,979
Dept. of transportation proj. revenue	3,854,400	3,854,400	311,720	(3,542,680)
Dept. of transportation airport grants	1,749,500	1,749,500	773,926	(975,574)
Other state revenue	500,000	500,000	8,516	(491,484)
C.O.P.S. grant	187,434	187,434	-	(187,434)
State excise tax	10,000	10,000	10,247	247
Airport maintenance grant	20,000	20,000	8,462	(11,538)
C.O.P.S. more grant	100,000	100,000	-	(100,000)
Public safety in-service	-	49,000	149,385	100,385
Dept. of justice grants	-	-	20,787	20,787
Police department grants and reimb	-	-	5,662	5,662
Public works reimbursements	-	-	1,740	1,740
Parks & rec grants & reimbursement	-	-	2,503	2,503
Governor highway safety grant	-	20,000	12,040	(7,960)
Greenway grant and reimbursement	-	282,000	1,110,958	828,958
State of TN farmers market	22,000	143,900	1,320	(142,580)
TML grants	2,000	2,000	2,000	-
Other county revenue	280,000	280,000	369,742	89,742
Total intergovernmental revenue	10,007,851	10,480,751	6,866,289	(3,614,462)

**City of Morristown, Tennessee**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Fines and users fees:</b>				
Recreation fees	145,000	145,000	122,880	(22,120)
City court fines and costs	900,000	900,000	531,417	(368,583)
Redflex citations	-	46,000	438,941	392,941
Sex offender registry	3,000	3,000	3,600	600
DUI fines	84,000	84,000	86,810	2,810
Total fines and users fees	<u>1,132,000</u>	<u>1,178,000</u>	<u>1,183,648</u>	<u>5,648</u>
<b>Other revenue:</b>				
Other reimbursements and refunds	1,780,000	2,550,600	-	(2,550,600)
Donations to parks and recreation	50,000	76,000	560	(75,440)
Donations-police	-	-	1,622	1,622
Fire department donations	-	-	229	229
Police reports	2,000	2,000	3,101	1,101
Docview reports	1,000	1,000	270	(730)
Fees & commissions	-	-	21,571	21,571
Fire department charge for services	-	-	3,600	3,600
Interest on investments	5,000	5,000	22,641	17,641
Rental of city property	130,000	130,000	160,591	30,591
Rental income-airport	20,000	20,000	149,101	129,101
Sale of land	-	73,803	43,023	(30,780)
Gain on sale of property	-	-	43,803	43,803
Judgments and restitution	-	-	245	245
Special assessments - charges	-	10,000	-	(10,000)
Driver license verification	-	-	66	66
Insurance reimbursements	-	-	9,742	9,742
Workers comp reimbursements & refunds	-	-	5,167	5,167
Miscellaneous	38,000	88,000	37,655	(50,345)
Total other revenue	<u>2,026,000</u>	<u>2,956,403</u>	<u>502,987</u>	<u>(2,453,416)</u>
<b>Total revenue</b>	<u>36,861,721</u>	<u>38,755,024</u>	<u>33,129,445</u>	<u>(5,625,579)</u>
<b>Expenditures:</b>				
<b>General government:</b>				
<b>Mayor and city council:</b>				
Wages & salaries permanent emp..	37,200	37,200	36,650	(550)
Christmas bonus & longevity	667	967	947	(20)
F.I.C.A.	2,348	2,348	1,979	(369)
Medicare	549	549	463	(86)
Employee health insurance	68,952	68,952	54,155	(14,797)
Employee life insurance	132	132	-	(132)
Postal service	175	175	65	(110)
Printing services	1,200	2,200	1,672	(528)
Legal notices	2,100	2,100	2,290	190
Electricity	1,633	1,633	1,595	(38)
Water & sewer	248	248	182	(66)
Natural gas & propane	-	-	98	98
Telephone services	1,250	1,350	1,360	10
Subscriptions & books	400	400	258	(142)
Memberships & dues	17,000	17,000	15,193	(1,807)
Education seminars & training	1,800	1,800	1,590	(210)
Travel business expenses	12,000	16,000	16,590	590
Other contracted services	-	1,600	1,600	-
Office supplies & materials	750	750	559	(191)
Office equipment	-	625	617	(8)
General operating supplies	-	-	93	93
Other supplies & materials	800	800	408	(392)
Insurance	3,102	3,767	3,767	-

**City of Morristown, Tennessee**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Property (contents) insurance	709	709	508	(201)
Equipment rental/lease	-	1,800	1,713	(87)
Council contingency	90,000	68,195	5,718	(62,477)
<b>Total mayor and city council</b>	<b>243,015</b>	<b>231,300</b>	<b>150,070</b>	<b>(81,230)</b>
<b>Council elections:</b>				
Other contracted services	16,000	16,815	16,814	(1)
<b>City administrator:</b>				
Wages and salaries	333,423	333,423	328,367	(5,056)
Overtime	1,056	1,056	348	(708)
Christmas bonus & longevity	1,056	1,481	1,473	(8)
F.I.C.A.	20,803	20,803	17,350	(3,453)
Medicare	4,865	4,865	4,467	(398)
TCRS contribution	49,861	49,861	49,066	(795)
Employee health insurance	36,291	42,291	41,343	(948)
Employee life insurance	1,154	1,154	-	(1,154)
Workers compensation insurance	4,202	5,302	5,300	(2)
Postal service	200	200	67	(133)
Office supplies	1,500	1,500	-	(1,500)
Legal notices	-	-	1,497	1,497
Electricity	5,717	5,717	5,582	(135)
Water & sewer	866	866	636	(230)
Natural gas & propane	-	345	345	-
Telephone services	2,000	3,500	3,435	(65)
Subscriptions & books	2,000	2,000	822	(1,178)
Memberships & dues	4,500	4,500	3,679	(821)
Education seminars & training	1,000	1,750	2,357	607
Travel business expenses	15,000	15,000	4,602	(10,398)
Other contracted services	4,000	10,000	9,940	(60)
Office supplies & materials	500	500	444	(56)
General operating supplies	500	500	67	(433)
Other supplies & materials	100	100	23	(77)
Insurance general liability	331	401	395	(6)
Property (contents) insurance	76	76	53	(23)
Equipment rental/lease	3,000	3,000	1,909	(1,091)
Grants & other subsidies	25,000	9,810	-	(9,810)
<b>Total city administrator</b>	<b>519,001</b>	<b>520,001</b>	<b>483,567</b>	<b>(36,434)</b>
<b>Finance department:</b>				
Wages & salaries permanent emp.	263,668	294,668	294,702	34
Overtime	500	500	442	(58)
Christmas bonus & longevity	1,740	1,740	1,658	(82)
F.I.C.A.	16,486	17,986	17,939	(47)
Medicare	3,856	4,256	4,195	(61)
TCRS contribution	39,514	44,214	44,105	(109)
Employee health insurance	75,483	60,483	54,743	(5,740)
Employee life insurance	1,138	1,138	-	(1,138)
Workers compensation insurance	9,105	9,105	8,613	(492)

**City of Morristown, Tennessee**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Postal service	10,000	15,000	13,109	(1,891)
Printing services	500	500	16	(484)
Legal notices	1,200	1,200	502	(698)
Electricity	12,251	12,251	11,961	(290)
Water & sewer	800	1,700	1,363	(337)
Natural gas & propane	-	750	738	(12)
Telephone services	-	5,300	5,100	(200)
Medical services	-	30	28	(2)
Accounting & audit services	46,000	46,000	50,035	4,035
Computer/data service	45,000	49,600	49,557	(43)
Other professional services	70,097	70,097	87,366	17,269
Repair & maint. office equip.	400	400	-	(400)
Subscriptions & books	250	250	48	(202)
Memberships & dues	1,750	1,750	1,037	(713)
Education seminars & training	3,000	3,500	4,529	1,029
Travel business expenses	6,000	6,000	5,746	(254)
Other contracted services	20,500	20,500	15,772	(4,728)
Office supplies & materials	5,002	7,502	8,124	622
Office equipment	1,500	2,700	-	(2,700)
Educational & training supplies	30	30	-	(30)
General operating supplies	200	200	2	(198)
Insurance	972	1,162	1,158	(4)
OPEB funding	23,281	23,281	-	(23,281)
Property taxes	-	46,000	45,519	(481)
Property (contents) insurance	223	223	157	(66)
Equipment rental/lease	7,000	14,500	11,525	(2,975)
Bank services & charges	5,000	5,000	2,351	(2,649)
Cash variances	-	-	31	31
Reimbursable expenses	-	-	15,542	15,542
<b>Total finance department</b>	<b>672,446</b>	<b>769,516</b>	<b>757,713</b>	<b>(11,803)</b>
<b>Purchasing department:</b>				
Wages and salaries	47,751	46,686	46,077	(609)
Overtime	250	250	48	(202)
Christmas bonus and longevity	288	288	289	1
FICA	2,994	2,994	2,784	(210)
Medicare	700	700	651	(49)
TCRS contribution	7,176	7,176	6,509	(667)
Employee health insurance	11,628	11,628	11,127	(501)
Employee life insurance	186	186	-	(186)
Workers compensation insurance	1,401	1,401	1,325	(76)
Postal service	400	400	1	(399)
Other professional services	200	200	-	(200)
Membership and dues	80	80	108	28
Education seminars and training	400	400	50	(350)
Travel business expenses	600	600	580	(20)
Office supplies and materials	400	1,050	1,024	(26)
Office equipment	250	500	489	(11)
Other supplies & materials	50	50	-	(50)
Insurance	839	1,004	1,000	(4)
Property (contents) insurance	193	193	135	(58)
Other miscellaneous expenses	-	-	48	48
<b>Total purchasing department</b>	<b>75,786</b>	<b>75,786</b>	<b>72,245</b>	<b>(3,541)</b>

City of Morristown, Tennessee  
General Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Retiree benefits-general fund:				
Health insurance/retirees	500,000	450,530	382,916	(67,614)
Total retiree benefits-general fund	500,000	450,530	382,916	(67,614)
Computer operations:				
Wages and salaries	61,872	62,372	62,121	(251)
Christmas bonus and longevity	1,131	631	289	(342)
FICA	3,906	3,906	3,720	(186)
Medicare	914	914	870	(44)
TCRS contribution	9,362	9,362	9,274	(88)
Employee health insurance	12,566	12,566	11,593	(973)
Employee life insurance	242	242	-	(242)
Workers compensation insurance	1,401	1,401	1,325	(76)
Clothing/uniforms/shoes	100	100	-	(100)
Postal service	-	-	8	8
Legal notices	-	730	726	(4)
Electricity	1,633	1,633	1,595	(38)
Water & sewer	48	298	182	(116)
Natural gas & propane	100	100	98	(2)
Telephone services	3,000	4,000	3,615	(385)
Computer/data service	31,600	31,600	24,252	(7,348)
Other professional services	750	750	-	(750)
Repair & maint. office equip.	500	500	-	(500)
Repair & maint. bldg./grounds	-	-	-	-
Subscriptions & books	200	200	154	(46)
Memberships & dues	400	400	-	(400)
Education seminars & training	3,000	3,000	775	(2,225)
Travel business expenses	2,500	2,500	953	(1,547)
Other contracted services	31,600	41,600	39,299	(2,301)
Office supplies & materials	200	200	19	(181)
ADP parts & components	5,000	5,000	4,381	(619)
General operating supplies	600	600	-	(600)
Gasoline & diesel fuel	200	200	73	(127)
Veh parts/oil/fluid/tires	-	1,500	-	(1,500)
Insurance	3,710	4,460	4,423	(37)
Property (contents) insurance	851	851	599	(252)
Equipment rental/lease	-	-	-	-
Office equipment	308,200	304,220	337,217	32,997
Total computer operations	485,586	495,836	507,561	11,725
Human resources:				
Wages & salaries permanent emp.	156,375	147,375	146,754	(621)
Overtime	500	500	-	(500)
Christmas bonus & longevity	1,164	1,164	1,131	(33)
F.I.C.A.	9,798	9,798	8,882	(916)
Medicare	2,292	2,292	2,077	(215)
TCRS contribution	23,312	23,312	20,545	(2,767)
Employee health insurance	29,127	29,127	27,844	(1,283)
Employee life insurance	556	556	-	(556)
Workers compensation insurance	3,502	6,852	6,828	(24)
Tuition reimbursement	4,000	-	-	-
Postal service	300	550	459	(91)
Printing services	600	600	-	(600)
Legal notices	775	8,775	7,343	(1,432)
Electricity	4,000	4,000	3,987	(13)

**City of Morristown, Tennessee**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Water & sewer	260	610	454	(156)
Natural gas & propane	-	200	246	46
Telephone services	1,100	2,200	2,492	292
Medical services	100	100	-	(100)
Subscriptions & books	420	2,420	2,317	(103)
Memberships & dues	750	750	782	32
Education seminars & training	11,500	5,500	3,842	(1,658)
Travel business expenses	4,000	6,500	7,781	1,281
Other contracted services	30,750	30,750	25,380	(5,370)
Office supplies & materials	1,500	2,700	2,805	105
Office equipment	500	500	338	(162)
Educational & training supplies	100	100	-	(100)
General operating supplies	600	600	287	(313)
Other supplies & materials	500	1,700	1,701	1
Insurance	3,240	3,240	3,436	196
Property (contents) insurance	750	750	528	(222)
Equipment rental/lease	3,000	3,500	3,227	(273)
Penalties for late filing	-	-	20	20
<b>Total human resources</b>	<b>295,371</b>	<b>297,021</b>	<b>281,486</b>	<b>(15,535)</b>
Legal services:				
Wages & salaries permanent emp.	11,403	11,403	10,145	(1,258)
Christmas bonus & longevity	2,937	2,937	406	(2,531)
Health and life insurance	-	-	-	-
F.I.C.A.	889	889	541	(348)
Medicare	208	208	127	(81)
TCRS contribution	2,131	2,131	-	(2,131)
Employee health insurance	22,279	22,279	11,824	(10,455)
Employee life insurance	49	49	-	(49)
Workers compensation insurance	1,401	2,651	2,650	(1)
Attorney consult fees	-	-	-	-
Legal services	79,000	154,000	160,105	6,105
Subscriptions & books	4,000	4,000	3,757	(243)
Other contracted services	-	25,000	11,552	(13,448)
Insurance	883	883	1,053	170
Property (contents) insurance	203	203	143	(60)
<b>Total legal services</b>	<b>125,383</b>	<b>226,633</b>	<b>202,303</b>	<b>(24,330)</b>
Community and economic affairs:				
Wages & salaries permanent emp.	219,304	219,304	210,565	(8,739)
Overtime	134	134	-	(134)
Christmas bonus & longevity	1,128	1,128	791	(337)
F.I.C.A.	13,675	13,675	12,736	(939)
Medicare	3,198	3,198	2,979	(219)
TCRS contribution	32,776	32,776	31,407	(1,369)
Employee health insurance	28,679	39,679	39,429	(250)
Employee life insurance	701	701	-	(701)
Workers compensation insurance	4,519	4,639	4,638	(1)
Postal service	250	1,250	875	(375)
Printing services	500	500	218	(282)
Legal notices	5,000	5,000	1,105	(3,895)
Medical services	100	100	28	(72)
Computer/data processing	-	2,100	2,069	(31)
Other professional services	250	250	-	(250)
Repair & maint. office equip.	2,000	2,000	-	(2,000)
Subscriptions & books	200	200	157	(43)
Memberships & dues	2,000	2,000	1,069	(931)

City of Morristown, Tennessee  
General Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Education seminars & training	2,500	2,500	451	(2,049)
Travel business expenses	3,000	3,000	4,127	1,127
Other contracted services	837,215	684,145	33,610	(650,535)
Office supplies & materials	1,500	2,250	2,161	(89)
General operating supplies	200	200	165	(35)
Gasoline & diesel fuel	1,000	1,000	287	(713)
Veh. parts/oil/fluid/tires	1,000	1,000	-	(1,000)
Other supplies & materials	1,500	1,500	1,445	(55)
Insurance	839	839	1,000	161
Property (contents) insurance	193	193	135	(58)
Equipment rental/lease	2,000	2,000	952	(1,048)
LAMTPO local match	45,130	45,130	45,130	-
Grants & other subsidies	-	1,010,000	1,115,448	105,448
<b>Total community and economic affairs</b>	<b>1,210,491</b>	<b>2,082,391</b>	<b>1,512,977</b>	<b>(569,414)</b>
<b>Codes enforcement:</b>				
Wages & salaries permanent emp.	78,501	73,001	74,460	1,459
Overtime	-	5,500	4,019	(1,481)
Christmas bonus & longevity	582	582	562	(20)
F.I.C.A.	4,903	4,903	4,688	(215)
Medicare	1,147	1,147	1,092	(55)
TCRS contribution	11,752	11,752	11,345	(407)
Employee health insurance	23,041	23,041	23,169	128
Employee life insurance	292	292	-	(292)
Workers compensation insurance	2,801	2,801	2,650	(151)
Clothing/uniforms/shoes	1,000	1,000	726	(274)
Postal service	600	600	1,053	453
Legal notices	200	200	-	(200)
Electricity	-	1,500	1,595	95
Water & sewer	-	300	182	(118)
Natural gas & propane	-	200	98	(102)
Telephone services	720	720	1,341	621
Computer/data processing	250	250	-	(250)
Repair & maintenance - vehicle	1,000	1,000	825	(175)
Education seminars & training	1,000	1,000	199	(801)
Travel business expenses	800	800	-	(800)
Other contracted services	30,000	40,000	41,337	1,337
Office supplies & materials	100	100	83	(17)
Small tools & equipment	500	500	100	(400)
General operating supplies	250	250	179	(71)
Gasoline & diesel fuel	7,000	7,000	4,680	(2,320)
Veh. parts/oil/fluid/tires	3,000	3,000	2,029	(971)
Insurance	442	442	527	85
Property (contents) insurance	101	101	71	(30)
Equipment rental/lease	100	100	1,196	1,096
<b>Total codes enforcement</b>	<b>170,082</b>	<b>182,082</b>	<b>178,206</b>	<b>(3,876)</b>
<b>Engineering:</b>				
Wages & salaries permanent emp.	119,720	116,220	108,870	(7,350)
Overtime	1,000	4,500	4,248	(252)
Christmas bonus & longevity	813	813	81	(732)
F.I.C.A.	7,535	7,535	6,830	(705)

City of Morristown, Tennessee  
General Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Medicare	1,762	1,762	1,597	(165)
TCRS contribution	18,060	18,060	16,701	(1,359)
Employee health insurance	27,798	27,798	27,209	(589)
Employee life insurance	725	725	-	(725)
Workers compensation insurance	4,342	4,342	3,048	(1,294)
Unemployment insurance	-	-	-	-
Clothing/uniforms/shoes	250	250	799	549
Postal service	200	200	26	(174)
Legal notices	250	250	675	425
Electricity	4,084	-	-	-
Water & sewer	450	450	-	(450)
Natural gas & propane	450	450	-	(450)
Telephone services	2,000	2,000	1,843	(157)
Medical services	-	-	-	-
Computer/data processing	-	2,100	2,069	(31)
Subscriptions & books	250	250	-	(250)
Memberships & dues	2,500	2,500	1,441	(1,059)
Education seminars & training	1,500	1,500	1,100	(400)
Travel business expenses	1,250	1,250	812	(438)
Other contracted services	30,000	30,000	41,865	11,865
Office supplies & materials	2,500	2,500	748	(1,752)
Office equipment	500	3,100	2,529	(571)
Computers software	900	900	136	(764)
General operating supplies	2,500	2,500	684	(1,816)
Gasoline & diesel fuel	2,500	3,250	2,854	(396)
Veh. parts/oil/fluid/tires	1,000	1,000	363	(637)
Other supplies & materials	900	900	50	(850)
Insurance	1,630	1,630	1,943	313
Property (contents) insurance	374	374	263	(111)
Equipment rental/lease	12,840	9,990	876	(9,114)
<b>Total engineering</b>	<b>250,583</b>	<b>249,099</b>	<b>229,660</b>	<b>(19,439)</b>
<b>GIS:</b>				
Wages & salaries permanent emp.	100,797	115,797	115,101	(696)
Christmas bonus & longevity	-	165	162	(3)
F.I.C.A.	6,249	7,049	6,999	(50)
Medicare	1,462	1,662	1,637	(25)
TCRS contribution	14,978	17,178	17,128	(50)
Employee health insurance	21,169	23,169	23,026	(143)
Employee life insurance	22,242	2	-	(2)
Workers compensation insurance	-	2,650	2,650	-
Electricity	-	4,084	3,987	(97)
Water & sewer	-	600	454	(146)
Natural gas & propane	-	-	246	246
Telephone services	-	2,800	2,606	(194)
Medical services	-	-	-	-
Memberships & dues	1,500	1,500	-	(1,500)
Education seminars & training	2,000	2,000	625	(1,375)
Travel business expenses	750	750	2,566	1,816
Other contracted services	50,000	66,000	63,762	(2,238)
Office supplies & materials	500	1,000	901	(99)
Office equipment	-	-	12	12
Computer/software	-	5,800	5,742	(58)
General operating supplies	1,500	1,500	-	(1,500)
Gasoline & diesel fuel	1,500	1,500	-	(1,500)
Other supplies & materials	2,500	2,500	-	(2,500)
Insurance general liability	-	-	706	706
Equipment rental/lease	-	3,000	2,631	(369)
<b>Total GIS</b>	<b>227,147</b>	<b>260,706</b>	<b>250,941</b>	<b>(9,765)</b>

Police supervision:

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, 2015

	Original Budget	Final Budget	Actual	Variance
Wages & salaries permanent emp.	252,831	277,831	275,288	(2,543)
Overtime	1,000	1,000	26	(974)
Supplemental training pay	3,856	3,856	-	(3,856)
Christmas bonus & longevity	2,486	2,486	2,632	146
F.I.C.A.	16,131	16,881	16,771	(110)
Medicare	3,773	3,923	3,922	(1)
TCRS contribution	38,662	41,162	41,124	(38)
Employee health insurance	68,754	68,754	65,820	(2,934)
Employee life insurance	1,103	1,103	-	(1,103)
Workers compensation insurance	8,405	8,405	7,950	(455)
Clothing/uniforms/shoes	950	950	700	(250)
Postal service	1,200	1,200	612	(588)
Printing services	300	300	299	(1)
Legal notices	100	100	18	(82)
Electricity	-	50,000	45,450	(4,550)
Water & sewer	-	7,000	5,181	(1,819)
Natural gas & propane	-	2,000	2,806	806
Telephone services	4,200	34,200	19,277	(14,923)
Medical services	-	-	84	84
Computer/data processing	32,740	32,740	34,294	1,554
Other professional services	1,000	1,000	930	(70)
Repair & maint. vehicles	150	150	-	(150)
Repair & maint. bldg./grounds	-	-	-	-
Subscriptions & books	850	850	640	(210)
Memberships & dues	2,650	2,650	2,575	(75)
Education seminars & training	2,300	2,300	945	(1,355)
Travel business expenses	7,500	7,500	6,621	(879)
Other contracted services	-	-	250	250
Office supplies & materials	1,200	1,200	1,090	(110)
Office equipment	5,800	6,719	6,719	-
Gasoline & diesel fuel	6,000	6,000	3,723	(2,277)
Veh. parts/oil/fluid/tires	500	500	491	(9)
Other supplies & materials	-	-	-	-
Insurance	4,770	4,770	5,687	917
Property (contents) insurance	1,095	1,095	770	(325)
Equipment rental/lease	4,000	4,000	3,128	(872)
Sex offenders administration	-	-	1,200	1,200
Other miscellaneous expenses	-	-	530	530
DOJ JAG grant	-	16,150	16,146	(4)
Total police supervision	474,306	608,775	573,699	(35,076)
Patrol and traffic:				
Wages & salaries permanent emp.	2,689,805	2,789,805	2,819,656	29,851
Overtime	85,000	105,000	92,772	(12,228)
Wages & salaries temp. emp.	10,600	18,100	17,989	(111)
Holiday pay	77,684	112,684	112,554	(130)
Christmas bonus & longevity	24,065	25,365	25,362	(3)
F.I.C.A.	179,004	186,504	186,316	(188)
Medicare	31,264	43,764	43,574	(190)
TCRS contribution	429,031	454,031	444,990	(9,041)
Employee health insurance	741,141	756,141	750,939	(5,202)
Employee life insurance	10,592	10,592	-	(10,592)
Workers compensation insurance	103,721	103,721	92,124	(11,597)
Clothing/uniforms/shoes	62,450	62,450	67,980	5,530

**City of Morristown, Tennessee**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Postal service	500	500	198	(302)
Printing services	2,500	2,500	2,530	30
Telephone services	16,800	29,300	25,195	(4,105)
Medical services	7,500	7,500	10,892	3,392
Other professional services	5,000	5,000	4,294	(706)
Repairs & maint. communications	1,500	1,500	1,307	(193)
Repair & maint. vehicles	10,000	10,000	10,270	270
Repair & maint. bldg./grounds	5,000	5,000	7,672	2,672
Memberships & dues	2,000	2,000	1,146	(854)
Education seminars & training	24,000	24,000	17,693	(6,307)
Travel business expenses	25,000	21,350	21,130	(220)
Other contracted services	8,500	7,581	6,978	(603)
Office supplies & materials	10,000	10,000	9,433	(567)
Munitions	24,000	24,000	23,349	(651)
Small tools & equipment	52,080	55,730	56,779	1,049
General operating supplies	300	300	468	168
Gasoline & diesel fuel	260,000	180,000	192,079	12,079
Veh. parts/oil/fluid/tires	65,000	65,000	62,895	(2,105)
Insurance	80,849	80,849	96,293	15,444
Property (contents) insurance	18,445	18,445	12,975	(5,470)
Equipment rental/lease	4,143	4,143	2,622	(1,521)
Other miscellaneous expenses	-	-	572	572
Motor equipment	359,000	359,000	341,146	(17,854)
Other capital outlay	71,450	71,450	70,858	(592)
<b>Total patrol and traffic</b>	<b>5,497,924</b>	<b>5,653,305</b>	<b>5,633,030</b>	<b>(20,275)</b>
<b>Police investigation:</b>				
Wages & salaries permanent emp.	836,647	781,647	794,600	12,953
Overtime	28,000	28,000	25,407	(2,593)
Christmas bonus & longevity	10,760	10,760	10,236	(524)
F.I.C.A.	54,275	54,275	50,243	(4,032)
Medicare	12,693	12,693	11,750	(943)
TCRS contribution	130,086	130,086	120,789	(9,297)
Employee health insurance	174,664	174,664	162,225	(12,439)
Employee life insurance	3,153	3,153	-	(3,153)
Workers compensation insurance	21,832	21,832	22,286	454
Clothing/uniforms/shoes	10,450	10,450	10,391	(59)
Postal service	500	500	657	157
Printing services	200	200	70	(130)
Telephone services	7,800	7,800	6,413	(1,387)
Medical services	150	150	3,656	3,506
Other professional services	300	300	150	(150)
Repair & maint. vehicles	700	700	676	(24)
Subscriptions & books	50	50	-	(50)
Memberships & dues	500	500	170	(330)
Education seminars & training	3,000	3,000	1,900	(1,100)
Travel business expenses	5,000	5,000	3,371	(1,629)
Other contracted services	-	-	219	219
Office supplies & materials	6,100	6,100	4,766	(1,334)
Office equipment	-	-	563	563
General operating supplies	2,000	2,000	1,932	(68)
Gasoline & diesel fuel	23,000	23,000	15,059	(7,941)
Veh. parts/oil/fluid/tires	6,000	6,000	5,753	(247)
Insurance	18,551	18,551	22,115	3,564

City of Morristown, Tennessee  
General Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Property (contents) insurance	4,256	4,256	2,994	(1,262)
Equipment rental/lease	10,000	10,000	5,725	(4,275)
Motor equipment	50,000	50,000	52,393	2,393
<b>Total police investigation</b>	<b>1,420,667</b>	<b>1,365,667</b>	<b>1,336,509</b>	<b>(29,158)</b>
<b>Fire supervision:</b>				
Wages & salaries permanent emp.	415,804	414,154	414,221	67
Supplemental training pay	1,900	1,900	-	(1,900)
Christmas bonus & longevity	5,420	5,970	5,948	(22)
F.I.C.A.	26,234	26,234	25,344	(890)
Medicare	6,135	6,135	5,927	(208)
TCRS contribution	62,876	62,876	62,080	(796)
Employee health insurance	70,074	70,074	69,183	(891)
Employee life insurance	1,560	1,560	-	(1,560)
Workers compensation insurance	1,031	8,031	7,950	(81)
Clothing/uniforms/shoes	500	500	59	(441)
Postal service	50	50	13	(37)
Electricity	-	-	254	254
Natural gas & propane	-	2,000	1,013	(987)
Telephone services	4,000	4,000	2,781	(1,219)
Medical services	-	-	28	28
Subscriptions & books	300	300	352	52
Memberships & dues	700	700	484	(216)
Education seminars & training	5,500	1,500	1,388	(112)
Travel business expenses	700	700	347	(353)
Office supplies & materials	1,000	1,600	1,579	(21)
General operating supplies	300	300	-	(300)
Gasoline & diesel fuel	6,500	4,000	3,367	(633)
Veh. parts/oil/fluid/tires	1,500	1,500	1,335	(165)
Fire and medical response	14,950	14,950	16,262	1,312
Insurance	3,710	3,710	4,144	434
Property (contents) insurance	852	852	561	(291)
Equipment rental/lease	6,500	6,500	4,338	(2,162)
<b>Total Fire supervision</b>	<b>638,096</b>	<b>640,096</b>	<b>628,958</b>	<b>(11,138)</b>
<b>Fire inspection:</b>				
Wages & salaries permanent emp.	69,984	70,484	70,077	(407)
Supplemental training pay	1,900	-	-	-
Christmas bonus & longevity	846	1,016	1,012	(4)
F.I.C.A.	4,509	4,509	4,274	(235)
Medicare	1,055	1,055	1,000	(55)
TCRS contribution	10,808	10,808	10,474	(334)
Employee health insurance	11,673	11,673	11,527	(146)
Employee life insurance	266	266	-	(266)
Workers compensation insurance	1,237	1,337	1,325	(12)
Clothing/uniforms/shoes	300	300	-	(300)
Postal service	100	100	22	(78)
Telephone services	1,000	1,000	595	(405)
Computer/data processing	-	2,070	2,069	(1)
Subscriptions & books	500	-	-	-
Memberships & dues	500	500	195	(305)
Education seminars & training	2,000	1,200	1,190	(10)
Travel business expenses	5,500	5,500	4,726	(774)

City of Morristown, Tennessee  
General Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Public relations expenses	3,500	3,500	2,722	(778)
Other contracted services	300	300	-	(300)
Office supplies & materials	300	300	69	(231)
General operating supplies	300	300	-	(300)
Gasoline & diesel fuel	6,000	6,000	4,883	(1,117)
Veh. parts/oil/fluid/tires	1,000	1,000	512	(488)
Insurance	1,855	4,425	4,423	(2)
Property (contents) insurance	426	426	599	173
Equipment rental/lease	-	-	195	195
Other miscellaneous expenses	-	-	18	18
Motor equipment	35,000	32,790	35,557	2,767
Total fire inspection	160,859	160,859	157,464	(3,395)
Fire stations:				
Postal service	-	-	12	12
Legal notices	-	-	114	114
Electricity	35,000	35,000	35,312	312
Water & sewer	7,600	7,600	8,421	821
Natural gas & propane	16,000	16,000	14,183	(1,817)
Telephone services	9,000	9,000	9,819	819
Repair/maint. operations equip.	3,000	3,000	4,595	1,595
Repair & maint. bldg./grounds	40,000	40,000	41,312	1,312
Repair & maint. other	3,500	3,500	1,367	(2,133)
Other contracted services	13,600	13,600	10,143	(3,457)
Office supplies & materials	300	300	48	(252)
Janitorial supplies	20,000	20,000	18,281	(1,719)
General operating supplies	6,500	6,500	5,813	(687)
Gasoline & diesel fuel	100	100	-	(100)
Veh. parts/oil/fluid/tires	400	400	-	(400)
Insurance	6,625	6,625	7,898	1,273
Property (contents) insurance	1,520	1,520	1,069	(451)
Total fire stations	163,145	163,145	158,387	(4,758)
Fire fighting:				
Wages & salaries permanent emp.	3,443,274	3,443,274	3,436,231	(7,043)
Overtime	219,500	235,500	233,241	(2,259)
Holiday pay	67,798	151,798	151,256	(542)
Christmas bonus & longevity	36,853	40,353	40,330	(23)
F.I.C.A.	233,580	233,580	229,406	(4,174)
Medicare	54,628	54,628	53,707	(921)
TCRS contribution	559,839	571,839	565,686	(6,153)
Employee health insurance	905,288	885,288	879,464	(5,824)
Employee life insurance	13,172	13,172	24,046	10,874
Workers compensation insurance	112,271	112,271	111,096	(1,175)
Clothing/uniforms/shoes	55,000	55,000	51,750	(3,250)
Postal service	300	300	180	(120)
Electricity	-	-	3,010	3,010
Water & sewer	36,500	36,500	36,117	(383)
Medical services	-	-	769	769
Other professional services	25,000	25,000	23,650	(1,350)
Repair & maint. Communications	-	-	1,423	1,423
Repair & maint. vehicles	500	500	30	(470)
Repair/maint. operations equip.	8,000	23,000	17,250	(5,750)
Subscriptions & books	2,500	2,500	497	(2,003)
Memberships & dues	8,500	8,500	10,051	1,551

City of Morristown, Tennessee  
General Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Education seminars & training	8,000	8,000	3,454	(4,546)
Travel business expenses	10,000	10,000	4,504	(5,496)
Other contracted services	700	700	56	(644)
Office supplies & materials	600	600	354	(246)
Small tools & equipment	-	2,300	2,299	(1)
General operating supplies	15,000	15,000	6,329	(8,671)
Gasoline & diesel fuel	50,000	50,000	50,337	337
Veh. parts/oil/fluid/tires	75,000	75,000	78,595	3,595
Insurance	88,339	105,339	105,952	613
Property (contents) insurance	20,269	20,269	14,258	(6,011)
Equipment rental/lease	4,000	4,000	2,248	(1,752)
Other miscellaneous expenses	-	-	18	18
Federal grant	-	71,450	71,431	(19)
Motor equipment	425,000	425,000	425,444	444
<b>Total fire fighting</b>	<b>6,479,411</b>	<b>6,680,661</b>	<b>6,634,469</b>	<b>(46,192)</b>
<b>Inspections:</b>				
Wages & salaries permanent emp.	287,122	231,527	211,231	(20,296)
Christmas bonus & longevity	4,022	4,022	3,781	(241)
F.I.C.A.	18,051	18,051	13,016	(5,035)
Medicare	4,222	4,222	3,044	(1,178)
TCRS contribution	43,264	43,264	29,744	(13,520)
Employee health insurance	58,263	58,263	39,302	(18,961)
Employee life insurance	1,105	1,105	-	(1,105)
Workers compensation insurance	5,604	6,629	6,625	(4)
Clothing/uniforms/shoes	1,000	1,000	829	(171)
Postal service	400	400	161	(239)
Printing services	300	300	-	(300)
Legal notices	400	400	-	(400)
Electricity	-	3,500	3,987	487
Water & sewer	-	600	454	(146)
Natural gas & propane	-	200	246	46
Telephone services	1,700	1,700	3,249	1,549
Computer/data processing	-	2,070	2,069	(1)
Other professional services	2,000	2,000	-	(2,000)
Subscriptions & books	200	200	231	31
Memberships & dues	400	400	265	(135)
Education seminars & training	1,500	1,500	1,659	159
Travel business expenses	1,400	1,400	1,490	90
Other contracted services	42,500	92,500	88,133	(4,367)
Office supplies & materials	250	250	203	(47)
Office equipment	-	-	-	-
Gasoline & diesel fuel	4,000	4,000	2,866	(1,134)
Veh. parts/oil/fluid/tires	1,200	1,200	184	(1,016)
Other supplies & materials	400	400	357	(43)
Insurance	1,678	1,678	2,001	323
Property (contents) insurance	385	385	271	(114)
Equipment rental/lease	2,500	5,000	4,725	(275)
<b>Total inspections</b>	<b>483,866</b>	<b>488,166</b>	<b>420,123</b>	<b>(68,043)</b>
<b>Public works supervision:</b>				
Wages & salaries permanent emp.	131,365	137,365	137,613	248
Overtime	-	-	203	203
Wages & salaries temp. emp.	-	-	58	58
Christmas bonus & longevity	1,602	1,602	1,290	(312)
F.I.C.A.	8,244	8,244	8,291	47
Medicare	1,928	1,928	1,939	11

City of Morristown, Tennessee  
General Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
TCRS contribution	19,759	20,759	20,781	22
Employee health insurance	28,578	29,578	28,823	(755)
Employee life insurance	504	504	-	(504)
Workers compensation insurance	2,563	3,563	3,313	(250)
Clothing/uniforms/shoes	3,500	3,500	2,003	(1,497)
Postal service	25	25	4	(21)
Printing services	100	100	-	(100)
Legal notices	1,000	1,000	-	(1,000)
Telephone services	1,500	1,500	2,005	505
Medical services	200	200	84	(116)
Repair & maint. office equip.	100	100	-	(100)
Subscriptions & books	100	100	-	(100)
Memberships & dues	550	550	545	(5)
Education seminars & training	2,500	2,500	1,615	(885)
Travel business expenses	2,500	2,500	3,101	601
Other contracted services	350	350	205	(145)
Office supplies & materials	1,500	1,500	1,048	(452)
Office equipment	9,000	-	-	-
Janitorial supplies	100	100	-	(100)
General operating supplies	300	300	4	(296)
Gasoline & diesel fuel	3,000	3,000	2,035	(965)
Veh. parts/oil/fluid/tires	1,700	1,700	738	(962)
Insurance	2,783	2,783	3,317	534
Property (contents) insurance	638	638	449	(189)
Equipment rental/lease	3,700	3,700	3,329	(371)
Other miscellaneous expenses	200	200	64	(136)
Total public works supervision:	229,889	229,889	222,857	(7,032)
Buildings and grounds:				
Wages & salaries permanent emp.	115,779	115,779	114,738	(1,041)
Overtime	6,000	6,000	2,535	(3,465)
Wages & salaries temp. emp.	-	14,650	15,837	1,187
Christmas bonus & longevity	1,533	1,533	648	(885)
F.I.C.A.	7,645	7,995	7,989	(6)
Medicare	1,788	1,888	1,860	(28)
TCRS contribution	18,324	18,324	17,523	(801)
Employee health insurance	34,771	34,771	34,422	(349)
Employee life insurance	438	438	-	(438)
Workers compensation insurance	2,801	3,976	6,068	2,092
Clothing/uniforms/shoes	30,000	2,000	2,242	242
Postal service	25	25	10	(15)
Legal notices	2,000	2,000	-	(2,000)
Electricity	40,000	32,000	32,925	925
Water & sewer	45,000	47,000	49,851	2,851
Natural gas & propane	40,000	31,000	21,611	(9,389)
Telephone services	40,000	5,000	5,414	414
Medical services	300	300	363	63
Repair & maint. vehicles	2,000	2,000	-	(2,000)
Repair/maint. operations equip.	5,000	9,000	6,786	(2,214)
Repair & maint. bldg./grounds	80,000	80,000	76,866	(3,134)
Subscriptions & books	25	25	-	(25)
Memberships & dues	500	500	-	(500)
Education seminars & training	2,000	2,000	-	(2,000)
Travel business expenses	1,000	1,000	-	(1,000)
Other contracted services	59,537	84,537	74,148	(10,389)
Office supplies & materials	100	100	288	188

City of Morristown, Tennessee  
General Fund  
Statement of Revenues, Expenditures, and Changes  
In Fund Balance - Budget and Actual  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Small tools & equipment	4,000	4,000	3,449	(551)
Janitorial supplies	12,500	12,500	12,428	(72)
General operating supplies	20,000	25,000	15,972	(9,028)
Gasoline & diesel fuel	4,500	4,500	4,394	(106)
Veh. parts/oil/fluid/tires	3,000	3,000	2,535	(465)
Insurance	8,834	8,834	10,531	1,697
Property (contents) insurance	2,027	2,027	1,426	(601)
Equipment rental/lease	1,000	1,000	360	(640)
Other miscellaneous expenses	2,000	2,000	-	(2,000)
Other capital outlay	80,000	54,725	45,264	(9,461)
<b>Total buildings and grounds</b>	<b>674,427</b>	<b>621,427</b>	<b>568,483</b>	<b>(52,944)</b>
Equipment shop:				
Wages & salaries permanent emp.	284,618	299,618	300,197	579
Overtime	10,000	12,500	11,406	(1,094)
Christmas bonus & longevity	3,621	3,871	3,829	(42)
F.I.C.A.	18,491	19,191	18,914	(277)
Medicare	4,324	4,424	4,423	(1)
TCRS contribution	44,318	46,918	46,879	(39)
Employee health insurance	81,238	81,238	77,991	(3,247)
Employee life insurance	1,098	1,098	-	(1,098)
Workers compensation insurance	10,664	10,664	9,423	(1,241)
Clothing/uniforms/shoes	9,000	9,000	4,242	(4,758)
Postal service	-	-	8	8
Natural gas & propane	300	300	174	(126)
Telephone services	1,000	1,000	725	(275)
Medical services	500	500	274	(226)
Other professional services	500	500	-	(500)
Repair & maint. vehicles	500	500	-	(500)
Memberships & dues	-	-	40	40
Education seminars & training	1,500	1,500	897	(603)
Travel business expenses	300	300	-	(300)
Other contracted services	2,800	2,800	1,754	(1,046)
Office supplies & materials	500	500	88	(412)
Small tools & equipment	12,000	12,000	9,498	(2,502)
Janitorial supplies	3,000	3,000	1,882	(1,118)
General operating supplies	1,000	1,000	1,335	335
Gasoline & diesel fuel	4,500	4,500	3,063	(1,437)
Veh. parts/oil/fluid/tires	2,000	2,000	515	(1,485)
Insurance	1,855	1,855	2,212	357
Property (contents) insurance	426	426	299	(127)
Equipment rental/lease	1,200	1,200	802	(398)
Landfill fee/disposition chgs..	-	-	438	438
<b>Total equipment shop</b>	<b>501,253</b>	<b>522,403</b>	<b>501,308</b>	<b>(21,095)</b>
Street repairs and maintenance:				
Wages & salaries permanent emp.	611,745	411,745	399,830	(11,915)
Overtime	9,000	13,000	11,798	(1,202)
Christmas bonus & longevity	7,586	7,586	7,364	(222)
F.I.C.A.	38,957	38,957	24,800	(14,157)
Medicare	9,111	9,111	5,800	(3,311)
TCRS contribution	93,370	93,370	62,262	(31,108)
Employee health insurance	151,586	151,586	117,252	(34,334)

City of Morristown, Tennessee  
General Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Employee life insurance	1,829	1,829	-	(1,829)
Workers compensation insurance	12,705	18,705	18,551	(154)
Clothing/uniforms/shoes	7,400	7,400	7,680	280
Postal service	-	-	12	12
Legal notices	-	-	154	154
Telephone services	1,100	2,600	2,174	(426)
Medical services	2,000	2,000	1,227	(773)
Repair & maint. vehicles	1,000	1,000	-	(1,000)
Repair/maint. operations equip.	22,000	67,000	61,665	(5,335)
Education seminars & training	2,000	2,000	2,270	270
Travel business expenses	400	400	-	(400)
Other contracted services	2,000	2,000	-	(2,000)
Office supplies & materials	300	300	55	(245)
Office equipment	300	300	-	(300)
Small tools & equipment	6,000	10,000	8,090	(1,910)
Janitorial supplies	200	200	129	(71)
General operating supplies	10,000	10,000	9,862	(138)
Gasoline & diesel fuel	40,000	40,000	50,964	10,964
Veh. parts/oil/fluid/tires	22,000	32,000	32,027	27
Concrete products	3,000	4,500	4,415	(85)
Crushed stone & sand	15,000	30,000	22,805	(7,195)
Asphalt	160,000	160,000	62,135	(97,865)
Insurance	9,276	11,276	11,058	(218)
Property (contents) insurance	2,128	2,128	1,497	(631)
Equipment rental/lease	11,650	11,650	-	(11,650)
Other miscellaneous expenses	-	-	53	53
Motor equipment	273,500	273,500	261,875	(11,625)
<b>Total street repairs and maintenance</b>	<b>1,527,143</b>	<b>1,416,143</b>	<b>1,187,804</b>	<b>(228,339)</b>
<b>Street lighting and signs:</b>				
Wages & salaries permanent emp.	37,516	80,516	79,694	(822)
Overtime	2,000	2,000	779	(1,221)
Christmas bonus & longevity	288	448	443	(5)
F.I.C.A.	2,468	4,968	4,795	(173)
Medicare	577	1,177	1,121	(56)
TCRS contribution	5,915	12,115	12,024	(91)
Employee health insurance	11,619	25,619	24,656	(963)
Employee life insurance	144	144	-	(144)
Workers compensation insurance	1,401	1,401	1,325	(76)
Clothing/uniforms/shoes	700	700	537	(163)
Electricity	600,000	600,000	599,591	(409)
Natural gas & propane	150	150	141	(9)
Telephone services	500	500	362	(138)
Medical services	-	1,200	1,184	(16)
Repair & maint. vehicles	500	500	-	(500)
Repair & maint. operations equipment	500	500	64	(436)
R&M st lights/traffic signals	-	3,000	4,555	1,555
Subscriptions & books	350	350	-	(350)
Education seminars & training	400	400	285	(115)
Travel business expenses	400	400	-	(400)
Office supplies & materials	100	100	80	(20)
Small tools & equipment	3,000	3,000	2,339	(661)
Janitorial supplies	100	100	-	(100)
General operating supplies	35,000	35,000	33,780	(1,220)
Gasoline & diesel fuel	7,000	7,000	5,527	(1,473)



**City of Morristown, Tennessee**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Veh. parts/oil/fluid/tires	5,000	5,000	3,645	(1,355)
Insurance	353	353	421	68
Property (contents) insurance	81	81	57	(24)
Equipment rental/lease	500	500	-	(500)
<b>Total street lighting and signs</b>	<b>716,562</b>	<b>787,222</b>	<b>777,405</b>	<b>(9,817)</b>
<b>Brush pick-up and snow removal</b>				
Wages & salaries permanent emp.	379,524	429,524	432,362	2,838
Overtime	17,500	27,500	27,075	(425)
Wages & salaries temp. emp.	40,000	40,000	27,519	(12,481)
Christmas bonus & longevity	4,703	4,703	3,766	(937)
F.I.C.A.	27,387	30,387	29,300	(1,087)
Medicare	6,405	7,005	6,853	(152)
TCRS contribution	59,697	66,697	67,369	672
Employee health insurance	126,144	136,144	134,472	(1,672)
Employee life insurance	1,464	1,464	-	(1,464)
Workers compensation insurance	13,588	18,588	18,551	(37)
Unemployment insurance	-	1,725	1,705	(20)
Clothing/uniforms/shoes	7,350	7,350	6,634	(716)
Postal service	50	50	2	(48)
Legal notices	400	400	143	(257)
Telephone services	500	500	531	31
Medical services	1,000	1,000	952	(48)
Other professional services	700	700	550	(150)
Repair/maint. operations equip.	18,000	30,000	27,385	(2,615)
Education seminars & training	400	400	330	(70)
Travel business expenses	500	500	-	(500)
Other contracted services	-	-	425	425
Office supplies & materials	100	100	100	-
Small tools & equipment	6,500	6,500	6,277	(223)
Janitorial supplies	150	150	102	(48)
General operating supplies	1,500	1,500	1,697	197
Gasoline & diesel fuel	85,000	85,000	83,283	(1,717)
Veh. parts/oil/fluid/tires	82,000	99,500	96,096	(3,404)
Salt/sodium chloride	45,000	45,000	43,596	(1,404)
Insurance	8,083	10,683	10,603	(80)
Property (contents) insurance	1,855	1,855	1,732	(123)
Landfill fee/disposition chgs.	225,000	225,000	202,938	(22,062)
Motor equipment	-	-	83	83
Other capital outlay	25,000	25,000	26,637	1,637
<b>Total brush pick-up and snow removal</b>	<b>1,185,500</b>	<b>1,304,925</b>	<b>1,259,068</b>	<b>(45,857)</b>
<b>Sidewalks:</b>				
Concrete products	20,000	20,000	12,798	(7,202)
Crushed stone & sand	3,000	3,000	2,954	(46)
<b>Total sidewalks</b>	<b>23,000</b>	<b>23,000</b>	<b>15,752</b>	<b>(7,248)</b>
<b>Traffic devices:</b>				
Wages & salaries permanent emp.	2,200	2,200	-	(2,200)
Overtime	8,000	8,000	7,505	(495)
F.I.C.A.	632	632	449	(183)
Medicare	148	148	105	(43)
TCRS contribution	1,516	1,516	1,115	(401)
Employee health insurance	-	-	1,880	1,880
Postal service	-	-	49	49
Electricity	28,000	16,000	15,204	(796)

**City of Morristown, Tennessee**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Natural gas & propane	500	500	-	(500)
Telephone services	-	-	554	554
Other professional services	1,500	1,500	-	(1,500)
Repairs & maint. communications	4,000	4,000	-	(4,000)
Repair & maint. vehicles	1,500	1,500	901	(599)
Repair & maint. traffic signals	50,000	50,000	33,888	(16,112)
Subscriptions & books	250	250	-	(250)
Memberships & dues	650	650	170	(480)
Education seminars & training	2,000	2,000	1,200	(800)
Travel business expenses	400	400	-	(400)
Office supplies & materials	200	200	129	(71)
Small tools & equipment	4,000	4,000	2,037	(1,963)
General operating supplies	3,000	3,000	1,019	(1,981)
Gasoline & diesel fuel	2,000	2,000	213	(1,787)
Veh. parts/oil/fluid/tires	2,500	2,500	-	(2,500)
Parts, traffic signals	20,000	20,000	17,075	(2,925)
Other supplies & materials	1,500	1,500	-	(1,500)
<b>Total traffic devices:</b>	<b>134,496</b>	<b>122,496</b>	<b>83,493</b>	<b>(39,003)</b>
Communication shop:				
Wages & salaries permanent emp.	87,843	89,343	89,296	(47)
Overtime	2,500	5,000	5,209	209
Christmas bonus & longevity	741	741	753	12
F.I.C.A.	5,647	5,647	5,700	53
Medicare	1,321	1,321	1,333	12
TCRS contribution	13,535	14,285	14,155	(130)
Employee health insurance	23,215	23,215	21,243	(1,972)
Employee life insurance	340	340	-	(340)
Workers compensation insurance	2,801	2,801	2,650	(151)
Clothing/uniforms/shoes	-	-	1,069	1,069
Electricity	-	3,000	2,919	(81)
Telephone services	1,300	1,300	990	(310)
Medical services	-	-	84	84
Other professional services	200	200	-	(200)
Repairs & maint. communications	350	350	290	(60)
Repair & maint. vehicles	1,000	1,000	171	(829)
Repair/maint. operations equip.	1,000	1,000	441	(559)
Repair & maint. office equip.	1,500	1,500	-	(1,500)
Repair & maint. bldg./grounds	1,000	1,000	99	(901)
Subscriptions & books	300	300	-	(300)
Education seminars & training	1,500	1,500	-	(1,500)
Travel business expenses	500	500	-	(500)
Other contracted services	500	500	-	(500)
Office supplies & materials	300	300	-	(300)
Office equipment	300	300	-	(300)
Janitorial supplies	50	50	-	(50)
General operating supplies	100	100	422	322
Gasoline & diesel fuel	2,500	2,500	2,589	89
Veh. parts/oil/fluid/tires	2,500	2,500	213	(2,287)
Insurance - general liability	1,943	1,943	2,317	374
Property (contents) insurance	446	446	314	(132)
Other miscellaneous expenses	-	-	18	18
Motor equipment	33,000	33,000	33,425	425
<b>Total communication shop</b>	<b>188,232</b>	<b>195,982</b>	<b>185,700</b>	<b>(10,282)</b>

Pavement management system:

City of Morristown, Tennessee  
General Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Legal notices	-	-	141	141
Street infrastructure imp.	3,814,000	3,814,000	1,404,278	(2,409,722)
Total pavement management system	3,814,000	3,814,000	1,404,419	(2,409,581)
Health inspection and welfare:				
Wages & salaries permanent emp.	-	-	327	327
Overtime	5,000	5,000	1,514	(3,486)
F.I.C.A.	310	310	108	(202)
Medicare	73	73	25	(48)
TCRS contribution	743	743	274	(469)
Employee health insurance	-	-	901	901
Education seminars & training	500	500	-	(500)
Travel business expenses	250	250	-	(250)
Small tools & equipment	500	500	-	(500)
Janitorial supplies	250	250	-	(250)
General operating supplies	3,000	3,000	3,383	383
Gasoline & diesel fuel	5,000	5,000	2,580	(2,420)
Veh. parts/oil/fluid/tires	500	500	235	(265)
Insurance general liability	883	883	1,053	170
Property (contents) insurance	203	203	143	(60)
Total health inspections and welfare	17,212	17,212	10,543	(6,669)
Parks and recreation supervision:				
Wages & salaries permanent emp.	269,241	269,241	262,252	(6,989)
Overtime	2,000	2,000	219	(1,781)
Christmas bonus & longevity	2,721	2,721	2,305	(416)
F.I.C.A.	16,986	16,986	16,122	(864)
Medicare	3,972	3,972	3,770	(202)
TCRS contribution	40,711	40,711	38,428	(2,283)
Employee health insurance	58,189	58,189	54,288	(3,901)
Employee life insurance	999	999	-	(999)
Workers compensation insurance	4,202	4,202	6,625	2,423
Postal service	3,600	3,600	1,763	(1,837)
Printing services	400	400	-	(400)
Legal notices	-	-	300	300
Electricity	-	6,000	5,833	(167)
Water & sewer	-	1,000	976	24
Natural gas & propane	-	2,000	4,321	(2,321)
Telephone services	-	2,500	2,644	(144)
Medical services	-	-	73	(73)
Other professional services	900	900	-	900
Repair & maint. vehicles	1,200	1,200	-	1,200
Subscriptions & books	-	-	234	(234)
Memberships & dues	1,400	1,400	770	630
Education seminars & training	1,000	1,000	-	1,000
Travel business expenses	2,500	2,500	3,807	(1,307)
Other contracted services	10,450	10,450	10,000	450
Office supplies & materials	4,000	4,000	4,210	(210)
Office equipment	-	-	765	(765)
Insurance	972	972	1,158	(186)
Buildings - insurance	972	972	-	972
Property (contents) insurance	223	223	157	66
Equipment rental/lease	7,450	7,450	5,766	1,684
Other miscellaneous expenses	-	-	25	(25)
Tree board	-	-	110	(110)

**City of Morristown, Tennessee**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Total parks and recreation supervision	434,088	445,588	426,921	18,667
Playground and programs:				
Wages & salaries permanent emp.	127,401	119,901	117,248	2,653
Overtime	200	200	179	21
Wages & salaries temp. emp.	77,000	84,500	90,790	(6,290)
Christmas bonus & longevity	838	838	1,127	(289)
F.I.C.A.	12,737	12,737	12,719	18
Medicare	2,979	2,979	2,975	4
TCRS contribution	18,962	18,962	17,503	1,459
Employee health insurance	34,763	34,763	34,416	347
Employee life insurance	443	443	-	443
Workers compensation insurance	12,800	12,800	4,980	7,820
Unemployment insurance	-	-	1,880	(1,880)
Postal service	-	-	14	(14)
Legal notices	150	150	211	(61)
Electricity	-	13,000	13,116	(116)
Water & sewer	-	10,000	7,461	2,539
Natural gas & propane	-	2,000	2,292	(292)
Telephone services	-	500	337	163
Medical services	200	200	99	101
Other professional services	1,500	1,500	224	1,276
Repair & maint. bldg./grounds	1,500	1,500	240	1,260
Memberships & dues	15,000	15,000	4,282	10,718
Education seminars & training	250	250	-	250
Other contracted services	93,500	88,750	80,658	8,092
Small tools & equipment	4,000	4,000	1,731	2,269
General operating supplies	58,200	68,200	67,136	1,064
Insurance	10,601	14,601	14,593	8
Property (contents) insurance	2,432	2,432	1,711	721
Equipment rental/lease	8,000	8,000	4,485	3,515
Machinery & equipment	-	4,750	4,746	4
Machinery & equipment	90,000	112,000	41,322	70,678
Total playgrounds and programs	573,456	634,956	528,475	106,481
Parks and maintenance:				
Wages & salaries permanent emp.	334,111	336,611	339,303	2,692
Overtime	5,000	5,000	2,284	(2,716)
Wages & salaries temp. emp.	145,000	137,500	90,837	(46,663)
Christmas bonus & longevity	3,747	4,172	4,161	(11)
F.I.C.A.	30,247	30,247	26,219	(4,028)
Medicare	7,074	7,074	6,132	(942)
TCRS contribution	50,949	50,949	47,095	(3,854)
Employee health insurance	105,353	97,853	95,421	(2,432)
Employee life insurance	1,304	1,304	-	(1,304)
Workers compensation insurance	167	21,942	21,925	(17)
Unemployment insurance	14,000	26,500	22,719	(3,781)
Postal service	-	-	14	14
Legal notices	-	-	218	218
Electricity	-	60,000	66,136	6,136
Water & sewer	-	40,000	38,248	(1,752)
Natural gas & propane	-	-	58	58
Telephone services	2,500	2,500	3,292	792

City of Morristown, Tennessee  
General Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Medical services	1,000	1,000	532	(468)
Other professional services	1,000	1,000	760	(240)
Repair & maint. vehicles	-	-	30	30
Repair/maint. operations equip.	11,000	11,000	11,529	529
Repair & maint. bldg./grounds	30,000	30,000	15,317	(14,683)
Memberships & dues	-	-	3,288	3,288
Other contracted services	41,210	41,210	31,155	(10,055)
Small tools & equipment	8,000	3,000	1,672	(1,328)
Janitorial supplies	9,000	9,000	9,247	247
General operating supplies	33,500	33,500	27,659	(5,841)
Gasoline & diesel fuel	30,000	30,000	22,858	(7,142)
Veh. parts/oil/fluid/tires	6,500	6,500	3,940	(2,560)
Splash pad supplies	2,500	2,500	1,011	(1,489)
Concrete products	4,000	4,000	304	(3,696)
Crushed stone & sand	6,000	6,000	3,758	(2,242)
Asphalt	1,500	1,500	-	(1,500)
Insurance	13,958	16,658	16,639	(19)
Property (contents) insurance	3,202	3,202	2,253	(949)
Equipment rental/lease	2,500	2,500	1,468	(1,032)
Landfill fee/disposition chgs.	500	500	196	(304)
Other miscellaneous expenses	-	-	35	35
Building structures	90,000	100,350	68,983	(31,367)
Machinery & equipment	-	-	10,347	10,347
Motor equipment	37,000	40,200	71,929	31,729
<b>Total parks and maintenance</b>	<b>1,031,822</b>	<b>1,165,272</b>	<b>1,068,972</b>	<b>(96,300)</b>
<b>Social services:</b>				
ALPS	9,500	9,500	9,500	-
Boys & Girls Club, Inc.	15,675	15,675	15,675	-
CEASE	16,625	16,625	16,625	-
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	19,952	2
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	1,425	1,425	-
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	8,125	8,125	8,125	-
Workforce Development	10,000	10,000	10,000	-
Diversity Task Force	7,000	7,000	7,000	-
HCExcell Imagination Library	10,000	10,000	10,000	-
Project Graduation	-	1,000	-	(1,000)
<b>Total social services</b>	<b>255,325</b>	<b>256,325</b>	<b>255,327</b>	<b>(998)</b>
<b>Fixed based operations:</b>				
Clothing/uniforms/shoes	-	110	107	3
Postal service	400	400	114	286
Printing services	750	750	-	750
Legal notices	-	750	1,023	(273)

**City of Morristown, Tennessee**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Electricity	20,000	24,000	23,732	268
Water & sewer	20,000	22,000	22,670	(670)
Natural gas & propane	1,500	6,500	4,579	1,921
Telephone services	1,500	2,000	2,250	(250)
Other professional services	25,000	27,700	5,350	22,350
Repair/maint. operations equip.	2,000	2,000	1,492	508
Repair & maint. bldg./grounds	25,000	25,000	22,916	2,084
Memberships & dues	350	525	455	70
Education seminars & training	1,500	1,500	450	1,050
Travel business expenses	1,000	1,500	1,324	176
Other contracted services	29,000	29,000	26,681	2,319
Office supplies & materials	150	150	-	150
Office equipment	-	300	300	-
General operating supplies	4,000	4,000	1,762	2,238
Veh. parts/oil/fluid/tires	500	500	-	500
Crushed stone & sand	-	425	401	24
Other capital outlay	1,749,500	1,733,540	795,022	938,518
<b>Total fixed based operations</b>	<b>1,882,150</b>	<b>1,882,650</b>	<b>910,628</b>	<b>972,022</b>
<b>Bond principal:</b>				
Debt principal	1,148,378	1,148,378	1,147,537	841
Bond interest	846,702	619,845	161,713	458,132
Paying agent fees	40,000	100,000	93,262	6,738
<b>Total bond principal</b>	<b>2,035,080</b>	<b>1,868,223</b>	<b>1,402,512</b>	<b>465,711</b>
<b>Special appropriations:</b>				
Animal Control	137,890	137,890	137,892	(2)
E-911 District	200,000	232,364	232,364	-
Summer Feeding Program	90,000	90,000	89,192	808
Public Library	257,000	257,000	257,000	-
Economic Development	200,000	260,000	228,040	31,960
Industrial Parks	200,000	107,636	100,000	7,636
Emergency Management Agency	45,000	45,000	17,328	27,672
TIF Payments	35,000	35,000	24,834	10,166
<b>Total special appropriations</b>	<b>1,164,890</b>	<b>1,164,890</b>	<b>1,086,650</b>	<b>78,240</b>
<b>Total expenditures</b>	<b>36,497,690</b>	<b>38,090,993</b>	<b>32,465,415</b>	<b>5,625,578</b>
<b>Excess of revenues over(under) expenditures</b>	<b>364,031</b>	<b>664,031</b>	<b>664,030</b>	<b>(1)</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	119,187	119,187	1,597,848	1,478,661
Operating transfers out	(483,218)	(783,218)	(783,218)	-
<b>Total other financing sources-net</b>	<b>(364,031)</b>	<b>(664,031)</b>	<b>814,630</b>	<b>1,478,661</b>
<b>Excess of revenues and other financing sources (under) expenditures and other financing uses</b>	<b>-</b>	<b>-</b>	<b>1,478,660</b>	<b>1,478,660</b>
<b>Fund balance - July 1, 2014</b>	<b>13,193,136</b>	<b>13,193,136</b>	<b>25,712,009</b>	<b>12,518,873</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>-</b>	<b>(176,095)</b>	<b>(176,095)</b>
<b>Fund balance - July 1, 2014 - as adjusted</b>	<b>13,193,136</b>	<b>13,193,136</b>	<b>25,535,914</b>	<b>12,342,778</b>
<b>Fund balance - June 30, 2015</b>	<b>\$ 13,193,136</b>	<b>\$ 13,193,136</b>	<b>\$ 27,014,574</b>	<b>\$ 13,821,438</b>

**City of Morristown, Tennessee**  
**Solid Waste Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Other local revenues:				
Non-rev-fund balance appropriated	\$ 227,796	\$ 227,796	\$ -	\$ (227,796)
Solid waste fees	1,392,000	1,392,000	1,356,626	(35,374)
Total other local revenues	<u>1,619,796</u>	<u>1,619,796</u>	<u>1,356,626</u>	<u>(263,170)</u>
Expenditures:				
Sanitation department:				
Wages & salaries permanent emp.	444,816	450,816	447,341	3,475
Overtime	6,000	6,000	1,679	4,321
Christmas bonus & longevity	5,215	5,215	4,871	344
F.I.C.A.	28,274	28,274	26,841	1,433
Medicare	6,612	6,612	6,277	335
TCRS contribution	67,766	67,766	66,129	1,637
Employee health insurance	130,132	140,132	122,562	17,570
Employee life insurance	1,356	1,356	-	1,356
Workers compensation insurance	14,008	15,258	15,238	20
Clothing/uniforms/shoes	6,000	6,000	5,539	461
Postal service	50	50	4	46
Legal notices	1,200	1,900	1,555	345
Telephone services	500	1,000	600	400
Medical services	900	900	498	402
Education seminars & training	200	200	195	5
Travel business expenses	-	-	5	(5)
Other contracted services	132,000	219,400	151,603	67,797
Office supplies & materials	200	200	123	77
Janitorial supplies	-	-	116	(116)
General operating supplies	1,000	1,000	668	332
Gasoline & diesel fuel	70,000	70,000	53,465	16,535
Veh. parts/oil/fluid/tires	50,000	60,000	54,715	5,285
Solid waste containers	40,000	40,000	30,939	9,061
Insurance	9,276	11,076	11,058	18
Property (contents) insurance	2,128	2,128	1,497	631
Landfill fee/disposition chgs.	375,000	525,000	401,985	123,015
Total sanitation department	<u>1,392,633</u>	<u>1,660,283</u>	<u>1,405,503</u>	<u>254,780</u>
Curbside recycle:				
Wages & salaries permanent emp.	69,706	69,706	69,359	347
Overtime	750	750	231	519
Christmas bonus & longevity	757	907	901	6
F.I.C.A.	4,415	4,415	4,226	189
Medicare	1,033	1,033	988	45
TCRS contribution	10,582	10,582	10,475	107
Employee health insurance	22,165	52,165	35,654	16,511
Employee life insurance	166	166	-	166
Workers compensation insurance	2,807	2,807	2,651	156
Clothing/uniforms/shoes	1,500	1,500	2,461	(961)
Postal service	-	-	4	(4)
Legal notices	100	100	77	23

City of Morristown, Tennessee  
Solid Waste Fund  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Medical services	200	200	56	144
Travel business expenses	400	400	155	245
Other contracted services	40,000	40,000	30,934	9,066
Office supplies & materials	200	200	-	200
Small tools & equipment	250	250	225	25
Janitorial supplies	100	100	-	100
Gasoline & diesel fuel	12,000	12,000	12,018	(18)
Veh. parts/oil/fluid/tires	9,000	9,000	2,780	6,220
Solid waste containers	15,000	15,000	14,994	6
Insurance	1,634	1,984	1,948	36
Property (contents) insurance	476	476	65	411
Total curbside recycle	193,241	223,741	190,202	33,539
Bond principal:				
Debt principal	25,183	26,033	26,023	10
Debt interest	8,239	9,239	8,192	1,047
Paying agent fees	500	500	-	500
Total bond principal	33,922	35,772	34,215	1,557
Total expenditures	1,619,796	1,919,796	1,629,920	289,876
Excess of revenue over (under) expenditures	-	(300,000)	(273,294)	26,706
Other financing sources (uses):				
Operating transfer in	-	300,000	300,000	-
Total other financing sources	-	300,000	300,000	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	-	26,706	26,706
Fund balance - July 1, 2014	256,726	256,726	203,306	(53,420)
Fund balance - June 30, 2015	\$ 256,726	\$ 256,726	\$ 230,012	\$ (26,714)



City of Morristown, Tennessee  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Business-type Activities Enterprise Funds						Governmental Activities - Internal Service Fund - Health Insurance
	Wastewater System	Storm Water System	Power System	Water System	Broadband	Eliminations	
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 4,494,052	\$ 3,084,238	\$ 10,561,369	\$ 3,678,398	\$ 1,648,939	\$ -	\$ 23,466,996
Accounts receivable:							
Trade, net of allowances	-	226,715	8,513,151	-	-	-	8,739,866
Interfund receivables	46,207	99,820	-	57,679	-	(203,706)	-
Due from others	90,749	-	933,942	2,340	1,928	-	1,028,959
Other accounts receivable	-	-	-	-	-	-	58,934
Other current assets	13,228	-	-	11,150	118,109	-	142,487
Materials and supplies inventory	154,687	105,479	995,542	394,497	-	-	1,650,205
Total current assets	4,798,923	3,516,252	21,004,004	4,144,064	1,768,076	(203,706)	35,028,513
Noncurrent assets:							
Restricted cash and cash equivalents	13,422,259	-	-	2,913,243	215,838	-	16,551,340
Total restricted assets	13,422,259	-	-	2,913,243	215,838	-	16,551,340
Capital assets:							
Plant and equipment in service	114,439,629	7,638,840	106,363,996	65,538,413	12,637,518	-	306,618,396
Less accumulated depreciation	(45,624,748)	(3,250,887)	(46,864,002)	(26,872,658)	(5,458,361)	-	(128,071,556)
	68,814,881	4,387,953	59,499,994	38,665,755	7,179,157	-	178,546,840
Construction in progress	13,762,533	941,841	2,417,780	379,524	8,656	-	17,610,234
Net capital assets	82,577,414	5,329,794	61,916,874	39,045,279	7,187,713	-	196,057,074
Due from other funds	-	-	6,044,728	-	-	-	6,044,728
Plant acquisition adjustments, net of accumulated depreciation	-	-	309,367	-	-	-	309,367
Other assets	4,009	111,197	253,854	-	-	-	369,060
Total noncurrent assets	96,003,682	5,440,991	68,524,823	41,958,522	7,403,551	-	219,331,569
Total assets	100,802,605	8,957,243	89,528,827	46,102,586	9,172,627	(203,706)	254,360,082
Deferred outflows of resources							
Pension other deferrals	-	29,132	-	-	-	-	29,132
Accrual for unbilled revenue	605,338	58,250	1,746,463	212,735	-	-	2,622,786
Total deferred outflows of resources	605,338	87,382	1,746,463	212,735	-	-	2,651,918

City of Morristown, Tennessee  
**Statement of Net Position**  
Proprietary Funds  
June 30, 2015

	Business-type Activities						Governmental
	Enterprise Funds						Activities -
	Wastewater	Storm Water	Power System	Water System	Broadband		Internal
	System	System				Eliminations	Service Fund -
							Health Insurance
<b>Liabilities</b>							
Current liabilities:							
Accounts payable:							
Trade	2,948,620	49,768	7,071,189	206,446	487,345	-	10,763,358
Interfund payables	38,908	-	179,495	-	99,820	(203,706)	114,517
Customer deposits	-	-	3,798,538	-	81,800	-	3,880,338
Accrued payroll related liabilities	156,602	13,356	1,591,655	483,975	144,287	-	2,389,875
Other accrued liabilities	363,830	35,515	223,989	22,508	19,462	-	665,304
Current portion of contractual obligation	85,382	-	65,145	-	-	-	150,527
Current portion of capital lease obligation	-	-	-	-	18,877	-	18,877
Current portion of long-term debt	3,661,482	211,490	1,111,912	880,685	231,071	-	6,096,840
Total current liabilities	7,254,824	310,119	14,041,923	1,593,814	1,082,662	(203,706)	24,079,638
Noncurrent liabilities:							
Accrued post retirement benefit obligation	21,778	-	473,633	97,439	174,877	-	767,727
Due to other funds	-	-	-	-	6,044,728	-	6,044,728
Capital lease obligation, less current portion	-	-	-	-	42,296	-	42,296
Contractual obligation, less current portion	2,319,869	-	130,292	-	-	-	2,450,161
Long-term debt - less current portion	65,081,437	4,640,359	18,012,388	12,671,803	5,127,358	-	105,533,343
Compensated absences	-	8,815	-	-	-	-	8,815
Net pension liability	-	128,112	-	-	-	-	128,112
Total non-current liabilities	67,423,084	4,777,286	18,616,311	12,769,242	11,389,259	-	114,975,182
Total liabilities	74,677,908	5,087,405	32,658,234	14,363,056	12,471,921	(203,706)	139,054,818
Deferred inflows of resources							
Pension changes - experience	-	6,326	-	-	-	-	6,326
Pension changes - investment earnings	-	54,530	-	-	-	-	54,530
Other deferred/unavailable revenue	-	68,250	-	-	206,092	-	264,342
Total deferred inflows of resources	-	119,106	-	-	206,092	-	325,197
Net position							
Net investment in capital assets	24,851,503	477,945	42,597,139	28,405,634	1,983,048	-	98,316,369
Restricted	-	-	-	-	-	-	-
Unrestricted net position	1,878,532	3,360,170	16,019,917	3,546,431	(5,489,434)	-	19,315,616
Total net position	\$ 26,730,035	\$ 3,838,115	\$ 58,617,056	\$ 31,952,265	\$ (3,505,486)	\$ -	\$ 117,631,985
							\$ 602,235

City of Morristown, Tennessee  
**Statement of Revenues, Expenses, and Changes in Net Position**  
Proprietary Funds  
Year Ended June 30, 2015

	Business-type Activities Enterprise Funds					Total	Governmental Activities - Internal Service Fund - Health Insurance
	Wastewater System	Storm Water System	Power System	Water System	Broadband		
<b>Operating revenues:</b>							
Metered sales	\$ 12,247,129	\$ 1,276,062	\$ 75,151,759	\$ 6,411,681	\$ -	\$ 95,086,631	\$ -
Broadband sales	-	-	-	-	8,239,118	8,239,118	-
Interfund services provided	-	-	1,316,523	440,519	1,172,800	-	-
Charges for services	-	-	-	-	-	-	4,299,857
Other operating revenues	808,636	-	1,434,066	32,807	311,017	2,586,526	-
Total operating revenues	13,055,765	1,276,062	77,902,348	6,885,007	9,722,935	105,812,275	4,299,857
<b>Operating expenses:</b>							
Power purchased	-	-	62,677,604	-	-	62,677,604	-
Operations	3,996,423	637,065	5,398,839	3,531,335	6,394,851	19,958,513	-
Maintenance	847,905	12,345	2,482,834	560,833	302,856	4,206,773	-
Interfund services used	442,608	-	1,110,884	319,130	1,057,220	-	-
Depreciation and amortization	3,276,479	217,744	4,789,812	1,609,492	482,532	10,376,059	-
Taxes	-	-	335,900	-	64,025	399,925	-
Insurance claims and expenses	-	-	-	-	-	-	4,715,164
Total operating expenses	8,563,415	867,154	76,795,873	6,020,790	8,301,484	97,618,874	4,715,164
Operating Income (loss)	4,492,350	408,908	1,106,475	864,217	1,421,451	8,293,401	(415,307)
<b>Other Income (expense):</b>							
Interest Income	21,397	5,380	23,640	8,189	1,772	60,378	-
Financing cost	(90,206)	-	(94,697)	-	(28,620)	(213,523)	-
Interest expense	(1,174,281)	(126,994)	(76,112)	(415,342)	(57,753)	(1,850,482)	-
Net other income (expense)	(1,243,090)	(121,614)	(147,169)	(407,153)	(84,601)	(2,003,627)	-
Income (loss) before contributions and transfers	3,249,260	287,294	959,306	457,064	1,336,850	6,289,774	(415,307)
Contributions	51,400	-	-	99,800	-	151,200	-
Transfers out (tax equivalent payments to City of Morristown)	(375,554)	(29,187)	(1,156,987)	(36,120)	-	(1,597,848)	-
Changes in net position	2,925,106	258,107	(197,681)	520,744	1,336,850	4,843,126	(415,307)
Net position at beginning of year, as previously stated	20,003,212	3,761,797	58,814,737	31,431,521	(4,842,336)	109,168,931	1,017,542
Prior period adjustment	-	(181,789)	-	-	-	(181,789)	-
Net position at beginning of year, as restated	23,804,929	3,580,008	58,814,737	31,431,521	(4,842,336)	112,788,859	1,017,542
Net position - ending	\$ 28,730,035	\$ 3,838,115	\$ 58,617,056	\$ 31,952,265	\$ (3,505,486)	\$ 117,631,985	\$ 602,235

City of Morristown, Tennessee  
**Statement of Cash Flows**  
Proprietary Funds  
Year Ended June 30, 2015

	Business-Type Activities Enterprise Funds						Governmental Activities - Internal Service Fund - Health Insurance
	Wastewater System	Storm Water System	Power System	Water System	Broadband System	Total	
<b>Cash flows from operating activities:</b>							
Cash received from customers	\$ 12,997,772	\$ 1,286,197	\$ 75,549,153	\$ 6,869,105	\$ 9,678,067	\$ 106,380,294	\$ 4,242,555
Cash received from City of Morristown	(33,753)	-	1,458,310	-	-	1,424,557	-
Cash paid to suppliers	(4,318,254)	(428,693)	(65,958,810)	(2,672,642)	(6,653,474)	(80,031,873)	-
Claims and premiums paid	-	-	-	-	-	-	(4,564,292)
Cash paid to employees	(810,078)	(215,698)	(5,515,576)	(1,514,490)	(1,188,301)	(9,244,143)	-
Net cash provided by operating activities	7,835,687	641,806	5,533,077	2,681,973	1,836,292	18,528,835	(321,737)
<b>Cash flows from noncapital financing activities:</b>							
Transfers to City of Morristown (tax equivalent payments)	(375,554)	(29,187)	(1,156,987)	(36,120)	-	(1,597,848)	-
Long-term portion of compensated absences	-	6,418	-	-	-	6,418	-
Net cash flows from noncapital financing activities	(375,554)	(22,769)	(1,156,987)	(36,120)	-	(1,591,430)	-
<b>Cash flows from investing activities:</b>							
Interest received on cash and cash equivalents	21,397	5,380	23,640	8,189	1,772	60,378	-
Sale (purchase) of investments	7,177,503	-	-	-	-	7,177,503	-
Net cash flows from investing activities	7,198,900	5,380	23,640	8,189	1,772	7,237,881	-
<b>Cash flows from capital and related financing activities:</b>							
Payments on capital lease obligations	-	-	-	-	(15,310)	(15,310)	-
Unamortized bond premium	-	(24,965)	-	-	-	(24,965)	-
Net additions to capital assets	(20,453,438)	(1,020,402)	(6,396,058)	(2,312,964)	(501,927)	(30,684,789)	-
Interfund (repayments) advances	36,141	-	(80,763)	141,393	(96,770)	1	-
Contributions	51,400	-	-	99,800	-	151,200	-
Principal payments on long term debt and contractual obligation	(3,496,621)	(211,124)	(883,597)	(856,783)	(124,947)	(5,573,072)	-
Interest paid on long term debt	(1,174,280)	(126,994)	(76,112)	(415,342)	(57,753)	(1,850,481)	-
Financing costs paid on long-term debt	(90,206)	-	(94,697)	-	(28,620)	(213,523)	-
Proceeds from long term borrowings	14,478,032	-	1,477,707	-	-	15,955,739	-
Net cash flows from financing activities	(10,648,972)	(1,383,485)	(6,053,520)	(3,343,896)	(825,327)	(22,255,200)	-
Increase (decrease) in cash and cash equivalents	4,010,061	(759,068)	(1,653,790)	(689,854)	1,012,737	1,920,086	(321,737)
Cash and cash equivalents, beginning	13,906,250	3,843,306	12,215,159	7,281,495	852,040	38,098,250	1,193,416
Cash and cash equivalents, ending	\$ 17,916,311	\$ 3,084,238	\$ 10,561,369	\$ 6,591,641	\$ 1,864,777	\$ 40,018,336	\$ 871,679

City of Morristown, Tennessee  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2015

	Business-Type Activities						Governmental
	Enterprise Funds						Activities -
	Wastewater System	Storm Water System	Power System	Water System	Broadband System	Total	Internal Service Fund - Health Insurance
<b>Reconciliation of operating income to net cash provided by operating activities:</b>							
Operating income (loss)	\$ 4,492,350	\$ 408,908	\$ 1,106,475	\$ 864,217	\$ 1,421,451	\$ 8,293,401	\$ (415,307)
Adjustments to reconcile operating income to net cash flows from operating activities:							
Depreciation and amortization	3,354,069	217,744	5,063,361	1,685,800	526,614	10,847,588	-
Changes in operating assets and liabilities:							
Accounts receivable	-	(41,127)	(61,025)	341	282	(101,529)	(57,302)
Accrual of unbilled revenue	(46,108)	(3,494)	(175,589)	(16,243)	23,637	(217,797)	-
Materials and supplies inventory	(14,102)	(33,771)	(52,845)	63,935	-	(36,783)	-
Other assets	(11,885)		(719,911)	1,639	(31,553)	(761,710)	(30,678)
Trade accounts payable	(64,187)	49,758	96,446	60,840	(128,019)	14,838	181,550
Customer deposits and prepayments	-	-	131,696	-	2,500	134,196	-
Other liabilities	125,550	43,788	144,469	21,444	21,380	356,631	-
<b>Net cash provided by operating activities</b>	<b>\$ 7,835,687</b>	<b>\$ 641,806</b>	<b>\$ 5,533,077</b>	<b>\$ 2,681,973</b>	<b>\$ 1,836,292</b>	<b>\$ 18,528,835</b>	<b>\$ (321,737)</b>
<b>Noncash disclosure:</b>							
Acquisition of capital assets	\$ 587,852	\$ -	\$ 261,097	\$ 10,348	\$ 136,594	\$ 995,891	\$ -

City of Morristown, Tennessee  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

	Post-Employment Benefits Trust	LAMTPO Agency Fund
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 346	\$ 488,646
Interest and dividends receivable	-	-
Grants receivable	-	18,643
Investments at fair value:		
Mutual funds - short-term	9,332	-
Mutual funds - equity	133,374	-
Mutual funds - fixed income	85,889	-
	<hr/>	<hr/>
Total assets	228,941	\$ 507,289
	<hr/>	<hr/>
<b><u>Liabilities</u></b>		
Accounts payable	-	\$ 943
Accrued payroll	-	2,677
Payroll deductions payable		1,484
Due to others	-	502,185
	<hr/>	<hr/>
Total liabilities	-	\$ 507,289
	<hr/>	<hr/>
Net position held in trust for pension benefits	\$ 228,941	
	<hr/>	

City of Morristown, Tennessee  
Statement of Changes in Fiduciary Net Position  
 Fiduciary Fund  
 For the year ended June 30, 2015

	<u>Post-Employment Benefits Trust</u>
<b><u>Additions</u></b>	
Employer contributions	\$ 421,169
Investment earnings:	
Dividends and capital gains	13,595
Net increase in fair value of investments	<u>(4,038)</u>
Total additions	<u>430,726</u>
<b><u>Deductions</u></b>	
Benefits	421,169
Administrative expenses	<u>4,260</u>
Total deductions	<u>425,429</u>
Change in net position	5,297
Net position - beginning of the year	<u>223,644</u>
Net position - end of the year	<u><u>\$ 228,941</u></u>

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**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 Commission, the Commission, or MUC), which is appointed by the Mayor and approved by City Council.

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.

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.



**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

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.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 used to account for the City's role as the fiscal agent for LAMTPO (Lakeway Area Metropolitan Transportation Planning Organization). Operating expenses of LAMTPO are covered by federal and state revenue, but a match is required from the City. The City's Other Post Employment Benefits Trust Fund is also shown as an agency fund. The trust fund is used to account for the contributions and expenses related to OPEB administration.

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

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.

**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, 2015. Based on experience, an allowance for uncollected property taxes of 1% of the tax levies for the past ten years is maintained.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property taxes are levied as of January 1<sup>st</sup> on property values assessed as of the same date. Bills for those taxes are usually mailed on July 1<sup>st</sup>. A 2% discount is offered for payment within thirty days after the bills are mailed. On December 1<sup>st</sup>, 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

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).

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 30 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 90 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.

**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.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**12. *Pensions***

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

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**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.

**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.

**B. Cash Shortage**

On July 8, 2015, the State Comptroller's Office issued a special investigative report on investigated allegations of malfeasance related to the City's police department. The report disclosed that a former police officer failed to turn over cash totaling at least \$6,000 for deposit. When interviewed by investigators regarding the missing money, the officer turned over \$5,500 in cash that he claimed to have been holding in his police vehicle for as long as 35 days. The remaining \$500 was not in the officer's police vehicle. A receivable for the remaining \$500 is reflected as a cash shortage in the financial statements of this report at June 30, 2015.

This matter was referred to the local district attorney general. On July 1, 2015, the Hamblen County Grand Jury indicted the officer on two counts of Theft over \$1,000, one count of Theft under \$500, and one count of Official Misconduct.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**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	\$ 15,520,297
Enterprise type funds	<u>23,466,996</u>
Totals	<u>\$ 38,987,293</u>

As of June 30, 2015, 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, 2015, the Water System, Wastewater System, and Broadband System have restricted cash and cash equivalents totaling \$2,913,243, \$13,422,259, and \$215,838, respectively. The restricted assets consist of construction retainage in escrow and unspent bond proceeds described in Note 4J.

The City's deposits in excess of the FDIC insurance limits as of June 30, 2015, 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, 2015, the City had \$3,873,598 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	\$ 10,950,232	\$ -	\$ -	\$ -	\$ -	\$ 10,950,232
Accounts	3,659,040	135,052	36,963	8,739,866	56,934	12,627,855
Grants	-	-	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross receivables	14,609,272	135,052	36,963	8,739,866	56,934	23,578,087
Less: Allowance for bad debt	<u>(918,195)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(918,195)</u>
Net receivables	<u>\$ 13,691,077</u>	<u>\$ 135,052</u>	<u>\$ 36,963</u>	<u>\$ 8,739,866</u>	<u>\$ 56,934</u>	<u>\$ 22,659,892</u>

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Included in taxes receivable of the General Fund is property taxes of \$10,950,232 that were assessed as of January 1, 2015, but will not be billed until after June 30, 2015. 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, 2015, was \$11,668,742.

**C. Capital Assets**

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

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,839,719	\$ 6,700	\$ (60,780)	\$ 7,785,639
Construction in progress	815,278	957,721	-	1,772,999
Total capital assets not being depreciated	<u>8,654,997</u>	<u>964,421</u>	<u>(60,780)</u>	<u>9,558,638</u>
Capital assets being depreciated:				
Buildings	19,792,099	-	-	19,792,099
Improvements other than buildings	12,171,059	259,398	-	12,430,457
Machinery and equipment	12,983,478	1,681,062	(48,783)	14,615,757
Infrastructure	48,299,232	-	-	48,299,232
Total capital assets being depreciated	<u>93,245,868</u>	<u>1,940,460</u>	<u>(48,783)</u>	<u>95,137,545</u>
Less: accumulated depreciation:				
Buildings	(7,500,740)	(377,084)	-	(7,877,824)
Improvements other than buildings	(11,076,670)	(128,932)	-	(11,205,602)
Machinery and equipment	(9,656,140)	(517,626)	48,138	(10,125,628)
Infrastructure	(19,463,901)	(2,083,475)	-	(21,547,376)
Total accumulated depreciation	<u>(47,697,451)</u>	<u>(3,107,117)</u>	<u>48,138</u>	<u>(50,756,430)</u>
Net capital assets being depreciated	<u>45,548,417</u>	<u>(1,166,657)</u>	<u>(645)</u>	<u>44,381,115</u>
Total capital assets-government activities	<u>\$ 54,203,414</u>	<u>\$ (202,236)</u>	<u>\$ (61,425)</u>	<u>\$ 53,939,753</u>



**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,471,776	\$ 24,494	\$ (1,150)	\$ 2,495,120
Construction in progress	7,843,501	30,400,391	(20,733,658)	17,510,234
Total assets not being depreciated	10,315,277	30,424,885	(20,734,808)	20,005,354
Capital assets being depreciated:				
Building and improvements	20,256,390	1,272,666	-	21,529,056
Transmission and distribution	228,037,273	18,021,537	(835,030)	245,223,780
Furniture, fixtures and equipment	37,089,113	2,615,268	(2,333,941)	37,370,440
Total capital assets being depreciated	285,382,776	21,909,471	(3,168,971)	304,123,276
Less accumulated depreciation:				
Building and improvements	(6,809,353)	(469,826)	-	(7,279,179)
Transmission and distribution	(95,104,828)	(7,417,672)	931,972	(101,590,528)
Furniture, fixtures and equipment	(18,656,275)	(2,863,703)	2,318,129	(19,201,849)
Total accumulated depreciation	(120,570,456)	(10,751,201)	3,250,101	(128,071,556)
Net capital assets being depreciated	164,812,320	11,158,270	81,130	176,051,720
Total net capital assets - business type activities	175,127,597	41,583,155	(20,653,678)	196,057,074
Total net capital assets	\$ 229,331,011	\$ 41,380,919	\$ (20,715,103)	\$ 249,996,827

Depreciation expense was charged to government activities as follows:

General government	\$ 192,870
Public safety	362,695
Public works	2,350,232
Parks and recreation	70,419
Airport	130,901
Total	<u>\$ 3,107,117</u>
Wastewater	\$ 3,354,072
Storm water fund	209,190
Water and electric power	6,661,331
Broadband	526,608
Total	<u>\$ 10,751,201</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 \$273,549 for the Power System, \$76,308 for the Water System, \$77,590 for the Wastewater System, and \$44,082 for the Broadband System.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**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	\$ 1,068,074	\$ 10,763,358	\$ 11,831,432
Accrued payroll and other liabilities	914,581	3,055,179	3,969,760
 Total	 <u>\$ 1,982,655</u>	 <u>\$ 13,818,537</u>	 <u>\$ 15,801,192</u>

**E. Interfund receivables, advances, payables, and transfers**

The interfund receivables and payables as of June 30, 2015, 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 administrative 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	\$ 6,044,728
Power System	Water System	Operating and maint. costs	18,771
Power System	Wastewater System	Operating and maint. costs	46,207
Wastewater System	Water System	Operating and maint. costs	38,908
Wastewater System	General Fund	In lieu of tax	29,187
Power System	General Fund	Operating costs	214,337
			<u>\$ 6,392,138</u>

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**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	\$ 1,597,848	\$ 783,218
Solid Waste	Operating Transfer	483,218	
Narcotics	Operating Transfer	300,000	
Enterprise Funds:			
Power System	In lieu of tax		1,156,987
Water System	In lieu of tax		36,120
Storm Water	In lieu of tax		14,187
Sewer	In lieu of tax		375,554
Storm Water	Administrative Expenses		15,000
		<u>\$ 2,381,066</u>	<u>\$ 2,381,066</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All items represent duly appropriated operating transfers. The transfers from the power fund, water fund and wastewater fund to the general fund are 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 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 \$5,207; Spouse \$5,207  
Average Dental: Retiree \$241; Spouse \$290  
Average Vision: Retiree \$78; Spouse \$35

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
June 30, 2015

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**1) GASB 45 DISCLOSURE REQUIREMENTS – ESTIMATED**

Annual OPEB Cost and Net OPEB Obligation	7/1/2014 - 6/30/2015
1. Annual Required Contribution (ARC)	\$ 421,169
2. Interest on net OPEB Obligation	-
3. Adjustment to ARC	-
4. Annual OPEB Cost (expense) (1 + 2 + 3)	421,169
5. Contributions made (assumed middle of year)	(421,169)
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
6/30/2015	\$ 421,169	100.0%	\$ -	\$ 12,234,798	3.4%
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**

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%
6/30/2015	421,169	100%

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**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	2018
Actuarial Cost Method	Entry Age Normal
Annual Payroll Increase	2.50%
The Remaining Amortization Period at June 30, 2015 (closed)	22.66

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	15.0% *	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%

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**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 Rates	Vision & Dental Rates
2014	9.0%	5.0%
2015	8.0%	5.0%
2016	7.0%	5.0%
2017	6.0%	5.0%
2018+	5.0%	5.0%

**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:

Age	Male	Female
50	5,012	5,782
51	5,208	5,891
52	5,410	6,004
53	5,624	6,105
54	5,850	6,210
55	6,086	6,315
56	6,330	6,424
57	6,582	6,533
58	6,826	6,694
59	7,077	6,863
60	7,340	7,036
61	7,611	7,209
62	7,892	7,389
63	8,042	7,532
64	8,196	7,674

**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, 2015**

**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 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 \$54,548, \$16,493 and \$12,732 and \$31,534, respectively, for these benefits in 2015.

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, 2015**

**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 of the retiree's medical, dental, and life insurance premiums.

In addition, the Systems pay the same monthly premium amount that is paid for active employees of the retiree's dependent's 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 \$7,254 and \$407, 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)	\$ 110,994	\$ 35,609	\$ 17,508	\$ 32,515
2. Interest on net OPEB Obligation	16,793	3,238	362	5,734
3. Adjustment to ARC	<u>(19,633)</u>	<u>(3,792)</u>	<u>(424)</u>	<u>(6,715)</u>
4. Annual OPEB Cost (expense) (1 + 2 + 3)	108,154	35,055	17,446	31,534
5. Contributions made (assumed middle of year)	<u>(53,376)</u>	<u>(18,562)</u>	<u>(4,714)</u>	<u>-</u>
6. Increase in net OPEB Obligation (4 - 5)	54,778	16,493	12,732	31,534
7. Net OPEB Obligation - beginning of year	<u>419,085</u>	<u>80,946</u>	<u>9,046</u>	<u>143,343</u>
8. Net OPEB Obligation - end of year (6 + 7)	<u>\$ 473,863</u>	<u>\$ 97,439</u>	<u>\$ 21,778</u>	<u>\$ 174,877</u>



**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
June 30, 2015

**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>
2015:			
Power System	\$ 108,124	49.6%	\$ 473,633
Water System	35,055	53.0%	97,439
Wastewater System	17,446	27.0%	21,778
Broadband System	31,534	0.0%	174,877
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

**Funded 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, 2015**

**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%
2013 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)	22.99 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, 2015

**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:

<b>Deferred Inflows:</b>	<u><b>Governmental</b></u>	<u><b>Business-Type</b></u>	<u><b>Total</b></u>
Taxes due after June 30, 2015	\$ 10,346,945	\$ -	\$ 10,346,945
Pension changes - experience	421,366	6,325	427,691
Pension changes - investment earnings	3,632,773	54,530	3,687,303
Unavailable revenue	-	264,342	264,342
<b>Total</b>	<u><b>\$ 14,401,084</b></u>	<u><b>\$ 325,197</b></u>	<u><b>\$ 14,726,281</b></u>

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

<b>Deferred Outflows:</b>	<b><u>Governmental</u></b>	<b><u>Business-Type</u></b>	<b><u>Total</u></b>
Pension other deferrals	\$ 1,953,008	\$ 29,132	\$ 1,982,140
Accrual for unbilled revenue	<u>56,251</u>	<u>2,622,786</u>	<u>2,679,037</u>
Total	<u>\$ 2,009,259</u>	<u>\$ 2,651,918</u>	<u>\$ 4,661,177</u>

**I. Other Liabilities**

Included in non-current liabilities is a liability for compensated absences in the Storm Water System of \$8,815, and in the governmental activities of \$864,970. In addition, the Broadband System of Morristown Utilities Commission has a capital lease payable of \$18,877 which is included in current liabilities.

	<b><u>Governmental</u></b> <b><u>Activities</u></b>	<b><u>Business</u></b> <b><u>Activities</u></b>
Balance-July 1, 2014	\$ 1,198,998	\$ 4,119
Increases	1,987,701	24,091
Decreases	<u>(1,951,027)</u>	<u>(15,618)</u>
Balance-June 30, 2015	<u>\$ 1,235,672</u>	<u>\$ 12,592</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 \$3,902,454 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 \$3,902,454, 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, 2015, and subsequently settled total approximately \$357,056, 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, 2015.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**J. Capital Debt**

**Power System**

The Power System has a promissory note (2003 Promissory Note) with the City in the original 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 (0.13% per annum as of June 30, 2015).

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 between \$535,000 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.

The City has 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 (\$4,628,619 outstanding as of June 30, 2015). Interest is payable monthly at variable rates (0.06% as of June 30, 2015) as determined by the Trustee. Principal is payable annually in varying amounts ranging from \$378,000 in 2016 to \$605,000 in 2028 (if fully drawn).

Periodically, the Power System acquires additional service areas from local electric 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.

During 2015, the Commission entered into an asset purchase agreement for the acquisition of a software storage system. The agreement is non-interest bearing and provides for quarterly payments of \$16,286 through 2018 and is reflected as a contractual obligation in the statement of net position for the proprietary funds.

**Water System**

The City has an outstanding loan agreement (2009 Promissory Note) with the Public Building Authority of the City of Clarksville in the original 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 \$315,000 in December 2015 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 payable monthly in varying amounts from \$43,099 in July 2015 to \$55,815 in April 2026. The note is payable from revenues derived from the operations of the Water System.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

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 payable monthly in varying amounts from \$4,053 in July 2015 to \$6,382 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 original 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 (0.06% as of June 30, 2015) as determined by the Remarketing Agent. Principal is payable annually in varying amounts from \$170,500 in May 2016 to \$305,500 in May 2028.

The City has an outstanding loan agreement (2008 – 50545 Promissory Note) with the Public Building Authority of the City of Clarksville in the original 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 (0.06% as of June 30, 2015) as determined by the Remarketing Agent. Principal is payable annually in varying amounts from \$68,970 in May 2016 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 original 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 (0.06% as of June 30, 2015) as determined by the Remarketing Agent. Principal is payable annually in varying amounts from \$459,370 in May 2016 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 original 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 (0.06% as of June 30, 2015) as determined by the Remarketing Agent. Principal is payable annually in varying amounts from \$75,250 in May 2016 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 original 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 \$61,040 in December 2015 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 payable monthly in varying amounts from \$36,276 in July 2015 to \$50,476 in January 2032. The note is payable from revenues derived from the operations of the System.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

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 various pump stations. 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 payable monthly in varying amounts from \$4,421 in July 2015 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 (\$2,478,032 outstanding as of June 30, 2015) for the purpose of rehabilitation and site work at the wastewater treatment plant. Interest is payable monthly at an annual percentage rate of 1.51% on the outstanding balance. Principal is also payable monthly in varying amounts from \$4,421 in July 2015 to \$7,102 in October 2032. The note is payable from revenues derived from the operations of the System.

During 2012, the City issued \$31,000,000 of General Obligation Bonds, Series 2012, \$26,000,000 of which 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 that mature in increasing amounts ranging from \$1,086,117 in October 2015 to \$1,077,730 in October 2036. Interest is payable semi-annually at rates ranging from 3% 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 (\$16,142,587 outstanding as of June 30, 2015). 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 (\$2,405,251 outstanding as of June 30, 2015) is payable monthly at \$15,208, which includes interest at the imputed rate of \$4.10%. Flow Fees in excess of \$15,208, if any, will be charged to expense as incurred.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**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, 2015). Interest incurred on the loan amounted to \$16,563 in 2015. 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.

**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>
2016	\$ 1,211,530	\$ 808,938	\$ 6,096,840	\$ 2,113,580
2017	1,225,612	761,078	6,798,155	2,153,956
2018	1,270,664	711,265	6,928,937	2,026,930
2019	1,314,317	659,263	6,810,775	1,898,595
2020-2024	7,301,597	2,437,790	36,248,277	7,522,097
2025-2029	5,808,509	855,926	29,829,761	4,110,406
2030-2034	765,409	81,216	17,564,177	1,376,548
2035-2039	166,838	2,427	7,397,989	186,195
Totals	<u>\$ 19,064,476</u>	<u>\$ 6,317,903</u>	<u>\$ 117,674,911</u>	<u>\$ 21,388,307</u>

The Broadband System leases certain equipment with an original cost of \$98,112 under a capital lease agreement expiring in 2019. Amortization of the asset is included with depreciation expense.



**City of Morristown, Tennessee**  
**Changes in Long-Term Debt**  
**June 30, 2015**

The following is a summary of the changes in long-term debt for the year ended June 30, 2015.

<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, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Current Portion</u>
<u>Primary Government</u>								
<u>General Long-Term Debt</u>								
2008 Public Improvement (\$8M)	4,000,000	2009-2028	Variable	\$ 3,177,000	\$ -	\$ 162,000	\$ 3,015,000	\$ 170,500
2008 Public Improvement (\$3M)	1,290,000	2009-2029	Variable	1,074,570	-	49,880	1,024,690	52,030
2008 Public Improvement (\$20M)	8,193,665	2009-2035	Variable	6,511,095	-	332,253	6,178,842	348,642
2008 Public Improvement (\$20M)(Water)	1,011,200	2009-2035	Variable	803,549	-	41,004	762,545	43,026
Local Government Energy Loan	183,604	2010-2016	0	52,458	-	26,229	26,229	26,229
2008 Public Improvement (\$5M)	3,272,750	2009-2028	Variable	2,622,750	-	133,250	2,489,500	139,750
2009 Public Improvement and Refunding(\$5M)	2,848,203	2009-2034	2.91	2,522,270	-	88,764	2,433,506	91,140
Capital Outlay Note	3,750,000	2011-2024	2.06	3,121,876	-	314,063	2,807,813	314,900
Total general bonds and notes				<u>19,885,568</u>	<u>-</u>	<u>1,147,443</u>	<u>18,738,125</u>	<u>1,186,217</u>
<u>Enterprise Funds</u>								
<u>Wastewater System</u>								
2008 Public Improvement (\$8M)	4,000,000	2009-2028	Variable	3,177,000	-	162,000	3,015,000	170,500
2008 Public Improvement (\$3M)	1,710,000	2009-2029	Variable	1,424,430	-	66,120	1,358,310	68,970
2008 Public Improvement (\$20M)	10,795,135	2009-2035	Variable	8,578,354	-	437,743	8,140,611	459,333
State Revolving Fund 07-203	12,500,000	Various	2.06	8,944,540	-	426,444	8,518,096	435,312
State Revolving Fund 09-229	857,197	Various	2.73	1,211,467	-	51,624	1,159,843	53,052
2008 Public Improvement (\$5M)	1,762,250	2009-2028	Variable	1,412,250	-	71,750	1,340,500	75,250
2009 Public Improvement and Refunding(\$5M)	1,907,419	2009-2034	2.91	1,689,273	-	59,514	1,629,759	62,948
General Obligation Bonds	26,000,000	2012-2037	2.0-4.0	24,913,883	-	1,086,116	23,827,767	1,086,117
2013 Public Improvement (\$20M)	5,142,587	2013-2033	3.65	5,142,587	12,000,000	1,000,000	16,142,587	1,000,000
2013 CWSRF Promissory Note (\$5M)	2,478,032	2015-2032	1.51	-	2,478,032	-	2,478,032	250,000
Unamortized bond premium				1,185,759	-	53,345	1,132,414	
<u>Power System</u>								
Cooperative Notes		2003-2020	None	394,089	-	79,981	314,108	79,983
Series V-A-2 Bonds	2,500,000	2004-2018	Variable	1,000,000	-	250,000	750,000	250,000
2008 TML Bonds	15,186,961	2011-2035	Variable	13,816,624	-	385,053	13,431,571	403,929
2013 Promissory Note	7,000,000	2013-2028	Variable	3,514,912	1,477,707	364,000	4,628,619	378,000
<u>Water System</u>								
DWSRF Promissory Note	10,492,582	2007-2026	2.61	6,916,319	-	503,880	6,412,439	516,606
Water System Bonds Series 2010	7,500,000	2010-2029	3.38	6,385,000	-	305,000	6,080,000	315,000
2011 DWSRF Note				1,108,152	-	47,903	1,060,249	49,279

**City of Morristown, Tennessee**  
**Changes in Long-Term Debt**  
**June 30, 2015**

The following is a summary of the changes in long-term debt for the year ended June 30, 2015.

<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, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Current Portion</u>
<b><u>Broadband System</u></b>								
Telecom System 2008 TML Bonds	20,115,000	2016-2030	Variable	4,483,376	-	124,947	4,358,429	131,071
Interfund Loan from Power System			0.25	6,141,498	-	96,770	6,044,728	611,930
First Tennessee Bank Promissory Note		2014-2024	2.59	1,000,000	-	-	1,000,000	100,000
<b><u>Storm Water System</u></b>								
2009 Public Improvement and Refunding(\$5M)	81,459	2009-2034	2.91	72,140	-	1,125	71,015	2,606
Unamortized bond premium				224,682	-	24,965	199,717	
General Obligation Bonds	5,000,000	2012-2037	2.0-4.0	4,791,117	-	210,000	4,581,117	208,884
				<u>107,527,452</u>	<u>15,955,739</u>	<u>5,808,280</u>	<u>117,674,911</u>	<u>6,708,770</u>
<b><u>Other</u></b>								
<b><u>Solid Waste Bonds (Joint Venture)</u></b>								
2009 Public Improvement and Refunding(\$5M)	162,919	2009-2034	2.91	144,281	-	5,117	139,164	5,213
Capital Outlay Note	250,000	2011-2024	0.5	208,125	-	20,938	187,187	20,100
Total other				<u>352,406</u>	<u>-</u>	<u>26,055</u>	<u>326,351</u>	<u>25,313</u>
Total				<u>\$ 127,765,426</u>	<u>\$ 15,955,739</u>	<u>\$ 6,981,778</u>	<u>\$ 136,739,387</u>	<u>\$ 7,920,300</u>
<b><u>Capital Leases:</u></b>								
<b><u>Broadband</u></b>								
				<u>\$ 76,483</u>	<u>\$ -</u>	<u>\$ 15,310</u>	<u>\$ 61,173</u>	<u>\$ 18,877</u>
Total				<u>\$ 76,483</u>	<u>\$ -</u>	<u>\$ 15,310</u>	<u>\$ 61,173</u>	<u>\$ 18,877</u>

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

Future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments, is as follows:

<u>Business-type</u>	
2016	\$ 18,877
2017	18,877
2018	18,877
2019	<u>12,584</u>
Total future minimum lease payments	69,215
Less amounts representing interest	<u>(8,042)</u>
Present value of future minimum lease payments (including \$18,877 classified as current)	<u>\$ 61,173</u>

**K. Prior Period Adjustment**

Prior period adjustments were necessary to reallocate amounts booked in the recording of a lease agreement. A prior period adjustment was also necessary due to the initial pension liability recording due to implementation of GASB 68. Details of the effects on beginning net position are as follows:

	Government-wide		Fund Statements
	Governmental	Business-type	General
	Activities	Activities	Fund
Net Position - June 30, 2014	\$ 59,859,024	\$ 112,970,648	\$ 25,712,009
Prior period adjustment:			
Change in prior year lease recording	(176,095)	-	(176,095)
GASB 68 initial pension recording	(12,110,637)	(181,789)	-
Total prior period adjustment	(12,286,732)	(181,789)	(176,095)
Net Position - June 30, 2014, as adjusted	\$ 47,572,292	\$ 112,788,859	\$ 25,535,914

**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, 2015:

Reserve fund balance, July 1, 2014	\$1,520,896
Add – state gasoline tax revenues	901,795
Less – state expenditures: paving	<u>1,472,605</u>
Reserve fund balance, June 30, 2015	<u>\$ 950,086</u>

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**M. Other Disclosures**

**1. Commitments and Contingencies**

At June 30, 2015, 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. The contingency balance is \$760,517 as of June 30, 2015.

A suit titled *Chuck's Package Store et al v. City of Morristown* was filed in 2014 to recover a refund of the excess of an inspection fee to which the City was entitled and collected at a higher percentage than allowed by law when the most recent census was reported. In April 2015, the court found in favor of the plaintiffs and awarded \$541,099 in refund of the excess as well as attorney fees. The case is on appeal and being vigorously defended. \$541,089 has been assigned in fund balance for this suit.

The government is also the defendant in various other 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.

**2. Concentration of Credit Risk**

The Morristown Utilities Commission provides electric power, water, wastewater, and broadband service to customers in the City of Morristown and Hamblen County, Tennessee. 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 Systems' operations.

**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.

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.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
June 30, 2015

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**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.

**O. Net Position**

Net position for the Power, Water, Wastewater and Broadband Systems consist of the following as of June 30, 2015:

	<u>Power System</u>	<u>Water System</u>	<u>Wastewater System</u>	<u>Broadband System</u>
Net investment in capital assets consists of the following:				
Net capital assets	\$ 61,916,874	\$ 39,045,279	\$ 82,577,414	\$ 7,187,713
Restricted unspent bond funds	-	2,913,243	13,422,259	215,838
Less related liabilities:				
Current portion of long-term debt and contractual obligation	1,177,057	-	3,746,864	-
Current portion of long-term debt and capital lease obligation	-	-	-	249,949
Current portion of long-term debt	-	880,885	-	-
Long-term debt and contractual obligation, less current portion	18,142,678	-	67,401,306	-
Long-term debt and capital lease obligation, less current portion	-	-	-	5,169,654
Long-term debt, less current portion	-	12,671,803	-	-
Total related liabilities	<u>19,319,735</u>	<u>13,552,688</u>	<u>71,148,170</u>	<u>5,419,603</u>
Net investment in capital assets	<u>\$ 42,597,139</u>	<u>\$ 28,405,834</u>	<u>\$ 24,851,503</u>	<u>\$ 1,983,948</u>

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

The Broadband System funded a portion of its net capital assets with a line of credit from the Power System. The Broadband System excludes this component from the calculation of net investment in capital assets as the liability is not external to the Commission.

**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 \$257,000 for the library operations during the fiscal year ended June 30, 2015.

**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, 2015, the City was charged \$401,985.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

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

**Q. General Information about the Pension Plan**

**Plan Description**

Employees of Morristown are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

**Benefits Provided**

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**Employees Covered By Benefit Terms**

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	146
Inactive employees entitled to but not yet receiving benefits	75
Active employees	<u>272</u>
Total	<u>493</u>

**Contributions**

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Morristown makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Morristown were \$1,982,140 based on a rate of 14.86% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Morristown's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Morristown's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The total pension liability as of June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Graded salary ranges from 8.97 to 3.71% based on age, including inflation, averaging 4.25%
Investment rate of return	7.5%, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U. S. Equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U. S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5% based on a blending of the three factors described above.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Morristown will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



City of Morristown, Tennessee  
Notes to Financial Statements  
June 30, 2015

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at June 30, 2013</b>	\$ 65,450,183	\$ 51,230,091	\$ 14,220,092
<b>Changes for the year:</b>			
Service cost	1,069,809		1,069,809
Interest	4,856,002		4,856,002
Differences between expected and actual experience	(498,973)		-
Contributions - employer		1,927,666	(1,927,666)
Contributions - employees		654,779	(654,779)
Net investment income		8,414,739	(8,414,739)
Benefit payments, including refunds of employee contributions	(3,546,607)	(3,546,607)	-
Administrative expense		(13,059)	13,059
<b>Net changes</b>	<u>1,880,231</u>	<u>7,437,518</u>	<u>(5,557,287)</u>
<b>Balance at June 30, 2014</b>	<u>\$ 67,330,414</u>	<u>\$ 58,667,609</u>	<u>\$ 8,662,805</u>

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of Morristown calculated using the discount rate of 7.5%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Morristown's net pension liability (asset)	\$ 17,288,474	\$ 8,662,805	\$ 1,484,030

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

**Pension Expense**

For the year ended June 30, 2015, Morristown recognized pension expense of \$485,372.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS (Continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2015, Morristown reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference between expected and actual experience	\$ -	\$ 427,691
Net difference between projected and actual earnings on pension plan investments	-	3,687,302
Contributions subsequent to the measurement date of June 30, 2014	<u>1,982,140</u>	<u>                    </u>
Total	<u><u>\$ 1,982,140</u></u>	<u><u>\$ 4,114,993</u></u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2016	\$ (993,108)
2017	(993,108)
2018	(993,108)
2019	(993,108)
2020	(71,282)
Thereafter	(71,282)

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

**Payable to the Pension Plan**

At June 30, 2015, Morristown reported a payable of \$266,194 for the outstanding amount of contributions to the pension plan required at the ended June 30, 2015.

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
June 30, 2015

**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:**

	<b>Total</b>	<b>Covered</b>	<b>Employer</b>	<b>% of</b>	<b>Employee</b>	<b>% of</b>
	<b>Payroll</b>	<b>Payroll</b>	<b>Contributions</b>	<b>Covered</b>	<b>Contributions</b>	<b>Covered</b>
				<b>Payroll</b>		<b>Payroll</b>
2015	\$ 5,600,093	\$ 5,199,423	\$ 772,936	15%	\$ 328,484	6%
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:**

	<b>Total</b>	<b>Covered</b>	<b>Employer</b>	<b>% of</b>	<b>Employee</b>	<b>% of</b>
	<b>Payroll</b>	<b>Payroll</b>	<b>Contributions</b>	<b>Covered</b>	<b>Contributions</b>	<b>Covered</b>
				<b>Payroll</b>		<b>Payroll</b>
2015	\$ 1,535,934	\$ 1,508,741	\$ 221,570	15%	\$ 91,384	6%
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:**

	<b>Total</b>	<b>Covered</b>	<b>Employer</b>	<b>% of</b>	<b>Employee</b>	<b>% of</b>
	<b>Payroll</b>	<b>Payroll</b>	<b>Contributions</b>	<b>Covered</b>	<b>Contributions</b>	<b>Covered</b>
				<b>Payroll</b>		<b>Payroll</b>
2015	\$ 1,170,428	\$ 1,061,845	\$ 159,277	15%	\$ 52,168	5%
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:**

	<b>Total</b>	<b>Covered</b>	<b>Employer</b>	<b>% of</b>	<b>Employee</b>	<b>% of</b>
	<b>Payroll</b>	<b>Payroll</b>	<b>Contributions</b>	<b>Covered</b>	<b>Contributions</b>	<b>Covered</b>
				<b>Payroll</b>		<b>Payroll</b>
2015	\$ 829,596	\$ 820,879	\$ 122,646	15%	\$ 60,439	7%
2014	\$ 438,885	\$ 361,247	\$ 53,971	15%	\$ 25,764	7%

**City of Morristown, Tennessee**  
**Notes to Financial Statements**  
**June 30, 2015**

**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 2015, 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 and Morristown Utilities Commission are 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 and Morristown Utilities Commission carry commercial insurance purchased from independent third parties. The City and Morristown Utilities Commission have not experienced an insurance settlement in excess of insurance coverage in any of the past three fiscal years. The City and Morristown Utilities Commission bear the risk of loss up to the deductible amounts which are disclosed in the accompanying Statistical Section. During the ordinary course of business, the City and Morristown Utilities Commission are subject to various other disputes and claims pertaining to contracts, and there are uncertainties surrounding the ultimate resolution of these matters. Because of these uncertainties, it is at least reasonably possible the amounts recorded will change within the near term.

**S. Subsequent Events**

In August 2015, Morristown Utilities Commission entered into an agreement to purchase an office building from a third party for approximately \$975,000.

Subsequent to June 30, 2015, the City entered into a \$10,000,000 loan agreement with the Public Building Authority of the City of Clarksville. Interest is payable semiannually at a fixed rate of 2.74%. Principal is payable annually.

City of Morristown, Tennessee  
Schedule of Required Supplementary Information  
Schedule of Changes in Morristown's Net Pension Liability (Asset) and Related  
Ratios Based on Participation in the Public Employee Pension Plan of TCRS  
Last Fiscal Year Ending June 30

	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 1,069,809
Interest	4,856,002
Changes in benefit terms	-
Differences between actual & expected experience	(498,973)
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(3,546,607)</u>
<b>Net change in total pension liability</b>	1,880,231
<b>Total pension liability - beginning</b>	65,450,183
<b>Total pension liability - ending (a)</b>	<u><u>\$ 67,330,414</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 1,927,666
Contributions - employee	654,779
Net investment income	8,414,739
Benefit payments, including refunds of employee contributions	(3,546,607)
Administrative expense	<u>(13,059)</u>
<b>Net change in plan fiduciary net position</b>	7,437,518
<b>Plan fiduciary net position - beginning</b>	51,230,091
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 58,667,609</u></u>
<b>Net Pension Liability (asset) - ending (a) - (b)</b>	<u><u>\$ 8,662,805</u></u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	87.13%
<b>Covered - employee payroll</b>	\$ 13,131,242
<b>Net pension liability (asset) as a percentage of covered - employee payroll</b>	65.97%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**City of Morristown, Tennessee**  
**Schedule of Required Supplementary Information**  
**Schedule of Morristown's Contributions**  
**Based on Participation in the Public Employee Pension Plan of TCRS**  
**Last Fiscal Year Ending June 30**

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,927,666	\$ 1,982,140
Contributions in relation to the actuarially determined contribution	<u>1,927,666</u>	<u>1,982,140</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 13,131,242	\$ 13,338,762
Contributions as a percentage of covered - employee payroll	14.68%	14.86%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Notes to Schedule**

**Valuation date:** Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	13 years
Asset valuation	10-year smoothed within a 20% corridor to market value
Inflation	3.0%
Salary increases	Graded salary ranges from 8.97 to 3.71% based on age, including inflation, averaging 4.25%
Investment rate of return	7.5%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5%

City of Morristown, Tennessee  
Required Supplementary Information  
June 30, 2015

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

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)
7/1/2010	\$ 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%
07/01/14	223,644	4,863,968	4,640,324	4.6%	12,234,798	37.9%

**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%
6/30/2015	421,169	100%

**City of Morristown, Tennessee**  
**Required Supplemental Information**  
**Morristown Utilities Commission**  
**Schedule of Funding Progress for Morristown Utilities Retiree Benefit Plan**  
**June 30, 2015**

<b>System</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (AAL) ((b - a)/c)</b>
<b>Power</b>	7/1/2013	\$ -	\$ 939,342	\$ 939,342	0.0%	\$ 4,089,606	23%
	7/1/2011	-	927,036	927,036	0.0%	4,210,185	22%
	7/1/2009	-	688,839	688,839	0.0%	3,660,573	19%
<b>Water</b>	7/1/2013	-	330,210	330,210	0.0%	1,221,906	27%
	7/1/2011	-	288,818	288,818	0.0%	1,137,002	25%
	7/1/2009	-	234,359	234,359	0.0%	1,065,151	22%
<b>Wastewater</b>	1/1/2014	-	153,876	153,876	0.0%	583,274	26%
<b>Broadband</b>	7/1/2013	-	89,022	89,022	0.0%	1,076,414	8.0%
	7/1/2011	-	64,160	64,160	0.0%	927,632	7.0%
	7/1/2009	-	34,298	34,298	0.0%	735,342	5.0%

Note 1: The Commission assumed the assets, liabilities, and operations of the Wastewater System as of December 30, 2013.



**City of Morristown, Tennessee**  
**Required Supplemental Information**  
**Morristown Utilities Commission**  
**Schedule of Employer Contributions for Morristown Utilities Retiree Benefit Plan**  
**June 30, 2015**

	<b>Fiscal</b>	<b>Annual</b>	<b>Contribution</b>	<b>Percentage</b>
	<b>Year</b>	<b>Required</b>	<b>Made</b>	<b>Contributed</b>
		<b>Contribution</b>		
<b>Power</b>	2015	110,994	\$ 53,376	48%
	2014	105,784	38,891	37%
	2013	110,931	21,538	19%
<b>Water</b>	2015	35,809	18,562	52%
	2014	34,040	16,271	48%
	2013	31,884	4,145	13%
<b>Wastewater</b>	2015	17,508	4,714	27%
	2014	10,192	1,146	11%
<b>Broadband</b>	2015	32,515	-	0.0%
	2014	30,460	-	0.0%
	2013	27,210	-	0.0%

Note 1: The Commission assumed the assets, liabilities, and operations of the Wastewater System as of December 30, 2013.

City of Morristown, Tennessee  
**Combining Balance Sheet**  
Nonmajor Governmental Funds  
June 30, 2015

	Narcotics	Community Development	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 171,367	\$ 68,937	\$ 240,304
Cash shortage	500	-	500
Receivables (net of allowance for uncollectibles)	10,639	25,824	36,463
Total assets	<u>\$ 182,506</u>	<u>\$ 94,761</u>	<u>\$ 277,267</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,154	\$ 5,043	\$ 6,197
Payroll liabilities	23,313	3,877	27,190
Total liabilities	<u>24,467</u>	<u>8,920</u>	<u>33,387</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	74,744	14,423	89,167
<b>FUND BALANCE</b>			
Committed	-	-	-
Restricted fund balance	83,295	71,418	154,713
Total fund balance	<u>83,295</u>	<u>71,418</u>	<u>154,713</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 182,506</u>	<u>\$ 94,761</u>	<u>\$ 277,267</u>

**City of Morristown, Tennessee**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	<u>Narcotics</u>	<u>Community Development</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Licenses, permits, and fines	\$ 78,209	\$ -	\$ 78,209
Intergovernmental	19,449	454,167	473,616
<b>Total revenues</b>	<u>97,658</u>	<u>454,167</u>	<u>551,825</u>
Expenditures:			
Current:			
Administration	-	96,630	96,630
Programs	-	391,378	391,378
<b>Total general government</b>	<u>-</u>	<u>488,008</u>	<u>488,008</u>
Public safety:			
Police	552,046	-	552,046
<b>Total public safety</b>	<u>552,046</u>	<u>-</u>	<u>552,046</u>
<b>Total expenditures</b>	<u>552,046</u>	<u>488,008</u>	<u>1,040,054</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(454,388)</u>	<u>(33,841)</u>	<u>(488,229)</u>
Other financing sources (uses):			
Transfers in	483,218	-	483,218
<b>Total other financing sources and uses</b>	<u>483,218</u>	<u>-</u>	<u>483,218</u>
<b>Net change in fund balances</b>	<u>28,830</u>	<u>(33,841)</u>	<u>(5,011)</u>
<b>Fund balance - beginning</b>	<u>54,465</u>	<u>105,259</u>	<u>159,724</u>
<b>Fund balance - ending</b>	<u><u>\$ 83,295</u></u>	<u><u>\$ 71,418</u></u>	<u><u>\$ 154,713</u></u>

City of Morristown, Tennessee  
Community Development Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
for the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues:				
ESG grant	\$ 62,508	\$ 62,508	\$ 40,477	\$ (22,031)
CDBG reimbursements	362,239	522,239	413,690	(108,549)
Total revenues	424,747	584,747	454,167	(130,580)
Expenditures:				
CDBG administration:				
Wages and salaries permanent employees	54,970	55,470	55,217	253
Christmas bonus and longevity	283	293	289	4
FICA	3,426	3,426	3,332	94
Medicare	801	801	779	22
TCRS contribution	8,211	8,211	8,144	67
Employee health insurance	11,617	11,617	11,562	55
Employee life insurance	215	215	235	(20)
Workers compensation	1,401	1,401	1,325	76
Postal service	500	500	198	302
Legal notices	1,300	1,300	820	480
Computer/data processing	-	2,070	2,069	1
Other professional services	5,000	2,420	-	2,420
Memberships and dues	1,200	1,200	1,335	(135)
Education seminars and training	6,000	6,000	708	5,292
Travel business expenses	8,000	8,000	4,844	3,156
Other contract services	8,000	8,000	-	8,000
Office supplies and materials	1,500	1,500	614	886
Office equipment	2,800	2,800	-	2,800
Equipment rental/lease	2,000	2,000	-	2,000
Other miscellaneous expenses	5,000	5,000	116	4,884
CEASE	90,000	90,000	-	90,000
MATS	-	-	5,043	(5,043)
Total CDBG administration	212,224	212,224	96,630	115,594
CDBG programs and activities:				
Grants and subsidies	212,523	372,523	391,378	(18,855)
Total CDBG programs and activities	212,523	372,523	391,378	(18,855)
Total expenditures	424,747	584,747	488,008	96,739
Net change in fund balance	-	-	(33,841)	(33,841)
Fund balance, July 1, 2014	206,509	206,509	105,259	(101,250)
Fund balance, June 30, 2015	\$ 206,509	\$ 206,509	\$ 71,418	\$ (135,091)

**City of Morristown, Tennessee**  
**Narcotics Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**for the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
OCEDTF reimbursements	\$ -	\$ 17,000	\$ 16,971	\$ (29)
Federal reimbursements and refunds	-	-	2,478	2,478
Program income	126,948	126,948	78,209	(48,739)
Total revenues	126,948	143,948	97,658	(46,290)
Narcotics:				
Wages and salaries permanent employees	309,028	291,028	278,111	12,917
Overtime	11,500	28,500	25,519	2,981
Christmas bonus and longevity	3,132	3,132	2,863	269
FICA	20,067	20,067	17,997	2,070
Medicare	4,693	4,693	4,209	484
TCRS contribution	48,096	48,096	41,885	6,211
Employee health insurance	69,610	69,610	59,208	10,402
Employee life insurance	1,166	1,166	997	169
Workers compensation	7,004	8,004	7,950	54
Clothing/uniform/shoes	3,700	5,200	4,702	498
Postal service	200	500	297	203
Legal notices	700	700	529	171
Telephone services	4,270	6,270	5,892	378
Repair and maintenance vehicles	250	250	-	250
Repair and maintenance office equipment	465	465	-	465
Memberships and dues	265	265	100	165
Education seminars and training	2,100	2,100	1,409	691
Travel business expenses	3,700	3,700	2,820	880
Other contracted services	8,400	8,400	5,092	3,308
Office supplies and materials	2,200	2,200	2,063	137
General operating supplies	3,000	3,000	1,419	1,581
Gasoline and diesel fuel	19,600	19,600	12,156	7,444
Vehicle parts/oil/fluid/tires	-	4,000	4,179	(179)
Insurance	10,070	12,070	12,005	65
Property (contents) insurance	1,950	1,950	1,625	325
Equipment rental/lease	-	2,700	1,905	795
Undercover expenses	75,000	67,500	52,806	14,694
K-9 dogs and supplies	-	12,000	4,308	7,692
Total expenditures	610,166	627,166	552,046	75,120
Net change in fund balance	(483,218)	(483,218)	(454,388)	28,830
Other sources of funds:				
Operating transfers in	483,218	483,218	483,218	-
Net change in fund balance	-	-	28,830	28,830
Fund balance, July 1, 2014	3,326	3,326	54,465	51,139
Fund balance, June 30, 2015	\$ 3,326	\$ 3,326	\$ 83,295	\$ 79,969

City of Morristown, Tennessee  
Statement of Changes in Assets and Liabilities - LAMTPO Agency Fund  
 Agency Fund  
 For the year ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b><u>Assets</u></b>				
Cash in bank	\$ 455,620	\$ 257,932	\$ 224,906	\$ 488,646
Grants receivable	139,690	-	139,690	-
Due from federal government	-	18,643	-	18,643
 Total assets	 <u>\$ 595,310</u>	 <u>\$ 276,575</u>	 <u>\$ 364,596</u>	 <u>\$ 507,289</u>
 <b><u>Liabilities</u></b>				
Accounts payable	\$ 590	\$ 943	\$ 590	\$ 943
Accrued payroll	-	2,677	-	2,677
Payroll deductions payable	-	1,484	-	1,484
Due to others	594,720	271,471	364,006	502,185
 Total liabilities	 <u>\$ 595,310</u>	 <u>\$ 276,575</u>	 <u>\$ 364,596</u>	 <u>\$ 507,289</u>

**City of Morristown, Tennessee**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2015**

<b>CFDA Number</b>	<b>Grantor Agency/Program</b>	<b>Contract Number</b>	<b>Federal Expenditures</b>
10.559	USDA/ Summer Feeding Program	30-007	\$ 41,948
14.218	U.S. Department of Housing and Urban Development/CDBG	B-12-MC-47-0013	980
		B-13-MC-47-0013	266,742
		B-14-MC-47-0013	155,175
14.231	THDA	ESG-13-26	45,693
			<u>468,590</u>
15.904	Historical Preservation		<u>7,981</u>
16.607	U.S. Department of Justice/ Bulletproof Vest Partnership Program		4,878
20.607	Traffic Safety & Impaired Driving Prevention	154AL-14-87	12,040
			<u>16,918</u>
20.106	U. S. Department of Transportation/ Land Acquisition	3-47-SBGP-38	2,250
20.106	Airport Fueling System	3-47-SBGP-27	302,103
			<u>304,353</u>
20.205	Highway Planning Grants	STP-M-66(46)	10,886
		STP-M-9113(12)	1,877
		STP-M-9113(8)	25,616
		STP-M-34(79)	10,729
		STP-M-9113(11)	2,209
		STP-M-34(78)	64,007
		STP-M-9113(18)	402,070
		STP-M-9113(20)	43,226
		HPP-9113(16)	32,227
		HPP-9113(9)	145,845
		SRTS-9113(19)	38,400
	Downtown Pedestrian Imp/Corridor Proj	70178	980,457
	Transportation Planning & Coordination	SPR-PL-1(318)	93,555
			<u>1,851,104 (A)</u>
			<u>\$ 2,690,894</u>

(A) 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, 2015**

<u>Grantor Agency/Program</u>	<u>Contract Number</u>	<u>Expenditures</u>
Airport Rehabilitation	32-555-0743-04	\$ 251,415
Airport Improvements	32-555-0751-04	8,379
Airport Improvements	32-555-0750-04	80,277
Airport Improvements	32-555-0152-04	125
Airport Maintenance Grant	AERM-15-143-00	19,800
2013 Airport Layout Plan	32-555-0747-04	29,508
Airport Security Upgrades	32-555-0748.04	30,102
		<u>\$ 419,606</u>



**City of Morristown, Tennessee**  
**Statistical Information**  
**June 30, 2015**

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**  
**(accrual basis of accounting)**

	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2015</u>
Governmental activities:										
Net investment in capital assets	\$ 32,367,332	\$ 20,829,489	\$ 41,772,607	\$ 43,089,778	\$ 44,137,100	\$ 31,753,875	\$ 26,055,799	\$ 29,647,943	\$ 33,965,440	\$ 34,875,277
Restricted	3,461,659	153,829	2,746,754	2,622,266	353,457	644,679	1,369,307	1,607,753	1,680,576	2,420,193
Unrestricted	2,407,332	12,742,735			3,210,976	17,903,817	22,204,246	23,431,214	24,213,008	13,709,843
Total governmental activities net position	<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>	<u>\$ 51,005,313</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 98,316,369
Restricted	531,903	557,111		1,331,951	585,465					
Unrestricted	13,638,464	12,858,565	13,775,143	11,011,165	15,782,758	22,815,516	23,525,937	26,580,161	24,920,115	19,315,616
Total business-type net position	<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>	<u>\$ 117,631,985</u>
Primary government:										
Net investment in capital assets	\$ 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	\$ 133,191,646
Restricted	3,993,562	710,940	2,341,975	3,954,217	938,922	644,679	1,369,307	1,607,753	1,680,576	2,420,193
Unrestricted	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	33,025,459
Total primary government	<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>	<u>\$ 168,637,298</u>

**City of Morristown, Tennessee**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	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	6/30/2015
<b>Revenues:</b>										
Taxes	\$ 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	\$ 24,289,234
Licenses, permits and fines	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	365,496
Use of money and property	607,576	329,777	470,219	246,632	1,014,717	870,195	636,386	253,683	750,587	502,987
Service charges and fees	155,179	137,584	141,703	132,712	151,393	1,225,730	1,431,315	1,576,001	1,504,729	2,540,274
Intergovernmental	7,664,424	6,141,091	6,269,338	5,340,445	5,820,905	6,204,797	5,478,005	5,856,207	5,931,533	7,339,905
<b>Total revenues</b>	<b>28,841,209</b>	<b>27,521,537</b>	<b>30,187,874</b>	<b>30,446,663</b>	<b>29,954,144</b>	<b>32,292,058</b>	<b>31,734,809</b>	<b>31,400,680</b>	<b>32,097,359</b>	<b>35,037,896</b>
<b>Expenditures:</b>										
General government	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	5,551,674
Public safety	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	15,674,562
Public works	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	8,723,165
Parks and recreation	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	2,024,368
Airport	275,700	190,240	132,719	302,588	-	-	-	-	-	-
Civic support	532,178	856,174	558,723	1,338,282	490,500	279,966	1,395,326	841,472	750,451	756,937
Library	-	-	-	-	-	250,000	243,600	257,000	261,490	257,000
Economic development	4,355,672	2,224,061	1,117,549	464,294	1,167,663	1,868,472	356,373	179,891	201,550	328,040
Transportation	-	-	-	-	642,427	-	-	-	-	-
Retiree benefits	292,973	-	-	-	394,866	439,304	309,530	401,695	306,363	382,916
Miscellaneous	20,531	-	-	-	133,532	133,532	-	-	-	-
<b>Debt service:</b>										
Principal	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	1,173,560
Interest	178,432	449,487	722,876	538,250	341,172	237,224	232,380	239,740	187,384	169,905
Debt expense	299,340	155,077	62,156	53,404	68,620	45,929	57,337	87,324	99,292	93,262
<b>Total expenditures</b>	<b>33,896,969</b>	<b>37,296,867</b>	<b>38,249,959</b>	<b>31,059,950</b>	<b>31,745,552</b>	<b>29,439,696</b>	<b>32,363,110</b>	<b>31,850,551</b>	<b>32,341,365</b>	<b>35,135,389</b>
<b>Deficiency of revenue over expenditures</b>	<b>(5,055,760)</b>	<b>(9,775,330)</b>	<b>(8,062,085)</b>	<b>(613,287)</b>	<b>(1,791,408)</b>	<b>2,852,362</b>	<b>(628,301)</b>	<b>(449,871)</b>	<b>(244,026)</b>	<b>(97,493)</b>
<b>Other financing sources (uses)</b>										
Transfers in	2,371,219	2,421,324	2,443,018	1,925,865	2,471,905	1,898,007	2,202,954	2,059,154	2,038,024	2,381,066
Transfers out	(1,717,920)	(1,733,483)	(1,712,003)	(1,876,147)	(1,736,947)	(1,538,388)	(1,184,908)	(391,626)	(585,663)	(783,218)
Bonds issued	10,000,000	4,750,000	5,970,000	1,473,604	3,012,455	-	4,000,000	-	-	-
<b>Total other financing sources (uses)</b>	<b>10,653,299</b>	<b>5,437,841</b>	<b>6,701,015</b>	<b>1,523,322</b>	<b>3,747,413</b>	<b>359,619</b>	<b>5,018,046</b>	<b>1,667,528</b>	<b>1,452,361</b>	<b>1,597,848</b>
<b>Net change in fund balance</b>	<b>\$ 5,597,539</b>	<b>\$ (4,337,489)</b>	<b>\$ (1,361,070)</b>	<b>\$ 910,035</b>	<b>\$ 1,956,005</b>	<b>\$ 3,211,981</b>	<b>\$ 4,389,745</b>	<b>\$ 1,217,657</b>	<b>\$ 1,208,335</b>	<b>\$ 1,500,355</b>
<b>Debt service as a percentage of total governmental expenditures</b>	<b>4.26%</b>	<b>4.17%</b>	<b>10.13%</b>	<b>6.84%</b>	<b>13.86%</b>	<b>5.91%</b>	<b>5.58%</b>	<b>6.01%</b>	<b>4.09%</b>	<b>3.82%</b>

City of Morristown, Tennessee  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	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	6/30/2015
<b>Expenses:</b>										
Governmental Activities:										
General government	\$ 3,732,690	\$ 4,427,912	\$ 4,729,356	\$ 3,693,414	\$ 3,536,036	\$ 3,518,056	\$ 4,267,622	\$ 3,593,414	\$ 2,837,464	\$ 4,726,077
Public safety	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	14,168,464
Public works	7,884,650	8,936,763	12,760,354	6,665,204	7,208,206	8,372,617	9,939,809	6,665,204	6,831,898	10,493,687
Parks and recreation	1,864,017	3,107,468	2,404,471	1,773,943	1,767,692	1,805,109	1,793,705	1,773,943	2,056,499	1,607,804
Civic support	532,178	856,949	558,723	1,098,472	553,177	663,498	1,638,926	1,098,472	1,011,941	417,774
Economic development	3,879,932	126,444	1,117,549	147,547	624,033	1,904,129	392,784	147,547	296,060	942,834
Retiree benefits	292,973	-	-	-	394,866	439,304	309,530	401,695	306,363	382,916
Airport	554,398	631,368	573,847	-	-	-	-	-	-	-
Transportation	-	-	-	-	767,273	-	-	-	-	-
Long-term debt expense	339,239	582,295	785,032	327,064	342,543	283,153	289,717	327,064	286,676	263,167
Other	-	-	-	-	-	-	-	-	-	-
Total governmental activities expense	<u>31,091,823</u>	<u>33,452,305</u>	<u>37,867,765</u>	<u>27,621,870</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>	<u>33,202,723</u>
Business-type activities:										
Water	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	6,117,002
Wastewater	5,170,188	5,682,688	6,760,588	9,421,138	7,844,245	9,210,878	9,632,657	9,489,262	9,067,056	9,385,294
Power	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	994,148
Broadband system	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	75,855,798
Storm water	-	-	436,016	810,198	576,843	592,574	658,713	810,198	832,132	7,330,637
Total business-type expenses	<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>	<u>99,682,879</u>
Total primary government expenses	<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>	<u>132,885,602</u>
<b>Program revenues:</b>										
Governmental activities:										
Charges for services:										
General government	223,537	557,087	409,037	232,242	280,238	134,066	130,440	232,242	134,359	1,183,648
Public safety	904,316	414,861	778,216	1,140,852	1,343,981	1,510,750	1,319,940	1,178,045	1,057,791	365,496
Public works	258,709	-	-	-	-	1,091,664	1,300,876	1,343,759	1,370,370	-
Parks and recreation	155,179	137,584	-	-	-	-	-	-	-	-
Civic support	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Retiree benefits	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-
Long-term expense	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	505,818	448,884	888,336	746,980	975,928	1,091,876	700,118	710,156	1,454,535	2,949,422
Capital grants and contributions	3,234,328	1,702,895	1,546,886	710,156	660,995	-	-	-	-	1,356,626.00
Total governmental activities program revenues	<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>	<u>5,855,192</u>
Business-type activities:										
Charge for services:										
Water	5,339,101	5,335,578	5,672,994	6,450,217	6,769,458	6,936,381	6,602,968	6,450,217	6,449,809	6,411,681
Wastewater	4,749,533	5,556,473	8,768,896	6,601,692	6,601,692	9,308,092	10,049,655	11,227,679	12,656,593	12,247,129
Power	55,821,500	58,631,933	63,351,409	74,850,804	67,681,072	77,167,026	74,575,366	74,850,804	75,425,515	75,151,759
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	7,629,190	8,239,118
Storm water	-	-	89,383	1,342,550	563,562	541,053	1,375,723	1,342,550	1,330,147	1,276,062
Operating grants and contributions	-	-	55,500	-	-	-	2,067,623	2,219,003	2,580,025	2,586,526
Capital grants and contributions	-	-	-	84,631	84,631	847,793	165,384	1,602,948	524,286	151,200
Total business-type activities program revenue	<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>	<u>106,063,475</u>
Total primary government program revenue	<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>	<u>\$ 111,918,667</u>
<b>Net (expense) revenue:</b>										
Governmental activities	\$ (25,809,936)	\$ (30,190,994)	\$ (34,245,290)	\$ (24,791,640)	\$ (25,443,471)	\$ (26,685,555)	\$ (28,956,707)	\$ (24,559,363)	\$ (24,244,162)	\$ (27,347,531)
Business-type activities	2,544,562	653,224	2,074,399	(376,649)	3,487,903	6,136,910	6,564,667	7,918,434	8,192,883	6,380,596
Total primary government program expense	<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>	<u>\$ (20,966,935)</u>

**City of Morristown, Tennessee**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	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	6/30/2015
General governmental and other changes in net position:										
Governmental Activities:										
Property taxes	\$ 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	\$ 9,916,198
In-lieu taxes	92,446	65,529	35,536	-	-	-	-	-	-	-
Franchise taxes	1,006,887	732,339	826,802	784,365	644,358	400,815	598,668	632,723	692,442	726,174
Local sales tax	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	10,793,398
Alcohol beverage tax	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	1,316,273
Business and gross receipts tax	881,441	943,210	866,833	947,659	663,824	882,131	1,000,937	936,935	837,434	958,795
Hotel/motel tax	384,387	417,120	425,087	367,704	361,096	454,855	533,149	561,930	542,235	565,490
Litigation tax	-	-	-	-	-	-	-	-	-	12,906
Use of money and property	607,576	451,307	470,219	246,632	1,014,717	870,195	979,709	253,683	750,587	502,987
Intergovernmental	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	4,390,483
Transfers	653,299	687,841	731,014	1,530,560	734,958	813,163	1,532,378	1,667,528	1,452,361	1,597,848
Total governmental activities	<u>24,558,730</u>	<u>24,732,471</u>	<u>27,296,413</u>	<u>26,360,196</u>	<u>27,432,960</u>	<u>29,171,448</u>	<u>30,159,138</u>	<u>29,604,006</u>	<u>29,532,665</u>	<u>30,780,552</u>
Business-type activities:										
Use of money and property	-	-	387,820	161,484	95,302	86,495	304,325	81,739	225,086	60,378
Transfers	(653,299)	(687,841)	(731,014)	(1,530,560)	(734,958)	(813,163)	(1,532,378)	(1,667,528)	(1,452,361)	(1,597,848)
Total business-type activities	<u>(653,299)</u>	<u>(687,841)</u>	<u>(343,194)</u>	<u>(1,369,076)</u>	<u>(639,656)</u>	<u>(726,668)</u>	<u>(1,228,053)</u>	<u>(1,585,789)</u>	<u>(1,227,275)</u>	<u>(1,537,470)</u>
Total primary government	<u>\$ 23,905,431</u>	<u>\$ 24,044,630</u>	<u>\$ 26,953,219</u>	<u>\$ 24,991,120</u>	<u>\$ 26,793,304</u>	<u>\$ 28,444,780</u>	<u>\$ 28,931,085</u>	<u>\$ 28,018,217</u>	<u>\$ 28,305,390</u>	<u>\$ 29,243,082</u>
Changes in net position:										
Governmental activities	\$ (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	\$ 3,433,021
Business-type activities	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	4,843,126
Total primary government	<u>\$ 672,057</u>	<u>\$ (5,493,110)</u>	<u>\$ (5,217,671)</u>	<u>\$ 4,929,836</u>	<u>\$ 4,837,736</u>	<u>\$ 7,896,135</u>	<u>\$ 6,539,046</u>	<u>\$ 11,377,288</u>	<u>\$ 12,254,109</u>	<u>\$ 8,276,147</u>
General Fund										
Reserved	\$ 8,551,476	\$ 4,669,443	\$ -	\$ 2,619,067	\$ 353,457	\$ 639,964	\$ 13,028,600	\$ 13,228,903	\$ 13,556,928	\$ 19,952,261
Unreserved	4,060,987	-	2,705,279	-	3,326,040	6,804,115	10,075,983	11,196,401	12,155,081	7,062,313
Total general fund	<u>\$ 12,612,463</u>	<u>\$ 4,669,443</u>	<u>\$ 2,705,279</u>	<u>\$ 2,619,067</u>	<u>\$ 3,679,497</u>	<u>\$ 7,444,079</u>	<u>\$ 23,104,583</u>	<u>\$ 24,425,304</u>	<u>\$ 25,712,009</u>	<u>\$ 27,014,574</u>
All other governmental funds										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ (26,323)	\$ 387,277	\$ 541,585	\$ 398,617	\$ -	\$ -
Reserved	9,883	163,657	41,475	3,199	25,473	73,843	106,353	159,171	363,030	384,725
Total all other governmental funds	<u>\$ 9,883</u>	<u>\$ 163,657</u>	<u>\$ 41,475</u>	<u>\$ 3,199</u>	<u>\$ (850)</u>	<u>\$ 461,120</u>	<u>\$ 647,938</u>	<u>\$ 557,788</u>	<u>\$ 363,030</u>	<u>\$ 384,725</u>

**City of Morristown, Tennessee**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011 (3)	2012	2013	2014	2015
General Fund										
Reserved	\$ 8,551,476	\$ 4,669,443	\$ 3,431,536	\$ 2,619,067	\$ 353,457	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable (1)	-	-	-	-	-	-	11,765,646	11,780,321	11,822,098	11,716,611
Restricted (1)	-	-	-	-	-	-	1,262,954	1,448,582	1,520,896	2,265,480
Committed (1)	-	-	-	-	-	-	3,072	69,710	57,058	-
Assigned (1)	-	-	-	-	1,065,688	1,170,837	3,852	8,500	156,876	5,970,170
Unassigned (2)	4,060,987	-	-	-	3,159,977	6,656,404	10,069,059	11,118,191	12,155,081	7,062,313
Total general fund	<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>	<u>\$ 27,014,574</u>
All other governmental funds										
Reserved	\$ 9,883	\$ 163,657	\$ 41,475	\$ 3,199	\$ 25,473	\$ 77,958	\$ -	\$ -	\$ -	\$ -
Nonspendable (1)	-	-	-	-	-	-	-	-	-	-
Restricted (1)	-	-	-	-	-	-	106,353	159,171	159,680	154,713
Committed (1)	-	-	-	-	-	-	-	-	-	-
Assigned (1)	-	-	-	-	-	-	541,585	398,617	203,350	230,012
Unassigned (2)	984	984	984	-	(26,323)	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 384,725</u>

(1) - See Notes to the Financial Statements, Note 1.D9 for details of fund balances.

(2) - Prior to Fiscal Year 2011, Unassigned was known as Unreserved.

(3) - GASB No> 54 was implemented in fiscal year 2011.

City of Morristown, Tennessee  
Governmental Activities Revenue by Source  
 Last Ten Fiscal Years  
 (accrual baasis of accounting)

Fiscal Year	Property Tax	In-lieu Tax	Franchise Tax	Local Sales Tax	Alcohol Beverage Tax	Business and Gross Receipts Tax	Licenses, Permits, and Fines	Hotel/Motel Tax	Litigation Tax	Use of Money and Property	Inter-Governmental	Transfers	Total
2006	6,989,567	92,446	1,006,887	9,491,687	1,076,180	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	-	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	-	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	-	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	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	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	1,319,940	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	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	233,710	542,235	-	1,496,078	5,717,743	1,452,361	31,752,611
2015	9,851,476	64,722	726,174	10,793,398	1,316,273	958,795	365,496	565,490	12,906	3,043,261	7,339,905	2,381,066	37,418,962

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

<b><u>Tax Year</u></b>	<b><u>General Bonded Debt (1)</u></b>	<b><u>Total Assessment</u></b>	<b><u>Ratio of Bonded Debt to Total Assessment</u></b>	<b><u>Total Expenditures</u></b>	<b><u>Ratio of Bonded Debt to Total Expenditures</u></b>
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
2015	19,064,476	851,362,810	.022 to 1	35,135,389	.543 to 1

(1) - This is total bonded debt for governmental activities only.



**City of Morristown, Tennessee**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed value	\$ 704,667,216	\$ 693,683,310	\$ 735,127,536	\$ 734,974,794	\$ 880,290,913	\$ 865,879,073	\$ 864,098,668	\$ 863,408,190	\$ 868,315,105	\$ 851,362,810
Rate per \$100	1.09	0.97	1.37	1.22	1.22	1.05	1.05	1.05	1.05	1.05
Total tax levy	6,835,272	9,503,463	8,903,661	8,968,580	9,243,067	9,091,730	9,073,036	9,065,786	9,065,786	\$ 9,117,321
Collections/reductions:										
Initial tax year	6,546,642	8,767,049	8,367,645	8,502,700	8,755,460	8,590,172	8,679,616	8,579,330	8,545,014	
Additional through June 30, 2015	268,390	668,702	437,264	405,170	416,052	409,565	303,936	258,105	-	
Total collections/reductions	6,815,032	9,435,751	8,804,909	8,907,870	9,171,512	8,999,737	8,983,552	8,837,435	8,545,014	
Taxes receivable, June 30, 2015	\$ 20,240	\$ 67,712	\$ 98,752	\$ 60,710	\$ 71,555	\$ 91,993	\$ 89,484	\$ 228,351	\$ 520,772	
Percent of levy collected initial tax year	95.78%	92.25%	93.98%	94.81%	94.72%	94.48%	95.66%	94.63%	94.26%	
Percent of levy outstanding June 30, 2015	0.30%	0.71%	1.11%	0.68%	0.77%	1.01%	0.99%	2.52%	5.74%	

City of Morristown  
Principal Employers  
Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Hamblen County Dept. of Education	1,284	1	10%	1,225	3	10%
MAHLE, Inc.	1,029	2	8%	1,423	2	11%
Koch Foods	997	3	8%	1,026	4	8%
JTEKT Automotive	864	4	7%	612	7	5%
Wal-Mart	757	5	6%	550	10	4%
Walters State Community College	743	6	6%	708	6	6%
Morristown Hamblen Healthcare	716	7	6%	897	5	7%
Howmet	526	8	4%	578	9	5%
Team Technologies	513	9	4%			
Lear Corporation	455	10	4%	605	8	5%
Berkline	-		-	1,625	1	13%
Total	7,884		63%	9,249		74%

**City of Morristown, Tennessee**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

<b>Tax Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Public Utility Property</b>	<b>Other</b>	<b>Industrial Property</b>	<b>Public Utility Property</b>	<b>Total Assessment Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
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%
2015	241,973,025	346,673,196	695,695	4,832,500	257,178,659	9,735	851,362,810	1.05	2,665,051,328	31.95%

**City of Morristown, Tennessee**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**  
**June 30, 2015**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Function</b>										
Police:										
Physical arrests	5,266	7,572	6,487	5,620	2,097	4,844	4,872	3,061	3,661	5,071
Parking violations	8,652	7,179	14,809	15,211	10,071	357	288	17	167	102
Fire:										
Number of calls answered	3,211	3,390	3,337	3,232	4,271	3,914	2,975	3,222	3,984	4,288
Inspections	1,827	2,376	2,361	948	659	741	2,781	2,562	2,535	2,724
Highway and streets:										
Street maintenance/resurfacing (miles)	4.73	0.4	6.18	2.39	-	209.30	224.60	45.60	1.33	5.10
Sanitation:										
Brush collected (annual)	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	2,125.77
Refuse collected	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	9,063.98

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Education Level In Years of Formal Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
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
2015	29,304	973,390,968	33,217	36.00	14.5	12,148	6.90

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	6	6	6	6	6	6	6	6	6
Sanitation										
Collection trucks	5	4	4	4	4	4	4	4	4	4
Highways and streets										
Street (miles)	241	263	263	320	320	320	320	320	320	320
Culture and recreation										
Parks acreage	257	259	259	264	264	264	264	264	264	264
Parks	15	16	16	16	16	16	16	16	16	16

**City of Morristown, Tennessee**  
**Schedule of Wastewater Utility Rates and Number of Customers**  
**Fiscal Years 2015-2006**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>Wastewater rate</u></b>										
Inside	\$ 3.00	\$ 3.65	\$ 4.20	\$ 4.59	\$ 4.59	\$ 4.96	\$ 8.11	\$ 8.11	\$ 9.17	\$ 9.17
Outside	6.00	7.30	8.40	9.18	9.18	9.92	16.22	16.22	18.34	18.34
<b><u>Customers</u></b>										
Inside	10,230	10,578	10,578	11,523	11,523	11,627	11,618	11,668	10,566	10,572
Outside	438	438	438	109	109	104	105	106	10	9
<b><u>Commodity charge (per 1,000 gallons)</u></b>										
Inside										5.00
Outside										10.00

**City of Morristown, Tennessee**  
**Schedule of Power Rates (Last Ten Years)**  
**Fiscal Years 2015-2006**

	<u>2015</u>	<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>
<b>Residential:</b>										
Customer charge per month	\$ 16.71	\$ 16.71	\$ 16.71	\$ 16.71	\$ 16.71	\$ 16.71	\$ 13.21	\$ 11.50	\$ 8.40	\$ 8.40
Energy charge:										
First 2,000 kWh	0.09162	0.09515	0.09097	0.09242	0.08934	0.08175	0.07582	0.07943	0.07189	0.06735
Additional kWh per month	0.09162	0.09915	0.09097	0.09242	0.08934	0.07968	0.07375	0.00736	0.07002	0.06548
<b>Commercial, Industrial, Governmental and Institutional:</b>										
GSA - 1 (demand of up to 50 kW)										
Customer charge per month	\$20 or \$37	\$20 or \$37	\$20 or \$37	26.00	26.00	26.00	21.50	21.50	15.25	15.25
Energy charge per kWh per month	0.10165	0.10502	0.10076	0.10219	0.09899	0.09137	0.08463	0.08787	0.07902	0.07453
GSA - 2 (demand of 51 to 1,000 kW)										
Customer charge per month	133.00	133.00	133.00	133.00	133.00	133.00	127.00	127.00	127.00	127.00
Demand charge:										
First 50 kW per month										
Excess over 50 kW per month	12.35	12.00	11.86	11.86	13.78	13.78	12.86	12.52	11.48	11.48
Energy charge:										
First 15,000 kWh per month	0.09650	0.09986	0.09559	0.09702	0.09381	0.0857	0.07896	0.0822	0.07404	0.06955
Additional kWh per month	0.06284	0.06695	0.0635	0.06491	0.06262	0.04861	0.0448	0.04904	0.04378	0.03935
GSA - 3 (demand of 1,001 to 5,000 kW)										
Customer charge per month	270.00	270.00	270.00	270.00	270.00	270.00	266.00	266.00	205.00	205.00
Demand charge:										
First 1,000 kW per month	12.50	12.24	11.98	11.98	11.68	13.88	12.90	12.54	11.49	11.49
Excess over 1,000 kW per month	14.32	13.99	13.67	13.67	13.31	15.44	14.29	13.87	12.64	12.64
Energy charge:										
Per kWh per month	0.06279	0.06691	0.06348	0.06489	0.06262	0.04903	0.04522	0.04946	0.0438	0.03937
TDGSB (Demand > 5,001 kW)										
Demand charge:										
On peak	17.24	16.84	16.45	16.45	-	-	-	-	-	-
Excess off peak	4.14	4.07	4.00	4.00	-	-	-	-	-	-
Excess over contract	17.24	16.84	16.45	16.45	-	-	-	-	-	-
Energy charge:										
On peak	0.09815	0.10127	0.09683	0.09694	0	0	0	0	0	0
Off peak (first 425 kWh)	0.06163	0.06568	0.06215	0.06226	0	0	0	0	0	0
Off peak (next 195 kWh)	0.04198	0.04653	0.04349	0.0436	0	0	0	0	0	0
Off peak (additional kWh)	0.02529	0.03026	0.02764	0.02775	0	0	0	0	0	0



**City of Morristown, Tennessee**  
**Schedule of Power Rates (Last Ten Years)**  
**Fiscal Years 2015-2006**

	<u>2015</u>	<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>
<b>GSB (demand of 5,001 to 15,000 kW)</b>										
Customer charge per month	-	-	-	-	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
Energy charge:										
First 620 kWh per Kw per month	-	-	-	-	0.10427	0.0374	0.03899	0.0307	0.03216	0.02771
Additional kWh per month	-	-	-	-	0.02771	0.03074	0.03337	0.03113	0.02707	0.02262
<b>GSB (non-manufacturing)</b> (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
Demand charge:										
Per kWh per month	-	-	-	-	19.92	14.89	14.21	13.78	12.95	12.95
Energy charge:										
First 620 kWh per Kw per month	-	-	-	-	0.10427	0.04132	0.04625	0.04234	0.03872	0.03427
Additional kWh per month	-	-	-	-	0.02771	0.03372	0.03928	0.03559	0.03241	0.02796
<b>Part F (demand greater than 25,000 kW)</b>										
Customer charge per month	-	-	-	-	-	-	-	-	-	-
Demand charge:										
Per kWh per month	-	-	-	-	-	-	-	-	-	-
Energy charge:										
Per kWh per month	-	-	-	-	-	-	-	-	-	-
<b>Active Service (number of customers):</b>										
Residential	11,826	11,721	11,764	11,752	11,683	11,819	11,545	11,687	11,191	11,098
Commercial	2,141	2,120	2,121	2,105	2,085	2,109	2,166	2,210	2,707	2,619
Industrial	439	458	449	447	467	464	455	465	462	464
Street and athletic	76	73	70	71	69	69	69	70	69	67
Outdoor lighting	33	34	34	31	32	35	35	37	36	37
<b>Total active service</b>	<u>14,515</u>	<u>14,406</u>	<u>14,438</u>	<u>14,406</u>	<u>14,336</u>	<u>14,496</u>	<u>14,270</u>	<u>14,469</u>	<u>14,465</u>	<u>14,285</u>

**City of Morristown Tennessee**  
**Schedule of Water Rates and Number of Customers**  
**Fiscal Years 2015-2006**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Inside City Rate:</b>										
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	2.05	1.90	1.55	1.55	1.55
Next 50,000 gallons	1.80	1.80	1.80	1.80	1.80	1.80	1.65	1.30	1.30	1.30
Over 100,000	1.80	1.60	1.60	1.60	1.60	1.60	1.45	1.10	1.10	1.10
<b>Minimum bill:</b>										
5/8" meter	8.75	8.75	8.75	8.75	8.75	8.75	8.45	7.75	7.75	7.75
3/4" meter	9.25	9.25	9.25	9.25	9.25	9.25	8.95	8.25	8.25	8.25
1" meter	10.00	10.00	10.00	10.00	10.00	10.00	9.70	9.25	9.25	9.25
1 1/2" meter	11.50	11.50	11.50	11.50	11.50	11.50	11.20	10.75	10.75	10.75
2" meter	16.00	16.00	16.00	16.00	16.00	16.00	15.70	15.25	15.25	15.25
3" meter	61.00	61.00	61.00	61.00	61.00	61.00	60.70	52.00	52.00	52.00
4" meter	71.00	71.00	71.00	71.00	71.00	71.00	70.70	70.00	70.00	70.00
6" meter	101.00	101.00	101.00	101.00	101.00	101.00	100.70	100.00	100.00	100.00
8" meter	114.30	114.30	114.30	114.30	114.30	114.30	-	-	-	-
<b>Outside City rates:</b>										
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	4.10	3.80	3.10	3.10	3.10
Next 50,000 gallons	3.60	3.60	3.60	3.60	3.60	3.60	3.30	2.60	2.60	2.60
Over 100,000 gallons	3.20	3.20	3.20	3.20	3.20	3.20	2.90	2.20	2.20	2.20
<b>Minimum bill:</b>										
5/8" meter	12.85	12.85	12.85	12.85	12.85	12.85	12.25	10.85	10.85	10.85
3/4" meter	13.35	13.35	13.35	13.35	13.35	13.35	12.75	11.35	11.35	11.35
1" meter	14.10	14.10	14.10	14.10	14.10	14.10	13.50	12.10	12.10	12.10
1 1/2" meter	15.60	15.60	15.60	15.60	15.60	15.60	15.00	13.60	13.60	13.60
2" meter	20.10	20.10	20.10	20.10	20.10	20.10	19.50	18.10	18.10	18.10
3" meter	65.10	65.10	65.10	65.10	65.10	65.10	64.50	63.10	63.10	63.10
4" meter	75.10	75.10	75.10	75.10	75.10	75.10	74.50	73.10	73.10	73.10
6" meter	105.10	105.10	105.10	105.10	105.10	105.10	104.50	103.10	103.10	103.10
8" meter	118.40	118.40	118.40	118.40	118.40	118.40	-	-	-	-
<b>Monthly fire protection service charge:</b>										
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
<b>Number of Customers:</b>										
Total active service	12,549	12,549	12,569	12,553	12,501	12,567	12,506	12,937	12,684	12,589

**City of Morristown Tennessee**  
**Schedule of Monthly Broadband Rates (Last Ten Years)**  
**Fiscal Years 2015-2006**

	<u>2015</u>	<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>
<b>Standard Cable:</b>										
Expanded basic	\$ 56.95	\$ 50.95	\$ 46.95	\$ 46.95	\$ 46.95	\$ 46.95	\$ 41.95	\$ 41.95	\$ 41.95	\$ 41.95
Digital basic	68.95	60.95	54.95	54.95	54.95	54.95	49.95	49.95	49.95	49.95
Digital basic + 1	78.75	69.95	63.95	63.95	63.95	63.95	59.95	59.95	59.95	59.95
Digital basic + 2	86.95	77.95	71.95	71.95	71.95	71.95	67.95	67.95	67.95	67.95
Digital basic + 4	99.95	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	9.95-12.95	9.95-11.95	9.95-11.95	9.95-11.95	9.95-11.95
<b>Internet:</b>										
<b>Residential:</b>										
Tier 1	34.95	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	39.95
Tier 3	74.95	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	-	-	-	-
<b>Commercial:</b>										
Tier 1	44.95	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	74.95
Tier 3	99.95	99.95	99.95	99.95	99.95	99.95	99.95	99.95	99.95	99.95
Tier 4	149.90	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	-	-	-	-	-	-	-
<b>Telephone:</b>										
<b>Residential</b>										
Basic Pack	22.95	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	25.00	27.95
Additional services	3.75-11.95	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	0.05
<b>Commercial:</b>										
Access line	25.95	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	36.95	39.95
Additional services	7.95-27.95	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	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: **2015** **7/2014 - 6/2015**

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: **3,123.907** MG/Yr  
Water imported: **0.000** MG/Yr  
Water exported: **0.000** MG/Yr

## Master Meter and Supply Error Adjustments

Pcnt: **2.00%** Value: **0.000** MG/Yr  
Pcnt: **0.00%** Value: **0.000** MG/Yr  
Pcnt: **0.00%** Value: **0.000** MG/Yr

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

WATER SUPPLIED: **3,062.654** MG/Yr

## AUTHORIZED CONSUMPTION

Billed metered: **2,786.965** MG/Yr  
Billed unmetered: **0.000** MG/Yr  
Unbilled metered: **1.529** MG/Yr  
Unbilled unmetered: **38.283** MG/Yr

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

AUTHORIZED CONSUMPTION: **2,826.777** MG/Yr

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

Pcnt: **1.25%** Value: **0.000** MG/Yr

Use buttons to select  
percentage of water  
supplied  
OR  
value

## WATER LOSSES (Water Supplied - Authorized Consumption)

**235.877** MG/Yr

## Apparent Losses

Unauthorized consumption: **7.657** MG/Yr

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

Customer metering inaccuracies: **28.167** MG/Yr  
Systematic data handling errors: **6.967** MG/Yr

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

Apparent Losses: **42.791** MG/Yr

Pcnt: **0.25%** Value: **0.000** MG/Yr

**1.00%** **0.000** MG/Yr  
**0.25%** **0.000** MG/Yr

## Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **193.086** MG/Yr

WATER LOSSES: **235.877** MG/Yr

## NON-REVENUE WATER

NON-REVENUE WATER: **275.689** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

## SYSTEM DATA

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

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

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

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

Average operating pressure: **65.0** psi

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

## COST DATA

Total annual cost of operating water system: **\$5,915,976** \$/Year  
Customer retail unit cost (applied to Apparent Losses): **\$2.05** \$/1000 gallons (US)  
Variable production cost (applied to Real Losses): **\$517.62** \$/Million gallons ☐ Use Customer Retail Unit Cost to value real losses

## WATER AUDIT DATA VALIDITY SCORE:

\*\*\* YOUR SCORE IS: 89 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: Unauthorized consumption
- 3: Systematic data handling errors





## AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.  
Copyright © 2014. All Rights Reserved.Water Audit Report for: **Morristown Utilities Commission (0000474)**Reporting Year: **2015** **7/2014 - 6/2015****\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 89 out of 100 \*\*\***

### System Attributes:

Apparent Losses:	42.791	MG/Yr
+ Real Losses:	193.086	MG/Yr
= <b>Water Losses:</b>	<b>235.877</b>	<b>MG/Yr</b>

**?** Unavoidable Annual Real Losses (UARL): 84.41 MG/Yr

Annual cost of Apparent Losses: \$87,721

Annual cost of Real Losses: \$99,945

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: 9.0%

Non-revenue water as percent by cost of operating system: 5.4% Real Losses valued at Variable Production Cost

Operational Efficiency:

Apparent Losses per service connection per day: 8.50 gallons/connection/day

Real Losses per service connection per day: 38.33 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): 193.09 million gallons/year

**?** Infrastructure Leakage Index (ILI) [CARL/UARL]: 2.29

\* 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**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value
Mahle	\$ 27,253,627	1	3.20%	\$ 27,829,472	1	3.95%
Toyoda-TRW	26,699,002	2	3.14%	19,776,089	2	2.81%
Vifan	18,112,293	3	2.13%	10,900,778	5	1.55%
Colgate	16,205,988	4	1.90%			
OTICS	14,559,642	5	1.71%	9,055,345	8	1.29%
Meritor/Rockwell	12,443,551	6	1.46%	5,455,115	10	0.77%
Tuff Torq Corp	11,135,932	7	1.31%	11,237,192	4	1.59%
CBL Morristown LTD	10,419,240	8	1.22%	9,564,280	7	1.36%
Lear Operation	10,220,112	9	1.20%	9,708,745.00	6	1.38%
Team Technologies	9,800,877	10	1.15%			
Berkline				14,022,892	3	1.99%
Bellsouth				7,810,198	9	1.11%

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Per Capita Income</b>	<b>Governmental Activities General Obligation Bonds</b>	<b>Business-type Activities Revenue Bonded Debt</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
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
2015	29,304	33,217	19,064,476	116,342,780	135,407,256	0.02%	4,621

City of Morristown, Tennessee  
Debt Capacity Information  
Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years  
June 30, 2015

<u>Fiscal Year</u>	<u>Population</u>	<u>Actual Value of Taxable Property</u>	<u>General Bonded Debt</u>	<u>Percent of General Obligation Debt to Actual Value</u>	<u>Net Bonded Debt Per Capita</u>
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
2015	29,304	2,665,051,328	19,064,476	0.72%	651



City of Morristown, Tennessee  
City Government Employees by Function/Program  
June 30, 2015

Function/Program	Employees as of June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General government</b>										
Mayor and council	7	7	7	7	7	7	7	7	7	7
City administration & staff	4	4	3	3	3	3	3	3	4	4
Finance	6.5	6.5	6.5	5.5	6	6	7	7	7	7
Purchasing	1	1	1	1	1	1	1	1	1	1
Information technology	1	1	2	2	2	2	2	2	2	2
Human resources	2.5	2.5	1.5	1.5	2	2	2	2	2	2
Legal services	2	2	2	2	2	2	2	2	2	2
Planning	5.5	4.3	6.3	6.3	6.3	7.3	6.3	7.4	7.4	7.5
Engineering	4.3	4.1	3.1	3.1	3.1	3.1	3.3	3.9	3.4	3.4
Inspections	5	5	5	4	4	4	5	5	5	5
<b>Police</b>										
Supervision	6	5	5	6	6	6	5	5	5	5
Patrol	64	65	65	64	63	63	67	70	63	62
Investigations	15	15	15	15	15	15	15	13	13	14
Codes enforcement	2	1	2	1	1	1	1	1	1	1
Vice	0	0	1	1	1	1	1	1	1	1
Narcotics	6	5	5	5	5	5	5	4	4	4
<b>Fire</b>										
Supervision	6	6	6	6	6	6	6	6	4	4
Firefighting	79	79	79	79	81	81	84	84	87	86
Prevention & inspection	1	1	1	1	1	1	2	2	1	1
<b>Public works</b>										
Supervision	2.5	2	1.83	1.83	1.5	1.5	1.5	1.5	1.5	1.5
Buildings & grounds	3	3	2	2	2	2	2	2	6	6
Equipment shop	7	7	7	7	7	7	7	7	7	7
Repairs & maintenance	14	9	9	9	9	9	10	10	10	10
Street lights & signs	1	1	1	1	1	2	2	2	2	2
Brush & snow	11	10.7	10.7	10.7	9	9	13	13	14	13
Communication shop	2	2	1.65	1.65	2	2	2	2	2	1
Storms drains & ways	0	0	0	0	0	0	0	0	4	4
Street cleaning	0	0	0	0	0	0	0	0	2	2
Parks and recreation	17	17	17	17	17	18	20	20	21	20
Sewer	16	16	17.98	17.98	26.9	26.9	25.9	25.7	22.7	22.6
Storm water	4.2	5.1	5.44	5.44	7.2	7.2	7	6.5	0	0
Solid waste	13.5	12.5	12	12	12	13	13	13	13	13
<b>Total</b>	<b>309</b>	<b>299.7</b>	<b>302</b>	<b>299</b>	<b>310</b>	<b>314</b>	<b>328</b>	<b>329</b>	<b>325</b>	<b>321</b>

# CRAINE, THOMPSON & JONES, P.C.

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## 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, 2015, 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 December 4, 2015. 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. 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 15-1.

## **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 Responses to Findings**

City of Morristown, Tennessee's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Morristown, Tennessee's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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

*Craige, Thompson & Jones, P.C.*

Morristown, Tennessee  
December 4, 2015

# CRANE, THOMPSON & JONES, P.C.

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## 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 FEDERAL PROGRAM AND REPORT 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 Compliance Supplement* that could have a direct and material effect on City of Morristown, Tennessee's major federal program for the year ended June 30, 2015. 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, 2015.

## 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.

*Craige, Thompson & Jones, P.C.*

Morristown, Tennessee  
December 4, 2015

**City of Morristown, Tennessee**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2015**

**Section I – Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	unmodified
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 federal programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major federal programs:	unmodified
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 federal 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 15-1**

**Condition:** A former police officer altered records, failed to record or receipt cash collected, and made a false entry in police department records.

**Criteria:** Collections are to be deposited daily, if possible, but no more than three business days after the initial collection, as required by state law. Municipal collections should never be taken home by any municipal employee or official. All cash maintained on hand and collections not yet deposited are kept in a secure location.

**Cause of condition:** During 2014 and 2015, a former police officer failed to turn over cash totaling at least \$6,000 for deposit. The officer was responsible for returning to owners or lien-holders vehicles seized by the police department. The vehicles were returned in accordance with orders from the Tennessee Department of Safety. Frequently, vehicle owners were required to pay the department a cash settlement. The officer collected the cash settlements as well as amounts to reimburse the police department for towing and storage. When the officer was interviewed by investigators regarding the missing money for the first time, the officer turned over \$5,500 in cash that was claimed to have been held in the police department vehicle for as long as 35 days. The remaining \$500 in cash was not in the officer's police vehicle. In at least one instance, the officer acknowledged that he "renegotiated" and reduced the cash settlement ordered by the Department of Safety from \$5,000 down to \$1,500. The officer altered records, failed to record or receipt the majority of the cash, and made a false entry in police department records in an apparent attempt to conceal his activities.

**City of Morristown, Tennessee**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2015**

**Section II – Financial Statement Findings (Continued):**

Effect of condition: \$6,000 in cash was not receipted and deposited in a timely manner. \$5,500 that was being held in the officer's police department vehicle was turned in for deposit, \$500 remained outstanding. The remaining \$500 was recorded in the financial statements as a cash shortage at June 30, 2015. The matter was referred to the local district attorney general. On July 1, 2015, the Hamblen County Grand Jury indicted the officer on two counts of Theft over \$1,000, one count of Theft under \$500, and one count of Official Misconduct.

Recommendation: The City should strengthen controls within the police department relating to depositing funds collected for return of seized vehicles or other property.

Management's response: Management concurs with the finding. The Morristown Police Department continuously evaluates its internal controls related to seizures. Additional procedures have been implemented to strengthen internal controls.

**Section III – Federal Award Findings and Questioned Costs:**

None reported.

**City of Morristown, Tennessee**  
**Disposition of Prior Year Findings**  
**June 30, 2015**

**FYE 6/30/2014**

**Finding 14-1**

**Condition:** Payment of a travel advance was duplicated.

This condition was resolved at June 30, 2015.