

ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2005

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

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This financial report is available at www.comptroller.state.tn.us

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Audit Highlights

Annual Financial Report
Monroe County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the basic financial statements of Monroe County as of and for the year ended June 30, 2005.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements did not include two component units whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in one finding, which we have reviewed with Monroe County management. The detailed finding is included in the Single Audit section of this report.

Finding

The following is a summary of the audit finding:

FINDING

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee and Sheriff.

*State of Tennessee
Comptroller of the Treasury
Department of Audit
Division of County Audit*

INTRODUCTORY SECTION

Monroe County Officials

June 30, 2005

Officials:

J. Allan Watson, County Mayor
Phillip Axley, Road Superintendent
James Millsaps, Director of Schools
Charlie Miller, Trustee
Michael Shadden, Assessor of Property
Larry Sloan, County Clerk
Martha Cook, Circuit and General Sessions Courts Clerk
Robert Pennington, Clerk and Master
Mildred Estes, Register
Doug Watson, Sheriff
Brian Tallent, Director of Finance

Board of County Commissioners:

Wanda Alexander	Mike Lowry
Bill Bivens	Bennie Moser
David Cleveland, Jr.	Bill Shadden
Harold Hawkins, Jr.	Roger Thomas
Charles Lee	

Board of Education:

Marty Allen, Chairman	Lisa Summey
Jean Allison	Dewitt Upton
Regan Dalton	Robert Vineyard
Doris Davis	Dean Williams
Sonya Lynn	

Financial Management Committee:

J. Allan Watson, Chairman	James Millsaps
Wanda Alexander	Charles Lee
Phillip Axley	Mike Lowry
David Cleveland, Jr.	Bennie Moser
Charlie Miller	

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

November 30, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Monroe County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Monroe County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Monroe County Emergency Communications District and the Women's Wellness and Maternity Center, component units requiring discrete presentation, had not been made available by other auditors as of the date of this report.

Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Monroe County Emergency Communications District and the Women's Wellness and Maternity Center, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Monroe County Emergency Communications District and Women's Wellness and Maternity Center as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Monroe County, Tennessee, at June 30, 2005, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2005, on our consideration of Monroe County's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Monroe County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The management's discussion and analysis on pages 9 through 18 and the budgetary comparison information on pages 67 through 75 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monroe County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary

comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Monroe County School Department (a discretely presented component unit), miscellaneous schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Monroe County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

**Monroe County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2005**

This discussion and analysis of Monroe County's financial performance provides an overall view of the county's financial activities for the fiscal year ended June 30, 2005. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Monroe County School Department. A separate set of financial statements is not issued for the Monroe County School Department. The intent of this discussion and analysis is to look at the county's and the DPCU School Department's financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the county's financial performance as well as the DPCU School Department's financial performance.

FINANCIAL HIGHLIGHTS FOR FY 2005

Key financial highlights for 2005 are as follows:

In total, net assets of the primary government decreased \$9.4 million. Net assets of the DPCU School Department increased \$4 million. A major portion of these differences is related to the fact that school buildings constructed with county debt are recorded as an asset for the DPCU School Department while the debt issued to fund those capital assets is recorded as a liability for the primary government. All net assets of the primary government and the DPCU School Department are related to governmental activities.

General revenues of the primary government accounted for \$9.6 million in revenue or 51 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$9.1 million or 49 percent of total revenues of \$18.7 million. General revenues of the DPCU School Department were \$28.3 million.

Total assets of governmental activities in the primary government were \$158.5 million as taxes receivable ended at \$5.8 million, cash ended at \$8.4 million, and capital assets, net of accumulated depreciation, ended at \$143 million. Total assets in the DPCU School Department were \$37.9 million as taxes receivable ended at \$3.9 million, cash ended at \$2 million, and capital assets, net of accumulated depreciation, ended at \$30.8 million.

The county had \$28.1 million in expenses related to governmental activities, including \$5.1 million in expenses for capital assets provided to the DPCU School Department and \$1.3 million to the city school system. Only \$9.1 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$5.8 million) along with resources available from previous years provided additional funding for these programs. The DPCU School Department had \$34.5 million in expenses related to governmental activities; \$10.1 million of these expenses were offset by program specific charges for services, grants, or contributions. General revenues of the DPCU School Department (primarily property taxes and sales taxes of \$4.2 and \$3.2 million, respectively, and \$20.8 million of grants and contributions not restricted to specific programs) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$10.5 million in revenues and \$12.6 million in expenditures. The Solid Waste/Sanitation Fund had \$2 million in revenues and \$1.8 million in expenditures. The Highway/Public Works Fund had \$3.1 million in revenue and \$3.2 million in expenditures. The General Debt Service Fund had \$3 million in revenue and \$2.2 million in expenditures, and the Education Capital Projects Fund had \$6.3 million of long-term debt proceeds and an equal amount of expenditures. Fund balance for the General Debt Service Fund increased by \$.8 million, and fund balance for the Solid Waste/Sanitation Fund increased by \$.3 million. Fund balances decreased for the General and Highway/Public Works Funds by \$1.1 million and \$98 thousand, respectively.

Using this Annual Financial Report (AFR):

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Monroe County as a financial whole (the entire operating entity). The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statements of Activities present an aggregate view of the entire county's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the county's most significant funds with all other nonmajor funds presented in total in one column. In the case of Monroe County, the General Fund is by far the most significant fund. Other major funds include the Solid Waste/Sanitation Fund, the Highway/Public Works Fund, the General Debt Service Fund, and the Education Capital Projects Fund. In the case of the DPCU School Department, the General Purpose School Fund and the Education Capital Projects Fund are major funds.

Reporting the county as a whole:

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the county and the DPCU School Department to provide programs and activities during 2005, the Statement of Net Assets and the Statement of Activities provide a broader picture of the financial activities during 2005. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the county's net assets and changes in those assets as well as those of the county's discretely presented component units. This change in assets is important because it tells the reader that, for the county and its discretely presented component units as a whole, the financial position of the county and the discretely presented component units has improved or diminished. The cause of this change may be the result of many factors, some financial, some not.

In the Statement of Net Assets and the Statement of Activities, the county reports its activities as governmental activities. The county's programs and services are reported here

including general government; finance; administration of justice; public safety; public health and welfare; social, cultural and recreational services; highways; education; and other operations. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues. For the DPCU School Department, its activities are also reported as governmental activities. The DPCU School Department's programs and services are reported there. These services are also funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting on the county's most significant funds:

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 county and its DPCU School Department, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the county and the DPCU School Department can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the county's major funds. The county uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the county's most significant funds. The county's major governmental funds are the General Fund, Solid Waste/Sanitation Fund, Highway/Public Works Fund, General Debt Service Fund, and the Education Capital Projects Fund. The DPCU School Department's major governmental funds are the General Purpose School Fund and the Education Capital Projects Fund.

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 the governmental funds is narrower than that of the government-wide 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 county and the DPCU School Department maintain a multitude of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund

data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Please refer to the Table of Contents to locate these statements.

Proprietary Funds – Monroe County maintains one proprietary fund, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the county’s various functions. Specifically, Monroe County has established an Employee Health Insurance Fund to account for risk activities related to the county’s self insured program for employees’ and dependents health care benefits. Please refer to the Table of Contents for the location of these statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the county. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county’s own programs. Please refer to the Table of Contents to locate these statements.

Notes to the Financial Statements – The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. Please refer to the Table of Contents to locate these notes.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and individual fund statements and schedules. Please refer to the Table of Contents to locate these statements and schedules.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government’s financial position. In the case of the county, assets exceeded liabilities by \$123.9 million at the close of the most recent fiscal year. For the DPCU School Department, assets exceeded liabilities by \$31.1 million at the close of the most recent fiscal year.

A large portion of the county’s net assets reflect its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The county uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The same holds true for the DPCU School Department. A large portion of its net assets reflect its investment in capital assets as described above.

Although the county’s and the DPCU School Department’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Table 1a and 1b provides a summary of the county’s and the DPCU School Department’s net assets; respectively, for 2005 and a comparison to the prior year.

An additional portion of the county's net assets, \$6.2 million, represent resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$.5 million of net assets are subject to external restriction.

Table 2a shows the changes in net assets of the primary government for fiscal year 2005 as well as a comparison to the prior year. Table 2b shows the same information for the Monroe County School Department.

Table 1a - Primary Government	Monroe County Government	
	2005	2004
Assets:		
Current and Other Assets	\$ 15,473,362	\$ 16,032,967
Capital Assets	143,063,823	146,534,037
Total Assets	<u>\$ 158,537,185</u>	<u>\$ 162,567,004</u>
Liabilities:		
Long-term liabilities outstanding	\$ 28,595,284	\$ 22,652,519
Other Liabilities	6,090,879	6,637,320
Total Liabilities	<u>\$ 34,686,163</u>	<u>\$ 29,289,839</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 140,839,697	\$ 141,200,471
Restricted	6,247,479	5,930,053
Unrestricted	(23,236,154)	(13,853,359)
Total Net Assets	<u>\$ 123,851,022</u>	<u>\$ 133,277,165</u>

Table 1b – School Department	Monroe County School Department	
	2005	2004
Assets:		
Current and Other Assets	\$ 7,084,406	\$ 7,345,252
Capital Assets	30,835,554	27,152,752
Total Assets	<u>\$ 37,919,960</u>	<u>\$ 34,498,004</u>
Liabilities:		
Long-term liabilities outstanding	\$ 2,315,000	\$ 2,766,552
Other Liabilities	4,520,468	4,626,478
Total Liabilities	<u>\$ 6,835,468</u>	<u>\$ 7,393,030</u>
Invested in capital assets, net of related debt		
Restricted	\$ 28,520,554	\$ 24,386,200
Unrestricted	533,675	662,398
Total Net Assets	<u>\$ 31,084,492</u>	<u>\$ 27,104,974</u>

Table 2a
 Monroe County Government
 Changes in Net Assets
 Governmental Activities

	Monroe County Government	
	2005	2004
Revenues:		
Program Revenues:		
Charges for Services	\$ 5,528,707	\$ 4,867,610
Operating Grants and Contributions	2,805,037	2,636,379
Capital Grants and Contributions	758,287	2,126,039
General Revenues:		
Property Taxes	5,787,855	5,714,338
Sales Taxes	727,399	674,442
Other Taxes	1,561,584	1,452,332
Grants and Contributions not restricted to specific programs	1,109,199	1,070,648
Unrestricted Investment Income	217,113	128,402
Gain on Sale of Capital Assets	0	66,873
Miscellaneous	179,960	52,805
Total Revenues	<u>\$ 18,675,141</u>	<u>\$ 18,789,868</u>
Expenses:		
General Government	\$ 1,425,328	\$ 603,205
Finance	1,198,952	1,103,276
Administration of Justice	762,604	719,854
Public Safety	3,424,604	2,884,821
Public Health and Welfare	4,219,674	4,274,784
Social, Cultural and Recreational Services	360,438	333,794
Agricultural and Natural Resources	82,960	73,776
Other Operations	3,130,177	1,765,410
Highways	7,243,799	7,193,360
Education	5,175,957	2,566,413
Interest	873,779	1,017,248
Other Debt Service	203,012	182,305
Total Expenses	<u>\$ 28,101,284</u>	<u>\$ 22,718,246</u>
Increase/(decrease) in Net Assets	\$ (9,426,143)	\$ (3,928,378)
Net Assets, July 1	133,277,165	137,205,543
Net Assets, June 30	<u>\$ 123,851,022</u>	<u>\$ 133,277,165</u>

Table 2b
 Monroe County School Department
 Changes in Net Assets
 Governmental Activities

	Monroe County School Department	
	2005	2004
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,301,890	\$ 1,142,829
Operating Grants and Contributions	3,771,933	4,036,031
Capital Grants and Contributions	5,053,472	2,716,324
General Revenues:		
Property Taxes	4,220,206	4,186,291
Sales Taxes	3,156,806	2,950,509
Other Taxes	115,640	113,387
Grants and Contributions not restricted to specific programs	20,809,767	18,691,597
Unrestricted Investment Income	4,315	3,100
Miscellaneous	24,058	44,301
Total Revenues	<u>\$ 38,458,087</u>	<u>\$ 33,884,369</u>
Expenses:		
Education	<u>\$ 34,478,569</u>	<u>\$ 32,265,909</u>
Total Expenses	<u>\$ 34,478,569</u>	<u>\$ 32,265,909</u>
Increase/(decrease) in Net Assets	\$ 3,979,518	\$ 1,618,460
Net Assets, July 1	<u>27,104,974</u>	<u>25,486,514</u>
Net Assets, June 30	<u><u>\$ 31,084,492</u></u>	<u><u>\$ 27,104,974</u></u>

Highway expenses of \$7.2 million accounted for approximately 26 percent of the \$28.1 million total expenses for governmental activities. Of that \$28.1 million in governmental activities expenses, \$5.5 million was covered by direct charges to users of the services. A significant portion of those charges is for Constitutional Officers fees. Safety charges for service include things like fees for boarding of prisoners in the county jail, ambulance fees and tipping fees. Total net assets decreased from \$133.3 million to \$123.9 million, \$6.3 million of which relates to capital assets expensed for the benefit of the county School Department and the city school system. The School Department's net assets increased from \$27.1 million to \$31.1 million, due to the same reason.

Financial Analysis of the Government's Funds

As noted earlier, the county and DPCU School Department use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the county's governmental funds reported combined ending fund balances of \$8.6 million. Approximately \$7.9 million of this total amount constitutes unreserved fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purpose restrictions. The remainder of fund balance is reserved to indicate that it is not available for new spending. In the DPCU School Department's governmental funds, combined ending fund balances were \$2.1 million. Approximately \$1.6 million of this total amount constitutes unreserved fund balance in the general and special revenue funds.

Financial Comparisons - Primary Government

The General Fund is the chief operating fund of the county. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2.3 million, while total fund balance was \$2.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 18 percent of total General Fund expenditures, while total fund balance represents 23 percent of that same amount.

The fund balance of the county's General Fund decreased by \$1.1 million during the current fiscal year, reflecting the County Commission's adopted budget which reflected an estimated reduction of fund balance by approximately 40 percent.

The fund balance of the Solid Waste/Sanitation Fund increased by \$265 thousand from a beginning balance of \$151,620 to an ending balance of \$417,182.

The Highway/Public Works Fund used approximately \$100,000 of fund balance during the current year, reducing its total fund balance from a beginning balance of \$953,508 to an ending balance of \$855,292.

The General Debt Service Fund again finished very strong at June 30, 2005, with a net increase of \$761,865 in fund balance to end at \$4.4 million. These savings were realized due to the use of variable rate debt instruments and the extremely favorable market conditions of these debt instruments.

Monroe County's budgeting process is prescribed by Tennessee Code. Essentially the budget is the county's appropriations that are restricted by the amounts of anticipated revenues, therefore the county's plans and desires cannot be totally reflected in the original budget. If

budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

The county General Fund's original budget was adjusted by increasing appropriations by approximately \$3.5 million throughout the year. All increases in appropriations that were not funded by grants and debt proceeds were taken from accumulated fund balance. However, it should be noted that at the end of the fiscal year, actual revenues exceeding estimates and unspent appropriations resulted in the use of approximately \$1.1 million of fund balance during the fiscal year ended June 30, 2005, approximately \$300,000 less than budgeted.

Financial Comparison - DPCU School Department

The General Purpose School Fund is the chief operating fund of the DPCU School Department. At the end of the current fiscal year, unreserved fund balance of the General Purpose School Fund was \$1.4 million, while total fund balance was \$1.8 million. As a measure of the General Purpose School Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 5 percent of total General Purpose School Fund expenditures, while total fund balance represents 6.4 percent of that same amount.

Capital Asset and Debt Administration

Capital Assets. The county's investment in capital assets for its governmental activities as of June 30, 2005, amounts to \$140.8 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, equipment, roads, highways, and bridges. The DPCU School Department's investment in capital assets for its governmental activities as of June 30, 2005 amounts to \$28.5 million (net of accumulated depreciation and related debt). Note IV. B. (Capital Assets) provides more information on the county's and the discretely presented School Department's capital asset activity for the 2005 fiscal year.

Long-term debt. At the end of the 2005 fiscal year, the county had total loan agreements outstanding of \$18.3 million and total bonded debt outstanding of \$9 million. Of this amount, all is backed by the full faith and credit of the county. The county's long-term loan agreements increased by \$7.3 million during the 2005 fiscal year. The county maintains an A3 rating with Moodys for general obligation debt.

In addition to the loan agreements and bonds, county long-term obligations include notes payable of \$.6 million. Additional information on the county's long-term debt can be found in Note IV. E. of this report.

Interest and fiscal charges amounted to 3.8 percent of the total expenses for governmental activities.

The DPCU School Department has notes payable in the amount of \$90,000 and bonded debt outstanding in the amount of \$2.2 million.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the county is currently 7.8 percent, which stayed relatively the same as a year ago. The state's average unemployment rate is currently 5.5 percent and the national average is 6.5 percent. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the county's budget for the 2006 fiscal year. At the end of the 2006 fiscal year, unreserved fund balance in the General Fund is again estimated to decrease by approximately \$850,000.

Request for Information

This financial report is designed to provide a general overview of the county's finances for all those with an interest in the government's finances. For questions concerning any of the information provided in this report, please contact the Accounting and Budgeting Office at 103 College St., Suite 9, Madisonville, Tennessee 37354.

BASIC FINANCIAL STATEMENTS

Exhibit A

Monroe County, Tennessee
Statement of Net Assets
June 30, 2005

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Monroe County School Department</u>
<u>ASSETS</u>		
Cash	\$ 2,108	\$ 7,240
Equity in Pooled Cash and Investments	8,438,801	1,969,158
Accounts Receivable	351,009	291
Due from Other Governments	855,582	1,295,653
Property Taxes Receivable	5,778,212	3,933,521
Allowance for Uncollectible Property Taxes	(177,577)	(121,457)
Unamortized Debt Issuance Cost	225,227	0
Capital Assets		
Assets Not Depreciated:		
Land	740,899	666,112
Construction in Progress	875,347	5,087,076
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,659,881	24,777,585
Other Capital Assets	1,252,871	304,781
Infrastructure - Roads, Streets, and Bridges	137,534,825	0
Total Assets	<u>\$ 158,537,185</u>	<u>\$ 37,919,960</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 191,541	\$ 9,069
Contracts Payable	186,505	755,298
Retainage Payable	47,495	83,922
Accrued Interest Payable	90,023	9,303
Other Current Liabilities	191,839	0
Deferred Revenue - Property Taxes	5,383,476	3,662,876
Noncurrent Liabilities:		
Due Within One Year	1,073,481	420,000
Due in More than One Year	27,521,803	1,895,000
Total Liabilities	<u>\$ 34,686,163</u>	<u>\$ 6,835,468</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	\$ 140,839,697	\$ 28,520,554
Restricted for:		
Highways	1,119,030	0
Debt Service	4,357,340	0
Other Purposes	771,109	533,675
Unrestricted	<u>(23,236,154)</u>	<u>2,030,263</u>
Total Net Assets	<u>\$ 123,851,022</u>	<u>\$ 31,084,492</u>

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

Exhibit B

Monroe County, Tennessee
Statement of Activities
For the Year Ended June 30, 2005

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Program Revenues			Primary Government	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Monroe County School Department
<u>Primary Government:</u>						
Governmental Activities:						
General Government	\$ 1,425,328	\$ 353,063	\$ 16,380	\$ 25,000	\$ (1,030,885)	\$ 0
Finance	1,198,952	821,022	16,343	0	(361,587)	0
Administration of Justice	762,604	807,312	17,282	0	61,990	0
Public Safety	3,424,604	507,196	219,599	0	(2,697,809)	0
Public Health and Welfare	4,219,674	2,930,815	380,506	417,026	(491,327)	0
Social, Cultural, and Recreational Services	360,438	7,186	0	0	(353,252)	0
Agricultural and Natural Resources	82,960	0	0	0	(82,960)	0
Other Operations	3,130,177	16,957	17,547	13,013	(3,082,660)	0
Highways	7,243,799	85,156	2,137,380	303,248	(4,718,015)	0
Education	5,175,957	0	0	0	(5,175,957)	0
Debt Service:						
Interest on Long-Term Debt	873,779	0	0	0	(873,779)	0
Other Debt Service	203,012	0	0	0	(203,012)	0
Total Primary Government	\$ 28,101,284	\$ 5,528,707	\$ 2,805,037	\$ 758,287	\$ (19,009,253)	\$ 0
<u>Component Unit:</u>						
Monroe County School Department	\$ 34,478,569	\$ 1,301,890	\$ 3,771,933	\$ 5,053,472	\$ 0	\$ (24,351,274)
Total Component Unit	\$ 34,478,569	\$ 1,301,890	\$ 3,771,933	\$ 5,053,472	\$ 0	\$ (24,351,274)

(Continued)

Exhibit B

Monroe County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Monroe County School Department
General Revenues:						
Property Taxes				\$ 5,787,855	\$ 4,220,206	
Sales Taxes				727,399	3,156,806	
Other Taxes				1,561,584	115,640	
Grants and Contributions not restricted to specific programs				1,109,199	20,809,767	
Unrestricted Investment Income				217,113	4,315	
Miscellaneous				179,960	24,058	
Total General Revenues				<u>\$ 9,583,110</u>	<u>\$ 28,330,792</u>	
Change in Net Assets				\$ (9,426,143)	\$ 3,979,518	
Net Assets, July 1, 2004				<u>133,277,165</u>	<u>27,104,974</u>	
Net Assets, June 30, 2005				<u>\$ 123,851,022</u>	<u>\$ 31,084,492</u>	

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

Exhibit C-1

Monroe County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds				Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>ASSETS</u>						
Cash	\$ 300	\$ 0	\$ 0	\$ 0	\$ 1,808	\$ 2,108
Equity in Pooled Cash and Investments	2,791,953	443,821	712,932	4,311,378	90,399	8,350,483
Accounts Receivable	186,793	66,542	20,451	76,937	286	351,009
Due from Other Governments	361,739	17,588	467,807	8,448	0	855,582
Due from Other Funds	2,094	0	0	0	0	2,094
Property Taxes Receivable	3,239,175	952,519	252,383	1,334,135	0	5,778,212
Allowance for Uncollectible Property Taxes	(99,778)	(29,291)	(7,313)	(41,195)	0	(177,577)
Total Assets	\$ 6,482,276	\$ 1,451,179	\$ 1,446,260	\$ 5,689,703	\$ 92,493	\$ 15,161,911
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 4,870	\$ 111,063	\$ 75,608	\$ 0	\$ 0	\$ 191,541
Contracts Payable	186,505	0	0	0	0	186,505
Retainage Payable	47,495	0	0	0	0	47,495
Due to Other Funds	88,536	0	14,985	0	2,094	105,615
Deferred Revenue - Current Property Taxes	3,017,113	887,386	236,637	1,242,340	0	5,383,476
Deferred Revenue - Delinquent Property Taxes	114,439	33,543	7,892	47,354	0	203,228
Other Deferred Revenues	168,924	2,005	255,846	2,830	0	429,605
Total Liabilities	\$ 3,627,882	\$ 1,033,997	\$ 590,968	\$ 1,292,524	\$ 2,094	\$ 6,547,465
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 368,024	\$ 3,225	\$ 133,028	\$ 0	\$ 0	\$ 504,277
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	116,835	0	0	0	0	116,835
Reserved for Sexual Offender Registration	720	0	0	0	0	720
Reserved for Computer System - Register	99,986	0	0	0	0	99,986
Reserved for Automation Purposes - Circuit Court	36	0	0	0	0	36
Reserved for Automation Purposes - Sheriff	10,403	0	0	0	0	10,403
Unreserved, Reported In:						
General Fund	2,258,390	0	0	0	0	2,258,390
Special Revenue Funds	0	413,957	722,264	0	90,399	1,226,620

(Continued)

Exhibit C-1

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

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)
 Unreserved, Reported In (Cont.):
 Debt Service Funds
 Total Fund Balances

 Total Liabilities and Fund Balances

Major Funds				Nonmajor Funds	Total Govern- mental Funds
General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
	\$ 0	\$ 0	\$ 4,397,179	\$ 0	\$ 4,397,179
\$ 2,854,394	\$ 417,182	\$ 855,292	\$ 4,397,179	\$ 90,399	\$ 8,614,446
\$ 6,482,276	\$ 1,451,179	\$ 1,446,260	\$ 5,689,703	\$ 92,493	\$ 15,161,911

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

Exhibit C-2

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Government-wide Statement of Net Assets
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	8,614,446
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			143,063,823
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			632,833
(3) Debt issuance costs are expensed when paid in the governmental funds. The unamortized portion of these charges are reflected on the statement of net assets.			225,227
(4) Interest costs of long-term debt is expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.			(90,023)
(5) Long-term liabilities, including other loans payable, are not due and payable in the current period and therefore are not reported in the governmental funds.			
Notes payable	\$	559,805	
Bonds payable		9,004,236	
Other loans payable		18,296,243	
Landfill costs and judgments		735,000	
			<u>(28,595,284)</u>
Net assets of governmental activities (Exhibit A)		\$	<u>123,851,022</u>

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

Exhibit C-3

Monroe County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>							
Local Taxes	\$ 4,859,835	\$ 1,031,888	\$ 374,281	\$ 2,336,040	\$ 0	\$ 0	\$ 8,602,044
Licenses and Permits	39,302	0	0	0	0	0	39,302
Fines, Forfeitures, and Penalties	176,382	0	0	0	0	84,369	260,751
Charges for Current Services	2,107,717	645,435	181,962	72,371	0	5,930	3,013,415
Other Local Revenues	79,084	127,043	2,364	217,106	0	0	425,597
Fees Received from County Officials	1,663,744	0	0	0	0	0	1,663,744
State of Tennessee	865,017	222,645	2,354,335	6,362	0	0	3,448,359
Federal Government	490,787	0	106,417	0	0	0	597,204
Other Governments and Citizens Groups	199,304	0	85,156	333,587	0	0	618,047
Total Revenues	\$ 10,481,172	\$ 2,027,011	\$ 3,104,515	\$ 2,965,466	\$ 0	\$ 90,299	\$ 18,668,463
<u>Expenditures</u>							
Current:							
General Government	\$ 1,230,347	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,230,347
Finance	1,193,530	0	0	0	0	0	1,193,530
Administration of Justice	756,674	0	0	0	0	5,930	762,604
Public Safety	3,374,750	0	0	0	0	22,344	3,397,094
Public Health and Welfare	1,992,382	1,746,794	0	0	0	0	3,739,176
Social, Cultural, and Recreational Services	360,438	0	0	0	0	0	360,438
Agricultural and Natural Resources	82,960	0	0	0	0	0	82,960
Other Operations	1,859,845	0	0	0	1,252,178	0	3,112,023
Highways	0	39,655	2,911,881	0	0	0	2,951,536
Debt Service:							
Principal	0	0	280,000	1,072,450	0	0	1,352,450
Interest	0	0	10,850	961,997	0	0	972,847
Other Debt Service	24,565	0	0	169,154	0	0	193,719
Capital Projects	1,604,986	0	0	0	0	0	1,604,986
Capital Projects - Donated	125,678	0	0	0	5,053,472	0	5,179,150
Total Expenditures	\$ 12,606,155	\$ 1,786,449	\$ 3,202,731	\$ 2,203,601	\$ 6,305,650	\$ 28,274	\$ 26,132,860
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,124,983)	\$ 240,562	\$ (98,216)	\$ 761,865	\$ (6,305,650)	\$ 62,025	\$ (7,464,397)
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 1,024,565	\$ 0	\$ 0	\$ 0	\$ 6,305,650	\$ 0	\$ 7,330,215

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor	Total
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers In	\$ 0	\$ 25,000	\$ 0	\$ 0	\$ 0	\$ 0	25,000
Transfers Out	(25,000)	0	0	0	0	0	(25,000)
Total Other Financing Sources (Uses)	\$ 999,565	\$ 25,000	\$ 0	\$ 0	\$ 6,305,650	\$ 0	\$ 7,330,215
Net Change in Fund Balances	\$ (1,125,418)	\$ 265,562	\$ (98,216)	\$ 761,865	\$ 0	\$ 62,025	\$ (134,182)
Fund Balance, July 1, 2004	3,979,812	151,620	953,508	3,635,314	0	28,374	8,748,628
Fund Balance, June 30, 2005	\$ 2,854,394	\$ 417,182	\$ 855,292	\$ 4,397,179	\$ 0	\$ 90,399	\$ 8,614,446

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

Monroe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities
For the Year Ended June 30, 2005

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

Total change in fund balances - total governmental funds (Exhibit C-3)	\$	(134,182)
 (1) Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The amount that capital outlays differed from depreciation is itemized as follows:		
Add: Capital outlays in the current period	\$	1,223,915
Less: Current year depreciation		<u>(4,694,129)</u>
		(3,470,214)
 (2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2004	\$	(626,155)
For the year ended June 30, 2005		<u>632,833</u>
		6,678
 (3) The issuance of long-term debt (e.g., notes, bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: Other loan proceeds issued	\$	(7,330,215)
Add: Principal payment on notes		537,450
Principal payment on bonds		790,000
Principal payment on other loans		<u>25,000</u>
		(5,977,765)
 (4) Governmental funds report the effect of issuance costs, premiums, discounts, and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Add: Current year's debt issuance costs deferred	\$	24,565
Less: Current year's portion of deferred debt issuance costs amortized		<u>(9,293)</u>
		15,272
 (5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$	99,068
Change in landfill costs and judgments		<u>35,000</u>
		134,068
 Change in net assets of governmental activities (Exhibit B)	 \$	 <u><u>(9,426,143)</u></u>

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

Monroe County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2005

	Governmental Activities- Internal Service Fund
	<u>Employee Health Insurance Fund</u>
 <u>ASSETS</u> 	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 88,318
Due from Other Funds	<u>103,521</u>
Total Assets	<u>\$ 191,839</u>
 <u>LIABILITIES</u> 	
Current Liabilities:	
Other Current Liabilities	<u>\$ 191,839</u>
Total Liabilities	<u>\$ 191,839</u>
 <u>NET ASSETS</u> 	
Unrestricted	<u>\$ 0</u>
Net Assets	<u><u>\$ 0</u></u>

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

Monroe County, Tennessee
Statement of Revenues, Expenses and Changes
in Net Assets
Proprietary Fund
For the Year Ended June 30, 2005

	Governmental Activities- Internal Service Fund
	<u>Employee Health Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 1,269,148
Total Operating Revenues	<u>\$ 1,269,148</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 60,773
Insurance Premiums	168,540
Medical Claims	1,039,835
Total Operating Expenses	<u>\$ 1,269,148</u>
Operating Income (Loss)	<u>\$ 0</u>
Change in Net Assets	\$ 0
Net Assets, July 1, 2004	<u>0</u>
Net Assets, June, 30, 2005	<u><u>\$ 0</u></u>

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

Exhibit D-3

Monroe County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2005

	Governmental Activities- Internal Service Fund
	<u>Employee Health Insurance Fund</u>
 <u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts for Self Insurance Premiums	\$ 1,186,010
Payments to Fiscal Agents	(60,773)
Payments to Insurers	(168,540)
Payments for Claims	(942,380)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 14,317</u>
 Increase (Decrease) In Cash And Cash Equivalents	 \$ 14,317
Cash and Cash Equivalents, July 1, 2004	<u>74,001</u>
 Cash and cash equivalents, June 30, 2005	 <u>\$ 88,318</u>
 <u>RECONCILIATION OF OPERATING INCOME (LOSS)</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
Operating Income (loss)	\$ 0
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Due From Other Funds	(83,138)
Increase (Decrease) in Other Current Liabilities	<u>97,455</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 14,317</u>

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

Exhibit E

Monroe County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,891,590
Taxes Receivable	958,310
Allowance for Uncollectible Taxes	(29,590)
Due from Other Governments	<u>696,758</u>
Total Assets	<u>\$ 3,517,068</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,625,478
Due to Litigants, Heirs, and Others	<u>1,891,590</u>
Total Liabilities	<u>\$ 3,517,068</u>

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

MONROE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

Blended Component Units – There are no legally separate component units of Monroe County that meet the criteria for being reported as part of the primary government by the blending method.

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

The Monroe County School Department operates the public school system in the county, and the voters of Monroe County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to County Commission approval. Also, the School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Women's Wellness and Maternity Center was organized to provide prenatal care and counseling, as well as a lower cost option of delivery for citizens of the area, and the Monroe County Commission appoints its governing body. Monroe County has assisted the operations of the Women's Wellness and Maternity Center through the issuance of capital outlay notes for facility construction and improvements. The financial statements of the Women's Wellness and Maternity Center were not available from other auditors in time for inclusion in this report.

The Monroe County Emergency Communications District provides a simplified means of securing emergency services through a uniform

emergency number for the residents of Monroe County, and the Monroe County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Monroe County Emergency Communications District were not available from other auditors in time for inclusion in this report.

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

Administrative Offices:

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

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program

revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Monroe County issues most debt for the discretely presented Monroe County School Department. Net debt issues of \$5,053,472 and \$1,252,178 were contributed by the county to the Monroe County School Department and the Sweetwater City School System, respectively, during the year ended June 30, 2005.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Monroe County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Monroe County has one proprietary fund, an internal service fund. It has no enterprise funds to report. Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service fund and fiduciary funds in total are reported in a single column by fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of

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

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

Proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Monroe County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This fund accounts for transactions related to solid waste disposal.

Highway/Public Works Fund – This fund accounts for transactions of the county Highway Department.

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

Education Capital Projects Fund – This fund accounts for debt issued by Monroe County that is subsequently contributed to the

discretely presented Monroe County School Department and the City of Sweetwater for construction and renovation projects.

Additionally, Monroe County reports the following fund types:

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

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

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

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

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

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

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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

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

Operating expenses for the internal service fund include administrative expenses and employee benefits.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the statement of cash flows, cash includes cash on hand, demand deposits, cash equivalents, and cash on deposit with the county trustee. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Monroe County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Monroe County and the Monroe County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All property taxes receivable are shown net of an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.49 percent of the total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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

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

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

3. Capital Assets

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

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

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

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

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

Assets	Years
Buildings and Improvements	40
Other Capital Assets	5 – 20
Infrastructure	40

4. Compensated Absences

Vacation leave benefits for Monroe County employees granted through the County Mayor's Office, Highway Department, and the discretely presented Monroe County School Department do not vest or accumulate and must be used within the year or lost. Therefore, no accrual has been recorded for vacation pay.

There is no liability for unpaid accumulated sick leave since Monroe County does not have a policy to pay any amounts when employees separate from service with the government.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

6. Net Assets and Fund Equity

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

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

As of June 30, 2005, Monroe County had \$25,612,830 in outstanding debt for capital purposes of the discretely presented Monroe County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Sweetwater School System) based on an average daily attendance proration. The debt is a liability of Monroe County,

but the capital assets acquired are reported in the financial statements of the Monroe County School Department and the City of Sweetwater School System. Therefore, Monroe County has incurred a liability, significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

On the government-wide statement of net assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$771,109, with the restrictions being for: (1) Solid Waste (\$417,182), (2) Drug Control (\$90,399), and (3) various unexpended restricted revenues in the General Fund (\$263,528). For the discretely presented Monroe County School Department, the account balance in Restricted for Other Purposes (\$533,675) consists of restrictions for various federal assistance programs, primarily the School Lunch and Breakfast Program (\$205,265), and Title I (\$221,016).

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

Discretely Presented Monroe County School Department

The discretely presented Monroe County School Department's Exhibit J-2 includes explanations of the nature of individual elements of items required to reconcile fund balances – total governmental funds and net assets of governmental activities reported in the government-wide statement of net assets.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – governmental funds and changes in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Monroe County School Department

The discretely presented Monroe County School Department’s Exhibit J-4 includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – total governmental funds and changes in net asset of governmental activities as reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Fund Deficit

The Education Capital Projects Fund of the discretely presented Monroe County School Department had a fund deficit of \$1,760,908 on June 30, 2005. This deficit primarily resulted from the unperformed portions of construction contracts of \$1,609,388 being reserved as encumbrances and from the accrual of contract and retainage payable. Funding for these liabilities and future expenditures has been provided through authorized loan agreements.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer.

Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2005.

B. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2005, was as follows:

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 740,899	\$ 0	\$ 0	\$ 740,899
Construction in Progress	0	875,347	0	875,347
Total Capital Assets Not Depreciated	\$ 740,899	\$ 875,347	\$ 0	\$ 1,616,246

Governmental Activities (Cont.):

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 4,950,529	\$ 0	\$ (49,406)	\$ 4,901,123
Roads, Streets, and Bridges	167,232,511	0	0	167,232,511
Other Capital Assets	4,074,559	426,174	(28,200)	4,472,533
Total Capital Assets Depreciated	\$ 176,257,599	\$ 426,174	\$ (77,606)	\$ 176,606,167
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,099,162	\$ 174,605	\$ (32,525)	\$ 2,241,242
Roads, Streets, and Bridges	25,516,871	4,180,815	0	29,697,686
Other Capital Assets	2,848,428	373,349	(2,115)	3,219,662
Total Accumulated Depreciation	\$ 30,464,461	\$ 4,728,769	\$ (34,640)	\$ 35,158,590
Total Capital Assets Depreciated, Net	\$ 145,793,138	\$ (4,302,595)	\$ (42,966)	\$ 141,447,577
Governmental Activities Capital Assets, Net	\$ 146,534,037	\$ (3,427,248)	\$ (42,966)	\$ 143,063,823

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

Governmental Activities:

General Government	\$ 119,489
Finance	5,422
Public Safety	148,677
Public Health and Welfare	110,124
Other Operations	18,154
Highways	4,292,263
Total Depreciation Expense - Governmental Activities	\$ 4,694,129

Discretely Presented Monroe County School Department

Capital asset activity for the year ended June 30, 2005, was as follows:

Governmental Activities:

	Balance 7-1-04	Increases	Balance 6-30-05
Capital Assets Not Depreciated:			
Land	\$ 666,112	\$ 0	\$ 666,112
Construction in Progress	503,686	4,583,390	5,087,076
Total Capital Assets Not Depreciated	\$ 1,169,798	\$ 4,583,390	\$ 5,753,188
Capital Assets Depreciated:			
Buildings and Improvements	\$ 37,892,371	\$ 0	\$ 37,892,371
Other Capital Assets	859,227	152,576	1,011,803
Total Capital Assets Depreciated	\$ 38,751,598	\$ 152,576	\$ 38,904,174
Less: Accumulated Depreciation for:			
Buildings and Improvements	\$ 12,118,147	\$ 996,639	\$ 13,114,786
Other Capital Assets	650,497	56,525	707,022
Total Accumulated Depreciation	\$ 12,768,644	\$ 1,053,164	\$ 13,821,808
Total Capital Assets Depreciated, Net	\$ 25,982,954	\$ (900,588)	\$ 25,082,366
Governmental Activities Capital Assets, Net	\$ 27,152,752	\$ 3,682,802	\$ 30,835,554

Depreciation expense totaling \$1,053,164 was charged by the discretely presented Monroe County School Department.

C. Construction Commitments

At June 30, 2005, Monroe County had uncompleted construction projects of approximately \$113,032 in the General Fund for waterline additions. Funding is to be provided by grants and contributions from a local utility.

At June 30, 2005, the Monroe County School Department had uncompleted construction projects of approximately \$1,609,388 in the Education Capital Projects Fund for school additions. Funding has been provided through authorized loan agreements.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

Primary Government:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 2,094
Internal Service	General	88,536
Internal Service	Highway/Public Works	<u>14,985</u>
Total		<u>\$ 105,615</u>

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Primary Government:

<u>Transfers Out</u>	<u>Transfers In Solid Waste/ Sanitation Fund</u>
General Fund	\$ <u>25,000</u>
Total	<u>\$ 25,000</u>

Discretely Presented Monroe County School Department:

<u>Transfer Out</u>	<u>Transfer In General Purpose School Fund</u>
Nonmajor governmental funds	\$ <u>8,762</u>
Total	<u>\$ 8,762</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in accordance with budgetary authorizations.

E. Payables

Most payables are disaggregated on the face of the financial statements. The balance in the Other Current Liabilities (\$191,839) on the statement of net assets consists of internal service fund liabilities for self-insured claims.

Retainage payable in the General Fund and School Department's Education Capital Projects Fund represents amounts withheld from payments made to contractors on construction projects to ensure contract performance. This amount is held by the county trustee as Equity in Pooled Cash and Investments.

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. Debt obligations outstanding were issued for original terms of up to 40 years for bonds, up to 12 years for notes, and up to 30 years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans outstanding at June 30, 2005, are to be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2005, are as follows:

<u>Type</u>	<u>Interest Rate</u>		<u>Original Amount of Issue</u>	<u>Balance 6-30-05</u>
General Obligation Bonds	4.6 to 5.0	% \$	1,599,236 \$	1,339,236
Refunding Bonds	4.25 to 5.25		10,205,000	7,665,000
Capital Outlay Notes	2.93 to 7.95		1,060,000	559,805
Other Loans	variable		21,525,000	18,296,243

In October 2003, Monroe County entered into a loan agreement with the Sevier County Public Building Authority. This loan agreement provides for the authority to issue variable rate bonds of \$10,050,000 and loan the

proceeds to Monroe County on an as-needed basis for school construction and county capital assets acquisitions. As of June 30, 2005, Monroe County has drawn loan proceeds of \$7,601,678. Monroe County plans to draw the remainder of the loan as capital projects progress.

In October 2004, Monroe County entered into another loan agreement with the Sevier County Public Building Authority. This loan agreement provides for the authority to issue variable rate bonds of \$1,500,000, and loan the proceeds to Monroe County on an as-needed basis for county and school capital asset acquisitions. As of June 30, 2005, Monroe County has drawn loan proceeds of \$1,024,565. Monroe County plans to draw the remainder of the loan as capital projects progress.

The following table summarizes loan agreements outstanding at June 30, 2005:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-05	Interest Type	Interest Rates as of 6-30-05	Other Fees on Variable Rate Debt
<u>Sevier County Public Building Authority</u>					
School Construction (Series IV-A-4)	\$ 6,335,000	\$ 6,030,000	Synthetic Fixed by Swap	4.07 %	.5 %
Public Improvement (Series V-A-3)	2,350,000	2,350,000	Variable	2.3	.49
Public Improvement (Series V-C-2)	10,050,000 (1)	7,601,678	Variable	2.3	.49
Public Improvement (Series VI-C-5)	1,500,000 (2)	1,024,565	Variable	2.31	.53
<u>Blount County Public Building Authority</u>					
School Construction (Series A-1-H)	1,290,000	1,290,000	Variable	2.31	.5
		<u>\$ 18,296,243</u>			

(1) \$2,448,322 of this amount had not been drawn as of June 30, 2005.

(2) \$475,435 of this amount had not been drawn as of June 30, 2005.

The annual requirements to amortize the general obligation bonds and notes outstanding as of June 30, 2005, including interest payments, are presented in the following table. Estimated annual requirements for other loans payable are also reflected in the table. Amounts reflected for other loans payable are based on the outstanding principal totaling \$18,296,243. Estimated interest payments of \$8,586,058 and estimated other fees of \$1,533,920 are included for the loan agreements. Variable rate debt carry variable interest rates that are functions of the Bond Market Association Index with the rates changing daily or weekly. The county pays various other fees (administrative, remarketing, etc.) in connection with the variable rate debt. Interest payments included in the table for the variable rate issues are computed based on the rates in effect at June 30, 2005.

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 830,000	\$ 399,038	\$ 178,481	\$ 25,569
2007	870,000	355,512	48,529	18,546
2008	905,000	316,688	51,224	15,851
2009	945,000	275,862	54,078	12,996
2010	995,000	233,238	39,634	9,970
2011-2015	3,812,090	863,835	187,859	20,052
2016-2018	647,146	763,104	0	0
Total	\$ 9,004,236	\$ 3,207,277	\$ 559,805	\$ 102,984

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2006	\$ 30,000	\$ 527,776	\$ 90,643	\$ 648,419
2007	100,000	526,555	90,493	717,048
2008	100,000	524,245	89,963	714,208
2009	100,000	521,935	89,433	711,368
2010	100,000	519,625	88,903	708,528
2011-2015	1,810,000	2,537,268	433,320	4,780,588
2016-2020	5,580,000	1,923,952	350,690	7,854,642
2021-2025	4,450,000	1,002,464	213,478	5,665,942
2026-2030	4,924,565	476,860	101,591	5,503,016
2031-2034	1,101,678	25,378	5,406	1,132,462
Total	\$ 18,296,243	\$ 8,586,058	\$ 1,553,920	\$ 28,436,221

There is \$4,397,179 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$231, based on the 2000 federal census. Total debt per capita, including notes and other loans, amounted to \$715, based on the 2000 federal census.

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

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$6.335 million Series IV-A-4 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.27 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$6.335 million and the associated variable-rate bond has a \$6.335 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-A-4 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2005, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.27%
Variable payment from counterparty	70% of LIBOR	<u>-2.46%</u>
Net interest rate swap payments		1.81%
Variable-rate bond coupon payments		<u>2.26%</u>
Synthetic interest rate on bonds		<u><u>4.07%</u></u>

Fair value. As of June 30, 2005, the swap had a negative fair value of \$715,849. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value, using the zero coupon method.

Credit risk. As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac

Assurance Corporation, who was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if BMA increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated between the rate paid to the counterparty of 4.27 percent and the synthetic rate of 4.07 percent as of June 30, 2005. Also, as of June 30, 2005, the BMA rate was 2.26 percent whereas 70 percent of LIBOR was 2.46 percent.

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

Swap payments and associated debt. As of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2006	\$ 30,000	\$ 136,278	\$ 109,143	275,421
2007	0	135,600	108,600	244,200
2008	0	135,600	108,600	244,200
2009	0	135,600	108,600	244,200
2010	0	135,600	108,600	244,200
2011-2015	1,220,000	664,666	532,321	2,416,987
2016-2020	4,780,000	367,137	294,035	5,441,172
Total	\$ 6,030,000	\$ 1,710,481	\$ 1,369,899	9,110,380

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2005 was as follows:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2004	\$ 9,794,236	\$ 1,097,255
Deductions	<u>(790,000)</u>	<u>(537,450)</u>
Balance, June 30, 2005	<u>\$ 9,004,236</u>	<u>\$ 559,805</u>
Balance Due Within One Year	<u>\$ 830,000</u>	<u>\$ 178,481</u>
	<u>Other</u>	<u>Landfill</u>
	<u>Loans</u>	<u>Postclosure</u>
		<u>Care Costs</u>
Balance, July 1, 2004	\$ 10,991,028	\$ 770,000
Additions	7,330,215	0
Deductions	<u>(25,000)</u>	<u>(35,000)</u>
Balance, June 30, 2005	<u>\$ 18,296,243</u>	<u>\$ 735,000</u>
Balance Due Within One Year	<u>\$ 30,000</u>	<u>\$ 35,000</u>

The landfill postclosure care costs will be retired from the Solid Waste/Sanitation Fund.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 28,595,284
Less: Balance Due Within One Year	<u>(1,073,481)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 27,521,803</u>

During the year, the discretely presented Monroe County School Department paid \$230,000 to the primary government to apply toward the retirement of school related debt.

Discretely Presented Monroe County School Department

General Obligation Bonds and Notes

The Rural School Refunding Bonds and capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment.

The Rural School Refunding Bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. Debt obligations outstanding were issued for original terms of nine years for notes and 12 years for bonds. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2005, will be retired from the General Purpose School Fund.

School refunding bonds and capital outlay notes outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
Rural School Refunding Bonds	4.3 to 5%	\$ 4,205,000	\$ 2,225,000
Capital Outlay Notes	5.45	655,000	90,000

The annual requirements to amortize bonds and notes outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 330,000	\$ 101,830	\$ 90,000	\$ 2,450
2007	345,000	87,310	0	0
2008	360,000	71,958	0	0
2009	380,000	55,757	0	0
2010	395,000	38,278	0	0
2011	415,000	19,712	0	0
Total	<u>\$ 2,225,000</u>	<u>\$ 374,845</u>	<u>\$ 90,000</u>	<u>\$ 2,450</u>

Bonded debt per capita for the discretely presented School Department amounted to \$57, based on the 2000 federal census. Total debt per capita, including bonds and notes, amounted to \$59, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Monroe County School Department for the year ended June 30, 2005, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2004	\$ 2,545,000	\$ 221,552
Deductions	<u>(320,000)</u>	<u>(131,552)</u>
Balance, June 30, 2005	<u>\$ 2,225,000</u>	<u>\$ 90,000</u>
Balance Due Within One Year	<u>\$ 330,000</u>	<u>\$ 90,000</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 2,315,000
Less: Balance Due Within One Year	<u>(420,000)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 1,895,000</u>

G. Short Term Debt

Monroe County issued tax anticipation notes in advance of property tax collections from the General Debt Service Fund and deposited the proceeds in the Solid Waste/Sanitation Fund. These notes were necessary for operating cash flow purposes before current tax collections were realized. Short Term activity for the year ended June 30, 2005, was as follows:

	Balance <u>7-1-04</u>	Issued	Redeemed	Balance <u>6-30-05</u>
Tax Anticipation Notes	\$ 0	\$ 200,000	(\$ 200,000)	\$ 0

H. Industrial Development

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

V. **OTHER INFORMATION**

A. **Risk Management**

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

Monroe County has established the Employee Health Insurance Fund for risks associated with the county's employees' health plan. The Employee Health Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$40,000 for each employee. The county has obtained a stop/loss commercial insurance policy to cover claims beyond this limit. All full-time employees of the primary government are eligible to participate in the health program. A premium charge for the health program is allocated to each fund that accounts for employees. This charge is based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. There was no reserve at June 30, 2005, for health coverage. Liabilities of this fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The insurance fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claims adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities since its inception is as follows:

Employee Insurance Health Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Liability Balance at Fiscal Year-end
2003-2004	\$ 0	\$ 663,753	\$ (569,369)	\$ 94,384
2004-2005	94,384	1,039,835	(942,380)	191,839

The discretely presented Monroe County School Department participates in the Local Government Group Insurance (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated, all local governments and quasi-governmental entities described

above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for the losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Monroe County and the discretely presented Monroe County School Department are exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The county and the School Department decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county and the School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by an association of member school boards. The county and the School Department pay annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Change

During the year, Monroe County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Subsequent Events

Subsequent to June 30, 2005, Monroe County issued capital outlay notes in the amount of \$300,000 to provide funding for completion of the new jail and the new health department.

D. Contingent Liabilities

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

Monroe County is contingently liable for certain revenue bonds of Tellico Area Service System (TASS) joint venture. Monroe County would become liable for the bonds and interest thereon, in the event of default by TASS. As of June 30, 2005, future principal and interest requirements of these bonds were \$1,045,225 and \$861,100, respectively.

Monroe County is also contingently liable for a public building authority loan agreement of TASS. Monroe County would become liable for this loan agreement in the event of default by TASS. As of June 30, 2005, future principal and interest requirements of this loan were \$560,000 and \$416,400, respectively.

E. Landfill Postclosure Care Costs

During the 1994-95 year, Monroe County stopped accepting solid waste at the county's landfill and contracted with Browning Ferris Industries to transport and dispose of the county's solid waste.

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The \$735,000 reported as landfill postclosure care liability at June 30, 2005, represents an estimate of the cost of postclosure care costs for 21 years. These amounts are based on what it would cost to perform all postclosure in 2005. Actual cost may vary from the estimate due to inflation, changes in technology, or changes in regulations. The county issued long-term debt for the majority of the closure costs, which were completed in the 1996-97 year, and is funding postclosure care costs by annual appropriations from the Solid Waste/Sanitation Fund.

F. Joint Ventures

The Tellico Area Services System, a regional water, sewer, and solid waste system, is jointly owned by Monroe County and Loudon County. The Tellico Area Services System comprises the County Boards of Public Utilities of each of the counties. Monroe County has control over budgeting and financing the joint venture only to the extent of representation by its County Board of Public Utility. As noted above, Monroe County is contingently liable for revenue bonds and other debt issued by the county on behalf of this joint venture; however, the counties do not retain an equity interest in the entity. Complete financial statements for the Tellico Area Services System can be obtained through its administrative office at P. O. Box 277, Vonore, Tennessee 37885-0277.

The Tenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Tenth Judicial District; Monroe, Bradley, McMinn, and Polk counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Monroe County made no contributions to the DTF for

the year ended June 30, 2005, and does not have an equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General's Office
Tenth Judicial District
P.O. Box 647
Athens, TN 37371-0647

G. Jointly Governed Organizations

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

H. Retirement Commitments

Plan Description

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

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

Funding Policy

Monroe County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 4.71 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Monroe County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Monroe County’s annual pension cost of \$443,203 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2003 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Monroe County’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$443,203	100%	\$0
6-30-04	244,796	100	0
6-30-03	223,633	100	0

Required Supplementary Information
Schedule of Funding Progress for Monroe County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-03	\$16,017	\$16,017	\$0	100%	\$7,929	0%
6-30-01	14,398	14,398	0	100	7,045	0
6-30-99	12,569	12,569	0	100	6,130	0

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for Monroe County is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for Monroe County is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were \$834,445, \$476,887, and \$448,887, respectively, equal to the required contributions for each year.

I. Office of Central Accounting, Budgeting, and Purchasing

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

J. Purchasing Laws

Purchasing procedures are governed by provisions of the County Financial Management System of 1981, which provides for purchases to be made by the Financial Management Committee. The committee established a policy that purchases exceeding \$5,000 are to be made on a competitive bid basis for the County Mayor's Office and the discretely presented Monroe County School Department. Purchasing procedures for the Highway Department are also governed by provisions of the Uniform Road Law Section 54-7-113, Tennessee Code Annotated. Competitive bids are required on highway purchases exceeding \$10,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,859,835	\$ 0	\$ 0	\$ 4,859,835	\$ 4,926,107	\$ 4,905,283	\$ (45,448)
Licenses and Permits	39,302	0	0	39,302	35,000	35,000	4,302
Fines, Forfeitures, and Penalties	176,382	0	0	176,382	154,900	174,826	1,556
Charges for Current Services	2,107,717	0	0	2,107,717	1,782,515	1,884,171	223,546
Other Local Revenues	79,084	0	0	79,084	42,600	44,677	34,407
Fees Received from County Officials	1,663,744	0	0	1,663,744	1,491,000	1,490,297	173,447
State of Tennessee	865,017	0	0	865,017	880,704	1,101,946	(236,929)
Federal Government	490,787	0	0	490,787	45,700	496,435	(5,648)
Other Governments and Citizens Groups	199,304	0	0	199,304	0	154,700	44,604
Total Revenues	\$ 10,481,172	\$ 0	\$ 0	\$ 10,481,172	\$ 9,358,526	\$ 10,287,335	\$ 193,837
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 253,560	\$ 0	\$ 0	\$ 253,560	\$ 274,919	\$ 274,721	\$ 21,161
Board of Equalization	1,134	0	0	1,134	1,150	1,150	16
County Mayor	123,500	(109)	0	123,391	120,504	126,731	3,340
County Attorney	18,439	0	0	18,439	38,400	38,400	19,961
Election Commission	179,034	(520)	168	178,682	173,571	180,071	1,389
Register of Deeds	188,239	(3,849)	0	184,390	180,118	185,044	654
Codes Compliance	22,241	0	0	22,241	26,271	26,271	4,030
County Buildings	417,120	(4,755)	225	412,590	505,102	498,227	85,637
Other General Administration	27,080	(375)	243	26,948	29,200	29,200	2,252
<u>Finance</u>							
Accounting and Budgeting	357,590	(450)	0	357,140	356,687	362,914	5,774
Central Services	31,430	(306)	0	31,124	0	38,810	7,686
Property Assessor's Office	168,171	0	150	168,321	170,794	170,794	2,473
Reappraisal Program	43,547	0	0	43,547	40,446	46,458	2,911

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 207,795	\$ (14,991)	\$ 0	\$ 192,804	\$ 196,520	\$ 196,520	\$ 3,716
County Clerk's Office	261,902	(64)	34	261,872	261,873	261,873	1
Other Finance	123,095	0	0	123,095	121,200	123,283	188
<u>Administration of Justice</u>							
Circuit Court	451,468	(8,492)	30	443,006	481,816	491,816	48,810
General Sessions Judge	131,591	(80)	0	131,511	134,109	134,109	2,598
Chancery Court	145,250	0	0	145,250	160,123	160,123	14,873
Probate Court	23,503	0	0	23,503	26,414	26,414	2,911
Other Administration of Justice	4,862	0	0	4,862	22,000	22,000	17,138
<u>Public Safety</u>							
Sheriff's Department	1,397,031	(194)	950	1,397,787	1,486,883	1,519,285	121,498
Administration of the Sexual Offender Registry	0	0	0	0	1,500	1,500	1,500
Jail	1,265,334	(15,955)	2,300	1,251,679	1,214,826	1,256,006	4,327
Juvenile Services	66,075	(8)	0	66,067	67,939	69,458	3,391
Fire Prevention and Control	105,804	0	0	105,804	115,994	117,994	12,190
Rescue Squad	67,500	0	0	67,500	45,000	67,500	0
Other Emergency Management	333,804	(11,320)	58,153	380,637	36,010	388,386	7,749
County Coroner/Medical Examiner	29,202	0	0	29,202	18,800	33,800	4,598
Other Public Safety	110,000	0	0	110,000	110,000	110,000	0
<u>Public Health and Welfare</u>							
Local Health Center	49,680	(4,485)	55	45,250	50,000	53,853	8,603
Rabies and Animal Control	21,778	0	1,215	22,993	10,000	36,250	13,257
Ambulance/Emergency Medical Services	1,378,522	(7,886)	17,150	1,387,786	1,446,904	1,568,904	181,118
Dental Health Program	301,441	(39)	0	301,402	274,556	357,556	56,154
Crippled Children Services	1,995	0	0	1,995	1,995	1,995	0
Other Local Health Services	215,268	0	0	215,268	185,600	245,901	30,633

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
General Welfare Assistance	\$ 22,871	\$ 0	\$ 0	\$ 22,871	\$ 25,221	\$ 25,221	\$ 2,350
Aid to Dependent Children	827	0	0	827	1,000	1,000	173
<u>Social, Cultural and Recreational Services</u>							
Senior Citizens Assistance	37,000	0	0	37,000	37,000	37,000	0
Libraries	96,947	0	392	97,339	94,550	97,499	160
Other Social, Cultural and Recreational	226,491	0	0	226,491	216,496	237,496	11,005
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	60,978	(140)	0	60,838	65,760	65,760	4,922
Soil Conservation	19,982	0	0	19,982	21,033	21,033	1,051
Flood Control	2,000	0	0	2,000	2,000	2,000	0
<u>Other Operations</u>							
Tourism	70,699	(566)	3,886	74,019	66,000	96,500	22,481
Industrial Development	119,656	(288)	125	119,493	138,558	143,226	23,733
Housing and Urban Development	132,950	0	0	132,950	0	134,000	1,050
Other Economic and Community Development	16,777	0	0	16,777	10,500	16,777	0
Airport	49,518	(1,790)	100	47,828	53,959	64,974	17,146
Veterans' Services	7,942	0	0	7,942	9,006	9,006	1,064
Other Charges	7,260	0	0	7,260	7,261	7,261	1
Contributions to Other Agencies	10,326	0	0	10,326	11,000	11,000	674
Employee Benefits	1,443,067	0	0	1,443,067	1,389,158	1,477,694	34,627
Miscellaneous	1,650	(150)	0	1,500	6,500	6,500	5,000
<u>Other Debt Service</u>							
General Government	24,565	0	0	24,565	0	24,565	0
<u>Capital Projects</u>							
General Administration Projects	1,213,265	0	69,423	1,282,688	0	1,522,904	240,216
Public Safety Projects	6,689	0	100,393	107,082	10,000	185,393	78,311

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Capital Projects (Cont.)</u>							
Public Utility Projects	\$ 385,032	\$ 0	\$ 113,032	\$ 498,064	\$ 0	\$ 498,064	\$ 0
<u>Capital Projects - Donated</u>							
Capital Projects Donated to School Department	125,678	0	0	125,678	0	125,678	0
Total Expenditures	\$ 12,606,155	\$ (76,812)	\$ 368,024	\$ 12,897,367	\$ 10,552,226	\$ 14,033,868	\$ 1,136,501
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (2,124,983)	\$ 76,812	\$ (368,024)	\$ (2,416,195)	\$ (1,193,700)	\$ (3,746,533)	\$ 1,330,338
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 238,000	\$ 238,000	\$ (238,000)
Other Loans Issued	1,024,565	0	0	1,024,565	0	1,884,565	(860,000)
Transfers In	0	0	0	0	125,000	0	0
Transfers Out	(25,000)	0	0	(25,000)	(25,000)	(25,000)	0
Total Other Financing Sources (Uses)	\$ 999,565	\$ 0	\$ 0	\$ 999,565	\$ 338,000	\$ 2,097,565	\$ (1,098,000)
Net Change in Fund Balance	\$ (1,125,418)	\$ 76,812	\$ (368,024)	\$ (1,416,630)	\$ (855,700)	\$ (1,648,968)	\$ 232,338
Fund Balance, July 1, 2004	3,979,812	(76,812)	0	3,903,000	3,290,315	3,290,315	612,685
Fund Balance, June 30, 2005	\$ 2,854,394	\$ 0	\$ (368,024)	\$ 2,486,370	\$ 2,434,615	\$ 1,641,347	\$ 845,023

Exhibit F-2

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,031,888	\$ 0	\$ 0	\$ 1,031,888	\$ 1,035,318	\$ 1,037,653	\$ (5,765)
Charges for Current Services	645,435	0	0	645,435	560,000	560,000	85,435
Other Local Revenues	127,043	0	0	127,043	100,100	120,800	6,243
State of Tennessee	222,645	0	0	222,645	229,214	233,157	(10,512)
Other Governments and Citizens Groups	0	0	0	0	100	100	(100)
Total Revenues	\$ 2,027,011	\$ 0	\$ 0	\$ 2,027,011	\$ 1,924,732	\$ 1,951,710	\$ 75,301
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 1,273,409	\$ (3,080)	\$ 2,225	\$ 1,272,554	\$ 1,206,912	\$ 1,294,575	\$ 22,021
Convenience Centers	458,894	(300)	0	458,594	460,065	471,665	13,071
Postclosure Care Costs	14,491	0	0	14,491	40,000	40,000	25,509
<u>Highways</u>							
Litter and Trash Collection	39,655	(1,000)	1,000	39,655	39,834	39,834	179
Total Expenditures	\$ 1,786,449	\$ (4,380)	\$ 3,225	\$ 1,785,294	\$ 1,746,811	\$ 1,846,074	\$ 60,780
Excess (Deficiency) of Revenues Over Expenditures	\$ 240,562	\$ 4,380	\$ (3,225)	\$ 241,717	\$ 177,921	\$ 105,636	\$ 136,081
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 25,000	\$ 0	\$ 0	\$ 25,000	\$ 25,000	\$ 25,000	\$ 0
Total Other Financing Sources (Uses)	\$ 25,000	\$ 0	\$ 0	\$ 25,000	\$ 25,000	\$ 25,000	\$ 0

(Continued)

Exhibit F-2

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 265,562	\$ 4,380	\$ (3,225)	\$ 266,717	\$ 202,921	\$ 130,636	\$ 136,081
Fund Balance, July 1, 2004	151,620	(4,380)	0	147,240	135,694	135,694	11,546
Fund Balance, June 30, 2005	\$ 417,182	\$ 0	\$ (3,225)	\$ 413,957	\$ 338,615	\$ 266,330	\$ 147,627

Exhibit F-3

Monroe County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Highway/Public Works Fund
 For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 374,281	\$ 0	\$ 0	\$ 374,281	\$ 467,627	\$ 501,683	\$ (127,402)
Charges for Current Services	181,962	0	0	181,962	150,000	150,000	31,962
Other Local Revenues	2,364	0	0	2,364	9,000	9,000	(6,636)
State of Tennessee	2,354,335	0	0	2,354,335	2,423,987	2,434,822	(80,487)
Federal Government	106,417	0	0	106,417	126,000	126,000	(19,583)
Other Governments and Citizens Groups	85,156	0	0	85,156	103,733	103,733	(18,577)
Total Revenues	\$ 3,104,515	\$ 0	\$ 0	\$ 3,104,515	\$ 3,280,347	\$ 3,325,238	\$ (220,723)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 143,696	\$ 0	\$ 0	\$ 143,696	\$ 154,953	\$ 154,953	\$ 11,257
Highway and Bridge Maintenance	1,487,839	(115,619)	41,621	1,413,841	1,693,827	1,764,206	350,365
Operation and Maintenance of Equipment	446,995	(860)	6,220	452,355	455,327	464,056	11,701
Other Charges	200,296	0	0	200,296	216,720	216,720	16,424
Employee Benefits	285,472	0	0	285,472	304,560	319,545	34,073
Capital Outlay	347,583	(3,087)	85,187	429,683	553,371	553,371	123,688
<u>Principal</u>							
Highways and Streets	280,000	0	0	280,000	270,000	280,000	0
<u>Interest</u>							
Highways and Streets	10,850	0	0	10,850	21,110	11,110	260
Total Expenditures	\$ 3,202,731	\$ (119,566)	\$ 133,028	\$ 3,216,193	\$ 3,669,868	\$ 3,763,961	\$ 547,768
Excess (Deficiency) of Revenues Over Expenditures	\$ (98,216)	\$ 119,566	\$ (133,028)	\$ (111,678)	\$ (389,521)	\$ (438,723)	\$ 327,045

(Continued)

Exhibit F-3

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (98,216)	\$ 119,566	\$ (133,028)	\$ (111,678)	\$ (389,521)	\$ (438,723)	\$ 327,045
Fund Balance, July 1, 2004	953,508	(119,566)	0	833,942	891,816	891,816	(57,874)
Fund Balance, June 30, 2005	\$ 855,292	\$ 0	\$ (133,028)	\$ 722,264	\$ 502,295	\$ 453,093	\$ 269,171

MONROE COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

BUDGETARY INFORMATION

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

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

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. Therefore, actual amounts in the accompanying budgetary statements for the major funds are presented on this budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented on the face of each budgetary statement.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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

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

Monroe County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,808	\$ 1,808
Equity in Pooled Cash and Investments	90,399	0	90,399
Accounts Receivable	0	286	286
Total Assets	<u>\$ 90,399</u>	<u>\$ 2,094</u>	<u>\$ 92,493</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to Other Funds	\$ 0	\$ 2,094	\$ 2,094
Total Liabilities	<u>\$ 0</u>	<u>\$ 2,094</u>	<u>\$ 2,094</u>
<u>Fund Balances</u>			
Unreserved	\$ 90,399	\$ 0	\$ 90,399
Total Fund Balances	<u>\$ 90,399</u>	<u>\$ 0</u>	<u>\$ 90,399</u>
Total Liabilities and Fund Balances	<u>\$ 90,399</u>	<u>\$ 2,094</u>	<u>\$ 92,493</u>

Exhibit G-2

Monroe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	<u>Special Revenue Funds</u>		Total
	Drug Control	Constitu - tional Officers - Fees	Nonmajor Governmental Funds
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 84,369	\$ 0	\$ 84,369
Charges for Current Services	0	5,930	5,930
Total Revenues	<u>\$ 84,369</u>	<u>\$ 5,930</u>	<u>\$ 90,299</u>
<u>Expenditures</u>			
Current:			
Administration of Justice	\$ 0	\$ 5,930	\$ 5,930
Public Safety	22,344	0	22,344
Total Expenditures	<u>\$ 22,344</u>	<u>\$ 5,930</u>	<u>\$ 28,274</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 62,025</u>	<u>\$ 0</u>	<u>\$ 62,025</u>
Net Change in Fund Balances	\$ 62,025	\$ 0	\$ 62,025
Fund Balance, July 1, 2004	<u>28,374</u>	<u>0</u>	<u>28,374</u>
Fund Balance, June 30, 2005	<u><u>\$ 90,399</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 90,399</u></u>

Exhibit G-3

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 84,369	\$ 40,000	\$ 43,177	\$ 41,192
Total Revenues	<u>\$ 84,369</u>	<u>\$ 40,000</u>	<u>\$ 43,177</u>	<u>\$ 41,192</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 22,344	\$ 42,800	\$ 45,977	\$ 23,633
Total Expenditures	<u>\$ 22,344</u>	<u>\$ 42,800</u>	<u>\$ 45,977</u>	<u>\$ 23,633</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 62,025</u>	<u>\$ (2,800)</u>	<u>\$ (2,800)</u>	<u>\$ 64,825</u>
Net Change in Fund Balance	\$ 62,025	\$ (2,800)	\$ (2,800)	\$ 64,825
Fund Balance, July 1, 2004	<u>28,374</u>	<u>28,374</u>	<u>28,374</u>	<u>0</u>
Fund Balance, June 30, 2005	<u><u>\$ 90,399</u></u>	<u><u>\$ 25,574</u></u>	<u><u>\$ 25,574</u></u>	<u><u>\$ 64,825</u></u>

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt, principal, interest, and related costs.

Exhibit H

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,336,040	\$ 2,346,579	\$ 2,349,876	\$ (13,836)
Charges for Current Services	72,371	93,970	93,970	(21,599)
Other Local Revenues	217,106	130,000	130,000	87,106
State of Tennessee	6,362	9,000	14,567	(8,205)
Other Governments and Citizens Groups	333,587	333,588	333,588	(1)
Total Revenues	<u>\$ 2,965,466</u>	<u>\$ 2,913,137</u>	<u>\$ 2,922,001</u>	<u>\$ 43,465</u>
<u>Expenditures</u>				
<u>Principal</u>				
General Government	\$ 1,072,450	\$ 1,121,563	\$ 1,072,452	\$ 2
<u>Interest</u>				
General Government	961,997	1,552,094	1,508,213	546,216
<u>Other Debt Service</u>				
General Government	169,154	95,812	188,804	19,650
Total Expenditures	<u>\$ 2,203,601</u>	<u>\$ 2,769,469</u>	<u>\$ 2,769,469</u>	<u>\$ 565,868</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 761,865</u>	<u>\$ 143,668</u>	<u>\$ 152,532</u>	<u>\$ 609,333</u>
Net Change in Fund Balance	\$ 761,865	\$ 143,668	\$ 152,532	\$ 609,333
Fund Balance, July 1, 2004	<u>3,635,314</u>	<u>3,607,530</u>	<u>3,607,530</u>	<u>27,784</u>
Fund Balance, June 30, 2005	<u>\$ 4,397,179</u>	<u>\$ 3,751,198</u>	<u>\$ 3,760,062</u>	<u>\$ 637,117</u>

Fiduciary Funds

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

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

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

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

Exhibit I-1

Monroe County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>			Total
	Cities - Sales Tax	City School ADA - Sweetwater	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,891,590	\$ 1,891,590
Taxes Receivable	0	958,310	0	958,310
Allowance for Uncollectible Taxes	0	(29,590)	0	(29,590)
Due from Other Governments	555,408	141,350	0	696,758
Total Assets	<u>\$ 555,408</u>	<u>\$ 1,070,070</u>	<u>\$ 1,891,590</u>	<u>\$ 3,517,068</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 555,408	\$ 1,070,070	\$ 0	\$ 1,625,478
Due to Litigants, Heirs, and Others	0	0	1,891,590	1,891,590
Total Liabilities	<u>\$ 555,408</u>	<u>\$ 1,070,070</u>	<u>\$ 1,891,590</u>	<u>\$ 3,517,068</u>

Exhibit I-2

Monroe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,123,723	\$ 3,123,723	\$ 0
Due From Other Governments	523,478	555,408	523,478	555,408
Total Assets	\$ 523,478	\$ 3,679,131	\$ 3,647,201	\$ 555,408
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 523,478	\$ 3,679,131	\$ 3,647,201	\$ 555,408
Total Liabilities	\$ 523,478	\$ 3,679,131	\$ 3,647,201	\$ 555,408
<u>City School ADA - Sweetwater Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,135,767	\$ 3,135,767	\$ 0
Due From Other Governments	141,259	141,350	141,259	141,350
Taxes Receivable	1,123,710	958,310	1,123,710	958,310
Allowance for Uncollectible Taxes	(26,264)	(29,590)	(26,264)	(29,590)
Total Assets	\$ 1,238,705	\$ 4,205,837	\$ 4,374,472	\$ 1,070,070
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,238,705	\$ 4,205,837	\$ 4,374,472	\$ 1,070,070
Total Liabilities	\$ 1,238,705	\$ 4,205,837	\$ 4,374,472	\$ 1,070,070
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,894,333	\$ 7,644,695	\$ 7,647,438	\$ 1,891,590
Accounts Receivable	396	0	396	0
Total Assets	\$ 1,894,729	\$ 7,644,695	\$ 7,647,834	\$ 1,891,590
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,894,729	\$ 7,644,695	\$ 7,647,834	\$ 1,891,590
Total Liabilities	\$ 1,894,729	\$ 7,644,695	\$ 7,647,834	\$ 1,891,590

(Continued)

Exhibit I-2

Monroe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 6,259,490	\$ 6,259,490	\$ 0
Cash	1,894,333	7,644,695	7,647,438	1,891,590
Accounts Receivable	396	0	396	0
Due From Other Governments	664,737	696,758	664,737	696,758
Taxes Receivable	1,123,710	958,310	1,123,710	958,310
Allowance for Uncollectible Taxes	(26,264)	(29,590)	(26,264)	(29,590)
Total Assets	<u>\$ 3,656,912</u>	<u>\$ 15,529,663</u>	<u>\$ 15,669,507</u>	<u>\$ 3,517,068</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,762,183	\$ 7,884,968	\$ 8,021,673	\$ 1,625,478
Due to Litigants, Heirs, and Others	1,894,729	7,644,695	7,647,834	1,891,590
Total Liabilities	<u>\$ 3,656,912</u>	<u>\$ 15,529,663</u>	<u>\$ 15,669,507</u>	<u>\$ 3,517,068</u>

Monroe County School Department

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

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

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

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

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

Exhibit J-1

Monroe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2005

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>Education Capital Projects</u>	<u>Funds</u> <u>Other Govern-mental Funds</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 7,240	\$ 7,240
Equity in Pooled Cash and Investments	1,223,313	572,982	172,863	1,969,158
Accounts Receivable	291	0	0	291
Due from Other Governments	893,812	114,718	287,123	1,295,653
Property Taxes Receivable	3,933,521	0	0	3,933,521
Allowance for Uncollectible Property Taxes	(121,457)	0	0	(121,457)
Total Assets	\$ 5,929,480	\$ 687,700	\$ 467,226	\$ 7,084,406
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 9,069	\$ 0	\$ 0	\$ 9,069
Contracts Payable	0	755,298	0	755,298
Retainage Payable	0	83,922	0	83,922
Deferred Revenue - Current Property Taxes	3,662,876	0	0	3,662,876
Deferred Revenue - Delinquent Property Taxes	139,617	0	0	139,617
Other Deferred Revenues	283,861	0	0	283,861
Total Liabilities	\$ 4,095,423	\$ 839,220	\$ 0	\$ 4,934,643
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 340,757	\$ 1,609,388	\$ 20,241	\$ 1,970,386
Other Local Education Reserves	37,811	0	0	37,811
Reserved for Career Ladder - Extended Contract	28,638	0	0	28,638
Reserved for Title I Grants to Local Education Agencies	0	0	221,016	221,016
Other Federal Reserves	0	0	20,704	20,704
Unreserved, Reported In:				
General Fund	1,426,851	0	0	1,426,851
Special Revenue Funds	0	0	205,265	205,265
Capital Projects Funds (Deficit)	0	(1,760,908)	0	(1,760,908)
Total Fund Balances	\$ 1,834,057	\$ (151,520)	\$ 467,226	\$ 2,149,763
Total Liabilities and Fund Balances	\$ 5,929,480	\$ 687,700	\$ 467,226	\$ 7,084,406

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Government-wide Statement of Net Assets
Discretely Presented Monroe County School Department
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit J-1)	\$	2,149,763
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		30,835,554
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		423,478
(3) Interest costs of long-term debt is expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.		(9,303)
(4) Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Notes payable	\$	90,000
Bonds payable		2,225,000
		<u>(2,315,000)</u>
Net assets of governmental activities (Exhibit A)	\$	<u>31,084,492</u>

Exhibit J-3

Monroe County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2005

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 7,543,442	\$ 0	\$ 0	\$ 7,543,442
Licenses and Permits	3,158	0	0	3,158
Charges for Current Services	412,359	0	889,531	1,301,890
Other Local Revenues	34,976	0	6,646	41,622
State of Tennessee	20,334,245	0	0	20,334,245
Federal Government	111,294	0	4,067,726	4,179,020
Other Governments and Citizens Groups	0	5,053,472	0	5,053,472
Total Revenues	\$ 28,439,474	\$ 5,053,472	\$ 4,963,903	\$ 38,456,849
<u>Expenditures</u>				
Current:				
Instruction	\$ 17,575,905	\$ 0	\$ 2,401,787	\$ 19,977,692
Support Services	9,613,803	0	461,837	10,075,640
Operation of Non-Instructional Services	532,363	0	2,110,927	2,643,290
Capital Outlay	31,492	0	0	31,492
Debt Service:				
Principal	485,500	0	46,552	532,052
Interest	272,429	0	1,625	274,054
Other Debt Service	445	25,627	0	26,072
Capital Projects	0	5,046,245	0	5,046,245
Total Expenditures	\$ 28,511,937	\$ 5,071,872	\$ 5,022,728	\$ 38,606,537
Excess (Deficiency) of Revenues Over Expenditures	\$ (72,463)	\$ (18,400)	\$ (58,825)	\$ (149,688)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 8,762	\$ 0	\$ 0	\$ 8,762
Transfers Out	0	0	(8,762)	(8,762)
Total Other Financing Sources (Uses)	\$ 8,762	\$ 0	\$ (8,762)	\$ 0
Net Change in Fund Balances	\$ (63,701)	\$ (18,400)	\$ (67,587)	\$ (149,688)
Fund Balance, July 1, 2004	1,897,758	(133,120)	534,813	2,299,451
Fund Balance, June 30, 2005	\$ 1,834,057	\$ (151,520)	\$ 467,226	\$ 2,149,763

Exhibit J-4

Monroe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-wide Statement of Activities
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds (Exhibit J-3)		\$ (149,688)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The amount that depreciation differed from capital outlays is itemized as follows:</p>		
Add: Capital outlays in the current period	\$ 4,583,390	
Less: Current year depreciation	<u>(1,053,164)</u>	3,530,226
<p>(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.</p>		
		152,576
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
For the year ended June 30, 2004	\$ (422,240)	
For the year ended June 30, 2005	<u>423,478</u>	1,238
<p>(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Add: Principal payment on notes	\$ 131,552	
Add: Principal payment on bonds	<u>320,000</u>	451,552
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable		<u>(6,386)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 3,979,518</u>

Monroe County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2005

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 7,240	\$ 7,240
Equity in Pooled Cash and Investments	86,637	86,226	172,863
Due from Other Governments	175,324	111,799	287,123
Total Assets	<u>\$ 261,961</u>	<u>\$ 205,265</u>	<u>\$ 467,226</u>
<u>FUND BALANCES</u>			
Reserved for Encumbrances	\$ 20,241	\$ 0	\$ 20,241
Reserved for Title I Grants to Local Education Agencies	221,016	0	221,016
Other Federal Reserves	20,704	0	20,704
Unreserved	0	205,265	205,265
Total Fund Balances	<u>\$ 261,961</u>	<u>\$ 205,265</u>	<u>\$ 467,226</u>

Monroe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2005

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 889,531	\$ 889,531
Other Local Revenues	0	6,646	6,646
Federal Government	2,905,868	1,161,858	4,067,726
Total Revenues	<u>\$ 2,905,868</u>	<u>\$ 2,058,035</u>	<u>\$ 4,963,903</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,401,787	\$ 0	\$ 2,401,787
Support Services	461,837	0	461,837
Operation of Non-Instructional Services	0	2,110,927	2,110,927
Debt Service:			
Principal	0	46,552	46,552
Interest	0	1,625	1,625
Total Expenditures	<u>\$ 2,863,624</u>	<u>\$ 2,159,104</u>	<u>\$ 5,022,728</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 42,244</u>	<u>\$ (101,069)</u>	<u>\$ (58,825)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (8,762)	\$ 0	\$ (8,762)
Total Other Financing Sources (Uses)	<u>\$ (8,762)</u>	<u>\$ 0</u>	<u>\$ (8,762)</u>
Net Change in Fund Balances	\$ 33,482	\$ (101,069)	\$ (67,587)
Fund Balance, July 1, 2004	228,479	306,334	534,813
Fund Balance, June 30, 2005	<u>\$ 261,961</u>	<u>\$ 205,265</u>	<u>\$ 467,226</u>

Exhibit J-7

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
General Purpose School Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 7,543,442	\$ 0	\$ 0	\$ 7,543,442	\$ 7,414,959	\$ 7,586,391	\$ (42,949)
Licenses and Permits	3,158	0	0	3,158	3,000	3,000	158
Charges for Current Services	412,359	0	0	412,359	322,084	362,417	49,942
Other Local Revenues	34,976	0	0	34,976	29,800	51,759	(16,783)
State of Tennessee	20,334,245	0	0	20,334,245	19,977,206	20,346,347	(12,102)
Federal Government	111,294	0	0	111,294	182,577	170,679	(59,385)
Total Revenues	\$ 28,439,474	\$ 0	\$ 0	\$ 28,439,474	\$ 27,929,626	\$ 28,520,593	\$ (81,119)
Expenditures							
Instruction							
Regular Instruction Program	\$ 14,422,396	\$ (111,665)	\$ 300,511	\$ 14,611,242	\$ 14,390,782	\$ 14,613,939	\$ 2,697
Alternative Instruction Program	59,236	0	0	59,236	0	59,641	405
Special Education Program	2,084,041	0	0	2,084,041	2,062,718	2,106,565	22,524
Vocational Education Program	941,995	(3,012)	558	939,541	937,845	947,151	7,610
Adult Education Program	68,237	0	0	68,237	92,185	96,667	28,430
Support Services							
Attendance	75,943	0	0	75,943	77,252	77,252	1,309
Health Services	404,595	(2,934)	3,166	404,827	406,051	413,849	9,022
Other Student Support	789,822	(297)	0	789,525	697,345	833,832	44,307
Regular Instruction Program	1,020,638	(9,561)	84	1,011,161	1,075,558	1,064,679	53,518
Special Education Program	591,191	0	0	591,191	643,708	599,351	8,160
Vocational Education Program	87,377	0	0	87,377	89,298	91,763	4,386
Adult Programs	97,520	0	0	97,520	92,063	104,401	6,881
Board of Education	347,488	(2,770)	2,441	347,159	388,023	372,302	25,143
Director of Schools	266,963	(1,047)	80	265,996	284,205	285,505	19,509
Office of the Principal	1,273,967	0	0	1,273,967	1,293,578	1,315,875	41,908

(Continued)

Exhibit J-7

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 2,066,170	\$ (609)	\$ 0	\$ 2,065,561	\$ 2,093,825	\$ 2,093,825	\$ 28,264
Maintenance of Plant	866,247	(84,948)	26,559	807,858	813,339	848,292	40,434
Transportation	1,725,882	(1,090)	0	1,724,792	1,687,037	1,725,652	860
<u>Operation of Non-Instructional Services</u>							
Food Service	415,167	0	0	415,167	428,091	428,091	12,924
Community Services	117,196	(2,007)	0	115,189	95,649	122,664	7,475
<u>Capital Outlay</u>							
Regular Capital Outlay	31,492	0	7,358	38,850	40,000	40,000	1,150
<u>Principal</u>							
Education	485,500	0	0	485,500	485,500	485,500	0
<u>Interest</u>							
Education	272,429	0	0	272,429	272,429	272,429	0
<u>Other Debt Service</u>							
Education	445	0	0	445	1,000	1,000	555
Total Expenditures	\$ 28,511,937	\$ (219,940)	\$ 340,757	\$ 28,632,754	\$ 28,447,481	\$ 29,000,225	\$ 367,471
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (72,463)	\$ 219,940	\$ (340,757)	\$ (193,280)	\$ (517,855)	\$ (479,632)	\$ 286,352
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 8,762	\$ 0	\$ 0	\$ 8,762	\$ 20,265	\$ 0	\$ 8,762
Transfers Out	0	0	0	0	(105,000)	0	0
Total Other Financing Sources (Uses)	\$ 8,762	\$ 0	\$ 0	\$ 8,762	\$ (84,735)	\$ 0	\$ 8,762

(Continued)

Exhibit J-7

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (63,701)	\$ 219,940	\$ (340,757)	\$ (184,518)	\$ (602,590)	\$ (479,632)	\$ 295,114
Fund Balance, July 1, 2004	1,897,758	(219,940)	0	1,677,818	603,603	603,603	1,074,215
Fund Balance, June 30, 2005	\$ 1,834,057	\$ 0	\$ (340,757)	\$ 1,493,300	\$ 1,013	\$ 123,971	\$ 1,369,329

Exhibit J-8

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
School Federal Projects Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,905,868	\$ 0	\$ 0	\$ 2,905,868	\$ 3,268,645	\$ 3,440,145	\$ (534,277)
Total Revenues	\$ 2,905,868	\$ 0	\$ 0	\$ 2,905,868	\$ 3,268,645	\$ 3,440,145	\$ (534,277)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,258,946	\$ 0	\$ 2,454	\$ 1,261,400	\$ 1,601,351	\$ 1,813,925	\$ 552,525
Special Education Program	993,644	(1,279)	4,405	996,770	982,048	996,317	(453)
Vocational Education Program	149,197	(17,197)	12,193	144,193	141,246	144,193	0
<u>Support Services</u>							
Attendance	23,311	0	0	23,311	24,438	24,438	1,127
Health Services	24,197	0	0	24,197	32,581	32,581	8,384
Other Student Support	21,318	0	0	21,318	29,720	26,773	5,455
Regular Instruction Program	309,380	(2,943)	1,189	307,626	447,767	457,882	150,256
Special Education Program	75,829	0	0	75,829	75,829	75,829	0
Vocational Education Program	7,802	0	0	7,802	7,802	7,802	0
Transportation	0	0	0	0	121,282	43,683	43,683
Total Expenditures	\$ 2,863,624	\$ (21,419)	\$ 20,241	\$ 2,862,446	\$ 3,464,064	\$ 3,623,423	\$ 760,977
Excess (Deficiency) of Revenues Over Expenditures	\$ 42,244	\$ 21,419	\$ (20,241)	\$ 43,422	\$ (195,419)	\$ (183,278)	\$ 226,700
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (8,762)	\$ 0	\$ 0	\$ (8,762)	\$ (11,218)	\$ (11,218)	\$ 2,456
Total Other Financing Sources (Uses)	\$ (8,762)	\$ 0	\$ 0	\$ (8,762)	\$ (11,218)	\$ (11,218)	\$ 2,456

(Continued)

Exhibit J-8

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
School Federal Projects Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 33,482	\$ 21,419	\$ (20,241)	\$ 34,660	\$ (206,637)	\$ (194,496)	\$ 229,156
Fund Balance, July 1, 2004	228,479	(21,419)	0	207,060	206,637	206,637	423
Fund Balance, June 30, 2005	\$ 261,961	\$ 0	\$ (20,241)	\$ 241,720	\$ 0	\$ 12,141	\$ 229,579

Exhibit J-9

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Monroe County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 889,531	\$ 836,500	\$ 976,500	\$ (86,969)
Other Local Revenues	6,646	2,700	2,700	3,946
Federal Government	1,161,858	1,140,000	1,140,000	21,858
Total Revenues	<u>\$ 2,058,035</u>	<u>\$ 1,979,200</u>	<u>\$ 2,119,200</u>	<u>\$ (61,165)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,110,927	\$ 2,054,033	\$ 2,194,033	\$ 83,106
<u>Principal</u>				
Education	46,552	0	46,552	0
<u>Interest</u>				
Education	1,625	0	1,625	0
Total Expenditures	<u>\$ 2,159,104</u>	<u>\$ 2,054,033</u>	<u>\$ 2,242,210</u>	<u>\$ 83,106</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (101,069)</u>	<u>\$ (74,833)</u>	<u>\$ (123,010)</u>	<u>\$ 21,941</u>
Net Change in Fund Balance	\$ (101,069)	\$ (74,833)	\$ (123,010)	\$ 21,941
Fund Balance, July 1, 2004	<u>306,334</u>	<u>123,010</u>	<u>123,010</u>	<u>183,324</u>
Fund Balance, June 30, 2005	<u>\$ 205,265</u>	<u>\$ 48,177</u>	<u>\$ 0</u>	<u>\$ 205,265</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Monroe County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Monroe County School Department
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Airport Hangers	(1) \$ 132,000	7.95 %	9-4-1997	9-4-09	\$ 80,133	0 \$	11,929 \$	68,204
Equipment for the Emergency Communication Center	(1) 220,000	4.29	3-27-01	3-27-06	88,000	0	44,000	44,000
Various Projects	(1) 450,000	4.59	10-11-01	10-11-13	390,773	0	31,668	359,105
Landfill Closure	(2) 755,000	4.74	10-19-1995	10-19-04	83,877 \$	0	83,877	0
Sheriff Vehicles and Ambulances	(1) 258,000	2.93	11-19-02	11-19-05	174,472	0	85,976	88,496
Total Payable through General Debt Service Fund					<u>\$ 817,255</u>	<u>\$ 0</u>	<u>\$ 257,450</u>	<u>\$ 559,805</u>
<u>Payable through Highway/Public Works Fund</u>								
Road Improvements	1,500,000	3 to 3.875	3-1-1999	4-1-05	\$ 280,000	0 \$	280,000 \$	0
Total Payable through Highway/Public Works Fund					<u>\$ 280,000</u>	<u>\$ 0</u>	<u>\$ 280,000</u>	<u>\$ 0</u>
Total Notes Payable					<u>\$ 1,097,255</u>	<u>\$ 0</u>	<u>\$ 537,450</u>	<u>\$ 559,805</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
F.H.A. - Office Building	600,000	5	10-27-1978	1-1-18	\$ 360,000	0 \$	20,000 \$	340,000
High School Refunding, Series 1998	10,205,000	4.25 to 5.25	8-1-1998	5-1-13	8,435,000	0	770,000	7,665,000
Public Improvement, Series 1999	999,236	4.6 to 4.95	4-1-1999	4-1-18	999,236	0	0	999,236
Total Bonds Payable					<u>\$ 9,794,236</u>	<u>\$ 0</u>	<u>\$ 790,000</u>	<u>\$ 9,004,236</u>

(Continued)

Exhibit K-1

Monroe County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds
 Primary Government and Discretely Presented Monroe County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
OTHER LOANS PAYABLE								
<u>Public Building Authority Loan Agreement:</u>								
<u>Payable through General Debt Service Fund</u>								
School Construction and County Projects	\$ 6,335,000	Variable	(5) 12-9-1999	9-1-14	\$ 6,055,000	\$ 0	\$ 25,000	\$ 6,030,000
School Construction and Repairs	1,290,000	Variable	5-17-02	6-1-20	1,290,000	0	0	1,290,000
Public Improvement, Series V-A-3 - High School	2,350,000	Variable	12-19-02	6-1-23	2,111,688	238,312	0	2,350,000
Public Improvement, Series V-C-2	(3)	Variable	10-15-03	6-1-33	1,534,340	6,067,338	0	7,601,678
Public Improvement, Series VI-C-5	(4)	Variable	10-15-04	6-1-30	0	1,024,565	0	1,024,565
Total Other Loans Payable					<u>\$ 10,991,028</u>	<u>\$ 7,330,215</u>	<u>\$ 25,000</u>	<u>\$ 18,296,243</u>
MONROE COUNTY SCHOOL DEPARTMENT								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
School Improvements (Series 1996-A)	655,000	5.45	% 10-17-1996	10-15-05	\$ 175,000	\$ 0	\$ 85,000	\$ 90,000
Total Payable through General Purpose School Fund					<u>\$ 175,000</u>	<u>\$ 0</u>	<u>\$ 85,000</u>	<u>\$ 90,000</u>
<u>Payable through Central Cafeteria Fund</u>								
Cafeteria Equipment	135,000	3.49	1-28-02	1-28-05	\$ 46,552	0	\$ 46,552	\$ 0
Total Payable through Central Cafeteria Fund					<u>\$ 46,552</u>	<u>\$ 0</u>	<u>\$ 46,552</u>	<u>\$ 0</u>
Total Notes Payable					<u>\$ 221,552</u>	<u>\$ 0</u>	<u>\$ 131,552</u>	<u>\$ 90,000</u>
BONDS PAYABLE								
<u>Payable through General Purpose School Fund</u>								
Rural School Refunding, Series 1998	4,205,000	4.3 to 5	8-1-1998	6-1-11	\$ 2,545,000	\$ 0	\$ 320,000	\$ 2,225,000
Total Bonds Payable					<u>\$ 2,545,000</u>	<u>\$ 0</u>	<u>\$ 320,000</u>	<u>\$ 2,225,000</u>

(Continued)

Monroe County, Tennessee

Schedule of Changes in Long-term Notes, Other Loans, and Bonds

Primary Government and Discretely Presented Monroe County School Department (Cont.)

- (1) These notes were reported as payable through the General Fund in the previous year's report.
They are now being retired from the General Debt Service Fund.
- (2) This note was reported as payable through the Solid Waste/Sanitation Fund in the previous year's report.
It is now being retired from the General Debt Service Fund.
- (3) Total amount available under this Public Building Authority of Sevier County Loan Agreement is \$10,050,000,
of which \$2,448,322 had not been drawn as of June 30, 2005.
- (4) Total amount available under this Public Building Authority of Sevier County Loan Agreement is \$1,500,000,
of which \$475,435 had not been drawn as of June 30, 2005.
- (5) This issue was swapped from variable to a synthetic fixed rate by execution of a swap agreement during the year ended June 30, 2005.

Exhibit K-2

Monroe County, Tennessee
Schedule of Bond and Interest Requirements by Year
Primary Government and Discretely Presented Monroe County School Department

Year Ending June 30	Primary Government			Discretely Presented School Department		
	Bond Requirements	Interest Requirements	Total Requirements	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 830,000	\$ 399,038	\$ 1,229,038	\$ 330,000	\$ 101,830	\$ 431,830
2007	870,000	355,512	1,225,512	345,000	87,310	432,310
2008	905,000	316,688	1,221,688	360,000	71,958	431,958
2009	945,000	275,862	1,220,862	380,000	55,757	435,757
2010	995,000	233,238	1,228,238	395,000	38,278	433,278
2011	1,040,000	181,062	1,221,062	415,000	19,712	434,712
2012	1,100,000	126,525	1,226,525	0	0	0
2013	1,160,000	68,838	1,228,838	0	0	0
2014	263,342	239,658	503,000	0	0	0
2015	248,748	247,752	496,500	0	0	0
2016	230,912	254,088	485,000	0	0	0
2017	223,266	265,234	488,500	0	0	0
2018	192,968	243,782	436,750	0	0	0
Total	\$ 9,004,236	\$ 3,207,277	\$ 12,211,513	\$ 2,225,000	\$ 374,845	\$ 2,599,845

Exhibit K-3

Monroe County, Tennessee
Schedule of Transfers - All Funds and Discretely Presented Monroe County School Department
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Solid Waste/Sanitation	To provide funds for operations	\$ 25,000
School Federal Projects (School Dept.)	General Purpose School (School Dept.)	Indirect costs	<u>8,762</u>
Total Transfers			<u>\$ 33,762</u>

Exhibit K-4

Monroe County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 68,560	\$ 50,000	Ohio Casualty Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	59,365	100,000	"
Director of Schools	Board of Education	86,000 (1)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	53,969	885,400	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	53,969	10,000	"
Director of Finance	County Commission	67,560	50,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	53,969	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	53,969	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> and Chancery Court Judge	59,899 (2)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	53,969	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> and County Commission	64,365 (3)	25,000	"
Employee Blanket Bond Coverage - Monroe County and Monroe County School Department Public Employee Dishonesty			500,000	Gulf Insurance Company

- (1) Includes chief executive training supplement of \$1,000.
- (2) Includes special commissioner fees of \$5,930.
- (3) Includes supplement of \$5,000 for serving as workhouse superintendent.

Exhibit K-5

Monroe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2005

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 3,100,834	\$ 886,637	\$ 0	\$ 0	\$ 213,074	\$ 1,283,108	\$ 5,483,653
Trustee's Collections - Prior Year	115,497	31,281	0	0	8,737	47,696	203,211
Circuit/Clerk & Master Collections - Prior Years	41,082	12,041	0	0	2,833	15,949	71,905
Interest and Penalty	22,253	6,073	0	0	1,535	9,177	39,038
Pick-up Taxes	5,091	1,444	0	0	352	2,074	8,961
Payments in Lieu of Taxes - T.V.A.	10,448	0	0	0	721	2,522	13,691
Payments in Lieu of Taxes - Local Utilities	184,268	54,005	0	0	12,708	76,249	327,230
Payments in Lieu of Taxes - Other	101,768	0	0	0	23,117	427	125,312
<u>County Local Option Taxes</u>							
Local Option Sales Tax	684,947	40,000	0	0	0	0	724,947
Hotel/Motel Tax	237,844	0	0	0	0	0	237,844
Wheel Tax	0	0	0	0	0	809,611	809,611
Litigation Tax - General	33,169	0	0	0	0	44,796	77,965
Litigation Tax - Special Purpose	36,981	0	0	0	0	0	36,981
Litigation Tax - Jail, Workhouse, or Courthouse	37,891	0	0	0	0	0	37,891
Business Tax	114,268	0	0	0	6,003	36,018	156,289
Mineral Severance Tax	0	0	0	0	102,867	0	102,867
<u>Statutory Local Taxes</u>							
Bank Excise Tax	32,468	0	0	0	2,239	7,837	42,544
Wholesale Beer Tax	99,637	0	0	0	0	0	99,637
Interstate Telecommunications Tax	1,389	407	0	0	95	576	2,467
Total Local Taxes	\$ 4,859,835	\$ 1,031,888	\$ 0	\$ 0	\$ 374,281	\$ 2,336,040	\$ 8,602,044
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 17,494	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,494
<u>Permits</u>							
Building Permits	21,808	0	0	0	0	0	21,808
Total Licenses and Permits	\$ 39,302	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,302

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fines, Forfeitures and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 27,116	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	27,116
Officers Costs	25,517	0	0	0	0	0	25,517
Jail Fees	3,871	0	0	0	0	0	3,871
DUI Treatment Fines	760	0	0	0	0	0	760
<u>General Sessions Court</u>							
Fines	44,671	0	0	0	0	0	44,671
Officers Costs	38,446	0	0	0	0	0	38,446
Jail Fees	14,718	0	0	0	0	0	14,718
DUI Treatment Fines	10,211	0	0	0	0	0	10,211
<u>Chancery Court</u>							
Officers Costs	4,770	0	0	0	0	0	4,770
<u>Other Courts - In-county</u>							
Fines	4,092	0	0	0	0	0	4,092
Drug Control Fines	1,073	0	11,621	0	0	0	12,694
Drug Court Fees	1,137	0	0	0	0	0	1,137
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	72,748	0	0	0	72,748
Total Fines, Forfeitures and Penalties	\$ 176,382	\$ 0	\$ 84,369	\$ 0	\$ 0	\$ 0	\$ 260,751
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tipping Fees	\$ 0	\$ 645,435	\$ 0	\$ 0	\$ 0	\$ 0	645,435
Patient Charges	1,691,808	0	0	0	0	0	1,691,808
Other General Service Charges	322,135	0	0	0	181,962	72,371	576,468
Service Charges	15,000	0	0	0	0	0	15,000
<u>Fees</u>							
Airport Fees	16,957	0	0	0	0	0	16,957
Copy Fees	3,973	0	0	0	0	0	3,973
Telephone Commissions	22,226	0	0	0	0	0	22,226
Vending Machine Collections	433	0	0	0	0	0	433
Tourism Fees	7,186	0	0	0	0	0	7,186
Special Commissioner Fees/Special Master Fees	0	0	0	5,930	0	0	5,930

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Data Processing Fee - Register	\$ 22,828	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,828
Data Processing Fee - Sheriff	4,451	0	0	0	0	0	4,451
Sexual Offender Registration Fee	720	0	0	0	0	0	720
Total Charges for Current Services	\$ 2,107,717	\$ 645,435	\$ 0	\$ 5,930	\$ 181,962	\$ 72,371	\$ 3,013,415
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 7	\$ 0	\$ 0	\$ 0	\$ 0	\$ 217,106	\$ 217,113
Lease/Rentals	8,400	0	0	0	0	0	8,400
Commissary Sales	11,437	0	0	0	0	0	11,437
Sale of Recycled Materials	0	8,704	0	0	0	0	8,704
Cobra Insurance Payments	108	0	0	0	0	0	108
Miscellaneous Refunds	53,311	0	0	0	124	0	53,435
<u>Nonrecurring Items</u>							
Insurance Recovery	3,021	22,523	0	0	2,240	0	27,784
Sale of Equipment	800	0	0	0	0	0	800
Sale of Property	1,750	95,816	0	0	0	0	97,566
Damages Recovered from Individuals	250	0	0	0	0	0	250
Total Other Local Revenues	\$ 79,084	\$ 127,043	\$ 0	\$ 0	\$ 2,364	\$ 217,106	\$ 425,597
<u>Fees Received from County Officials</u>							
<u>Fees In Lieu of Salary</u>							
County Clerk	\$ 366,656	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 366,656
Circuit Court Clerk	253,374	0	0	0	0	0	253,374
General Sessions Court Clerk	187,468	0	0	0	0	0	187,468
Clerk and Master	99,789	0	0	0	0	0	99,789
Register	286,527	0	0	0	0	0	286,527
Sheriff	15,564	0	0	0	0	0	15,564
Trustee	454,366	0	0	0	0	0	454,366
Total Fees Received from County Officials	\$ 1,663,744	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,663,744

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 11,462	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	11,462
Airport Maintenance Program	17,547	0	0	0	0	0	17,547
State Reappraisal Grant	16,343	0	0	0	0	0	16,343
Solid Waste Grants	0	29,241	0	0	0	0	29,241
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	12,968	0	0	0	0	0	12,968
<u>Health and Welfare Grants</u>							
Other Health and Welfare Grants	2,800	0	0	0	0	0	2,800
<u>Public Works Grants</u>							
Bridge Program	0	0	0	0	137,701	0	137,701
State Aid Program	0	0	0	0	165,547	0	165,547
Litter Program	0	38,898	0	0	0	0	38,898
<u>Other State Revenues</u>							
Income Tax	15,375	4,506	0	0	1,060	6,362	27,303
Beer Tax	16,778	0	0	0	0	0	16,778
Alcoholic Beverage Tax	49,525	0	0	0	0	0	49,525
Mixed Drink Tax	6,753	0	0	0	0	0	6,753
State Revenue Sharing - T.V.A.	0	150,000	0	0	21,000	0	171,000
Contracted Prisoner Boarding	492,798	0	0	0	0	0	492,798
Gasoline and Motor Fuel Tax	0	0	0	0	1,997,686	0	1,997,686
Petroleum Special Tax	0	0	0	0	31,341	0	31,341
T.B.I. - Equipment Reimbursement	17	0	0	0	0	0	17
Registrar's Salary Supplement	16,380	0	0	0	0	0	16,380
Other State Grants	200,451	0	0	0	0	0	200,451
Other State Revenues	5,820	0	0	0	0	0	5,820
Total State of Tennessee	\$ 865,017	\$ 222,645	\$ 0	\$ 0	\$ 2,354,335	\$ 6,362	\$ 3,448,359
<u>Federal Government</u>							
<u>Federal Through State</u>							
Homeland Security Grants	\$ 251,692	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	251,692
Other Federal through State	191,369	0	0	0	0	0	191,369

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Federal Government (Cont.)</u>							
<u>Direct Federal Revenue</u>							
Forest Service	\$ 14,128	\$ 0	\$ 0	\$ 0	\$ 106,417	\$ 0	\$ 120,545
Other Direct Federal Revenue	33,598	0	0	0	0	0	33,598
Total Federal Government	\$ 490,787	\$ 0	\$ 0	\$ 0	\$ 106,417	\$ 0	\$ 597,204
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,156	\$ 0	\$ 85,156
Contributions	199,304	0	0	0	0	230,000	429,304
<u>Other</u>							
Other	0	0	0	0	0	103,587	103,587
Total Other Governments and Citizens Groups	\$ 199,304	\$ 0	\$ 0	\$ 0	\$ 85,156	\$ 333,587	\$ 618,047
Total	\$ 10,481,172	\$ 2,027,011	\$ 84,369	\$ 5,930	\$ 3,104,515	\$ 2,965,466	\$ 18,668,463

Exhibit K-6

Monroe County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2005

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,006,348	\$ 0	\$ 0	\$ 0	\$ 4,006,348
Trustee's Collections - Prior Year	141,006	0	0	0	141,006
Circuit/Clerk & Master Collections - Prior Years	51,359	0	0	0	51,359
Interest and Penalty	27,130	0	0	0	27,130
Pick-up Taxes	6,213	0	0	0	6,213
Payments in Lieu of Taxes - T.V.A.	13,754	0	0	0	13,754
Payments in Lieu of Taxes - Other	2,157	0	0	0	2,157
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,140,323	0	0	0	3,140,323
Business Tax	108,301	0	0	0	108,301
Other County Local Option Taxes	309	0	0	0	309
<u>Statutory Local Taxes</u>					
Bank Excise Tax	39,611	0	0	0	39,611
Interstate Telecommunications Tax	6,931	0	0	0	6,931
Total Local Taxes	\$ 7,543,442	\$ 0	\$ 0	\$ 0	\$ 7,543,442
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 3,158	\$ 0	\$ 0	\$ 0	\$ 3,158
Total Licenses and Permits	\$ 3,158	\$ 0	\$ 0	\$ 0	\$ 3,158
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 34,600	\$ 0	\$ 0	\$ 0	\$ 34,600
Lunch Payments - Children	0	0	434,670	0	434,670
Lunch Payments - Adults	0	0	76,097	0	76,097
Income from Breakfast	0	0	50,509	0	50,509
Transportation - Other State Systems	214,632	0	0	0	214,632
School Based Health Services - FFS	9,202	0	0	0	9,202
Receipts from Individual Schools	41,799	0	328,255	0	370,054
<u>Other Charges for Services</u>					
Other Charges for Services	112,126	0	0	0	112,126
Total Charges for Current Services	\$ 412,359	\$ 0	\$ 889,531	\$ 0	\$ 1,301,890
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 283	\$ 0	\$ 4,032	\$ 0	\$ 4,315
Retirees' Insurance Payments	238	0	0	0	238
Miscellaneous Refunds	6,595	0	89	0	6,684
<u>Nonrecurring Items</u>					
Insurance Recovery	10,200	0	0	0	10,200
Sale of Equipment	854	0	0	0	854
Damages Recovered from Individuals	648	0	0	0	648
Contributions & Gifts	10,724	0	2,525	0	13,249
<u>Other Local Revenues</u>					
Other Local Revenues	5,434	0	0	0	5,434
Total Other Local Revenues	\$ 34,976	\$ 0	\$ 6,646	\$ 0	\$ 41,622

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 18,719,498	\$ 0	\$ 0	\$ 0	\$ 18,719,498
School Food Service	29,433	0	0	0	29,433
Driver Education	23,010	0	0	0	23,010
Other State Education Funds	381,026	0	0	0	381,026
Career Ladder Program	279,399	0	0	0	279,399
Career Ladder - Extended Contract	114,341	0	0	0	114,341
<u>Other State Revenues</u>					
Income Tax	18,934	0	0	0	18,934
Mixed Drink Tax	5,430	0	0	0	5,430
State Revenue Sharing - T.V.A.	721,230	0	0	0	721,230
Other State Grants	41,944	0	0	0	41,944
Total State of Tennessee	\$ 20,334,245	\$ 0	\$ 0	\$ 0	\$ 20,334,245
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 880,594	\$ 0	\$ 880,594
Breakfast	0	0	281,264	0	281,264
Adult Education State Grant Program	86,662	0	0	0	86,662
Vocational Education - Basic Grants to States	0	156,048	0	0	156,048
Title I Grants to Local Education Agencies	0	1,272,746	0	0	1,272,746
Special Education - Grants to States	10,543	1,040,974	0	0	1,051,517
Special Education Preschool Grants	0	30,902	0	0	30,902
Eisenhower Professional Development State Grants	0	291,848	0	0	291,848
Other Federal through State	14,089	113,350	0	0	127,439
Total Federal Government	\$ 111,294	\$ 2,905,868	\$ 1,161,858	\$ 0	\$ 4,179,020
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 5,053,472	\$ 5,053,472
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 5,053,472	\$ 5,053,472
Total	\$ 28,439,474	\$ 2,905,868	\$ 2,058,035	\$ 5,053,472	\$ 38,456,849

Exhibit K-7

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General Fund

General Government

County Commission

Secretary to Board	\$	1,500	
Board and Committee Members Fees		47,700	
Audit Services		8,926	
Consultants		482	
Contracts with Private Agencies		40,000	
Building and Contents Insurance		136,608	
Premiums on Corporate Surety Bonds		569	
Other Charges		<u>17,775</u>	
Total County Commission			\$ 253,560

Board of Equalization

Board and Committee Members Fees	\$	1,050	
Legal Notices, Recording and Court Costs		<u>84</u>	
Total Board of Equalization			1,134

County Mayor

County Official/Administrative Officer	\$	68,560	
Assistant(s)		24,296	
Deputy(ies)		22,275	
Communication		2,607	
Dues and Memberships		25	
Operating Lease Payments		959	
Maintenance Agreements		192	
Maintenance & Repair Services- Office Equipment		45	
Postal Charges		1,000	
Travel		1,712	
Office Supplies		1,491	
Other Charges		<u>338</u>	
Total County Mayor			123,500

County Attorney

County Official/Administrative Officer	\$	3,317	
Legal Services		15,076	
Other Charges		<u>46</u>	
Total County Attorney			18,439

Election Commission

Supervisor/Director	\$	43,175	
Deputy(ies)		24,296	
Internal Audit Personnel		1,840	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Clerical Personnel	\$	1,262	
Election Commission		9,000	
Election Workers		40,073	
Social Security		585	
Employer Medicare		103	
Communication		2,945	
Data Processing Services		16,039	
Legal Notices, Recording and Court Costs		1,776	
Maintenance Agreements		15,049	
Maintenance & Repair Services- Office Equipment		685	
Postal Charges		9,097	
Travel		1,878	
Office Supplies		11,067	
Other Charges		164	
Total Election Commission			\$ 179,034

Register of Deeds

County Official/Administrative Officer	\$	53,969	
Assistant(s)		24,296	
Deputy(ies)		66,493	
Part-time Personnel		6,120	
Communication		1,922	
Dues and Memberships		536	
Maintenance Agreements		11,872	
Postal Charges		4,000	
Office Supplies		8,860	
Other Charges		396	
Office Equipment		9,775	
Total Register of Deeds			188,239

Codes Compliance

County Official/Administrative Officer	\$	14,000	
Clerical Personnel		1,871	
Board and Committee Members Fees		3,950	
Communication		228	
Engineering Services		735	
Postal Charges		22	
Travel		349	
Office Supplies		536	
Other Charges		550	
Total Codes Compliance			22,241

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Assistant(s)	\$	15,995	
Supervisor/Director		27,677	
Attendants		10,020	
Custodial Personnel		18,326	
Other Salaries & Wages		18,326	
Communication		6,810	
Maintenance Agreements		14,016	
Maintenance & Repair Services- Buildings		68,560	
Rentals		4,000	
Other Contracted Services		90,487	
Custodial Supplies		7,537	
Electricity		61,478	
Natural Gas		17,729	
Water and Sewer		6,773	
Other Supplies and Materials		449	
Other Charges		12,256	
Building Improvements		35,125	
Maintenance Equipment		1,556	
Total County Buildings			\$ 417,120

Other General Administration

Legal Notices, Recording and Court Costs	\$	3,344	
Maintenance & Repair Services- Vehicles		287	
Duplicating Supplies		1,806	
Gasoline		3,768	
Administration Equipment		17,875	
Total Other General Administration			27,080

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	67,560	
Assistant(s)		29,554	
Accountants/Bookkeepers		195,599	
Communication		5,461	
Data Processing Services		7,471	
Maintenance & Repair Services- Equipment		670	
Postal Charges		5,181	
Travel		2,209	
Office Supplies		16,608	
Other Charges		3,093	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Office Equipment	\$ 24,184	
Total Accounting and Budgeting		\$ 357,590

Central Services

Supervisor/Director	\$ 20,959	
Social Security	1,364	
Employer Medicare	319	
Communication	457	
Travel	1,885	
Other Contracted Services	1,250	
Office Supplies	437	
Other Charges	4,759	
Total Central Services		31,430

Property Assessor's Office

County Official/Administrative Officer	\$ 53,969	
Deputy(ies)	24,296	
Secretary(s)	23,543	
Clerical Personnel	47,086	
Communication	3,854	
Data Processing Services	5,500	
Dues and Memberships	1,490	
Operating Lease Payments	1,573	
Maintenance & Repair Services- Vehicles	32	
Postal Charges	740	
Travel	680	
Gasoline	921	
Office Supplies	1,834	
Other Charges	205	
Office Equipment	2,448	
Total Property Assessor's Office		168,171

Reappraisal Program

Clerical Personnel	\$ 23,543
Social Security	1,648
State Retirement	1,121
Employee and Dependent Insurance	5,058
Employer Medicare	270
Data Processing Services	4,540
Postal Charges	6,012

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Printing, Stationery and Forms	\$	972	
Travel		287	
Office Supplies		96	
Total Reappraisal Program			\$ 43,547

County Trustee's Office

County Official/Administrative Officer	\$	53,969	
Assistant(s)		24,296	
Deputy(ies)		65,055	
Part-time Personnel		13,316	
Communication		3,448	
Legal Notices, Recording and Court Costs		210	
Maintenance Agreements		5,288	
Postal Charges		8,299	
Office Supplies		9,562	
Other Charges		8,643	
Office Equipment		15,709	
Total County Trustee's Office			207,795

County Clerk's Office

County Official/Administrative Officer	\$	53,969	
Assistant(s)		24,296	
Deputy(ies)		130,758	
Part-time Personnel		8,340	
Communication		5,599	
Dues and Memberships		538	
Operating Lease Payments		3,478	
Legal Notices, Recording and Court Costs		472	
Maintenance & Repair Services- Office Equipment		16,935	
Postal Charges		5,000	
Travel		95	
Office Supplies		4,502	
Office Equipment		7,920	
Total County Clerk's Office			261,902

Other Finance

Trustee's Commission	\$	123,095	
Total Other Finance			123,095

(Continued)

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	53,969	
Assistant(s)		48,592	
Deputy(ies)		218,106	
Part-time Personnel		10,154	
Other Salaries & Wages		16,000	
Board and Committee Members Fees		478	
Jury and Witness Fees		13,058	
In-Service Training		50	
Communication		11,098	
Operating Lease Payments		9,377	
Legal Notices, Recording and Court Costs		144	
Maintenance Agreements		15,929	
Maintenance & Repair Services- Office Equipment		320	
Postal Charges		7,223	
Travel		3,602	
Office Supplies		23,740	
Other Charges		3,928	
Data Processing Equipment		12,103	
Office Equipment		3,597	
Total Circuit Court			\$ 451,468

General Sessions Judge

Judge(s)	\$	97,763	
Secretary(s)		24,296	
Communication		2,973	
Dues and Memberships		120	
Operating Lease Payments		2,206	
Postal Charges		161	
Travel		266	
Library Books/Media		298	
Office Supplies		1,530	
Other Charges		530	
Office Equipment		1,448	
Total General Sessions Judge			131,591

Chancery Court

County Official/Administrative Officer	\$	53,969	
Deputy(ies)		69,754	
Communication		3,170	
Dues and Memberships		581	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Maintenance Agreements	\$	7,083	
Maintenance & Repair Services- Office Equipment		45	
Postal Charges		3,000	
Office Supplies		5,712	
Office Equipment		1,936	
Total Chancery Court			\$ 145,250

Probate Court

Deputy(ies)	\$	21,914	
Communication		505	
Postal Charges		511	
Office Supplies		538	
Office Equipment		35	
Total Probate Court			23,503

Other Administration of Justice

Other Salaries & Wages	\$	1,152	
Legal Notices, Recording and Court Costs		1,500	
Postal Charges		2,210	
Total Other Administration of Justice			4,862

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,365	
Assistant(s)		38,846	
Supervisor/Director		32,508	
Deputy(ies)		313,670	
Investigator(s)		122,885	
Captain(s)		99,257	
Sergeant(s)		88,396	
Accountants/Bookkeepers		24,296	
Secretary(s)		24,296	
Clerical Personnel		44,550	
Part-time Personnel		6,012	
School Resource Officer		95,556	
Overtime Pay		85,182	
Other Salaries & Wages		59,170	
In-Service Training		12,449	
Communication		18,428	
Forest Resource Services		11,844	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Operating Lease Payments	\$	7,560	
Maintenance Agreements		4,612	
Maintenance & Repair Services- Vehicles		27,197	
Postal Charges		3,025	
Travel		5,474	
Tuition		3,292	
Animal Food and Supplies		112	
Gasoline		88,138	
Office Supplies		14,841	
Tires and Tubes		10,720	
Uniforms		25,419	
Workers' Compensation Insurance		27,457	
Other Charges		20,761	
Communication Equipment		1,074	
Law Enforcement Equipment		11,855	
Office Equipment		3,784	
Total Sheriff's Department			\$ 1,397,031

Jail

Assistant(s)	\$	38,846
Lieutenant(s)		33,176
Sergeant(s)		62,937
Accountants/Bookkeepers		24,296
Guards		404,300
Cafeteria Personnel		33,983
Overtime Pay		37,173
Other Salaries & Wages		29,520
State Retirement		31,295
Employee and Dependent Insurance		117,356
Communication		300
Maintenance Agreements		4,766
Maintenance & Repair Services- Equipment		867
Travel		8,089
Custodial Supplies		28,822
Drugs and Medical Supplies		186,124
Electricity		21,628
Food Supplies		155,556
Natural Gas		10,129
Office Supplies		1,203
Prisoners Clothing		3,520

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Water and Sewer	\$	26,499	
Other Charges		4,394	
Office Equipment		80	
Other Equipment		475	
Total Jail			\$ 1,265,334

Juvenile Services

Probation Officer(s)	\$	21,458	
Youth Service Officer(s)		25,831	
Communication		1,068	
Postal Charges		43	
Travel		3,062	
Other Contracted Services		7,680	
Office Supplies		600	
Other Charges		6,333	
Total Juvenile Services			66,075

Fire Prevention and Control

Contributions	\$	2,250	
Other Contracted Services		25,444	
Workers' Compensation Insurance		10,610	
Other Charges		67,500	
Total Fire Prevention and Control			105,804

Rescue Squad

Contributions	\$	67,500	
Total Rescue Squad			67,500

Other Emergency Management

Communication	\$	8,281	
Maintenance & Repair Services- Vehicles		1,212	
Postal Charges		150	
Other Contracted Services		10,260	
Office Supplies		3,272	
Uniforms		471	
Other Charges		301,400	
Other Equipment		8,758	
Total Other Emergency Management			333,804

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Supervisor/Director	\$	2,200	
Medical Personnel		4,800	
Other Charges		22,202	
Total County Coroner/Medical Examiner			\$ 29,202

Other Public Safety

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

Public Health and Welfare

Local Health Center

Other Salaries & Wages	\$	4,521	
Communication		7,142	
Operating Lease Payments		4,454	
Postal Charges		3,071	
Other Contracted Services		3,761	
Custodial Supplies		494	
Drugs and Medical Supplies		6,442	
Office Supplies		10,122	
Periodicals		123	
Other Charges		8,789	
Office Equipment		761	
Total Local Health Center			49,680

Rabies and Animal Control

Supervisor/Director	\$	7,780	
Part-time Personnel		4,440	
Communication		284	
Contributions		7,061	
Rentals		1,400	
Travel		464	
Natural Gas		50	
Office Supplies		274	
Other Charges		25	
Total Rabies and Animal Control			21,778

Ambulance/Emergency Medical Services

Supervisor/Director	\$	45,000	
Paraprofessionals		1,042,710	
Secretary(s)		23,588	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Communication	\$	7,485	
Contracts with Private Agencies		4,187	
Evaluation and Testing		556	
Laundry Service		990	
Operating Lease Payments		2,106	
Licenses		1,200	
Maintenance Agreements		2,078	
Maintenance & Repair Services- Equipment		2,594	
Maintenance & Repair Services- Vehicles		20,828	
Postal Charges		4,451	
Tuition		12,752	
Custodial Supplies		3,940	
Diesel Fuel		41,936	
Drugs and Medical Supplies		69,474	
Electricity		6,071	
Office Supplies		5,124	
Tires and Tubes		4,388	
Uniforms		11,295	
Water and Sewer		794	
Workers' Compensation Insurance		51,015	
Other Charges		3,380	
Attendance Equipment		2,037	
Communication Equipment		6,441	
Office Equipment		2,102	
Total Ambulance/Emergency Medical Services			\$ 1,378,522

Dental Health Program

Assistant(s)	\$	46,264
Supervisor/Director		93,344
Deputy(ies)		9,797
Medical Personnel		37,079
Salary Supplements		19,650
Part-time Personnel		4,414
Social Security		13,028
State Retirement		7,774
Employee and Dependent Insurance		17,114
Employer Medicare		2,947
Communication		2,755
Dues and Memberships		1,092
Maintenance & Repair Services- Buildings		300

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Maintenance & Repair Services- Equipment	\$	966	
Postal Charges		252	
Travel		8,287	
Drugs and Medical Supplies		22,026	
Office Supplies		3,790	
Liability Insurance		767	
In Service/Staff Development		1,437	
Other Charges		1,908	
Office Equipment		6,450	
Total Dental Health Program			\$ 301,441

Crippled Children Services

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

Other Local Health Services

Assistant(s)	\$	26,366	
Deputy(ies)		28,137	
Teachers		19,242	
Social Workers		20,748	
Medical Personnel		27,579	
Secretary(s)		14,250	
Clerical Personnel		7,856	
Other Salaries & Wages		20,173	
Social Security		9,627	
State Retirement		5,349	
Employee and Dependent Insurance		25,968	
Employer Medicare		2,422	
Travel		7,362	
Other Charges		189	
Total Other Local Health Services			215,268

General Welfare Assistance

Social Workers	\$	22,221	
Pauper Burials		650	
Total General Welfare Assistance			22,871

Aid to Dependent Children

Contracts with Private Agencies	\$	827	
Total Aid to Dependent Children			827

(Continued)

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

General Fund (Cont.)

Social, Cultural and Recreational Services

Senior Citizens Assistance

Contributions	\$	30,000	
Other Contracted Services		7,000	
Total Senior Citizens Assistance			\$ 37,000

Libraries

Contributions	\$	94,550	
Maintenance Agreements		2,397	
Total Libraries			96,947

Other Social, Cultural and Recreational

Contracts with Other Public Agencies	\$	40,720	
Contributions		185,771	
Total Other Social, Cultural and Recreational			226,491

Agriculture & Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	12,756	
Assistant(s)		9,445	
Supervisor/Director		10,393	
Clerical Personnel		8,905	
Social Security		5,577	
Communication		3,194	
Operating Lease Payments		1,408	
Office Supplies		300	
Other Charges		9,000	
Total Agriculture Extension Service			60,978

Soil Conservation

Secretary(s)	\$	17,666	
Contributions		2,042	
Dues and Memberships		200	
Office Supplies		74	
Total Soil Conservation			19,982

Flood Control

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

(Continued)

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

General Fund (Cont.)

Other Operations

Tourism

Supervisor/Director	\$	37,000	
Communication		3,243	
Travel		439	
Other Contracted Services		4,957	
Electricity		4,218	
Office Supplies		2,047	
Water and Sewer		70	
Other Charges		10,723	
Office Equipment		8,002	
Total Tourism			\$ 70,699

Industrial Development

Supervisor/Director	\$	52,957	
Secretary(s)		20,679	
Social Security		4,327	
State Retirement		3,496	
Employee and Dependent Insurance		9,818	
Employer Medicare		1,056	
Advertising		3,561	
Communication		4,756	
Dues and Memberships		820	
Maintenance & Repair Services- Equipment		1,648	
Maintenance & Repair Services- Vehicles		20	
Postal Charges		449	
Travel		12,882	
Office Supplies		1,579	
Other Charges		776	
Office Equipment		832	
Total Industrial Development			119,656

Housing and Urban Development

Building Improvements	\$	132,950	
Total Housing and Urban Development			132,950

Other Economic and Community Development

Contracts with Other Public Agencies	\$	10,500	
Other Contracted Services		4,486	
Building Improvements		1,791	
Total Other Economic and Community Development			16,777

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Airport

Communication	\$	1,071	
Maintenance Agreements		4,357	
Maintenance & Repair Services- Equipment		2,501	
Other Contracted Services		20,122	
Electricity		5,027	
Other Charges		5,425	
Airport Improvement		11,015	
Total Airport			\$ 49,518

Veterans' Services

Supervisor/Director	\$	6,806	
Communication		526	
Postal Charges		148	
Travel		447	
Office Supplies		15	
Total Veterans' Services			7,942

Other Charges

Postal Charges	\$	130	
Other Contracted Services		6,481	
Other Supplies and Materials		499	
Other Charges		150	
Total Other Charges			7,260

Contributions to Other Agencies

Contributions	\$	10,326	
Total Contributions to Other Agencies			10,326

Employee Benefits

Social Security	\$	300,490	
Handling Charges & Administrative Costs		15,500	
State Retirement		191,072	
Employee and Dependent Insurance		775,880	
Medical Insurance		70	
Unemployment Compensation		3,257	
Employer Medicare		70,389	
Other Fringe Benefits		55,096	
Workers' Compensation Insurance		31,313	
Total Employee Benefits			1,443,067

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Maintenance & Repair Services- Buildings	\$ 1,650	
Total Miscellaneous		\$ 1,650

Other Debt Service

General Government

Other Debt Issuance Charges	\$ 24,565	
Total General Government		24,565

Capital Projects

General Administration Projects

Architects	\$ 22,777	
Other Charges	3,800	
Building Construction	41,270	
Building Improvements	720,347	
Motor Vehicles	270,071	
Building Purchases	155,000	
Total General Administration Projects		1,213,265

Public Safety Projects

Other Charges	\$ 2,177	
Other Construction	4,512	
Total Public Safety Projects		6,689

Public Utility Projects

Engineering Services	\$ 33,255	
Other Charges	22,181	
Other Construction	329,596	
Total Public Utility Projects		385,032

Capital Projects - Donated

Capital Projects Donated to School Department

Motor Vehicles	\$ 125,678	
Total Capital Projects Donated to School Department		125,678

Total General Fund		\$ 12,606,155
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$ 38,824	
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(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Laborers	\$	47,613	
Clerical Personnel		22,425	
Social Security		7,514	
State Retirement		5,596	
Employee and Dependent Insurance		20,227	
Employer Medicare		1,757	
Advertising		2,332	
Communication		5,232	
Contracts with Private Agencies		1,036,708	
Dues and Memberships		249	
Maintenance & Repair Services- Equipment		3,171	
Travel		658	
Gasoline		10,498	
Office Supplies		1,566	
Tires and Tubes		486	
Utilities		1,353	
Other Supplies and Materials		978	
Trustee's Commission		27,684	
Other Charges		16,329	
Office Equipment		1,509	
Solid Waste Equipment		20,700	
Total Sanitation Education/Information			\$ 1,273,409

Convenience Centers

Attendants	\$	126,967
Social Security		6,629
State Retirement		3,617
Employee and Dependent Insurance		22,868
Employer Medicare		1,947
Communication		1,452
Contracts with Private Agencies		11,912
Maintenance & Repair Services- Equipment		1,150
Other Contracted Services		206,442
Crushed Stone		812
Pipe - Concrete		2,117
Small Tools		1,495
Utilities		3,826
Other Supplies and Materials		4,210
Liability Insurance		41,300
Workers' Compensation Insurance		7,038

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Other Charges	\$	14,658	
Office Equipment		369	
Solid Waste Equipment		85	
Total Convenience Centers			\$ 458,894

Postclosure Care Costs

Maintenance & Repair Services- Equipment	\$	21	
Fertilizer, Lime and Seed		178	
Testing		10,400	
Other Charges		3,892	
Total Postclosure Care Costs			14,491

Highways

Litter and Trash Collection

Laborers	\$	27,480	
Social Security		1,698	
Advertising		10,291	
Other Charges		186	
Total Litter and Trash Collection			39,655

Total Solid Waste/Sanitation Fund \$ 1,786,449

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	1,309	
Confidential Drug Enforcement Payments		6,000	
Office Supplies		918	
Trustee's Commission		122	
Other Charges		13,743	
Office Equipment		252	
Total Drug Enforcement			\$ 22,344

Total Drug Control Fund 22,344

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	5,930	
Total Chancery Court			\$ 5,930

Total Constitutional Officers - Fees Fund 5,930

(Continued)

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	59,365	
Accountants/Bookkeepers		25,594	
Secretary(s)		25,594	
Communication		8,416	
Dues and Memberships		2,801	
Legal Services		100	
Maintenance & Repair Services- Office Equipment		1,117	
Postal Charges		296	
Travel		50	
Other Contracted Services		1,164	
Electricity		12,935	
Natural Gas		2,146	
Office Supplies		1,382	
Water and Sewer		1,822	
Other Charges		914	
Total Administration			\$ 143,696

Highway and Bridge Maintenance

Foremen	\$	24,151	
Laborers		624,586	
Other Contracted Services		14,936	
Asphalt - Cold Mix		9,827	
Asphalt - Hot Mix		582,548	
Asphalt - Liquid		90,598	
Concrete		340	
Crushed Stone		123,587	
Other Road Supplies		744	
Pipe - Metal		10,430	
Road Signs		5,964	
Small Tools		128	
Total Highway and Bridge Maintenance			1,487,839

Operation and Maintenance of Equipment

Foremen	\$	31,827	
Mechanic(s)		26,632	
Other Contracted Services		175	
Diesel Fuel		89,983	
Equipment and Machinery Parts		128,647	
Garage Supplies		5,227	
Gasoline		122,337	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Lubricants	\$	10,852	
Propane Gas		50	
Tires and Tubes		30,370	
Other Supplies and Materials		895	
Total Operation and Maintenance of Equipment			\$ 446,995

Other Charges

Building and Contents Insurance	\$	48,720	
Liability Insurance		36,000	
Trustee's Commission		29,485	
Vehicle and Equipment Insurance		55,065	
Workers' Compensation Insurance		31,026	
Total Other Charges			200,296

Employee Benefits

Social Security	\$	49,777	
State Retirement		37,468	
Employee and Dependent Insurance		175,790	
Medical Insurance		13	
Unemployment Compensation		10,783	
Employer Medicare		11,641	
Total Employee Benefits			285,472

Capital Outlay

Bridge Construction	\$	145,010	
Communication Equipment		669	
Highway Equipment		6,250	
Site Development		2,505	
State Aid Projects		191,154	
Other Equipment		1,995	
Total Capital Outlay			347,583

Principal

Highways and Streets

Principal on Notes	\$	280,000	
Total Highways and Streets			280,000

Interest

Highways and Streets

Interest on Notes	\$	10,850	
Total Highways and Streets			10,850

Total Highway/Public Works Fund \$ 3,202,731

(Continued)

Exhibit K-7

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

<u>General Debt Service Fund</u>		
<u>Principal</u>		
<u>General Government</u>		
Principal on Bonds	\$ 790,000	
Principal on Notes	257,450	
Principal on Other Loans Payable	25,000	
Total General Government		\$ 1,072,450
<u>Interest</u>		
<u>General Government</u>		
Interest on Bonds	\$ 440,462	
Interest on Notes	36,427	
Interest on Other Loans Payable	485,108	
Total General Government		961,997
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 40,080	
Other Debt Service	129,074	
Total General Government		169,154
Total General Debt Service Fund		\$ 2,203,601
<u>Education Capital Projects Fund</u>		
<u>Other Operations</u>		
<u>Payments to Cities</u>		
Payments to Schools - Other	\$ 1,252,178	
Total Payments to Cities		\$ 1,252,178
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Other Construction	\$ 5,053,472	
Total Capital Projects Donated to School Department		5,053,472
Total Education Capital Projects Fund		6,305,650
Total Governmental Funds - Primary Government		<u>\$ 26,132,860</u>

Exhibit K-8

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,534,703	
Career Ladder Program	171,278	
Career Ladder Extended Contracts	124,600	
Homebound Teachers	80,365	
Educational Assistants	320,734	
Other Salaries & Wages	309,404	
Certified Substitute Teachers	141,141	
Social Security	643,144	
State Retirement	574,837	
Life Insurance	12,081	
Medical Insurance	1,812,668	
Employer Medicare	150,652	
Other Fringe Benefits	61,303	
Other Contracted Services	8,712	
Instructional Supplies and Materials	139,369	
Textbooks	112,535	
Other Supplies and Materials	62,335	
Fee Waivers	51,942	
Other Charges	79	
Regular Instruction Equipment	110,514	
Total Regular Instruction Program		\$ 14,422,396

Alternative Instruction Program

Teachers	\$ 30,885	
Educational Assistants	12,982	
Social Security	2,712	
State Retirement	2,308	
Life Insurance	86	
Medical Insurance	9,366	
Employer Medicare	634	
Other Fringe Benefits	263	
Total Alternative Instruction Program		59,236

Special Education Program

Teachers	\$ 1,044,761
Career Ladder Program	12,250
Homebound Teachers	16,211
Educational Assistants	243,103
Other Salaries & Wages	53,555

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Certified Substitute Teachers	\$	26,331	
Social Security		82,948	
State Retirement		71,738	
Life Insurance		2,042	
Medical Insurance		287,517	
Employer Medicare		19,400	
Other Fringe Benefits		1,310	
Contracts with Other Public Agencies		155,302	
Other Contracted Services		35,857	
Instructional Supplies and Materials		12,415	
Other Supplies and Materials		11,670	
Special Education Equipment		7,631	
Total Special Education Program			\$ 2,084,041

Vocational Education Program

Teachers	\$	663,167	
Career Ladder Program		10,000	
Certified Substitute Teachers		8,715	
Social Security		40,425	
State Retirement		36,490	
Life Insurance		823	
Medical Insurance		126,486	
Employer Medicare		9,588	
Other Fringe Benefits		4,021	
Instructional Supplies and Materials		32,599	
Other Supplies and Materials		2,688	
Vocational Instruction Equipment		6,993	
Total Vocational Education Program			941,995

Adult Education Program

Teachers	\$	50,800	
Social Security		3,150	
State Retirement		2,639	
Employer Medicare		737	
Other Fringe Benefits		347	
Instructional Supplies and Materials		8,672	
Other Charges		55	
Other Equipment		1,837	
Total Adult Education Program			68,237

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	56,557	
Career Ladder Program		1,000	
Social Security		3,457	
State Retirement		3,166	
Life Insurance		48	
Medical Insurance		9,908	
Employer Medicare		808	
Other Fringe Benefits		344	
Travel		655	
Total Attendance			\$ 75,943

Health Services

Supervisor/Director	\$	33,252	
Social Workers		32,536	
Medical Personnel		78,451	
Paraprofessionals		80,254	
Clerical Personnel		16,152	
Other Salaries & Wages		1,726	
Social Security		14,353	
State Retirement		11,432	
Life Insurance		428	
Medical Insurance		45,569	
Unemployment Compensation		225	
Employer Medicare		3,357	
Other Fringe Benefits		1,461	
Travel		5,316	
Other Contracted Services		34,841	
Drugs and Medical Supplies		2,600	
Other Supplies and Materials		39,466	
Other Charges		1,810	
Health Equipment		1,366	
Total Health Services			404,595

Other Student Support

Career Ladder Program	\$	7,000	
Guidance Personnel		397,445	
Psychological Personnel		54,402	
Social Security		28,418	
State Retirement		26,186	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Life Insurance	\$	547	
Medical Insurance		96,090	
Employer Medicare		6,646	
Other Fringe Benefits		2,842	
Evaluation and Testing		12,362	
Travel		2,479	
Other Contracted Services		150,987	
Other Supplies and Materials		332	
In Service/Staff Development		282	
Other Charges		504	
Other Equipment		3,300	
Total Other Student Support			\$ 789,822

Regular Instruction Program

Supervisor/Director	\$	135,885	
Career Ladder Program		14,975	
Librarians		397,035	
Instructional Computer Personnel		92,675	
Secretary(s)		2,953	
Other Salaries & Wages		11,469	
Social Security		39,179	
State Retirement		35,806	
Life Insurance		722	
Medical Insurance		105,374	
Employer Medicare		9,162	
Other Fringe Benefits		3,978	
Travel		22,358	
Other Contracted Services		28,903	
Library Books/Media		45,447	
Other Supplies and Materials		17	
In Service/Staff Development		2,498	
Other Equipment		72,202	
Total Regular Instruction Program			1,020,638

Special Education Program

Supervisor/Director	\$	60,385
Career Ladder Program		7,995
Psychological Personnel		109,331
Assessment Personnel		225,637

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Secretary(s)	\$	21,216	
Social Security		25,688	
State Retirement		23,197	
Life Insurance		429	
Medical Insurance		62,381	
Employer Medicare		6,010	
Other Fringe Benefits		2,251	
Maintenance & Repair Services- Equipment		3,702	
Travel		23,144	
Other Contracted Services		18,563	
In Service/Staff Development		1,262	
Total Special Education Program			\$ 591,191

Vocational Education Program

Supervisor/Director	\$	62,233	
Career Ladder Program		3,000	
Social Security		3,893	
State Retirement		3,587	
Life Insurance		48	
Medical Insurance		6,864	
Employer Medicare		910	
Other Fringe Benefits		396	
Travel		6,192	
In Service/Staff Development		102	
Other Charges		152	
Total Vocational Education Program			87,377

Adult Programs

Supervisor/Director	\$	63,380	
Other Salaries & Wages		15,261	
Social Security		4,885	
State Retirement		3,575	
Life Insurance		48	
Medical Insurance		4,670	
Employer Medicare		1,142	
Other Fringe Benefits		765	
Travel		2,280	
In Service/Staff Development		1,514	
Total Adult Programs			97,520

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Secretary to Board	\$	4,389	
Other Salaries & Wages		50	
Board and Committee Members Fees		38,770	
Social Security		2,676	
State Retirement		223	
Life Insurance		279	
Medical Insurance		959	
Unemployment Compensation		22,640	
Employer Medicare		631	
Other Fringe Benefits		58,739	
Audit Services		5,675	
Dues and Memberships		5,935	
Legal Services		9,747	
Travel		9,069	
Liability Insurance		945	
Trustee's Commission		174,051	
Workers' Compensation Insurance		5,317	
In Service/Staff Development		25	
Other Charges		7,368	
Total Board of Education			\$ 347,488

Director of Schools

County Official/Administrative Officer	\$	85,000
Career Ladder Program		1,000
Secretary(s)		31,838
Clerical Personnel		46,781
Social Security		9,948
State Retirement		8,515
Life Insurance		178
Medical Insurance		24,560
Employer Medicare		2,327
Other Fringe Benefits		990
Communication		21,396
Dues and Memberships		4,273
Postal Charges		5,180
Travel		5,258
Other Contracted Services		7,809
Office Supplies		7,877
Other Charges		2,292

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Administration Equipment	\$ 1,741	
Total Director of Schools		\$ 266,963

Office of the Principal

Principals	\$ 577,682	
Career Ladder Program	13,998	
Assistant Principals	144,150	
Secretary(s)	218,230	
Social Security	56,857	
State Retirement	50,294	
Life Insurance	1,249	
Medical Insurance	145,631	
Employer Medicare	13,297	
Other Fringe Benefits	5,710	
Communication	21,674	
Postal Charges	4,477	
Administration Equipment	20,718	
Total Office of the Principal		1,273,967

Operation of Plant

Custodial Personnel	\$ 514,310	
Other Salaries & Wages	19,998	
Social Security	30,389	
State Retirement	23,265	
Life Insurance	1,268	
Medical Insurance	163,231	
Employer Medicare	7,102	
Other Fringe Benefits	18,757	
Other Contracted Services	52,196	
Custodial Supplies	134,638	
Electricity	628,392	
Natural Gas	181,666	
Water and Sewer	78,524	
Building and Contents Insurance	198,690	
Other Charges	489	
Plant Operation Equipment	13,255	
Total Operation of Plant		2,066,170

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	38,172	
Secretary(s)		22,925	
Maintenance Personnel		156,748	
Other Salaries & Wages		26,061	
Social Security		14,696	
State Retirement		11,321	
Life Insurance		471	
Medical Insurance		45,960	
Employer Medicare		3,437	
Other Fringe Benefits		8,810	
Maintenance & Repair Services- Buildings		31,890	
Maintenance & Repair Services- Equipment		24,255	
Travel		1,020	
Other Contracted Services		24,573	
Other Supplies and Materials		385,315	
Other Charges		885	
Maintenance Equipment		69,708	
Total Maintenance of Plant			\$ 866,247

Transportation

Supervisor/Director	\$	32,911	
Social Security		2,037	
State Retirement		1,550	
Life Insurance		48	
Medical Insurance		8,893	
Employer Medicare		476	
Other Fringe Benefits		200	
Communication		652	
Contracts with Parents		45,902	
Contracts with Vehicle Owners		1,607,135	
Maintenance & Repair Services- Vehicles		13,392	
Travel		2,652	
Other Supplies and Materials		528	
Other Charges		5,009	
Transportation Equipment		4,497	
Total Transportation			1,725,882

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	51,986	
Cafeteria Personnel		26,664	
Other Salaries & Wages		495	
Social Security		4,762	
State Retirement		31,959	
Life Insurance		2,537	
Medical Insurance		146,251	
Employer Medicare		1,114	
Other Fringe Benefits		25,615	
Communication		510	
Travel		5,445	
Other Contracted Services		1,699	
Utilities		111,520	
Other Supplies and Materials		3,700	
Other Charges		910	
Total Food Service			\$ 415,167

Community Services

Supervisor/Director	\$	35,402	
Other Salaries & Wages		3,190	
Certified Substitute Teachers		3,066	
Social Security		2,583	
State Retirement		1,776	
Life Insurance		47	
Medical Insurance		4,633	
Employer Medicare		604	
Other Fringe Benefits		179	
Communication		1,427	
Travel		865	
Other Contracted Services		58,646	
Instructional Supplies and Materials		2,115	
Other Supplies and Materials		493	
Other Charges		2,170	
Total Community Services			117,196

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	31,492	
Total Regular Capital Outlay			31,492

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Principal

Education

Principal on Bonds	\$	320,000	
Principal on Notes		85,000	
Debt Service Contribution to Primary Government		<u>80,500</u>	
Total Education	\$		485,500

Interest

Education

Interest on Bonds	\$	115,750	
Interest on Notes		7,179	
Debt Service Contribution to Primary Government		<u>149,500</u>	
Total Education			272,429

Other Debt Service

Education

Other Debt Service	\$	<u>445</u>	
Total Education			<u>445</u>

Total General Purpose School Fund \$ 28,511,937

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	345,322	
Educational Assistants		415,793	
Other Salaries & Wages		1,350	
Certified Substitute Teachers		16,043	
Social Security		45,033	
State Retirement		38,524	
Life Insurance		1,857	
Medical Insurance		213,548	
Unemployment Compensation		4,608	
Employer Medicare		10,532	
Other Fringe Benefits		360	
Other Contracted Services		22,923	
Instructional Supplies and Materials		36,191	
Other Supplies and Materials		28,811	
Other Charges		10,262	
Regular Instruction Equipment		<u>67,789</u>	
Total Regular Instruction Program	\$		1,258,946

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	31,726	
Educational Assistants		407,179	
Social Security		24,740	
State Retirement		18,180	
Life Insurance		1,248	
Medical Insurance		122,352	
Employer Medicare		5,787	
Other Fringe Benefits		10,818	
Contracts with Other Public Agencies		171,367	
Instructional Supplies and Materials		139,082	
Special Education Equipment		61,165	
Total Special Education Program			\$ 993,644

Vocational Education Program

Clerical Personnel	\$	20,382	
Certified Substitute Teachers		168	
Social Security		1,209	
State Retirement		960	
Life Insurance		54	
Medical Insurance		6,233	
Employer Medicare		283	
Travel		6,895	
Other Supplies and Materials		35,746	
Vocational Instruction Equipment		77,267	
Total Vocational Education Program			149,197

Support Services

Attendance

Social Workers	\$	16,531	
Social Security		1,053	
State Retirement		909	
Life Insurance		24	
Medical Insurance		4,569	
Employer Medicare		225	
Total Attendance			23,311

Health Services

Other Salaries & Wages	\$	17,314	
Social Security		1,284	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

State Retirement	\$	816	
Life Insurance		48	
Medical Insurance		4,545	
Unemployment Compensation		90	
Employer Medicare		55	
Other Fringe Benefits		45	
Total Health Services			\$ 24,197

Other Student Support

Other Salaries & Wages	\$	17,265	
Travel		3,185	
In Service/Staff Development		868	
Total Other Student Support			21,318

Regular Instruction Program

Supervisor/Director	\$	61,756	
Secretary(s)		22,079	
Other Salaries & Wages		28,223	
In-Service Training		693	
Social Security		6,990	
State Retirement		6,139	
Life Insurance		86	
Medical Insurance		13,091	
Unemployment Compensation		280	
Employer Medicare		1,647	
Other Fringe Benefits		649	
Consultants		4,986	
Travel		17,669	
Library Books/Media		3,042	
Other Supplies and Materials		21,666	
In Service/Staff Development		81,603	
Other Charges		6,785	
Other Equipment		31,996	
Total Regular Instruction Program			309,380

Special Education Program

Supervisor/Director	\$	5,507	
Psychological Personnel		5,181	
Assessment Personnel		8,337	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Social Security	\$	1,180	
State Retirement		1,046	
Employer Medicare		273	
Other Fringe Benefits		98	
Travel		16,743	
Other Contracted Services		27,958	
In Service/Staff Development		9,506	
Total Special Education Program			\$ 75,829

Vocational Education Program

Supervisor/Director	\$	6,895	
Social Security		427	
State Retirement		380	
Employer Medicare		100	
Total Vocational Education Program			7,802

Total School Federal Projects Fund \$ 2,863,624

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$	20,013	
Cafeteria Personnel		598,896	
Part-time Personnel		59,927	
Other Salaries & Wages		41,696	
Social Security		42,104	
Medical Insurance		126,664	
Employer Medicare		9,847	
Communication		5,565	
Maintenance & Repair Services- Equipment		6,787	
Other Contracted Services		16,181	
Food Supplies		1,080,831	
Other Supplies and Materials		94,309	
Food Service Equipment		8,107	
Total Food Service			\$ 2,110,927

Principal

Education

Principal on Notes	\$	46,552	
Total Education			46,552

(Continued)

Exhibit K-8

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

<u>Central Cafeteria Fund (Cont.)</u>		
<u>Interest</u>		
<u>Education</u>		
Interest on Notes	\$ 1,625	
Total Education		\$ 1,625
Total Central Cafeteria Fund		\$ 2,159,104
<u>Education Capital Projects Fund</u>		
<u>Other Debt Service</u>		
<u>Education</u>		
Other Debt Issuance Charges	\$ 25,627	
Total Education		\$ 25,627
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$ 34,410	
Building Construction	4,500,527	
Building Improvements	376,024	
Other Capital Outlay	135,284	
Total Education Capital Projects		5,046,245
Total Education Capital Projects Fund		5,071,872
Total Governmental Funds - Monroe County School Department		\$ 38,606,537

Exhibit K-9

Monroe County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2005

	Cities - Sales Tax Fund	City School ADA - Sweetwater Fund	Total (Memorandum Only)
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 919,779	\$ 919,779
Trustee's Collections - Prior Years	0	37,656	37,656
Circuit/Clerk and Master Collections - Prior Years	0	11,583	11,583
Interest and Penalty	0	6,633	6,633
Pick-up Taxes	0	1,514	1,514
Payments in Lieu of Taxes - T.V.A.	0	3,147	3,147
Payments in Lieu of Taxes - Local Utilities	0	54,785	54,785
Payments in Lieu of Taxes - Other	0	526	526
Local Option Sales Tax	3,123,723	702,787	3,826,510
Business Tax	0	25,465	25,465
Other Local Option Taxes	0	76	76
Bank Excise Tax	0	9,650	9,650
Interstate Telecommunications Tax	0	1,659	1,659
Marriage Licenses	0	690	690
Income Tax	0	6,316	6,316
Mixed Drink Tax	0	1,323	1,323
State Revenue Sharing - T.V.A.	0	100,000	100,000
Contracted Services	0	1,252,178	1,252,178
Total Cash Receipts	<u>\$ 3,123,723</u>	<u>\$ 3,135,767</u>	<u>\$ 6,259,490</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,092,486	\$ 3,107,156	\$ 6,199,642
Trustee's Commission	31,237	28,611	59,848
Total Cash Disbursements	<u>\$ 3,123,723</u>	<u>\$ 3,135,767</u>	<u>\$ 6,259,490</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 0
Cash Balance, July 1, 2004	0	0	0
Cash Balance, June 30, 2005	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

STATISTICAL SECTION

Table 1

Monroe County, Tennessee
Uncollected Taxes Filed in Chancery Court
June 30, 2005

Year	Amount
1994	\$ 1,383
1995	1,845
1996	1,981
1997	6,973
1998	5,805
1999	316
2000	8,339
2001	11,955
2002	26,178
2003	<u>137,001</u>
Total	<u>\$ 201,776</u>

Table 2

Monroe County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.69	\$ 0.69	\$ 0.53	\$ 0.59	\$ 0.74	\$ 0.74	\$ 0.72	\$ 0.58	\$ 0.58	0.58
Highway/Public Works	0.06	0.06	0.05	0.05	0.05	0.05	0.06	0.04	0.04	0.04
General Purpose School	1.37	1.37	1.05	1.11	1.11	1.11	1.11	0.88	0.88	0.88
General Debt Service	0.03	0.03	0.03	0.03	0.15	0.15	0.17	0.14	0.24	0.24
Solid Waste/Sanitation	0.20	0.20	0.15	0.21	0.21	0.21	0.21	0.17	0.17	0.17
Total Tax Rate	\$ 2.35	\$ 2.35	\$ 1.81	\$ 1.99	\$ 2.26	\$ 2.26	\$ 2.26	\$ 1.81	\$ 1.91	1.91
<u>Assessed Valuations</u>										
Real and Personal	\$ 260,303,481	\$ 259,159,257	\$ 344,380,935	\$ 354,867,370	\$ 376,085,273	\$ 412,237,920	\$ 420,081,518	\$ 555,997,837	\$ 561,513,750	\$ 568,181,147
Public Utilities	26,545,326	23,495,338	25,912,833	28,195,659	28,300,294	29,461,777	24,178,489	32,430,912	33,378,847	32,357,615
Total Assessed Valuation	\$ 286,848,807	\$ 282,654,595	\$ 370,293,768	\$ 383,063,029	\$ 404,385,567	\$ 441,699,697	\$ 444,260,007	\$ 588,428,749	\$ 594,892,597	\$ 600,538,762

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

November 30, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Monroe County's basic financial statements and have issued our report thereon dated November 30, 2005. Our report on the aggregate discretely presented component units' financial information was qualified because the financial statements did not include the financial information of the Monroe County Emergency Communications District and the Women's Wellness and Maternity Center, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monroe County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a

reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Monroe County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 05.01.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe County's statements are free of 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.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 30, 2005

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Monroe County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Monroe County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Monroe County's management. Our responsibility is to express an opinion on Monroe County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Monroe County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Monroe County's compliance with those requirements.

In our opinion, Monroe County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Monroe County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Monroe County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

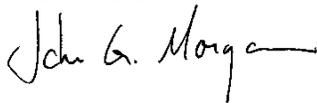
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated November 30, 2005. Our report on the aggregate discretely presented component units was qualified because the financial statements did not include the financial information of the Monroe County Emergency Communications District and the Women's Wellness and Maternity Center, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu

Monroe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2005

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	10620	\$ 143,724
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	620	281,264
National School Lunch Program	10.555	620	880,594
Total U.S. Department of Agriculture			\$ 1,305,582
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	HM-04-35	\$ 124,950
Total U.S. Department of Housing and Urban Development			\$ 124,950
U.S. Department of the Interior:			
Passed-through State Department of Environment and Conservation:			
Historic Preservation Fund Grants-in-Aid	15.904	GG-04-10491-00	\$ 25,000
Total U.S. Department of the Interior			\$ 25,000
U.S. Department of Justice:			
Direct Program:			
Local Law Enforcement Block Grants Program	16.592	N/A	\$ 14,819
Total U.S. Department of Justice			\$ 14,819
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-03-4257-00	\$ 13,013
Highway Planning and Construction	20.205	GG-05-11355-00	9,082
Total U.S. Department of Highway Administration			\$ 22,095
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z-020051200	\$ 86,662
Title I Grant to Local Educational Agencies	84.010	N/A	1,158,946
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,047,835
Special Education - Preschool Grants	84.173	N/A	30,902
Vocational Education - Basic Grants to States	84.048	N/A	143,855

(Continued)

Monroe County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	\$ 34,795
State Grants for Innovative Programs	84.298	N/A	52,051
Education Technology State Grants	84.318	Z-02008029-00	32,523
Rural Education	84.358	N/A	9,174
English Language Acquisition Grants	84.365	N/A	18,838
Improving Teacher Quality State Grants	84.367	N/A	332,591
Total U.S. Department of Education			\$ 2,948,172
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Job Opportunities and Basic Skills Training	93.561	(2)	\$ 14,089
Total U.S. Department of Health and Human Services			\$ 14,089
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-03-017783-00	\$ 16,972
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020128-00	55,245
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022476-00	237,350
Total U.S. Department of Homeland Security			\$ 309,567
Total Expenditures of Federal Awards			\$ 4,764,274
State Grants			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 16,343
Litter Program - State Department of Transportation	N/A	(2)	38,898
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	29,241
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	22,837
Family Preservation and Support Services - State Department of Education	N/A	(2)	33,300
Job Opportunities and Basic Skills Training - State Department of Education	N/A	(2)	8,508
Safe Schools Act - State Department of Education	N/A	(2)	31,857
Health - State Department of Health	N/A	(2)	172,288
Total State Grants			\$ 353,272

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

(1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accountin

(2) - Information not available.

Monroe County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2005

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Monroe County, Tennessee, for the year ended June 30, 2004, which has not been corrected.

FINDING AND RECOMMENDATION

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.01	168	Duties were not segregated adequately in the Offices of Trustee and Sheriff

MONROE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Monroe County disclosed one reportable condition in internal control. This reportable condition was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance which are material to the financial statements of Monroe County.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Special Education Cluster: the Special Education-Grants to States and the Special Education Preschool Grants (CFDA Nos. 84.027 and 84.173), the State Domestic Preparedness Equipment Support Program (CFDA No. 97.004), and the Improving Teacher Quality State Grants (CFDA No. 84.367) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Monroe County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

The finding, as a result of our examination, is presented below. We reviewed this finding with management to provide an opportunity for their response. Officials offered oral responses to this finding; however, these oral responses have not been included in this report.

FINDING 05.01 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE AND SHERIFF
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of Trustee and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

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

There were no findings and questioned costs for federal awards.

MONROE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2005

There were no audit findings relative to federal awards presented in the prior audit's Schedule of Findings and Questioned Costs or the current year's Schedule of Findings and Questioned Costs.