
ANNUAL FINANCIAL REPORT MONROE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2007



**ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2007**

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

MONROE COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Monroe County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the basic financial statements of Monroe County as of and for the year ended June 30, 2007.

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 two findings and recommendations, which we have reviewed with Monroe County management. The detailed findings, recommendations, and management's response are included in the Single Audit section of this report.

Findings

The following is a summary of the audit findings:

FINANCE OFFICE

- ◆ The School Federal Projects Fund had a cash overdraft of \$215,796 at June 30, 2007.

OTHER FINDING

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

INTRODUCTORY SECTION

Monroe County Officials

June 30, 2007

Officials

J. Allan Watson, County Mayor
Phillip Axley, Road Superintendent
James Millsaps, Director of Schools
Tammy 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
Bill Bivens, Sheriff
Brian Tallent, Director of Finance

Board of County Commissioners

Wanda Alexander	Judith Lee
Larry Anderson	Bennie Moser
Ann Barker	Bill Shadden
Bill Bivins	Roger Thomas
Harold Hawkins, Jr.	

Board of Education

Doris Davis, Chairman	Larry Stein
Jean Allison	Dewitt Upton
Regan Dalton	Robert Vineyard
Sonya Lynn	Dean Williams
Lisa McLemore	

Financial Management Committee

J. Allan Watson, Chairman	James Millsaps
Wanda Alexander	Mike Lowry
Phillip Axley	Bennie Moser
Larry Anderson	Judith Lee
Tammy 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

January 16, 2008

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, 2007, 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 the 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, 2007, 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, 2007, 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.

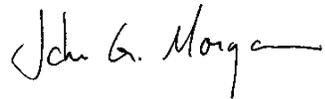
In accordance with Government Auditing Standards, we have also issued our report dated January 16, 2008, on our consideration of Monroe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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.

The management's discussion and analysis on pages 13 through 22 and the budgetary comparison and pension information on pages 75 through 83 are not required parts 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), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements,

budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Monroe County School Department (a discretely presented component unit), and 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

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/sb

**Monroe County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2007**

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, 2007. 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 2007

Key Financial Highlights for 2007

In total, net assets of the primary government decreased \$2.1 million. Net assets of the DPCU School Department increased \$.5 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 \$12.9 million in revenue or 53 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$11.6 million or 47 percent of total revenues of \$24.4 million. General revenues of the DPCU School Department were \$31.8 million.

Total assets of governmental activities in the primary government were \$167.2 million as taxes receivable ended at \$9 million, cash ended at \$18.8 million, and capital assets, net of accumulated depreciation, ended at \$137.7 million. Total assets in the DPCU School Department were \$39 million as taxes receivable ended at \$4.7 million, cash ended at \$2.3 million, and capital assets, net of accumulated depreciation, ended at \$31 million.

The county had \$26.5 million in expenses related to governmental activities, including \$1.1 million in expenses for capital assets provided to the DPCU School Department. Of these expenses, \$11.6 million were offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$8.1 million) provided additional funding for these programs. The DPCU School Department had \$38 million in expenses related to governmental activities; \$6.7 million of these expenses was offset by program specific charges for services, grants, or contributions. General revenues of the DPCU School Department (primarily property taxes and sales taxes of \$4.3 and \$3.4 million, respectively, and \$23.7 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 \$15.4 million in revenues and \$15.3 million in expenditures. The Solid Waste/Sanitation Fund had \$1.9 million in revenues and \$1.9 million in expenditures. The Highway/Public Works Fund had \$3.6 million in revenues and \$3.2 million in expenditures. The General Debt Service Fund had \$3.6 million in revenues and \$2.9 million in expenditures, and the Education Capital Projects Fund had \$2.6 million of expenditures funded by long-term debt proceeds. The fund balances increased for the following funds: the General Fund increased by \$.8 million, the Solid Waste/Sanitation Fund increased by \$57 thousand, the Highway/Public Works Fund increased by \$456 thousand, and the General Debt Service Fund increased by \$.7 million.

Using This Annual Financial Report

This annual financial 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 the Statement 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 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 DPCU School Department, the General Purpose School Fund is the only major fund.

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 2007, the Statement of Net Assets and the Statement of Activities provide a broader picture of the financial activities. 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 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, proprietary, and fiduciary.

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 only major governmental fund is the General Purpose School 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 several 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 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 \$117 million at the close of the most recent fiscal year. For the DPCU School Department, assets exceeded liabilities by \$32.9 million at the close of the most recent fiscal year.

A large portion of the county’s net assets reflects 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 reflects its investment in capital assets as described above.

Although the county’s and the DPCU School Department’s investment in 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.

Tables 1a and 1b provide a summary of the county’s and the DPCU School Department’s net assets; respectively, for 2007 and a comparison to the prior year.

An additional portion of the county’s net assets, \$7.9 million, represents resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$.6 million of net assets is subject to external restrictions.

Table 2a shows the changes in net assets of the primary government for fiscal year 2007 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	
	2007	2006
Assets:		
Current and other assets	\$ 29,540,138	\$ 19,174,525
Capital assets	137,658,657	140,307,980
Total Assets	<u>\$ 167,198,795</u>	<u>\$ 159,482,505</u>
Liabilities:		
Long-term liabilities outstanding	\$ 39,750,951	\$ 31,525,560
Other liabilities	10,496,580	8,879,708
Total Liabilities	<u>\$ 50,247,531</u>	<u>\$ 40,405,268</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 133,903,706	\$ 136,745,346
Restricted	7,923,308	6,834,775
Unrestricted	(24,875,750)	(24,502,884)
Total Net Assets	<u><u>\$ 116,951,264</u></u>	<u><u>\$ 119,077,237</u></u>

Table 1b - School Department

	Monroe County School Department	
	2007	2006
Assets:		
Current and other assets	\$ 8,211,597	\$ 7,298,593
Capital assets	31,016,744	31,345,973
Total Assets	<u>\$ 39,228,341</u>	<u>\$ 38,644,566</u>
Liabilities:		
Long-term liabilities outstanding	\$ 1,550,000	\$ 1,895,000
Other liabilities	4,758,444	4,302,978
Total Liabilities	<u>\$ 6,308,444</u>	<u>\$ 6,197,978</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 29,466,744	\$ 29,450,973
Restricted	630,593	587,431
Unrestricted	2,822,560	2,408,184
Total Net Assets	<u><u>\$ 32,919,897</u></u>	<u><u>\$ 32,446,588</u></u>

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

	Monroe County Government	
	2007	2006
Revenues:		
Program Revenues:		
Charges for services	\$ 6,826,465	\$ 6,218,183
Operating grants and contributions	3,121,142	3,091,036
Capital grants and contributions	1,610,256	642,004
General Revenues:		
Property taxes	8,119,101	6,158,373
Sales taxes	946,588	803,125
Other taxes	1,718,962	1,624,632
Grants and contributions not restricted to specific programs	1,324,148	1,202,677
Unrestricted investment earnings	619,043	455,867
Gain on sale of capital assets	43,563	72,350
Other	84,038	5,912
Total Revenues	<u>\$ 24,413,306</u>	<u>\$ 20,274,159</u>
Expenses:		
General government	\$ 1,852,099	\$ 1,416,848
Finance	1,570,296	1,165,299
Administration of justice	1,154,123	780,617
Public safety	4,513,540	3,677,521
Public health and welfare	5,016,011	4,142,805
Social, cultural, and recreation services	340,227	292,167
Agriculture and natural resources	96,899	85,584
Other operations	2,190,366	2,476,730
Highways	6,975,789	7,594,617
Education	1,082,000	1,948,010
Interest on long-term debt	1,364,740	1,265,048
Other debt service	383,189	202,698
Total Expenses	<u>\$ 26,539,279</u>	<u>\$ 25,047,944</u>
Increase (decrease) in Net Assets	\$ (2,125,973)	\$ (4,773,785)
Net Assets, July 1	<u>119,077,237</u>	<u>123,851,022</u>
Net Assets, June 30	<u><u>\$ 116,951,264</u></u>	<u><u>\$ 119,077,237</u></u>

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

	Monroe County School Department	
	2007	2006
Revenues:		
Program Revenues:		
Charges for services	\$ 1,517,549	\$ 1,408,436
Operating grants and contributions	4,081,834	3,692,618
Capital grants and contributions	1,082,000	1,948,010
General Revenues:		
Property taxes	4,345,464	4,180,766
Sales taxes	3,426,491	3,248,103
Other taxes	99,971	117,938
Grants and contributions not restricted to specific programs	23,739,614	22,418,256
Unrestricted investment earnings	243	35,831
Other	208,731	160,691
Total Revenues	<u>\$ 38,501,897</u>	<u>\$ 37,210,649</u>
Expenses:		
Education	<u>\$ 38,028,588</u>	<u>\$ 35,848,553</u>
Total Liabilities	<u>\$ 38,028,588</u>	<u>\$ 35,848,553</u>
Increase (decrease) in Net Assets	\$ 473,309	\$ 1,362,096
Net Assets, July 1	<u>32,446,588</u>	<u>31,084,492</u>
Net Assets, June 30	<u><u>\$ 32,919,897</u></u>	<u><u>\$ 32,446,588</u></u>

Highway expenses of \$7 million accounted for approximately 26 percent of the \$26.5 million total expenses for governmental activities. Of that \$26.5 million in governmental activities expenses, \$6.8 million was covered by direct charges to users of the services. A significant portion of those charges is for Constitutional Officers fees. Charges for services include things like fees for boarding of prisoners in the county jail (in the public safety category), ambulance fees, and tipping fees (in the public health and welfare category). Total net assets decreased from \$119.1 million to \$117 million, of which \$1.1 million relates to capital assets expensed for the benefit of the county School Department. The School Department's net assets increased from \$32.4 million to \$32.9 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 \$17.5 million. Approximately \$17.2 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 (\$6.3 million of this amount in the Education Capital Projects Fund is long-term debt proceeds which by authorizing resolution is to be spent for school capital purposes). 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 \$3 million. Approximately \$2.9 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 \$3.4 million, while total fund balance was \$3.6 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 22 percent of total General Fund expenditures, while total fund balance represents 24 percent of that same amount.

The fund balance of the county's General Fund remained relatively static during the year, increasing by only \$.8 million during the current fiscal year.

Also staying relatively the same, the fund balance of the Solid Waste/Sanitation Fund increased by only \$57 thousand.

The Highway/Public Works Fund increased by \$455 thousand during the current year.

The General Debt Service Fund again finished very strong at June 30, 2007, with a net increase of \$658 thousand in fund balance to end at \$6 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 Annotated. 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 \$2.3 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, unspent appropriations and favorable revenue variances resulted in a \$.8 million increase in fund balance during the fiscal year ended June 30, 2007.

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 \$2.2 million, while total fund balance was \$2.3 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 6.9 percent of total General Purpose School Fund expenditures, while total fund balance represents 7.2 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, 2007, totaled \$133.9 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, 2007, totaled \$29.5 million (net of accumulated depreciation and related debt). Footnote IV.B. (Capital Assets) provides more information on the county's and the discretely presented School Department's capital assets activity for the 2007 fiscal year.

Long-term Debt. At the end of the 2007 fiscal year, the county had total loan agreements outstanding of \$21.1 million and total bonded debt outstanding of \$15.8 million. All of these amounts are backed by the full faith and credit of the county. The county's bonded debt increased by \$8.4 million during the 2007 fiscal year. The county maintains an A3 rating with Moody's for general obligation debt.

In addition to the loan agreements and bonds, county long-term obligations include notes payable of \$2.2 million. Additional information on the county's long-term debt can be found in Footnote IV.E. of this report.

Interest and fiscal charges totaled 6.6 percent of the total expenses for governmental activities.

The DPCU School Department has bonded debt outstanding of \$1.55 million.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the county is currently 5.8 percent, which stayed relatively the same as a year ago. The state's average unemployment rate is currently 4.9 percent and the national average is 4.7 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 2008 fiscal year. The General Fund budget for the coming year estimates to use available fund balance of approximately \$264,000. The tax rate approved for the coming year increased by 10 cents, the entirety of which accrues to the General Debt Service Fund.

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 Street, Suite 9, Madisonville, Tennessee 37354.

BASIC FINANCIAL STATEMENTS

Exhibit A

Monroe County, Tennessee
Statement of Net Assets
June 30, 2007

	Primary Government Governmental Activities	Component Unit Monroe County School Department
<u>ASSETS</u>		
Cash	\$ 2,132	\$ 1,044
Equity in Pooled Cash and Investments	18,794,405	2,310,177
Accounts Receivable	734,901	9
Allowance for Uncollectibles	(192,636)	0
Due from Other Governments	1,139,580	1,258,202
Due from Component Units	70,022	0
Property Taxes Receivable	8,971,578	4,740,395
Allowance for Uncollectible Property Taxes	(185,909)	(98,230)
Unamortized Debt Issuance Cost	206,065	0
Capital Assets		
Assets Not Depreciated:		
Land	821,399	666,112
Construction in Progress	0	726,927
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	5,235,782	29,382,859
Other Capital Assets	1,423,991	240,846
Infrastructure - Roads, Streets, and Bridges	130,177,485	0
Total Assets	<u>\$ 167,198,795</u>	<u>\$ 39,228,341</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 248,875	\$ 0
Cash Overdraft	0	215,796
Contracts Payable	168,168	0
Accrued Interest Payable	172,036	5,997
Due to Other Funds	1,406,304	0
Due to Primary Government	0	70,022
Due to State of Tennessee	1,744	0
Other Current Liabilities	46,000	0
Deferred Revenue - Property Taxes	8,453,453	4,466,629
Noncurrent Liabilities:		
Due Within One Year	1,715,760	360,000
Due in More than One Year	38,035,191	1,190,000
Total Liabilities	<u>\$ 50,247,531</u>	<u>\$ 6,308,444</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Monroe County School Department
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	\$ 133,903,706	\$ 29,466,744
Restricted for:		
Highways	1,183,736	0
Debt Service	5,856,890	0
Drug Control	86,488	0
Constitutional Officers' Data Processing Systems	111,458	0
Federal Assistance Programs	0	630,593
Solid Waste/Sanitation	540,520	0
Jail, Workhouse, and Courthouse	126,748	0
Other Purposes	17,468	0
Unrestricted	<u>(24,875,750)</u>	<u>2,822,560</u>
Total Net Assets	<u>\$ 116,951,264</u>	<u>\$ 32,919,897</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, 2007

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 Governmental Activities	Component Unit
						Monroe County School Department
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
General Government	\$ 1,852,099	\$ 434,659	\$ 17,145	\$ 92,400	\$ (1,307,895)	\$ 0
Finance	1,570,296	930,367	31,534	0	(608,395)	0
Administration of Justice	1,154,123	1,051,935	10,455	0	(91,733)	0
Public Safety	4,513,540	967,250	263,917	0	(3,282,373)	0
Public Health and Welfare	5,016,011	3,384,864	616,917	297,832	(716,398)	0
Social, Cultural, and Recreational Services	340,227	14,750	0	0	(325,477)	0
Agriculture and Natural Resources	96,899	0	0	0	(96,899)	0
Other Operations	2,190,366	27,272	13,607	1,010,539	(1,138,948)	0
Highways	6,975,789	15,368	2,167,567	209,485	(4,583,369)	0
Education	1,082,000	0	0	0	(1,082,000)	0
<u>Debt Service:</u>						
Interest on Long-term Debt	1,364,740	0	0	0	(1,364,740)	0
Other Debt Service	383,189	0	0	0	(383,189)	0
Total Primary Government	<u>\$ 26,539,279</u>	<u>\$ 6,826,465</u>	<u>\$ 3,121,142</u>	<u>\$ 1,610,256</u>	<u>\$ (14,981,416)</u>	<u>\$ 0</u>
<u>Component Unit:</u>						
Monroe County School Department	\$ 38,028,588	\$ 1,517,549	\$ 4,081,834	\$ 1,082,000	\$ 0	\$ (31,347,205)
Total Component Unit	<u>\$ 38,028,588</u>	<u>\$ 1,517,549</u>	<u>\$ 4,081,834</u>	<u>\$ 1,082,000</u>	<u>\$ 0</u>	<u>\$ (31,347,205)</u>

(Continued)

Exhibit B

Monroe County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Assets					
		Program Revenues			Primary Governmental Activities	Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Monroe County School Department	
General Revenues:							
Property Taxes Levied for General Purposes					\$ 5,341,433	\$ 4,345,464	
Property Taxes Levied for Solid Waste/Sanitation					1,005,033	0	
Property Taxes Levied for Highways					283,559	0	
Property Taxes Levied for Debt Service					1,489,076	0	
Sales Taxes					946,588	3,426,491	
Other Taxes					1,718,962	99,971	
Grants and Contributions Not Restricted to Specific Programs					1,324,148	23,739,614	
Unrestricted Investment Income					619,043	243	
Gain on Sale of Capital Assets					43,563	0	
Miscellaneous					84,038	208,731	
Total General Revenues					<u>\$ 12,855,443</u>	<u>\$ 31,820,514</u>	
Change in Net Assets					\$ (2,125,973)	\$ 473,309	
Net Assets, July 1, 2006					<u>119,077,237</u>	<u>32,446,588</u>	
Net Assets, June 30, 2007					<u>\$ 116,951,264</u>	<u>\$ 32,919,897</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, 2007

	Major Funds					Nonmajor Funds	Total Govern- mental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Capital Projects	Other Govern- mental Funds	
ASSETS							
Cash	\$ 300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,832	\$ 2,132
Equity in Pooled Cash and Investments	2,994,115	461,884	948,267	5,828,103	7,701,032	86,488	18,019,889
Accounts Receivable	609,333	75,261	680	49,471	0	156	734,901
Allowance for Uncollectibles	(192,636)	0	0	0	0	0	(192,636)
Due from Other Governments	686,677	27,624	404,092	21,187	0	0	1,139,580
Due from Other Funds	1,988	0	0	0	0	0	1,988
Due from Component Units	0	0	0	70,022	0	0	70,022
Property Taxes Receivable	5,877,930	1,160,118	309,365	1,624,165	0	0	8,971,578
Allowance for Uncollectible Property Taxes	(121,803)	(24,040)	(6,410)	(33,656)	0	0	(185,909)
Total Assets	\$ 9,855,904	\$ 1,700,847	\$ 1,655,994	\$ 7,559,292	\$ 7,701,032	\$ 88,476	\$ 28,561,545
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ 908	\$ 67,208	\$ 180,759	\$ 0	\$ 0	\$ 0	\$ 248,875
Contracts Payable	168,168	0	0	0	0	0	168,168
Due to Other Funds	0	0	0	0	1,406,304	1,988	1,408,292
Due to State of Tennessee	1,744	0	0	0	0	0	1,744
Deferred Revenue - Current Property Taxes	5,538,469	1,093,119	291,499	1,530,366	0	0	8,453,453
Deferred Revenue - Delinquent Property Taxes	190,789	37,656	10,042	52,719	0	0	291,206
Other Deferred Revenues	312,929	5,059	183,026	7,083	0	0	508,097
Total Liabilities	\$ 6,213,007	\$ 1,203,042	\$ 665,326	\$ 1,590,168	\$ 1,406,304	\$ 1,988	\$ 11,079,835
Fund Balances							
Reserved for Encumbrances	\$ 25,118	\$ 5,225	\$ 25,518	\$ 0	\$ 0	\$ 275	\$ 56,136
Reserved for Alcohol and Drug Treatment	10,603	0	0	0	0	0	10,603
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	126,748	0	0	0	0	0	126,748
Reserved for Sexual Offender Registration	5,200	0	0	0	0	0	5,200
Reserved for Courtroom Security	1,665	0	0	0	0	0	1,665
Reserved for Computer System - Register	99,655	0	0	0	0	0	99,655
Reserved for Automation Purposes - Circuit Court	36	0	0	0	0	0	36

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds	Total Govern- mental Funds
General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Capital Projects	Other Govern- mental Funds		
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>							
<u>Fund Balances (Cont.)</u>							
Reserved for Automation Purposes - Sheriff	\$ 11,767	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,767
Unreserved, Reported In:							
General Fund	3,362,105	0	0	0	0	0	3,362,105
Special Revenue Funds	0	492,580	965,150	0	0	86,213	1,543,943
Debt Service Funds	0	0	0	5,969,124	0	0	5,969,124
Capital Projects Funds	0	0	0	0	6,294,728	0	6,294,728
Total Fund Balances	<u>\$ 3,642,897</u>	<u>\$ 497,805</u>	<u>\$ 990,668</u>	<u>\$ 5,969,124</u>	<u>\$ 6,294,728</u>	<u>\$ 86,488</u>	<u>\$ 17,481,710</u>
Total Liabilities and Fund Balances	<u>\$ 9,855,904</u>	<u>\$ 1,700,847</u>	<u>\$ 1,655,994</u>	<u>\$ 7,559,292</u>	<u>\$ 7,701,032</u>	<u>\$ 88,476</u>	<u>\$ 28,561,545</u>

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

Exhibit C-2

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2007

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)		\$	17,481,710
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	821,399	
Add: infrastructure net of accumulated depreciation		130,177,485	
Add: buildings and improvements net of accumulated depreciation		5,235,782	
Add: other capital assets net of accumulated depreciation		<u>1,423,991</u>	137,658,657
(2) Internal service funds are used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			728,516
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(2,191,715)	
Less: bonds payable		(15,804,236)	
Less: other loans payable		(21,090,000)	
Add: deferred charges - debt issuance costs		206,065	
Less: landfill closure/postclosure care costs		(665,000)	
Less: accrued interest on bonds, notes, and capital leases		<u>(172,036)</u>	(39,716,922)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>799,303</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>116,951,264</u></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, 2007

	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	\$ 7,232,244	\$ 1,050,972	\$ 482,723	\$ 2,533,122	\$ 0	\$ 0	\$ 11,299,061
Licenses and Permits	88,259	0	0	0	0	0	88,259
Fines, Forfeitures, and Penalties	197,256	0	0	0	0	51,899	249,155
Charges for Current Services	2,361,804	802,305	270,131	84,009	0	8,820	3,527,069
Other Local Revenues	255,183	6,163	181,496	614,076	4,892	0	1,061,810
Fees Received from County Officials	2,061,583	0	0	0	0	0	2,061,583
State of Tennessee	1,518,201	78,203	2,335,694	15,345	0	0	3,947,443
Federal Government	1,497,835	10,000	326,431	0	0	0	1,834,266
Other Governments and Citizens Groups	159,801	0	15,368	332,600	0	0	507,769
Total Revenues	\$ 15,372,166	\$ 1,947,643	\$ 3,611,843	\$ 3,579,152	\$ 4,892	\$ 60,719	\$ 24,576,415
<u>Expenditures</u>							
Current:							
General Government	\$ 2,148,080	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,148,080
Finance	1,630,257	0	0	0	0	0	1,630,257
Administration of Justice	1,196,786	0	0	0	0	8,820	1,205,606
Public Safety	4,589,989	0	0	0	0	54,952	4,644,941
Public Health and Welfare	3,223,916	1,852,705	0	0	0	0	5,076,621
Social, Cultural, and Recreational Services	340,227	0	0	0	0	0	340,227
Agriculture and Natural Resources	101,532	0	0	0	0	0	101,532
Other Operations	1,776,520	0	0	0	1,406,304	0	3,182,824
Highways	0	37,764	3,155,974	0	0	0	3,193,738
Debt Service:							
Principal on Debt	0	0	0	1,371,609	0	0	1,371,609
Interest on Debt	0	0	0	1,330,264	0	0	1,330,264
Other Debt Service	0	0	0	219,748	153,860	0	373,608
Capital Projects	258,759	0	0	0	0	0	258,759
Capital Projects - Donated	0	0	0	0	1,082,000	0	1,082,000
Total Expenditures	\$ 15,266,066	\$ 1,890,469	\$ 3,155,974	\$ 2,921,621	\$ 2,642,164	\$ 63,772	\$ 25,940,066

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Capital Projects	Other Govern- mental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ 106,100	\$ 57,174	\$ 455,869	\$ 657,531	\$ (2,637,272)	\$ (3,053)	\$ (1,363,651)
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,500,000	\$ 0	\$ 8,500,000
Notes Issued	700,000	0	0	0	432,000	0	1,132,000
Total Other Financing Sources (Uses)	\$ 700,000	\$ 0	\$ 0	\$ 0	\$ 8,932,000	\$ 0	\$ 9,632,000
Net Change in Fund Balances	\$ 806,100	\$ 57,174	\$ 455,869	\$ 657,531	\$ 6,294,728	\$ (3,053)	\$ 8,268,349
Fund Balance, July 1, 2006	2,836,797	440,631	534,799	5,311,593	0	89,541	9,213,361
Fund Balance, June 30, 2007	\$ 3,642,897	\$ 497,805	\$ 990,668	\$ 5,969,124	\$ 6,294,728	\$ 86,488	\$ 17,481,710

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

Exhibit C-4

Monroe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 8,268,349
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,176,637	
Less: current year depreciation expense	(4,786,543)	
Less: net book value of asset disposals	<u>(39,417)</u>	(2,649,323)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2006	\$ (789,680)	
Add: deferred delinquent property taxes and other deferred June 30, 2007	<u>799,303</u>	9,623
(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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (1,132,000)	
Less: bond proceeds	(8,500,000)	
Less: change in deferred debt issuance costs	(9,581)	
Add: principal payments on notes	401,609	
Add: principal payments on bonds	870,000	
Add: principal payments on other loans	<u>100,000</u>	(8,269,972)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (34,476)	
Change in landfill costs	<u>35,000</u>	524
(5) Internal service funds are used by management to charge the cost of employee health benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>514,826</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (2,125,973)</u>

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

Exhibit D-1

Monroe County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2007

Governmental
 Activities -
 Internal
Service Fund
 Employee
 Health
 Insurance
Fund

ASSETS

Current Assets:

Equity in Pooled Cash and Investments	\$ 774,516
Total Assets	<u>\$ 774,516</u>

LIABILITIES

Current Liabilities:

Other Current Liabilities	\$ 46,000
Total Liabilities	<u>\$ 46,000</u>

NET ASSETS

Unrestricted	<u>\$ 728,516</u>
Net Assets	<u><u>\$ 728,516</u></u>

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

Exhibit D-2

Monroe County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Assets
Proprietary Fund
For the Year Ended June 30, 2007

	Governmental Activities - Internal Service Fund
	<u>Employee Health Insurance Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 1,779,697
Total Operating Revenues	<u>\$ 1,779,697</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 55,116
Insurance Premiums	168,012
Medical Claims	<u>1,041,743</u>
Total Operating Expenses	<u>\$ 1,264,871</u>
Operating Income (Loss)	<u>\$ 514,826</u>
Change in Net Assets	\$ 514,826
Net Assets, July 1, 2006	<u>213,690</u>
Net Assets, June, 30, 2007	<u><u>\$ 728,516</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, 2007

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Cash Flows From Operating Activities</u>	
Receipts for Self Insurance Premiums	\$ 1,779,697
Payments to Fiscal Agents	(55,116)
Payments to Insurers	(168,012)
Payments for Claims	<u>(1,043,755)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 512,814</u>
Increase (Decrease) In Cash	\$ 512,814
Cash, July 1, 2006	<u>261,702</u>
Cash, June 30, 2007	<u>\$ 774,516</u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>To Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (loss)	\$ 514,826
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Other Current Liabilities	<u>(2,012)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 512,814</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, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,905,384
Due from Other Funds	1,406,304
Taxes Receivable	1,214,861
Allowance for Uncollectible Taxes	(25,172)
Due from Other Governments	<u>734,402</u>
Total Assets	<u>\$ 5,235,779</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 3,330,395
Due to Litigants, Heirs, and Others	<u>1,905,384</u>
Total Liabilities	<u>\$ 5,235,779</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, 2007

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 the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The 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 Monroe 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. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Monroe County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Monroe County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Monroe County issues most debt for the discretely presented Monroe County School Department. Net debt issues of \$1,082,000 and \$1,406,304 were contributed by the county to the Monroe County School Department and the Sweetwater City School System, respectively, during the year ended June 30, 2007.

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

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

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

Fund financial statements of Monroe County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, 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 only reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other

governmental funds are aggregated into a single column on the fund financial statements. The internal service fund and the fiduciary funds in total are reported in single columns by fund type.

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

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

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

Monroe County reports the following major governmental funds:

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

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’s 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 – The Employee Insurance - Health Fund, is used to account for the county's self-insured employee health program. Premiums charged to the various county funds and employee payroll deductions are placed in this fund 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 fund:

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.

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

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.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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 deposit with the county trustee.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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.

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown net of an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.09 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.

Most payables are disaggregated on the face of the financial statements. The balance in Other Current Liabilities (\$46,000) on the statement of net assets consists of internal service fund liabilities for self-insured claims.

3. Capital Assets

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

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

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

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

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

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

4. 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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including 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, 2007, Monroe County had \$29,014,797 in outstanding debt for capital purposes for the discretely presented Monroe County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Sweetwater School System) based on an average daily attendance proration. 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. Designations in the General Fund on June 30, 2007, consisted primarily for tourism (\$196,565), industries (\$58,137), and the dental department (\$72,779).

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 the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Monroe County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net 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 the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Monroe County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

The budgetary level of control is at the major category level established by the 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, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$215,796 at June 30, 2007. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2007.

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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.

Investment Balances. As of June 30, 2007, Monroe County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Monroe County and the discretely presented Monroe County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value or Cost
State Treasurer's Investment Pool	Daily	\$ 1,300,000
Federal Home Loan Bank Discount Note	7-11-07	995,380
Federal Home Loan Discount Note	7-17-07	1,698,251
Federal Home Loan Mortgage Corp. Disct. Note	8-6-07	991,724
Freddie Mac Discount Note	9-4-07	987,680
Federal Home Loan Discount Note	10-1-07	983,964
Fannie Mae Discount Note	11-14-07	977,917
Fannie Mae Discount Note	12-5-07	<u>975,000</u>
 Total		 <u>\$ 8,909,916</u>

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Monroe County has no investment policy that would further limit its investment choices. As of June 30, 2007, Monroe County's investment in the State Treasurer's Investment Pool was unrated. Monroe County's investments in Federal Home

Loan Bank are rated Aaa by Moody's Investor's Service and AAA by Standard & Poor's. Monroe County's investments in Federal Home Loan, Federal Home Loan Mortgage Corporation, Freddie Mac, and Fannie Mae were all rated A-1+ by Standard & Poor's and not rated by Moody's Investor's Service.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Monroe County places no limit on the amount the county may invest in one issuer. As of June 30, 2007, Monroe County's investments consisted of six types of securities. Each type of security accounts for more than five percent of the county's investments as follows: Federal Home Loan Bank 11.2 percent; Federal Home Loan 19.1 percent and 11 percent; Federal Home Loan Mortgage Corporation 11.1 percent; Freddie Mac 11.1 percent; Fannie Mae 11 percent and 10.9 percent; and the State Treasurer's Investment Pool 14.6 percent.

B. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 824,091	\$ 3,438	\$ (6,130)	\$ 821,399
Construction in Progress	1,573,187	53,369	(1,626,556)	0
Total Capital Assets Not Depreciated	<u>\$ 2,397,278</u>	<u>\$ 56,807</u>	<u>\$ (1,632,686)</u>	<u>\$ 821,399</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,811,743	\$ 1,911,556	\$ 0	\$ 7,723,299
Roads and Bridges	167,232,511	1,008,492	0	168,241,003
Other Capital Assets	4,727,477	826,338	(185,952)	5,367,863
Total Capital Assets Depreciated	<u>\$ 177,771,731</u>	<u>\$ 3,746,386</u>	<u>\$ (185,952)</u>	<u>\$ 181,332,165</u>

Governmental Activities: (Cont.)

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,382,435	\$ 183,607	\$ (78,525)	\$ 2,487,517
Roads and Bridges	33,878,501	4,185,017	0	38,063,518
Other Capital Assets	3,600,093	417,919	(74,140)	3,943,872
Total Accumulated Depreciation	<u>\$ 39,861,029</u>	<u>\$ 4,786,543</u>	<u>\$ (152,665)</u>	<u>\$ 44,494,907</u>
Total Capital Assets Depreciated, Net	<u>\$ 137,910,702</u>	<u>\$ (1,040,157)</u>	<u>\$ (33,287)</u>	<u>\$ 136,837,258</u>
Governmental Activities Capital Assets, Net	<u>\$ 140,307,980</u>	<u>\$ (983,350)</u>	<u>\$ (1,665,973)</u>	<u>\$ 137,658,657</u>

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

Governmental Activities:

General Government	\$ 161,935
Finance	5,422
Public Safety	166,432
Public Health and Welfare	148,377
Other Operations	20,667
Highways	<u>4,283,710</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,786,543</u>

Discretely Presented Monroe County School Department**Governmental Activities:**

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Depreciated:			
Land	\$ 666,112	\$ 0	\$ 666,112
Construction in Progress	0	726,927	726,927
Total Capital Assets Not Depreciated	<u>\$ 666,112</u>	<u>\$ 726,927</u>	<u>\$ 1,393,039</u>

Governmental Activities: (Cont.)

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Depreciated:			
Buildings and Improvements	\$ 44,542,119	\$ 89,500	\$ 44,631,619
Other Capital Assets	1,054,553	15,300	1,069,853
Total Capital Assets			
Depreciated	\$ 45,596,672	\$ 104,800	\$ 45,701,472
Less: Accumulated Depreciation For:			
Buildings and Improvements	\$ 14,151,322	\$ 1,097,438	\$ 15,248,760
Other Capital Assets	765,489	63,518	829,007
Total Accumulated			
Depreciation	\$ 14,916,811	\$ 1,160,956	\$ 16,077,767
Total Capital Assets			
Depreciated, Net	\$ 30,679,861	\$ (1,056,156)	\$ 29,623,705
Governmental Activities			
Capital Assets, Net	\$ 31,345,973	\$ (329,229)	\$ 31,016,744

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

Governmental Activities:

Instruction	\$ 11,453
Support Services	1,147,090
Operation of Non-Instructional Services	2,413
Total Depreciation Expense -	
Governmental Activities	\$ 1,160,956

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 1,988
Agency Fund	Education Capital Projects	1,406,304
Total		\$ 1,408,292

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

Due to/from primary government and component units:

Receivable Fund	Payable Fund	Amount
Primary government: General Debt Service	Component unit: Monroe County School Department Central Cafeteria Fund	\$ 70,022

D. 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 other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 40 years for bonds, up to 12 years for notes, and up to 30 years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2007, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	4.6 to 5	% \$ 10,099,236 \$	9,799,236
Refunding Bonds	4.25 to 5.25	10,205,000	6,005,000
Capital Outlay Notes	3.49 to 7.95	2,794,000	2,191,715
Other Loans - Variable Rate	variable	5,140,000	5,040,000
Other Loans - Synthetic Fixed Rate By Swap	variable	16,385,000	16,050,000

Monroe County entered into various loan agreements with Public Building Authorities (PBAs) to finance various capital projects for the county and the discretely presented Monroe County School Department. Under the loan agreements, the PBAs issued their revenue bonds and made the proceeds available for loan to Monroe County. The following table summarizes loan agreements outstanding at June 30, 2007:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-07	Interest Type	Interest Rates as of 6-30-07	Other Fees on Variable Rate Debt
<u>Sevier County Public Building Authority</u>					
School Construction (Series IV-A-4)	\$ 6,335,000	\$ 6,000,000	Synthetic Fixed by Swap	4.74 %	.49 %
Public Improvement (Series V-A-3)	2,350,000	2,350,000	Variable	3.8	.49
Public Improvement (Series V-C-2)	10,050,000	10,050,000	Synthetic Fixed by Swap	3.945	.49
Public Improvement (Series VI-C-5)	1,500,000	1,400,000	Variable	3.91	.53
<u>Blount County Public Building Authority</u>					
School Construction (Series A-1-H)	1,290,000	1,290,000	Variable	3.91	.5
Total		<u>\$ 21,090,000</u>			

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2007, 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 \$21,090,000.

Estimated interest payments and estimated other fees are included for the loan agreements. Variable rate debt carries variable interest rates that are functions of the Bond Market Association Index with the rates changing daily or weekly. The county also 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, 2007.

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 1,005,000	\$ 670,528	\$ 575,760	\$ 87,159
2009	1,045,000	630,700	594,146	64,479
2010	1,095,000	583,075	241,374	40,958
2011	1,140,000	525,900	234,640	30,862
2012	1,200,000	466,362	244,273	21,682
2013-2017	2,626,268	2,699,758	301,522	13,517
2018-2022	742,968	1,781,969	0	0
2023-2027	1,950,000	1,293,188	0	0
2028-2032	2,625,000	854,012	0	0
2033-2035	2,375,000	211,113	0	0
Total	\$ 15,804,236	\$ 9,716,605	\$ 2,191,715	\$ 258,657

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2008	\$ 100,000	\$ 875,352	104,030	\$ 1,079,382
2009	100,000	871,442	103,500	1,074,942
2010	100,000	867,532	102,970	1,070,502
2011	100,000	863,622	102,440	1,066,062
2012	110,000	859,712	101,910	1,071,622
2013-2017	3,265,000	4,052,211	482,345	7,799,556
2018-2022	5,665,000	2,981,244	367,335	9,013,579
2023-2027	4,700,000	1,936,758	242,035	6,878,793
2028-2032	5,700,000	928,838	115,635	6,744,473
2033	1,250,000	49,313	6,125	1,305,438
Total	\$ 21,090,000	\$ 14,286,024	\$ 1,728,325	\$ 37,104,349

There is \$5,969,124 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$406, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$1,003, based on the 2000 federal census.

Swap Agreements

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$6.335 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 63.1 percent of the five-year 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, 2007, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.27%
Variable payment from counterparty		<u>-3.34%</u>
Net interest rate swap payments		0.93%
Variable-rate bond coupon payments		<u>3.81%</u>
Synthetic interest rate on bonds		<u><u>4.74%</u></u>

Fair value. As of June 30, 2007, the swap had a negative fair value of \$282,411. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2007, the county was not exposed to credit risk because the swap had a negative fair value. However, if 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. 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, that was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2007. 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 63.1 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 63.1 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

Swap payments and associated debt. As of June 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2008	\$ 0	\$ 228,600	\$ 55,542	284,142
2009	0	228,600	55,542	284,142
2010	0	228,600	55,542	284,142
2011	0	228,600	55,542	284,142
2012	0	228,600	55,542	284,142
2013-2017	2,595,000	1,002,030	243,459	3,840,489
2018-2022	3,405,000	280,226	68,085	3,753,311
Total	\$ 6,000,000	\$ 2,425,256	\$ 589,254	9,014,510

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10.050 million Series V-C-2 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.684 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10.050 million and the associated variable-rate bond has a \$10.050 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series V-C-2 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, 2007, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.684%
Variable payment from counterparty		<u>-3.339%</u>
Net interest rate swap payments		0.345%
Variable-rate bond coupon payments		<u>3.600%</u>
Synthetic interest rate on bonds		<u><u>3.945%</u></u>

Fair value. As of June 30, 2007, the swap had a positive fair value of \$156,275. The positive fair value of the swap may be countered by increases in total interest payments required under the variable-rate bond, creating higher synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2007, the county's exposure to credit risk is equal to the amount of the swap's positive fair value. However, if interest rates change and the fair value of the swap becomes negative, the county would no longer be exposed to credit risk. The swap counterparty was unrated at the time of the swap. 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, that was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2007. 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 the BMA increase to above 63 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 63 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

Swap payments and associated debt. As of June 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2008	\$ 0	\$ 361,800	\$ 34,673	396,473
2009	0	361,800	34,673	396,473
2010	0	361,800	34,673	396,473
2011	0	361,800	34,673	396,473
2012	0	361,800	34,673	396,473
2013-2017	0	1,809,000	173,363	1,982,363
2018-2022	0	1,809,000	173,363	1,982,363
2023-2027	3,400,000	1,632,600	156,458	5,189,058
2028-2032	5,400,000	826,200	79,178	6,305,378
2033-2037	1,250,000	45,000	4,313	1,299,313
Total	\$ 10,050,000	\$ 7,930,800	\$ 760,040	\$ 18,740,840

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2006	\$ 8,174,236	\$ 1,461,324
Additions	8,500,000	1,132,000
Deductions	<u>(870,000)</u>	<u>(401,609)</u>
Balance, June 30, 2007	<u>\$ 15,804,236</u>	<u>\$ 2,191,715</u>
Balance Due Within One Year	<u>\$ 1,005,000</u>	<u>\$ 575,760</u>

	<u>Other Loans</u>	<u>Landfill Postclosure Care Costs</u>
Balance, July 1, 2006	\$ 21,190,000	\$ 700,000
Deductions	<u>(100,000)</u>	<u>(35,000)</u>
Balance, June 30, 2007	<u>\$ 21,090,000</u>	<u>\$ 665,000</u>
Balance Due Within One Year	<u>\$ 100,000</u>	<u>\$ 35,000</u>

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

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 39,750,951
Less: Balance Due Within One Year	<u>(1,715,760)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 38,035,191</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 outstanding were issued to fund capital facilities.

The rural school refunding bonds are direct obligations and pledge the full faith and credit of the government. Bonds outstanding were issued for an original term of 12 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The bonds included in long-term debt as of June 30, 2007, will be retired from the General Purpose School Fund.

School refunding bonds outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
Rural School Refunding Bonds	4.3 to 5%	\$ 4,205,000	\$ 1,550,000

The annual requirements to amortize the bonds outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Bonds	
	Principal	Interest
2008	\$ 360,000	\$ 71,958
2009	380,000	55,757
2010	395,000	38,278
2011	415,000	19,712
Total	<u>\$ 1,550,000</u>	<u>\$ 185,705</u>

Bonded debt per capita for the discretely presented School Department totaled \$40, 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, 2007, was as follows:

Governmental Activities:

	Bonds
Balance, July 1, 2006	\$ 1,895,000
Deductions	<u>(345,000)</u>
Balance, June 30, 2007	<u>\$ 1,550,000</u>
Balance Due Within One Year	<u>\$ 360,000</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 1,550,000
Less: Balance Due Within One Year	<u>(360,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,190,000</u>

E. Industrial Development

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

V. OTHER INFORMATION

A. Risk Management

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

Monroe County has established the Employee Health Insurance Fund for risks associated with the county employees' health 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 liability.

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. That reserve was \$728,516 at June 30, 2007. Liabilities of this fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Health Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claims adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount.

Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Employee Insurance - Health Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Liability Balance at Fiscal Year-end
2005-2006	\$ 191,839	\$ 1,043,885	\$ (1,187,712)	\$ 48,012
2006-2007	48,012	1,041,743	(1,043,755)	46,000

The discretely presented Monroe County School Department participates in the Local Government Group Insurance Fund (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.

The county and the School Department decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county and the School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and the School Department pay annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

B. 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 and tax 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, 2007, future principal and interest requirements of these bonds were \$1,297,292 and \$1,086,455, respectively.

Monroe County also issued a public building authority loan agreement for the benefit of TASS, which is being reimbursed to the county from revenues of TASS. Monroe County would become liable for this loan agreement in the event of default by TASS. As of June 30, 2007, future principal and interest requirements of this loan were \$530,000 and \$350,100, respectively.

C. Changes in Administration

Doug Watson left the Office of Sheriff on August 31, 2006, and was succeeded by Bill Bivens. Charlie Miller, Trustee, died on May 20, 2007, and was succeeded by Tammy Miller. James Millsaps left the Office of Director of Schools on June 30, 2007, and was succeeded by Michael Lowry.

D. 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 \$665,000 reported as landfill postclosure care liability at June 30, 2007, represents an estimate of the cost of postclosure care costs for 19 years. This amount is based on what it would cost to perform all postclosure in 2007. 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 was completed in the 1996-97 year, and is funding postclosure care costs by annual appropriations from the Solid Waste/Sanitation Fund.

E. Joint Ventures

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

The Tenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Tenth Judicial District; Monroe, Bradley, McMinn, and Polk counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Monroe County made no contributions to the DTF for the year ended June 30, 2007.

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

Administrative Offices:

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

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

F. Jointly Governed Organization

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

G. Retirement Commitments

Employees

Plan Description

Employees of Monroe County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.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, 2007, was 6.91 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, 2007, Monroe County's annual pension cost of \$745,232 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$745,232	100%	\$0
6-30-06	476,910	100	0
6-30-05	443,203	100	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 <http://www.treasury.state.tn.us>.

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, 2007, was 6.13 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, 2007, 2006, and 2005, were \$996,307, \$853,939, and \$834,445, respectively, equal to the required contributions for each year.

H. Other Post-employment Benefits

Primary Government

In addition to the retirement commitments described above, Monroe County provides post-retirement health care benefits to all employees who are retired and over age 65 with at least 15 years of service with Monroe County. The county will provide monthly support for any retiree that chooses the TCRS supplemental insurance to go along with Medicare. The monthly support is based on years of service. If the retiree has between 15 and 19 years of service the monthly support is \$25. If the retiree has between 20 and 29 years of service the monthly support is \$37.50. Retirees with 30 or more years of service receive monthly support of \$50. As of June 30, 2007, four individuals participate in the program. During the year, expenditures of \$1,788 were recognized for participants in the program.

Monroe County School Department

In addition to the retirement commitments described above, the discretely presented Monroe County School Department provides post-retirement health care benefits to all professional employees who retire from the School Department with at least 20 years of service and qualify for the Tennessee Consolidated Retirement System. The School Department will pay the portion of the retirees insurance not furnished by the state until the retiree reaches Medicare age. As of June 30, 2007, 25 individuals participate in the program. During the year, expenditures of \$64,035 were recognized for participants in the program. The School Department also provides Medicare supplement to retirees when they reach age 65. Currently, 15 individuals participate in the program. During the year, expenditures of \$7,355 were recognized for participants in the program.

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. This act provides for purchases to be made by the Financial Management Committee. The committee established a policy that purchases exceeding \$5,000 for the County Mayor's Office and \$10,000 for the Monroe County School Department are to be made on a competitive bid basis. Purchasing procedures for the Highway Department are also governed by provisions of the Uniform Road Law Section 54-7-113, Tennessee Code Annotated. Competitive bids are 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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,232,244	\$ 0	\$ 0	\$ 7,232,244	\$ 7,050,956	\$ 7,050,956	\$ 181,288
Licenses and Permits	88,259	0	0	88,259	57,500	82,500	5,759
Fines, Forfeitures, and Penalties	197,256	0	0	197,256	193,000	193,000	4,256
Charges for Current Services	2,361,804	0	0	2,361,804	2,306,312	2,311,312	50,492
Other Local Revenues	255,183	0	0	255,183	140,400	193,155	62,028
Fees Received from County Officials	2,061,583	0	0	2,061,583	1,782,500	1,782,500	279,083
State of Tennessee	1,518,201	0	0	1,518,201	1,192,856	1,227,786	290,415
Federal Government	1,497,835	0	0	1,497,835	509,153	963,163	534,672
Other Governments and Citizens Groups	159,801	0	0	159,801	0	152,900	6,901
Total Revenues	\$ 15,372,166	\$ 0	\$ 0	\$ 15,372,166	\$ 13,232,677	\$ 13,957,272	\$ 1,414,894
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 369,489	\$ 0	\$ 0	\$ 369,489	\$ 323,880	\$ 388,558	\$ 19,069
Board of Equalization	1,050	0	100	1,150	1,150	1,150	0
County Mayor/Executive	169,531	0	0	169,531	172,869	178,876	9,345
County Attorney	21,034	0	0	21,034	34,686	34,686	13,652
Election Commission	214,327	(1,263)	679	213,743	214,346	219,208	5,465
Register of Deeds	310,634	(12,072)	0	298,562	290,913	304,458	5,896
Codes Compliance	28,514	0	0	28,514	31,292	31,292	2,778
Geographical Information Systems	32,622	0	0	32,622	0	37,000	4,378
County Buildings	973,060	(2,871)	1,048	971,237	545,745	1,061,298	90,061
Other General Administration	27,819	0	409	28,228	29,700	29,700	1,472
<u>Finance</u>							
Accounting and Budgeting	500,695	0	650	501,345	503,741	507,948	6,603
Property Assessor's Office	244,527	0	226	244,753	250,401	248,101	3,348
Reappraisal Program	52,528	0	35	52,563	45,375	56,000	3,437

(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 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 262,271	\$ 0	\$ 1,150	\$ 263,421	\$ 267,642	\$ 274,802	\$ 11,381
County Clerk's Office	395,830	0	37	395,867	394,415	396,743	876
Other Finance	174,406	0	0	174,406	137,030	174,416	10
<u>Administration of Justice</u>							
Circuit Court	741,591	(14,687)	736	727,640	730,930	743,385	15,745
General Sessions Judge	201,619	0	0	201,619	182,954	205,067	3,448
Chancery Court	210,532	(2,300)	32	208,264	224,774	224,774	16,510
Probate Court	34,374	0	0	34,374	38,906	38,906	4,532
Other Administration of Justice	8,670	(950)	1,350	9,070	20,000	20,000	10,930
<u>Public Safety</u>							
Sheriff's Department	2,162,973	(2,646)	1,612	2,161,939	2,157,775	2,242,343	80,404
Administration of the Sexual Offender Registry	0	0	0	0	1,500	1,500	1,500
Jail	1,750,060	0	1,515	1,751,575	1,710,662	1,794,711	43,136
Juvenile Services	85,150	(15)	60	85,195	91,657	99,152	13,957
Commissary	81,560	0	0	81,560	120,000	120,000	38,440
Fire Prevention and Control	111,382	0	0	111,382	136,194	136,194	24,812
Rescue Squad	47,500	0	0	47,500	47,500	47,500	0
Other Emergency Management	208,984	0	1,000	209,984	172,323	257,012	47,028
County Coroner/Medical Examiner	32,380	0	0	32,380	33,800	41,800	9,420
Other Public Safety	110,000	0	0	110,000	110,000	110,000	0
<u>Public Health and Welfare</u>							
Local Health Center	58,856	(60)	0	58,796	50,418	64,496	5,700
Rabies and Animal Control	145,037	(2,044)	6,448	149,441	110,008	153,008	3,567
Ambulance/Emergency Medical Services	2,125,196	(66,362)	2,803	2,061,637	2,145,040	2,158,840	97,203
Dental Health Program	559,747	(30,887)	645	529,505	527,140	557,640	28,135
Crippled Children Services	0	0	0	0	1,995	1,995	1,995

(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 7/1/2006	Add: Encumbrances 6/30/2007	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>							
Other Local Health Services	\$ 297,251	\$ 0	\$ 0	\$ 297,251	\$ 274,200	\$ 298,200	\$ 949
General Welfare Assistance	37,040	0	0	37,040	37,780	37,780	740
Aid to Dependent Children	789	0	0	789	1,000	1,000	211
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	38,000	0	0	38,000	38,000	38,000	0
Libraries	113,302	(412)	433	113,323	107,975	113,475	152
Other Social, Cultural, and Recreational	188,925	0	0	188,925	189,925	189,925	1,000
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	67,931	0	0	67,931	78,390	70,674	2,743
Soil Conservation	31,601	0	0	31,601	32,599	32,599	998
Flood Control	2,000	0	0	2,000	2,000	2,000	0
<u>Other Operations</u>							
Tourism	175,555	(469)	450	175,536	165,227	176,428	892
Industrial Development	153,605	(1,700)	3,700	155,605	154,159	160,309	4,704
Other Economic and Community Development	336,649	0	0	336,649	364,665	412,959	76,310
Airport	888,495	0	0	888,495	132,097	917,932	29,437
Veterans' Services	22,221	0	0	22,221	22,633	22,633	412
Other Charges	11,030	0	0	11,030	7,261	11,046	16
Contributions to Other Agencies	10,628	0	0	10,628	11,000	11,000	372
Employee Benefits	176,737	0	0	176,737	86,000	178,900	2,163
Miscellaneous	1,600	0	0	1,600	6,500	6,500	4,900
<u>Capital Projects</u>							
General Administration Projects	257,909	(19,386)	0	238,523	52,628	238,523	0
Public Safety Projects	850	0	0	850	10,000	10,000	9,150
Total Expenditures	\$ 15,266,066	\$ (158,124)	\$ 25,118	\$ 15,133,060	\$ 13,630,800	\$ 15,892,442	\$ 759,382

(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 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 106,100	\$ 158,124	\$ (25,118)	\$ 239,106	\$ (398,123)	\$ (1,935,170)	\$ 2,174,276
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 700,000	\$ 0	\$ 0	\$ 700,000	\$ 350,000	\$ 700,000	\$ 0
Transfers In	0	0	0	0	146,400	0	0
Total Other Financing Sources (Uses)	\$ 700,000	\$ 0	\$ 0	\$ 700,000	\$ 496,400	\$ 700,000	\$ 0
Net Change in Fund Balance	\$ 806,100	\$ 158,124	\$ (25,118)	\$ 939,106	\$ 98,277	\$ (1,235,170)	\$ 2,174,276
Fund Balance, July 1, 2006	2,836,797	(158,124)	0	2,678,673	1,729,561	1,729,561	949,112
Fund Balance, June 30, 2007	\$ 3,642,897	\$ 0	\$ (25,118)	\$ 3,617,779	\$ 1,827,838	\$ 494,391	\$ 3,123,388

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,050,972	\$ 0	\$ 0	\$ 1,050,972	\$ 1,029,025	\$ 1,029,025	\$ 21,947
Charges for Current Services	802,305	0	0	802,305	800,000	830,000	(27,695)
Other Local Revenues	6,163	0	0	6,163	78,000	78,000	(71,837)
State of Tennessee	78,203	0	0	78,203	71,242	71,242	6,961
Federal Government	10,000	0	0	10,000	0	10,000	0
Other Governments and Citizens Groups	0	0	0	0	100	100	(100)
Total Revenues	\$ 1,947,643	\$ 0	\$ 0	\$ 1,947,643	\$ 1,978,367	\$ 2,018,367	\$ (70,724)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 1,212,659	\$ (1,040)	\$ 4,575	\$ 1,216,194	\$ 1,215,154	\$ 1,245,154	\$ 28,960
Convenience Centers	628,846	0	0	628,846	805,695	815,695	186,849
Postclosure Care Costs	11,200	0	0	11,200	39,500	39,500	28,300
<u>Highways</u>							
Litter and Trash Collection	37,764	0	650	38,414	39,449	39,449	1,035
Total Expenditures	\$ 1,890,469	\$ (1,040)	\$ 5,225	\$ 1,894,654	\$ 2,099,798	\$ 2,139,798	\$ 245,144
Excess (Deficiency) of Revenues Over Expenditures	\$ 57,174	\$ 1,040	\$ (5,225)	\$ 52,989	\$ (121,431)	\$ (121,431)	\$ 174,420
Net Change in Fund Balance	\$ 57,174	\$ 1,040	\$ (5,225)	\$ 52,989	\$ (121,431)	\$ (121,431)	\$ 174,420
Fund Balance, July 1, 2006	440,631	(1,040)	0	439,591	428,713	428,713	10,878
Fund Balance, June 30, 2007	\$ 497,805	\$ 0	\$ (5,225)	\$ 492,580	\$ 307,282	\$ 307,282	\$ 185,298

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 482,723	\$ 0	\$ 0	\$ 482,723	\$ 500,035	\$ 500,035	\$ (17,312)
Charges for Current Services	270,131	0	0	270,131	200,000	200,000	70,131
Other Local Revenues	181,496	0	0	181,496	9,000	9,000	172,496
State of Tennessee	2,335,694	0	0	2,335,694	2,418,357	2,418,357	(82,663)
Federal Government	326,431	0	0	326,431	126,000	126,000	200,431
Other Governments and Citizens Groups	15,368	0	0	15,368	100,000	100,000	(84,632)
Total Revenues	\$ 3,611,843	\$ 0	\$ 0	\$ 3,611,843	\$ 3,353,392	\$ 3,353,392	\$ 258,451
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 199,764	\$ 0	\$ 615	\$ 200,379	\$ 203,535	\$ 203,535	\$ 3,156
Highway and Bridge Maintenance	1,822,552	(1,400)	10,828	1,831,980	1,944,157	1,966,157	134,177
Operation and Maintenance of Equipment	515,360	(1,749)	9,175	522,786	721,297	733,297	210,511
Other Charges	219,310	0	0	219,310	231,000	231,000	11,690
Employee Benefits	120	0	0	120	6,000	6,000	5,880
Capital Outlay	398,868	0	4,900	403,768	487,371	546,871	143,103
Total Expenditures	\$ 3,155,974	\$ (3,149)	\$ 25,518	\$ 3,178,343	\$ 3,593,360	\$ 3,686,860	\$ 508,517
Excess (Deficiency) of Revenues Over Expenditures	\$ 455,869	\$ 3,149	\$ (25,518)	\$ 433,500	\$ (239,968)	\$ (333,468)	\$ 766,968
Net Change in Fund Balance	\$ 455,869	\$ 3,149	\$ (25,518)	\$ 433,500	\$ (239,968)	\$ (333,468)	\$ 766,968
Fund Balance, July 1, 2006	534,799	(3,149)	0	531,650	709,747	709,747	(178,097)
Fund Balance, June 30, 2007	\$ 990,668	\$ 0	\$ (25,518)	\$ 965,150	\$ 469,779	\$ 376,279	\$ 588,871

Exhibit F-4

Monroe County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 18,149	\$ 18,149	0	100 %	\$ 9,575	0 %
6-30-03	16,017	16,017	0	100	7,929	0
6-30-01	14,398	14,398	0	100	7,045	0

MONROE COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

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 Monroe 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 Monroe County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**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.

Exhibit G-1

Monroe County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,832	\$ 1,832
Equity in Pooled Cash and Investments	86,488	0	86,488
Accounts Receivable	0	156	156
Total Assets	<u>\$ 86,488</u>	<u>\$ 1,988</u>	<u>\$ 88,476</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to Other Funds	\$ 0	\$ 1,988	\$ 1,988
Total Liabilities	<u>\$ 0</u>	<u>\$ 1,988</u>	<u>\$ 1,988</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 275	\$ 0	\$ 275
Unreserved	86,213	0	86,213
Total Fund Balances	<u>\$ 86,488</u>	<u>\$ 0</u>	<u>\$ 86,488</u>
Total Liabilities and Fund Balances	<u>\$ 86,488</u>	<u>\$ 1,988</u>	<u>\$ 88,476</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, 2007

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 51,899	\$ 0	\$ 51,899
Charges for Current Services	0	8,820	8,820
Total Revenues	<u>\$ 51,899</u>	<u>\$ 8,820</u>	<u>\$ 60,719</u>
<u>Expenditures</u>			
Current:			
Administration of Justice	\$ 0	\$ 8,820	\$ 8,820
Public Safety	54,952	0	54,952
Total Expenditures	<u>\$ 54,952</u>	<u>\$ 8,820</u>	<u>\$ 63,772</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,053)</u>	<u>\$ 0</u>	<u>\$ (3,053)</u>
Net Change in Fund Balances	\$ (3,053)	\$ 0	\$ (3,053)
Fund Balance, July 1, 2006	89,541	0	89,541
Fund Balance, June 30, 2007	<u>\$ 86,488</u>	<u>\$ 0</u>	<u>\$ 86,488</u>

Exhibit G-3

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 51,899	\$ 0	\$ 51,899	\$ 53,300	\$ 63,300	\$ (11,401)
Total Revenues	\$ 51,899	\$ 0	\$ 51,899	\$ 53,300	\$ 63,300	\$ (11,401)
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 54,952	\$ 275	\$ 55,227	\$ 53,800	\$ 63,800	\$ 8,573
Total Expenditures	\$ 54,952	\$ 275	\$ 55,227	\$ 53,800	\$ 63,800	\$ 8,573
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,053)	\$ (275)	\$ (3,328)	\$ (500)	\$ (500)	\$ (2,828)
Net Change in Fund Balance	\$ (3,053)	\$ (275)	\$ (3,328)	\$ (500)	\$ (500)	\$ (2,828)
Fund Balance, July 1, 2006	89,541	0	89,541	89,542	89,542	(1)
Fund Balance, June 30, 2007	\$ 86,488	\$ (275)	\$ 86,213	\$ 89,042	\$ 89,042	\$ (2,829)

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,533,122	\$ 2,471,129	\$ 2,471,129	\$ 61,993
Charges for Current Services	84,009	94,000	94,000	(9,991)
Other Local Revenues	614,076	350,000	350,000	264,076
State of Tennessee	15,345	5,500	5,500	9,845
Other Governments and Citizens Groups	332,600	332,604	332,604	(4)
Total Revenues	<u>\$ 3,579,152</u>	<u>\$ 3,253,233</u>	<u>\$ 3,253,233</u>	<u>\$ 325,919</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,371,609	\$ 1,375,224	\$ 1,371,613	\$ 4
<u>Interest on Debt</u>				
General Government	1,330,264	1,517,225	1,520,836	190,572
<u>Other Debt Service</u>				
General Government	219,748	248,607	248,607	28,859
Total Expenditures	<u>\$ 2,921,621</u>	<u>\$ 3,141,056</u>	<u>\$ 3,141,056</u>	<u>\$ 219,435</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 657,531</u>	<u>\$ 112,177</u>	<u>\$ 112,177</u>	<u>\$ 545,354</u>
Net Change in Fund Balance	\$ 657,531	\$ 112,177	\$ 112,177	\$ 545,354
Fund Balance, July 1, 2006	<u>5,311,593</u>	<u>5,255,836</u>	<u>5,255,836</u>	<u>55,757</u>
Fund Balance, June 30, 2007	<u>\$ 5,969,124</u>	<u>\$ 5,368,013</u>	<u>\$ 5,368,013</u>	<u>\$ 601,111</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 share 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, 2007

	Agency Funds			Total
	Cities - Sales Tax	City School ADA - Sweetwater	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,905,384	\$ 1,905,384
Due from Other Funds	0	1,406,304	0	1,406,304
Taxes Receivable	0	1,214,861	0	1,214,861
Allowance for Uncollectible Taxes	0	(25,172)	0	(25,172)
Due from Other Governments	566,337	168,065	0	734,402
Total Assets	<u>\$ 566,337</u>	<u>\$ 2,764,058</u>	<u>\$ 1,905,384</u>	<u>\$ 5,235,779</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 566,337	\$ 2,764,058	\$ 0	\$ 3,330,395
Due to Litigants, Heirs, and Others	0	0	1,905,384	1,905,384
Total Liabilities	<u>\$ 566,337</u>	<u>\$ 2,764,058</u>	<u>\$ 1,905,384</u>	<u>\$ 5,235,779</u>

Exhibit I-2

Monroe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,373,384	\$ 3,373,384	\$ 0
Due from Other Governments	579,311	566,337	579,311	566,337
Total Assets	\$ 579,311	\$ 3,939,721	\$ 3,952,695	\$ 566,337
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 579,311	\$ 3,939,721	\$ 3,952,695	\$ 566,337
Total Liabilities	\$ 579,311	\$ 3,939,721	\$ 3,952,695	\$ 566,337
<u>City School ADA - Sweetwater Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,199,126	\$ 2,199,126	\$ 0
Due from Other Governments	161,518	168,065	161,518	168,065
Due from Other Funds	0	1,406,304	0	1,406,304
Taxes Receivable	1,170,549	1,214,861	1,170,549	1,214,861
Allowance for Uncollectible Taxes	(28,616)	(25,172)	(28,616)	(25,172)
Total Assets	\$ 1,303,451	\$ 4,963,184	\$ 3,502,577	\$ 2,764,058
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,303,451	\$ 4,963,184	\$ 3,502,577	\$ 2,764,058
Total Liabilities	\$ 1,303,451	\$ 4,963,184	\$ 3,502,577	\$ 2,764,058
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,919,300	\$ 8,713,599	\$ 8,727,515	\$ 1,905,384
Total Assets	\$ 1,919,300	\$ 8,713,599	\$ 8,727,515	\$ 1,905,384
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,919,300	\$ 8,713,599	\$ 8,727,515	\$ 1,905,384
Total Liabilities	\$ 1,919,300	\$ 8,713,599	\$ 8,727,515	\$ 1,905,384

(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	\$ 5,572,510	\$ 5,572,510	\$ 0
Cash	1,919,300	8,713,599	8,727,515	1,905,384
Due from Other Governments	740,829	734,402	740,829	734,402
Due from Other Funds	0	1,406,304	0	1,406,304
Taxes Receivable	1,170,549	1,214,861	1,170,549	1,214,861
Allowance for Uncollectible Taxes	(28,616)	(25,172)	(28,616)	(25,172)
Total Assets	\$ 3,802,062	\$ 17,616,504	\$ 16,182,787	\$ 5,235,779
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,882,762	\$ 8,902,905	\$ 7,455,272	\$ 3,330,395
Due to Litigants, Heirs, and Others	1,919,300	8,713,599	8,727,515	1,905,384
Total Liabilities	\$ 3,802,062	\$ 17,616,504	\$ 16,182,787	\$ 5,235,779

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
Statement of Activities
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 21,807,691	\$ 42,650	\$ 2,785,384	\$ 0	\$ (18,979,657)
Support Services	13,305,327	688,028	0	1,082,000	(11,535,299)
Operation of Non-Instructional Services	2,915,570	786,871	1,296,450	0	(832,249)
Total Governmental Activities	\$ 38,028,588	\$ 1,517,549	\$ 4,081,834	\$ 1,082,000	\$ (31,347,205)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	4,345,464
Local Option Sales Taxes					3,426,491
Other Local Taxes					99,971
Grants and Contributions Not Restricted for Specific Programs					23,739,614
Unrestricted Investment Income					243
Miscellaneous					208,731
Total General Revenues				\$	31,820,514
Change in Net Assets				\$	473,309
Net Assets, July 1, 2006					32,446,588
Net Assets, June 30, 2007				\$	32,919,897

Exhibit J-2

Monroe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,044	\$ 1,044
Equity in Pooled Cash and Investments	1,867,355	442,822	2,310,177
Accounts Receivable	0	9	9
Due from Other Governments	770,893	487,309	1,258,202
Property Taxes Receivable	4,740,395	0	4,740,395
Allowance for Uncollectible Property Taxes	(98,230)	0	(98,230)
Total Assets	<u>\$ 7,280,413</u>	<u>\$ 931,184</u>	<u>\$ 8,211,597</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Cash Overdraft	\$ 0	\$ 215,796	\$ 215,796
Due to Primary Government	0	70,022	70,022
Deferred Revenue - Current Property Taxes	4,466,629	0	4,466,629
Deferred Revenue - Delinquent Property Taxes	153,867	0	153,867
Other Deferred Revenues	326,860	0	326,860
Total Liabilities	<u>\$ 4,947,356</u>	<u>\$ 285,818</u>	<u>\$ 5,233,174</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 66,026	\$ 7,929	\$ 73,955
Other Local Education Reserves	34,165	0	34,165
Reserved for Career Ladder - Extended Contract	6,650	0	6,650
Reserved for Career Ladder Program	5,769	0	5,769
Reserved for Special Education - Grants to States	0	27	27
Other Federal Reserves	0	1,651	1,651
Unreserved, Reported In:			
General Fund	2,220,447	0	2,220,447
Special Revenue Funds	0	574,402	574,402
Capital Projects Funds	0	61,357	61,357
Total Fund Balances	<u>\$ 2,333,057</u>	<u>\$ 645,366</u>	<u>\$ 2,978,423</u>
Total Liabilities and Fund Balances	<u>\$ 7,280,413</u>	<u>\$ 931,184</u>	<u>\$ 8,211,597</u>

Exhibit J-3

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Monroe County School Department
June 30, 2007

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-2)		\$ 2,978,423
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 666,112	
Add: construction in progress	726,927	
Add: buildings and improvements net of accumulated depreciation	29,382,859	
Add: other capital assets net of accumulated depreciation	<u>240,846</u>	31,016,744
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (1,550,000)	
Less: accrued interest on bonds, notes, and other loans	<u>(5,997)</u>	(1,555,997)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>480,727</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 32,919,897</u>

Exhibit J-4

Monroe County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 8,118,562	\$ 0	\$ 8,118,562
Licenses and Permits	3,265	0	3,265
Charges for Current Services	481,663	1,034,986	1,516,649
Other Local Revenues	217,391	5,629	223,020
State of Tennessee	23,122,897	0	23,122,897
Federal Government	91,161	4,309,135	4,400,296
Other Governments and Citizens Groups	432,000	650,000	1,082,000
Total Revenues	<u>\$ 32,466,939</u>	<u>\$ 5,999,750</u>	<u>\$ 38,466,689</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 19,212,019	\$ 2,584,219	\$ 21,796,238
Support Services	11,388,280	604,712	11,992,992
Operation of Non-Instructional Services	775,660	2,134,714	2,910,374
Debt Service:			
Principal on Debt	345,000	0	345,000
Interest on Debt	87,310	0	87,310
Other Debt Service	230,445	0	230,445
Capital Projects	0	683,279	683,279
Total Expenditures	<u>\$ 32,038,714</u>	<u>\$ 6,006,924</u>	<u>\$ 38,045,638</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 428,225</u>	<u>\$ (7,174)</u>	<u>\$ 421,051</u>
Net Change in Fund Balances	\$ 428,225	\$ (7,174)	\$ 421,051
Fund Balance, July 1, 2006	1,904,832	652,540	2,557,372
Fund Balance, June 30, 2007	<u>\$ 2,333,057</u>	<u>\$ 645,366</u>	<u>\$ 2,978,423</u>

Exhibit J-5

Monroe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 421,051
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 831,727	
Less: current year depreciation expense	<u>(1,160,956)</u>	(329,229)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Less: deferred delinquent property taxes and other deferred June 30, 2006	\$ (445,519)	
Add: deferred delinquent property taxes and other deferred June 30, 2007	<u>480,727</u>	35,208
<p>(3) 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 payments on bonds	\$ <u>345,000</u>	345,000
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest		<u>1,279</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 473,309</u>

Exhibit J-6

Monroe County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2007

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Cash	\$ 0	\$ 1,044	\$ 1,044	\$ 0	\$ 1,044
Equity in Pooled Cash and Investments	0	381,465	381,465	61,357	442,822
Accounts Receivable	9	0	9	0	9
Due from Other Governments	225,394	261,915	487,309	0	487,309
Total Assets	\$ 225,403	\$ 644,424	\$ 869,827	\$ 61,357	\$ 931,184
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Cash Overdraft	\$ 215,796	\$ 0	\$ 215,796	\$ 0	\$ 215,796
Due to Primary Government	0	70,022	70,022	0	70,022
Total Liabilities	\$ 215,796	\$ 70,022	\$ 285,818	\$ 0	\$ 285,818
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 7,929	\$ 0	\$ 7,929	\$ 0	\$ 7,929
Reserved for Special Education - Grants to States	27	0	27	0	27
Other Federal Reserves	1,651	0	1,651	0	1,651
Unreserved	0	574,402	574,402	61,357	635,759
Total Fund Balances	\$ 9,607	\$ 574,402	\$ 584,009	\$ 61,357	\$ 645,366
Total Liabilities and Fund Balances	\$ 225,403	\$ 644,424	\$ 869,827	\$ 61,357	\$ 931,184

Exhibit J-7

Monroe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2007

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,034,986	\$ 1,034,986	\$ 0	\$ 1,034,986
Other Local Revenues	0	5,629	5,629	0	5,629
Federal Government	3,040,611	1,268,524	4,309,135	0	4,309,135
Other Governments and Citizens Groups	0	0	0	650,000	650,000
Total Revenues	\$ 3,040,611	\$ 2,309,139	\$ 5,349,750	\$ 650,000	\$ 5,999,750
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,584,219	\$ 0	\$ 2,584,219	\$ 0	\$ 2,584,219
Support Services	604,712	0	604,712	0	604,712
Operation of Non-Instructional Services	0	2,134,714	2,134,714	0	2,134,714
Capital Projects	0	0	0	683,279	683,279
Total Expenditures	\$ 3,188,931	\$ 2,134,714	\$ 5,323,645	\$ 683,279	\$ 6,006,924
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (148,320)	\$ 174,425	\$ 26,105	\$ (33,279)	\$ (7,174)
Net Change in Fund Balances	\$ (148,320)	\$ 174,425	\$ 26,105	\$ (33,279)	\$ (7,174)
Fund Balance, July 1, 2006	157,927	399,977	557,904	94,636	652,540
Fund Balance, June 30, 2007	\$ 9,607	\$ 574,402	\$ 584,009	\$ 61,357	\$ 645,366

Exhibit J-8

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
General Purpose School Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,118,562	\$ 0	\$ 0	\$ 8,118,562	\$ 7,946,376	\$ 7,946,376	\$ 172,186
Licenses and Permits	3,265	0	0	3,265	3,000	3,000	265
Charges for Current Services	481,663	0	0	481,663	436,985	655,543	(173,880)
Other Local Revenues	217,391	0	0	217,391	26,683	85,278	132,113
State of Tennessee	23,122,897	0	0	23,122,897	22,750,892	22,915,907	206,990
Federal Government	91,161	0	0	91,161	110,378	99,199	(8,038)
Other Governments and Citizens Groups	432,000	0	0	432,000	0	432,000	0
Total Revenues	\$ 32,466,939	\$ 0	\$ 0	\$ 32,466,939	\$ 31,274,314	\$ 32,137,303	\$ 329,636
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 15,691,670	\$ (21,107)	\$ 12,751	\$ 15,683,314	\$ 15,817,036	\$ 15,937,191	\$ 253,877
Alternative Instruction Program	57,449	0	0	57,449	57,579	57,579	130
Special Education Program	2,493,485	0	0	2,493,485	2,505,375	2,529,915	36,430
Vocational Education Program	893,543	0	0	893,543	920,624	927,755	34,212
Adult Education Program	75,872	0	0	75,872	96,512	96,512	20,640
<u>Support Services</u>							
Attendance	78,597	0	0	78,597	80,368	80,379	1,782
Health Services	637,688	0	0	637,688	544,349	665,986	28,298
Other Student Support	909,482	(123)	0	909,359	836,535	937,222	27,863
Regular Instruction Program	1,121,850	0	0	1,121,850	1,124,223	1,144,399	22,549
Special Education Program	603,119	0	0	603,119	599,566	603,454	335
Vocational Education Program	94,332	0	0	94,332	98,235	98,244	3,912
Adult Programs	90,302	0	0	90,302	92,484	92,484	2,182
Board of Education	610,352	0	0	610,352	648,944	651,058	40,706
Director of Schools	286,209	0	0	286,209	286,448	293,581	7,372

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 1,467,635	\$ 0	\$ 0	\$ 1,467,635	\$ 1,466,301	\$ 1,474,560	\$ 6,925
Fiscal Services	14,784	0	0	14,784	0	14,784	0
Operation of Plant	2,295,136	(30,069)	0	2,265,067	2,363,728	2,372,234	107,167
Maintenance of Plant	1,275,320	(21,639)	53,275	1,306,956	881,687	1,339,578	32,622
Transportation	1,903,474	0	0	1,903,474	1,935,450	1,946,396	42,922
<u>Operation of Non-Instructional Services</u>							
Food Service	501,954	0	0	501,954	501,004	502,075	121
Community Services	90,937	0	0	90,937	45,478	97,719	6,782
Early Childhood Education	182,769	(3,954)	0	178,815	180,128	179,147	332
<u>Capital Outlay</u>							
Regular Capital Outlay	0	0	0	0	0	536,356	536,356
<u>Principal on Debt</u>							
Education	345,000	0	0	345,000	345,000	345,000	0
<u>Interest on Debt</u>							
Education	87,310	0	0	87,310	87,310	87,310	0
<u>Other Debt Service</u>							
Education	230,445	0	0	230,445	230,445	230,445	0
Total Expenditures	\$ 32,038,714	\$ (76,892)	\$ 66,026	\$ 32,027,848	\$ 31,744,809	\$ 33,241,363	\$ 1,213,515
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 428,225	\$ 76,892	\$ (66,026)	\$ 439,091	\$ (470,495)	\$ (1,104,060)	\$ 1,543,151
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ (118,000)	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (118,000)	\$ 0	\$ 0
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 1,904,832	(76,892)	0	1,827,940	1,697,548	1,697,548	130,392
Fund Balance, June 30, 2007	\$ 2,333,057	\$ 0	\$ (66,026)	\$ 2,267,031	\$ 1,109,053	\$ 593,488	\$ 1,673,543

Exhibit J-9

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
School Federal Projects Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 450	\$ (450)
Federal Government	3,040,611	0	0	3,040,611	3,682,455	3,531,293	(490,682)
Total Revenues	\$ 3,040,611	\$ 0	\$ 0	\$ 3,040,611	\$ 3,682,455	\$ 3,531,743	\$ (491,132)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,484,796	\$ (80)	\$ 0	\$ 1,484,716	\$ 1,707,100	\$ 1,782,917	\$ 298,201
Special Education Program	971,808	0	0	971,808	971,808	971,808	0
Vocational Education Program	127,615	0	0	127,615	123,203	127,678	63
<u>Support Services</u>							
Attendance	26,604	0	0	26,604	30,174	29,388	2,784
Health Services	26,917	0	0	26,917	32,303	28,477	1,560
Other Student Support	15,027	0	0	15,027	19,000	15,027	0
Regular Instruction Program	452,836	(117)	7,929	460,648	513,291	650,850	190,202
Special Education Program	66,410	0	0	66,410	66,410	66,410	0
Vocational Education Program	7,460	0	0	7,460	7,483	7,460	0
Board of Education	9,458	0	0	9,458	9,458	9,458	0
Transportation	0	0	0	0	191,186	0	0
Total Expenditures	\$ 3,188,931	\$ (197)	\$ 7,929	\$ 3,196,663	\$ 3,671,416	\$ 3,689,473	\$ 492,810
Excess (Deficiency) of Revenues Over Expenditures	\$ (148,320)	\$ 197	\$ (7,929)	\$ (156,052)	\$ 11,039	\$ (157,730)	\$ 1,678
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ (11,040)	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (11,040)	\$ 0	\$ 0
Net Change in Fund Balance	\$ (148,320)	\$ 197	\$ (7,929)	\$ (156,052)	\$ (1)	\$ (157,730)	\$ 1,678
Fund Balance, July 1, 2006	157,927	(197)	0	157,730	157,730	157,730	0
Fund Balance, June 30, 2007	\$ 9,607	\$ 0	\$ (7,929)	\$ 1,678	\$ 157,729	\$ 0	\$ 1,678

Exhibit J-10

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,034,986	\$ 0	\$ 1,034,986	\$ 914,000	\$ 1,131,332	\$ (96,346)
Other Local Revenues	5,629	0	5,629	25,000	25,000	(19,371)
Federal Government	1,268,524	0	1,268,524	1,135,000	1,205,000	63,524
Total Revenues	\$ 2,309,139	\$ 0	\$ 2,309,139	\$ 2,074,000	\$ 2,361,332	\$ (52,193)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,134,714	\$ (3,500)	\$ 2,131,214	\$ 2,074,000	\$ 2,361,332	\$ 230,118
Total Expenditures	\$ 2,134,714	\$ (3,500)	\$ 2,131,214	\$ 2,074,000	\$ 2,361,332	\$ 230,118
Excess (Deficiency) of Revenues Over Expenditures	\$ 174,425	\$ 3,500	\$ 177,925	\$ 0	\$ 0	\$ 177,925
Net Change in Fund Balance	\$ 174,425	\$ 3,500	\$ 177,925	\$ 0	\$ 0	\$ 177,925
Fund Balance, July 1, 2006	399,977	(3,500)	396,477	396,476	396,476	1
Fund Balance, June 30, 2007	\$ 574,402	\$ 0	\$ 574,402	\$ 396,476	\$ 396,476	\$ 177,926

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, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Airport Hangers	\$ 132,000	7.95 %	9-4-1997	9-4-09	\$ 55,340	\$ 0	\$ 10,276	\$ 45,064
Various Projects	450,000	4.59	10-11-01	10-11-13	325,984	0	34,641	291,343
Public Safety	300,000	3.49	7-21-05	7-21-08	300,000	0	96,692	203,308
Health Department and Emergency Services	780,000	3.95	4-15-06	4-15-09	780,000	0	260,000	520,000
Ambulance, Sheriff vehicles, Election Commission Bldg.	700,000	3.79	5-1-07	5-1-13	0	700,000	0	700,000
School Bleachers Capital Outlay Note	432,000	3.73	2-1-07	2-1-13	0	432,000	0	432,000
Total Notes Payable					\$ 1,461,324	\$ 1,132,000	\$ 401,609	\$ 2,191,715
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
F.H.A. - Office Building	600,000	5	10-27-1978	1-1-18	\$ 320,000	\$ 0	\$ 20,000	\$ 300,000
High School Refunding, Series 1998	10,205,000	4.25 to 5.25	8-1-1998	5-1-13	6,855,000	0	850,000	6,005,000
Public Improvement, Series 1999	999,236	4.6 to 4.95	4-1-1999	4-1-18	999,236	0	0	999,236
General Obligation School Bonds, Series 2007	8,500,000	5	6-7-07	6-1-35	0	8,500,000	0	8,500,000
Total Bonds Payable					\$ 8,174,236	\$ 8,500,000	\$ 870,000	\$ 15,804,236
OTHER LOANS PAYABLE								
<u>Public Building Authority Loan Agreement</u>								
<u>Payable through General Debt Service Fund</u>								
School Construction and County Projects, Series IV-A-4	6,335,000	Variable (1)	12-9-1999	9-1-14	\$ 6,000,000	\$ 0	\$ 0	\$ 6,000,000
School Construction and Repairs, Series A-1-H	1,290,000	Variable	5-17-02	6-1-20	1,290,000	0	0	1,290,000
Public Improvement, Series V-A-3	2,350,000	Variable	12-19-02	6-1-23	2,350,000	0	0	2,350,000
Public Improvement, Series V-C-2	10,050,000	Variable (2)	10-15-03	6-1-33	10,050,000	0	0	10,050,000
Public Improvement, Series VI-C-5	1,500,000	Variable	10-15-04	6-1-30	1,500,000	0	100,000	1,400,000
Total Other Loans Payable					\$ 21,190,000	\$ 0	\$ 100,000	\$ 21,090,000

(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 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>								
<u>BONDS PAYABLE</u>								
<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	\$ 1,895,000	\$ 0	\$ 345,000	\$ 1,550,000
Total Bonds Payable					<u>\$ 1,895,000</u>	<u>\$ 0</u>	<u>\$ 345,000</u>	<u>\$ 1,550,000</u>

- (1) This issue was swapped from variable to a synthetic fixed rate by execution of a swap agreement during the year ended June 30, 2005.
(2) This issue was swapped from variable to a synthetic fixed rate by execution of a swap agreement during the year ended June 30, 2007.

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
2008	\$ 1,005,000	\$ 670,528	\$ 1,675,528	\$ 360,000	\$ 71,958	\$ 431,958
2009	1,045,000	630,700	1,675,700	380,000	55,757	435,757
2010	1,095,000	583,075	1,678,075	395,000	38,278	433,278
2011	1,140,000	525,900	1,665,900	415,000	19,712	434,712
2012	1,200,000	466,362	1,666,362	0	0	0
2013	1,260,000	403,676	1,663,676	0	0	0
2014	363,342	569,495	932,837	0	0	0
2015	348,748	572,590	921,338	0	0	0
2016	330,912	573,925	904,837	0	0	0
2017	323,266	580,072	903,338	0	0	0
2018	192,968	553,619	746,587	0	0	0
2019	0	309,838	309,838	0	0	0
2020	0	309,837	309,837	0	0	0
2021	275,000	309,838	584,838	0	0	0
2022	275,000	298,837	573,837	0	0	0
2023	325,000	287,838	612,838	0	0	0
2024	375,000	274,837	649,837	0	0	0
2025	425,000	259,838	684,838	0	0	0
2026	375,000	242,837	617,837	0	0	0
2027	450,000	227,838	677,838	0	0	0
2028	425,000	209,837	634,837	0	0	0
2029	500,000	192,412	692,412	0	0	0
2030	450,000	171,788	621,788	0	0	0
2031	625,000	153,112	778,112	0	0	0
2032	625,000	126,863	751,863	0	0	0
2033	650,000	100,612	750,612	0	0	0
2034	850,000	73,313	923,313	0	0	0
2035	875,000	37,188	912,188	0	0	0
Total	\$ 15,804,236	\$ 9,716,605	\$ 25,520,841	\$ 1,550,000	\$ 185,705	\$ 1,735,705

Exhibit K-3

Monroe County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Monroe County School Department
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 75,089	\$ 50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	65,793	100,000	"
Director of Schools	Board of Education	93,083 (1)	100,000	"
Trustee:				
Charlie Miller (7-1-06 through 5-20-07)	Section 8-24-102, <u>TCA</u>	54,827	885,400	"
Tammy Miller (6-4-07 through 6-30-07)	Section 8-24-102, <u>TCA</u>	4,606	1,343,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	59,811	10,000	"
Director of Finance	County Commission	74,089	50,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	59,811	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	59,811	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	68,631 (2)	50,000	"
	and Chancery Court Judge			
Register	Section 8-24-102, <u>TCA</u>	59,811	25,000	"
Sheriff:				
Doug Watson (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	11,824	25,000	"
	and County Commission			
Bill Bivens (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	59,718 (3)	25,000	"
	and County Commission			
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 \$8,820.

(3) Includes supplement of \$5,000 for serving as workhouse superintendent and \$600 law enforcement training supplement.

Exhibit K-4

Monroe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2007

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Capital Projects	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 5,038,493	\$ 938,012	\$ 0	\$ 0	\$ 265,178	\$ 1,392,220	\$ 0	\$ 7,633,903
Trustee's Collections - Prior Year	129,421	36,394	0	0	10,145	53,295	0	229,255
Circuit/Clerk & Master Collections - Prior Years	47,541	13,977	0	0	3,675	19,587	0	84,780
Interest and Penalty	27,071	6,642	0	0	1,865	9,806	0	45,384
Pick-up Taxes	12,411	3,026	0	0	834	4,393	0	20,664
Payments in-Lieu-of Taxes - T.V.A.	9,850	0	0	0	772	4,056	0	14,678
Payments in-Lieu-of Taxes - Local Utilities	278,127	52,564	0	0	14,099	74,022	0	418,812
Payments in-Lieu-of Taxes - Other	100,000	0	0	0	27,018	0	0	127,018
<u>County Local Option Taxes</u>								
Local Option Sales Tax	946,588	0	0	0	0	0	0	946,588
Hotel/Motel Tax	217,377	0	0	0	0	0	0	217,377
Wheel Tax	0	0	0	0	0	873,052	0	873,052
Litigation Tax - General	38,913	0	0	0	0	44,646	0	83,559
Litigation Tax - Special Purpose	37,471	0	0	0	0	0	0	37,471
Litigation Tax - Jail, Workhouse, or Courthouse	40,159	0	0	0	0	0	0	40,159
Business Tax	147,629	0	0	0	6,449	41,238	0	195,316
Mineral Severance Tax	0	0	0	0	149,487	0	0	149,487
<u>Statutory Local Taxes</u>								
Bank Excise Tax	39,604	0	0	0	3,106	16,307	0	59,017
Wholesale Beer Tax	119,836	0	0	0	0	0	0	119,836
Interstate Telecommunications Tax	1,753	357	0	0	95	500	0	2,705
Total Local Taxes	\$ 7,232,244	\$ 1,050,972	\$ 0	\$ 0	\$ 482,723	\$ 2,533,122	\$ 0	\$ 11,299,061
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Vaccination	\$ 30,401	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,401
Cable TV Franchise	29,158	0	0	0	0	0	0	29,158
<u>Permits</u>								
Building Permits	28,700	0	0	0	0	0	0	28,700
Total Licenses and Permits	\$ 88,259	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 88,259

(Continued)

Exhibit K-4

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 35,262	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	35,262
Officers Costs	28,228	0	0	0	0	0	0	28,228
Jail Fees	3,107	0	0	0	0	0	0	3,107
DUI Treatment Fines	1,235	0	0	0	0	0	0	1,235
Courtroom Security Fee	1,365	0	0	0	0	0	0	1,365
<u>General Sessions Court</u>								
Fines	39,452	0	0	0	0	0	0	39,452
Officers Costs	36,332	0	0	0	0	0	0	36,332
Jail Fees	27,999	0	0	0	0	0	0	27,999
DUI Treatment Fines	9,368	0	0	0	0	0	0	9,368
<u>Chancery Court</u>								
Officers Costs	4,989	0	0	0	0	0	0	4,989
<u>Other Courts - In-county</u>								
Fines	4,082	0	0	0	0	0	0	4,082
Drug Control Fines	2,112	0	15,723	0	0	0	0	17,835
<u>Judicial District Drug Program</u>								
Courtroom Security Fee	25	0	0	0	0	0	0	25
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	3,700	0	36,176	0	0	0	0	39,876
Total Fines, Forfeitures, and Penalties	\$ 197,256	\$ 0	\$ 51,899	\$ 0	\$ 0	\$ 0	\$ 0	249,155
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Tipping Fees	\$ 0	\$ 802,305	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	802,305
Patient Charges	1,681,366	0	0	0	0	0	0	1,681,366
Other General Service Charges	571,134	0	0	0	270,131	84,009	0	925,274
Service Charges	7,748	0	0	0	0	0	0	7,748
<u>Fees</u>								
Airport Fees	17,472	0	0	0	0	0	0	17,472
Engineer Review Fees	9,800	0	0	0	0	0	0	9,800
Copy Fees	5,958	0	0	0	0	0	0	5,958
Telephone Commissions	20,281	0	0	0	0	0	0	20,281

(Continued)

Exhibit K-4

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Capital Projects	
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Vending Machine Collections	\$ 396	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 396
Tourism Fees	14,750	0	0	0	0	0	0	14,750
Special Commissioner Fees/Special Master Fees	0	0	0	8,820	0	0	0	8,820
Data Processing Fee - Register	24,826	0	0	0	0	0	0	24,826
Data Processing Fee - Sheriff	5,613	0	0	0	0	0	0	5,613
Sexual Offender Registration Fees - Sheriff	2,460	0	0	0	0	0	0	2,460
Total Charges for Current Services	\$ 2,361,804	\$ 802,305	\$ 0	\$ 8,820	\$ 270,131	\$ 84,009	\$ 0	\$ 3,527,069
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 75	\$ 0	\$ 0	\$ 0	\$ 0	\$ 614,076	\$ 0	\$ 614,151
Lease/Rentals	2,400	0	0	0	0	0	0	2,400
Commissary Sales	127,664	0	0	0	0	0	0	127,664
Sale of Recycled Materials	0	6,163	0	0	0	0	0	6,163
Cobra Insurance Payments	1,931	0	0	0	0	0	0	1,931
Miscellaneous Refunds	75,141	0	0	0	76	0	0	75,217
<u>Nonrecurring Items</u>								
Accrued Interest on Debt Issues	0	0	0	0	0	0	4,892	4,892
Sale of Equipment	0	0	0	0	181,420	0	0	181,420
Sale of Property	34,875	0	0	0	0	0	0	34,875
Damages Recovered from Individuals	881	0	0	0	0	0	0	881
Contributions & Gifts	12,216	0	0	0	0	0	0	12,216
Total Other Local Revenues	\$ 255,183	\$ 6,163	\$ 0	\$ 0	\$ 181,496	\$ 614,076	\$ 4,892	\$ 1,061,810
<u>Fees Received from County Officials</u>								
<u>Fees-In-Lieu of Salary</u>								
County Clerk	\$ 397,489	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 397,489
Circuit Court Clerk	343,823	0	0	0	0	0	0	343,823
General Sessions Court Clerk	298,941	0	0	0	0	0	0	298,941
Clerk and Master	151,196	0	0	0	0	0	0	151,196
Register	315,220	0	0	0	0	0	0	315,220
Sheriff	22,036	0	0	0	0	0	0	22,036

(Continued)

Exhibit K-4

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>								
<u>Fees-In-Lieu of Salary (Cont.)</u>								
Trustee	\$ 532,878	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 532,878
Total Fees Received from County Officials	\$ 2,061,583	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,061,583
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	12,007	0	0	0	0	0	0	12,007
State Reappraisal Grant	16,720	0	0	0	0	0	0	16,720
Solid Waste Grants	0	29,908	0	0	0	0	0	29,908
Other General Government Grants	1,600	0	0	0	0	0	0	1,600
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	18,000	0	0	0	0	0	0	18,000
Other Public Safety Grants	0	0	0	0	44,672	0	0	44,672
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	209,485	0	0	209,485
Litter Program	0	37,334	0	0	0	0	0	37,334
<u>Other State Revenues</u>								
Income Tax	55,737	10,961	0	0	2,923	15,345	0	84,966
Beer Tax	18,753	0	0	0	0	0	0	18,753
Alcoholic Beverage Tax	60,226	0	0	0	0	0	0	60,226
Mixed Drink Tax	6,750	0	0	0	0	0	0	6,750
State Revenue Sharing - T.V.A.	150,000	0	0	0	21,000	0	0	171,000
Contracted Prisoner Boarding	781,448	0	0	0	0	0	0	781,448
Gasoline and Motor Fuel Tax	0	0	0	0	2,026,273	0	0	2,026,273
Petroleum Special Tax	0	0	0	0	31,341	0	0	31,341
Registrar's Salary Supplement	12,285	0	0	0	0	0	0	12,285
Other State Grants	374,220	0	0	0	0	0	0	374,220
Other State Revenues	1,455	0	0	0	0	0	0	1,455
Total State of Tennessee	\$ 1,518,201	\$ 78,203	\$ 0	\$ 0	\$ 2,335,694	\$ 15,345	\$ 0	\$ 3,947,443

(Continued)

Exhibit K-4

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Capital Projects	
<u>Federal Government</u>								
<u>Federal Through State</u>								
USDA - Other	\$ 0	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,000
Appalachian Regional Commission	60,000	0	0	0	0	0	0	60,000
Community Development	141,593	0	0	0	0	0	0	141,593
Disaster Relief	27,244	0	0	0	0	0	0	27,244
Homeland Security Grants	175,320	0	0	0	0	0	0	175,320
Law Enforcement Grants	21,009	0	0	0	0	0	0	21,009
Other Federal through State	1,045,621	0	0	0	216,478	0	0	1,262,099
<u>Direct Federal Revenue</u>								
Forest Service	7,645	0	0	0	109,953	0	0	117,598
Other Direct Federal Revenue	19,403	0	0	0	0	0	0	19,403
Total Federal Government	\$ 1,497,835	\$ 10,000	\$ 0	\$ 0	\$ 326,431	\$ 0	\$ 0	1,834,266
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,368	\$ 0	\$ 0	15,368
Contributions	153,792	0	0	0	0	257,996	0	411,788
<u>Citizens Groups</u>								
Donations	6,009	0	0	0	0	0	0	6,009
<u>Other</u>								
Other	0	0	0	0	0	74,604	0	74,604
Total Other Governments and Citizens Groups	\$ 159,801	\$ 0	\$ 0	\$ 0	\$ 15,368	\$ 332,600	\$ 0	507,769
Total	\$ 15,372,166	\$ 1,947,643	\$ 51,899	\$ 8,820	\$ 3,611,843	\$ 3,579,152	\$ 4,892	\$ 24,576,415

Exhibit K-5

Monroe County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,060,135	\$ 0	\$ 0	\$ 0	\$ 4,060,135
Trustee's Collections - Prior Year	155,414	0	0	0	155,414
Circuit/Clerk & Master Collections - Prior Years	59,869	0	0	0	59,869
Interest and Penalty	28,596	0	0	0	28,596
Pick-up Taxes	12,813	0	0	0	12,813
Payments in-Lieu-of Taxes - T.V.A.	11,830	0	0	0	11,830
Payments in-Lieu-of Taxes - Local Utilities	215,888	0	0	0	215,888
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,426,491	0	0	0	3,426,491
Business Tax	92,912	0	0	0	92,912
Other County Local Option Taxes	469	0	0	0	469
<u>Statutory Local Taxes</u>					
Bank Excise Tax	47,555	0	0	0	47,555
Interstate Telecommunications Tax	6,590	0	0	0	6,590
Total Local Taxes	\$ 8,118,562	\$ 0	\$ 0	\$ 0	\$ 8,118,562
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 3,265	\$ 0	\$ 0	\$ 0	\$ 3,265
Total Licenses and Permits	\$ 3,265	\$ 0	\$ 0	\$ 0	\$ 3,265
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 42,650	\$ 0	\$ 0	\$ 0	\$ 42,650
Lunch Payments - Children	0	0	474,635	0	474,635
Lunch Payments - Adults	0	0	71,430	0	71,430
Income from Breakfast	0	0	240,806	0	240,806
Transportation - Other State Systems	205,631	0	0	0	205,631

(Continued)

Exhibit K-5

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>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
School Based Health Services - FFS	\$ 54,523	\$ 0	\$ 0	\$ 0	\$ 54,523
Receipts from Individual Schools	45,149	0	248,115	0	293,264
<u>Other Charges for Services</u>					
Other Charges for Services	133,710	0	0	0	133,710
Total Charges for Current Services	\$ 481,663	\$ 0	\$ 1,034,986	\$ 0	\$ 1,516,649
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 243	\$ 0	\$ 0	\$ 0	\$ 243
Lease/Rentals	900	0	0	0	900
Miscellaneous Refunds	12,685	0	433	0	13,118
<u>Nonrecurring Items</u>					
Sale of Equipment	8,159	0	0	0	8,159
Damages Recovered from Individuals	2,497	0	0	0	2,497
Contributions and Gifts	7,950	0	5,196	0	13,146
<u>Other Local Revenues</u>					
Other Local Revenues	184,957	0	0	0	184,957
Total Other Local Revenues	\$ 217,391	\$ 0	\$ 5,629	\$ 0	\$ 223,020
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 21,268,900	\$ 0	\$ 0	\$ 0	\$ 21,268,900
School Food Service	27,926	0	0	0	27,926
Driver Education	26,730	0	0	0	26,730
Other State Education Funds	502,877	0	0	0	502,877
Career Ladder Program	250,491	0	0	0	250,491
Career Ladder - Extended Contract	114,247	0	0	0	114,247

(Continued)

Exhibit K-5

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 (Cont.)</u>					
<u>Other State Revenues</u>					
Income Tax	\$ 44,789	\$ 0	\$ 0	\$ 0	\$ 44,789
Mixed Drink Tax	5,370	0	0	0	5,370
State Revenue Sharing - T.V.A.	878,767	0	0	0	878,767
Other State Grants	2,800	0	0	0	2,800
Total State of Tennessee	\$ 23,122,897	\$ 0	\$ 0	\$ 0	\$ 23,122,897
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 975,020	\$ 0	\$ 975,020
Breakfast	0	0	293,504	0	293,504
Adult Education State Grant Program	74,888	0	0	0	74,888
Vocational Education - Basic Grants to States	0	150,102	0	0	150,102
Title I Grants to Local Education Agencies	0	1,286,221	0	0	1,286,221
Innovative Education Program Strategies	0	8,672	0	0	8,672
Special Education - Grants to States	0	1,011,113	0	0	1,011,113
Special Education Preschool Grants	0	30,476	0	0	30,476
Eisenhower Professional Development State Grants	0	478,690	0	0	478,690
Other Federal through State	16,273	75,337	0	0	91,610
Total Federal Government	\$ 91,161	\$ 3,040,611	\$ 1,268,524	\$ 0	\$ 4,400,296
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 432,000	\$ 0	\$ 0	\$ 650,000	\$ 1,082,000
Total Other Governments and Citizens Groups	\$ 432,000	\$ 0	\$ 0	\$ 650,000	\$ 1,082,000
Total	\$ 32,466,939	\$ 3,040,611	\$ 2,309,139	\$ 650,000	\$ 38,466,689

Exhibit K-6

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Secretary to Board	\$	2,000	
Board and Committee Members Fees		47,478	
Social Security		2,943	
Employer Medicare		688	
Audit Services		8,926	
Consultants		66,121	
Contracts with Private Agencies		32,465	
Building and Contents Insurance		149,281	
Indirect Cost		17,982	
Premiums on Corporate Surety Bonds		13,306	
Workers' Compensation Insurance		1,608	
Other Charges		26,691	
Total County Commission			\$ 369,489

Board of Equalization

Board and Committee Members Fees	\$	1,050	
Total Board of Equalization			1,050

County Mayor/Executive

County Official/Administrative Officer	\$	75,089	
Assistant(s)		25,776	
Deputy(ies)		17,484	
Social Security		6,903	
State Retirement		7,629	
Employee and Dependent Insurance		23,534	
Employer Medicare		1,614	
Communication		3,266	
Dues and Memberships		60	
Operating Lease Payments		959	
Maintenance & Repair Services - Office Equipment		110	
Postal Charges		860	
Travel		846	
Office Supplies		1,934	
Workers' Compensation Insurance		2,375	
Other Charges		377	
Office Equipment		715	
Total County Mayor/Executive			169,531

County Attorney

County Official/Administrative Officer	\$	3,398	
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(Continued)

Exhibit K-6

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

Social Security	\$	211	
State Retirement		235	
Employer Medicare		49	
Legal Services		17,116	
Workers' Compensation Insurance		25	
Total County Attorney			\$ 21,034

Election Commission

Supervisor/Director	\$	53,830	
Deputy(ies)		25,776	
Clerical Personnel		60	
Election Commission		8,550	
Election Workers		42,911	
Social Security		5,445	
State Retirement		5,543	
Employee and Dependent Insurance		15,207	
Employer Medicare		1,274	
Communication		2,655	
Data Processing Services		13,637	
Legal Notices, Recording, and Court Costs		5,086	
Maintenance Agreements		14,739	
Maintenance & Repair Services - Office Equipment		950	
Postal Charges		6,913	
Travel		653	
Office Supplies		8,494	
Workers' Compensation Insurance		1,822	
Other Charges		782	
Total Election Commission			214,327

Register of Deeds

County Official/Administrative Officer	\$	59,811
Assistant(s)		25,776
Deputy(ies)		89,529
Part-time Personnel		7,500
Social Security		11,482
State Retirement		12,069
Employee and Dependent Insurance		45,620
Employer Medicare		2,685
Communication		2,951
Dues and Memberships		588

(Continued)

Exhibit K-6

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Maintenance Agreements	\$	16,139	
Postal Charges		4,093	
Office Supplies		10,961	
Workers' Compensation Insurance		2,179	
Other Charges		342	
Office Equipment		18,909	
Total Register of Deeds			\$ 310,634

Codes Compliance

County Official/Administrative Officer	\$	14,853	
Clerical Personnel		1,985	
Board and Committee Members Fees		4,400	
Social Security		1,206	
State Retirement		1,164	
Employer Medicare		282	
Communication		1,000	
Engineering Services		1,965	
Postal Charges		500	
Travel		389	
Office Supplies		441	
Workers' Compensation Insurance		100	
Other Charges		229	
Total Codes Compliance			28,514

Geographical Information Systems

Supervisor/Director	\$	11,334	
Social Security		565	
State Retirement		587	
Employee and Dependent Insurance		1,356	
Employer Medicare		132	
Communication		136	
Office Supplies		96	
Other Charges		775	
Office Equipment		17,641	
Total Geographical Information Systems			32,622

County Buildings

Assistant(s)	\$	19,443	
Supervisor/Director		29,363	
Attendants		10,020	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Custodial Personnel	\$	19,443	
Other Salaries & Wages		19,443	
Social Security		6,165	
State Retirement		6,232	
Employee and Dependent Insurance		30,413	
Employer Medicare		1,442	
Communication		7,767	
Maintenance Agreements		14,352	
Maintenance & Repair Services - Buildings		260,454	
Rentals		4,800	
Other Contracted Services		113,857	
Custodial Supplies		13,255	
Electricity		76,371	
Natural Gas		24,923	
Water and Sewer		8,140	
Other Supplies and Materials		862	
Workers' Compensation Insurance		2,445	
Other Charges		252,090	
Building Construction		40,909	
Heating and Air Conditioning Equipment		10,096	
Maintenance Equipment		775	
Total County Buildings			\$ 973,060

Other General Administration

Legal Notices, Recording, and Court Costs	\$	3,326	
Maintenance & Repair Services - Vehicles		219	
Duplicating Supplies		2,331	
Gasoline		3,000	
Administration Equipment		18,943	
Total Other General Administration			27,819

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	74,089
Assistant(s)		32,000
Accountants/Bookkeepers		218,249
Social Security		19,563
State Retirement		22,290
Employee and Dependent Insurance		75,300
Employer Medicare		4,575

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Communication	\$	7,039	
Data Processing Services		12,489	
Maintenance & Repair Services - Equipment		557	
Postal Charges		4,500	
Travel		1,900	
Office Supplies		17,489	
Workers' Compensation Insurance		2,805	
Other Charges		1,540	
Office Equipment		6,310	
Total Accounting and Budgeting			\$ 500,695

Property Assessor's Office

County Official/Administrative Officer	\$	59,811	
Deputy(ies)		25,776	
Secretary(ies)		24,497	
Clerical Personnel		49,954	
Social Security		9,526	
State Retirement		11,143	
Employee and Dependent Insurance		35,595	
Employer Medicare		2,228	
Communication		4,351	
Data Processing Services		7,306	
Dues and Memberships		131	
Operating Lease Payments		1,852	
Maintenance & Repair Services - Vehicles		531	
Postal Charges		1,278	
Travel		743	
Gasoline		934	
Office Supplies		1,368	
Workers' Compensation Insurance		2,190	
Other Charges		470	
Office Equipment		4,843	
Total Property Assessor's Office			244,527

Reappraisal Program

Clerical Personnel	\$	24,977
Part-time Personnel		8,116
Social Security		2,045
State Retirement		1,726
Employee and Dependent Insurance		7,500

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Employer Medicare	\$	478	
Data Processing Services		4,679	
Printing, Stationery, and Forms		410	
Travel		1,098	
Office Supplies		54	
Workers' Compensation Insurance		60	
Other Charges		385	
Office Equipment		1,000	
Total Reappraisal Program			\$ 52,528

County Trustee's Office

County Official/Administrative Officer	\$	59,433	
Assistant(s)		25,748	
Deputy(ies)		67,558	
Part-time Personnel		15,000	
Social Security		10,050	
State Retirement		10,291	
Employee and Dependent Insurance		32,111	
Employer Medicare		2,351	
Communication		4,064	
Legal Notices, Recording, and Court Costs		354	
Maintenance Agreements		7,895	
Maintenance & Repair Services - Office Equipment		110	
Postal Charges		9,000	
Office Supplies		4,554	
Workers' Compensation Insurance		2,177	
Other Charges		8,016	
Office Equipment		3,559	
Total County Trustee's Office			262,271

County Clerk's Office

County Official/Administrative Officer	\$	59,811
Assistant(s)		25,776
Deputy(ies)		157,878
Part-time Personnel		12,000
Social Security		15,609
State Retirement		16,385
Employee and Dependent Insurance		65,999
Employer Medicare		3,650
Communication		6,148

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Dues and Memberships	\$	453	
Operating Lease Payments		3,514	
Legal Notices, Recording, and Court Costs		573	
Maintenance & Repair Services - Office Equipment		10,207	
Postal Charges		9,170	
Office Supplies		5,086	
Workers' Compensation Insurance		2,336	
Office Equipment		1,235	
Total County Clerk's Office			\$ 395,830

Other Finance

Social Security	\$	635	
State Retirement		744	
Employer Medicare		148	
Trustee's Commission		172,879	
Total Other Finance			174,406

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	59,811	
Assistant(s)		51,552	
Deputy(ies)		288,094	
Part-time Personnel		12,468	
Other Salaries & Wages		16,200	
Board and Committee Members Fees		656	
Jury and Witness Fees		17,504	
In-Service Training		195	
Social Security		26,403	
State Retirement		28,747	
Employee and Dependent Insurance		113,403	
Employer Medicare		6,175	
Communication		13,765	
Operating Lease Payments		10,526	
Legal Notices, Recording, and Court Costs		750	
Maintenance Agreements		19,419	
Postal Charges		6,491	
Travel		1,795	
Office Supplies		29,249	
Workers' Compensation Insurance		2,700	
Other Charges		2,925	

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Communication Equipment	\$	896	
Data Processing Equipment		27,581	
Office Equipment		4,286	
Total Circuit Court			\$ 741,591

General Sessions Judge

Judge(s)	\$	122,245	
Secretary(ies)		25,776	
Social Security		8,256	
State Retirement		10,259	
Employee and Dependent Insurance		15,207	
Employer Medicare		2,146	
Communication		3,779	
Dues and Memberships		102	
Operating Lease Payments		2,278	
Maintenance & Repair Services - Office Equipment		110	
Postal Charges		234	
Travel		1,652	
Library Books/Media		568	
Office Supplies		1,175	
Workers' Compensation Insurance		3,558	
Furniture and Fixtures		2,900	
Office Equipment		1,374	
Total General Sessions Judge			201,619

Chancery Court

County Official/Administrative Officer	\$	59,811	
Deputy(ies)		74,002	
Social Security		8,454	
State Retirement		9,247	
Employee and Dependent Insurance		30,413	
Employer Medicare		1,954	
Communication		4,592	
Dues and Memberships		623	
Maintenance Agreements		9,881	
Maintenance & Repair Services - Office Equipment		110	
Postal Charges		2,219	
Office Supplies		4,353	
Workers' Compensation Insurance		2,128	
Office Equipment		2,745	
Total Chancery Court			210,532

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probate Court

Deputy(ies)	\$	21,562	
Social Security		1,383	
State Retirement		1,545	
Employee and Dependent Insurance		7,603	
Employer Medicare		323	
Communication		616	
Office Supplies		1,087	
Workers' Compensation Insurance		55	
Office Equipment		200	
Total Probate Court			\$ 34,374

Other Administration of Justice

Other Salaries & Wages	\$	3,470	
Postal Charges		5,000	
Travel		200	
Total Other Administration of Justice			8,670

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,942	
Assistant(s)		42,929	
Supervisor/Director		35,925	
Deputy(ies)		348,881	
Investigator(s)		143,949	
Captain(s)		113,317	
Sergeant(s)		102,573	
Accountants/Bookkeepers		26,850	
Secretary(ies)		25,776	
Clerical Personnel		47,056	
Part-time Personnel		33,000	
School Resource Officer		97,565	
Overtime Pay		84,757	
Other Salaries & Wages		62,773	
In-Service Training		17,400	
Social Security		77,410	
State Retirement		82,067	
Employee and Dependent Insurance		241,606	
Employer Medicare		18,104	
Communication		26,660	
Forest Resource Services		6,705	

(Continued)

Exhibit K-6

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	\$	8,206	
Maintenance Agreements		5,883	
Maintenance & Repair Services - Equipment		1,300	
Maintenance & Repair Services - Vehicles		33,459	
Postal Charges		3,738	
Travel		7,301	
Tuition		7,197	
Gasoline		116,821	
Law Enforcement Supplies		2,913	
Office Supplies		18,348	
Tires and Tubes		10,232	
Uniforms		33,312	
Other Supplies and Materials		2,240	
Workers' Compensation Insurance		24,465	
Other Charges		10,150	
Communication Equipment		1,919	
Data Processing Equipment		15,274	
Law Enforcement Equipment		21,420	
Motor Vehicles		130,777	
Office Equipment		1,773	
Total Sheriff's Department			\$ 2,162,973

Jail

Assistant(s)	\$	42,929
Lieutenant(s)		35,224
Sergeant(s)		61,055
Accountants/Bookkeepers		25,776
Guards		598,567
Cafeteria Personnel		36,054
Overtime Pay		63,633
Other Salaries & Wages		25,048
Social Security		54,835
State Retirement		55,745
Employee and Dependent Insurance		203,852
Employer Medicare		12,824
Communication		1,380
Maintenance Agreements		5,400
Maintenance & Repair Services - Equipment		780
Travel		3,236
Custodial Supplies		35,583

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Drugs and Medical Supplies	\$	190,406	
Electricity		39,951	
Food Supplies		159,780	
Natural Gas		27,540	
Office Supplies		789	
Prisoners Clothing		2,027	
Water and Sewer		35,891	
Workers' Compensation Insurance		16,317	
Other Charges		6,499	
Building Improvements		4,790	
Office Equipment		1,987	
Other Equipment		2,162	
Total Jail			\$ 1,750,060

Juvenile Services

Probation Officer(s)	\$	22,765	
Youth Service Officer(s)		27,404	
Social Security		3,098	
State Retirement		3,467	
Employee and Dependent Insurance		15,207	
Employer Medicare		725	
Communication		1,280	
Postal Charges		156	
Travel		1,698	
Other Contracted Services		5,160	
Office Supplies		1,163	
Workers' Compensation Insurance		116	
Other Charges		2,911	
Total Juvenile Services			85,150

Commissary

Food Supplies	\$	81,560	
Total Commissary			81,560

Fire Prevention and Control

Contributions	\$	810	
Other Contracted Services		17,944	
Workers' Compensation Insurance		14,347	
Other Charges		78,281	
Total Fire Prevention and Control			111,382

(Continued)

Exhibit K-6

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Rescue Squad</u>		
Contributions	\$ 47,500	
Total Rescue Squad		\$ 47,500
 <u>Other Emergency Management</u>		
Communication	\$ 7,994	
Maintenance & Repair Services - Vehicles	3,076	
Postal Charges	150	
Other Contracted Services	10,800	
Office Supplies	3,500	
Uniforms	1,020	
Other Charges	182,444	
Total Other Emergency Management		208,984
 <u>County Coroner/Medical Examiner</u>		
Other Charges	\$ 32,380	
Total County Coroner/Medical Examiner		32,380
 <u>Other Public Safety</u>		
Contributions	\$ 110,000	
Total Other Public Safety		110,000
 <u>Public Health and Welfare</u>		
<u>Local Health Center</u>		
Other Salaries & Wages	\$ 15,308	
Social Security	153	
State Retirement	131	
Employee and Dependent Insurance	107	
Employer Medicare	36	
Communication	10,649	
Operating Lease Payments	7,207	
Maintenance & Repair Services - Office Equipment	500	
Postal Charges	4,929	
Other Contracted Services	4,936	
Custodial Supplies	171	
Drugs and Medical Supplies	2,815	
Office Supplies	5,970	
Periodicals	59	
Other Charges	4,385	
Office Equipment	1,500	
Total Local Health Center		58,856

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Assistant(s)	\$	22,337	
Supervisor/Director		25,515	
Social Security		2,967	
State Retirement		3,214	
Employee and Dependent Insurance		15,207	
Employer Medicare		694	
Communication		2,858	
Postal Charges		100	
Rentals		2,400	
Travel		600	
Veterinary Services		56,885	
Custodial Supplies		2,029	
Electricity		3,990	
Natural Gas		614	
Office Supplies		707	
Water and Sewer		804	
Workers' Compensation Insurance		1,808	
Other Charges		2,308	
Total Rabies and Animal Control			\$ 145,037

Ambulance/Emergency Medical Services

Supervisor/Director	\$	47,741
Paraprofessionals		1,089,240
Secretary(ies)		60,190
Social Security		73,771
State Retirement		75,164
Employee and Dependent Insurance		222,598
Employer Medicare		17,253
Communication		7,846
Contracts with Private Agencies		8,842
Evaluation and Testing		342
Operating Lease Payments		1,924
Licenses		1,100
Maintenance Agreements		423
Maintenance & Repair Services - Equipment		5,371
Maintenance & Repair Services - Vehicles		32,177
Postal Charges		3,208
Tuition		13,645
Other Contracted Services		8,750
Custodial Supplies		3,270

(Continued)

Exhibit K-6

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.)

Diesel Fuel	\$	63,568	
Drugs and Medical Supplies		88,846	
Electricity		6,536	
Office Supplies		4,012	
Tires and Tubes		6,973	
Uniforms		9,739	
Water and Sewer		615	
Workers' Compensation Insurance		59,675	
Other Charges		38,976	
Attendance Equipment		2,669	
Communication Equipment		4,778	
Motor Vehicles		162,653	
Office Equipment		3,301	
Total Ambulance/Emergency Medical Services			\$ 2,125,196

Dental Health Program

Assistant(s)	\$	59,416
Supervisor/Director		102,000
Deputy(ies)		26,501
Medical Personnel		35,486
Salary Supplements		31,000
Clerical Personnel		16,012
Part-time Personnel		11,206
Social Security		17,693
State Retirement		18,037
Employee and Dependent Insurance		48,211
Employer Medicare		4,327
Communication		3,175
Dues and Memberships		659
Maintenance & Repair Services - Equipment		4,041
Postal Charges		1,065
Travel		5,701
Other Contracted Services		18,231
Drugs and Medical Supplies		35,044
Office Supplies		7,427
Uniforms		1,003
In-Service/Staff Development		507
Liability Insurance		1,635
Workers' Compensation Insurance		1,000
In Service/Staff Development		4,485

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Other Charges	\$	5,686	
Building Improvements		27,996	
Office Equipment		72,203	
Total Dental Health Program			\$ 559,747

Other Local Health Services

Assistant(s)	\$	28,876	
Deputy(ies)		29,850	
Teachers		27,852	
Guidance Personnel		7,907	
Social Workers		27,327	
Medical Personnel		36,516	
Assessment Personnel		5,170	
Secretary(ies)		20,016	
Clerical Personnel		7,734	
Longevity Pay		600	
Other Salaries & Wages		21,364	
Social Security		12,338	
State Retirement		10,772	
Employee and Dependent Insurance		45,513	
Employer Medicare		2,886	
Travel		12,530	
Total Other Local Health Services			297,251

General Welfare Assistance

Social Workers	\$	23,575	
Social Security		1,458	
State Retirement		1,681	
Employee and Dependent Insurance		7,603	
Employer Medicare		341	
Pauper Burials		2,327	
Workers' Compensation Insurance		55	
Total General Welfare Assistance			37,040

Aid to Dependent Children

Contracts with Private Agencies	\$	789	
Total Aid to Dependent Children			789

(Continued)

Exhibit K-6

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		8,000	
Total Senior Citizens Assistance			\$ 38,000

Libraries

Contributions	\$	107,975	
Maintenance Agreements		5,327	
Total Libraries			113,302

Other Social, Cultural, and Recreational

Contributions	\$	188,925	
Total Other Social, Cultural, and Recreational			188,925

Agriculture & Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	14,064	
Assistant(s)		11,802	
Supervisor/Director		11,459	
Clerical Personnel		9,864	
Social Security		2,914	
State Retirement		3,762	
Employer Medicare		579	
Communication		3,853	
Operating Lease Payments		1,205	
Office Supplies		450	
Workers' Compensation Insurance		130	
Other Charges		7,849	
Total Agriculture Extension Service			67,931

Soil Conservation

Secretary(ies)	\$	18,742	
Social Security		1,144	
State Retirement		1,381	
Employee and Dependent Insurance		7,603	
Employer Medicare		268	
Contributions		2,042	
Dues and Memberships		297	
Instructional Supplies and Materials		80	
Workers' Compensation Insurance		44	
Total Soil Conservation			31,601

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Flood Control

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

Other Operations

Tourism

Assistant(s)	\$ 5,664	
Supervisor/Director	38,110	
Custodial Personnel	2,850	
Part-time Personnel	30,065	
Social Security	4,648	
State Retirement	2,786	
Employee and Dependent Insurance	7,603	
Employer Medicare	1,087	
Advertising	20,325	
Communication	8,505	
Dues and Memberships	2,300	
Operating Lease Payments	6,636	
Maintenance Agreements	511	
Postal Charges	2,037	
Printing, Stationery, and Forms	319	
Rentals	675	
Travel	7,888	
Custodial Supplies	2,489	
Electricity	8,935	
Office Supplies	1,360	
Workers' Compensation Insurance	100	
Other Charges	20,662	
Total Tourism		175,555

Industrial Development

Supervisor/Director	\$ 56,182
Secretary(ies)	23,632
Social Security	4,950
State Retirement	5,516
Employee and Dependent Insurance	15,207
Employer Medicare	1,158
Advertising	7,389
Communication	5,692
Dues and Memberships	1,000
Maintenance & Repair Services - Equipment	1,590

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Maintenance & Repair Services - Vehicles	\$	58	
Postal Charges		353	
Travel		15,902	
Office Supplies		2,855	
Other Supplies and Materials		2,000	
Workers' Compensation Insurance		1,888	
Other Charges		5,200	
Office Equipment		3,033	
Total Industrial Development			\$ 153,605

Other Economic and Community Development

Contracts with Other Public Agencies	\$	10,500	
Other Contracted Services		6,428	
Other Charges		1,046	
Site Development		72,573	
Other Construction		246,102	
Total Other Economic and Community Development			336,649

Airport

Communication	\$	1,298	
Maintenance Agreements		8,500	
Maintenance & Repair Services - Equipment		2,500	
Other Contracted Services		800	
Electricity		4,880	
Other Supplies and Materials		739	
Other Charges		6,724	
Airport Improvement		863,054	
Total Airport			888,495

Veterans' Services

Supervisor/Director	\$	19,319	
Social Security		1,198	
Employer Medicare		280	
Communication		650	
Travel		480	
Office Supplies		151	
Office Equipment		143	
Total Veterans' Services			22,221

(Continued)

Exhibit K-6

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Other Contracted Services	\$	6,481	
Other Supplies and Materials		4,369	
Other Charges		180	
Total Other Charges			\$ 11,030

Contributions to Other Agencies

Contributions	\$	10,628	
Total Contributions to Other Agencies			10,628

Employee Benefits

Longevity Pay	\$	55,000	
Handling Charges & Administrative Costs		15,500	
Employee and Dependent Insurance		812	
Medical Insurance		544	
Unemployment Compensation		104,381	
Other Charges		500	
Total Employee Benefits			176,737

Miscellaneous

Maintenance & Repair Services - Buildings	\$	1,600	
Total Miscellaneous			1,600

Capital Projects

General Administration Projects

Architects	\$	11,202	
Other Charges		31,656	
Building Construction		104,763	
Building Improvements		57,660	
Motor Vehicles		52,628	
Total General Administration Projects			257,909

Public Safety Projects

Other Charges	\$	850	
Total Public Safety Projects			850

Total General Fund			\$ 15,266,066
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(Continued)

Exhibit K-6

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$	41,189	
Laborers		49,884	
Clerical Personnel		23,791	
Social Security		6,979	
State Retirement		9,235	
Employee and Dependent Insurance		31,996	
Unemployment Compensation		918	
Employer Medicare		1,632	
Other Fringe Benefits		3,700	
Advertising		1,940	
Communication		8,960	
Contracts with Private Agencies		971,459	
Dues and Memberships		901	
Maintenance & Repair Services - Equipment		4,822	
Postal Charges		500	
Travel		1,620	
Gasoline		14,701	
Office Supplies		1,770	
Small Tools		200	
Tires and Tubes		522	
Utilities		1,647	
Other Supplies and Materials		1,383	
Trustee's Commission		28,694	
Other Charges		3,479	
Office Equipment		737	
Total Sanitation Education/Information			\$ 1,212,659

Convenience Centers

Attendants	\$	128,670
Social Security		8,735
State Retirement		6,667
Employee and Dependent Insurance		34,029
Employer Medicare		1,826
Communication		1,606
Contracts with Private Agencies		13,288
Maintenance & Repair Services - Equipment		2,306
Other Contracted Services		345,278
Crushed Stone		648
Office Supplies		298
Pipe - Concrete		6

(Continued)

Exhibit K-6

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.)

Small Tools	\$	648	
Utilities		5,897	
Other Supplies and Materials		5,418	
Liability Insurance		42,841	
Workers' Compensation Insurance		8,895	
Other Charges		11,881	
Motor Vehicles		7,433	
Solid Waste Equipment		2,476	
Total Convenience Centers			\$ 628,846

Postclosure Care Costs

Fertilizer, Lime, and Seed	\$	54	
Testing		8,900	
Other Charges		2,246	
Total Postclosure Care Costs			11,200

Highways

Litter and Trash Collection

Laborers	\$	27,645	
Social Security		1,215	
Employer Medicare		284	
Advertising		8,620	
Total Litter and Trash Collection			<u>37,764</u>

Total Solid Waste/Sanitation Fund \$ 1,890,469

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	2,493	
Confidential Drug Enforcement Payments		15,620	
Office Supplies		287	
Other Supplies and Materials		306	
Trustee's Commission		175	
Other Charges		35,193	
Office Equipment		878	
Total Drug Enforcement			<u>\$ 54,952</u>

Total Drug Control Fund 54,952

(Continued)

Exhibit K-6

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

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 8,820	
Total Chancery Court		<u>\$ 8,820</u>

Total Constitutional Officers - Fees Fund \$ 8,820

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 65,793	
Accountants/Bookkeepers	27,153	
Secretary(ies)	27,153	
Social Security	7,401	
State Retirement	8,299	
Employee and Dependent Insurance	22,816	
Employer Medicare	1,731	
Communication	8,957	
Dues and Memberships	4,044	
Legal Services	130	
Legal Notices, Recording, and Court Costs	115	
Maintenance & Repair Services - Office Equipment	1,714	
Postal Charges	237	
Travel	503	
Other Contracted Services	3,054	
Electricity	14,249	
Natural Gas	2,682	
Office Supplies	1,012	
Water and Sewer	2,385	
Other Charges	<u>336</u>	
Total Administration		\$ 199,764

Highway and Bridge Maintenance

Foremen	\$ 33,765
Laborers	690,105
Social Security	43,757
State Retirement	48,475
Employee and Dependent Insurance	240,075
Employer Medicare	10,234
Other Contracted Services	16,615
Asphalt - Cold Mix	964
Asphalt - Hot Mix	388,543

(Continued)

Exhibit K-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Asphalt - Liquid	\$	160,980	
Concrete		550	
Crushed Stone		116,357	
Other Road Supplies		454	
Pipe - Metal		28,418	
Road Signs		43,260	
Total Highway and Bridge Maintenance			\$ 1,822,552

Operation and Maintenance of Equipment

Foremen	\$	30,952	
Mechanic(s)		27,294	
Social Security		3,894	
State Retirement		4,077	
Employee and Dependent Insurance		15,850	
Employer Medicare		911	
Other Contracted Services		484	
Diesel Fuel		130,571	
Equipment and Machinery Parts		96,541	
Garage Supplies		6,835	
Gasoline		158,373	
Lubricants		4,205	
Propane Gas		246	
Small Tools		112	
Tires and Tubes		32,767	
Other Supplies and Materials		2,248	
Total Operation and Maintenance of Equipment			515,360

Other Charges

Building and Contents Insurance	\$	52,268	
Liability Insurance		18,339	
Trustee's Commission		32,448	
Vehicle and Equipment Insurance		75,190	
Workers' Compensation Insurance		41,065	
Total Other Charges			219,310

Employee Benefits

Unemployment Compensation	\$	120	
Total Employee Benefits			120

(Continued)

Exhibit K-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Bridge Construction	\$	47,272	
Communication Equipment		1,428	
Highway Equipment		239,476	
Site Development		6,110	
State Aid Projects		104,582	
Total Capital Outlay			\$ 398,868

Total Highway/Public Works Fund \$ 3,155,974

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	870,000	
Principal on Notes		401,609	
Principal on Other Loans		100,000	
Total General Government			\$ 1,371,609

Interest on Debt

General Government

Interest on Bonds	\$	355,512	
Interest on Notes		62,924	
Interest on Other Loans		911,828	
Total General Government			1,330,264

Other Debt Service

General Government

Trustee's Commission	\$	47,412	
Other Debt Service		172,336	
Total General Government			219,748

Total General Debt Service Fund 2,921,621

Education Capital Projects Fund

Other Operations

Payments to Cities

Payments to Schools - Other	\$	1,406,304	
Total Payments to Cities			\$ 1,406,304

(Continued)

Exhibit K-6

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

<u>Education Capital Projects Fund (Cont.)</u>		
<u>Other Debt Service</u>		
<u>General Government</u>		
Underwriter's Discount	\$ 46,463	
Other Debt Issuance Charges	<u>107,397</u>	
Total General Government		\$ 153,860
 <u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Other Construction	<u>\$ 1,082,000</u>	
Total Capital Projects Donated to School Department		<u>1,082,000</u>
 Total Education Capital Projects Fund		 <u>\$ 2,642,164</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 25,940,066</u></u>

Exhibit K-7

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,390,877	
Career Ladder Program	154,885	
Career Ladder Extended Contracts	95,750	
Homebound Teachers	78,642	
Educational Assistants	365,082	
Other Salaries & Wages	148,164	
Certified Substitute Teachers	26,356	
Non-certified Substitute Teachers	121,285	
Social Security	680,682	
State Retirement	686,649	
Life Insurance	16,355	
Medical Insurance	2,042,837	
Employer Medicare	160,025	
Other Contracted Services	3,500	
Instructional Supplies and Materials	154,863	
Textbooks	341,843	
Other Supplies and Materials	64,606	
Fee Waivers	54,269	
Regular Instruction Equipment	105,000	
Total Regular Instruction Program		\$ 15,691,670

Alternative Instruction Program

Teachers	\$ 32,328	
Educational Assistants	13,155	
Social Security	2,753	
State Retirement	2,891	
Life Insurance	114	
Medical Insurance	5,140	
Employer Medicare	644	
Instructional Supplies and Materials	424	
Total Alternative Instruction Program		57,449

Special Education Program

Teachers	\$ 1,184,896
Career Ladder Program	11,175
Homebound Teachers	18,264
Educational Assistants	300,441
Other Salaries & Wages	67,781
Certified Substitute Teachers	4,410

(Continued)

Exhibit K-7

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.)

Non-certified Substitute Teachers	\$	18,030	
Social Security		94,622	
State Retirement		94,951	
Life Insurance		2,708	
Medical Insurance		337,738	
Employer Medicare		22,399	
Contracts with Other Public Agencies		231,513	
Other Contracted Services		35,000	
Instructional Supplies and Materials		36,963	
Other Supplies and Materials		10,863	
Special Education Equipment		21,731	
Total Special Education Program			\$ 2,493,485

Vocational Education Program

Teachers	\$	616,375	
Career Ladder Program		6,000	
Certified Substitute Teachers		1,302	
Non-certified Substitute Teachers		4,410	
Social Security		37,766	
State Retirement		38,152	
Life Insurance		861	
Medical Insurance		129,992	
Employer Medicare		8,833	
Instructional Supplies and Materials		30,047	
Other Supplies and Materials		1,618	
Other Charges		1,187	
Vocational Instruction Equipment		17,000	
Total Vocational Education Program			893,543

Adult Education Program

Teachers	\$	57,895	
Social Security		3,585	
State Retirement		3,038	
Employer Medicare		839	
Instructional Supplies and Materials		2,997	
Other Supplies and Materials		720	
Other Equipment		6,798	
Total Adult Education Program			75,872

(Continued)

Exhibit K-7

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	\$	57,540	
Social Security		3,521	
State Retirement		3,527	
Life Insurance		57	
Medical Insurance		10,983	
Employer Medicare		823	
Travel		746	
Other Supplies and Materials		500	
Attendance Equipment		900	
Total Attendance			\$ 78,597

Health Services

Supervisor/Director	\$	37,984	
Social Workers		36,832	
Medical Personnel		86,745	
Paraprofessionals		162,225	
Clerical Personnel		17,320	
Other Salaries & Wages		7,943	
Social Security		20,466	
State Retirement		22,170	
Life Insurance		690	
Medical Insurance		70,815	
Employer Medicare		4,786	
Other Fringe Benefits		125	
Travel		6,766	
Other Contracted Services		1,457	
Drugs and Medical Supplies		10,285	
Other Supplies and Materials		51,050	
Other Charges		98,549	
Health Equipment		1,480	
Total Health Services			637,688

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		466,847	
Psychological Personnel		57,407	
School Resource Officer		90,560	
Longevity Pay		1,300	
Social Security		37,402	

(Continued)

Exhibit K-7

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.)

State Retirement	\$	38,761	
Life Insurance		879	
Medical Insurance		138,421	
Employer Medicare		8,747	
Other Fringe Benefits		166	
Evaluation and Testing		12,682	
Travel		2,611	
Other Contracted Services		42,868	
Other Supplies and Materials		2,616	
In Service/Staff Development		773	
Other Charges		400	
Other Equipment		1,042	
Total Other Student Support			\$ 909,482

Regular Instruction Program

Supervisor/Director	\$	146,700	
Career Ladder Program		10,992	
Librarians		461,012	
Instructional Computer Personnel		100,676	
Longevity Pay		300	
Other Salaries & Wages		27,391	
Social Security		44,960	
State Retirement		46,085	
Life Insurance		909	
Medical Insurance		116,573	
Employer Medicare		10,515	
Maintenance & Repair Services - Equipment		189	
Travel		25,684	
Other Contracted Services		5,590	
Library Books/Media		45,810	
Other Supplies and Materials		232	
In Service/Staff Development		3,710	
Other Equipment		74,522	
Total Regular Instruction Program			1,121,850

Special Education Program

Supervisor/Director	\$	61,890
Career Ladder Program		7,960
Psychological Personnel		114,606

(Continued)

Exhibit K-7

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.)

Assessment Personnel	\$	225,396	
Secretary(ies)		22,448	
Longevity Pay		400	
Social Security		26,159	
State Retirement		26,702	
Life Insurance		482	
Medical Insurance		68,498	
Employer Medicare		6,118	
Maintenance & Repair Services - Equipment		2,022	
Travel		21,076	
Other Contracted Services		18,457	
In Service/Staff Development		905	
Total Special Education Program			\$ 603,119

Vocational Education Program

Supervisor/Director	\$	65,913	
Career Ladder Program		3,000	
Social Security		4,112	
State Retirement		4,224	
Life Insurance		57	
Medical Insurance		10,983	
Employer Medicare		962	
Maintenance & Repair Services - Equipment		154	
Travel		4,132	
Other Contracted Services		795	
Total Vocational Education Program			94,332

Adult Programs

Supervisor/Director	\$	54,094	
Other Salaries & Wages		15,550	
Social Security		4,293	
State Retirement		3,316	
Life Insurance		57	
Medical Insurance		7,872	
Employer Medicare		1,004	
Travel		2,511	
In Service/Staff Development		1,605	
Total Adult Programs			90,302

(Continued)

Exhibit K-7

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	
Board and Committee Members Fees		39,500	
Social Security		2,720	
State Retirement		303	
Life Insurance		493	
Medical Insurance		1,000	
Unemployment Compensation		19,964	
Employer Medicare		636	
Other Fringe Benefits		83,081	
Audit Services		9,025	
Dues and Memberships		6,175	
Legal Services		9,969	
Travel		10,343	
Liability Insurance		645	
Trustee's Commission		184,401	
Workers' Compensation Insurance		222,405	
Other Charges		15,303	
Total Board of Education			\$ 610,352

Director of Schools

County Official/Administrative Officer	\$	92,083	
Career Ladder Program		1,000	
Secretary(ies)		33,343	
Clerical Personnel		49,354	
Longevity Pay		880	
Social Security		10,500	
State Retirement		11,481	
Life Insurance		234	
Medical Insurance		28,018	
Employer Medicare		2,456	
Communication		20,977	
Dues and Memberships		2,282	
Postal Charges		3,494	
Travel		3,556	
Other Contracted Services		14,233	
Office Supplies		7,495	
Other Charges		2,834	
Administration Equipment		1,989	
Total Director of Schools			286,209

(Continued)

Exhibit K-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	664,330	
Career Ladder Program		13,000	
Assistant Principals		150,514	
Secretary(ies)		247,917	
Longevity Pay		3,830	
Social Security		64,487	
State Retirement		67,419	
Life Insurance		1,616	
Medical Insurance		189,960	
Employer Medicare		15,082	
Communication		23,996	
Postal Charges		5,639	
Administration Equipment		19,845	
Total Office of the Principal			\$ 1,467,635

Fiscal Services

Longevity Pay	\$	150	
Other Salaries & Wages		12,750	
Social Security		790	
State Retirement		881	
Life Insurance		28	
Employer Medicare		185	
Total Fiscal Services			14,784

Operation of Plant

Custodial Personnel	\$	578,809	
Longevity Pay		5,480	
Other Salaries & Wages		15,378	
Social Security		34,664	
State Retirement		39,441	
Life Insurance		1,596	
Medical Insurance		173,272	
Employer Medicare		8,107	
Other Contracted Services		48,958	
Custodial Supplies		126,372	
Electricity		674,608	
Natural Gas		208,260	
Water and Sewer		96,855	
Building and Contents Insurance		232,090	

(Continued)

Exhibit K-7

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

In Service/Staff Development	\$	6,245	
Other Charges		2,271	
Plant Operation Equipment		42,730	
Total Operation of Plant			\$ 2,295,136

Maintenance of Plant

Supervisor/Director	\$	41,742	
Secretary(ies)		24,351	
Maintenance Personnel		188,673	
Longevity Pay		2,530	
Overtime Pay		7,239	
Other Salaries & Wages		27,120	
Social Security		17,464	
State Retirement		19,883	
Life Insurance		621	
Medical Insurance		70,849	
Employer Medicare		4,084	
Maintenance & Repair Services - Buildings		46,321	
Maintenance & Repair Services - Equipment		13,099	
Travel		2,911	
Other Contracted Services		14,940	
Other Supplies and Materials		315,039	
Building Improvements		431,381	
Maintenance Equipment		47,073	
Total Maintenance of Plant			1,275,320

Transportation

Supervisor/Director	\$	34,817	
Social Security		2,136	
State Retirement		2,406	
Life Insurance		57	
Employer Medicare		500	
Communication		526	
Contracts with Parents		47,433	
Contracts with Vehicle Owners		1,758,358	
Maintenance & Repair Services - Vehicles		35,139	
Travel		4,008	
Other Contracted Services		2,700	
Other Supplies and Materials		2,999	

(Continued)

Exhibit K-7

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.)

Transportation (Cont.)

Other Charges	\$	4,494	
Transportation Equipment		7,901	
Total Transportation			\$ 1,903,474

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	55,884	
Cafeteria Personnel		29,736	
Other Salaries & Wages		463	
Social Security		5,190	
State Retirement		50,556	
Life Insurance		3,119	
Medical Insurance		172,614	
Employer Medicare		1,214	
Communication		656	
Travel		2,162	
Other Contracted Services		703	
Utilities		173,793	
Other Supplies and Materials		4,355	
In Service/Staff Development		1,509	
Total Food Service			501,954

Community Services

Supervisor/Director	\$	25,391	
Other Salaries & Wages		1,262	
Social Security		2,260	
State Retirement		2,446	
Life Insurance		57	
Medical Insurance		5,140	
Employer Medicare		529	
Communication		1,074	
Travel		1,105	
Other Contracted Services		40,765	
Instructional Supplies and Materials		3,830	
Other Supplies and Materials		3,488	
Other Charges		3,590	
Total Community Services			90,937

(Continued)

Exhibit K-7

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Teachers	\$	68,784	
Educational Assistants		27,907	
Non-certified Substitute Teachers		426	
Social Security		5,771	
State Retirement		5,914	
Life Insurance		228	
Medical Insurance		12,945	
Employer Medicare		1,350	
Other Fringe Benefits		622	
Travel		842	
Instructional Supplies and Materials		57,180	
In Service/Staff Development		800	
Total Early Childhood Education			\$ 182,769

Principal on Debt

Education

Principal on Bonds	\$	345,000	
Total Education			345,000

Interest on Debt

Education

Interest on Bonds	\$	87,310	
Total Education			87,310

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	230,000	
Other Debt Service		445	
Total Education			<u>230,445</u>

Total General Purpose School Fund \$ 32,038,714

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	433,932
Educational Assistants		409,694
Certified Substitute Teachers		3,024
Non-certified Substitute Teachers		28,182

(Continued)

Exhibit K-7

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.)

Regular Instruction Program (Cont.)

Social Security	\$	50,217	
State Retirement		54,135	
Life Insurance		2,166	
Medical Insurance		177,643	
Employer Medicare		11,840	
Other Contracted Services		40,944	
Instructional Supplies and Materials		241,812	
Other Supplies and Materials		6,988	
Other Charges		4,899	
Regular Instruction Equipment		19,320	
Total Regular Instruction Program			\$ 1,484,796

Special Education Program

Teachers	\$	31,689	
Educational Assistants		465,026	
Other Salaries & Wages		11,850	
Certified Substitute Teachers		819	
Non-certified Substitute Teachers		5,103	
Social Security		29,547	
State Retirement		27,801	
Life Insurance		1,419	
Medical Insurance		124,127	
Employer Medicare		6,910	
Contracts with Other Public Agencies		183,267	
Instructional Supplies and Materials		83,050	
In Service/Staff Development		1,200	
Total Special Education Program			971,808

Vocational Education Program

Clerical Personnel	\$	24,311	
Longevity Pay		300	
Social Security		1,466	
State Retirement		1,701	
Life Insurance		51	
Medical Insurance		4,825	
Employer Medicare		343	
Other Supplies and Materials		44,641	
Vocational Instruction Equipment		49,977	
Total Vocational Education Program			127,615

(Continued)

Exhibit K-7

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

Attendance

Social Workers	\$	18,228	
Social Security		1,053	
State Retirement		1,117	
Life Insurance		28	
Medical Insurance		5,432	
Employer Medicare		246	
Other Fringe Benefits		500	
Total Attendance			\$ 26,604

Health Services

Other Salaries & Wages	\$	18,609	
Social Security		1,126	
State Retirement		1,286	
Life Insurance		57	
Medical Insurance		5,576	
Employer Medicare		263	
Total Health Services			26,917

Other Student Support

Travel	\$	11,161	
In Service/Staff Development		3,866	
Total Other Student Support			15,027

Regular Instruction Program

Supervisor/Director	\$	62,538	
Secretary(ies)		26,011	
Longevity Pay		500	
Other Salaries & Wages		18,000	
In-Service Training		13,278	
Social Security		6,697	
State Retirement		7,036	
Life Insurance		103	
Medical Insurance		10,764	
Employer Medicare		1,566	
Other Fringe Benefits		555	
Travel		20,025	
Other Contracted Services		10,920	
Other Supplies and Materials		563	
In Service/Staff Development		162,655	

(Continued)

Exhibit K-7

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.)

Regular Instruction Program (Cont.)

Other Charges	\$	797	
Other Equipment		110,828	
Total Regular Instruction Program			\$ 452,836

Special Education Program

Supervisor/Director	\$	6,987	
Psychological Personnel		5,467	
Assessment Personnel		9,285	
Social Security		1,337	
State Retirement		1,333	
Employer Medicare		313	
Travel		14,711	
Other Contracted Services		18,624	
In Service/Staff Development		8,353	
Total Special Education Program			66,410

Vocational Education Program

Supervisor/Director	\$	6,578	
Social Security		388	
State Retirement		403	
Employer Medicare		91	
Total Vocational Education Program			7,460

Board of Education

Workers' Compensation Insurance	\$	9,458	
Total Board of Education			9,458

Total School Federal Projects Fund \$ 3,188,931

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$	21,152
Cafeteria Personnel		661,005
Part-time Personnel		66,479
Other Salaries & Wages		26,809
Social Security		44,896
Medical Insurance		123,221
Employer Medicare		10,500

(Continued)

Exhibit K-7

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Communication	\$ 6,156	
Maintenance & Repair Services - Equipment	9,063	
Other Contracted Services	27,337	
Food Supplies	998,231	
Other Supplies and Materials	89,742	
In Service/Staff Development	1,690	
Food Service Equipment	48,433	
Total Food Service	<u>2,134,714</u>	\$ <u>2,134,714</u>

Total Central Cafeteria Fund \$ 2,134,714

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$ 590,464	
Food Service Equipment	2,783	
Other Construction	90,032	
Total Education Capital Projects	<u>683,279</u>	\$ <u>683,279</u>

Total Education Capital Projects Fund 683,279

Total Governmental Funds - Monroe County School Department \$ 38,045,638

Exhibit K-8

Monroe County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund	City School ADA - Sweetwater Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,039,112	\$ 1,039,112
Trustee's Collections - Prior Years	0	44,034	44,034
Circuit/Clerk and Master Collections - Prior Years	0	15,407	15,407
Interest and Penalty	0	7,350	7,350
Pick-up Taxes	0	3,295	3,295
Payments in-Lieu-of Taxes - T.V.A.	0	3,041	3,041
Payments in-Lieu-of Taxes - Local Utilities	0	55,525	55,525
Local Option Sales Tax	3,373,384	878,928	4,252,312
Business Tax	0	27,906	27,906
Other Local Option Taxes	0	127	127
Bank Excise Tax	0	12,238	12,238
Interstate Telecommunications Tax	0	1,728	1,728
Marriage Licenses	0	913	913
Income Tax	0	8,141	8,141
Mixed Drink Tax	0	1,381	1,381
State Revenue Sharing - T.V.A.	0	100,000	100,000
Total Cash Receipts	<u>\$ 3,373,384</u>	<u>\$ 2,199,126</u>	<u>\$ 5,572,510</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,339,650	\$ 2,165,988	\$ 5,505,638
Trustee's Commission	33,734	33,138	66,872
Total Cash Disbursements	<u>\$ 3,373,384</u>	<u>\$ 2,199,126</u>	<u>\$ 5,572,510</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 0
Cash Balance, July 1, 2006	0	0	0
Cash Balance, June 30, 2007	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

January 16, 2008

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, 2007, which collectively comprise Monroe County's basic financial statements and have issued our report thereon dated January 16, 2008. 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 was 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing

an opinion on the effectiveness of Monroe County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Monroe County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.01 and 07.02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Monroe County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that neither of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe County's financial 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.

We noted other matters that we reported to management of Monroe County in separate communications.

Monroe County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Monroe County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, director of finance, County Commission, Board of Education, others within Monroe County, 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,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb



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

January 16, 2008

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, 2007. 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, 2007.

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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Monroe County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures 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, 2007, and have issued our report thereon dated January 16, 2008. 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 was not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Monroe County's basic financial statements. 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.

Monroe County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Monroe County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, director of finance, County Commission, Board of Education, others within Monroe County, 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,

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/sb

Monroe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Community Facilities Loans and Grants	10.766	N/A	\$ 10,000
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	84,503
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	293,504
National School Lunch Program	10.555	N/A	975,020
Total U.S. Department of Agriculture			\$ 1,363,027
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Community Development Block Grants/State's Program	14.228	GG-04-10910-00	\$ 141,593
Total U.S. Department of Housing and Urban Development			\$ 141,593
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 127,018
Total Bureau of Land Management, Department of the Interior			\$ 127,018
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 5,735
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	15,274
Total U.S. Department of Justice			\$ 21,009
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-03-014257-00	\$ 820,835
Highway Planning and Construction	20.205	105261.00	92,400
Total U.S. Department of Highway Administration			\$ 913,235
Appalachian Regional Commission:			
Direct Program:			
Appalachian Area Development	23.002	Z-03-014257-00	\$ 60,000
Total Appalachian Regional Commission			\$ 60,000
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z-07-033719-00	\$ 74,888
Title I Grant to Local Educational Agencies	84.010	N/A	1,442,276
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,011,086
Special Education - Preschool Grants	84.173	N/A	30,476
Vocational Education - Basic Grants to States	84.048	N/A	150,102
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	30,939
State Grants for Innovative Programs	84.298	N/A	118,016
Education Technology State Grants	84.318	N/A	14,196

(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
Passed-through State Department of Education (Cont.):			
English Language Acquisition Grants	84.365	N/A	\$ 32,973
Improving Teacher Quality State Grants	84.367	N/A	358,670
Hurricane Education Recovery	84.938	(2)	8,821
Total U.S. Department of Education			<u>\$ 3,272,443</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 4,860
Total U.S. Election Assistance Commission			<u>\$ 4,860</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Job Opportunities and Basic Skills Training	93.561	Z-07-034246-00	\$ 7,452
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	Z-07-031573-01	113,316
Total U.S. Department of Health and Human Services			<u>\$ 120,768</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Cluster:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022476-02	\$ 22,201
Homeland Security Grant Program	97.067	Z-05-025191-01	133,473
Disaster Grants - Public Assistance	97.036	Z-03-017935-02	243,722
Total U.S. Department of Homeland Security			<u>\$ 399,396</u>
Total Expenditures of Federal Awards			<u>\$ 6,423,349</u>

State Grants		Contract Number	
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 16,720
Litter Program - State Department of Transportation	N/A	(2)	37,334
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-03-011313-03	29,908
Adult Education - State Department of Labor and Workforce Development	N/A	Z-07-033719-00	24,963
Family Resource Center - State Department of Education	N/A	(2)	33,300
Job Opportunities and Basic Skills Training - State Department of Education	N/A	(2)	13,839
Juvenile Services Program - State Children's Services Commission	N/A	(2)	9,000
Safe Schools Act - State Department of Education	N/A	(2)	30,720
Driver's Education - State Department of Education	N/A	(2)	26,730
Coordinated School Health Program	N/A	(2)	92,091
Early Childhood Education Lottery - State Department of Education	N/A	(2)	179,148
Countywide Road Sign Replacement - State Department of Transportation	N/A	(2)	38,974
Local Health Services - State Department of Health	N/A	Z-07-031573-01	184,516
FastTrack Infrastructure Development Program - State Department of Economic and Community Development	N/A	(2)	120,930
Appalachian Roots Music Residency - Tennessee Arts Commission	N/A	Z-07-034788-00	2,800
Community Development Block Grant - State Department of Economic and Community Development	N/A	GG-06-12297-00	64,989
Total State Grants			<u>\$ 905,962</u>

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

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

(2) - Information not available.

Monroe County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2007

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, 2006, which has not been corrected.

FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.01	172	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, 2007

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 two significant deficiencies in internal control. These significant deficiencies were not considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Monroe County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An 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 Title I Program (CFDA No. 84.010), and the Airport Improvement Program (CFDA No. 20.106) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Monroe County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

The findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written response of the finance director is paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

FINANCE OFFICE

FINDING 07.01 **THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

The School Federal Projects Fund had a cash overdraft of \$215,796 at June 30, 2007. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. This cash overdraft was liquidated subsequent to June 30, 2007.

RECOMMENDATION

Management should not issue warrants that exceed cash on deposit with the county trustee.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

As of July 19, 2007, the Trustee's Office received accounts receivable totaling \$217,511.24 which liquidated the cash overdraft. This is the second year that the state's FACTS system has been in place to request funds for our federal projects. There are strict stipulations in requesting these funds. Federal funds are reimbursements and therefore have to be spent prior to requesting the funds. The grantee can be paid in advance but must expend funds within three days of receipt. I have worked with our auditors this year, to find a way to correct the overdraft issue. At this time, I am requesting our payrolls as early as possible and have cut-off any payments for federal projects by the 15th of the month. The majority of federal purchasing will be cut-off on May 30th of this year. To avoid this situation from occurring again, this fund will be closely monitored at year end.

OTHER FINDING

FINDING 07.02

DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE AND SHERIFF

(Internal Control – Significant Deficiency 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, 2007**

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