

**Comprehensive  
Annual Financial Report  
Of  
Shelby County, Tennessee  
For The Year Ended  
June 30, 2008**

*Prepared by the Department of Finance*

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**SINGLE AUDIT**



# Shelby County Government

A C Wharton, Jr.  
*Mayor*

December 17, 2008

To the Members of the Board of County Commissioners and the Citizens of Shelby County, Tennessee:

The comprehensive annual financial report of Shelby County, Tennessee (hereafter, Shelby County) for the year ended June 30, 2008 is hereby submitted as required by both local ordinances and state statutes. These require that Shelby County publish each fiscal year a complete set of financial statements as required by Generally Accepted Accounting Principles (GAAP) and audited by a firm of licensed certified public accountants.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free from any material misstatement.

Watkins Uiberall PLLC and Banks Finley White and Company, certified public accountants, have issued an unqualified opinion on Shelby County's financial statements for the fiscal year ended June 30, 2008. The independent auditors' report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides an analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Profile of Shelby County, Tennessee**

Shelby County, established in 1819, is the largest county in the State of Tennessee with Memphis as the County seat. The County is located in the extreme southwest corner of Tennessee on the east bank of the Mississippi River and is the hub of the 105 county Mid-South Region. Contained within the County's 783 square miles are seven incorporated municipalities, including Arlington, Bartlett, Collierville, Germantown, Lakeland, Memphis and Millington. The population of the County is 910,605. The County is empowered to levy, without limit, a property tax on both real and personal property located within its boundaries.

Since the implementation of the Restructure Act on January 1, 1976, the County has operated under the Mayor-Commission form of government. The Mayor, as the County's chief executive officer, oversees the operations of the County's six divisions. The thirteen members of the Shelby County Board of Commissioners (the Commission), the legislative branch of the

government, review and approve the County's programs and budgets. The Mayor and each Commissioner serve a four year term. The Sheriff, County Clerk, Assessor, Register, Trustee, Circuit Court Clerk, Criminal Court Clerk, General Sessions Court Clerk, Juvenile Court Clerk and Probate Court Clerk are also elected to four year terms.

Shelby County provides a full range of services, including law enforcement, judicial system, jail and corrections facilities, health services, community services, fire protection and recreational activities. Shelby County also is financially accountable for a legally separate school district, public hospital, agricultural center and emergency communications district, which are reported separately within the Shelby County financial statements. Additional information on these entities can be found in Note I. A. in the notes to the financial statements.

The annual budget serves as the foundation for Shelby County's financial planning and control. All departments and elected officials submit their requested budget to the County Mayor by early March. After a series of reviews, the County Mayor presents a proposed consolidated budget to the County Commission by April 30. The County Commission holds budget hearings and then adopts a final budget. This process is generally completed by July 1, the start of the fiscal year. However, the County Commission has the authority to adopt a continuing budget until a final budget can be adopted. The appropriated budget is prepared by fund, division (function such as public works), and department (e.g., parks). The Mayor may make transfers of appropriations within personnel or non-personnel categories within a department or between departments within a division. Any other transfers require approval of the County Commission.

### **Local economy**

Shelby County experienced growth in the local economy this past year as did most of the country. In recent years, the economy of the County has experienced notable success attracting new businesses along with the continued growth of existing businesses. Shelby County experiences relatively steady total employment during periods of sluggish growth or decline in the national economy with substantial increases when the national economy improved. This is due, in large part, to the County's location near the geographic center of the nation and its excellent transportation facilities. Also, the County benefits from serving as the trade center for the surrounding area and benefits from a broad industrial and commercial base, as noted below.

The County is the major wholesale and retail center for western Tennessee, eastern Arkansas and northern Mississippi. The Memphis MSA is considered one of the top 100 suburban markets and ranks in the top fifty in total effective buying income according to Sales & Marketing magazine. The industrial economy of the County encompasses not one, but many industries. Twenty major industrial groups, as classified by the Bureau of the Budget, are listed in the Directory of Memphis Manufacturers. Major industries include chemicals, electronics, foods and beverages, paper products, hardwood lumber products, pharmaceuticals, soybean and cotton oil derivatives and fertilizers.

The major areas of employment in Shelby County are the services, government, and wholesale and retail trade. Comparatively, both the Southeast Region and the United States overall show a heavier concentration in manufacturing than does the County, but they also display lower employment in transportation and public utilities. According to the Tennessee Department of Labor, the unemployment rate for Shelby County as of September 30, 2008 was 7.4%, as compared to the state's rate of 6.9% and the national rate of 6.0%.

## **Long-term financial planning**

During the past ten years, excluding capital projects, the County's governmental expenditures related to education, law enforcement and debt service have increased as a percent of total expenditures from 63.0% to 66.2%. Education expenditures decreased from 36.6% to 35.6%.

During this same ten-year period, local taxes have increased as a percent of total revenue from 66.9% to 73.7% because the areas of relative increase in expenditures are primarily supported by local taxes. As a percent of total revenue, State and Federal revenue has decreased from 15.1% to 13.3%, elected officials fees and fines have decreased from 7.9% to 6.1% and all other revenues have decreased from 10.1% to 7.0%. Most fees and fines as well as some of the other revenues are set by the State and are not regularly increased to provide for inflationary cost increases.

In 2003, the Mayor, with the support of the Commission, made it a priority to replenish and then maintain the General Fund unreserved fund balance as a percent of General Fund expenditures between 12.5% and 20%. This percentage has increased each of the last four years and is 18.2% as of June 30, 2008.

In 2004, the Administration, with the support of the Commission, engaged Public Financial Management, Inc. (PFM), a financial advisory firm, to conduct a study to determine whether Shelby County Government is operating efficiently and effectively. The result of this study was the issuance of a five-year strategic financial and management plan. The study found that Shelby County Government is relatively efficient compared to similar governments, but it also highlighted a number of areas for improvement. All of the recommendations have been addressed and many were implemented. Working with PFM we have recently updated the five-year strategic financial and management plan.

Closer cooperation has been established between the Administration and the Commission including an open, thorough and timely budgeting process, which focuses on a clear understanding of debt funding, in addition to funding for operations. We have aggressively reduced the local funding of our capital plan from over \$150 million in 2003 to approximately \$75 million annually in 2008 and thereafter to stop the growth of debt. In December 2006, our debt peaked at \$1.85 billion and it has declined to \$1.73 billion as of June 30, 2008. We expect a slow steady decline in future years as long as we adhere to our capital plan. However, the City and County School Systems have identified needs well beyond the amounts provided in our capital plan. Through growth management and needs assessment as addressed below, school needs will be more clearly identified and alternative funding sources may be established. Should any increase to the capital plan be necessary, funding must also be provided. The Sheriff has indicated a potential need for additional jail capacity. However improved design of any new capacity, along with changing the utilization of the current jail, could result in cost savings through staff reductions to offset the annual debt service on the cost to provide additional capacity.

## **Major initiatives**

The Administration has identified a number of priorities designed to shore up the long-term financial position of the County as addressed above in long-term financial planning. We have established the following initiatives that focus on structural changes in areas that are important to our future prosperity.

- 1. Update of Development Regulations/Equitable Growth Strategy** – The Mayor’s Alliance for Equitable Growth has set a precedent for shifting the county’s growth and development patterns. Equitable growth will allow the county to protect the environment, reinvest in urban areas, bring economic opportunity to all residents, provide for intelligent infrastructure investment and stimulate housing choices. Under the Mayor’s direction, Shelby County is drafting smarter development regulations that will curtail suburban sprawl and help develop Shelby County as a better community.

A joint city and county partnership, the unified development code’s goal is to promote inner city redevelopment and revitalization while guiding orderly growth in the suburban areas in a fiscally sound manner.

- 2. Education, Capital Needs & Fiscal Analysis** – The County established a Needs Assessment Committee to address the financial burden of the current capital funding mechanism for public schools, including both Memphis City Schools and Shelby County Schools. The Committee will: 1) Develop uniform standards and costs for school construction; 2) Annually assess capital needs of each school system and create a comprehensive plan for capital projects and funding; and 3) Review, as necessary, capital requests of both school systems that fall outside of the comprehensive plan and make recommendations to the County Commission regarding those requests.

Part of equitable growth includes guiding the construction of new schools to achieve maximum performance and fiscal advantage out of each school. Involved in the development of new schools is the fiscal impact model update. The model measures the impact of each new development on a community to determine facts like how many school age children will live there and how many roads and parks are necessary.

- 3. Children and Youth** – Shelby County is home to almost 20% of Tennessee children under age 18. Almost 40% of Shelby County households include a child under age 18. Fully half of every County property tax dollar collected goes to education funding, yet the County has no influence over education policy. In addition, grant-funded programs like Healthy Start and Head Start place Shelby County Government in a unique position to impact early childhood development for all our children, an investment that has a proven economic impact on our future. Recognizing the need to develop a unified point of collaboration for programs, services and policies related to children and youth in our community, Shelby County created the Office of Early Childhood and Youth. This partnership works to leverage the political influence of the Shelby County Mayor and Shelby County Board of Commissioners to foster collaboration and partnership among existing and proposed services. It serves as an advisor to County government on policies and issues related to children and youth; works to raise community awareness about the impact of policies and decisions on children and youth; maximizes community-wide effectiveness and impact of existing programs and agencies through linkages and collaboration; and incubates ideas and innovations that can improve the lives of children, youth and families in Shelby County.

- 4. Economic Development** – One of the County’s primary advantages for economic development is the combination of its central location in the United States and its excellent transportation facilities, including air, rail and water. Another advantage is the relatively low cost of living compared with other urban areas, including real estate prices. In order to build on these natural assets and recognizing that the local governments must take a leadership role in economic development, the City and County governments formed a new “Mayor’s Office of Economic Development” and a new Director was hired to lead this office.

Further, in conjunction with the City, Memphis Tomorrow (a group of leading CEO's) and the Chamber of Commerce, the County has embarked on a broad economic growth initiative called *Memphis Fast Forward*. In addition to the specific component for economic development, this initiative includes strategic plans for education/workforce development; public safety and government efficiency. It is our intent to aggressively move over the next five years to become the major economic center of the Southern United States and a place where economic prosperity is available to all our residents.

- 5. Parks and Natural Resources** – The protection of Shelby Farms, the development of a cohesive greenbelt and the protection of a strong natural water supply are three important steps in making Shelby County an environmentally responsible community and an attractive destination for outdoor enthusiasts.

Nearly four times larger than New York's Central Park, Shelby Farms is a recreational gem for families, athletes and sportsmen. To preserve this 4,000 acre park for future generations, the County has transferred Shelby Farms to a conservancy and Mayor Wharton lead a coalition of citizens and government planners to develop a 50-year master plan. The plan will preserve the park's integrity and make it more functional for community enjoyment.

Shelby County's natural rivers and streams attract the community's nature lovers from both urban and suburban dwellings. Using federal, state and local funding, the County is working to create a cohesive greenbelt that protects the natural areas and connects the County's communities from downtown Memphis to Collierville, Frayser and all points in between.

Being able to enjoy clean drinking water is a given for Shelby County and its residents. The county sits on one of the largest artesian ground water supplies in the world and the area's abundant supply of naturally pure water has fueled the local economy for a century. Through the Memphis Regional Groundwater Study, Shelby County is using federal funds to ensure water quality is protected and sustained.

- 6. The Regional Medical Center at Memphis (The Med)** – In recognition of the critical role of the Med as the provider of vital health care services, but limited by available resources, the Mayor convened a blue ribbon task force to develop long and short term strategies for the continued operation of the Med. This panel concluded that it was essential to the community that the Med maintain its core service mission. However, the panel also acknowledged that the financial requirements to do so were so severe that the exploration of new structures for the provision of health care, including partnerships, collaborations or affiliations with other providers would be necessary. After reviewing proposals, it was determined that the proposed affiliations were not in the best interest of the Med. The Med then decided to hire a turn around specialist to manage the Med to improve operations and quality of care in a fiscally sound manner. FTI Cambo was hired and has taken over management of the Med. It will present a series of operating initiatives to the Med Board in fiscal 2009.
- 7. EMERGENCY AWARENESS AND PREPAREDNESS CAMPAIGN** - In coordination and collaboration with the County's Municipal Mayors, the Assisi Foundation and Corporate Sponsors, a preparedness campaign was launched to both educate as well as help prepare Shelby County residents for any and all hazardous emergencies. The campaign has been designed to extend over a years' period using a multi-delivery strategy including print and electronic media as well as web-based information sources. Titled "I'm Ready" the

campaign covers separate monthly preparedness topics focused toward Home, Family, Work, Auto and Pets.

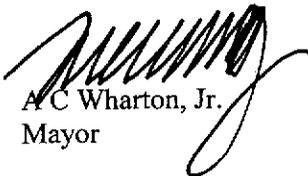
### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Shelby County, Tennessee for its comprehensive annual financial report (CAFR) for the year ended June 30, 2007. This was the twenty-third consecutive year that Shelby County has received this prestigious award. In order to be awarded the Certificate of Achievement, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

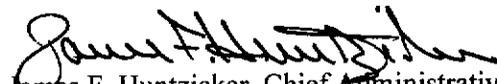
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Due credit also is given to all County Commissioners for their interest and support in planning and conducting the operations of Shelby County in a responsible and progressive manner.

Sincerely,



A.C. Wharton, Jr.  
Mayor



James F. Huntzicker, Chief Administrative Officer and  
Director of Division of Administration & Finance

**Shelby County, Tennessee  
County Officials  
As of June 30, 2008**

**Shelby County Board of Commissioners**

**David Lillard, Chairman  
Deidre Malone, Chairman Pro Tempore**

**Joyce Avery  
Henri E. Brooks  
Wyatt Bunker  
Mike Carpenter**

**Sidney Chism  
George S. Flinn, Jr  
Joe Ford  
J. W. Gibson, II**

**James M. Harvey  
Steve Mulroy  
Mike Ritz**

**Publicly Elected Officials**

**Assessor of Property – Rita C. Clark  
Attorney General – William L. Gibbons  
County Clerk – Debbie Stamson  
County Mayor – A C Wharton, Jr.  
County Register – Tom Leatherwood  
County Trustee – Paul Mattila (Interim)  
Sheriff – Mark H. Luttrell, Jr.**

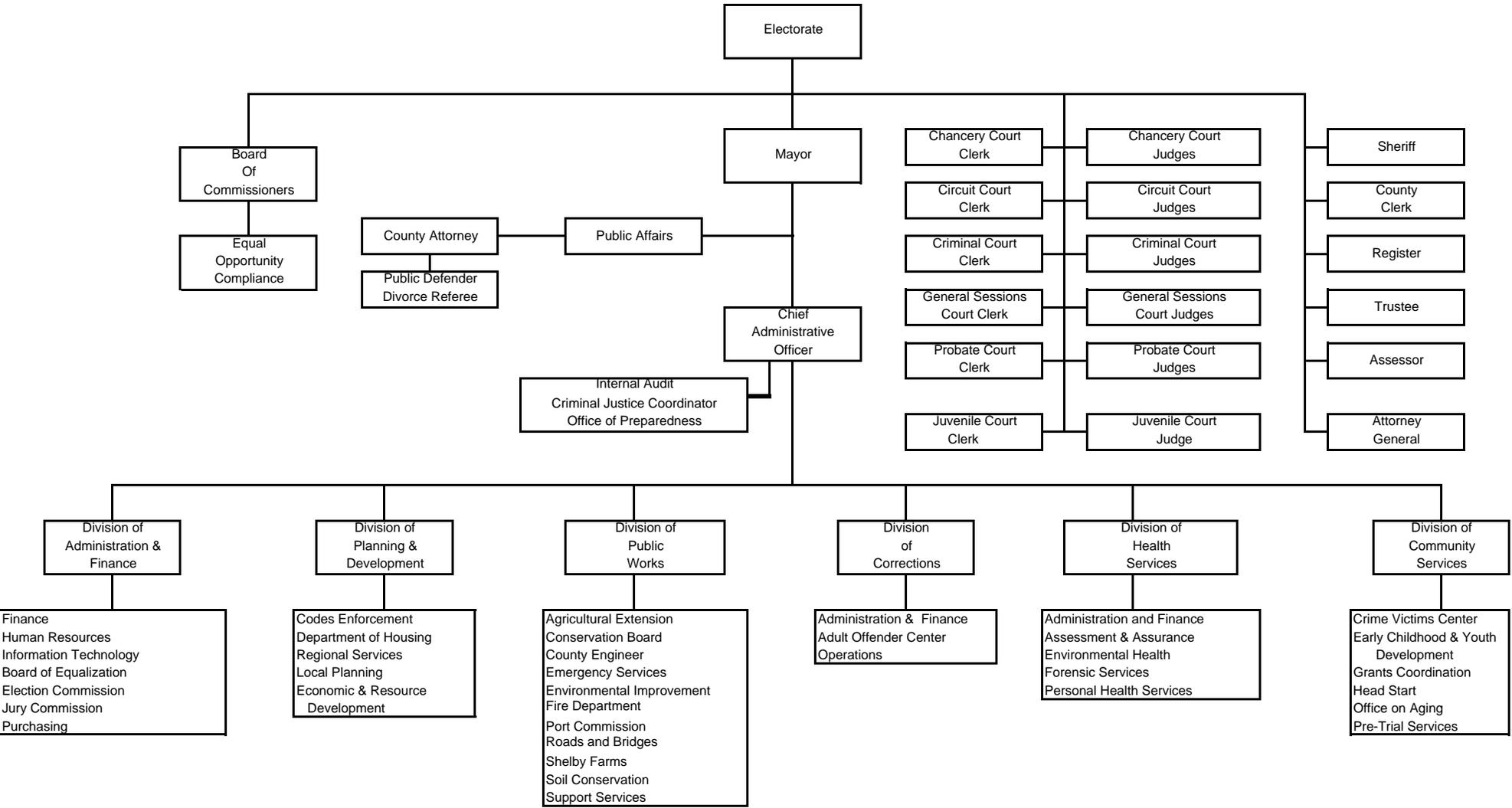
**Chancery Court Clerk & Master –  
Dewun Settle (Appointed)  
Circuit Court Clerk – Jimmy Moore  
Criminal Court Clerk – William R. Key  
General Sessions Court Clerk – Chris Turner  
Juvenile Court Clerk – Steve Stamson  
Probate Court Clerk – Chris Thomas**

**Shelby County Administrative Officials**

**A C Wharton, Jr. - Mayor  
James Huntzicker - Chief Administrative Officer and Director of Administration and  
Finance  
Brian Kuhn - County Attorney  
Richard Copeland - Director of Planning and Development  
Theodore C. Fox III - Director of Public Works  
Andrew Tabor, Jr. - Director of Corrections  
Yvonne Smith-Madlock - Director of Health Services  
Dorothy Jones - Director of Community Services**

# Shelby County Government Organizational Chart

## As of June 30, 2008



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Shelby County  
Tennessee

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

*Jeffrey R. Emen*

Executive Director



Watkins Uiberall, PLLC  
Certified Public Accountants & Financial Advisors  
Independent Member of BKR International



## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members  
Shelby County Board of Commissioners and  
the Mayor of Shelby County, Tennessee  
Memphis, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Shelby County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Shelby County, Tennessee's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Shelby County, Tennessee's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Shelby County Health Care Corporation and Agricenter International, Inc. which represents \$169,986,346 and \$332,119,006, respectively, of the assets and revenues of the component units, and Shelby County Retirement System, which represents \$975,465,936 of the assets and (\$24,443,534) of the revenues of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units and Shelby County Retirement Systems, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Shelby County, Tennessee, as of June 30, 2008, 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 December 23, 2008 on our consideration of Shelby County, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 27 and the budgetary comparison and other information on pages 94 through 97 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors 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 Shelby County, Tennessee's basic financial statements. The accompanying financial information listed as combining and other statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other budgetary comparison schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Watkins Liberal, LLC*  
*Banks, Finley, White & Co.*

Memphis, Tennessee  
December 23, 2008

### Management's Discussion and Analysis

The management of Shelby County Government (County) presents this narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with information in the transmittal letter found at the front of this report and the basic financial statements, which follow in this section.

Accounting principles generally accepted in the United States of America for governmental entities are established by the Governmental Accounting Standards Board (GASB). This annual financial report uses the standards established by the GASB's Statement No. 34 *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Shelby County follows all GASB standards in addition to Statement No. 34 as well as other authoritative literature known collectively within the accounting profession as "generally accepted accounting principles."

### Financial Highlights

- At the end of the current fiscal year, unreserved fund balance for the general fund was \$62,563,181, or 18.2% of total general fund expenditures. This was an increase of \$15.4 million or a 32.6% increase.
- Fund balance for the debt service fund increased \$10.3 million to \$73,709,130, which is 44.3% of total expenditures of the debt service fund. The balance is well above our target minimum level of \$4 million and consistent with our plan to provide now for increasing debt service requirements through 2011.
- At July 1, 2007 the County made a one-time payment of \$23,892,191 to the Shelby County OPEB Trust from the Internal Service Fund for employee health insurance. This payment was the initial funding for the newly established OPEB Trust created to accumulate funds for and through which other post-employment benefits of County employees will be paid.
- Total liabilities of Shelby County exceed total assets as of June 30, 2008 by \$948,229,717. The largest contributing factor causing this deficit is the fact that the County issues debt on behalf of entities not a part of the County's primary financial reporting unit and the related assets are not recorded by the County. These entities include the school systems of Shelby County and the City of Memphis, joint ventures with the City of Memphis, and others. Debt for these entities as of June 30, 2008 was \$1,351,430,959.
- Total government-wide net assets decreased \$9.0 million primarily as a result of the payment of \$23.9 million to the OPEB Trust as noted above and depreciation expense, offset by the fund balance increases noted above in the general fund and debt service fund and other changes.

More details on these highlights and other information are in the remainder of this discussion and analysis.

### Overview of the Financial Report

The Comprehensive Annual Financial Report includes three major sections – Introductory Section, Financial Section, and Statistical Section. The Introductory Section includes a transmittal letter and general information about the County. The Statistical Section includes financial and non-financial data, some from sources other than financial records and often covering up to ten years. The Financial Section is the major part of the financial report. The Independent Auditor's Report applies only to the Financial Section. This discussion and analysis applies only to the Financial Section.

The Financial Section includes the following statements and schedules:

- Basic Financial Statements
  - Government-wide financial statements
  - Fund financial statements
  - Notes to financial statements
- Required Supplementary Information
- Combining Statements and Individual Fund Statements and Schedules

#### BASIC FINANCIAL STATEMENTS

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide a broad overview of Shelby County's finances in a manner similar to a private-sector business. The two government-wide financial statements present highly summarized information for all of County government.

The *statement of net assets* presents information on all of Shelby County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of changes in the financial position of Shelby County. However, because the County issues substantial amounts of debt for capital assets of others, such as the Memphis City Schools, annual decreases in net assets are expected in years when such debt is issued.

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

Both of the government-wide financial statements distinguish functions of Shelby County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Shelby County include general government, hospital, planning & development, public works, corrections, health services, community services, law enforcement, judicial, other elected officials, education and

interest on debt. The business-type activities of Shelby County consist of codes enforcement, fire services and corrections center.

The government-wide financial statements include not only Shelby County itself - known as the *primary government* - but also four legally separate entities for which Shelby County is financially accountable. These entities are the Shelby County Board of Education, Shelby County Health Care Corporation (The Med), Agricenter International, and the Emergency Communications District. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. This discussion and analysis is devoted to Shelby County government rather than the component units.

**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. Shelby County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Shelby County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Shelby County maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, capital projects fund, education fund, and grants fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the nonmajor governmental funds combining statements elsewhere in this report.

Proprietary funds. Shelby County maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Shelby County uses enterprise funds to account for consolidated codes enforcement, correction center and fire services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Shelby County's various functions.

Shelby County uses internal service funds to account for its central services, group health, tort liability and employer insurance funds. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements. Enterprise funds and internal service funds are each combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the enterprise funds and internal service funds are provided in the form of *combining statements* elsewhere in this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Shelby County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Shelby County Retirement System is the major fiduciary fund, but also includes the Shelby County OPEB Trust and agency funds.

*Component units combining statements.* Component units are not "funds" of Shelby County as the primary government. However, the government-wide financial statements include one column for all component units as discussed above. In order to provide details on each component unit, a combining statement of net assets and a combining statement of activities are included in the fund financial statements section of the basic financial statements.

**Differences between government-wide and fund financial statements.** The government-wide financial statements are much more aggregated and summarized than the fund financial statements. The government-wide statement of net assets includes capital assets and long-term debt, whereas the fund balance sheets include neither. The government-wide statement of activities does not report the issuance or repayment of long-term debt during the year and reports depreciation expense but not amounts expended for capital assets during the year. The fund statement of revenues, expenditures and changes in fund balances includes as other financing sources the amount of long-term debt incurred during the year and as expenditures the amount of principal repaid. This statement also includes amounts expended for capital assets but not depreciation. These are some of the most common, significant differences but there are others. Following the fund balance sheet and the fund statement of revenues, expenditures and changes in fund balances is a reconciliation of those statements to the government-wide statement of net assets and the statement of activities.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. "Notes" is the traditional term applied to this information; however the term is misleading in that the notes can vary in length from one paragraph to several pages.

**REQUIRED SUPPLEMENTARY INFORMATION**

This section contains other information that financial reporting standards specify should be included under this caption. Supplementary information is presented for the Shelby County Retirement System and the Shelby County OPEB Trust. Shelby County is also required to present information on budgetary compliance. Budgetary comparison schedules are presented for the general fund and other "major" special revenue funds (the education fund and the grants fund) to demonstrate compliance with their budget. Other budgetary comparison schedules not fitting the criteria defined for this section are presented under "Combining Statements and Individual Fund Statements and Schedules."

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

Combining fund statements for the non-major special revenue funds, non-major enterprise funds and internal service funds are included in this section of the report. Supplemental schedules include general fund and grants fund budgetary comparisons by department, detail of constitutional officers' activities and schedules of debt by debt issue.

**Government-wide Financial Analysis  
(Reporting the County as a Whole)**

**FINANCIAL POSITION**

Table 1 shows a condensed version of the Statement of Net Assets (see the government-wide financial statements for the full version as of June 30, 2008). This statement shows the financial position of the County as a whole at specific points in time – in this case as of June 30, 2008 and as of June 30, 2007.

Property taxes receivable is by far the largest portion of Shelby County's assets (44.8% at June 30, 2008 and 43.1% at June 30, 2007). The June 30, 2008 property taxes receivable includes \$715.2 million, offset by an equal deferred revenue amount in other liabilities, which became a property lien on January 1, 2008 but are levied for next fiscal year's operations. The similar amount at June 30, 2007 was \$698.1 million. Total assets decreased by \$3.7 million. Increases in taxes receivable (\$28.1 million) were offset by decreases in cash and cash equivalents and investments and capital assets (\$7.7 million) as the result of depreciation exceeding additions, plus other changes.

Liabilities increased slightly by \$5.3 million during the year. This increase was due to a decrease of \$88.9 million in long-term liabilities and increases of \$94.2 million in other liabilities. Most of the increases were in amounts due to other governments and component units and notes payable for short-term borrowings to finance capital improvement projects (\$37.3 million).

Table 1  
Condensed Statement of Net Assets  
As of June 30, 2008 and June 30, 2007

	June 30, 2008	June 30, 2007 (Restated)	Change
<u>Governmental Activities</u>			
Property taxes receivable	\$ 773,358,601	\$ 745,228,799	\$ 28,129,802
Current and other assets	346,945,673	369,310,661	(22,364,988)
Capital assets	561,814,679	568,980,051	(7,165,372)
Total assets	1,682,118,953	1,683,519,511	(1,400,558)
Long-term liabilities	1,780,307,893	1,869,575,410	(89,267,517)
Other liabilities	885,036,372	791,662,585	93,373,787
Total liabilities	2,665,344,265	2,661,237,995	4,106,270
Invested in capital, net of related debt	180,537,007	157,206,332	23,330,675
Restricted	104,459,938	91,417,704	13,042,234
Unrestricted	(1,268,222,257)	(1,226,342,520)	(41,879,737)
Total net assets	(983,225,312)	(977,718,484)	(5,506,828)
<u>Business-Type Activities</u>			
Current and other assets	15,765,609	17,519,795	(1,754,186)
Capital assets	27,368,366	27,908,007	(539,641)
Total assets	43,133,975	45,427,802	(2,293,827)
Long-term liabilities	5,938,893	5,608,117	330,776
Other liabilities	2,199,487	1,375,514	823,973
Total liabilities	8,138,380	6,983,631	1,154,749
Invested in capital, net of related debt	26,328,481	26,737,011	(408,530)
Unrestricted	8,667,114	11,707,160	(3,040,046)
Total net assets	34,995,595	38,444,171	(3,448,576)
<u>Total Primary Government</u>			
Property taxes receivable	773,358,601	745,228,799	28,129,802
Current and other assets	362,711,282	386,830,456	(24,119,174)
Capital assets	589,183,045	596,888,058	(7,705,013)
Total assets	1,725,252,928	1,728,947,313	(3,694,385)
Long-term liabilities	1,786,246,786	1,875,183,527	(88,936,741)
Other liabilities	887,235,859	793,038,099	94,197,760
Total liabilities	2,673,482,645	2,668,221,626	5,261,019
Invested in capital, net of related debt	206,865,488	183,943,343	22,922,145
Restricted	104,459,938	91,417,704	13,042,234
Unrestricted	(1,259,555,143)	(1,214,635,360)	(44,919,783)
Total net assets	\$ (948,229,717)	\$ (939,274,313)	\$ (8,955,404)

“Net assets” are the difference between assets and liabilities and, in a general sense, may be considered the recorded financial “net worth” of the County. The most obvious concern that can be noted about net assets is the large negative net asset amount. The major factor causing this negative net asset amount relates to debt issued for capital assets (buildings, roads, etc.) where the capital asset values are *not* recorded in the County’s financial records but the debt *is* on the

County’s records. Some of this debt has been issued to provide capital assets to component units of the County, including the Shelby County Board of Education and the Shelby County Health Care Corporation (The Med). These component units report the capital assets but not the debt. Other debt is issued for entities not a part of the County reporting entity, including the Memphis City Schools Board of Education and the Convention Center. As a result of reporting the debt liabilities without reporting the assets acquired with the proceeds of the debt, a negative net asset amount is reported in the County’s statement of net assets.

The following long-term debt and notes payable are reported by the County for which related capital assets are not recorded by Shelby County:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Shelby County and City of Memphis schools	\$ 1,141,454,294	\$ 1,155,445,388
Shelby County Health Care Corp. (component unit)	88,910,874	96,863,696
Convention Center (joint venture)	65,054,070	73,062,007
Other	56,011,721	58,872,608
Total	<u>\$ 1,351,430,959</u>	<u>\$ 1,384,243,699</u>

Shelby County, the component units, and other entities (such as Memphis City Schools) use these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Shelby County’s investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The County’s total net assets decreased by \$9.0 million. The significant reasons for this decrease can be generally understood from information in the sections below about “Changes in Net Assets” and the “Financial Analysis of the Government’s Funds.” Changes in net assets are discussed below.

**CHANGES IN NET ASSETS – REVENUES, EXPENSES AND TRANSFERS**

Table 2 summarizes the financial activity for the County as a whole for the fiscal year ending June 30, 2008, with comparative amounts for the fiscal year ending June 30, 2007.

For governmental activities, program revenues are those revenues generated by the department or program as a result of the activities engaged in by the department or program. General revenues are those revenues not generated through the activities of the County; property taxes produce the largest amount of general revenues. Program revenues increased by \$10.9 million; there was a \$15.4 million increase in operating grants and decreases in charges for services and capital grants and contributions. General revenues increased \$27.1 million, or 3.3%; of this, property tax increased \$22.5 million and investment earnings increased \$3.0 million. Overall revenues increased \$38.0 million or 3.6% during the year.

Table 2  
Shelby County Change in Net Assets  
Fiscal Years Ended June 30, 2008 and 2007

	FY 2008	FY 2007 (Note page 21)	Change
<b>Governmental activities:</b>			
<u>Revenues:</u>			
Program revenues:			
Charges for services	\$ 88,324,051	\$ 91,277,341	\$ (2,953,290)
Operating grants and contributions	136,552,118	121,125,431	15,426,687
Capital grants and contributions	1,914,603	3,440,619	(1,526,016)
Total program revenues	<u>226,790,772</u>	<u>215,843,391</u>	<u>10,947,381</u>
General revenues:			
Property taxes	703,098,494	680,615,376	22,483,118
Other taxes	124,926,766	124,690,522	236,244
Other	28,930,625	24,575,622	4,355,003
Total general revenues	<u>856,955,885</u>	<u>829,881,520</u>	<u>27,074,365</u>
Total revenues-governmental activities	<u>1,083,746,657</u>	<u>1,045,724,911</u>	<u>38,021,746</u>
<u>Expenses:</u>			
General government	54,298,799	48,815,450	5,483,349
Hospital	27,600,000	27,566,667	33,333
Planning & Development	5,593,676	6,133,345	(539,669)
Public Works	50,146,007	52,071,835	(1,925,828)
Corrections	1,461,598	928,659	532,939
Health Services	68,120,302	57,842,725	10,277,577
Community Services	45,804,646	42,808,278	2,996,368
Law Enforcement	146,041,090	138,231,040	7,810,050
Judicial	85,085,401	74,919,142	10,166,259
Other Elected Officials	27,522,711	25,988,417	1,534,294
Education	498,893,788	451,071,817	47,821,971
Interest on debt	71,866,481	87,802,538	(15,936,057)
Total expenses-governmental activities	<u>1,082,434,499</u>	<u>1,014,179,913</u>	<u>68,254,586</u>
Increase (decrease) in net assets before transfers	1,312,158	31,544,998	(30,232,840)
Transfers	<u>(6,818,986)</u>	<u>(7,270,833)</u>	<u>451,847</u>
Increase (decrease) in net assets	(5,506,828)	24,274,165	(29,780,993)
Net assets - beginning of year	<u>(977,718,484)</u>	<u>(1,001,992,649)</u>	<u>24,274,165</u>
Net assets - end of year	<u>\$ (983,225,312)</u>	<u>\$ (977,718,484)</u>	<u>\$ (5,506,828)</u>

Total expenses for the year in governmental activities increased \$68.3 million (6.7%). Of this, \$23.9 million was paid to the newly-established OPEB Trust; this expense was allocated across all the functional areas. A net increase of \$47.8 million was provided for education, mostly for

capital projects. Significant increases were also provided for health services, law enforcement and judicial.

<b>Business-type activities:</b>	FY 2008	FY 2007 (Note below)	Change
<u>Revenues:</u>			
Operating revenues:			
Charges for services	\$ 69,914,088	\$ 65,377,640	\$ 4,536,448
Operating grants and contributions	75,000	49,050	25,950
Total operating revenues	69,989,088	65,426,690	4,562,398
Non-operating revenues	317,151	525,358	(208,207)
Total revenues	70,306,239	65,952,048	4,354,191
<u>Expenses:</u>			
Operating expenses	80,313,815	70,343,705	9,970,110
Non-operating expenses and losses	259,986	782,010	(522,024)
Total expenses	80,573,801	71,125,715	9,448,086
Increase (decrease) in net assets before transfers	(10,267,562)	(5,173,667)	(5,093,895)
<u>Transfers</u>	6,818,986	7,270,833	(451,847)
Increase (decrease) in net assets	(3,448,576)	2,097,166	(5,545,742)
Net assets - beginning of year	38,444,171	36,347,005	2,097,166
Net assets - end of year	34,995,595	38,444,171	(3,448,576)
<b>Total primary government:</b>			
Increase (decrease) in net assets	(8,955,404)	26,371,331	(35,326,735)
Net assets - beginning of year	(939,274,313)	(965,645,644)	26,371,331
Net assets - end of year	<u>\$(948,229,717)</u>	<u>\$(939,274,313)</u>	<u>\$ (8,955,404)</u>

Note: As explained in the Notes to Financial Statements in a following section, in Note IV (Q), prior period net assets were restated as of June 30, 2007. To facilitate the comparisons above and to permit fund balances to add properly on these comparative schedules, the same prior period adjustment amount was applied to the FY 2007 beginning balances.

In business-type activities, total revenues increased by \$4.4 million. Of this increase, \$2.2 million was in corrections center reimbursement for housing State inmates and \$3.2 million in fire services from increase in fire fees. Consolidated codes had a decrease of \$1.0 million in fee collections due to lower construction activity. Overall expenses increased by \$9.4 million, or 13.3%. Expenses increased by approximately \$1.9 million dollars in the corrections center due to an increased number of inmates and \$4.5 million for fire services due to increased ambulance service being provided. All activities had increased charges due to required contributions to the newly-established OPEB Trust.

#### CHANGE IN FINANCIAL POSITION DURING YEAR

The overall change in the financial position of Shelby County during fiscal year 2008 was a decrease in net assets of approximately \$9.0 million. The County's governmental activities operated with a decrease in net assets of approximately \$5.5 million.

The business-type activities had a net decrease of \$3.4 million. Before the allocation of the contribution to the OPEB Trust made from an Internal Service Fund was allocated to all functions and the business-type activities, Consolidated Codes had a loss for the year of \$3.1 million.

**Financial Analysis of the Government's Funds**

As noted earlier, Shelby County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, Shelby County's governmental funds reported a combined ending fund balance of \$149,273,359. The components of the balances are:

	June 30, 2008	June 30, 2007
General Fund-reserved/designated	\$ 2,940,960	\$ 4,119,786
General Fund-unreserved	62,563,181	47,178,094
Debt Service Fund	73,709,130	63,401,912
Special Revenue Funds	33,233,724	28,015,792
Total, except Capital Projects Fund	172,446,995	142,715,584
Capital Projects Fund	(23,173,636)	97,730,872
Total all governmental funds	<u>\$ 149,273,359</u>	<u>\$ 240,446,456</u>

There was a \$29.7 million increase in fund balance excluding capital projects. Of this increase \$15.4 million was in the unreserved balance in general funds, \$10.3 million was in the debt service fund and \$5.2 million was in the special revenue funds. There was also a decrease of \$120.9 million in the capital projects fund. Each of these changes is discussed below.

The general fund operated with a net increase in fund balance of \$14.2 million, resulting primarily from increased tax revenues, with increased expenditures being offset mostly by decreases in transfers out. The general fund unreserved amount is available for spending at the government's discretion. The remainder of fund balance has been committed to liquidate contracts and purchase orders of the prior period and for advances to the fire services fund.

The general fund is the chief operating fund of Shelby County. 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 18.2 percent of total general fund expenditures, while total fund balance represents 19.0 percent of that same amount. General fund revenues were \$14.2 million (4.1%) above the prior year, which resulted primarily from

increased taxes offset by some decrease in other revenues. Expenditures were \$17.7 million more (5.4%) than the prior year and net transfers out were \$11.7 million less. Before the beginning of FY 2006 management committed to maintaining an unreserved fund balance of the general fund of at least 12.5% of general fund expenditures.

The debt service fund has a total fund balance of \$73.7 million to be used for the payment of debt service. The net increase in fund balance during the current year was \$10.3 million. This increase was planned to somewhat smooth out the revenue requirements in future years as debt service requirements reach a peak projected amount in 2011.

The fund balance of the capital projects fund decreased from \$97.7 million to a deficit of \$23.2 million, a decrease of \$120.9 million. This was primarily the result of expending \$143.1 million from proceeds of long-term debt issued in prior years and short-term debt issued during the current year. The fund had \$37.3 million of outstanding short-term debt as of June 30, 2008.

All special revenue fund balances are used for the specific purposes designated by the provider of the funds or the legislation establishing the fees and charges that generate the revenue. Total fund balances of these funds increased to \$33.2 million at June 30, 2008 compared to \$28.0 million at June 30, 2007. Significant balances include \$2.5 million in the grants fund, \$2.7 million in the health services restricted fees fund, \$8.4 million in the roads and bridges fund, \$12.0 million in the hotel/motel tax fund and \$5.4 million in the Sheriff narcotics fund.

**Proprietary funds.** Shelby County's proprietary funds report financial information on the same basis as the government-wide financial statements (full accrual accounting based on the economic substance of transactions), but in more detail. Proprietary funds consist of two types of funds: business-type activities - enterprise funds and governmental activities - internal service funds.

The County has three business-type activities; these are essentially self-supporting activities. Two of the activities have historically been able to support themselves; these are the consolidated codes enforcement fund and the fire services fund. However, starting in FY 2005 a management decision was made to spend down the net asset balance in the consolidated codes enforcement fund. During this fiscal year the net asset balance decreased by \$3.1 million to a balance of \$2.4 million, of which only \$301,604 is unrestricted. The fire services fund operates entirely on user fees; the net asset balance decreased slightly during this fiscal year by \$130,462 to a balance of \$4.8 million, of which \$2.9 million is unrestricted. The corrections center receives reimbursement from the State of Tennessee for housing State prisoners, which accounts for approximately 80% of the prison population. The general fund provides the remaining cost, excluding depreciation. The Center operated with an increase of \$3.4 million in net assets to a balance of \$31.7 million, of which \$9.3 million is unrestricted.

Total net assets of the enterprise funds increased by \$427,034 during the year. This net increase resulted from an increase in corrections center revenue, offset by the planned use of fund balance in the consolidated codes enforcement fund. The enterprise funds had total net assets at year-end

of \$38.9 million, of which \$12.5 million was unrestricted. Unrestricted net assets increased 56.8% or \$4.5 million.

The County has four internal service funds. These funds are reported using full accrual accounting. *For the government-wide financial statements, these funds are combined with governmental activities.* At June 30, 2008 these funds combined had net assets of \$6,424,825, a decrease of \$23,991,961 over the restated balance of \$30,416,786 from the prior year. Most of the decrease was the result of paying \$23,892,191 from the health insurance fund to the newly established Shelby County OPEB Trust, a fiduciary fund. Other than the payment to the OPEB Trust, the health insurance fund had a decrease of \$2.4 million in net assets and the employer insurance fund had an increase of \$2.0 million. At year-end the health insurance fund had net assets of \$2.6 million and the employer insurance fund had net assets of \$2.5 million.

**Fiduciary funds.** Shelby County reports three fiduciary funds. The largest is the Shelby County Retirement System. The funds in this trust are available only for retirement benefits of current and retired County employees. The accumulated funds in the retirement system slightly exceed the currently calculated actuarial liability, meaning the system is fully funded. The County provides funding as required each year for the increased liability for benefits being earned by current employees.

The Shelby County OPEB Trust was created as of July 1, 2007 to accumulate funds and pay other post-employment benefits to terminated County employees. The Trust received an initial contribution of \$23,892,191 from the County's health insurance fund.

The County also maintains agency funds for a number of the County's elected "constitutional officers" (those officials designated by the State's constitution). These funds do not belong to the County, but are funds held for others. There are no "fund balances" for agency funds.

### Governmental Fund Budgetary Highlights

Differences between the original budget and the final amended budget and between the final budget and actual results for the general fund can be briefly summarized as follows:

- The revenue budget was increased slightly during the year by \$217,427, or less than 1/10<sup>th</sup> of one percent from the original budget. The small increases were in local revenues and elected officials' fines and fees.
- Actual revenues exceeded the revised budget estimate by \$7.8 million, or 2.2%. Actual property taxes were \$4.2 million more than budgeted, or 2.1%. Other local taxes were \$1.8 million over the budget: this was attributed to excess business taxes over the budget offset by some lower other taxes. State revenues exceeded budget by \$1.8 million, reflecting favorable collections of state income taxes; the state income taxes were probably under-budgeted. Elected officials' fines and fees were \$1.1 million over the budget, offset by an equal amount of other revenue below the amount budgeted.
- The overall expenditure budget was increased during the year by \$1.6 million, or about five-tenths of one percent. Increases were necessary to fund a new department for the Land Bank and increased personnel for the Juvenile Court.

- Actual expenditures were \$11.3 million below the amended budget, a savings of about 3.2%. Most of the savings were attributed to reduced expenditures in salaries and benefits (\$7.9 million), with over one-half of this in the Sheriff's Office. Operating expenses were reduced by the balance, with the savings spread across the County.
- The budget for net transfers out was decreased by \$0.8 million, primarily reflecting additional transfers in from several departments.

### Capital Asset and Debt Administration

**Capital Assets.** Shelby County Government's investment in capital assets for its governmental and business type activities as of June 30, 2008 amounts to \$589.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads and other infrastructure. Additions for the year were \$21.7 million, depreciation was \$28.85 million and disposals were \$0.6 million, for a net decrease of \$7.7 million. Construction in progress as of the end of the current fiscal year was \$13.2 million.

Additional information on Shelby County Government's capital assets can be found in note IV (E) of the Notes to Financial Statements of this report.

Major capital asset events during the current fiscal year included the following:

- Although not recorded as assets of the County, during FY 2008 the County provided capital improvement funding of \$133.5 million to the Memphis and Shelby County school systems.
- Roadway improvements and drainage improvements continued within the County with expenditures of approximately \$4.0 million.
- Renovation work continued at the Criminal Justice Complex, with expenditures of approximately \$0.4 million.
- Expenditures for new roofing at the Corrections Center were approximately \$0.8 million.

**Long-term Debt.** At June 30, 2008 Shelby County's general obligation bonded debt (bonds payable) outstanding totaled \$1,735,025,160 which represented approximately 9.8% of assessed value. The County's bonds, loans and notes payable decreased by approximately \$47 million (2.6%) during the year. Debt, generally, may be issued without regard to any limit on indebtedness. The ad valorem tax levy is also without legal limit.

The County uses notes payable programs to initially finance capital projects. This allows the County to borrow only as the proceeds are actually needed and to take advantage of lower short-term interest rates. Annually, the County adopts a five-year capital projects plan. Based on this plan for the current year and capital projects cash flow projections, a notes payable program is established with a maximum borrowing amount. Borrowing occurs as needed for up to two years. After completion of each program, the notes payable are converted to bonds payable to be repaid within 25 years. On February 11, 2008 the County authorized the issuance of \$120 million of extendible municipal commercial paper ("EMCP").

An agreement was signed in 2005 with the Shelby County and City of Memphis Schools boards of education to provide \$100 million to be divided equally between the two school systems to provide a new high school for the County schools and to provide funding for renovations for the City of Memphis schools. In addition, this agreement provides for capital funding to the schools of \$60 million per year for fiscal years 2007, 2008 and 2009, to be divided based on average daily attendance.

The County maintains ratings from Moody's Investors Service ("Moody's"), Standard & Poor's Corporation ("Standard & Poor's") and Fitch IBCA, Inc. ("Fitch") on its previously issued general obligation bonds not secured by letter of credit as follows:

Moody's	Standard & Poor's	Fitch IBCA, Inc.
Aa2	AA+	AA

Moody's issues ratings from Aaa to C to designate the relative investment qualities of bonds. The Aa rating is in the second highest of the rating categories. The modifier 2 indicates that the bonds are in the middle range of the Aa category. Moody's describes its Aa ratings as "Bonds which are rated Aa are judged to be a high quality by all standards. They are rated lower than the best bond because margins of protection may not be as large as in Aaa or fluctuation of protection elements may be of greater amplitude or there may be other elements present which make the long term risk appear somewhat larger than Aaa securities."

Standard & Poor's and Fitch issue ratings from AAA to D to designate the relative investment qualities of bonds. The AA rating is the second highest of the ten such ratings. Standard & Poor's and Fitch describe their rating as "Debt rate AA+ has a very strong capacity to pay interest and repay principal and differs from the highest rated issues only in small degree. Plus or minus signs are used to show relative standing within the major rating categories."

Additional information on Shelby County Government's long-term debt can be found in note IV(H) of the Notes to Financial Statements of this report.

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

- The September 2008 unemployment rate for Shelby County was 7.4 percent and the State of Tennessee's rate was 6.9%, compared to the national rate of 6.0%.
- Economic conditions in the region, beginning with the recent liquidity crisis in the capital markets, parallel those across the nation.
- There has been an increase in home foreclosure rates and a significant weakening of the housing market. As the County approaches completion of a once-every-four-years' comprehensive property reappraisal, there are concerns regarding the impact on property taxes.

For fiscal 2009, the property tax rate was maintained at the same level as fiscal 2008. Compared to actual revenue for 2008, we have budgeted no growth in property taxes for 2009.

For fiscal 2009, general fund revenue is budgeted as a 0.90% reduction from the 2008 budget. General fund expenditures were budgeted to decrease by 2.52% compared to 2008. The budget was balanced by eliminating raises for employees, elimination of positions, and offering a buyout to employees over age 65. A hiring freeze was implemented as well as a freeze on reclassifications. Small increases in budgeted expenditures are primarily due to an increase in health insurance, utility costs, the jail medical contract and other post employment benefits. The County Mayor and Commission are committed to holding general fund expenditures in line with general fund revenue growth. A consulting firm was engaged in 2004 to perform an efficiency study and assist us in preparing a five year strategic plan which was completed in October 2004. Substantial efficiencies have been identified and implemented. The efficiency study and five year strategic plan was updated in FY2008.

Because of the school capital needs and converting notes payable to long term debt to take advantage of low interest rates, debt service expenditures are increasing by approximately \$1 million in 2009. FY2009 is the final year of the Joint Funding Agreement by which \$60,000,000 is allocated to the Memphis City and Shelby County Schools based upon the average daily attendance rate (ADA). Future funding for school capital needs will be determined by the Shelby County Board of Commissioners based upon the recommendation of the Needs Assessment Committee. Based upon current projections, debt service requirements will increase through FY2011 and begin to decline in FY2012. Capital outlays have been reduced from \$154 million in 2002 to \$75 million in 2009. The County plans to maintain Capital Improvement Outlay at or below this level to manage the County's debt plan.

### **Requests for Information**

This financial report is designed to provide a general overview of Shelby County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrator, Department of Finance, Shelby County Government, 160 North Main Street, Memphis, Tennessee 38103.

**Statement of Net Assets**  
**June 30, 2008**

	Governmental Activities	Business-type Activities	Total	Component Units
<b>Assets:</b>				
Cash and cash equivalents	\$ 114,335,731	\$ 12,160,133	\$ 126,495,864	\$ 49,985,382
Investments	142,460,203	---	142,460,203	128,364,321
Property taxes receivable, net of allowance for uncollectibles	773,358,601	---	773,358,601	---
Accrued interest receivable	2,066,903	---	2,066,903	---
Accounts receivable and accrued revenues	12,682,606	1,535,657	14,218,263	43,970,836
Due from other governmental entities	21,331,776	1,853,300	23,185,076	9,925,510
Due from primary government	---	---	---	16,387,307
Internal balances	5,233,457	(5,233,457)	---	---
Due from component units	4,443,020	---	4,443,020	---
Prepays and deferred charges	32,719,010	5,449,976	38,168,986	---
Deposits held by others	1,121,374	---	1,121,374	---
Notes Receivable	10,410,787	---	10,410,787	---
Other assets	140,806	---	140,806	7,507,360
Restricted and other investments	---	---	---	13,535,772
Land	21,347,208	---	21,347,208	---
Construction in progress	13,159,687	---	13,159,687	---
Depreciable capital assets, net	527,307,784	27,368,366	554,676,150	436,858,796
<b>Total assets</b>	<b>\$ 1,682,118,953</b>	<b>\$ 43,133,975</b>	<b>\$ 1,725,252,928</b>	<b>\$ 706,535,284</b>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 22,624,689	\$ 1,642,341	\$ 24,267,030	\$ 58,599,373
Accrued interest payable	9,850,941	38,565	9,889,506	---
Due to other governmental entities	62,017,878	---	62,017,878	---
Due to component units	16,387,307	---	16,387,307	---
Due to primary government	---	---	---	4,443,020
Deposits held for others	4,529,516	419,584	4,949,100	---
Unearned revenue	723,679,929	98,997	723,778,926	562,981
Notes payable	37,300,000	---	37,300,000	---
Claims payable	8,646,112	---	8,646,112	3,577,760
Long-term liabilities				
Due within one year	109,352,119	3,291,776	112,643,895	11,155
Due in more than one year	1,670,955,774	2,647,117	1,673,602,891	63,951,523
<b>Total liabilities</b>	<b>2,665,344,265</b>	<b>8,138,380</b>	<b>2,673,482,645</b>	<b>131,145,812</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	180,537,007	26,328,481	206,865,488	432,380,506
Restricted for:				
Education	---	---	---	5,274,821
Debt services	85,753,114	---	85,753,114	---
Roads and bridges	8,366,908	---	8,366,908	---
Sheriff narcotics	5,393,431	---	5,393,431	---
Other purposes	7,429,401	---	7,429,401	17,155,273
Unrestricted	(1,270,705,173)	8,667,114	(1,262,038,059)	120,578,872
<b>Total net assets</b>	<b>(983,225,312)</b>	<b>34,995,595</b>	<b>(948,229,717)</b>	<b>575,389,472</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,682,118,953</b>	<b>\$ 43,133,975</b>	<b>\$ 1,725,252,928</b>	<b>\$ 706,535,284</b>

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

**Statement of Activities**  
**For the Year Ended June 30, 2008**

Functions/Programs	Expenses	Program Revenues		
		Charges for services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 54,298,799	\$ 6,764,969	\$ 10,402,488	\$ 355,000
Hospital	27,600,000	---	---	---
Planning and development	5,593,676	672,350	4,801,860	---
Public works	50,146,007	3,232,290	5,115,593	1,474,603
Corrections	1,461,598	---	1,234,439	---
Health services	68,120,302	9,978,487	42,861,278	---
Community services	45,804,646	495,392	41,317,069	85,000
Law enforcement	146,041,090	5,227,661	3,383,985	---
Judicial	85,085,401	24,834,966	26,731,770	---
Other elected officials	27,522,711	34,595,178	449,410	---
Education	498,893,788	---	---	---
Interest on debt	71,866,481	2,522,758	254,226	---
Total governmental activities	<u>1,082,434,499</u>	<u>88,324,051</u>	<u>136,552,118</u>	<u>1,914,603</u>
Business-type activities:				
Codes enforcement	12,523,782	8,965,105	---	---
Fire services	18,057,095	17,967,759	75,000	---
Corrections	49,992,924	42,981,224	---	---
Total business-type activities	<u>80,573,801</u>	<u>69,914,088</u>	<u>75,000</u>	<u>---</u>
Total primary government	<u>\$ 1,163,008,300</u>	<u>\$ 158,238,139</u>	<u>\$ 136,627,118</u>	<u>\$ 1,914,603</u>
<b>Component units:</b>				
Board of Education	\$ 443,715,981	\$ 19,480,133	\$ 202,768,233	\$ ---
Shelby County Health Care Corporation	331,073,819	248,933,864	41,597,000	---
Agricenter International	3,291,203	3,055,452	202,017	---
Emergency Communications District	5,998,361	7,645,872	918,619	---
Total component units	<u>\$ 784,079,364</u>	<u>\$ 279,115,321</u>	<u>\$ 245,485,869</u>	<u>\$ ---</u>

## General revenues:

Property taxes - levied for education  
Property taxes - levied for debt service  
Property taxes - levied for general government  
Sales taxes  
Business taxes  
Hotel/Motel taxes  
Wheel taxes  
Other taxes

## Grants and contributions not restricted for specific programs:

Payments from Shelby County  
Other sources  
Unrestricted investment earnings  
Gain (loss) on disposal of assets  
Transfers, net  
Total general revenues and transfers  
Changes in net assets

Net assets - June 30, 2007, as restated

Net assets - June 30, 2008

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

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (36,776,342)	\$ ---	\$ (36,776,342)	\$ ---
(27,600,000)	---	(27,600,000)	---
(119,466)	---	(119,466)	---
(40,323,521)	---	(40,323,521)	---
(227,159)	---	(227,159)	---
(15,280,537)	---	(15,280,537)	---
(3,907,185)	---	(3,907,185)	---
(137,429,444)	---	(137,429,444)	---
(33,518,665)	---	(33,518,665)	---
7,521,877	---	7,521,877	---
(498,893,788)	---	(498,893,788)	---
(69,089,497)	---	(69,089,497)	---
<u>(855,643,727)</u>	<u>---</u>	<u>(855,643,727)</u>	<u>---</u>
---	(3,558,677)	(3,558,677)	---
---	(14,336)	(14,336)	---
---	(7,011,700)	(7,011,700)	---
<u>---</u>	<u>(10,584,713)</u>	<u>(10,584,713)</u>	<u>---</u>
<u>(855,643,727)</u>	<u>(10,584,713)</u>	<u>(866,228,440)</u>	<u>---</u>
---	---	---	(221,467,615)
---	---	---	(40,542,955)
---	---	---	(33,734)
---	---	---	2,566,130
<u>---</u>	<u>---</u>	<u>---</u>	<u>(259,478,174)</u>
349,537,306	---	349,537,306	---
142,198,186	---	142,198,186	---
211,363,002	---	211,363,002	---
9,392,291	---	9,392,291	41,552,519
11,179,019	---	11,179,019	---
14,080,417	---	14,080,417	---
30,010,231	---	30,010,231	---
60,264,808	---	60,264,808	---
---	---	---	176,380,432
---	15,331	15,331	14,461,665
27,571,070	285,964	27,857,034	2,509,196
1,359,555	15,856	1,375,411	(506,354)
(6,818,986)	6,818,986	---	---
<u>850,136,899</u>	<u>7,136,137</u>	<u>857,273,036</u>	<u>234,397,458</u>
(5,506,828)	(3,448,576)	(8,955,404)	(25,080,716)
(977,718,484)	38,444,171	(939,274,313)	600,470,188
<u>\$ (983,225,312)</u>	<u>\$ 34,995,595</u>	<u>\$ (948,229,717)</u>	<u>\$ 575,389,472</u>

**Governmental Funds**  
**Balance Sheet**  
**June 30, 2008**

	General Fund	Debt Service Fund	Capital Projects Fund
<b>Assets:</b>			
Cash and cash equivalents	\$ 23,053,834	\$ 16,331,302	\$ 22,985,699
Investments	42,040,505	55,274,003	34,796,830
Property taxes receivable, net of allowance for uncollectibles	233,316,343	155,655,886	---
Accrued interest receivable	1,060,669	42,269	---
Accounts receivable and accrued revenues	1,744,105	884,041	---
Due from other governmental entities	4,218,792	254,226	3,178,597
Due from other funds	5,410,931	1,353,651	---
Advance to other funds	1,357,847	---	---
Due from component units	---	2,188,565	2,254,455
Prepays and deferred charges	---	---	---
Deposits held by others	323,738	---	---
Notes Receivable	340,255	6,491,624	2,915,000
<b>Total assets</b>	<b>\$ 312,867,019</b>	<b>\$ 238,475,567</b>	<b>\$ 66,130,581</b>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 9,674,966	\$ 1,813,281	\$ 1,309,034
Due to other governmental entities	290,476	---	26,057,529
Due to other funds	4,185,125	---	---
Due to component units	---	---	12,766,000
Deposits held for others	779,583	---	3,296,000
Deferred revenue	232,432,728	162,953,156	8,575,654
Notes payable	---	---	37,300,000
<b>Total liabilities</b>	<b>247,362,878</b>	<b>164,766,437</b>	<b>89,304,217</b>
<b>Fund balances:</b>			
<b>Reserved for:</b>			
Encumbrances	1,583,113	---	---
Advances	1,357,847	---	---
Air mitigation	---	---	---
<b>Unreserved:</b>			
Major governmental funds	62,563,181	73,709,130	(23,173,636)
Nonmajor special revenue funds	---	---	---
<b>Total fund balances</b>	<b>65,504,141</b>	<b>73,709,130</b>	<b>(23,173,636)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 312,867,019</b>	<b>\$ 238,475,567</b>	<b>\$ 66,130,581</b>

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

Education Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,770,894	\$ 459,609	\$ 20,273,740	\$ 89,875,078
---	300,000	10,048,865	142,460,203
384,386,372	---	---	773,358,601
---	---	---	1,102,938
---	8,198,773	1,819,301	12,646,220
---	11,828,850	1,731,324	21,211,789
1,353,651	---	1,477,823	9,596,056
---	---	---	1,357,847
---	---	---	4,443,020
---	---	82,703	82,703
---	4,966	443,670	772,374
---	663,908	---	10,410,787
<u>\$ 392,510,917</u>	<u>\$ 21,456,106</u>	<u>\$ 35,877,426</u>	<u>\$ 1,067,317,616</u>
\$ ---	\$ 5,743,939	\$ 3,499,001	\$ 22,040,221
8,279,144	2,740,126	26,922	37,394,197
---	5,144,338	1,919	9,331,382
3,621,307	---	---	16,387,307
---	10,263	443,670	4,529,516
380,610,466	5,334,524	1,155,106	791,061,634
---	---	---	37,300,000
<u>392,510,917</u>	<u>18,973,190</u>	<u>5,126,618</u>	<u>918,044,257</u>
---	---	1,351,448	2,934,561
---	---	---	1,357,847
---	---	700,000	700,000
---	2,482,916	---	115,581,591
---	---	28,699,360	28,699,360
---	2,482,916	30,750,808	149,273,359
<u>\$ 392,510,917</u>	<u>\$ 21,456,106</u>	<u>\$ 35,877,426</u>	<u>\$ 1,067,317,616</u>

**Reconciliation of Fund Balances of Governmental  
Funds to the Statement of Net Assets  
June 30, 2008**

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Fund balance - total governmental funds (page 33)	\$ 149,273,359
Amounts reported for the governmental activities in the statement of net assets (page 29) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds	560,389,087
Receivables not available to pay for current expenditures are reported as deferred revenue in the funds	71,142,275
Accrued interest receivable in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	963,965
Amounts payable to schools from receivables not available to pay current expenditures	(24,623,681)
Interest on long-term debt is not payable with current financial resources and, therefore, is not reported in the funds	(9,850,941)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (See Note II.A)	(1,773,008,617)
Excess contributions to the pension trust and OPEB trust funds are expenditures for a future period and, therefore, are not reported in the funds	32,188,806
Internal service funds are used by management to charge the costs of central services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. This includes \$3,875,610 related to "look back" adjustments for internal service funds.	10,300,435
Net assets of governmental activities (page 29)	\$ (983,225,312)

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

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2008**

	General Fund	Debt Service Fund	Capital Projects Fund
<b>Revenues:</b>			
Property taxes	\$ 208,059,490	\$ 140,126,794	\$ ---
Other local taxes	35,685,177	27,302,887	---
Local revenue	28,939,685	2,272,001	1,221,318
State revenue	22,439,722	254,226	64,540
Federal revenue	22,971	---	182,420
Patient service revenue	1,038,307	---	---
Elected officials' fines and fees	61,647,822	951,191	---
Other revenue	5,306,231	14,854,791	4,149,418
	<u>363,139,405</u>	<u>185,761,890</u>	<u>5,617,696</u>
<b>Total revenues</b>			
<b>Expenditures:</b>			
<b>Current</b>			
General government	32,445,728	---	---
Hospital	27,600,000	---	---
Planning and development	344,359	---	---
Public works	20,494,655	---	---
Corrections	---	---	---
Health services	33,860,888	---	---
Community services	4,681,339	310,900	---
Law enforcement	137,900,970	---	---
Judicial	59,861,301	---	---
Other elected officials	26,195,644	---	---
Education	---	---	---
Debt service and related cost	920,984	166,251,819	309,066
Capital outlay: capital projects	---	---	142,770,872
	<u>344,305,868</u>	<u>166,562,719</u>	<u>143,079,938</u>
<b>Total expenditures</b>			
Excess (deficiency) of revenues over (under) expenditures	<u>18,833,537</u>	<u>19,199,171</u>	<u>(137,462,242)</u>
<b>Other financing sources (uses)</b>			
Transfers in	11,351,244	7,489,773	17,045,000
Transfers out	(15,978,520)	(17,045,000)	(1,072,266)
Refunding bonds issued	---	231,935,000	---
Payment to refunding bond escrow agent	---	(231,271,726)	---
Other sources (uses)	---	---	585,000
Loan proceeds	---	---	---
	<u>(4,627,276)</u>	<u>(8,891,953)</u>	<u>16,557,734</u>
<b>Total other financing sources (uses)</b>			
Net change in fund balances	14,206,261	10,307,218	(120,904,508)
Fund balances June 30, 2007	<u>51,297,880</u>	<u>63,401,912</u>	<u>97,730,872</u>
Fund balances June 30, 2008	<u>\$ 65,504,141</u>	<u>\$ 73,709,130</u>	<u>\$ (23,173,636)</u>

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

Education Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 345,468,920	\$ ---	\$ ---	\$ 693,655,204
15,819,080	---	16,352,449	95,159,593
---	9,070,891	4,622,891	46,126,786
---	63,256,505	20,425,515	106,440,508
---	35,088,567	---	35,293,958
---	1,236,836	---	2,275,143
---	---	2,630,959	65,229,972
---	528,637	1,847,171	26,686,248
<u>361,288,000</u>	<u>109,181,436</u>	<u>45,878,985</u>	<u>1,070,867,412</u>
---	4,224,405	16,459,200	53,129,333
---	---	---	27,600,000
---	5,182,328	---	5,526,687
---	3,786,675	10,163,201	34,444,531
---	1,312,609	---	1,312,609
---	28,622,231	4,249,917	66,733,036
---	41,780,449	---	46,772,688
---	1,462,554	2,196,761	141,560,285
---	21,463,617	159,736	81,484,654
---	---	269,651	26,465,295
361,288,000	---	---	361,288,000
---	---	---	167,481,869
---	---	---	142,770,872
<u>361,288,000</u>	<u>107,834,868</u>	<u>33,498,466</u>	<u>1,156,569,859</u>
---	1,346,568	12,380,519	(85,702,447)
---	3,666,093	2,623,124	42,175,234
---	(6,819,181)	(8,795,664)	(49,710,631)
---	---	---	231,935,000
---	---	---	(231,271,726)
---	---	---	585,000
---	816,473	---	816,473
---	(2,336,615)	(6,172,540)	(5,470,650)
---	(990,047)	6,207,979	(91,173,097)
---	3,472,963	24,542,829	240,446,456
<u>\$ ---</u>	<u>\$ 2,482,916</u>	<u>\$ 30,750,808</u>	<u>\$ 149,273,359</u>

**Reconciliation of Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
For the Year Ended June 30, 2008**

---

Net change in fund balances - total governmental funds (page 37)	\$ (91,173,097)
<p>Amounts reported for the governmental activities in the statement of activities (page 31) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and net gains and losses on retirements in the current period.(See Note II.B)</p>	(7,662,354)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	6,579,884
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (See Note II.B)</p>	94,061,066
<p>Changes in other long-term liabilities other than in internal service funds</p>	1,509,179
<p>Excess contributions to the pension trust and OPEB trust funds are expenditures for a future period and, therefore, are reported as prepaid expenses in the Statement of Net Assets</p>	11,294,845
<p>Internal service funds are used by management to charge the costs of central services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>	<u>(20,116,351)</u>
Change in net assets of governmental activities (page 31)	<u><u>\$ (5,506,828)</u></u>

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

**Proprietary Funds**  
**Statement of Net Assets**  
**June 30, 2008**

	<b>Business-type Activities- Nonmajor Enterprise Funds</b>	<b>Governmental Activities- Internal Service Funds</b>
<b>Assets:</b>		
Current assets		
Cash and cash equivalents	\$ 12,160,133	\$ 24,460,653
Accounts receivable and accrued revenues	1,535,657	36,386
Due from other governmental entities	1,853,300	119,987
Prepays and deferred charges	5,449,976	447,501
Deposits held by others	---	349,000
Inventories	---	140,806
Total current assets	<u>20,999,066</u>	<u>25,554,333</u>
Noncurrent assets		
Depreciable capital assets, net	27,368,366	1,425,592
Total assets	<u>\$ 48,367,432</u>	<u>\$ 26,979,925</u>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,642,341	\$ 584,468
Accrued interest payable	38,565	---
Interfund loan payable, current portion	1,357,847	---
Due to other funds	---	264,674
Deposits held for others	419,584	---
Deferred revenue	98,997	3,760,570
Sick and annual leave payable	3,158,068	56,662
Capital lease obligations, current portion	133,708	---
Claims payable	---	8,646,112
Total current liabilities	<u>6,849,110</u>	<u>13,312,486</u>
Noncurrent liabilities		
Long term claims payable	---	7,198,331
Sick and annual leave payable	1,740,940	44,283
Capital lease obligations	906,177	---
Total noncurrent liabilities	<u>2,647,117</u>	<u>7,242,614</u>
Total liabilities	<u>9,496,227</u>	<u>20,555,100</u>
Net assets		
Invested in capital assets, net of related debt	26,328,481	1,425,592
Unrestricted	12,542,724	4,999,233
Total net assets	<u>38,871,205</u>	<u>6,424,825</u>
Total liabilities and net assets	<u>\$ 48,367,432</u>	<u>\$ 26,979,925</u>
Total net assets	\$ 38,871,205	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(3,875,610)</u>	
Net assets of business-type activities on Statement of Net Assets (page 29)	<u>\$ 34,995,595</u>	

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

**Proprietary Funds**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2008**

	<b>Business-type Activities- Nonmajor Enterprise Funds</b>	<b>Governmental Activities- Internal Service Funds</b>
Operating revenues:		
State revenue	\$ 41,226,944	\$ ---
Federal revenue	22,800	---
Premium revenue	---	50,833,381
Charges for services	28,716,404	7,107,105
Other revenue	22,940	---
Total operating revenues	<u>69,989,088</u>	<u>57,940,486</u>
Operating expenses		
Salaries	39,850,123	765,658
Other compensation	5,277,413	9,294
Fringe benefits	10,643,336	193,077
Supplies	4,988,270	1,427,617
Services	221,189	4,093,255
Professional and contracted services	9,483,768	780,330
Rent, utilities, and maintenance	2,774,637	3,769,129
Interdepartmental expenditures	1,579,158	97
Depreciation	1,702,339	140,225
Contributions to OPEB trust	---	23,892,191
Claims incurred	---	47,958,137
Total operating expenses	<u>76,520,233</u>	<u>83,029,010</u>
Operating income (loss)	(6,531,145)	(25,088,524)
Nonoperating revenues (expenses):		
Interest income	285,964	453,525
Interest expense	(259,986)	---
Gain/(loss) on asset disposal	15,856	---
Insurance recoveries	15,331	---
Income (loss) before transfers	<u>(6,473,980)</u>	<u>(24,634,999)</u>
Transfers:		
Transfers in	10,771,948	1,000,000
Transfers out	(3,879,589)	(356,962)
Other sources (uses)	8,655	---
Net transfers	<u>6,901,014</u>	<u>643,038</u>
Change in net assets	427,034	(23,991,961)
Net assets:		
June 30, 2007, as restated	<u>38,444,171</u>	<u>30,416,786</u>
June 30, 2008	<u>\$ 38,871,205</u>	<u>\$ 6,424,825</u>
Change in net assets	\$ 427,034	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(3,875,610)</u>	
Change in net assets of business-type activities on Statement of Activities (page 31)	<u>\$ (3,448,576)</u>	

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

**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2008**

	<b>Business-type Activities- Nonmajor Enterprise Funds</b>	<b>Governmental Activities- Internal Service Funds</b>
Cash flows from operations:		
Receipts from customers	\$ 77,954,289	\$ 348,341
Receipts for special programs	97,329	---
Receipts from insurance providers	73,380	---
Receipts from interfund services provided	32,940	6,694,481
Premiums received	---	51,340,413
Refunds received from suppliers	2,107	32,652
Refunds paid to customers	(2,702,208)	---
Cash payments to suppliers	(16,674,312)	(11,101,380)
Cash payments to employees	(57,048,265)	(998,694)
Claims paid	---	(47,490,474)
Contributions to OPEB trust fund	---	(23,892,191)
Payments for interfund services used	(1,692,292)	(436)
Net cash provided by (used in) operating activities	<u>42,968</u>	<u>(25,067,288)</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	10,771,948	1,000,000
Transfers to other funds	(3,879,589)	(356,962)
Advances from other funds	---	264,674
Repayment of advance from other funds	(1,368,620)	---
Interest on advance from other funds	(169,147)	---
Net cash provided by (used in) noncapital financing activities	<u>5,354,592</u>	<u>907,712</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(1,156,033)	(637,206)
Proceeds from the sale of capital assets	11,710	---
Capital lease obligation payments	(127,597)	---
Interest paid	(55,788)	---
Insurance recoveries	21,467	---
Net cash used in capital and related financing activities	<u>(1,306,241)</u>	<u>(637,206)</u>
Cash flows from investing activities:		
Interest and investment earnings	<u>285,964</u>	<u>453,525</u>
Net cash provided by investing activities	<u>285,964</u>	<u>453,525</u>
Net increase (decrease) in cash and cash equivalents	4,377,283	(24,343,257)
Cash and cash equivalents, June 30, 2007	<u>7,782,850</u>	<u>48,803,910</u>
Cash and cash equivalents, June 30, 2008	<u>\$ 12,160,133</u>	<u>\$ 24,460,653</u>

**Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2008**

	<u>Business-type Activities- Nonmajor Enterprise Funds</u>	<u>Governmental Activities- Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (6,531,145)	\$ (25,088,524)
Adjustments:		
Depreciation	1,702,339	140,225
Changes in assets and liabilities:		
Accounts receivable and accrued revenues	(136,617)	25,855
Due from other governmental entities	5,500,376	(56,925)
Deferred charges	(1,739,280)	(39,946)
Prepays	---	(323,614)
Inventories	---	53,696
Accounts payable and accrued liabilities	715,465	(781,777)
Deposits held for others	66,150	---
Deferred revenue	3,793	464,146
Sick and annual leave payable	461,887	9,281
Claims payable	---	530,295
Total adjustments	<u>6,574,113</u>	<u>21,236</u>
Net cash provided by (used in) operating activities	<u>\$ 42,968</u>	<u>\$ (25,067,288)</u>
Noncash investing, capital, and financing activities:		
Capital assets transferred from governmental activities	\$ 8,655	---

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

**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2008**

	Other Post-employment Benefits Trust Fund	Shelby County Retirement System	Constitutional Officers Agency Fund
<b>Assets:</b>			
Cash and cash equivalents	\$ 38,049,794	\$ 25,894,195	\$ 192,594,344
Investments			
Domestic equity	---	415,698,225	---
Fixed income	---	167,715,980	---
International equity	---	159,350,730	---
Hedge funds	---	158,897,578	---
Limited partnership interests	---	25,936,287	---
Private real estate and infrastructure	---	11,297,944	---
Certificates of deposit	---	---	9,750,000
Accounts receivable	41,299	---	1,855,040
Accrued interest and dividends receivable	6,782	2,562,810	---
Due from brokers - investment sales	---	8,112,187	---
<b>Total assets</b>	<b>\$ 38,097,875</b>	<b>\$ 975,465,936</b>	<b>\$ 204,199,384</b>
<b>Liabilities:</b>			
Accounts payable	\$ 1,327,863	\$ 1,110,671	\$ 23,907
Funds held for others	---	---	70,940,056
Due to brokers and others	---	1,853,101	---
Due to component units	---	---	115,853,111
Due to other governmental entities	---	---	17,382,310
<b>Total liabilities</b>	<b>1,327,863</b>	<b>2,963,772</b>	<b>\$ 204,199,384</b>
Net assets held in trust for pension and OPEB benefits	36,770,012	972,502,164	
Total plan net assets	36,770,012	972,502,164	
Total liabilities and plan net assets	<b>\$ 38,097,875</b>	<b>\$ 975,465,936</b>	

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

**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2008**

	Other Post-employment Benefits Trust Fund	Shelby County Retirement System
Additions:		
Contributions:		
Employer contributions	\$ 42,228,042	\$ 18,744,136
Member contributions	4,061,792	8,930,175
Total contributions	<u>46,289,834</u>	<u>27,674,311</u>
Investment income:		
Net depreciation in fair value of investments	---	(65,259,020)
Interest income	1,437,894	10,533,164
Dividend income	---	6,319,769
Other income	---	1,230,156
Total investment income	<u>1,437,894</u>	<u>(47,175,931)</u>
Less investment management expenses	<u>---</u>	<u>4,941,914</u>
Net investment income	1,437,894	(52,117,845)
Medicare drug subsidy	<u>498,140</u>	<u>---</u>
Net additions	<u>48,225,868</u>	<u>(24,443,534)</u>
Deductions:		
Benefit payments	10,903,213	43,676,102
Administrative expenses	552,643	1,485,232
Refund of member contributions	<u>---</u>	<u>3,109,929</u>
Total deductions	<u>11,455,856</u>	<u>48,271,263</u>
Change in net assets	36,770,012	(72,714,797)
Net assets held in trust for post-employment benefits		
June 30, 2007	<u>---</u>	<u>1,045,216,961</u>
June 30, 2008	<u>\$ 36,770,012</u>	<u>\$ 972,502,164</u>

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

**Component Units**  
**Combining Statement of Net Assets**  
**June 30, 2008**

	Board of Education	Shelby County Health Care Corporation	Agricenter International	Emergency Communications District	Total
<b>Assets:</b>					
Cash and cash equivalents	\$ 12,005,039	\$ 35,278,399	\$ 98,140	\$ 2,603,804	\$ 49,985,382
Investments	106,819,278	3,337,404	214,253	17,993,386	128,364,321
Accounts receivable	1,077,088	41,770,492	91,861	1,031,395	43,970,836
Due from primary government	16,387,307	---	---	---	16,387,307
Due from other governments	9,925,510	---	---	---	9,925,510
Inventories	2,731,183	---	---	---	2,731,183
Other assets	---	4,478,351	23,222	274,604	4,776,177
Restricted and other investments	---	13,535,772	---	---	13,535,772
Capital assets, net	364,559,286	69,358,083	1,800,369	1,141,058	436,858,796
<b>Total assets</b>	<b>\$ 513,504,691</b>	<b>\$ 167,758,501</b>	<b>\$ 2,227,845</b>	<b>\$ 23,044,247</b>	<b>\$ 706,535,284</b>
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 19,483,787	\$ 38,688,157	\$ 303,180	\$ 124,249	\$ 58,599,373
Insurance claims payable	3,577,760	---	---	---	3,577,760
Deferred revenue	393,810	---	169,171	---	562,981
Due to primary government	---	4,443,020	---	---	4,443,020
Long-term liabilities					
Due within one year	---	---	11,155	---	11,155
Due in more than one year	56,148,408	7,779,001	24,114	---	63,951,523
<b>Total liabilities</b>	<b>79,603,765</b>	<b>50,910,178</b>	<b>507,620</b>	<b>124,249</b>	<b>131,145,812</b>
<b>Net Assets:</b>					
Invested in capital assets, net of related debt	364,559,286	64,915,062	1,765,100	1,141,058	432,380,506
Restricted for:					
Building construction	---	3,476,230	---	---	3,476,230
Indigent care	---	1,183,272	---	---	1,183,272
Insurance claims	12,495,771	---	---	---	12,495,771
Education	5,244,728	---	30,093	---	5,274,821
Unrestricted	51,601,141	47,273,759	(74,968)	21,778,940	120,578,872
<b>Total net assets</b>	<b>433,900,926</b>	<b>116,848,323</b>	<b>1,720,225</b>	<b>22,919,998</b>	<b>575,389,472</b>
<b>Total liabilities and net assets</b>	<b>\$ 513,504,691</b>	<b>\$ 167,758,501</b>	<b>\$ 2,227,845</b>	<b>\$ 23,044,247</b>	<b>\$ 706,535,284</b>

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

**Component Units  
Combining Statement of Activities  
For the Year Ended June 30, 2008**

	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Board of Education	\$ 443,715,981	\$ 19,480,133	\$ 202,768,233	\$ ---
Shelby County Health Care Corporation	331,073,819	248,933,864	41,597,000	---
Agricenter International	3,291,203	3,055,452	202,017	---
Emergency Communications District	5,998,361	7,645,872	918,619	---
<b>Total component units</b>	<b>\$ 784,079,364</b>	<b>\$ 279,115,321</b>	<b>\$ 245,485,869</b>	<b>\$ ---</b>

General revenues:  
 Shelby county  
 Local sales tax  
 Other sources  
 Unrestricted investment earnings  
 Gain (loss) on disposal of assets  
 Total general revenues  
 Change in net assets  
 Net assets - June 30, 2007  
 Net assets - June 30, 2008

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

Net (Expenses) Revenues and  
Changes in Net Assets

Board of Education	Shelby County Health Care Corporation	Agricenter International	Emergency Communications District	Total Component Units
\$ (221,467,615)	\$ ---	\$ ---	\$ ---	\$ (221,467,615)
---	(40,542,955)	---	---	(40,542,955)
---	---	(33,734)	---	(33,734)
---	---	---	2,566,130	2,566,130
<u>(221,467,615)</u>	<u>(40,542,955)</u>	<u>(33,734)</u>	<u>2,566,130</u>	<u>(259,478,174)</u>
144,980,432	31,400,000	---	---	176,380,432
41,552,519	---	---	---	41,552,519
8,738,645	5,723,020	---	---	14,461,665
---	1,700,220	13,787	795,189	2,509,196
---	(506,354)	---	---	(506,354)
<u>195,271,596</u>	<u>38,316,886</u>	<u>13,787</u>	<u>795,189</u>	<u>234,397,458</u>
(26,196,019)	(2,226,069)	(19,947)	3,361,319	(25,080,716)
460,096,945	119,074,392	1,740,172	19,558,679	600,470,188
<u>\$ 433,900,926</u>	<u>\$ 116,848,323</u>	<u>\$ 1,720,225</u>	<u>\$ 22,919,998</u>	<u>\$ 575,389,472</u>

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(A) Reporting Entity**

Shelby County, Tennessee (the County) is governed by an elected mayor and a thirteen member Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the County (the primary government) and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of a government's operations. The County has no blended component units. Each discretely presented component unit is reported in a separate column in the combining component unit financial statements (see notes below for descriptions) with combined totals in government-wide financial statements to emphasize that they are legally separate from the government. Each discretely presented component unit has a June 30 year-end and their separate financial statements are available as indicated below. The significant accounting policies followed by component units are generally the same as those followed by the primary government.

***Discretely Presented Component Units:******Major Component Units***

*Shelby County Board of Education (the Board of Education)* – The Board of Education includes all the public schools in Shelby County outside the City of Memphis, serving over 45,000 students. The Board of Education has a separately elected governing board but is fiscally dependent on the County. The County levies taxes for the Board's operation, approves its operating budget and issues debt for its capital projects. The operations of the Shelby County Board of Education are reported as a governmental component unit. Financial statements for the Board can be obtained from Shelby County Board of Education, 160 South Hollywood, Memphis, Tennessee 38112, (901) 321-2500.

*Shelby County Health Care Corporation, d/b/a Regional Medical Center at Memphis (The Med)* – The Med provides both inpatient and outpatient hospital services to residents of Shelby County and the surrounding area. The County Mayor appoints The Med Board of Directors and substantial funding is provided by the County. The Med is reported as a proprietary component unit. Financial statements for The Med can be obtained from Shelby County Health Care Corporation, C/O Regional Medical Center at Memphis, 877 Jefferson Avenue, Memphis, Tennessee 38103, (901) 545-8234.

***Other Component Units***

*Agricenter International, Inc. (the Agricenter)* – The purpose of the Agricenter is to promote educational and applied research endeavors intended for the improvement of agriculture by the establishment of one convenient location for exhibition, demonstration, research, education and meetings by agribusiness industry, related organizations, and government agencies. The Agricenter Commission members are appointed by the County Mayor and confirmed by the County Board of Commissioners. Some funding is provided by the County. Agricenter International, Inc. is reported as a proprietary component unit. Financial statements for the Agricenter can be obtained from Agricenter International, Inc., Suite 9, 7777 Walnut Grove Road, Memphis, Tennessee 38120, (901) 757-7777.

*Emergency Communications District of Shelby County, Tennessee, d/b/a Shelby County 9-1-1 District (the District)* – The District was established in 1984, pursuant to provisions of T.C.A. Title 7, Chapter 86 of the State of Tennessee. The District is responsible for establishing local emergency telephone service and a primary emergency telephone number for the residents of Shelby County. The District is governed by a nine-member board of directors, appointed by the County Mayor and approved by the County Board of Commissioners. The District's board has the authority to levy an emergency telephone service charge to be used to fund the operation of the District. The District must obtain County Commission approval before the

issuance of most debt and the County Commission has the ability to adjust the District's service charges. The District is reported as a proprietary component unit. Financial statements for the District can be obtained from Shelby County 9-1-1 District, 6470 Haley Road, Memphis, Tennessee 38134, (901) 380-3911.

### **(B) Governmental Accounting Standards**

The financial statements of the County have been prepared in accordance with *generally accepted accounting principles* (GAAP) followed in the United States of America. In the United States the Governmental Accounting Standards Board (GASB) is the established and recognized standard-setting body for governmental accounting and financial reporting. The GASB periodically issues new or revised standards that are implemented by the County.

Private-sector accounting standards are established by the Financial Accounting Standards Board (FASB). FASB standards issued on or before November 30, 1989, are generally followed for the government-wide financial statements and the fund financial statements for proprietary funds to the extent those standards do not conflict with or contradict GASB pronouncements. In accordance with GASB Statement No. 20, paragraph 7, governments have the option to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The County has elected not to apply subsequent FASB standards.

### **(C) Government-wide and Fund Financial Statements**

The government-wide financial statements - 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 the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Similarly, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### **(D) Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except that agency funds 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.

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 are 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

In determining availability the government generally considers property taxes, sales taxes, car rental taxes and grants associated with the current fiscal period to be available if they are collected within sixty days of the end of the current fiscal year; these are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other taxes and fees are generally recorded as revenue when they are received either because they are not measurable until received or they are not collected soon enough after the current period to pay liabilities of the current period.

***The County reports the following major governmental funds:***

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

The *Debt Service Fund* accounts for the accumulation of resources for and the payment of principal, interest and related costs on long-term general obligation debt of governmental funds.

The *Capital Projects Fund* accounts for the acquisition and construction of major capital facilities and equipment. The primary funding source is bond proceeds.

The *Education Fund* accounts for tax collections allocated for school operations. Taxes are collected and allocated to the Shelby County Board of Education and the Board of Education of the Memphis City Schools based on average daily attendance.

The *Grants Fund* accounts for the receipt and expenditure of federal, state and local government grants and designated contributions to be used for approved programs.

Additionally, the County reports the following fund types:

*Proprietary Funds/Enterprise Funds* are funds that report an activity for which a fee is charged to external users for goods or services. The County reports the following funds (all are nonmajor):

- Memphis and Shelby County Office of Consolidated Codes Enforcement
- Shelby County Fire Department
- Shelby County Corrections Center

*Proprietary Funds/Internal Service Funds* are a separate category of proprietary funds (all are nonmajor). These funds account for telecommunications, mail services, printing, group health insurance, other employer insurance, and tort liability insurance provided to other departments and agencies of the County, or to other governments on a cost reimbursement basis.

*Fiduciary Funds* include the Pension Trust Fund and the OPEB Trust. The Pension Trust Fund accounts for the activities of the County's retirement plan, which accumulates resources for pension payments to employees. The OPEB Trust accounts for the fund used to accumulate and provide health and life insurance to retirees. Agency Funds account for assets held by the County's constitutional officers and other elected officials in an agent capacity

for governments, litigants, heirs and others. Agency funds are custodial in nature and do not involve measurement of results of operations.

In consolidating internal activities in the government-wide financial statements, direct expenses are not eliminated from the various functional categories, whereas indirect expenses are. The net effect of the interfund services provided by internal service funds is reported as an adjustment to the expenses of the functional categories using those services.

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. Similarly, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales, services, and insurance. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

## **(E) Assets, Liabilities and Equity**

### *Deposits and Investments*

Cash and cash equivalents include cash on hand, demand deposits, savings accounts and short-term investments with maturities of three months or less at the time of purchase. The County pools substantially all of its cash and cash equivalents. Each fund participating owns a pro rata share in the pool. Investment earnings of the pool are allocated monthly to each fund based upon the average balance.

Deposits with the State Treasurer's Local Government Investment Pool (LGIP) may be withdrawn with a maximum of one day's notice, are classified as cash equivalents and are valued at cost. The LGIP is not registered with the SEC as an investment company. However the LGIP 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 LGIP under the same terms and conditions, including collateral requirements, as required for other funds invested by the Treasurer. The reported value of the pool is the same as the fair value of the pool shares.

Investments of the government as well as its component units are generally stated at fair value. Fair value is based on quoted market prices, if available, or estimated using quoted market prices for similar securities. The County uses amortized cost on all investments that mature within a year or less of the date of purchase. State statutes authorize the County to make direct investments in obligations of the U.S. Treasury, obligations issued or guaranteed by any U.S. Government agency, LGIP, bonds of any state or political subdivision, repurchase agreements, prime banker's acceptances and prime commercial paper. The maximum maturity is two years.

The Pension Trust Fund and the OPEB Trust are authorized to invest in common and preferred stocks, corporate bonds rated B3 or better, commercial paper rated A2/P2 or better, real estate, venture capital investments, co-

mingled investment funds, and call option writing programs. Investment parameters require that no more than 70% of total investments be in stock, no more than 5% in real estate, and no more than 12% in international equities. The Board of Administration has also authorized investments in limited partnerships.

#### *Receivables and Payables*

Property taxes are recorded as revenues in the fiscal year for which levied. Property taxes based on property values during the current fiscal year but levied for the next fiscal year are recorded as receivables and deferred revenue. Allowances for doubtful accounts are maintained for receivables which historically experience uncollectible accounts.

#### *Inventories and Prepaid Items*

Inventories are valued at cost on a first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

As of June 30, 2008, the County had net overpayments for the net pension obligation and for other post employment benefits. These overpayments are reported as prepaids and deferred charges.

#### *Capital Assets*

Capital assets, which include land, land improvements, buildings, building improvements, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure includes roads, bridges, sidewalks, and similar items. Equipment includes software and communications systems. Capital assets are defined by the government as assets with an initial, individual cost greater than \$5,000 and an estimated useful life in excess of two years. Land is included regardless of cost. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land improvements, buildings, building improvements, equipment and infrastructure of the primary government, as well as the component units, are depreciated using the straight line method. The following estimated useful lives are used:

<u>Assets</u>	<u>Years</u>
Land improvements	10-30
Buildings	30-40
Building Improvements	10-30
Equipment	3-20
Infrastructure	10-50

#### *Deferred Revenue*

Deferred revenue includes amounts that were unearned and amounts that were receivable and measurable at year-end but were not available to finance expenditures for the current year. Deferred revenues primarily include unearned or unavailable revenues from property taxes, hotel/motel taxes, operating subsidies received in advance and notes receivable. Government-wide financial statements include only unearned revenue but governmental funds may include both unearned and unavailable revenue.

*Claims and Judgments*

Claims and judgments which can be reasonably estimated and could result in probable material losses to the County have been given proper recognition under U.S. generally accepted accounting principles. For governmental funds and similar fund types, the liability is recognized within the applicable fund if it is expected to be liquidated with expendable, available financial resources. All other material unpaid claims and judgments are recorded as a liability in the governmental activities of the primary government. In proprietary and similar fund types, probable and measurable loss contingencies are recorded as incurred within the applicable fund.

*Landfill Postclosure Care Costs*

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions for thirty years after closure of its landfill sites. The amount reported as postclosure care liability at year-end represents the estimated postclosure care costs that have not been paid for the Walnut Grove and Shake Rag Road landfills. The estimate is based on what it would cost to perform all postclosure care as of the year-end. Actual future costs may differ due to inflation, changes in technology, or changes in regulations. The landfills have been closed and the County has no landfills currently in operation. No County assets are restricted for landfill closure costs. However, the County has entered into a surety contract in lieu of a performance bond as a commitment to comply with the terms set forth in its 30 year post-closure maintenance plan for the Shake Rag Road landfill. This surety contract is with the State of Tennessee under the State's cooperative agreement with the Environmental Protection Agency (EPA). There is no surety contract pertaining to the Walnut Grove landfill.

*Compensated Absences*

County employees are granted sick and annual leave in varying amounts in accordance with administrative policies and union memorandums of understanding. Accumulated vacation days are required to be used annually, with a maximum accumulation of one and one-half times the amount of leave an employee can earn in a year. In the event of termination or retirement, the employees are paid for accumulated vacation days. Generally, employees are paid for accumulated sick leave, not to exceed the lesser of 75 days or \$5,772, only upon retirement. Certain exceptions to this policy occur in accordance with the terms of various union agreements.

All sick and annual pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

*Long-term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing 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.

*Net Assets and Fund Equity*

Entity-wide and proprietary funds net assets are classified into three components. "Invested in capital assets, net of related debt" consists of capital assets net of accumulated depreciation and reduced by outstanding debt used to finance purchase or construction of those assets. "Restricted" net assets are noncapital net assets that must be used

for a particular purpose as specified by creditors, grantors, or contributors external to the County. “Unrestricted” net assets are remaining net assets that do not meet the definition of the other two categories.

In the governmental funds financial statements, fund equity is reported as either “reserved” or “unreserved” fund balances. Reserved fund balances are not available for appropriation or are legally restricted by outside parties for use for a particular purpose. Some unreserved fund balances are available for use only for purposes of the particular fund. Designations of fund balance represent tentative management plans that are subject to change.

*Interest Rate Swaps*

Shelby County has entered into several interest rate swap agreements to modify interest rates on outstanding debt. Amounts received to enter swap agreements are recorded as revenue in the Debt Service Fund. In the government-wide financial statements, such amounts are amortized over the life of the swap agreement. These agreements provide for net interest payments to or from the County which are also recorded in the Debt Service Fund.

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and net assets or fund balances. Estimates also affect the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” Internal service funds include \$7,242,614 of long-term liabilities and are not part of this reconciling amount. The details of this \$1,773,008,617 are as follows:

Bonds payable	\$ 1,695,408,631
Accreted value on bonds	39,616,529
Net premium and issuance cost on bonds issued	12,248,176
Compensated absences	21,094,218
Landfill postclosure	3,447,006
Claims and judgements	377,584
Loans payable	<u>816,473</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 1,773,008,617</u>

**(B) Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

The details of this \$7,662,354 difference are as follows:

Capital outlay	\$ 17,918,605
Developer Contributions	1,567,000
Depreciation expense	<u>( 27,147,959)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (7,662,354)</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while repayments 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 cost, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$94,061,066 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ 231,935,000
Premium on debt issued, net of issuance costs and amortization	(3,874,981)
Capital Financing Loan Proceeds	816,473
Accretion of zero coupon bonds	1,512,842
Change in accrued interest expense	(5,919,750)
Principal repayments:	
General obligation debt	(87,915,650)
Refunding	<u>(230,615,000)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (94,061,066)</u>

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**(A) Budgetary Information**

The revenues and expenditures accounted for in each of the General Fund, Special Revenue Funds and Debt Service Fund and Enterprise Funds have legally adopted budgets and are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern County operations. The County Board of Commissioners approves and appropriates the budgets for these funds annually.

Expenditures may not exceed appropriations by line item at the department level. The County Mayor is authorized to transfer budgeted amounts between line items of the same category (personnel related versus all other types of

expenditures) of the same division (group of departments). Any adjustments that create a new line item, increase the total budget, or require transfers between divisions, categories or funds must be approved by the County Board of Commissioners. The reported budgetary data has been revised for amendments authorized during the year and thereafter.

All funds requiring legally adopted budgets have budgets which are adopted on a basis consistent with U.S. generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects funds. Encumbrances represent significant commitments related to unperformed purchase orders, contracts, or other commitments for goods or services. Encumbrance accounting - under which purchase orders, contracts, and other commitments for future expenditures of funds are recorded in order to reserve that portion of the applicable appropriation - is utilized in the governmental funds during the year to facilitate effective budgetary control. Encumbrances outstanding at year-end are reported as reservations of the applicable fund balances but do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**(B) Deficit Fund Equity**

The deficit in the Capital Projects Fund of \$23,173,636 results from the use of short-term debt (notes payable of \$37,300,000 as of June 30, 2008) to fund capital projects, pending the issuance of long-term debt.

**IV. DETAILED NOTES ON ALL FUNDS**

**(A) Deposits and Investments**

Shelby County Government, except for the Retirement System:

The County, including agency funds but excluding the retirement system, had the following investments at June 30, 2008. Of the total investments per financial reports, \$142,460,203 is reported on the Statement of Net Assets and \$9,750,000 is reported on the on the Statement of Fiduciary Net Assets for the constitutional officers agency fund.

All investments are valued at cost, amortized cost, or fair value as disclosed in Note I (E) above:

U.S. Government agency securities	\$ 127,060,203
Tennessee Local Government Investment Pool (LGIP)	<u>176,965,201</u>
Total investments for disclosure purposes	304,025,404
Add certificates of deposit reported as investments	25,150,000
Less amounts reported as cash equivalents	<u>(176,965,201)</u>
Total investments per financial reports	<u>\$ 152,210,203</u>

Custodial credit risk Bank deposits and certificates of deposit of the County, consistent with State statutes, are covered by federal depository insurance (FDIC) or are collateralized by a multiple financial institution collateral pool administered by the Treasurer of the State of Tennessee. On limited occasions the County may have deposits with financial institutions that do not participate in the State collateral pool; in these instances separate collateral equal to at least 105% of the uninsured deposit is collateralized and held in the County's name by a third party. These provisions covered all County deposits at year-end.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Both State statutes and the County's investment policy limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments mature in two years or less.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Both State statutes and the County's investment policy limit permissible investments or impose collateral and custody provisions as specified above or in Note I (E) to significantly limit credit risk. By policy investments in commercial paper must be rated A1/P1 by at least two rating services. Although the LGIP itself is unrated, its types of investments and maturities provide a similar level of credit risk.

The County Trustee handles Shelby County School Board investments with the LGIP. Those investments are not included above but are reported in the component units figures within this report and are disclosed in the separately issued financial report of the Board of Education.

*Shelby County Retirement System (Fiduciary Fund)*. At June 30, 2008 the Retirement System had deposits of \$910,090 that were not insured and were uncollateralized. At June 30, 2008 the Retirement System reported the following investments with carrying amounts as shown:

Domestic equity	\$ 415,698,225
Fixed income	167,715,980
International equity	159,350,730
Hedge funds	158,897,578
Limited partnership interests	25,936,287
Private real estate	<u>11,297,944</u>
Total investments	<u>\$ 938,896,744</u>

The fair values of fixed income investments grouped by maturity at June 30, 2008 are as follows:

Current to one year	\$ 7,969,193
One to two years	6,510,674
Two to three years	10,186,124
Three to four years	8,302,821
Four to five years	4,576,440
Five years or more	<u>100,066,466</u>
	149,011,823
Funds with indeterminable maturities	<u>28,089,692</u>
Total	<u>\$ 167,715,980</u>

At June 30, 2008 the Retirement System had \$326,685,225 of investments with exposure to foreign currency risk.

The above information was taken from the publicly available financial report of the Retirement System for the year ended June 30, 2008. The report includes more information on the credit quality of investments in fixed income debt securities and the investments with foreign currency risk. The report may be obtained from the Shelby County Retirement System, Suite 950, 160 N. Main Street, Memphis, Tennessee 38103.

**(B) Property Taxes Receivable**

Property taxes attach an enforceable lien on property on January 1 of each year. The various types of property are assessed at a percentage of market value as follows:

Farm and residential real property	25%
Commercial/industrial real property	40%
Commercial/industrial tangible personal property	30%
Commercial/industrial intangible personal property	40%
Public utilities real/personal property	55%

The assessed value on which the fiscal 2008 tax bills were based was \$17,720,591,975. The estimated market value was \$59,900,899,755, making the overall assessed value 29.58% of the estimated market value. Taxes are due October 1 and delinquent March 1 of the following year. Current tax collections for the year were 94.16% of the original tax levy and 94.38% of the adjusted tax levy. The property tax levy has no legal limit. The rate, as permitted by Tennessee state law and County charter, is set annually on or after July 1, by the County Board of Commissioners and collected by the County Trustee.

The County allocated the property tax per \$100 of the assessed value as follows:

General fund	\$ 1.22
Debt service funds	.80
Boards of education	<u>2.02</u>
Countywide tax rate	<u>\$ 4.04</u>
Debt service - rural school bonds	<u>\$ .05</u>

The \$0.05 for debt service on rural school bonds only applies to properties outside the City of Memphis.

Property taxes receivable as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Education Fund	Total
Property taxes receivable	\$ 245,551,629	\$ 163,603,780	\$ 404,057,563	\$ 813,212,972
Less allowance for uncollectibles	<u>(12,235,286)</u>	<u>(7,947,894)</u>	<u>(19,671,191)</u>	<u>(39,854,371)</u>
	<u>\$ 233,316,343</u>	<u>\$ 155,655,886</u>	<u>\$ 384,386,372</u>	<u>\$ 773,358,601</u>

Note IV(G) includes detail of deferred revenue relating to property taxes.

**(C) Notes Receivable**

Notes receivable consist of the following:

	<u>Amount</u>	<u>Collateral</u>
<i>General Fund</i>		
Property loans receivable due in various installments at 6.5% interest	<u>\$ 340,255</u>	Land & Building
<i>Debt Service Fund</i>		
Mortgage loans receivable due in various monthly installments at interest rates ranging from 3.125% to 8.125% through 2020	<u>\$ 6,491,624</u>	Land & Building
<i>Capital Projects Fund</i>		
Mid South Coliseum note due in annual installments of \$21,993 including interest at 6.26% through 2014	\$ 159,889	None
Less: Allowance for doubtful accounts	(159,889)	
Depot Redevelopment note due in annual payments plus semi-annual interest payments through August 1, 2020. Interest rates range from 4.75% to 5.625%	<u>2,915,000</u>	None
Total Capital Projects Fund	<u>\$ 2,915,000</u>	
<i>Grants Fund</i>		
Mortgage loans receivable due in various installments at 0% to 5.0% interest through 2019	<u>\$ 663,908</u>	Land & Building

An allowance for doubtful accounts was established in the amount of \$159,889 for the Mid-South Coliseum in a prior year. See Note IV (M) for additional information about the Mid-South Coliseum.

Note IV(G) includes details of deferred revenue relating to notes receivable. The Debt Service Fund and the Capital Projects Fund have notes receivable from Shelby County Health Care Corporation in the amounts of \$2,188,565 and \$2,254,455 respectively, which are classified as due from component units for financial statement purposes.

**(D) Leases Receivable**

The County leases certain real property described as Shelby Place Restaurant for the sum of \$201,125 annually, plus additional rent of 5% of gross sales less taxes after recoupment of base rent and in lieu of tax payments. The term of the lease commenced on March 1, 1993. The option term currently in effect began March 1, 2008 with two additional option terms of five years each available. The rental income is recognized as revenue in the Debt Service Fund. One of the properties has entered bankruptcy. At June 30, 2008 they owed \$250,258 for which an allowance for doubtful accounts has been provided.

**(E) Capital Assets**

Capital asset activity of the primary government for the year ended June 30, 2008 is detailed below.

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$ 20,368,731	\$ 945,511	\$ (120,313)	\$ 153,279	\$ 21,347,208
Construction in progress	25,628,717	8,426,505	(268,290)	(20,627,245)	13,159,687
Total not being depreciated	<u>45,997,448</u>	<u>9,372,016</u>	<u>(388,603)</u>	<u>(20,473,966)</u>	<u>34,506,895</u>
Capital assets being depreciated:					
Land improvements	12,738,700	174,108	---	390,165	13,302,973
Buildings	232,605,292	1,673,706	(92,711)	3,132,068	237,318,355
Equipment	81,878,348	6,650,884	(2,105,317)	4,390,516	90,814,431
Infrastructure	474,232,110	2,706,340	---	12,917,964	489,856,414
Total being depreciated	<u>801,454,450</u>	<u>11,205,038</u>	<u>(2,198,028)</u>	<u>20,830,713</u>	<u>831,292,173</u>
Less accumulated depreciation:					
Land improvements	3,960,476	451,076	---	---	4,411,552
Buildings	89,357,777	6,573,408	(68,670)	---	95,862,515
Equipment	40,175,549	7,280,103	(1,932,149)	365,402	45,888,905
Infrastructure	144,978,045	12,843,372	---	---	157,821,417
Total accumulated depreciation	<u>278,471,847</u>	<u>27,147,959</u>	<u>(2,000,819)</u>	<u>365,402</u>	<u>303,984,389</u>
Total capital assets being depreciated, net	<u>522,982,603</u>	<u>(15,942,921)</u>	<u>(197,209)</u>	<u>20,465,311</u>	<u>527,307,784</u>
Governmental activities capital assets, net	<u>\$ 568,980,051</u>	<u>\$ (6,570,905)</u>	<u>\$ (585,812)</u>	<u>\$ (8,655)</u>	<u>\$ 561,814,679</u>
<i>Business type activities:</i>					
Capital assets being depreciated:					
Buildings	\$ 46,640,853	\$ 885,962	\$ ---	\$ ---	\$ 47,526,815
Equipment	9,600,179	275,071	(229,569)	(356,747)	9,288,934
Total being depreciated	<u>56,241,032</u>	<u>1,161,033</u>	<u>(229,569)</u>	<u>(356,747)</u>	<u>56,815,749</u>
Less accumulated depreciation:					
Buildings	21,835,896	1,062,634	---	---	22,898,530
Equipment	6,497,129	639,705	(222,579)	(365,402)	6,548,853
Total accumulated depreciation	<u>28,333,025</u>	<u>1,702,339</u>	<u>(222,579)</u>	<u>(365,402)</u>	<u>29,447,383</u>
Business-type activities capital assets, net	<u>\$ 27,908,007</u>	<u>\$ (541,306)</u>	<u>\$ (6,990)</u>	<u>\$ 8,655</u>	<u>\$ 27,368,366</u>

Depreciable land improvements consist of renovations to public park lands and parking lots.

A summary of governmental capital assets, net and depreciation expense by function follows:

	Capital Assets Net	Depreciation Expense
Governmental activities:		
General government	\$ 23,434,010	\$ 1,361,791
Planning and development	12,946	29,837
Public works	428,670,847	15,924,256
Corrections	880,090	102,793
Health services	5,464,382	577,945
Community services	4,258,116	137,840
Law enforcement	71,062,969	5,978,690
Judicial	12,738,525	1,923,400
Other elected officials	<u>2,133,107</u>	<u>1,111,407</u>
	548,654,992	27,147,959
Construction in progress	<u>13,159,687</u>	---
Total Governmental activities	<u>\$ 561,814,679</u>	<u>\$ 27,147,959</u>

#### (F) Lease Obligations

##### *Operating Leases*

The County leases office space and other equipment under operating leases expiring during the next five years. Rent expense for the year ended June 30, 2008 was \$3,792,069 for the primary government.

##### *Capital Lease*

The County has capital leases related to the acquisition of three Emergency One C550 Typhoon Pumper trucks and a Ferrara Inferno Aerial Ladder truck for the Fire Services Fund, a business-type activity. The Emergency One trucks were purchased at a total cost of \$863,307 and at June 30, 2008 have accumulated depreciation of \$359,712. The Ferrara truck was purchased at a total cost of \$584,925 and at June 30, 2008 has accumulated depreciation of \$34,120.

The following is a schedule by years of future minimum rental payments required under operating leases and capital leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2008:

Fiscal Year	Operating Leases	Capital Leases
2009	\$ 1,817,656	\$ 183,384
2010	1,329,353	183,384
2011	1,012,384	183,384
2012	173,255	183,384
2013	128,874	183,384
2014-2018	---	328,175
Total minimum lease payments	<u>4,461,522</u>	<u>1,245,095</u>
Less: amount representing interest	---	(205,210)
Present value of minimum lease payments	<u>\$ 4,461,522</u>	<u>\$ 1,039,885</u>

**(G) Deferred Revenue**

Deferred revenues consist of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Education Fund	Grants Fund	Nonmajor Gov. Fund	Totals
Unearned:							
Property taxes receivable	\$ 215,002,000	\$ 144,259,958	\$ ---	\$ 355,986,785	\$ ---	\$ ---	\$ 715,248,743
Grant revenue	---	---	---	---	4,670,616	---	4,670,616
Not Available:							
Property taxes receivable	16,027,665	9,758,783	---	24,623,681	---	---	50,410,129
Notes receivable	340,255	6,491,624	2,915,000	---	663,908	---	10,410,787
Due from State	10,018	254,226	3,161,970	---	---	---	3,426,214
Due from Shelby County Health Care Corporation	---	2,188,565	2,254,455	---	---	---	4,443,020
Other	1,052,790	---	244,229	---	---	1,155,106	2,452,125
	<u>\$ 232,432,728</u>	<u>\$ 162,953,156</u>	<u>\$ 8,575,654</u>	<u>\$ 380,610,466</u>	<u>\$ 5,334,524</u>	<u>\$ 1,155,106</u>	<u>\$ 791,061,634</u>

Internal service funds have deferred revenue of \$3,760,570 for unearned premiums. The proprietary Consolidated Codes Enforcement Fund has deferred revenue of \$98,997 for building permits and licensing fees paid in advance.

**(H) Debt and Long-term Liabilities***Changes in short term debt:*

The County has two types of short-term debt. Tax anticipation notes (TANS) are issued for short-term cash flow requirements due to the timing of property tax collections. Extendible Municipal Commercial Paper (EMCP) notes are issued to fund capital projects; the notes are paid when long-term bonds are issued. Following is a schedule of short-term debt for the current fiscal year:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008
2007 TANS	\$ ---	\$ 30,000,000	\$ (30,000,000)	\$ ---
2008 EMCP	---	37,300,000	---	37,300,000
Total	<u>\$ ---</u>	<u>\$ 67,300,000</u>	<u>\$ (30,000,000)</u>	<u>\$ 37,300,000</u>

*Changes in long-term liabilities:*

Changes in long-term liabilities during the year were:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Governmental activities:					
Bonds payable	\$ 1,820,107,968	\$ 233,447,842	\$ (318,530,650)	\$ 1,735,025,160	\$ 92,193,150
Loans Payable	---	1,190,000	(373,527)	816,473	255,329
Net premium and issuance cost of bonds issued	16,123,158	---	(3,874,981)	12,248,177	3,837,007
Claims and judgments	7,221,889	4,442,304	(4,088,278)	7,575,915	10,597
Landfill postclosure care costs	3,521,581	---	(74,575)	3,447,006	86,175
Sick and annual leave	22,600,814	10,340,615	(11,746,267)	21,195,162	12,969,861
Total governmental activities	<u>\$ 1,869,575,410</u>	<u>\$ 249,420,761</u>	<u>\$ (338,688,278)</u>	<u>\$ 1,780,307,893</u>	<u>\$ 109,352,119</u>
Business-type activities:					
Capitalized lease obligations	\$ 1,170,996	\$ 6,112	\$ (137,223)	\$ 1,039,885	\$ 133,708
Sick and annual leave	4,437,121	2,020,308	(1,558,420)	4,899,008	3,158,068
Total business-type activities	<u>\$ 5,608,117</u>	<u>\$ 2,026,420</u>	<u>\$ (1,695,643)</u>	<u>\$ 5,938,893</u>	<u>\$ 3,291,776</u>

Bonds payable reductions include \$1,512,842 accretion of zero bonds.

General obligations bonds:

These obligations are direct general obligations of the County, are backed by its full faith and credit and the unlimited taxing power of the County. The following bond issues are outstanding, combining bonds issued for school purposes and other purposes:

Description	Date Issued	Interest Rates	Principal Balance	Last Maturity Date
1992A Refunding Issue	04/01/1992	6.45-6.50	\$ 1,703,150	03/01/2009
1993A Refunding Issue	05/15/1993	3.40-5.50	6,730,000	03/01/2010
1996A Economic Development Refunding	11/01/1996	4.05-5.20	1,900,000	08/01/2008
1996B Refunding Issue	11/01/1996	5.00-6.00	31,476,065	12/01/2016
1997A Special Purpose Refunding	05/01/1997	5.25-5.60	2,320,000	08/01/2009
1997B Refunding Issue	11/01/1997	4.50-5.75	50,029,416	08/01/2016
1999A Public Imp/Schools	02/15/1999	4.00-5.00	2,200,000	05/01/2009
1999B Public Imp/Schools (a)	05/01/1999	4.75-5.00	3,000,000	06/01/2009
1999B Refunding Issue	02/01/1999	3.55-5.25	38,655,000	04/01/2013
2000A Public Improvement	10/01/2000	4.75-5.625	7,400,000	04/01/2010
2000B Refunding Issue	10/01/2000	5.00	2,700,000	04/01/2009
2001A Public Imp/Schools	12/01/2001	4.50-5.00	18,050,000	04/01/2011
2001A Refunding Issue (a)	03/01/2001	Variable	12,200,000	03/01/2011
2003A Public Imp/Schools	06/10/2003	4.375-5.00	112,700,000	03/01/2028
2003A Special Rural Schools	12/02/2003	2.50-5.00	28,695,000	11/01/2028
2004A Public Imp/Schools	03/31/2004	3.00-5.00	36,105,000	04/01/2014
2004B Public Imp/Schools (a)	04/15/2004	Variable	237,705,000	04/01/2030
2005A Refunding Issue	03/10/2005	3.0-5.0	363,445,000	04/01/2025
2006A Public Imp/Schools	02/22/2006	5.00	66,890,000	03/01/2016
2006B Public Imp/Schools (a)	02/22/2006	Variable	159,590,000	03/01/2031
2006C Refunding Issue (a)	11/30/2006	Variable	279,980,000	12/01/2031
2007A Refunding Issue (a)	07/31/2007	Variable	31,450,000	08/01/2019
2008A Refunding Issue (a)	03/03/2008	Variable	121,485,000	03/01/2022
2008B Refunding Issue (a)	05/01/2008	Variable	79,000,000	04/01/2020
			<u>1,695,408,631</u>	
		Accreted Value of Bonds	<u>39,616,529</u>	
		Total General Obligation Bonds	<u>\$1,735,025,160</u>	

(a) Interest rate swap agreements are in place related to these bond issues, as explained below in this note.

These bonds represent borrowings for the following:

General government	\$ 591,254,337
Education	<u>1,104,154,294</u>
	1,695,408,631
Accreted value of bonds	<u>39,616,529</u>
	<u>\$ 1,735,025,160</u>

Interest expense in the Debt Service Fund during the fiscal year ended June 30, 2008 was \$71,915,887. Entity wide interest was \$71,866,481, which includes interest paid for the Debt Service Fund, interest paid on the short term

commercial paper program for the Capital Improvement Projects Fund, and interest paid on the Tax Anticipation Notes.

The County defeased certain bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service requirements on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. Of the original principal, \$380,480,000 of outstanding bonds that were advance refunded prior to Fiscal Year 2008 are considered defeased at June 30, 2008. Specific defeased maturities are shown on the combining and other statements and schedules for General Obligation Bonds.

In July 2007, \$31,450,000 in General Obligation Variable Rate Demand Refunding Bonds, 2007 Series A were issued to refund specific maturities totaling \$30,815,000 of the 1997 Series B Refunding Bonds of which the County paid an additional 1% premium in the amount of \$308,150 resulting in an aggregate difference of \$326,850 which paid the cost of issuance on the Bonds. The net proceeds of the refunding portion of the 2007 Series A Bonds were issued to purchase direct obligations of the U.S. Government, which were deposited into an irrevocable trust with an escrow agent. This refunding was completed during Fiscal Year 2008. The effect of this transaction was to refinance existing debt at a lower rate and generate a savings of \$85,984.

In March 2008, \$121,485,000 in General Obligation Variable Rate Demand Refunding Bonds, 2008 Series A were issued to refund specific maturities totaling \$120,800,000 of the 1998 Series A Refunding Bonds resulting in aggregate difference of \$685,000 which paid the cost of issuance on the Bonds. The net proceeds of the refunding portion of the 2008 Series A Bonds were issued to purchase direct obligations of the U.S. Government, which were deposited into an irrevocable trust with an escrow agent. This refunding was completed during Fiscal Year 2008. The effect of this transaction was to refinance existing debt at a lower rate and generate a savings of \$8,729,534.

In May 2008, \$79,000,000 in General Obligation Variable Rate Demand Refunding Bonds, 2008 Series B were issued to refund specific maturities totaling \$79,000,000 of the 1999 Series A Refunding Bonds, effectively converting the auction rate securities to variable rate demand bonds. The 1999 Series A Bonds were hedged with an interest rate swap. This interest rate swap was maintained as a hedge against the 2008 Series B Bonds.

In February 2008, the Shelby County Board of Commissioners authorized the issuance of up to \$120,000,000 in Capital Outlay Extendible Municipal Commercial Paper (EMCP) Notes, 2008 Series A Program. The aggregate outstanding principal amount may not exceed \$120,000,000 at any time. The Notes were issued in anticipation of the County's issuance of certain general obligation bonds and general obligation school bonds in the aggregate principal amount not exceeding \$120,000,000 for the purpose of funding various public works and school projects. The general obligation bonds are expected to retire the Notes within two years of the initial issuance of the Notes. The original maturity date will range from 1 to 90 days from the original issue date of each Note. As of June 30, 2008, Shelby County has issued \$37,300,000 in EMCP Notes under this program.

The County is indebted for serial bonds and capital appreciation bonds and notes and variable bonds with interest rates varying from 2.50% to 6.75%. In the Debt Service Fund the County accrued interest on the variable rate bonds only; all fixed rate unmatured interest is recognized as an expenditure when due.

All unmatured interest which is due in future years is disclosed in the table below. The County has no legal debt limit. Debt service requirements for principal and interest in future years, using the actual rate on fixed rate bonds and notes and 5.345% for the 2001 Series A General Obligation Weekly Adjustable/Fixed Rate Bonds, 3.041% for the 2004 Series B General Obligation Variable Rated Demand Public Improvement and School Bonds, 3.503% for the 2006 Series B General Obligation Weekly Adjustable/Fixed Rate Bonds from 2/22/2006 to 3/1/2016 and a rate of 4.430% from 3/1/2016 to 3/1/2031, and 3.83% on the notional amount of \$234,160,000 and 4.26% notional amount of \$52,615,000 for the 2006 Series C Variable Demand Refunding Bonds, 4.61% for the 2007 Series A

Variable Rate Demand Refunding Bonds, 4.66% for the 2008 Series A Variable Rate Demand Refunding Bonds, and 4.115% for the 2008 Series B Variable Rate Demand Refunding Bonds are as follows:

Years Ended June 30	Principal	Interest	Total
2009	\$ 92,193,150	\$ 72,127,892	\$ 164,321,042
2010	100,455,000	64,263,910	164,718,910
2011	105,630,000	59,560,676	165,190,676
2012	89,086,807	70,364,742	159,451,549
2013	81,089,649	72,092,589	153,182,238
2014-2018	441,284,025	230,475,824	671,759,849
2019-2023	391,195,000	117,379,592	508,574,592
2024-2028	283,770,000	48,578,559	332,348,559
2029-2032	110,705,000	7,286,109	117,991,109
	1,695,408,631	742,129,893	2,437,538,524
Accreted value of Bonds	39,616,529	(39,616,529)	---
	<u>\$ 1,735,025,160</u>	<u>\$ 702,513,364</u>	<u>\$ 2,437,538,524</u>

Interest rate swap agreements:

As of June 30, 2008 Shelby County has eight interest rate swap agreements, described as follows:

**Swap One: Executed with Morgan Guaranty Trust Company on 12/18/1998 in connection with the 1992 Series and 1993 A Bonds and subsequently kept in place for the General Obligation Weekly Adjustable / Fixed Rate Refunding Bonds, 2001 Series A (which refunded a portion of the 1992 and 1993 issues):**

**Swap Objective:** Shelby County (the "County") received an upfront payment from the Counterparty for entering into a swaption. This swaption gave the Counterparty the option to cause the County to enter into a swap in which the County would pay a fixed rate and receive a floating rate. Upon the Counterparty's exercise of the option, the County would currently refund a portion of its 1992 Series B and 1993 Series A G.O. Refunding Bonds with variable rate bonds and enter into a fixed payer swap.

**Swap Terms:**

Trade Date	Option Notification Date	Swap Effective Date	Swap Maturity Date	Original Notional Amount	Fixed Payer Rate	Underlying Index	Upfront Cash Payment
12/18/1998	11/29/1999	12/1/2000	3/1/2011	\$21,800,000	5.35%	SIFMA	\$1,025,000

On 12/18/1998, the swaption was executed and the County received \$1,025,000 for granting the Counterparty, Morgan Guaranty Trust Company, the right to enter into a swap on a future date. In 1998, this payment represented the present value savings of the refunding as of 12/1/2000. Morgan had the right to exercise the option by notifying the County on 11/29/2000. The option was exercised and the swap began on 12/1/2000 with the County paying 5.345% and receiving SIFMA until 3/1/2011, the maturity date of the bonds. The swap and refunding bonds had the same original notional amount of \$21,800,000 and have the same principal amortization.

**Fair Value of Swap and Option:** The swap, as of 6/30/2008 has a net value of (\$734,567). The total mark-to-market was (\$863,336) of which approximately (\$128,769) is accrued interest from 3/1/2008 to the valuation date, 6/30/2008. This fair value was measured by a swap pricing system in which the future net settlement swap payments were calculated and discounted to the valuation date using future spot interest rates. The future spot rates are zero-coupon bonds due on the future settlement dates implied from the current yield curve.

*Associated Debt and Swap Payments:* This swap is in conjunction with the General Obligation Weekly Adjustable / Fixed Rate Refunding Bonds, 2001 Series A which refunded a portion of the 1992 Series B and 1993 Series A Bonds. As of 6/30/2008, below are the principal and interest requirements of the debt and the net swap payments (assuming SIFMA equals its current level of 1.55% for the term of the swap). Interest and net swap payments will fluctuate as SIFMA changes.

Fiscal Year Ended June 30	Variable Rate Bonds		Net Swap	Total
	Principal	Interest	Payments	
2009	\$ 1,200,000	\$ 187,546	\$ 462,990	\$ 1,850,536
2010	1,200,000	169,099	417,450	1,786,549
2011	9,800,000	150,652	371,910	10,322,562
Total	\$ 12,200,000	\$ 507,296	\$ 1,252,350	\$ 13,959,646

*Credit Risk:* Because the swap has a negative value on 6/30/2008, the County does not have credit risk to Morgan. However, if swap rates increase and the fair value of the swap moves in favor of the County, credit risk would be present.

*Termination Risk:* If the swap has an unanticipated termination and the swap has a negative fair value due to a decline in swap rates, the County may owe a termination payment to Morgan equal to the fair value of the swap at that time.

*Interest Rate Risk:* Currently, the County does not have interest rate risk because it is paying a fixed rate on the swap. However, if for some unexpected reason the swap is terminated prior to maturity; the County will have interest rate risk associated with the variable rate bonds until maturity in March 2011.

*Basis Risk:* As long as there is not a direct relationship between the floating rate received from the Counterparty and the rate at which the variable rate bonds remarket, the County is exposed to basis risk. Basis risk exists if the County's bonds remarket higher than SIFMA, which is the rate received from the Counterparty. Thus, the expected cost savings may not be achieved.

***Swap Two: Executed with Goldman Sachs Mitsui Marines Derivative Products on 1/15/1999 in connection with the 1999 Series A General Obligation Variable Rate Demand and Refunding Bonds, and subsequently kept in place for the 2008 Series B General Obligation Variable Rate Demand Refunding Bonds (which refunded the 1999 issue):***

*Swap Objective:* In order to lower its borrowing costs, the County entered into a swap in connection with its 2008 Series B General Obligation Variable Rate Demand Refunding Bonds. The variable rate bonds were issued to advance refund a portion of various outstanding G.O. bond issues. At the time, the synthetic fixed rate swap was favorable when compared to savings that could be achieved with a traditional fixed rate refunding bond issue. Additionally, the County entered into this tax language swap to effectively lower the fixed rate it would pay on the swap.

*Swap Terms:*

Trade Date	Swap Effective Date	Swap Maturity Date	Original Notional Amount	Fixed Payer Rate	Underlying Index
1/15/1999	1/28/1999	4/1/2020	\$96,150,000	4.12%	Actual Bond Rate or Alternative Index until 1/1/2007; 76.6% 1-month LIBOR thereafter

On 1/28/1999, the swap became effective at the same time the 1999 Series A General Obligation Variable Rate Demand Refunding Bonds were issued. On May 1, 2008, the 2008 Series B General Obligation Variable Rate Demand Refunding Bonds refunded the 1999 Series A General Obligation Variable Rate Demand Refunding Bonds. The 2008 Series B bonds kept the swap in place but changed the type of the underlying variable rate bonds from auction rate securities to variable rate demand bonds. Under the terms of the swap, the County pays 4.115% to the Counterparty, Goldman Sachs Mitsui Marines Derivative Products, L.P. ("Goldman"), and in return receives 76.6% of 1-month LIBOR. The swap and refunding bonds have the same original notional amount of \$96,150,000 and have the same principal amortization and maturity.

*Fair Value of Swap and Option:* The swap, as of 6/30/2008 has a net value of (\$3,231,287). The total mark-to-market was (\$3,373,303) of which approximately (\$142,016) is accrued interest from 6/1/2008 to the valuation date, 6/30/2008. This fair value was measured by a swap pricing system in which the future net swap settlement payments were calculated and discounted to the valuation date using future spot interest rates. The future spot rates are zero-coupon bonds due on the future settlement dates implied from the current yield curve.

*Associated Debt and Swap Payments:* This swap is in conjunction with the 2008 Series B General Obligation Variable Rate Demand Refunding Bonds that refunded the 1999 Series A General Obligation Variable Rate Demand Refunding Bonds. As of 6/30/2008, below are the principal and interest requirements of the debt and the net swap payments. The cash flows below assume that SIFMA equals its current level, as of 6/30/2008, of 1.55% and 1-month LIBOR equals its current level of 2.48% for the term of the swap, and Goldman pays the County 76.6% of 1-month LIBOR thereafter until maturity. Interest and net swap payments will fluctuate as SIFMA and LIBOR change.

Fiscal Year Ended June 30	Variable Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2009	\$ 625,000	\$ 1,222,670	\$ 1,748,965	\$ 3,596,635
2010	675,000	1,213,009	1,735,128	3,623,137
2011	9,650,000	1,202,575	1,720,185	12,572,760
2012	13,325,000	1,053,410	1,503,001	15,881,411
2013	9,300,000	846,306	1,211,546	11,357,852
2014	14,625,000	702,551	1,005,655	16,333,206
2015	12,750,000	476,485	681,875	13,908,360
2016	4,100,000	279,401	398,665	4,778,066
2017	4,250,000	215,401	308,836	4,774,513
2018	4,500,000	149,983	214,746	4,864,729
2019	4,675,000	80,424	115,122	4,870,546
2020	525,000	8,160	11,596	544,755
Total	\$ 79,000,000	\$ 7,450,650	\$ 10,655,320	\$ 97,105,970

*Credit Risk:* The County has credit exposure to Goldman equivalent to the fair value of the swap. If Goldman fails to perform under the terms of the swap contract, the County could have a loss equal to that mark-to-market value. The current ratings of Goldman are Aaa/AAA by Moody's and Standard & Poor's, respectively.

*Termination Risk* If the swap has an unanticipated termination or the County exercises its option to terminate, the County may owe a termination payment to Goldman equal to the fair value of the swap at that time, if swap rates have declined and the fair value is negative to the County. The County or Goldman may terminate the swap

contract if either party fails to perform under the swap contract or if either party's credit rating falls below A3 from Moody's and/or A- from Standard & Poor's. The County also has the option to terminate the contract with at least 30 days notice to Goldman. The County will not exercise its termination option if a payment would be payable by the County unless the County provides evidence to Goldman that a termination payment will be made on the Early Termination Date.

*Interest Rate Risk:* Currently, the County does not have interest rate risk because it is paying a fixed rate on the swap. However, if for some unforeseen reason the swap is terminated prior to maturity; the County will have interest rate risk associated with the outstanding variable rate bonds until maturity in April 2020.

*Basis Risk:* As long as there is not a direct relationship between the floating rate received from the Counterparty and the rate at which the variable rate bonds remarket, the County is exposed to basis risk. The basis risk will arise from the difference between the actual interest rate paid on the variable rate bonds and the receipt from Goldman of 76.6% of 1-month LIBOR. This basis differential could cause the expected savings to not be achieved.

*Tax Risk:* Changes or proposed changes to the tax laws relating to the tax-exempt status of municipal bonds may result in an increase to the cost of funds.

***Swap Three: Executed with Morgan Stanley Capital Services, Inc. on 3/18/04 in connection with 2004 Series B General Obligation Public Improvement and School Bonds:***

*Swap Objective:* On March 18, 2004, the County entered into a swap that will produce a synthetic fixed rate in connection with its variable rate bonds. Under the terms of the swap, the County will pay a fixed rate of 2.696% and receive 70% of 1-month LIBOR. The County entered into this fixed payer swap in order to hedge variable rate exposure and take advantage of the low fixed payer swap rates.

*Swap Terms:*

Executed Date	Swap Effective Date	Swap Maturity Date	Original Notional Amount	Fixed Payer Rate	Floating Rate Index
3/18/2004	4/22/2004	4/1/2014	\$235,000,000	2.96%	70% of 1-month LIBOR thereafter

On 4/22/2004, the swap became effective at the same time the 2004 G.O. Variable Rate Public Improvement and School Bonds were issued. Under the terms of the swap, the County pays 2.696% to the Counterparty, Morgan Stanley Capital Services, Inc. (Morgan Stanley), and in return receives 70% of 1 Month LIBOR. The original swap notional was \$235,000,000 while the bonds original notional was \$237,705,000. The Bonds and swap also have different principal amortization and maturity. The bonds mature April 1, 2030. The swap matures in 2014 because the County wanted a fixed component via the swap for 10 years and in 2014, the County wanted the flexibility to take on variable rate exposure, enter into another fixed payer swap, or issue fixed rate debt. The notional amount decreases from \$235,000,000 to \$135,000,000 effective April 1, 2009 through the termination date of April 1, 2014.

*Fair Value of Swap:* The swap, as of 6/30/2008 has a net value of \$1,649,307. The total mark-to-market was \$1,465,984 of which approximately (\$183,324) is accrued interest from 6/1/2008 to the valuation date, 6/30/2008. This fair value was measured by a swap pricing system in which the future net settlement swap payments were calculated and discounted to the valuation date using future spot interest rates. The future spot rates are zero-coupon bonds due on the future settlement dates implied from the current yield curve.

*Associated Debt and Swap Payments:* This swap is in conjunction with the 2004 G.O. Variable Rate Public Improvement and School Bonds. As of 6/30/2008, below are the principal and interest requirements of the debt and

the net swap payments. The cash flows below assume that SIFMA equals its current level of 1.55% for the term of the swap, and Morgan Stanley pays 70% of 1 Month LIBOR to the County which as of 6/30/2008 equals 1.738% (2.48% x 70%). Interest and net swap payments will fluctuate as SIFMA and LIBOR changes.

Fiscal Year Ended June 30	Variable Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2009	\$ ---	\$ 3,730,419	\$ 2,195,169	\$ 5,925,588
2010	---	3,730,419	1,261,055	4,991,473
2011	---	3,730,419	1,261,055	4,991,473
2012	---	3,730,419	1,254,538	4,984,957
2013	---	3,730,419	1,261,055	4,991,473
2014	---	3,730,419	1,261,055	4,991,473
2015	8,290,000	3,730,419	---	12,020,419
2016	9,120,000	3,600,496	---	12,720,496
2017	10,030,000	3,456,780	---	13,486,780
2018	11,030,000	3,299,587	---	14,329,587
2019	12,140,000	3,126,723	---	15,266,723
2020	13,350,000	2,936,462	---	16,286,462
2021	14,685,000	2,726,088	---	17,411,088
2022	16,155,000	2,495,942	---	18,650,942
2023	17,770,000	2,242,757	---	20,012,757
2024	19,545,000	1,964,262	---	21,509,262
2025	21,500,000	1,656,265	---	23,156,265
2026	13,775,000	1,319,312	---	15,094,312
2027	15,150,000	1,103,427	---	16,253,427
2028	16,665,000	865,993	---	17,530,993
2029	18,335,000	603,381	---	18,938,381
2030	20,165,000	316,030	---	20,481,030
Total	<u>\$ 237,705,000</u>	<u>\$ 57,826,436</u>	<u>\$ 8,493,926</u>	<u>\$ 304,025,362</u>

*Credit Risk:* The County has credit exposure to Morgan Stanley equivalent to the fair value of \$1,465,984. If Morgan Stanley fails to perform under the terms of the swap contract, the County could have a loss equal to that mark-to-market value. As of 6/30/2008, the ratings of Morgan Stanley are Aa3/AA- by Moody's and Standard & Poor's, respectively. To mitigate credit risk, if Standard & Poor's and Moody's rates the creditworthiness of Morgan Stanley's senior, unsecured, unenhanced debt below a rating of "A" in the case of Standard & Poor's or "A2" in the case of Moody's, treasuries or cash will be pledged.

*Termination Risk:* If the swap has an unanticipated termination, the County may owe a termination payment to Morgan Stanley equal to the fair value of the swap at that time, if swap rates have fallen and the fair value is negative to the County. If either Standard & Poor's or Moody's rates the creditworthiness of either party's long-term, unsecured, and unsubordinated debt, deposit or letter of credit obligations below Baa1 by Moody's or BBB+ by Standard & Poor's, an Additional Termination Event has occurred. As of 6/30/2008, Morgan Stanley has a rating of Aa3/AA- by Moody's and Standard & Poor's, respectively.

*Interest Rate Risk:* Currently, the County does not have interest rate risk because it is paying a fixed rate on the swap. However, if for some unforeseen reason the swap is terminated prior to maturity; the County will have interest rate risk associated with the outstanding variable rate bonds until bond maturity.

*Basis Risk:* As long as there is not a direct relationship between the floating rate received from the Counterparty and the rate at which the variable rate bonds remarket, the County is exposed to basis risk. The basis risk will arise from the difference between the actual interest rate paid on the variable rate bonds and the receipt from Morgan Stanley of 70% of 1-month LIBOR. This basis differential could cause the expected cost of funds to increase.

*Tax Risk:* Changes or proposed changes to the tax laws relating to the tax-exempt status of municipal bonds may result in an increase to the cost of funds because the County is receiving a percentage of a taxable index and paying SIFMA (tax-exempt index) on the underlying variable rate bonds.

***Swap Four: Executed with Rice Financial Products Company on 10/25/2004 in connection with the 1999 Series B General Obligation Public Improvement and School Bonds:***

*Swap Objective:* In order to potentially lower its borrowing costs and achieve potential savings on a portion of its outstanding fixed rate debt without an additional bond issue, the County entered into a basis swap in connection with its 1999 Series B General Obligation Public Improvement and School Bonds. The intent of this Basis Swap when executed was to lower the County’s net cost of borrowing with respect to the 1999 Series B Bonds being swapped while preserving the County’s ability to advance refund the 1999 Series B Bonds on a tax-exempt basis on a later date.

*Swap Terms*

Trade Date	Swap Effective Date	Swap Maturity Date	Original Notional Amount	Fixed Payer Rate	Underlying Index
10/25/2004	10/27/2004	6/1/2019	\$75,000,000	4.16%	4.9% - Adjustment Factor

Under the terms of the swap, the County pays 4.16% to the Counterparty, Rice Financial Products Company (“RFP”), and in return receives 4.95% - Adjustment Factor. The adjustment factor is equal to (SIFMA / (1-.65) – 6 Month LIBOR). Essentially, the County will receive a fixed spread of 79 basis points, and this fixed spread will be adjusted every six months based on the actual performance and relationship between the SIFMA index and six-month LIBOR.

*Fair Value of Swap:* The swap, as of 6/30/2008, has a net value of (\$43,319) and accrued interest of \$62,905 from 6/1/2008. This fair value was measured by a swap pricing system in which the future net swap settlement payments were calculated and discounted to the valuation date using future spot interest rates. The future spot rates are zero-coupon bonds due on the future settlement dates implied from the current yield curve.

*Associated Debt and Swap Payments:* This swap was executed in conjunction with the 1999 Series B General Obligation Public Improvement and School Bonds of which has been refunded. As of 6/30/2008, below are the net swap payments (assuming SIFMA equals its current level of 1.55% and 6 month LIBOR equals 2.9106% for the term of the swap). The net swap payments will fluctuate as SIFMA and 6 month LIBOR change.

Fiscal Year Ended June 30	Fixed Rate Bonds		Swap	Net Swap
	Principal	Interest	Principal	(Payment)/Receipt
2009	\$ 4,718,317	\$ 2,409,704	\$ 2,690,000	\$ 165,815
2010	3,828,634	2,193,709	2,690,000	158,910
2011	4,164,313	2,112,039	2,690,000	152,006
2012	3,495,248	1,988,024	2,690,000	144,275
2013	3,132,259	1,836,052	3,135,000	138,196
2014	4,925,317	1,696,596	3,585,000	130,149
2015	5,061,920	1,472,617	3,765,000	120,947
2016	4,829,929	1,237,501	3,900,000	110,650
2017	3,660,906	1,013,296	4,030,000	101,273
2018	4,299,379	846,828	4,300,000	90,929
2019	3,896,979	647,048	31,125,000	245,433
2020	3,798,622	487,557	---	---
2021	2,735,810	325,299	---	---
2022	2,827,255	263,022	---	---
2023	2,816,174	199,303	---	---
2024	2,901,190	138,919	---	---
2025	1,072,705	91,674	---	---
2026	579,662	62,168	---	---
2027	602,301	53,575	---	---
2028	625,795	44,647	---	---
2029	650,144	35,371	---	---
2030	675,774	25,732	---	---
2031	702,258	15,713	---	---
2032	729,596	5,304	---	---
Total	\$ 66,730,487	\$ 19,201,696	\$ 64,600,000	\$ 1,558,584

*Credit Risk:* The County has credit exposure to RFP equivalent to the fair value of \$19,586. If RFP fails to perform under the terms of the swap contract, the County could have a loss equal to that mark-to-market value. The obligations of RFP under the swap agreement are guaranteed by a surety bond that was issued by Aa3 rated Ambac Assurance Corporation (“Ambac”).

*Termination Risk:* If the swap has an unanticipated termination, the County may owe a termination payment to RFP equal to the fair value of the swap at that time. The County or RFP may terminate the swap contract if either party fails to perform under the swap contract. Also, with respect to both the County and RFP, if Ambac’s credit rating falls below A3 from Moody’s and/or A- from Standard & Poor’s, an Additional Termination Event occurs. With respect to the County, if the County has no issues of rated senior debt or it fails to have at least one issue with an unenhanced rating of at least Baa1 by Moody’s or BBB+ by Standard & Poor’s, then an Additional Termination Event will occur.

*Interest Rate Risk:* Currently, the County does not have interest rate risk because it is paying a fixed rate on the swap.

*Basis Risk:* Depending on the relationship between the SIFMA and 6 month LIBOR index, the County could be exposed to basis risk. If the SIFMA / LIBOR ratio is greater than (1 – Marginal Tax Rate of 35%) then the fixed spread of 79 basis points that the County receives will be reduced. This basis differential could cause the expectation of lowering the net cost of borrowing to not be achieved.

*Tax Risk:* Changes or proposed changes to the tax laws relating to the tax-exempt status of municipal bonds may result in an increase to the cost of funds.

***Swap Five: Executed with Goldman Sachs Mitsui Marines Derivative Products on 11/2/2006 and Morgan Keegan Financial Products, Inc. on 6/23/2005 in connection with 2006 Series C General Obligation Variable Rate Demand Refunding Bonds:***

*Swap Objective:* These two swaps were issued to take advantage of low interest rates, to refund high coupon debt, and to receive an upfront cash payment to pay for capital expenditures to reduce debt issuance in the future.

*Swap Terms :*

Option Notification Date	Swap Effective Date	Swap Maturity Date	Original Notional Amount	Fixed Payer Rate	Underlying Index	Upfront Cash Payment
11/29/2006	12/1/2006	12/1/2011	\$ 52,615,000	4.27%	SIFMA	\$ 1,503,000
N/A	11/30/2006	12/1/2031	\$ 234,160,000	3.83%	SIFMA	None

The County received a payment of \$1,503,000 on 12/1/2006 from the Morgan Keegan Financial Products, Inc. for entering into a swaption on the trade date of 6/23/2005. This swaption gave the Counterparty the option to cause the County to enter into a swap on August 1, 2007. The swap was exercised and the County refunded a portion of its 1996 Series B General Obligation Refunding Bonds with variable rate bonds and entered into a fixed payer swap in which the County will pay a fixed rate of 4.26% and receive SIFMA. The notional amount on the swap is originally \$52,615,000. The termination date of this swap with Morgan is 12/1/2011. The County also entered into a swap on 11/2/2006 with Goldman Sachs Mitsui Marines Derivative Products with an effective date of 11/30/2006 for the 2006C Refunding Bonds. There was no upfront payment with Goldman. The County refunded a portion of its 1999 Series A Public Improvement Bonds, a portion of its 1999 Series B Public Improvement and School Bonds and a portion of its 2001 Series A Public Improvement and School Bonds. The bonds were refunded with variable rate bonds and entered into a fixed payer swap in which the County will pay a fixed rate of 3.83% to Goldman and receive SIFMA. The notional amount on the swap with Goldman is originally \$234,160,000. The Goldman swap has a termination date of 12/1/2031.

*Fair Value of Swap and Option:* The swaps, as of 6/30/2008 have a net value of (\$4,481,422). The total mark-to-market was (\$4,991,516) of which approximately (\$510,094) is accrued interest from 6/2/2008 to the valuation date, 6/30/2008. This fair value was measured by a swap pricing system in which the future net settlement swap payments were calculated and discounted to the valuation date using future spot interest rates. The future spot rates are zero-coupon bonds due on the future settlement dates implied from the current yield curve.

*Associated Debt and Swap Payments:* This swap is in conjunction with 2006 Series C General Obligation Variable Rate Demand Refunding Bonds. This analysis assumes the Morgan swap stays in place until 12/1/2011 and the Goldman swap stays in place until maturity in 2031. Below are the principal and interest requirements of the debt and the net swap payments as of 6/30/2008 (assuming SIFMA equals its current level of 1.55% for the term of the Swap). Interest and net swap payments will fluctuate as SIFMA changes.

Fiscal Year Ended June 30	Fixed Rate Bonds		Net Swap	Total
	Principal	Interest	Payment	
2009	\$ 7,080,000	\$ 4,019,362	\$ 6,660,471	\$ 17,759,832
2010	31,025,000	3,742,344	6,152,307	40,919,651
2011	22,825,000	3,350,862	5,424,937	31,600,799
2012	5,980,000	3,141,453	5,067,223	14,188,676
2013	4,725,000	3,063,629	4,916,467	12,705,096
2014	4,910,000	2,993,584	4,804,075	12,707,659
2015	5,105,000	2,920,777	4,687,251	12,713,027
2016	5,300,000	2,845,134	4,586,413	12,731,547
2017	5,515,000	2,766,510	4,439,721	12,721,231
2018	5,725,000	2,684,797	4,308,606	12,718,403
2019	9,195,000	2,576,330	4,134,735	15,906,065
2020	9,640,000	2,439,403	3,932,366	16,011,769
2021	24,080,000	2,194,263	3,522,421	29,796,684
2022	25,285,000	1,835,386	2,946,595	30,066,981
2023	26,290,000	1,460,443	2,344,976	30,095,418
2024	27,330,000	1,070,633	1,725,882	30,126,514
2025	6,530,000	824,475	1,323,385	8,677,860
2026	6,785,000	727,677	1,168,066	8,680,743
2027	7,050,000	627,098	1,006,682	8,683,780
2028	7,325,000	522,594	842,432	8,690,026
2029	7,610,000	414,019	664,782	8,688,801
2030	7,910,000	301,190	483,742	8,694,932
2031	8,220,000	183,928	295,586	8,699,514
2032	8,540,000	62,085	100,082	8,702,166
Total	\$ 279,980,000	\$ 46,767,970	\$ 75,539,204	\$ 402,287,177

**Credit Risk:** Because the Morgan swap has a negative value on 6/30/2008, the County does not have credit risk to MKFP. However, if the fair value of the swap moves in favor of the County, credit risk would be present. There is credit risk with the Goldman swap. To mitigate credit risk, if Standard & Poor's and Moody's rates the creditworthiness of either MKFP's or Goldman's (or the Credit Support Provider's) senior, unsecured, unenhanced debt below a rating of "A" in the case of Standard & Poor's or "A2" in the case of Moody's, treasuries or cash will be pledged.

**Termination Risk:** An out-of-the-ordinary event may occur that causes the contract to be terminated. At the time of termination, if the swap has a negative fair value, the County would be liable to MKFP or Goldman for a payment equal to the fair value. If either Standard & Poor's or Moody's rates the creditworthiness of either party's (or the Credit Support Provider's) long-term, unsecured, unenhanced debt rating below A3 by Moody's or A- by Standard & Poor's, an Additional Termination Event has occurred with respect to the Goldman swap.

**Interest Rate Risk:** Currently, the County does not have interest rate risk because it is paying a fixed rate on the swap. However, if for some unforeseen reason the swap is terminated prior to maturity, the County will have interest rate risk associated with the outstanding variable rate bonds until maturity in 2031.

**Basis Risk:** As long as there is not a direct relationship between the floating rate received from the Counterparty and the rate at which the variable rate bonds remarket, the County is exposed to basis risk. Basis risk exists if the County's bonds remarket higher than SIFMA, which is the rate received from the Counterparty. Thus, the expected cost savings may not be achieved.

**Swap Six: Executed with Morgan Keegan Financial Products on 6/23/2005 in connection with the 1997 Series B Bonds and subsequently kept in place for the 2007 Series A General Obligation Refunding Bonds (which refunded a portion of the 1997 issue):**

*Swap Objective:* This swaption gave the Counterparty the option to cause the County to enter into a swap in which the County would pay a fixed rate and receive a floating rate. Upon the Counterparty's exercise of the option, the County would currently refund a portion of its 1997 Series B General Obligation Refunding Bonds with variable rate bonds and enter into a fixed payer swap in which the County will pay a fixed rate and receive a floating rate. The County entered into this swaption to take advantage of 40 year lows in interest rates to refund high coupon debt and to receive an upfront cash payment to pay for capital expenditures to reduce debt issuance in the future.

*Swap Terms:*

Trade Date	Notification Date	Swap Effective Date	Swap Maturity Date	Original Notional Amount	Fixed Payer Rate	Floating Rate Index	Upfront Cash Payment
6/23/2005	7/30/2007	8/1/2007	8/1/2019	\$31,450,000	4.61%	SIFMA	\$2,070,000

On 8/1/2007 the County received a payment of \$2,070,000 from the Counterparty for granting the Counterparty, Morgan Keegan Financial Products ("MKFP"), the right to enter into a swap on 6/23/2005. The swap was exercised and the County refunded a portion of its 1997 Series B General Obligation Refunding Bonds with variable rate bonds and entered into a fixed payer swap in which the County will pay a fixed rate of 4.61% and receive SIFMA. The swap will have the same amortization and maturity as the underlying bond issue. The fixed swap rate of 4.61% was set at a rate that, when added to the assumed ongoing expenses for the variable rate bonds and the costs of issuance for the underlying variable rate bonds, would equal the average coupon on the outstanding 1997 Series B General Obligation Refunding Bonds.

*Fair Value of Swap and Option:* As of 6/30/2008, there is no fair value for the option because it has been exercised. The swap, as of 6/30/2008 has a net value of (\$2,426,232). The total mark-to-market was (\$2,986,659) of which approximately (\$560,427) is accrued interest from 2/1/2008 to the valuation date, 6/30/2008. This fair value was measured by a swap pricing system in which the future net settlement swap payments were calculated and discounted to the valuation date using future spot interest rates.

*Associated Debt and Swap Payments:* This swap is in conjunction with the General Obligation Weekly Adjustable / Fixed Rate Refunding Bonds, 2007 Series A which refunded a portion of the 1997 Series B Bonds. As of 6/30/2008, below are the principal and interest requirements of the debt and the net swap payments (assuming SIFMA equals its current level of 1.55% for the term of the swap). Interest and net swap payments will fluctuate as SIFMA changes.

Fiscal Year Ended June 30	Variable Rate Bonds		Net Swap	Total
	Principal	Interest	Payments	
2009	\$ 65,000	\$ 482,982	\$ 960,044	\$ 1,508,026
2010	65,000	481,980	959,391	1,506,370
2011	70,000	480,942	957,325	1,508,268
2012	6,290,000	432,057	860,414	7,582,471
2013	65,000	383,208	761,726	1,209,934
2014	70,000	382,168	760,720	1,212,888
2015	70,000	381,091	758,578	1,209,670
2016	6,735,000	328,786	654,887	7,718,673
2017	55,000	276,594	517,422	849,016
2018	7,145,000	221,250	414,959	7,781,209
2019	7,545,000	108,338	203,449	7,856,787
2020	3,275,000	25,173	47,369	3,347,541
Total	\$ 31,450,000	\$ 3,984,569	\$ 7,856,284	\$ 43,290,853

**Credit Risk:** The swap contract could expose the County to credit risk, depending on the fair value of the swap at that time. To mitigate credit risk, if Standard & Poor's and Moody's rates the creditworthiness of MKFP's (or the Credit Support Provider's) senior, unsecured, unenhanced debt below a rating of "A" in the case of Standard & Poor's or "A2" in the case of Moody's, treasuries or cash will be pledged.

**Termination Risk:** An out-of-the-ordinary event may occur that causes the contract to be terminated. At the time of termination, if the swap has a negative fair value, the County would be liable to MKFP for a payment equal to the fair value. If either Standard & Poor's or Moody's rates the creditworthiness of either party's (or the Credit Support Provider's) long-term, unsecured, unenhanced debt rating below Baa3 by Moody's or BBB- by Standard & Poor's, an Additional Termination Event has occurred. As of 6/30/2008, MKFP has a credit guarantee from Deutsche Bank AG, rated Aa1/AA by Moody's and Standard & Poor's, respectively

**Interest Rate Risk:** Currently, the County does not have interest rate risk because it is paying a fixed rate on the swap. However, if for some unforeseen reason the swap is terminated prior to maturity, the County will have interest rate risk associated with the outstanding variable rate bonds until maturity in 2019.

**Basis Risk:** As long as there is not a direct relationship between the floating rate received from the Counterparty and the rate at which the variable rate bonds remarket, the County is exposed to basis risk. Basis risk exists if the County's bonds remarket higher than SIFMA, which is the rate received from the Counterparty. Thus, the expected cost savings may not be achieved.

**Swap Seven:** Executed with Loop Financial Products on 6/23/2005 in connection with the 1998 Series A Bonds and subsequently kept in place for the 2008 Series A General Obligation Refunding Bonds (which refunded a portion of the 1998 issue):

**Swap Objective:** This swaption gave the Counterparty the option to cause the County to enter into a swap in which the County would pay a fixed rate and receive a floating rate. Upon the Counterparty's exercise of the option, the County would currently refund a portion of its 1998 Series A General Obligation Refunding Bonds with variable rate bonds and enter into a fixed payer swap in which the County will pay a fixed rate and receive a floating rate. The County entered into this swaption to take advantage of 40 year lows in interest rates to refund high coupon debt and to receive an upfront cash payment for capital expenditures to reduce debt issuance in the future.

*Swap Terms:*

Trade Date	Notification Date	Swap Effective Date	Swap Maturity Date	Original Notional Amount	Fixed Payer Rate	Floating Rate Index	Upfront Cash Payment
6/23/2005	2/28/2008	3/1/2008	3/1/2022	\$121,485,000	4.66%	SIFMA	\$8,571,000

On 3/1/2008 the County received a payment of \$8,571,000 from the Counterparty for granting the Counterparty, Loop Financial Products (“LFP”), the right to enter into a swap on 6/23/2005. The swap was exercised and the County refunded a portion of its 1998 Series A General Obligation Refunding Bonds with variable rate bonds and entered into a fixed payer swap in which the County will pay a fixed rate of 4.66% and receive SIFMA. The swap has the same amortization and maturity as the underlying bond issue. The fixed swap rate of 4.66% was set at a rate that, when added to the assumed ongoing expenses for the variable rate bonds and the costs of issuance for the underlying variable rate bonds, would equal the average coupon on the outstanding 1998 Series A General Obligation Refunding Bonds.

*Fair Value of Swap and Option:* As of 6/30/2008, there is no fair value for the option because it has been exercised. The swap, as of 6/30/2008 has a net value of (\$10,435,549). The total mark-to-market was (\$12,159,117) of which approximately (\$1,723,568) is accrued interest from 3/1/2008 to the valuation date, 6/30/2008. This fair value was measured by a swap pricing system in which the future net settlement swap payments were calculated and discounted to the valuation date using future spot interest rates.

*Associated Debt and Swap Payments:* This swap is in conjunction with the General Obligation Weekly Adjustable / Fixed Rate Refunding Bonds, 2008 Series A which refunded a portion of the 1998 Series A Bonds. As of 6/30/2008, below are the principal and interest requirements of the debt and the net swap payments (assuming SIFMA equals its current level of 1.55% for the term of the swap). Interest and net swap payments will fluctuate as SIFMA changes.

Fiscal Year Ended June 30	Variable Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2009	\$ 240,000	\$ 1,809,683	\$ 3,778,184	\$ 5,827,867
2010	760,000	1,806,113	3,770,720	6,336,833
2011	785,000	1,794,807	3,747,084	6,326,890
2012	815,000	1,783,128	3,717,587	6,315,715
2013	8,770,000	1,770,937	3,697,324	14,238,260
2014	11,365,000	1,640,468	3,424,577	16,430,045
2015	11,830,000	1,471,394	3,071,125	16,372,519
2016	13,470,000	1,295,403	2,699,521	17,464,924
2017	13,365,000	1,093,906	2,115,360	16,574,266
2018	13,320,000	895,079	1,730,448	15,945,527
2019	13,980,000	696,921	1,346,832	16,023,753
2020	14,745,000	488,945	942,816	16,176,761
2021	13,030,000	268,376	519,552	13,817,928
2022	5,010,000	74,532	144,288	5,228,820
Total	\$ 121,485,000	\$ 16,889,694	\$ 34,705,415	\$ 173,080,109

*Credit Risk:* The swap contract could expose the County to credit risk, depending on the fair value of the swap at that time. To mitigate credit risk, if Standard & Poor's and Moody's rates the creditworthiness of LFP's (or the Credit Support Provider's) senior, unsecured, unenhanced debt below a rating of “A” in the case of Standard & Poor's or “A2” in the case of Moody's, treasuries or cash will be pledged.

**Termination Risk:** An out-of-the-ordinary event may occur that causes the contract to be terminated. At the time of termination, if the swap has a negative fair value, the County would be liable to LFP for a payment equal to the fair value. If either Standard & Poor's or Moody's rates the creditworthiness of either party's (or the Credit Support Provider's) long-term, unsecured, unenhanced debt rating below Baa3 by Moody's or BBB- by Standard & Poor's, an Additional Termination Event has occurred. As of 6/30/2008, LFP has a credit guarantee from Deutsche Bank AG, rated Aa1/AA by Moody's and Standard & Poor's, respectively.

**Interest Rate Risk:** Currently, the County does not have interest rate risk because it is paying a fixed rate on the swap. However, if for some unforeseen reason the swap is terminated prior to maturity, the County will have interest rate risk associated with the outstanding variable rate bonds until maturity in 2022.

**Basis Risk:** As long as there is not a direct relationship between the floating rate received from the Counterparty and the rate at which the variable rate bonds remarket, the County is exposed to basis risk. Basis risk exists if the County's bonds remarket higher than SIFMA, which is the rate received from the Counterparty. Thus, the expected cost savings may not be achieved.

**Swap Eight: Executed with Goldman Sachs Mitsui Marines Derivative Products and Morgan Keegan Financial Products, Inc. on 2/14/06 in connection with 2006 Series B General Obligation Variable Rate Demand Public Improvement and School Bonds:**

**Swap Objective:** On February 14, 2006, the County entered into a swap that will produce a synthetic fixed rate in connection with its variable rate bonds. Under the terms of the swap, the County will pay a fixed rate and receive the SIFMA index. The County entered into this fixed payer swap in order to hedge variable rate exposure on the underlying bonds.

*Swap Terms:*

Executed Date	Swap Effective Date	Swap Maturity Date	Original Notional Amount	Fixed Payer Rate	Floating Rate Index
2/14/2006	2/22/2006	3/1/2031	\$159,590,000	3.503% until 3/1/2016 4.43% thereafter	SIFMA

On 2/14/2006, the County entered into a fixed payer swap with an effective date of 2/22/2006. Under the terms of the swap, the County pays a fixed rate of 3.503% until 3/1/2016 and 4.43% thereafter to the Counterparties, MKFP and Goldman. In return, the County receives the SIFMA index. Goldman's portion of the swap is \$119,590,000 and MKFP's portion is \$40,000,000.

**Fair Value of Swap and Option:** As of 6/30/2008, there is no fair value for the option because it has been exercised. The swap, as of 6/30/2008 has a net value of (\$7,936,203). The total mark-to-market was (\$9,566,035) of which approximately (\$1,629,832) is accrued interest from 3/1/2008 to the valuation date, 6/30/2008. This fair value was measured by a swap pricing system in which the future net settlement swap payments were calculated and discounted to the valuation date using future spot interest rates.

**Associated Debt and Swap Payments:** This swap is in conjunction with 2006 Series B General Obligation Variable Rate Demand Public Improvement and School Bonds. This analysis assumes both swaps stay in place until maturity in 2031. Below are the principal and interest requirements of the debt and the net swap payments as of 6/30/2008 (assuming SIFMA equals its current level of 1.55% for the term of the Swap). Interest and net swap payments will fluctuate as SIFMA changes.

Fiscal Year Ended June 30	Variable Rate Bonds		Net Swap	Total
	Principal	Interest	Payments	
2009	\$ ---	\$ 2,296,369	\$ 3,116,793	\$ 5,413,162
2010	---	2,296,369	3,116,793	5,413,162
2011	---	2,296,369	3,116,793	5,413,162
2012	---	2,296,369	3,110,016	5,406,385
2013	---	2,296,369	3,116,793	5,413,162
2014	---	2,296,369	3,116,793	5,413,162
2015	---	2,296,369	3,116,793	5,413,162
2016	---	2,296,369	3,110,016	5,406,385
2017	7,425,000	2,296,369	4,596,192	14,317,561
2018	2,020,000	2,189,591	4,382,352	8,591,943
2019	---	2,160,542	4,324,176	6,484,718
2020	2,705,000	2,160,542	4,317,800	9,183,342
2021	8,505,000	2,121,427	4,246,272	14,872,699
2022	9,575,000	1,999,118	4,001,328	15,575,446
2023	7,130,000	1,861,421	3,725,568	12,716,989
2024	7,450,000	1,758,886	3,515,033	12,723,919
2025	23,900,000	1,651,157	3,305,664	28,856,821
2026	26,130,000	1,307,455	2,617,344	30,054,799
2027	20,110,000	931,685	1,864,800	22,906,485
2028	6,625,000	642,486	1,283,736	8,551,222
2029	12,680,000	546,687	1,094,832	14,321,519
2030	6,055,000	364,338	729,648	7,148,986
2031	19,280,000	277,262	555,264	20,112,526
Total	\$ 159,590,000	\$ 40,639,918	\$ 69,480,799	\$ 269,710,717

*Credit Risk:* Because the swap has a negative value on 6/30/2008, the County does not have credit risk. However, if swap rates increase and the fair value of the swap moves in favor of the County, credit risk would be present.

*Termination Risk:* Goldman and MKFP have the right to terminate the swap on 3/1/2016. If the swap is terminated on the optional termination date, neither party is liable for a termination payment. Also, if the swap is terminated, the County will be exposed to interest rate risk because the variable rate bonds will no longer carry a synthetic fixed rate.

*Interest Rate Risk:* Currently, the County does not have interest rate risk because it is paying a fixed rate on the swap. However, if for some unforeseen reason the swap is terminated prior to maturity, the County will have interest rate risk associated with the outstanding variable rate bonds until maturity in 2031.

*Basis Risk:* As long as there is not a direct relationship between the floating rate received from the Counterparty and the rate at which the variable rate bonds remarket, the County is exposed to basis risk. Basis risk exists if the County's bonds remarket higher than SIFMA, which is the rate received from the Counterparty. Thus, the expected cost savings may not be achieved.

#### Claims and Judgments

The County has recognized long-term debt liabilities for claims and judgments of \$7,202,220 in accordance with its accounting policy explained in Note I (E). The liabilities are based on property damage and personal injury lawsuits arising in the course of operations. The County believes this is a reasonable measure of the ultimate settlement of these matters.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

**(I) Interfund Receivables, Payables and Transfers**

Interfund receivables and payables consist of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 1,919
	Grants Fund	5,144,338
	Central Service Funds	264,674
Debt Service Fund	General Fund	1,353,651
Education Fund	General Fund	1,353,651
Nonmajor Governmental Funds	General Fund	1,477,823
Total		\$ 9,596,056

Due To/From Component Units

Receivable Entity	Payable Entity	Amount
Debt Service Fund	The Med Component Unit	\$ 2,188,565
Capital Projects Fund	The Med Component Unit	2,254,455
Board of Education (Component Unit)	Capital Projects Fund	12,766,000
Board of Education (Component Unit)	Education Fund	3,621,307
Total		\$ 20,830,327

The interfund amounts payable by the general fund result from collection of fees and taxes by a designated elected official that are revenue of the receivable funds; however the custody of the funds at year-end was with the collecting official and funds were not yet available to the receiving funds. The interfund amounts receivable by the general fund represent amounts advanced to the payable funds to cover short-term cash flow requirements. The receivables from The Med (component unit) represent the balance of loans made by the County to The Med that are repayable over a period of years. The amount payable to the Board of Education (component unit) from the Education Fund represent revenues accrued at year-end but not yet paid to the Board of Education.



Other revenue for the year ended June 30, 2008 is detailed below:

	General Fund	Debt Service Fund	Capital Projects Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Investment income	\$ 5,047,381	\$ 2,863,791	\$ 4,136,418	\$ 214,906	\$ 1,143,069	\$ 13,405,565
Miscellaneous income	258,850	11,991,000	13,000	313,731	704,102	13,280,683
Total other revenue	<u>\$ 5,306,231</u>	<u>\$ 14,854,791</u>	<u>\$ 4,149,418</u>	<u>\$ 528,637</u>	<u>\$ 1,847,171</u>	<u>\$ 26,686,248</u>

The miscellaneous income in the debt service fund consists of revenues from interest rate swaps. The miscellaneous income in nonmajor governmental funds includes a settlement of \$700,000 received from an industrial company for violation of air emissions standards.

**(K) Risk Financing and Related Insurance Issues**

Shelby County maintains a self-insured Group Health Insurance Fund for its active employees and their dependents, funded by participation of both the County and its employees. Incurred but not reported (IBNR) claims liabilities of the Group Health Insurance Fund were actuarially determined. This calculation was based on prior years' claims expense and the current year's actual claims incurred. The long term liabilities for IBNR claims are presented at present value. The schedule below presents the changes in IBNR liabilities for the past two years for the Group Health Insurance Fund:

	2008	2007
Insurance claims liabilities at the beginning of the fiscal year	\$ 6,027,752	\$ 5,933,578
Incurred claims and claim adjustment expenses:	47,857,621	54,005,957
Payment of claims and claim adjustment expenses	<u>(48,920,910)</u>	<u>(53,911,783)</u>
Claims and claim adjustment liabilities at the end of the fiscal year	<u>\$ 4,964,463</u>	<u>\$ 6,027,752</u>

The County maintains a self-insured Tort Liability Fund funded by premiums paid by departments using county vehicles and by transfers from the General Fund. Claims liabilities of the Tort Liability Fund were estimated based on prior years' claims expense, current year's actual claims, and a review of pending litigation through the County Attorney. The schedule below presents the changes in claims liabilities for the past two years for the Tort Liability Fund:

	2008	2007
Claims and claim adjustment liabilities at the beginning of the fiscal year	\$ 3,425,220	\$ 3,201,353
Incurred claims and claim adjustment expenses	1,464,779	1,531,522
Payment of claims and claim adjustments expense	<u>(1,153,506)</u>	<u>(1,307,655)</u>
Claims and claim adjustment liabilities at the end of the fiscal year	<u>\$ 3,736,493</u>	<u>\$ 3,425,220</u>

The County maintains a self-insured Employer Insurance Fund for on-the-job injuries and unemployment compensation, funded by premiums paid by County departments based on a percentage of salary costs. Claims liabilities of the Employer Insurance Fund were estimated based on prior year's claims expense and current year's actual claims incurred.

The schedule below presents the changes in claims liabilities for the past two years for the Employer Insurance Fund:

	2008	2007
Claims and claim adjustment liabilities at the beginning of the fiscal year	\$ 6,756,536	\$ 5,769,615
Incurred claims and claim adjustment expenses	2,977,525	3,422,126
Payment of claims and claim adjustments expenses	<u>(2,590,574)</u>	<u>(2,435,205)</u>
Claims and claim adjustments liabilities at the end of the fiscal year	<u>\$ 7,143,487</u>	<u>\$ 6,756,536</u>

### (L) Contingencies and Commitments

The County has commitments at fiscal year-end for outstanding purchase orders and outstanding contracts reported as reserves for encumbrances of the governmental funds. In addition, commitments for capital projects total \$13,348,195 as of June 30, 2008.

The Memphis and Shelby County Sports Authority, Inc. is a joint venture organization that has issued revenue bonds for construction of a sports and entertainment facility. Although the City of Memphis and Shelby County are not legally liable for the debt, they have agreed to share equally in the payment of the debt if the Authority is unable to pay. See further explanations in Note IV (M).

### (M) Joint Ventures, Jointly Governed Organizations and Related Organizations

#### *Joint Ventures:*

Joint ventures are defined in generally accepted accounting principles as organizations owned, operated or governed by two or more participants where no single participant has the ability to unilaterally control the financial or operating policies of the joint venture. Participants must maintain an ongoing financial responsibility for, or financial interest in, the joint venture. The following organizations qualify as joint ventures of Shelby County. References to the appointment of members of boards or commissions include both those appointed and those serving ex officio. Appointment usually includes confirmation by the appropriate legislative body.

#### *Memphis and Shelby County Convention Center Commission (the Convention Center)*

The Convention Center operates the 300,000 square foot multi-use Memphis Cook Convention Center and the 2,100 seat Cannon Center for the Performing Arts. The Convention Center is a joint venture between the City of Memphis (City) and the County and is overseen by an eight-member board. The City and County each appoint four board members. The board is responsible for reporting the results of operations semi-annually to both the City and the County. The City and County share equally in the profits of the Convention Center and are responsible for funding any deficit from operations in the same proportion. During the year ended June 30, 2008 the County contributed \$2,209,892 to the operations of the Convention Center from the general fund; the City contributed a like amount. The County also contributed \$244,168 from capital improvement funds. The County does not hold an equity interest in this entity. A third party under contract handles day-to-day promotion, operation, and management of the Convention Center. Financial statements for the Convention Center may be obtained from Memphis Cook Convention Center, 255 N. Main Street, Memphis, Tennessee 38103.

*Memphis and Shelby County Port Commission (the Port Commission)*

The Port Commission manages and develops industrial properties and has the authority for the direct development of the riverfront within Shelby County, except from the mouth of the Wolf River south to the I-55 bridge. The Port Commission is a joint venture between the City and the County and is overseen by a seven-member board. The City appoints four of the board members and the County appoints three members. Any deficits of the Port Commission are funded equally by the City and the County and excess revenues are distributed equally to the City and the County. The City and the County must approve the issuance of debt by or for the Port Commission. The County does not hold an equity interest in this entity. During the year ended June 30, 2008, prior years deferred revenue was recognized and total payments of \$1,449,812 were received. A parcel of land was sold and the County recognized a 50% gain on sale of the land for \$579,295. Financial statements for the Port Commission may be obtained from the Memphis and Shelby County Port Commission, P.O. Box 13142, Memphis, Tennessee 38113.

*Memphis and Shelby County Sports Authority, Inc. (the Authority)*

The Authority was chartered in 1997 under a State statute that permits sports authorities to receive certain sales taxes generated by major league sports franchises. In 2001 the City of Memphis and Shelby County entered into the "Memphis Arena Project Agreement" to bring a NBA professional team to Memphis. A major part of that agreement required the construction of a new multipurpose sports and entertainment facility. Financing for construction of this facility (now known as FedExForum) has been done through the Authority. The Authority has issued long-term debt with principal of \$212,076,020, net of discounted bond issuance, owed as of December 31, 2007, plus \$6,738,448 accrued interest and swap liabilities. Title to the facility is held by the New Memphis Arena Public Building Authority of Memphis and Shelby County, a joint venture; see below for more information on that entity. The Authority's revenue bonds are payable from seat rental fees, certain state sales taxes generated by the professional basketball team, car rental taxes, City and County-wide hotel/motel taxes, and in lieu of tax payments by the Memphis Light Gas and Water Division.

The Sports Authority is a joint venture between the City of Memphis and the County and has a board whose members are jointly appointed by the City and the County. Although the bond indentures state that the City and County are not legally liable for the indebtedness of the Authority, under agreement the City and County have agreed to pay, in equal amounts, the debt if the Authority is unable to pay. During the year ended June 30, 2008 the County transferred to the Sports Authority for debt service purposes the amount of \$2,000,000 from car rental taxes and \$5,062,261 from hotel/motel taxes. Financial statements for the Memphis and Shelby County Sports Authority, Inc. may be obtained from the Memphis Convention & Visitor's Bureau, 47 Union Avenue, Memphis, Tennessee 38103.

*Mid-South Coliseum (the Coliseum)*

The Coliseum is a multi-purpose sports and entertainment facility with a seating capacity of approximately 11,500. The Coliseum is a joint venture between the City of Memphis and the County and is overseen by a five-member board. The City appoints two board members, the County appoints two members and one is jointly appointed by the City and County. The City and County share in profits or fund any deficits from operations in a ratio of 60% and 40%, respectively. The County does not hold an equity interest in this entity. As a result of a non-compete clause in the agreement with the National Basketball Association Franchise Owners for the operation of the new arena (FedExForum), the future financial viability of this facility is questionable. The building has been closed for the past year and the County paid no expenses of the building. Due to the lack of activity no separate audit was performed for fiscal year 2008 and no current figures are available for inclusion in the summary financial information at the end of this section of this note. At June 30, 2007 the last financial report available reported assets of \$1,104,820, liabilities of \$1,372,279 and negative (deficit) net assets of \$267,459. The County has advised the City of Memphis that it will participate in no further operating costs of the Coliseum. The City of Memphis is exploring alternative uses of the entire Fairgrounds complex and those plans could include demolition of the Coliseum or a use other than as a revenue-producing facility. At June 30, 2008 the County is owed \$159,889, plus accrued interest of \$40,044 by the Coliseum evidenced by a note with installments due through FY 2014; no

payments have been made since FY 2004. The County has established an allowance for uncollectible accounts for the amount due from the Coliseum.

*New Memphis Arena Public Building Authority of Memphis and Shelby County (New PBA)*

The New PBA was created in August 2001 by Shelby County and the City of Memphis. It is a nonprofit corporation established under statutes of the State of Tennessee. In June 2001 the City of Memphis, Shelby County, and HOOPS, L.P. (the NBA franchise ownership entity) entered into the "Memphis Arena Project Agreement." Under this agreement a new arena would be constructed and leased to HOOPS, L.P. as part of the agreement to bring a professional basketball (NBA) team to Memphis. The primary purpose of the New PBA was to construct and hold title to this new multi-purpose sports and entertainment facility (now known as FedExForum). Construction of the facility is complete and the facility has been leased to and is being operated by HOOPS, L.P. as noted above.

Funding for construction of the facility was provided primarily through the Memphis and Shelby County Sports Authority, Inc., a separate joint venture as explained above. However, the New PBA holds title to the building.

The New PBA is a joint venture between the City of Memphis and the County. It is governed by a Board of Directors whose members are jointly appointed by the City of Memphis and Shelby County. The City and County maintain an ongoing financial responsibility for subsidies to finance the New PBA's capital expenditures and operations. The County also paid \$133,831 for insurance on the facility. Financial statements for the New PBA may be obtained from the New Memphis Arena PBA, 195 Linden Avenue, Memphis, Tennessee 38103.

*Pyramid Arena*

In November 1987 the City of Memphis and the County entered into a joint venture arrangement creating the Public Building Authority of Memphis and Shelby County (PBA). The PBA is a not-for-profit corporation created for the purpose of constructing the Pyramid, a multipurpose facility with the primary use as a basketball arena. The City and the County each separately issued bonds for their share of the construction cost of the Pyramid, with the debt remaining an obligation of the issuer. The Pyramid was then leased back jointly to the City and the County for operation. The County does not hold an equity interest in the PBA. The PBA currently exists solely to hold title to the building and has no ongoing financial operations. On July 1, 1991 the City and County jointly entered into a contract with a third party (SMG) to manage, operate, market and promote the Pyramid. The term of the contract was for the three-year period July 1, 1991 to June 30, 1994, with a renewal clause for up to three additional five-year terms. The current renewal period expires June 30, 2009.

The City and County will each appropriate one-half of the necessary funds to sustain operations based upon each government's approval of an operating budget. During the year ended June 30, 2008 the County contributed \$230,000 to the operating budget of the Pyramid and paid directly \$106,460 as its 50% share of the cost of property insurance. Excess operating revenue net of management fees and operating expenses, as defined under the management agreement, will be paid to the City and the County upon demand. As provided for in the management agreement, cash in excess of \$500,000 will also be paid to the City and the County upon demand. No excess cash was returned in fiscal year 2008. As a result of a non-compete clause in the agreement with the National Basketball Association Franchise Owners for the operation of the new arena (FedExForum), the future financial viability of this facility is questionable. The building was closed in the fall of 2007 and no events are booked for future dates. The City and County have been involved in negotiations for the sale or lease of the building for several years, with completion of current negotiations expected to extend until at least December 31, 2009. There will be ongoing maintenance costs even if the facility is closed. Financial statements for the Pyramid Arena Operations may be obtained from the Pyramid Arena, One Auction Street, Memphis, Tennessee 38105.

The following is a summary of the financial information of the joint ventures, as of and for the year ended June 30, 2008 (not covered by the report of independent accountants)

	Convention Center	Port Commission	Sports Authority (a)	New Arena PBA (a)	Pyramid Arena
Assets	\$ 12,555,108	\$ 27,905,022	\$ 46,089,422	\$ 209,123,653	\$ 64,851
Liabilities	2,080,906	7,313,224	218,821,968	---	78,901
Net Assets	10,474,202	20,591,798	(172,732,545)	209,123,653	(14,051)
Operating Revenues	4,049,383	1,987,883	---	---	12,800
Operating Expenses	7,511,911	1,491,166	7,920	7,222,996	673,188
Other Revenue	2,524,087	1,326,453	16,402,398	23	460,000
Other Expenses	46,953	1,444,625	11,242,392	---	---
Change in Net Assets	(985,394)	378,545	5,152,086	(7,222,973)	(200,388)

(a) Fiscal year-end December 31, 2007.

#### ***Jointly Governed Organizations:***

The County in conjunction with the City of Memphis has joint control of the following organizations through the appointment of their boards. They are not considered joint ventures because the County and the City do not retain an ongoing financial responsibility or financial interest. There were no financial transactions between the County and the organizations in the fiscal year ending June 30, 2008 unless noted below.

The *Depot Redevelopment Corporation of Memphis and Shelby County (Depot)* was established by the City and County to determine and establish a reuse plan and management strategy for the Memphis Depot, a former military supply depot. The mayors of the City and County appoint the nine board members for six-year terms with approval of the City Council and the County Commission. The County has a note receivable from the Depot with a principal balance of \$2,915,000 as of June 30, 2008. During the year ended June 30, 2008 the Depot repaid \$175,000 of principal on this note plus \$79,272 of interest.

The *Industrial Development Board of Memphis and Shelby County* operates as a nonprofit corporation for the purpose of promoting industrial development in the City and County. The City appoints four board members, the County appoints four members and one is jointly appointed by the City and County for six-year terms, with approval by the City Council and the County Commission.

The *Memphis and Shelby County Center City Commission* is responsible for promotion and redevelopment of the Memphis Center City area. The mayors of the City and County appoint the twenty board members for three-year terms, with approval by the City Council and the County Commission.

The *Memphis and Shelby County Center City Downtown Parking Authority* manages five downtown parking garages and establishes and coordinates uniform parking policies and parking management in the downtown Memphis area. The mayors of the City and County appoint the seven-member board.

The *Memphis Center City Revenue Finance Corporation (Finance Corporation)* is a nonprofit corporation established jointly by the City and the County under the laws of the State of Tennessee. The Finance Corporation provides various forms of financial assistance to development projects. The City appoints four board members, the County appoints four members and one is jointly appointed by the City and County for six-year terms, with approval by the City Council and the County Commission.

**Related Organizations:**

The County appoints a voting majority of the board of the following organizations but is not financially accountable for the organizations:

- *Health, Housing and Education Facilities Board*
- *Shelby County Housing Authority*

The *Memphis and Shelby County Airport Authority* owns and operates Memphis International Airport and two general aviation airports. Six of the seven board members are appointed by the City of Memphis mayor and one by the County mayor, all for seven-year terms, subject to confirmation by the Memphis City Council. The Airport Authority is a component unit of the City of Memphis.

The Shelby County Health Care Corporation (The Med) is a component unit of the County. The Med has an investment in *Memphis Managed Care Corporation* (MMCC), a TennCare MCO, that pays The Med a fixed per diem for inpatient services and pays for outpatient services on a fee for service basis. The investment was valued at \$3,940,000 at June 30, 2008.

**(N) Other Post–Employment Benefits**

Retired employees of the County and former employees receiving long-term disability benefits through the County's program may participate in post-employment benefits through the Shelby County OPEB Trust (Trust). The Trust is a single-employer defined benefit plan. The benefits provided are health insurance and life insurance. Financial statements for the Trust can be obtained from Director of Administration & Finance, Shelby County Government, 160 N. Main Street, Memphis, Tennessee 38103.

The Shelby County Board of Commissioners establishes the benefit provisions and approves funding of the Trust. In the current fiscal year the County made normal contributions of \$18,335,851 and a one-time contribution of \$23,892,191. The actuarially determined employer's "annual required contribution" to the Trust for the year was \$34,227,000; total employer contributions were \$42,228,042 or 123.4% of the annual required contributions. At June 30, 2008 the County reported a net OPEB obligation (over funded amount) of \$8,001,042.

For government-wide and proprietary funds the County reports OPEB expenses and net OPEB obligation using the economic resources measurement focus and the accrual basis of accounting. In governmental funds expenses are reported at amounts paid or payable to the Trust in the current year.

**(O) Pensions****Shelby County Retirement System***Plan Description*

The Shelby County Retirement System (the System) is a single employer defined benefit public employee retirement system (PERS) established by Shelby County, Tennessee. The System is administered by a board, the majority of whose members are nominated by the Shelby County mayor, subject to approval by the Shelby County Board of Commissioners. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Shelby County Retirement System, Suite 950, 160 N. Main, Memphis, Tennessee 38103 or calling (901) 545-3370.

Substantially all full-time and permanent part-time employees of the County are required, as a condition of employment, to participate in the System. The Shelby County Board of Commissioners establishes the System's benefits and contribution provisions. Once becoming a participant, a person will continue to participate as long as

he or she is an employee of the County. The System provides retirement as well as survivor and disability defined benefits.

The System consists of three plans (Plans A, B and C) which are legally one reporting entity. Plan B is a contributory defined benefit pension plan for employees hired prior to December 1, 1978. Plan A is a non-contributory defined benefit pension plan for employees hired between December 1, 1978 and February 28, 2005, and those employees that elected to transfer to Plan A from Plan B before January 1, 1981. Plan C is a contributory defined benefit pension plan that became effective September 1, 2005 and includes all employees hired after February 28, 2005, all former Plan A “public safety employees” who were required to move to Plan C to preserve their right to retire with unreduced benefits with 25 years of service, and other former Plan A participants who elected to move to Plan C.

*Funding Policy*

The Board of Administration of the Shelby County, Tennessee Retirement System (the Board) establishes the System’s funding policy for employee contribution requirements. The Shelby County Board of Commissioners establishes the System’s funding policy for employer contribution requirements. The County does not receive the actuarial report until several months into the fiscal year to which the report relates. Due to budgetary procedures the County makes contributions based on the latest actuarial report received at the date a new fiscal year's budget is being prepared. Contributions for fiscal year 2008 were based on the actuarial report as of July 1, 2006.

In accordance with the actuarial valuation as of July 1, 2006 the employer contribution rate required was 5.30% of covered payroll of participants. Plan B participants contribute an additional 8.0% of their earnings, with some exceptions for employees of Plan B with more than 35 years of service. Plan C participants contribute 6.0% of their earnings. In addition, certain public safety employees remaining in Plan A contribute 2.65% of their compensation. This resulted in total contributions of \$27,674,311 (\$18,744,136 employer contributions and \$8,930,175 employee contributions). The actuarial required employer contribution of \$12,956,023 is significantly impacted by the amortization of the actuarial surplus that results from investment results in prior years. The County has chosen to fund a level amount that is approximately the normal cost for benefits earned.

The significant actuarial assumptions used to compute these actuarially determined contribution requirements are the same as those used to compute the net pension obligation.

*Annual Pension Cost and Net Pension Obligation*

The county’s annual pension cost and net pension obligation to the System for the current year were as follows:

Annual Required Contribution (ARC)	\$ 12,956,023
Interest on Net Pension Obligation	(2,036,809)
Adjustment to ARC	2,751,894
Annual Pension Cost	<u>13,671,108</u>
Contributions made	(18,744,136)
Increase in Net Pension Obligation	<u>(5,073,028)</u>
Net Pension Obligation beginning of year	(24,688,599)
Net Pension Obligation end of year	<u><u>\$ (29,761,627)</u></u>

## Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008	\$ 13,671,108	137.1%	\$ (29,761,627)
June 30, 2007	\$ 11,491,961	163.2%	\$ (24,688,599)
June 30, 2006	\$ 10,538,821	178.5%	\$ (17,421,913)

*Funded Status and Funding Progress:*

As of July 1, 2006, the most recent actuarial valuation date, the plan was 106 percent funded. The actuarial accrued liability for benefits was \$935 million, and the actuarial value of assets was \$992 million, resulting in an unfunded actuarial accrued surplus (UAAS) of \$57 million. The covered payroll (Annual payroll of active employees covered by the plan) was \$265 million and the ratio of the UAAS to the covered payroll was 104.0%.

The schedule of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Actuarial Valuation, Method and Assumptions*

Valuation date	July 1, 2006 for contribution requirement July 1, 2007 rolled forward to June 30, 2008 for funding progress
Actuarial cost method	Projected unit credit service pro-rate cost method
Amortization method	20-year amortization as of July 1, 2006 of increase in obligation due to Plan C and 17-year amortization as of July 1, 2006 of remaining surplus (20 year period beginning July 1, 2003). Amortizations as based on level dollar method and the periods are closed. The equivalent single amortization period is 15 years.
Remaining amortization period	15 years on June 30, 2008
Asset valuation method	10-year smoothing method
Rate of investment return	Funding Progress: 8.25% Contribution: 8.25%
Projected salary increases	Graded salary scale (3.00% to 8.50%) Contribution: 4.00%
Cost-of-living adjustments	Funding Progress: 2.50% Contribution: 2.50%

**Pension plans of the component units:**

The primary government does not act in a trustee capacity for the assets of the pension plans of the component units.

*Shelby County Board of Education (the Board of Education)*

On behalf of its teachers, the Board of Education 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). 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, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243-0203 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us).

All non-teachers employed by the Board of Education are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by TCRS. The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us).

*Shelby County Health Care Corporation (the Med)*

Effective July 1, 1985 the Med established the Regional Medical Center at Memphis Retirement Investment Plan, a defined contribution pension plan. In a defined contribution plan benefits depend solely on amounts contributed to the plan plus investment earnings. Financial statements of the Regional Medical Center at Memphis Retirement Investment Plan are available from Shelby County Health Care Corporation, 877 Jefferson Avenue, Memphis, Tennessee 38103.

More details about all plans of component units are available in the separately issued financial reports of the component units and in the separately issued financial reports of the retirement plans as noted above.

**(P) Subsequent Events**

Starting in September 2008, the economy and the markets have sharply declined. As of October 31, 2008, the value of investments in the Shelby County Retirement System has decreased from \$939 million at June 30, 2008 to \$700 million. In addition, the net value of the debt swaps including accrued interest has decreased from (\$32,454,397) at June 30, 2008 to (\$89,084,782) at November 30, 2008.

**(Q) Restatement of Fund Balance/Net Assets***Countywide*

A Net Pension Obligation (NPO) occurred when the actual contributions did not equal the Actuarial Required Contribution (ARC) as calculated by the actuary for fiscal years 2005 – 2007. This excess amount was not recorded as an asset in accordance with GASB 27. The adjustment below restates the excess as Prepaid NPO.

Net assets as of July 1, 2007 have been restated as follows:

	Governmental Activities	Business-type Activities
Net assets at June 30, 2007	\$ (998,696,386)	\$ 34,733,475
Prepaid NPO	20,977,902	3,710,696
June 30, 2007 restated	<u>\$ (977,718,484)</u>	<u>\$ 38,444,171</u>

*Proprietary Funds*

Propriety Funds beginning net assets for enterprise funds and internal service funds was restated by \$3,710,696 and \$83,941 respectively, due to the above mentioned adjustment.

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
June 30, 2007 reported	\$ 34,733,475	\$ 30,332,845
Prepaid NPO	3,710,696	83,941
June 30, 2007 restated	<u>\$ 38,444,171</u>	<u>\$ 30,416,786</u>

**General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2008**

**General Fund**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 203,858,000	\$ 203,858,000	\$ 208,059,490	\$ 4,201,490
Other local taxes	33,880,000	33,880,000	35,685,177	1,805,177
Local revenue	28,803,212	28,873,482	28,939,685	66,203
State revenue	20,596,127	20,597,481	22,439,722	1,842,241
Federal revenue	10,000	10,000	22,971	12,971
Patient service revenue	1,148,772	1,148,772	1,038,307	(110,465)
Elected officials' fines and fees	60,428,023	60,573,826	61,647,822	1,073,996
Other revenue	6,391,754	6,391,754	5,306,231	(1,085,523)
<b>Total revenues</b>	<b>355,115,888</b>	<b>355,333,315</b>	<b>363,139,405</b>	<b>7,806,090</b>
<b>Expenditures:</b>				
General government	35,158,850	34,577,261	33,366,712	1,210,549
Hospital	27,600,000	27,600,000	27,600,000	---
Planning and development	366,652	378,322	344,359	33,963
Public works	19,483,325	20,789,498	20,494,655	294,843
Health services	34,470,259	34,813,392	33,860,888	952,504
Community services	4,590,637	4,774,458	4,681,339	93,119
Law enforcement	142,959,261	143,232,720	137,900,970	5,331,750
Judicial	58,946,962	62,024,692	59,861,301	2,163,391
Other elected officials	30,410,675	27,422,859	26,195,644	1,227,215
<b>Total expenditures</b>	<b>353,986,621</b>	<b>355,613,202</b>	<b>344,305,868</b>	<b>11,307,334</b>
 Excess (deficiency) of revenues over expenditures	 1,129,267	 (279,887)	 18,833,537	 19,113,424
<b>Other financing sources (uses):</b>				
Transfers in	12,031,947	12,948,692	11,351,244	(1,597,448)
Transfers out	(16,161,214)	(16,314,891)	(15,978,520)	336,371
Other sources (uses)	3,000,000	3,646,086	---	(3,646,086)
<b>Total other financing sources (uses)</b>	<b>(1,129,267)</b>	<b>279,887</b>	<b>(4,627,276)</b>	<b>(4,907,163)</b>
 Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	 \$ ---	 \$ ---	 \$ 14,206,261	 \$ 14,206,261

**Education Fund**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 337,538,000	\$ 345,468,920	\$ 345,468,920	\$ ---
Other local taxes	23,750,000	15,819,080	15,819,080	---
<b>Total revenues</b>	<b>361,288,000</b>	<b>361,288,000</b>	<b>361,288,000</b>	<b>---</b>
<b>Expenditures:</b>				
Special funded projects-county schools	104,803,000	109,694,443	109,694,443	---
Special funded projects-city schools	256,485,000	251,593,557	251,593,557	---
<b>Total expenditures</b>	<b>361,288,000</b>	<b>361,288,000</b>	<b>361,288,000</b>	<b>---</b>
 Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	 \$ ---	 \$ ---	 \$ ---	 \$ ---

## Budgetary Comparison Schedule For the Year Ended June 30, 2008

### Grants Fund

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 11,297,922	\$ 13,303,364	\$ 9,070,891	\$ (4,232,473)
State revenue	74,102,479	79,208,063	63,256,505	(15,951,558)
Federal revenue	31,235,108	45,378,283	35,088,567	(10,289,716)
Patient service revenue	1,430,244	1,422,413	1,236,836	(185,577)
Other revenue	524,011	611,968	528,637	(83,331)
Total revenues	118,589,764	139,924,091	109,181,436	(30,742,655)
Expenditures:				
General government	4,588,213	7,483,756	4,224,405	3,259,351
Planning and development	15,215,663	14,478,585	5,182,328	9,296,257
Public works	5,274,649	4,948,560	3,786,675	1,161,885
Corrections	440,621	2,078,793	1,312,609	766,184
Health services	26,143,849	35,586,453	28,622,231	6,964,222
Community services	40,522,389	49,231,862	41,780,449	7,451,413
Law enforcement	526,294	3,609,352	1,462,554	2,146,798
Judicial	25,825,740	23,339,107	21,463,617	1,875,490
Total expenditures	118,537,418	140,756,468	107,834,868	32,921,600
Excess (deficiency) of revenues over expenditures	52,346	(832,377)	1,346,568	2,178,945
Other financing sources (uses):				
Transfers in	4,187,033	4,928,621	3,666,093	(1,262,528)
Transfers out	(5,577,379)	(8,330,755)	(6,819,181)	1,511,574
Loan proceeds	---	816,473	816,473	---
Other sources (uses)	1,338,000	3,418,038	---	(3,418,038)
Total other financing sources (uses)	(52,346)	832,377	(2,336,615)	(3,168,992)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ (990,047)	\$ (990,047)

**Shelby County Retirement System  
Required Supplementary Information  
For the Year Ended June 30, 2008**

**Schedule of Funding Progress**

Actuarial Valuation Date of June 30	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability/ (Surplus)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability/ (Surplus) as a Percentage of Covered Payroll
2002	\$ 797,091,379	\$ 720,839,196	\$ (76,252,183)	110.6%	\$ 233,148,476	(32.7%)
2003	794,201,990	769,753,615	(24,448,375)	103.2%	237,197,193	(10.3%)
2004	841,335,004	737,329,388	(104,005,616)	114.1%	246,685,081	(42.2%)
2005	885,049,492	780,800,809	(104,248,683)	113.4%	253,031,826	(41.2%)
2006	933,730,481	860,178,582	(73,551,899)	108.6%	241,403,735	(30.5%)
2007	992,143,395	934,829,366	(57,314,029)	106.1%	251,059,875	(22.8%)
2008 (a)	1,040,514,476	1,000,475,305	(40,039,171)	104.0%	264,640,554	(15.1%)

(a) See Note IV(O) in the Notes to Financial Statements for more information.

**Other Post Employment Benefits (OPEB) Trust Fund  
Required Supplementary Information  
For the Year Ended June 30, 2008**

**Schedule of Funding Progress**

(amounts rounded to thousands)

Actuarial Valuation Date of July 1	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability/ (Surplus)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability/ (Surplus) as a Percentage of Covered Payroll
2007	\$ ---	\$ 319,685	\$ 319,685	0.0%	\$ 218,583	146.3%

Valuation date	July 1, 2007
Actuarial cost method	Projected unit credit
Amortization method	30 year period beginning July 1, 2007
Remaining amortization period	30 years
Asset valuation method	10-year smoothing method
Actuarial assumptions:	
Investment rate of return	5.25%
Healthcare cost trend rate	2008 - 10.5%; 2009 - 10.0%; 2010 - 9.0%; 2011 - 8.0%; 2012 - 7.0%; 2013 - 6.0%; 2014 and later - 5.0%

The notes to required supplementary information are an integral part of this schedule.

**I. Budgetary Information**

The revenues and expenditures accounted for in each of the General Fund, Education Fund and Grants Fund have legally adopted budgets and are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern County operations. The County Board of Commissioners approves and appropriates the budgets for these funds annually.

Expenditures may not exceed appropriations by line item at the department level. The County Mayor is authorized to transfer budgeted amounts between line items of the same category (personnel related versus all other types of expenditures) of the same division (group of departments). Any adjustments that create a new line item, increase the total budget, or require transfers between divisions, categories or funds must be approved by the County Board of Commissioners. The reported budgetary data has been revised for amendments authorized during the year and thereafter.

All funds requiring legally adopted budgets have budgets which are adopted on a basis consistent with U.S. generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

**II. OPEB Trust Fund**

The Trust was established as of July 1, 2007 and the only actuarial valuation performed was as of the creation date. Inasmuch as only the initial actuarial valuation has been performed no trend may be discerned from the information at this time.

**Nonmajor Enterprise Funds**  
**Combining Statement of Net Assets**  
**June 30, 2008**

	Consolidated Codes Enforcement Fund	Fire Services Fund	Corrections Center Fund	Total
<b>Assets:</b>				
Current assets				
Cash and cash equivalents	\$ 128,617	\$ 3,473,465	\$ 8,558,051	\$ 12,160,133
Accounts receivable and accrued revenues	45,134	1,457,862	32,661	1,535,657
Due from other governmental entities	---	46,080	1,807,220	1,853,300
Prepays and deferred charges	1,131,799	955,027	3,363,150	5,449,976
Total current assets	<u>1,305,550</u>	<u>5,932,434</u>	<u>13,761,082</u>	<u>20,999,066</u>
Noncurrent assets				
Depreciable capital assets, net	2,070,656	2,962,751	22,334,959	27,368,366
Total assets	<u>\$ 3,376,206</u>	<u>\$ 8,895,185</u>	<u>\$ 36,096,041</u>	<u>\$ 48,367,432</u>
<b>Liabilities and net assets</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$ 173,201	\$ 192,489	\$ 1,276,651	\$ 1,642,341
Accrued interest payable	---	38,565	---	38,565
Interfund loan payable, current portion	---	1,357,847	---	1,357,847
Deposits held for others	84,262	---	335,322	419,584
Deferred revenue	98,997	---	---	98,997
Sick and annual leave payable	358,041	1,045,766	1,754,261	3,158,068
Capital lease obligations, current portion	---	133,708	---	133,708
Total current liabilities	<u>714,501</u>	<u>2,768,375</u>	<u>3,366,234</u>	<u>6,849,110</u>
Noncurrent liabilities				
Sick and annual leave payable	289,445	398,348	1,053,147	1,740,940
Capital lease obligations	---	906,177	---	906,177
Total noncurrent liabilities	<u>289,445</u>	<u>1,304,525</u>	<u>1,053,147</u>	<u>2,647,117</u>
Total liabilities	<u>1,003,946</u>	<u>4,072,900</u>	<u>4,419,381</u>	<u>9,496,227</u>
Net assets				
Invested in capital assets, net of related debt	2,070,656	1,922,866	22,334,959	26,328,481
Unrestricted	301,604	2,899,419	9,341,701	12,542,724
Total net assets	<u>2,372,260</u>	<u>4,822,285</u>	<u>31,676,660</u>	<u>38,871,205</u>
Total liabilities and net assets	<u>\$ 3,376,206</u>	<u>\$ 8,895,185</u>	<u>\$ 36,096,041</u>	<u>\$ 48,367,432</u>

**Nonmajor Enterprise Funds**

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**

**For the Year Ended June 30, 2008**

	Consolidated Codes Enforcement Fund	Fire Services Fund	Corrections Center Fund	Total
Operating revenues:				
State revenue	\$ ---	\$ 75,000	\$ 41,151,944	\$ 41,226,944
Federal revenue	---	---	22,800	22,800
Charges for services	8,965,105	17,967,706	1,783,593	28,716,404
Other revenue	---	53	22,887	22,940
Total operating revenues	<u>8,965,105</u>	<u>18,042,759</u>	<u>42,981,224</u>	<u>69,989,088</u>
Operating expenses				
Salaries	8,129,271	8,244,112	23,476,740	39,850,123
Other compensation	36,741	1,571,161	3,669,511	5,277,413
Fringe benefits	1,996,355	2,363,866	6,283,115	10,643,336
Supplies	252,732	411,242	4,324,296	4,988,270
Services	39,548	53,835	127,806	221,189
Professional and contracted services	322,243	3,554,678	5,606,847	9,483,768
Rent, utilities, and maintenance	122,517	231,888	2,420,232	2,774,637
Interdepartmental expenditures	680,234	351,137	547,787	1,579,158
Depreciation	217,569	402,758	1,082,012	1,702,339
Total operating expenses	<u>11,797,210</u>	<u>17,184,677</u>	<u>47,538,346</u>	<u>76,520,233</u>
Operating income (loss)	(2,832,105)	858,082	(4,557,122)	(6,531,145)
Nonoperating revenues (expenses):				
Interest income	102,333	148,395	35,236	285,964
Interest expense	---	(172,867)	(87,119)	(259,986)
Gain (loss) on asset disposals	2,500	7,220	6,136	15,856
Insurance recoveries	15,331	---	---	15,331
Income (loss) before transfers	<u>(2,711,941)</u>	<u>840,830</u>	<u>(4,602,869)</u>	<u>(6,473,980)</u>
Transfers:				
Transfers in	71,948	---	10,700,000	10,771,948
Transfers out	(506,213)	(719,023)	(2,654,353)	(3,879,589)
Other sources (uses)	---	8,655	---	8,655
Net transfers	<u>(434,265)</u>	<u>(710,368)</u>	<u>8,045,647</u>	<u>6,901,014</u>
Change in net assets	(3,146,206)	130,462	3,442,778	427,034
Net assets:				
June 30, 2007, as restated	<u>5,518,466</u>	<u>4,691,823</u>	<u>28,233,882</u>	<u>38,444,171</u>
June 30, 2008	<u>\$ 2,372,260</u>	<u>\$ 4,822,285</u>	<u>\$ 31,676,660</u>	<u>\$ 38,871,205</u>

**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2008**

	Consolidated Codes Enforcement Fund	Fire Services Fund	Corrections Center Fund	Total
<b>Cash flows from operations:</b>				
Receipts from customers	\$ 8,977,781	\$ 17,560,126	\$ 51,416,382	\$ 77,954,289
Receipts for special programs	---	97,329	---	97,329
Receipts from insurance providers	---	73,380	---	73,380
Receipts from interfund services provided	---	---	32,940	32,940
Refunds received from suppliers	---	2,028	79	2,107
Refunds paid to customers	---	---	(2,702,208)	(2,702,208)
Cash payments to suppliers	(632,759)	(4,347,495)	(11,694,058)	(16,674,312)
Cash payments to employees	(10,540,519)	(12,117,064)	(34,390,682)	(57,048,265)
Payments for interfund services used	(680,233)	(351,137)	(660,922)	(1,692,292)
Net cash provided by (used in) operating activities	<u>(2,875,730)</u>	<u>917,167</u>	<u>2,001,531</u>	<u>42,968</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers from other funds	71,948	---	10,700,000	10,771,948
Transfers to other funds	(506,213)	(719,023)	(2,654,353)	(3,879,589)
Repayment of advance from other funds	---	(517,972)	(850,648)	(1,368,620)
Interest paid on advance from other funds	---	(82,028)	(87,119)	(169,147)
Net cash provided by (used in) noncapital financing activities	<u>(434,265)</u>	<u>(1,319,023)</u>	<u>7,107,880</u>	<u>5,354,592</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(213,337)	(73,792)	(868,904)	(1,156,033)
Proceeds from the sale of capital assets	2,500	9,210	---	11,710
Capital lease obligation payments	---	(127,597)	---	(127,597)
Interest paid	---	(55,788)	---	(55,788)
Insurance recoveries	15,331	---	6,136	21,467
Net cash used in capital and related financing activities	<u>(195,506)</u>	<u>(247,967)</u>	<u>(862,768)</u>	<u>(1,306,241)</u>
<b>Cash flows from investing activities:</b>				
Interest and investment earnings	102,333	148,395	35,236	285,964
Net cash provided by investing activities	<u>102,333</u>	<u>148,395</u>	<u>35,236</u>	<u>285,964</u>
Net increase (decrease) in cash and cash equivalents	(3,403,168)	(501,428)	8,281,879	4,377,283
Cash and cash equivalents, June 30, 2007	<u>3,531,785</u>	<u>3,974,893</u>	<u>276,172</u>	<u>7,782,850</u>
Cash and cash equivalents, June 30, 2008	<u>\$ 128,617</u>	<u>\$ 3,473,465</u>	<u>\$ 8,558,051</u>	<u>\$ 12,160,133</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ (2,832,105)	\$ 858,082	\$ (4,557,122)	\$ (6,531,145)
Adjustments:				
Depreciation	217,569	402,758	1,082,012	1,702,339
<b>Changes in assets and liabilities:</b>				
Accounts receivable and accrued revenues	1,883	(265,844)	127,344	(136,617)
Due from other governmental entities	---	(46,080)	5,546,456	5,500,376
Deferred charges	(393,610)	(177,336)	(1,168,334)	(1,739,280)
Accounts payable and accrued liabilities	104,282	(93,824)	705,007	715,465
Deposits held for others	7,000	---	59,150	66,150
Deferred revenue	3,793	---	---	3,793
Sick and annual leave payable	15,458	239,411	207,018	461,887
Total adjustments	<u>(43,625)</u>	<u>59,085</u>	<u>6,558,653</u>	<u>6,574,113</u>
Net cash provided by (used in) operating activities	<u>\$ (2,875,730)</u>	<u>\$ 917,167</u>	<u>\$ 2,001,531</u>	<u>\$ 42,968</u>
<b>Noncash investing, capital, and financing activities:</b>				
Capital assets transferred from governmental activities		\$ 8,655		\$ 8,655

**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2008**

	Special Revenue Funds			
	Roads and Bridges Fund	Solid Waste Management Fund	Hotel/Motel Tax Fund	Sheriff Narcotics Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 2,966,439	\$ ---	\$ 7,170,210	\$ 5,411,613
Investments	4,993,690	---	5,055,175	---
Accounts receivable and accrued revenues	2,344	2,779	1,154,887	39,088
Due from other governmental entities	1,730,999	325	---	---
Due from other funds	---	---	1,303,704	---
Prepays and deferred charges	---	---	---	---
Deposits held by others	---	---	---	443,670
Total assets	<u>\$ 9,693,472</u>	<u>\$ 3,104</u>	<u>\$ 14,683,976</u>	<u>\$ 5,894,371</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 1,299,423	\$ 1,185	\$ 1,485,105	\$ 57,270
Due to other governmental entities	26,922	---	---	---
Due to other funds	---	1,919	---	---
Deposits held for others	---	---	---	443,670
Deferred revenue	219	---	1,154,887	---
Total liabilities	<u>1,326,564</u>	<u>3,104</u>	<u>2,639,992</u>	<u>500,940</u>
<b>Fund balances</b>				
Reserved for encumbrances	1,002,930	---	---	286,287
Reserved for air mitigation	---	---	---	---
Unreserved	7,363,978	---	12,043,984	5,107,144
Total fund balances	<u>8,366,908</u>	<u>---</u>	<u>12,043,984</u>	<u>5,393,431</u>
Total liabilities and fund balances	<u>\$ 9,693,472</u>	<u>\$ 3,104</u>	<u>\$ 14,683,976</u>	<u>\$ 5,894,371</u>

Data Processing Fund	Car Rental Tax Fund	Health Services Restricted Fees Fund	Economic Development Fund	Total
\$ 702,132	\$ 152,167	\$ 2,237,950	\$ 1,633,229	\$ 20,273,740
---	---	---	---	10,048,865
---	162,579	457,624	---	1,819,301
---	---	---	---	1,731,324
---	174,119	---	---	1,477,823
---	82,703	---	---	82,703
---	---	---	---	443,670
<u>\$ 702,132</u>	<u>\$ 571,568</u>	<u>\$ 2,695,574</u>	<u>\$ 1,633,229</u>	<u>\$ 35,877,426</u>
\$ 134,201	\$ 488,865	\$ 24,202	\$ 8,750	\$ 3,499,001
---	---	---	---	26,922
---	---	---	---	1,919
---	---	---	---	443,670
---	---	---	---	1,155,106
<u>134,201</u>	<u>488,865</u>	<u>24,202</u>	<u>8,750</u>	<u>5,126,618</u>
53,481	---	---	8,750	1,351,448
---	---	700,000	---	700,000
<u>514,450</u>	<u>82,703</u>	<u>1,971,372</u>	<u>1,615,729</u>	<u>28,699,360</u>
<u>567,931</u>	<u>82,703</u>	<u>2,671,372</u>	<u>1,624,479</u>	<u>30,750,808</u>
<u>\$ 702,132</u>	<u>\$ 571,568</u>	<u>\$ 2,695,574</u>	<u>\$ 1,633,229</u>	<u>\$ 35,877,426</u>

**Nonmajor Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**

**For the Year Ended June 30, 2008**

	Special Revenue Funds			
	Roads and Bridges Fund	Solid Waste Management Fund	Hotel/Motel Tax Fund	Sheriff Narcotics Fund
<b>Revenues</b>				
Other local taxes	\$ 189,329	\$ ---	\$ 14,080,417	\$ ---
Local revenue	225,501	17,905	---	177,536
State revenue	10,911,499	178	9,483,356	30,482
Elected officials' fines and fees	---	42,140	---	1,993,843
Other revenue	348,812	---	424,453	237,322
Total revenues	<u>11,675,141</u>	<u>60,223</u>	<u>23,988,226</u>	<u>2,439,183</u>
<b>Expenditures</b>				
General government	---	---	12,545,475	---
Public works	9,979,854	183,347	---	---
Health services	---	---	---	---
Law enforcement	---	---	---	2,196,761
Judicial	---	---	---	---
Other elected officials	---	---	---	---
Total expenditures	<u>9,979,854</u>	<u>183,347</u>	<u>12,545,475</u>	<u>2,196,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,695,287</u>	<u>(123,124)</u>	<u>11,442,751</u>	<u>242,422</u>
<b>Other financing sources (uses)</b>				
Transfers in	---	123,124	---	---
Transfers out	(2,555,180)	---	(6,079,542)	(55,917)
Total other financing sources (uses)	<u>(2,555,180)</u>	<u>123,124</u>	<u>(6,079,542)</u>	<u>(55,917)</u>
Net change in fund balances	(859,893)	---	5,363,209	186,505
<b>Fund balances</b>				
June 30, 2007	<u>9,226,801</u>	<u>---</u>	<u>6,680,775</u>	<u>5,206,926</u>
June 30, 2008	<u>\$ 8,366,908</u>	<u>\$ ---</u>	<u>\$ 12,043,984</u>	<u>\$ 5,393,431</u>

Data Processing Fund	Car Rental Tax Fund	Health Services Restricted Fees Fund	Economic Development Fund	Total
\$ ---	\$ 2,082,703	\$ ---	\$ ---	\$ 16,352,449
---	---	4,201,949	---	4,622,891
---	---	---	---	20,425,515
594,976	---	---	---	2,630,959
27,634	---	770,746	38,204	1,847,171
<u>622,610</u>	<u>2,082,703</u>	<u>4,972,695</u>	<u>38,204</u>	<u>45,878,985</u>
---	2,000,000	---	1,913,725	16,459,200
---	---	---	---	10,163,201
---	---	4,249,917	---	4,249,917
---	---	---	---	2,196,761
159,736	---	---	---	159,736
269,651	---	---	---	269,651
<u>429,387</u>	<u>2,000,000</u>	<u>4,249,917</u>	<u>1,913,725</u>	<u>33,498,466</u>
<u>193,223</u>	<u>82,703</u>	<u>722,778</u>	<u>(1,875,521)</u>	<u>12,380,519</u>
---	---	---	2,500,000	2,623,124
---	---	(105,025)	---	(8,795,664)
---	---	(105,025)	2,500,000	(6,172,540)
193,223	82,703	617,753	624,479	6,207,979
374,708	---	2,053,619	1,000,000	24,542,829
<u>\$ 567,931</u>	<u>\$ 82,703</u>	<u>\$ 2,671,372</u>	<u>\$ 1,624,479</u>	<u>\$ 30,750,808</u>

**Nonmajor Governmental Funds  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Roads and Bridges Special Revenue Fund**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Other local taxes	\$ 273,000	\$ 273,000	\$ 189,329	\$ (83,671)
Local revenue	65,000	65,000	225,501	160,501
State revenue	9,920,000	9,920,000	10,911,499	991,499
Other revenue	300,000	300,000	348,812	48,812
<b>Total revenues</b>	<b>10,558,000</b>	<b>10,558,000</b>	<b>11,675,141</b>	<b>1,117,141</b>
<b>Expenditures:</b>				
Salaries	4,834,629	4,878,620	4,860,280	18,340
Other compensation	122,089	143,477	141,402	2,075
Fringe benefits	1,663,605	1,598,226	1,476,723	121,503
Supplies	3,555,333	4,391,609	3,538,091	853,518
Services	6,420	1,910	29	1,881
Professional and contracted services	277,160	330,929	231,655	99,274
Rent, utilities, and maintenance	208,460	164,370	104,366	60,004
Interdepartmental expenditures	(2,282,744)	(2,890,297)	(2,690,980)	(199,317)
Asset acquisitions	2,333,700	3,844,377	2,318,288	1,526,089
<b>Total expenditures</b>	<b>10,718,652</b>	<b>12,463,221</b>	<b>9,979,854</b>	<b>2,483,367</b>
Excess (deficiency) of revenues over expenditures	(160,652)	(1,905,221)	1,695,287	3,600,508
<b>Other financing sources (uses):</b>				
Transfers out	(2,555,180)	(2,555,180)	(2,555,180)	---
Other sources (uses)	2,715,832	4,460,401	---	(4,460,401)
<b>Total other financing sources (uses)</b>	<b>160,652</b>	<b>1,905,221</b>	<b>(2,555,180)</b>	<b>(4,460,401)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ (859,893)	\$ (859,893)

**Nonmajor Governmental Funds  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Solid Waste Management Special Revenue Fund**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 23,520	\$ 23,520	\$ 17,905	\$ (5,615)
State revenue	---	---	178	178
Elected officials' fines and fees	---	---	42,140	42,140
Total revenues	23,520	23,520	60,223	36,703
Expenditures:				
Salaries	100,442	104,929	104,929	---
Other compensation	4,710	3,582	544	3,038
Fringe benefits	35,738	36,376	34,736	1,640
Supplies	1,145	1,145	261	884
Services	500	1,500	1,209	291
Professional and contracted services	38,400	32,903	11,162	21,741
Rent, utilities, and maintenance	3,576	3,576	---	3,576
Interdepartmental expenditures	66,006	66,506	30,506	36,000
Total expenditures	250,517	250,517	183,347	67,170
Excess (deficiency) of revenues over expenditures	(226,997)	(226,997)	(123,124)	103,873
Other financing sources (uses):				
Transfers in	226,997	226,997	123,124	(103,873)
Total other financing sources (uses)	226,997	226,997	123,124	(103,873)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**Nonmajor Governmental Funds  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Hotel Motel Tax Special Revenue Fund**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Other local taxes	\$ 12,600,000	\$ 12,600,000	\$ 14,080,417	\$ 1,480,417
State revenue	8,000,000	8,000,000	9,483,356	1,483,356
Other revenue	---	---	424,453	424,453
Total revenues	<u>20,600,000</u>	<u>20,600,000</u>	<u>23,988,226</u>	<u>3,388,226</u>
Expenditures:				
Intergovernmental expenditures	397,716	397,716	397,716	---
Special funded projects	12,847,759	12,847,759	12,147,759	700,000
Total expenditures	<u>13,245,475</u>	<u>13,245,475</u>	<u>12,545,475</u>	<u>700,000</u>
Excess (deficiency) of revenues over expenditures	<u>7,354,525</u>	<u>7,354,525</u>	<u>11,442,751</u>	<u>4,088,226</u>
Other financing sources (uses):				
Transfers out	(6,779,542)	(6,779,542)	(6,079,542)	700,000
Other sources (uses)	(574,983)	(574,983)	---	574,983
Total other financing sources (uses)	<u>(7,354,525)</u>	<u>(7,354,525)</u>	<u>(6,079,542)</u>	<u>1,274,983</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 5,363,209</u>	<u>\$ 5,363,209</u>

**Nonmajor Governmental Funds  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Sheriff Narcotics Special Revenue Fund**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 245,000	\$ 245,000	\$ 177,536	\$ (67,464)
State revenue	40,000	40,000	30,482	(9,518)
Elected officials' fines and fees	1,860,000	1,860,000	1,993,843	133,843
Other revenue	30,000	30,000	237,322	207,322
<b>Total revenues</b>	<b>2,175,000</b>	<b>2,175,000</b>	<b>2,439,183</b>	<b>264,183</b>
<b>Expenditures:</b>				
Other compensation	445,000	---	---	---
Supplies	416,711	553,530	505,966	47,564
Services	53,500	46,500	34,795	11,705
Professional and contracted services	170,000	201,000	160,126	40,874
Rent, utilities, and maintenance	297,000	213,624	207,678	5,946
Interdepartmental expenditures	151,000	312,000	259,312	52,688
Asset acquisitions	845,000	1,003,884	1,003,884	---
Grants	50,000	25,000	25,000	---
<b>Total expenditures</b>	<b>2,428,211</b>	<b>2,355,538</b>	<b>2,196,761</b>	<b>158,777</b>
Excess (deficiency) of revenues over expenditures	(253,211)	(180,538)	242,422	422,960
<b>Other financing sources (uses):</b>				
Transfers out	(61,772)	(276,669)	(55,917)	220,752
Other sources (uses)	314,983	457,207	---	(457,207)
<b>Total other financing sources (uses)</b>	<b>253,211</b>	<b>180,538</b>	<b>(55,917)</b>	<b>(236,455)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ 186,505	\$ 186,505

**Nonmajor Governmental Funds  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Data Processing Special Revenue Fund**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Elected officials' fines and fees	\$ 643,000	\$ 643,000	\$ 594,976	\$ (48,024)
Other revenue	22,700	22,700	27,634	4,934
Total revenues	665,700	665,700	622,610	(43,090)
Expenditures:				
Salaries	125,117	125,117	87,974	37,143
Fringe benefits	39,412	39,412	24,347	15,065
Supplies	41,500	36,500	4,705	31,795
Services	---	8,000	2,310	5,690
Professional and contracted services	317,712	312,031	112,551	199,480
Rent, utilities, and maintenance	33,398	108,295	105,777	2,518
Asset acquisitions	169,735	110,246	91,723	18,523
Total expenditures	726,874	739,601	429,387	310,214
Excess (deficiency) of revenues over expenditures	(61,174)	(73,901)	193,223	267,124
Other financing sources (uses):				
Transfers in	---	50,000	---	(50,000)
Other sources (uses)	61,174	23,901	---	(23,901)
Total other financing sources (uses)	61,174	73,901	---	(73,901)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ 193,223	\$ 193,223

**Nonmajor Governmental Funds  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Car Rental Tax Special Revenue Fund**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Other local taxes	\$ 2,000,000	\$ 2,000,000	\$ 2,082,703	\$ 82,703
Total revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,082,703</u>	<u>82,703</u>
Expenditures:				
Special funded projects	2,000,000	2,000,000	2,000,000	---
Total expenditures	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>---</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 82,703</u>	<u>\$ 82,703</u>

**Health Services Restricted Fees Special Revenue Fund**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 4,282,162	\$ 4,282,162	\$ 4,201,949	\$ (80,213)
Other revenue	110,000	110,000	770,746	660,746
Total revenues	<u>4,392,162</u>	<u>4,392,162</u>	<u>4,972,695</u>	<u>580,533</u>
Expenditures:				
Salaries	2,820,921	2,820,921	2,804,718	16,203
Other compensation	103,500	103,500	71,599	31,901
Fringe benefits	852,727	852,727	768,581	84,146
Supplies	239,193	269,693	248,260	21,433
Services	54,000	48,000	17,056	30,944
Professional and contracted services	108,650	108,665	63,753	44,912
Rent, utilities, and maintenance	148,500	61,500	43,283	18,217
Interdepartmental expenditures	171,500	270,500	232,667	37,833
Asset acquisitions	150,000	131,600	---	131,600
Total expenditures	<u>4,648,991</u>	<u>4,667,106</u>	<u>4,249,917</u>	<u>417,189</u>
Excess (deficiency) of revenues over expenditures	<u>(256,829)</u>	<u>(274,944)</u>	<u>722,778</u>	<u>997,722</u>
Other financing sources (uses):				
Transfers out	(147,346)	(227,346)	(105,025)	122,321
Other sources (uses)	404,175	502,290	---	(502,290)
Total other financing sources (uses)	<u>256,829</u>	<u>274,944</u>	<u>(105,025)</u>	<u>(379,969)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 617,753</u>	<u>\$ 617,753</u>

**Nonmajor Governmental Funds  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Economic Development Special Revenue Fund**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Other revenue	\$ ---	\$ ---	\$ 38,204	\$ 38,204
Total revenues	---	---	38,204	38,204
Expenditures:				
Professional and contracted services	2,575,000	1,575,000	10,000	1,565,000
Grants	225,000	1,916,250	1,903,725	12,525
Total expenditures	2,800,000	3,491,250	1,913,725	1,577,525
Excess (deficiency) of revenues over expenditures	(2,800,000)	(3,491,250)	(1,875,521)	1,615,729
Other financing sources (uses):				
Transfers in	1,000,000	2,500,000	2,500,000	---
Other sources (uses)	1,800,000	991,250	---	(991,250)
Total other financing sources (uses)	2,800,000	3,491,250	2,500,000	(991,250)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ 624,479	\$ 624,479

**Internal Service Funds**  
**Combining Statement of Net Assets**  
**June 30, 2008**

	Central Services Fund	Group Health Insurance Fund	Tort Liability Fund	Employer Insurance Fund	Total
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ ---	\$ 10,972,706	\$ 3,810,461	\$ 9,677,486	\$ 24,460,653
Accounts receivable and accrued revenues	25,185	11,201	---	---	36,386
Due from other governmental entities	119,987	---	---	---	119,987
Prepays and deferred charges	447,501	---	---	---	447,501
Deposits held by others	---	349,000	---	---	349,000
Inventories	140,806	---	---	---	140,806
Total current assets	<u>733,479</u>	<u>11,332,907</u>	<u>3,810,461</u>	<u>9,677,486</u>	<u>25,554,333</u>
Noncurrent assets:					
Depreciable capital assets, net	<u>1,425,592</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>1,425,592</u>
Total assets	<u>\$ 2,159,071</u>	<u>\$ 11,332,907</u>	<u>\$ 3,810,461</u>	<u>\$ 9,677,486</u>	<u>\$ 26,979,925</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 510,037	\$ 16,064	\$ 33,916	\$ 24,451	\$ 584,468
Due to other funds	264,674	---	---	---	264,674
Deferred revenue	---	3,760,570	---	---	3,760,570
Sick and annual leave payable	56,662	---	---	---	56,662
Claims payable	---	4,964,463	463,023	3,218,626	8,646,112
Total current liabilities	<u>831,373</u>	<u>8,741,097</u>	<u>496,939</u>	<u>3,243,077</u>	<u>13,312,486</u>
Noncurrent liabilities:					
Long term claims payable	---	---	3,273,470	3,924,861	7,198,331
Sick and annual leave payable	44,283	---	---	---	44,283
Total noncurrent liabilities	<u>44,283</u>	<u>---</u>	<u>3,273,470</u>	<u>3,924,861</u>	<u>7,242,614</u>
Total liabilities	<u>875,656</u>	<u>8,741,097</u>	<u>3,770,409</u>	<u>7,167,938</u>	<u>20,555,100</u>
<b>Net assets:</b>					
Invested in capital assets, net of related debt	1,425,592	---	---	---	1,425,592
Unrestricted	(142,177)	2,591,810	40,052	2,509,548	4,999,233
Total net assets	<u>1,283,415</u>	<u>2,591,810</u>	<u>40,052</u>	<u>2,509,548</u>	<u>6,424,825</u>
Total liabilities and net assets	<u>\$ 2,159,071</u>	<u>\$ 11,332,907</u>	<u>\$ 3,810,461</u>	<u>\$ 9,677,486</u>	<u>\$ 26,979,925</u>

**Internal Service Funds**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**

**For the Year Ended June 30, 2008**

	Central Services Fund	Group Health Insurance Fund	Tort Liability Fund	Employer Insurance Fund	Total
Operating revenues:					
Premium revenue	\$ ---	\$ 45,352,869	\$ 501,407	\$ 4,979,105	\$ 50,833,381
Charges for services	7,103,765	---	---	3,340	7,107,105
Total operating revenues	<u>7,103,765</u>	<u>45,352,869</u>	<u>501,407</u>	<u>4,982,445</u>	<u>57,940,486</u>
Operating expenses:					
Salaries	765,658	---	---	---	765,658
Other compensation	9,294	---	---	---	9,294
Fringe benefits	193,077	---	---	---	193,077
Supplies	1,427,617	---	---	---	1,427,617
Services	531,796	3,555,876	---	5,583	4,093,255
Professional and contracted services	---	670,852	---	109,478	780,330
Rent, utilities, and maintenance	3,769,129	---	---	---	3,769,129
Interdepartmental expenditures	97	---	---	---	97
Depreciation	140,225	---	---	---	140,225
Contributions to OPEB trust	---	23,892,191	---	---	23,892,191
Claims incurred	---	43,630,894	1,464,779	2,862,464	47,958,137
Total operating expenses	<u>6,836,893</u>	<u>71,749,813</u>	<u>1,464,779</u>	<u>2,977,525</u>	<u>83,029,010</u>
Operating income (loss)	266,872	(26,396,944)	(963,372)	2,004,920	(25,088,524)
Nonoperating revenues (expenses)					
Interest income	---	453,525	---	---	453,525
Income (loss) before transfers	<u>266,872</u>	<u>(25,943,419)</u>	<u>(963,372)</u>	<u>2,004,920</u>	<u>(24,634,999)</u>
Other financing sources (uses):					
Transfers in	---	---	1,000,000	---	1,000,000
Transfers out	---	(356,962)	---	---	(356,962)
Net transfers	<u>---</u>	<u>(356,962)</u>	<u>1,000,000</u>	<u>---</u>	<u>643,038</u>
Change in net assets	266,872	(26,300,381)	36,628	2,004,920	(23,991,961)
Net assets:					
June 30, 2007, as restated	<u>1,016,543</u>	<u>28,892,191</u>	<u>3,424</u>	<u>504,628</u>	<u>30,416,786</u>
June 30, 2008	<u>\$ 1,283,415</u>	<u>\$ 2,591,810</u>	<u>\$ 40,052</u>	<u>\$ 2,509,548</u>	<u>\$ 6,424,825</u>

**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2008**

	Central Services Fund	Group Health Insurance Fund	Tort Liability Fund	Employer Insurance Fund	Total
Cash flows from operations:					
Receipts from customers	\$ 348,341	\$ ---	\$ ---	\$ ---	\$ 348,341
Receipts from interfund services provided	6,694,481	---	---	---	6,694,481
Premiums received	---	45,855,728	501,407	4,983,278	51,340,413
Refunds received from suppliers	11,797	---	---	20,855	32,652
Cash payments to suppliers	(5,980,440)	(4,897,415)	---	(223,525)	(11,101,380)
Cash payments to employees	(998,694)	---	---	---	(998,694)
Claims paid	---	(44,007,431)	(1,119,590)	(2,363,453)	(47,490,474)
Contributions to OPEB trust fund	---	(23,892,191)	---	---	(23,892,191)
Payments for interfund services received	(436)	---	---	---	(436)
Net cash provided by (used in) operating activities	<u>75,049</u>	<u>(26,941,309)</u>	<u>(618,183)</u>	<u>2,417,155</u>	<u>(25,067,288)</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	---	---	1,000,000	---	1,000,000
Transfers to other funds	---	(356,962)	---	---	(356,962)
Advances from other funds	264,674	---	---	---	264,674
Net cash provided by (used in) noncapital financing activities	<u>264,674</u>	<u>(356,962)</u>	<u>1,000,000</u>	<u>---</u>	<u>907,712</u>
Cash flows from capital and and related financing activities:					
Acquisition of capital assets	(637,206)	---	---	---	(637,206)
Net cash provided by investing activities	<u>(637,206)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(637,206)</u>
Cash flows from investing activities:					
Interest and investment earnings	---	453,525	---	---	453,525
Net cash provided by investing activities	<u>---</u>	<u>453,525</u>	<u>---</u>	<u>---</u>	<u>453,525</u>
Net increase (decrease) in cash and cash equivalents	(297,483)	(26,844,746)	381,817	2,417,155	(24,343,257)
Cash and cash equivalents, June 30, 2007	<u>297,483</u>	<u>37,817,452</u>	<u>3,428,644</u>	<u>7,260,331</u>	<u>48,803,910</u>
Cash and cash equivalents, June 30, 2008	<u>\$ ---</u>	<u>\$ 10,972,706</u>	<u>\$ 3,810,461</u>	<u>\$ 9,677,486</u>	<u>\$ 24,460,653</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 266,872	\$ (26,396,944)	\$ (963,372)	\$ 2,004,920	\$ (25,088,524)
Adjustments:					
Depreciation	140,225	---	---	---	140,225
Changes in assets and liabilities					
Accounts receivable and accrued revenues	(13,692)	38,714	---	833	25,855
Due from other governmental entities	(56,925)	---	---	---	(56,925)
Deferred charges	(39,946)	---	---	---	(39,946)
Prepays	(323,614)	---	---	---	(323,614)
Inventories	53,696	---	---	---	53,696
Accounts payable and accrued liabilities	39,152	(670,688)	(41,777)	(108,464)	(781,777)
Deferred revenue	---	464,146	---	---	464,146
Sick and annual leave payable	9,281	---	---	---	9,281
Claims payable	---	(376,537)	386,966	519,866	530,295
Total adjustments	<u>(191,823)</u>	<u>(544,365)</u>	<u>345,189</u>	<u>412,235</u>	<u>21,236</u>
Net cash provided by (used in) operating activities	<u>\$ 75,049</u>	<u>\$ (26,941,309)</u>	<u>\$ (618,183)</u>	<u>\$ 2,417,155</u>	<u>\$ (25,067,288)</u>

**Constitutional Officers - General and Agency Funds**  
**Combined Schedule of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2008**

	Beginning Balance	Additions	Deductions	Ending Balance
<b><u>Chancery Court</u></b>				
Assets:				
Cash and cash equivalents	\$ 25,047,086	\$ 23,960,720	\$ (34,759,873)	\$ 14,247,933
Investments	---	2,000,000	---	2,000,000
Total Assets	<u>\$ 25,047,086</u>	<u>\$ 23,960,720</u>	<u>\$ (34,759,873)</u>	<u>\$ 16,247,933</u>
Liabilities:				
Funds held for others	\$ 24,750,690	8,932,995	\$ (17,830,634)	\$ 15,853,051
Due to other funds and departments	296,396	3,090,231	(2,991,745)	394,882
Total Liabilities	<u>\$ 25,047,086</u>	<u>\$ 12,023,226</u>	<u>\$ (20,822,379)</u>	<u>\$ 16,247,933</u>
<b><u>Circuit Court Clerk</u></b>				
Assets:				
Cash and cash equivalents	\$ 16,025,541	\$ 13,296,576	\$ (15,051,773)	\$ 14,270,344
Investments	1,000,000	1,000,000	(1,000,000)	1,000,000
Total Assets	<u>\$ 17,025,541</u>	<u>\$ 14,296,576</u>	<u>\$ (16,051,773)</u>	<u>\$ 15,270,344</u>
Liabilities:				
Funds held for others	\$ 16,483,967	\$ 10,022,277	\$ (11,594,984)	\$ 14,911,260
Due to other governmental agencies	33,613	400,135	(400,760)	32,988
Due to other funds and departments	507,961	3,874,164	(4,056,029)	326,096
Total Liabilities	<u>\$ 17,025,541</u>	<u>\$ 14,296,576</u>	<u>\$ (16,051,773)</u>	<u>\$ 15,270,344</u>
<b><u>Criminal Court Clerk</u></b>				
Assets:				
Cash and cash equivalents	\$ 2,762,174	\$ 9,692,870	\$ (9,966,028)	\$ 2,489,016
Accounts receivable	884,655	525,330	(884,655)	525,330
Total Assets	<u>\$ 3,646,829</u>	<u>\$ 10,218,200</u>	<u>\$ (10,850,683)</u>	<u>\$ 3,014,346</u>
Liabilities:				
Funds held for others	\$ 2,269,589	\$ 269,655	\$ (799,274)	\$ 1,739,970
Due to other governmental agencies	214,231	1,344,517	(1,501,862)	56,886
Due to other funds and departments	1,163,009	8,531,762	(8,477,281)	1,217,490
Total Liabilities	<u>\$ 3,646,829</u>	<u>\$ 10,145,934</u>	<u>\$ (10,778,417)</u>	<u>\$ 3,014,346</u>
<b><u>General Sessions Court Clerk</u></b>				
Assets:				
Cash and cash equivalents	\$ 6,466,980	\$ 44,031,959	\$ (44,225,004)	\$ 6,273,935
Investments	1,800,000	1,800,000	(1,800,000)	1,800,000
Total Assets	<u>\$ 8,266,980</u>	<u>\$ 45,831,959</u>	<u>\$ (46,025,004)</u>	<u>\$ 8,073,935</u>
Liabilities:				
Funds held for others	\$ 6,579,867	\$ 25,418,898	\$ (25,505,405)	\$ 6,493,360
Due to other governmental agencies	268,096	3,597,638	(3,611,323)	254,411
Due to other funds and departments	1,419,017	16,815,423	(16,908,276)	1,326,164
Total Liabilities	<u>\$ 8,266,980</u>	<u>\$ 45,831,959</u>	<u>\$ (46,025,004)</u>	<u>\$ 8,073,935</u>

**Constitutional Officers - General and Agency Funds**  
**Combined Schedule of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2008**

	Beginning Balance	Additions	Deductions	Ending Balance
<b><u>Probate Court Clerk</u></b>				
Assets:				
Cash and cash equivalents	\$ 10,286,163	\$ 16,919,123	\$ (13,247,556)	\$ 13,957,730
Total Assets	<u>\$ 10,286,163</u>	<u>\$ 16,919,123</u>	<u>\$ (13,247,556)</u>	<u>\$ 13,957,730</u>
Liabilities:				
Funds held for others	\$ 10,201,475	\$ 16,206,169	\$ (12,528,762)	\$ 13,878,882
Due to other governmental agencies	2,488	27,332	(27,246)	2,574
Due to other funds and departments	50,753	685,622	(684,008)	52,367
Accounts payable and accrued expenses	31,447	---	(7,540)	23,907
Total Liabilities	<u>\$ 10,286,163</u>	<u>\$ 16,919,123</u>	<u>\$ (13,247,556)</u>	<u>\$ 13,957,730</u>
<b><u>Juvenile Court Clerk</u></b>				
Assets:				
Cash and cash equivalents	\$ 7,289,412	\$ 9,673,103	\$ (9,727,596)	\$ 7,234,919
Accounts receivable	---	282,208	---	282,208
Total Assets	<u>\$ 7,289,412</u>	<u>\$ 9,955,311</u>	<u>\$ (9,727,596)</u>	<u>\$ 7,517,127</u>
Liabilities:				
Funds held for others	\$ 7,113,844	\$ 8,343,843	\$ (8,277,828)	\$ 7,179,859
Due to other funds and departments	175,568	1,326,241	(1,164,541)	337,268
Total Liabilities	<u>\$ 7,289,412</u>	<u>\$ 9,670,084</u>	<u>\$ (9,442,369)</u>	<u>\$ 7,517,127</u>
<b><u>County Clerk</u></b>				
Assets:				
Cash and cash equivalents	\$ 10,848,716	\$ 151,039,691	\$ (152,282,905)	\$ 9,605,502
Investments	1,000,000	1,000,000	(1,000,000)	1,000,000
Accounts receivable	936,999	256,223	(231,987)	961,235
Total Assets	<u>\$ 12,785,715</u>	<u>\$ 152,295,914</u>	<u>\$ (153,514,892)</u>	<u>\$ 11,566,737</u>
Liabilities:				
Funds held for others	\$ 1,733	\$ 14,341	\$ (14,996)	\$ 1,078
Due to other governmental agencies	5,998,661	79,946,752	(81,403,814)	4,541,599
Due to other funds and departments	6,785,321	72,334,821	(72,096,082)	7,024,060
Total Liabilities	<u>\$ 12,785,715</u>	<u>\$ 152,295,914</u>	<u>\$ (153,514,892)</u>	<u>\$ 11,566,737</u>
<b><u>Register</u></b>				
Assets:				
Cash and cash equivalents	\$ 3,408,919	\$ 29,211,293	\$ (30,414,053)	\$ 2,206,159
Total Assets	<u>\$ 3,408,919</u>	<u>\$ 29,211,293</u>	<u>\$ (30,414,053)</u>	<u>\$ 2,206,159</u>
Liabilities:				
Due to other governmental agencies	\$ 2,829,922	\$ 24,007,501	\$ (25,046,612)	\$ 1,790,811
Due to other funds and departments	578,997	5,203,792	(5,367,441)	415,348
Total Liabilities	<u>\$ 3,408,919</u>	<u>\$ 29,211,293</u>	<u>\$ (30,414,053)</u>	<u>\$ 2,206,159</u>

**Constitutional Officers - General and Agency Funds**  
**Combined Schedule of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2008**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Trustee</b>				
Assets:				
Cash and cash equivalents	\$ 470,480,860	\$ 2,633,136,259	\$ (2,660,223,309)	\$ 443,393,810
Investments	---	3,950,000	---	3,950,000
Accounts receivable	509,212	86,267	(509,212)	86,267
Total Assets	<u>\$ 470,990,072</u>	<u>\$ 2,637,172,526</u>	<u>\$ (2,660,732,521)</u>	<u>\$ 447,430,077</u>
Liabilities:				
Funds held for others	\$ 10,906,093	\$ 18,943,148	\$ (18,966,645)	\$ 10,882,596
Due to other governmental agencies	10,398,306	632,572,303	(632,267,568)	10,703,041
Due to other funds and departments	341,872,908	1,574,931,989	(1,606,813,568)	309,991,329
Due to component units	107,812,765	410,725,086	(402,684,740)	115,853,111
Total Liabilities	<u>\$ 470,990,072</u>	<u>\$ 2,637,172,526</u>	<u>\$ (2,660,732,521)</u>	<u>\$ 447,430,077</u>
<b>Elimination of Interdepartmental Activity</b>				
Assets:				
Cash and cash equivalents	\$ (352,085,880)	\$(1,686,794,045)	\$ 1,717,794,921	\$ (321,085,004)
Accounts receivable	(764,050)	---	764,050	---
Total Assets	<u>\$ (352,849,930)</u>	<u>\$(1,686,794,045)</u>	<u>\$ 1,718,558,971</u>	<u>\$ (321,085,004)</u>
Liabilities:				
Due to other funds and departments	\$ (352,849,930)	\$(1,686,794,045)	\$ 1,718,558,971	\$ (321,085,004)
Total Liabilities	<u>\$ (352,849,930)</u>	<u>\$(1,686,794,045)</u>	<u>\$ 1,718,558,971</u>	<u>\$ (321,085,004)</u>
<b>Total</b>				
Assets:				
Cash and cash equivalents	\$ 200,529,971	\$ 1,244,167,549	\$ (1,252,103,176)	\$ 192,594,344
Investments	3,800,000	9,750,000	(3,800,000)	9,750,000
Accounts receivable	1,566,816	1,150,028	(861,804)	1,855,040
Total Assets	<u>\$ 205,896,787</u>	<u>\$ 1,255,067,577</u>	<u>\$ (1,256,764,980)</u>	<u>\$ 204,199,384</u>
Liabilities:				
Funds held for others	\$ 78,307,258	\$ 88,151,326	\$ (95,518,528)	\$ 70,940,056
Due to other governmental agencies	19,745,317	741,896,178	(744,259,185)	17,382,310
Due to other funds and departments	---	---	---	---
Due to component units	107,812,765	410,725,086	(402,684,740)	115,853,111
Accounts payable and accrued expenses	31,447	---	(7,540)	23,907
Total Liabilities	<u>\$ 205,896,787</u>	<u>\$ 1,240,772,590</u>	<u>\$ (1,242,469,993)</u>	<u>\$ 204,199,384</u>

Schedule of General Obligation Bonds-Except for School Purposes

June 30, 2008

	General Obligation		General Obligation		General Obligation		General Obligation		General Obligation	
Date of Issuance	04/01/1992	c	05/15/1993	11/01/1996	c	11/01/1996	05/01/1997	11/01/1997		
	04/30/1992	s		11/14/1996	s					
Total Issue	\$ 51,129,321	\$	43,028,564	\$ 43,640,742	\$	19,045,000	\$ 10,770,000	\$	34,019,243	
Interest Rate %	3.15-6.50		3.40-5.50	5.00-6.00		4.05-5.20	5.25-5.60		4.50-5.75	
Fiscal Year										
2009	\$ 1,026,675	\$	1,824,404	\$ ---	\$	1,900,000	\$ 1,125,000	\$	7,592,292	
2010	---		1,936,160	---		---	1,195,000		2,800,050	
2011	---		---	---		---	---		1,846,307	
2012	---		---	5,568,495		---	---		---	
2013	---		---	5,548,176		---	---		938,662	
2014	---		---	928,841		---	---		888,604	
2015	---		---	871,662		---	---		839,725	
2016	---		---	817,210		---	---		---	
2017	---		---	772,912		---	---		790,142	
2018	---		---	---		---	---		---	
2019	---		---	---		---	---		---	
2020	---		---	---		---	---		---	
2021	---		---	---		---	---		---	
2022	---		---	---		---	---		---	
2023	---		---	---		---	---		---	
2024	---		---	---		---	---		---	
2025	---		---	---		---	---		---	
2026	---		---	---		---	---		---	
2027	---		---	---		---	---		---	
2028	---		---	---		---	---		---	
2029	---		---	---		---	---		---	
2030	---		---	---		---	---		---	
2031	---		---	---		---	---		---	
2032	---		---	---		---	---		---	
TOTAL	\$ 1,026,675	\$	3,760,564	\$ 14,507,296	\$	1,900,000	\$ 2,320,000	\$	15,695,782	

(c) Capital Appreciation Bonds  
(s) Serial Bonds

Note: Certain bonds are treated as defeased and not included above. The specific series and maturities are shown following these schedules of general obligation bonds.



**Schedule of General Obligation Bonds-Except for School Purposes  
(continued)  
June 30, 2008**

	General Obligation	General Obligation	General Obligation	General Obligation	General Obligation	General Obligation
Date of Issuance	12/01/2001	06/10/2003	03/31/2004	04/15/2004	03/10/2005	02/22/2006
Total Issue	\$ 100,033,534	\$ 57,220,000	\$ 18,881,170	\$ 60,754,734	\$ 165,792,000	\$ 43,943,373
Interest Rate %	4.50 - 5.00	4.00-5.00	3.00-5.00	(Variable)	3.00-5.00	5.00
Fiscal Year						
2009	\$ 3,677,936	\$ 1,340,000	\$ 1,850,940	\$ ---	\$ 5,204,000	\$ 9,775,000
2010	3,804,762	1,270,000	2,036,825	---	3,844,000	10,700,000
2011	3,963,293	865,000	2,240,508	---	7,496,000	4,253,373
2012	---	---	2,461,987	---	14,177,000	---
2013	---	---	2,709,175	---	14,497,000	---
2014	---	---	2,980,092	---	22,050,000	---
2015	---	---	---	3,278,695	19,196,000	---
2016	---	---	---	3,606,960	12,073,000	---
2017	---	3,725,000	---	3,966,865	9,076,000	---
2018	---	4,095,000	---	4,362,365	9,405,000	---
2019	---	4,505,000	---	4,801,370	7,901,000	---
2020	---	4,955,000	---	5,279,925	8,134,000	---
2021	---	5,450,000	---	5,807,918	---	---
2022	---	5,995,000	---	6,389,303	---	---
2023	---	6,595,000	---	7,028,035	---	---
2024	---	---	---	7,730,048	---	---
2025	---	---	---	8,503,250	---	---
2026	---	---	---	---	---	---
2027	---	---	---	---	---	---
2028	---	---	---	---	---	---
2029	---	---	---	---	---	---
2030	---	---	---	---	---	---
2031	---	---	---	---	---	---
2032	---	---	---	---	---	---
<b>TOTAL</b>	<b>\$ 11,445,991</b>	<b>\$ 38,795,000</b>	<b>\$ 14,279,527</b>	<b>\$ 60,754,734</b>	<b>\$ 133,053,000</b>	<b>\$ 24,728,373</b>



Schedule of General Obligation Bonds-School Purposes

June 30, 2008

	General Obligation		General Obligation		General Obligation		General Obligation		General Obligation	
Date of Issuance	04/01/1992	c	05/15/1993	11/01/1996	c	01-Nov-97	02/01/1999	02/15/1999		
	04/30/1992	s		11/14/1993	s					
Total Issue	\$ 33,689,029	\$	\$ 33,976,436	\$ 51,045,323	\$	\$ 74,415,173	\$ 25,851,784	\$ 28,989,865		
Interest Rate %	3.15-6.50		3.40-5.50	5.00-6.00		4.50-5.75	3.55-5.25	4.00-5.00		
Fiscal Year										
2009	\$ 676,475	\$	\$ 1,440,596	\$ ---	\$	\$ 16,607,708	\$ 2,386,711	\$ 981,196		
2010	---		1,528,840	---		6,124,950	5,926,361	---		
2011	---		---	---		4,038,693	3,903,400	---		
2012	---		---	6,513,311		---	2,803,641	---		
2013	---		---	6,489,541		2,053,270	1,425,220	---		
2014	---		---	1,086,439		1,943,772	---	---		
2015	---		---	1,019,558		1,836,850	---	---		
2016	---		---	955,867		---	---	---		
2017	---		---	904,052		1,728,391	---	---		
2018	---		---	---		---	---	---		
2019	---		---	---		---	---	---		
2020	---		---	---		---	---	---		
2021	---		---	---		---	---	---		
2022	---		---	---		---	---	---		
2023	---		---	---		---	---	---		
2024	---		---	---		---	---	---		
2025	---		---	---		---	---	---		
2026	---		---	---		---	---	---		
2027	---		---	---		---	---	---		
2028	---		---	---		---	---	---		
2029	---		---	---		---	---	---		
2030	---		---	---		---	---	---		
2031	---		---	---		---	---	---		
2032	---		---	---		---	---	---		
TOTAL	\$ 676,475	\$	\$ 2,969,436	\$ 16,968,768	\$	\$ 34,333,634	\$ 16,445,333	\$ 981,196		



**Schedule of General Obligation Bonds-School Purposes  
(continued)  
June 30, 2008**

	<u>General Obligation</u>	<u>General Obligation</u>	<u>General Obligation</u>	<u>General Obligation</u>	<u>General Obligation</u>	<u>General Obligation</u>
Date of Issuance	11/12/2003	03/31/2004	04/15/2004	03/10/2005	02/22/2006	02/22/2006
Total Issue	\$ 32,110,000	\$ 28,858,830	\$ 176,950,269	\$ 241,373,000	\$ 42,161,627	\$ 159,590,000
Interest Rate %	2.50-5.00	3.00-5.00	(Variable)	3.00-5.00	5.00	(Variable)
Fiscal Year						
2009	\$ 895,000	\$ 2,829,060	\$ ---	\$ 4,961,000	\$ ---	\$ ---
2010	920,000	3,113,175	---	6,911,000	---	---
2011	950,000	3,424,493	---	12,719,000	6,981,627	---
2012	980,000	3,763,013	---	13,068,000	9,555,000	---
2013	1,020,000	4,140,825	---	10,413,000	7,070,000	---
2014	1,060,000	4,554,908	---	19,085,000	6,220,000	---
2015	1,105,000	---	5,011,305	23,034,000	3,360,000	---
2016	1,150,000	---	5,513,040	27,887,000	8,975,000	---
2017	1,200,000	---	6,063,135	20,044,000	---	7,425,000
2018	1,250,000	---	6,667,635	25,380,000	---	2,020,000
2019	1,310,000	---	7,338,630	20,504,000	---	---
2020	1,365,000	---	8,070,075	19,026,000	---	2,705,000
2021	1,430,000	---	8,877,083	6,195,000	---	8,505,000
2022	1,495,000	---	9,765,698	6,090,000	---	9,575,000
2023	1,570,000	---	10,741,965	5,205,000	---	7,130,000
2024	1,645,000	---	11,814,953	5,170,000	---	7,450,000
2025	1,725,000	---	12,996,750	4,700,000	---	23,900,000
2026	1,810,000	---	13,775,000	---	---	26,130,000
2027	1,905,000	---	15,150,000	---	---	20,110,000
2028	2,000,000	---	16,665,000	---	---	6,625,000
2029	1,910,000	---	18,335,000	---	---	12,680,000
2030	---	---	20,165,000	---	---	6,055,000
2031	---	---	---	---	---	19,280,000
2032	---	---	---	---	---	---
<b>TOTAL</b>	<b>\$ 28,695,000</b>	<b>\$ 21,825,473</b>	<b>\$ 176,950,269</b>	<b>\$ 230,392,000</b>	<b>\$ 42,161,627</b>	<b>\$ 159,590,000</b>

<u>General Obligation</u>	<u>General Obligation</u>	<u>General Obligation</u>	<u>General Obligation</u>	<u>Combined Total</u>
11/30/2006	07/31/2007	03/03/2008	05/01/2008	
\$ 197,846,127	\$ 21,584,135	\$ 52,158,268	\$ 9,700,000	
(Variable)	(Variable)	(Variable)	(Variable)	
\$ 3,816,833	\$ ---	\$ ---	\$ ---	\$ 45,338,039
16,725,599	---	---	---	48,019,866
10,807,416	---	---	---	49,850,970
2,667,068	---	---	---	39,350,032
2,772,164	---	---	---	35,384,020
3,246,252	---	---	---	37,196,371
3,375,177	---	---	---	38,741,890
3,504,101	3,564,135	---	---	51,549,143
3,646,249	55,000	---	---	44,340,827
2,265,884	7,145,000	5,393,268	4,500,000	58,221,787
3,364,202	7,545,000	13,980,000	4,675,000	62,676,832
3,527,016	3,275,000	14,745,000	525,000	57,593,091
6,464,976	---	13,030,000	---	49,297,059
14,410,000	---	5,010,000	---	51,615,698
26,290,000	---	---	---	56,736,965
27,330,000	---	---	---	59,789,953
6,530,000	---	---	---	56,866,750
6,785,000	---	---	---	56,220,000
7,050,000	---	---	---	52,705,000
7,325,000	---	---	---	41,955,000
7,610,000	---	---	---	40,535,000
7,910,000	---	---	---	34,130,000
8,220,000	---	---	---	27,500,000
8,540,000	---	---	---	8,540,000
<u>\$ 194,182,938</u>	<u>\$ 21,584,135</u>	<u>\$ 52,158,268</u>	<u>\$ 9,700,000</u>	1,104,154,294
Total general obligation bonds - except for school purposes				<u>591,254,337</u>
Total general obligation bonds				<u>\$ 1,695,408,631</u>

June 30, 2008

Defeased Bonds: \*\*

	Bond Series		Maturity Dates	Total Defeased Principal
1999 Series A	Public Improvement/School	Current interest bonds	05/01/10-24	\$ 48,400,000
1999 Series B	Public Improvement/School	Current interest bonds	06/01/10-24	69,100,000
2000 Series A	Public Improvement/School	Current interest bonds	04/01/11-21,25	124,975,000
2001 Series A	Public Improvement/School	Current interest bonds	04/01/12-24	111,475,000
2003 Series A	Public Improvement/School	Current interest bonds	03/01/12-16	26,530,000
Total				<u>\$ 380,480,000</u>

\*\* All issues shown at original issue par value amounts. See Note (IV)(H) for an explanation of refundings and defeasance.

**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Property taxes	\$ 137,280,000	\$ 137,280,000	\$ 140,126,794	\$ 2,846,794
Other local taxes	19,280,000	19,280,000	27,302,887	8,022,887
Local revenue	2,266,802	2,266,802	2,272,001	5,199
State revenue	254,227	254,227	254,226	(1)
Elected officials' fines and fees	---	---	951,191	951,191
Other revenue	12,643,000	12,665,761	14,854,791	2,189,030
Total revenues	171,724,029	171,746,790	185,761,890	14,015,100
Expenditures:				
Services	340,000	340,000	310,900	29,100
Professional and contracted services	34,500	34,500	28,783	5,717
Debt service	167,688,529	167,619,897	166,223,036	1,396,861
Contingencies and restrictions	518,944	518,944	---	518,944
Total expenditures	168,581,973	168,513,341	166,562,719	1,950,622
Excess (deficiency) of revenues over expenditures	3,142,056	3,233,449	19,199,171	15,965,722
Other financing sources (uses):				
Transfers in	8,551,756	8,589,774	7,489,773	(1,100,001)
Transfers out	(18,145,000)	(18,145,000)	(17,045,000)	1,100,000
Refunding bonds issued	---	231,935,000	231,935,000	---
Payment to refunding bond escrow agent	---	(232,064,411)	(231,271,726)	792,685
Other sources (uses)	6,451,188	6,451,188	---	(6,451,188)
Total other financing sources (uses)	(3,142,056)	(3,233,449)	(8,891,953)	(5,658,504)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ 10,307,218	\$ 10,307,218

**General Fund**  
**Budgetary Comparison Schedule-Summary by Type**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Property taxes	\$ 203,858,000	\$ 203,858,000	\$ 208,059,490	\$ 4,201,490
Other local taxes	33,880,000	33,880,000	35,685,177	1,805,177
Local revenue	28,803,212	28,873,482	28,939,685	66,203
State revenue	20,596,127	20,597,481	22,439,722	1,842,241
Federal revenue	10,000	10,000	22,971	12,971
Patient service revenue	1,148,772	1,148,772	1,038,307	(110,465)
Elected officials' fines and fees	60,428,023	60,573,826	61,647,822	1,073,996
Other revenue	6,391,754	6,391,754	5,306,231	(1,085,523)
Total revenues	355,115,888	355,333,315	363,139,405	7,806,090
Expenditures:				
Salaries	180,406,174	181,783,891	178,852,714	2,931,177
Other compensation	10,975,298	11,057,866	10,418,853	639,013
Fringe benefits	58,123,049	57,987,068	53,658,925	4,328,143
Supplies	12,480,023	11,466,503	10,756,520	709,983
Services	4,578,785	3,482,054	3,038,356	443,698
Professional and contracted services	34,471,741	34,058,143	33,358,913	699,230
Rent, utilities, and maintenance	17,187,981	15,152,830	14,597,409	555,421
Interdepartmental expenditures	297,186	6,066,986	5,356,932	710,054
Intergovernmental expenditures	250,000	278,717	278,716	1
Asset acquisitions	2,255,496	3,607,332	3,464,508	142,824
Debt service	2,707,996	920,985	920,984	1
Special funded projects	29,002,500	28,782,500	28,782,500	---
Grants	206,000	821,000	820,538	462
Contingencies and restrictions	1,044,392	147,327	---	147,327
Total expenditures	353,986,621	355,613,202	344,305,868	11,307,334
Excess (deficiency) of revenues over expenditures	1,129,267	(279,887)	18,833,537	19,113,424
Other financing sources (uses):				
Transfers in	12,031,947	12,948,692	11,351,244	(1,597,448)
Transfers out	(16,161,214)	(16,314,891)	(15,978,520)	336,371
Other sources (uses)	3,000,000	3,646,086	---	(3,646,086)
Total other financing sources (uses)	(1,129,267)	279,887	(4,627,276)	(4,907,163)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ 14,206,261	\$ 14,206,261

**General Fund**

**Budgetary Comparison Schedule-Summary by Department**  
**For the Year Ended June 30, 2008**

	Final Budget	Actual Amounts	Variance
Revenues:			
General Government			
County Attorney	\$ 105,000	\$ 114,766	\$ 9,766
Director of Administration and Finance	318,094	208,012	(110,082)
Central Operations	257,483,298	263,490,412	6,007,114
Personnel	---	77	77
Purchasing	1,000	91	(909)
Information Technology	1,806,960	1,690,883	(116,077)
Finance	493,654	505,969	12,315
Board of Equalization	---	173,865	173,865
Election Commission	1,846,083	1,918,733	72,650
	<u>262,054,089</u>	<u>268,102,808</u>	<u>6,048,719</u>
Planning and Development			
Department of Housing	5,000	3,106	(1,894)
	<u>5,000</u>	<u>3,106</u>	<u>(1,894)</u>
Public Works			
County Engineer	314,782	296,240	(18,542)
Environmental Improvement	97,044	92,539	(4,505)
Shelby Farms	134,000	4,610	(129,390)
Agricultural Extension Service	5,000	3,000	(2,000)
Conservation Board	475,000	473,385	(1,615)
Port Commission	800,000	1,430,307	630,307
Support Services	1,708,000	1,288,982	(419,018)
Land Bank	---	453,541	453,541
	<u>3,533,826</u>	<u>4,042,604</u>	<u>508,778</u>
Health Services			
Forensic Services	250,000	252,095	2,095
Administration and Finance - Health Services	13,347,679	13,862,224	514,545
Environmental Health Services	2,272,523	1,974,247	(298,276)
Personal Health Services	2,775,364	1,860,989	(914,375)
Assessment and Assurance	1,022,387	949,694	(72,693)
	<u>19,667,953</u>	<u>18,899,249</u>	<u>(768,704)</u>
Community Services			
Crime Victims Center	200,000	134,385	(65,615)
Pretrial Services	350,000	292,859	(57,141)
	<u>550,000</u>	<u>427,244</u>	<u>(122,756)</u>
Law Enforcement			
Sheriff	4,597,500	5,041,830	444,330
	<u>4,597,500</u>	<u>5,041,830</u>	<u>444,330</u>

## Budgetary Comparison Schedule-Summary by Department (continued)

For the Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance
Judicial			
General Sessions Civil Court Judges	\$ 360,000	\$ 365,050	\$ 5,050
General Sessions Criminal Court Judges	565,709	539,629	(26,080)
Chancery Court Clerk	3,650,000	3,513,057	(136,943)
Circuit Court Clerk	2,500,000	3,489,361	989,361
Criminal Court Clerk	4,830,000	5,563,282	733,282
General Sessions Court Clerk	8,670,347	9,892,540	1,222,193
Probate Court Clerk	625,000	625,243	243
Juvenile Court Clerk	1,375,000	1,311,705	(63,295)
Juvenile Court	294,600	259,284	(35,316)
Public Defender	3,303,150	3,164,276	(138,874)
Divorce Referee	325,000	279,205	(45,795)
Attorney General	75,041	89,571	14,530
	<u>26,573,847</u>	<u>29,092,203</u>	<u>2,518,356</u>
Other Elected Officials			
Legislative Operations	4,000	1,181	(2,819)
Equal Opportunity Compliance	---	997	997
Assessor	338,918	341,454	2,536
County Clerk	9,583,452	9,786,831	203,379
Register	6,524,730	4,860,721	(1,664,009)
Trustee	21,900,000	22,539,177	639,177
	<u>38,351,100</u>	<u>37,530,361</u>	<u>(820,739)</u>
 Total Revenues	 <u>355,333,315</u>	 <u>363,139,405</u>	 <u>7,806,090</u>
Expenditures:			
General Government			
Mayor's Office	808,318	790,548	17,770
Public Affairs	311,109	299,398	11,711
Chief Administrative Officer	2,732,913	2,610,684	122,229
County Attorney	3,840,206	3,825,571	14,635
Director of Administration and Finance	1,240,489	1,020,406	220,083
Central Operations	29,284,228	28,849,418	434,810
County Grants	2,003,500	2,003,038	462
Personnel	2,851,263	2,819,991	31,272
Purchasing	684,735	658,919	25,816
Information Technology	10,678,393	10,599,969	78,424
Finance	3,446,190	3,391,596	54,594
Board of Equalization	452,988	424,404	28,584
Election Commission	3,842,929	3,672,770	170,159
	<u>62,177,261</u>	<u>60,966,712</u>	<u>1,210,549</u>
Planning and Development			
Department of Housing	378,322	344,359	33,963
	<u>378,322</u>	<u>344,359</u>	<u>33,963</u>

## Budgetary Comparison Schedule-Summary by Department (continued)

For the Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance
<b>Public Works</b>			
Director and Staff of Public Works	\$ 760,555	\$ 754,020	\$ 6,535
County Engineer	2,590,786	2,589,805	981
Soil Conservation	67,164	65,361	1,803
Shelby Farms	620,670	617,282	3,388
Agricultural Extension Service	283,032	273,219	9,813
Conservation Board	836,641	714,878	121,763
Port Commission	462,035	462,035	---
Support Services	14,374,115	14,241,519	132,596
Land Bank	794,500	776,536	17,964
	<u>20,789,498</u>	<u>20,494,655</u>	<u>294,843</u>
<b>Health Services</b>			
Director of Health Services	355,450	355,450	---
Forensic Services	2,941,848	2,936,636	5,212
Administration and Finance - Health Services	15,290,920	15,008,548	282,372
Environmental Health Services	3,267,117	3,152,649	114,468
Personal Health Services	11,131,085	10,724,945	406,140
Assessment and Assurance	1,826,972	1,682,660	144,312
	<u>34,813,392</u>	<u>33,860,888</u>	<u>952,504</u>
<b>Community Services</b>			
Director of Community Services	765,983	727,187	38,796
Special Funded Projects	50,000	50,000	---
Crime Victims Center	409,641	399,912	9,729
Office on Aging	158,946	158,809	137
Pretrial Services	3,389,888	3,345,431	44,457
	<u>4,774,458</u>	<u>4,681,339</u>	<u>93,119</u>
<b>Law Enforcement</b>			
Sheriff	143,232,720	137,900,970	5,331,750
	<u>143,232,720</u>	<u>137,900,970</u>	<u>5,331,750</u>
<b>Judicial</b>			
Chancery Court Judges	141,766	104,075	37,691
Circuit Court Judges	137,940	112,292	25,648
Criminal Court Judges	70,356	46,397	23,959
General Sessions Civil Court Judges	1,209,213	1,194,424	14,789
General Sessions Criminal Court Judges	3,453,292	3,207,098	246,194
Probate Court Judges	478,088	471,791	6,297
Chancery Court Clerk	1,456,853	1,394,579	62,274
Circuit Court Clerk	2,778,053	2,586,488	191,565
Criminal Court Clerk	4,845,563	4,764,333	81,230
General Sessions Court Clerk	7,565,295	7,381,398	183,897
Probate Court Clerk	613,269	609,523	3,746
Juvenile Court Clerk	5,236,260	4,681,119	555,141
Juvenile Court	16,663,089	16,201,573	461,516
Public Defender	8,000,804	7,923,223	77,581
Divorce Referee	566,466	559,882	6,584
Jury Commission	837,161	753,775	83,386
Attorney General	7,971,224	7,869,331	101,893
	<u>62,024,692</u>	<u>59,861,301</u>	<u>2,163,391</u>

**Budgetary Comparison Schedule-Summary by Department (continued)**  
**For the Year Ended June 30, 2008**

	Final Budget	Actual Amounts	Variance
Other Elected Officials			
Commissioner's Contingency	\$ 135,335	\$ ---	\$ 135,335
Legislative Operations	2,221,671	2,123,530	98,141
Equal Opportunity Compliance	843,614	737,940	105,674
Assessor	10,418,314	9,757,698	660,616
County Clerk	5,036,446	5,021,443	15,003
Register	1,920,887	1,854,205	66,682
Trustee	6,846,592	6,700,828	145,764
	<u>27,422,859</u>	<u>26,195,644</u>	<u>1,227,215</u>
 Total Expenditures	 <u>355,613,202</u>	 <u>344,305,868</u>	 <u>11,307,334</u>
 Excess (deficiency) of revenues over expenditures	 <u>(279,887)</u>	 <u>18,833,537</u>	 <u>19,113,424</u>
Other Financing Sources and Uses:			
Transfers in			
Chief Administrative Officer	24,442	24,446	4
Director of Administration and Finance	368,217	---	(368,217)
Central Operations	4,419,226	4,419,226	---
Finance	300,000	---	(300,000)
Director and Staff of Public Works	35,170	35,170	---
County Engineer	1,750,000	1,750,000	---
Land Bank	580,038	---	(580,038)
Administration and Finance - Health Services	2,273,238	2,147,328	(125,910)
Environmental Health Services	147,346	105,025	(42,321)
Personal Health Services	911,450	922,591	11,141
Director of Community Services	80,764	65,584	(15,180)
General Sessions Criminal Court Judges	25,000	---	(25,000)
Juvenile Court Clerk	88,342	47,335	(41,007)
Juvenile Court	1,937,959	1,827,041	(110,918)
Attorney General	7,500	7,498	(2)
Total transfers in	<u>12,948,692</u>	<u>11,351,244</u>	<u>(1,597,448)</u>
Transfers out			
Chief Administrative Officer	(13,175)	(13,175)	---
Director of Administration and Finance	(105,094)	(72,290)	32,804
Central Operations	(12,825,000)	(12,800,000)	25,000
Department of Housing	(209,919)	(197,664)	12,255
Director and Staff of Public Works	(310,657)	(155,247)	155,410
Environmental Improvement	(97,044)	(92,539)	4,505
Port Commission	(337,965)	(337,965)	---
Environmental Health Services	(1,361,537)	(1,361,536)	1
Personal Health Services	(567,854)	(567,854)	---
Director of Community Services	(143,906)	(143,906)	---
Crime Victims Center	(77,286)	(58,009)	19,277
Juvenile Court Clerk	(256,899)	(169,827)	87,072
Juvenile Court	(4,182)	(4,135)	47
Attorney General	(4,373)	(4,373)	---
Total transfers out	<u>(16,314,891)</u>	<u>(15,978,520)</u>	<u>336,371</u>

## Budgetary Comparison Schedule-Summary by Department (continued)

For the Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance
Other sources (uses)			
Central Operations	\$ 3,646,086	\$ ---	\$ (3,646,086)
Total other sources (uses)	<u>3,646,086</u>	<u>---</u>	<u>(3,646,086)</u>
 Total other financing sources and uses	 <u>279,887</u>	 <u>(4,627,276)</u>	 <u>(4,907,163)</u>
 Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	 <u>\$ ---</u>	 <u>\$ 14,206,261</u>	 <u>\$ 14,206,261</u>

**General Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Mayor's Office**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Salaries	\$ 366,774	\$ 445,868	\$ 445,868	\$ ---
Other compensation	---	7,740	7,740	---
Fringe benefits	99,001	116,240	115,418	822
Supplies	33,500	36,845	32,564	4,281
Services	13,550	50,050	47,533	2,517
Professional and contracted services	3,000	8,400	6,921	1,479
Rent, utilities, and maintenance	16,000	25,139	16,761	8,378
Interdepartmental expenditures	6,000	118,036	117,743	293
Total expenditures	537,825	808,318	790,548	17,770
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (537,825)	\$ (808,318)	\$ (790,548)	\$ 17,770

**Public Affairs**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Salaries	\$ 389,110	\$ 212,366	\$ 212,366	\$ ---
Fringe benefits	111,119	71,610	63,910	7,700
Supplies	14,000	11,200	8,914	2,286
Services	5,800	9,800	8,369	1,431
Interdepartmental expenditures	---	6,133	5,839	294
Total expenditures	520,029	311,109	299,398	11,711
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (520,029)	\$ (311,109)	\$ (299,398)	\$ 11,711

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Chief Administrative Officer**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Salaries	\$ 1,728,718	\$ 1,524,094	\$ 1,522,858	\$ 1,236
Other compensation	---	15,776	15,776	---
Fringe benefits	458,172	414,990	388,492	26,498
Supplies	68,745	66,316	51,122	15,194
Services	44,004	53,599	19,553	34,046
Professional and contracted services	325,093	586,752	558,642	28,110
Rent, utilities, and maintenance	23,500	2,500	---	2,500
Interdepartmental expenditures	---	68,886	54,241	14,645
Total expenditures	<u>2,648,232</u>	<u>2,732,913</u>	<u>2,610,684</u>	<u>122,229</u>
Excess (deficiency) of revenues over expenditures	<u>(2,648,232)</u>	<u>(2,732,913)</u>	<u>(2,610,684)</u>	<u>122,229</u>
Other financing sources (uses):				
Transfers in	---	24,442	24,446	4
Transfers out	---	(13,175)	(13,175)	---
Total other financing sources (uses)	<u>---</u>	<u>11,267</u>	<u>11,271</u>	<u>4</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (2,648,232)</u>	<u>\$ (2,721,646)</u>	<u>\$ (2,599,413)</u>	<u>\$ 122,233</u>

**County Attorney**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 105,000	\$ 105,000	\$ 114,766	\$ 9,766
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>114,766</u>	<u>9,766</u>
Expenditures:				
Salaries	2,535,492	2,512,774	2,512,774	---
Fringe benefits	694,400	676,344	664,948	11,396
Supplies	56,600	59,643	58,204	1,439
Services	96,600	98,109	97,338	771
Professional and contracted services	338,889	443,877	443,876	1
Rent, utilities, and maintenance	1,100	5,485	5,424	61
Interdepartmental expenditures	---	43,974	43,007	967
Total expenditures	<u>3,723,081</u>	<u>3,840,206</u>	<u>3,825,571</u>	<u>14,635</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (3,618,081)</u>	<u>\$ (3,735,206)</u>	<u>\$ (3,710,805)</u>	<u>\$ 24,401</u>

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Director of Administration and Finance**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ ---	\$ ---	\$ 151,680	\$ 151,680
Elected officials' fines and fees	63,000	168,094	56,332	(111,762)
Other revenue	150,000	150,000	---	(150,000)
Total revenues	<u>213,000</u>	<u>318,094</u>	<u>208,012</u>	<u>(110,082)</u>
<b>Expenditures:</b>				
Salaries	(355,773)	572,110	572,110	---
Fringe benefits	200,254	170,696	155,410	15,286
Supplies	15,511	14,911	7,462	7,449
Services	6,000	5,052	733	4,319
Professional and contracted services	582,852	403,089	215,650	187,439
Rent, utilities, and maintenance	41,939	43,487	43,486	1
Interdepartmental expenditures	---	31,144	25,555	5,589
Total expenditures	<u>490,783</u>	<u>1,240,489</u>	<u>1,020,406</u>	<u>220,083</u>
Excess (deficiency) of revenues over expenditures	<u>(277,783)</u>	<u>(922,395)</u>	<u>(812,394)</u>	<u>110,001</u>
<b>Other financing sources (uses):</b>				
Transfers in	368,217	368,217	---	(368,217)
Transfers out	---	(105,094)	(72,290)	32,804
Total other financing sources (uses)	<u>368,217</u>	<u>263,123</u>	<u>(72,290)</u>	<u>(335,413)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 90,434</u>	<u>\$ (659,272)</u>	<u>\$ (884,684)</u>	<u>\$ (225,412)</u>

**General Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Central Operations**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 203,858,000	\$ 203,858,000	\$ 208,059,490	\$ 4,201,490
Other local taxes	33,880,000	33,880,000	35,685,177	1,805,177
Local revenue	2,133,000	2,133,000	2,240,714	107,714
State revenue	12,595,000	12,595,000	14,341,836	1,746,836
Elected officials' fines and fees	1,648,500	1,648,500	1,835,789	187,289
Other revenue	3,368,798	3,368,798	1,327,406	(2,041,392)
Total revenues	<u>257,483,298</u>	<u>257,483,298</u>	<u>263,490,412</u>	<u>6,007,114</u>
<b>Expenditures:</b>				
Salaries	(1,424,980)	(2,424,980)	(2,424,980)	---
Fringe benefits	---	724,604	724,604	---
Supplies	175,000	---	---	---
Services	542,124	67,124	66,345	779
Professional and contracted services	1,625,000	1,482,993	1,456,633	26,360
Rent, utilities, and maintenance	700,000	4	---	4
Interdepartmental expenditures	47,296	444,876	40,000	404,876
Intergovernmental expenditures	250,000	258,837	258,836	1
Asset acquisitions	---	209,785	206,996	2,789
Debt service	2,707,996	920,985	920,984	1
Special funded projects	27,600,000	27,600,000	27,600,000	---
Contingencies and restrictions	(1,500,000)	---	---	---
Total expenditures	<u>30,722,436</u>	<u>29,284,228</u>	<u>28,849,418</u>	<u>434,810</u>
Excess (deficiency) of revenues over expenditures	<u>226,760,862</u>	<u>228,199,070</u>	<u>234,640,994</u>	<u>6,441,924</u>
<b>Other financing sources (uses):</b>				
Transfers in	4,419,226	4,419,226	4,419,226	---
Transfers out	(12,700,000)	(12,825,000)	(12,800,000)	25,000
Other sources (uses)	3,000,000	3,646,086	---	(3,646,086)
Total other financing sources (uses)	<u>(5,280,774)</u>	<u>(4,759,688)</u>	<u>(8,380,774)</u>	<u>(3,621,086)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 221,480,088</u>	<u>\$ 223,439,382</u>	<u>\$ 226,260,220</u>	<u>\$ 2,820,838</u>

**County Grants**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Expenditures:</b>				
Special funded projects	\$ 1,402,500	\$ 1,182,500	\$ 1,182,500	\$ ---
Grants	206,000	821,000	820,538	462
Total expenditures	<u>1,608,500</u>	<u>2,003,500</u>	<u>2,003,038</u>	<u>462</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (1,608,500)</u>	<u>\$ (2,003,500)</u>	<u>\$ (2,003,038)</u>	<u>\$ 462</u>

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Personnel**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Other revenue	\$ ---	\$ ---	\$ 77	\$ 77
Total revenues	<u>---</u>	<u>---</u>	<u>77</u>	<u>77</u>
Expenditures:				
Salaries	2,025,316	2,017,123	2,013,132	3,991
Other compensation	---	124	124	---
Fringe benefits	583,613	575,834	552,457	23,377
Supplies	63,084	46,550	45,123	1,427
Services	35,816	50,826	50,823	3
Professional and contracted services	35,250	30,881	30,881	---
Rent, utilities, and maintenance	13,585	22,982	22,982	---
Interdepartmental expenditures	---	86,243	83,769	2,474
Asset acquisitions	12,750	20,700	20,700	---
Total expenditures	<u>2,769,414</u>	<u>2,851,263</u>	<u>2,819,991</u>	<u>31,272</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (2,769,414)</u>	<u>\$ (2,851,263)</u>	<u>\$ (2,819,914)</u>	<u>\$ 31,349</u>

**Purchasing**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 1,000	\$ 1,000	\$ 91	\$ (909)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>91</u>	<u>(909)</u>
Expenditures:				
Salaries	563,886	462,214	462,214	---
Fringe benefits	175,756	144,904	137,360	7,544
Supplies	44,400	28,444	14,187	14,257
Services	27,382	9,849	6,135	3,714
Professional and contracted services	25,000	---	---	---
Rent, utilities, and maintenance	1,000	1,000	837	163
Interdepartmental expenditures	---	38,324	38,186	138
Total expenditures	<u>837,424</u>	<u>684,735</u>	<u>658,919</u>	<u>25,816</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (836,424)</u>	<u>\$ (683,735)</u>	<u>\$ (658,828)</u>	<u>\$ 24,907</u>

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Information Technology**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 1,805,760	\$ 1,805,760	\$ 1,690,883	\$ (114,877)
State revenue	1,200	1,200	---	(1,200)
Total revenues	<u>1,806,960</u>	<u>1,806,960</u>	<u>1,690,883</u>	<u>(116,077)</u>
<b>Expenditures:</b>				
Salaries	5,766,838	5,541,594	5,539,944	1,650
Other compensation	116,292	61,040	60,919	121
Fringe benefits	1,582,766	1,480,100	1,454,383	25,717
Supplies	627,337	752,120	732,717	19,403
Services	108,089	109,575	93,821	15,754
Professional and contracted services	1,188,161	788,794	788,792	2
Rent, utilities, and maintenance	1,379,204	1,378,242	1,368,474	9,768
Interdepartmental expenditures	6,200	386,611	380,645	5,966
Asset acquisitions	127,824	180,317	180,274	43
Total expenditures	<u>10,902,711</u>	<u>10,678,393</u>	<u>10,599,969</u>	<u>78,424</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (9,095,751)</u>	<u>\$ (8,871,433)</u>	<u>\$ (8,909,086)</u>	<u>\$ (37,653)</u>

**Finance**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 493,654	\$ 493,654	\$ 505,969	\$ 12,315
Total revenues	<u>493,654</u>	<u>493,654</u>	<u>505,969</u>	<u>12,315</u>
<b>Expenditures:</b>				
Salaries	2,733,672	2,534,061	2,531,261	2,800
Other compensation	10,000	10,000	9,493	507
Fringe benefits	769,196	701,823	688,391	13,432
Supplies	63,851	56,480	41,672	14,808
Services	20,500	26,091	17,711	8,380
Professional and contracted services	32,810	20,160	15,608	4,552
Rent, utilities, and maintenance	1,400	1,390	801	589
Interdepartmental expenditures	3,900	96,185	86,659	9,526
Total expenditures	<u>3,635,329</u>	<u>3,446,190</u>	<u>3,391,596</u>	<u>54,594</u>
Excess (deficiency) of revenues over expenditures	<u>(3,141,675)</u>	<u>(2,952,536)</u>	<u>(2,885,627)</u>	<u>66,909</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>---</u>	<u>(300,000)</u>
Total other financing sources (uses)	<u>300,000</u>	<u>300,000</u>	<u>---</u>	<u>(300,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (2,841,675)</u>	<u>\$ (2,652,536)</u>	<u>\$ (2,885,627)</u>	<u>\$ (233,091)</u>

**General Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Board of Equalization**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ ---	\$ ---	\$ 173,865	\$ 173,865
Total revenues	<u>---</u>	<u>---</u>	<u>173,865</u>	<u>173,865</u>
Expenditures:				
Salaries	275,826	279,955	279,955	---
Fringe benefits	103,501	95,223	88,572	6,651
Supplies	14,000	8,000	4,827	3,173
Services	37,053	55,053	43,934	11,119
Professional and contracted services	5,000	5,000	---	5,000
Interdepartmental expenditures	---	9,757	7,116	2,641
Total expenditures	<u>435,380</u>	<u>452,988</u>	<u>424,404</u>	<u>28,584</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (435,380)</u>	<u>\$ (452,988)</u>	<u>\$ (250,539)</u>	<u>\$ 202,449</u>

**Election Commission**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 979,384	\$ 999,384	\$ 1,169,424	\$ 170,040
State revenue	864,299	844,299	747,181	(97,118)
Other revenue	2,400	2,400	2,128	(272)
Total revenues	<u>1,846,083</u>	<u>1,846,083</u>	<u>1,918,733</u>	<u>72,650</u>
Expenditures:				
Salaries	1,879,802	1,817,935	1,816,149	1,786
Other compensation	159,438	131,541	126,369	5,172
Fringe benefits	356,770	350,657	330,319	20,338
Supplies	340,487	342,260	325,026	17,234
Services	470,434	396,836	370,329	26,507
Professional and contracted services	162,931	134,236	105,697	28,539
Rent, utilities, and maintenance	500,997	227,650	181,667	45,983
Interdepartmental expenditures	9,652	430,194	417,214	12,980
Asset acquisitions	47,195	11,620	---	11,620
Total expenditures	<u>3,927,706</u>	<u>3,842,929</u>	<u>3,672,770</u>	<u>170,159</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (2,081,623)</u>	<u>\$ (1,996,846)</u>	<u>\$ (1,754,037)</u>	<u>\$ 242,809</u>

**General Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Department of Housing**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 5,000	\$ 5,000	\$ 3,106	\$ (1,894)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>3,106</u>	<u>(1,894)</u>
Expenditures:				
Salaries	236,752	249,972	249,972	---
Fringe benefits	74,473	68,753	68,532	221
Supplies	12,945	12,945	4,596	8,349
Services	12,307	12,307	5,600	6,707
Professional and contracted services	1,257	1,257	1,020	237
Rent, utilities, and maintenance	17,561	7,561	---	7,561
Interdepartmental expenditures	11,357	25,527	14,639	10,888
Total expenditures	<u>366,652</u>	<u>378,322</u>	<u>344,359</u>	<u>33,963</u>
Excess (deficiency) of revenues over expenditures	<u>(361,652)</u>	<u>(373,322)</u>	<u>(341,253)</u>	<u>32,069</u>
Other financing sources (uses):				
Transfers out	(209,919)	(209,919)	(197,664)	12,255
Total other financing sources (uses)	<u>(209,919)</u>	<u>(209,919)</u>	<u>(197,664)</u>	<u>12,255</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (571,571)</u>	<u>\$ (583,241)</u>	<u>\$ (538,917)</u>	<u>\$ 44,324</u>

**Director and Staff of Public Works**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Salaries	\$ (352,173)	\$ 183,482	\$ 183,482	\$ ---
Fringe benefits	52,561	45,344	45,344	---
Supplies	2,013	3,613	2,163	1,450
Services	1,250	1,250	550	700
Professional and contracted services	298,307	46,962	46,952	10
Interdepartmental expenditures	200,000	451,004	446,708	4,296
Asset acquisitions	---	28,900	28,821	79
Total expenditures	<u>201,958</u>	<u>760,555</u>	<u>754,020</u>	<u>6,535</u>
Excess (deficiency) of revenues over expenditures	<u>(201,958)</u>	<u>(760,555)</u>	<u>(754,020)</u>	<u>6,535</u>
Other financing sources (uses):				
Transfers in	35,170	35,170	35,170	---
Transfers out	(226,997)	(310,657)	(155,247)	155,410
Total other financing sources (uses)	<u>(191,827)</u>	<u>(275,487)</u>	<u>(120,077)</u>	<u>155,410</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (393,785)</u>	<u>\$ (1,036,042)</u>	<u>\$ (874,097)</u>	<u>\$ 161,945</u>

**General Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**County Engineer**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 268,512	\$ 314,782	\$ 296,240	\$ (18,542)
Total revenues	268,512	314,782	296,240	(18,542)
Expenditures:				
Salaries	1,770,567	1,508,747	1,508,747	---
Other compensation	---	6,465	6,465	---
Fringe benefits	491,796	423,260	376,213	47,047
Supplies	37,260	30,253	30,252	1
Services	17,780	25,412	24,999	413
Professional and contracted services	173,800	410,404	410,403	1
Rent, utilities, and maintenance	136,500	175,896	175,809	87
Interdepartmental expenditures	(24,643)	(89,651)	(43,083)	(46,568)
Asset acquisitions	---	100,000	100,000	---
Total expenditures	2,603,060	2,590,786	2,589,805	981
Excess (deficiency) of revenues over expenditures	(2,334,548)	(2,276,004)	(2,293,565)	(17,561)
Other financing sources (uses):				
Transfers in	1,750,000	1,750,000	1,750,000	---
Total other financing sources (uses)	1,750,000	1,750,000	1,750,000	---
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (584,548)	\$ (526,004)	\$ (543,565)	\$ (17,561)

**Environmental Improvement**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 97,044	\$ 97,044	\$ 92,539	\$ (4,505)
Total revenues	97,044	97,044	92,539	(4,505)
Excess (deficiency) of revenues over expenditures	97,044	97,044	92,539	(4,505)
Other financing sources (uses):				
Transfers out	(97,044)	(97,044)	(92,539)	4,505
Total other financing sources (uses)	(97,044)	(97,044)	(92,539)	4,505
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**General Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Soil Conservation**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Salaries	\$ 39,886	\$ 40,158	\$ 40,158	\$ ---
Fringe benefits	16,478	16,206	15,648	558
Supplies	2,600	1,310	1,083	227
Services	1,300	1,250	1,038	212
Professional and contracted services	3,000	5,000	4,650	350
Interdepartmental expenditures	---	3,240	2,784	456
Total expenditures	63,264	67,164	65,361	1,803
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (63,264)	\$ (67,164)	\$ (65,361)	\$ 1,803

**Shelby Farms**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 134,000	\$ 134,000	\$ 4,610	\$ (129,390)
Total revenues	134,000	134,000	4,610	(129,390)
Expenditures:				
Salaries	391,050	163,484	163,484	---
Other compensation	15,000	13,123	13,123	---
Fringe benefits	132,133	47,190	46,941	249
Supplies	21,301	14,715	14,694	21
Professional and contracted services	6,000	277,361	277,361	---
Rent, utilities, and maintenance	82,500	41,760	38,642	3,118
Interdepartmental expenditures	109,500	63,037	63,037	---
Total expenditures	757,484	620,670	617,282	3,388
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (623,484)	\$ (486,670)	\$ (612,672)	\$ (126,002)

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Agricultural Extension Service**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 5,000	\$ 5,000	\$ 3,000	\$ (2,000)
Total revenues	5,000	5,000	3,000	(2,000)
Expenditures:				
Salaries	171,328	166,397	166,397	---
Fringe benefits	36,396	32,039	25,056	6,983
Rent, utilities, and maintenance	82,096	75,992	73,704	2,288
Interdepartmental expenditures	---	8,604	8,062	542
Total expenditures	289,820	283,032	273,219	9,813
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (284,820)	\$ (278,032)	\$ (270,219)	\$ 7,813

**Conservation Board**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 475,000	\$ 475,000	\$ 466,911	\$ (8,089)
Other revenue	---	---	6,474	6,474
Total revenues	475,000	475,000	473,385	(1,615)
Expenditures:				
Salaries	171,778	177,297	177,297	---
Fringe benefits	34,203	38,520	28,287	10,233
Supplies	53,600	38,427	38,421	6
Services	3,300	3,200	1,974	1,226
Professional and contracted services	142,774	154,482	149,801	4,681
Rent, utilities, and maintenance	170,200	231,798	182,611	49,187
Interdepartmental expenditures	89,571	81,021	29,731	51,290
Asset acquisitions	23,000	111,896	106,756	5,140
Total expenditures	688,426	836,641	714,878	121,763
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (213,426)	\$ (361,641)	\$ (241,493)	\$ 120,148

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Port Commission**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 800,000	\$ 800,000	\$ 1,396,311	\$ 596,311
Other revenue	---	---	33,996	33,996
Total revenues	<u>800,000</u>	<u>800,000</u>	<u>1,430,307</u>	<u>630,307</u>
<b>Expenditures:</b>				
Supplies	413,682	462,035	462,035	---
Contingencies and restrictions	(132,626)	---	---	---
Total expenditures	<u>281,056</u>	<u>462,035</u>	<u>462,035</u>	<u>---</u>
Excess (deficiency) of revenues over expenditures	<u>518,944</u>	<u>337,965</u>	<u>968,272</u>	<u>630,307</u>
<b>Other financing sources (uses):</b>				
Transfers out	(518,944)	(337,965)	(337,965)	---
Total other financing sources (uses)	<u>(518,944)</u>	<u>(337,965)</u>	<u>(337,965)</u>	<u>---</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 630,307</u>	<u>\$ 630,307</u>

**Support Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 1,708,000	\$ 1,708,000	\$ 1,288,982	\$ (419,018)
Total revenues	<u>1,708,000</u>	<u>1,708,000</u>	<u>1,288,982</u>	<u>(419,018)</u>
<b>Expenditures:</b>				
Salaries	5,423,063	5,057,804	5,057,804	---
Other compensation	37,766	49,693	44,578	5,115
Fringe benefits	1,631,746	1,517,129	1,435,048	82,081
Supplies	335,600	357,243	330,632	26,611
Services	19,550	1,700	1,473	227
Professional and contracted services	1,371,530	1,460,515	1,452,325	8,190
Rent, utilities, and maintenance	5,678,628	5,426,243	5,420,977	5,266
Interdepartmental expenditures	87,514	291,606	286,500	5,106
Asset acquisitions	12,860	212,182	212,182	---
Total expenditures	<u>14,598,257</u>	<u>14,374,115</u>	<u>14,241,519</u>	<u>132,596</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (12,890,257)</u>	<u>\$ (12,666,115)</u>	<u>\$ (12,952,537)</u>	<u>\$ (286,422)</u>

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Land Bank**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ ---	\$ ---	\$ 453,541	\$ 453,541
Total revenues	---	---	453,541	453,541
Expenditures:				
Salaries	---	447,904	447,904	---
Fringe benefits	---	139,603	126,885	12,718
Supplies	---	6,900	4,584	2,316
Services	---	10,000	7,226	2,774
Professional and contracted services	---	35,850	35,850	---
Rent, utilities, and maintenance	---	70,178	70,178	---
Interdepartmental expenditures	---	18,700	18,629	71
Intergovernmental expenditures	---	19,880	19,880	---
Asset acquisitions	---	45,485	45,400	85
Total expenditures	---	794,500	776,536	17,964
Excess (deficiency) of revenues over expenditures	---	(794,500)	(322,995)	471,505
Other financing sources (uses):				
Transfers in	---	580,038	---	(580,038)
Total other financing sources (uses)	---	580,038	---	(580,038)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ (214,462)	\$ (322,995)	\$ (108,533)

**Director of Health Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Salaries	\$ (849,998)	\$ 290,377	\$ 290,377	\$ ---
Fringe benefits	74,398	65,073	65,073	---
Total expenditures	(775,600)	355,450	355,450	---
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 775,600	\$ (355,450)	\$ (355,450)	\$ ---

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Forensic Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 250,000	\$ 250,000	\$ 252,095	\$ 2,095
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>252,095</u>	<u>2,095</u>
<b>Expenditures:</b>				
Supplies	16,244	4,602	4,578	24
Services	223	223	---	223
Professional and contracted services	2,790,473	2,774,971	2,774,952	19
Rent, utilities, and maintenance	79,977	96,477	95,586	891
Interdepartmental expenditures	2,000	2,000	670	1,330
Asset acquisitions	46,400	63,575	60,850	2,725
Total expenditures	<u>2,935,317</u>	<u>2,941,848</u>	<u>2,936,636</u>	<u>5,212</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (2,685,317)</u>	<u>\$ (2,691,848)</u>	<u>\$ (2,684,541)</u>	<u>\$ 7,307</u>

**Administration and Finance - Health Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 13,342,179	\$ 13,346,179	\$ 13,859,066	\$ 512,887
Patient service revenue	500	500	3,158	2,658
Other revenue	1,000	1,000	---	(1,000)
Total revenues	<u>13,343,679</u>	<u>13,347,679</u>	<u>13,862,224</u>	<u>514,545</u>
<b>Expenditures:</b>				
Salaries	4,738,682	4,337,544	4,298,520	39,024
Other compensation	59,246	53,391	46,422	6,969
Fringe benefits	708,432	674,277	586,417	87,860
Supplies	119,575	248,958	163,647	85,311
Services	83,202	23,478	16,580	6,898
Professional and contracted services	9,295,849	9,275,348	9,260,315	15,033
Rent, utilities, and maintenance	454,182	483,404	463,908	19,496
Interdepartmental expenditures	24,103	158,528	148,739	9,789
Asset acquisitions	12,500	24,000	24,000	---
Contingencies and restrictions	(174,969)	11,992	---	11,992
Total expenditures	<u>15,320,802</u>	<u>15,290,920</u>	<u>15,008,548</u>	<u>282,372</u>
Excess (deficiency) of revenues over expenditures	<u>(1,977,123)</u>	<u>(1,943,241)</u>	<u>(1,146,324)</u>	<u>796,917</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>1,835,632</u>	<u>2,273,238</u>	<u>2,147,328</u>	<u>(125,910)</u>
Total other financing sources (uses)	<u>1,835,632</u>	<u>2,273,238</u>	<u>2,147,328</u>	<u>(125,910)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (141,491)</u>	<u>\$ 329,997</u>	<u>\$ 1,001,004</u>	<u>\$ 671,007</u>

**General Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Environmental Health Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 1,203,600	\$ 1,203,600	\$ 619,370	\$ (584,230)
State revenue	1,068,923	1,068,923	1,354,877	285,954
Total revenues	<u>2,272,523</u>	<u>2,272,523</u>	<u>1,974,247</u>	<u>(298,276)</u>
Expenditures:				
Salaries	2,302,087	2,250,397	2,221,847	28,550
Other compensation	25,954	29,275	24,517	4,758
Fringe benefits	712,343	732,063	669,161	62,902
Supplies	69,046	36,196	33,243	2,953
Services	81,335	68,585	61,906	6,679
Professional and contracted services	115,678	19,741	19,169	572
Rent, utilities, and maintenance	59,950	26,445	20,915	5,530
Interdepartmental expenditures	49,088	104,415	101,891	2,524
Asset acquisitions	35,800	---	---	---
Total expenditures	<u>3,451,281</u>	<u>3,267,117</u>	<u>3,152,649</u>	<u>114,468</u>
Excess (deficiency) of revenues over expenditures	<u>(1,178,758)</u>	<u>(994,594)</u>	<u>(1,178,402)</u>	<u>(183,808)</u>
Other financing sources (uses):				
Transfers in	---	147,346	105,025	(42,321)
Transfers out	<u>(1,361,537)</u>	<u>(1,361,537)</u>	<u>(1,361,536)</u>	<u>1</u>
Total other financing sources (uses)	<u>(1,361,537)</u>	<u>(1,214,191)</u>	<u>(1,256,511)</u>	<u>(42,320)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (2,540,295)</u>	<u>\$ (2,208,785)</u>	<u>\$ (2,434,913)</u>	<u>\$ (226,128)</u>

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Personal Health Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 1,617,092	\$ 1,617,092	\$ 824,637	\$ (792,455)
State revenue	10,000	10,000	1,203	(8,797)
Patient service revenue	1,148,272	1,148,272	1,035,149	(113,123)
Total revenues	<u>2,775,364</u>	<u>2,775,364</u>	<u>1,860,989</u>	<u>(914,375)</u>
<b>Expenditures:</b>				
Salaries	4,357,660	3,783,521	3,736,936	46,585
Other compensation	32,373	77,679	70,346	7,333
Fringe benefits	1,277,574	1,222,401	1,002,287	220,114
Supplies	1,100,129	688,966	664,468	24,498
Services	170,260	76,757	76,676	81
Professional and contracted services	4,552,246	4,329,133	4,329,124	9
Rent, utilities, and maintenance	901,544	662,696	600,497	62,199
Interdepartmental expenditures	(12,500)	289,932	244,611	45,321
Asset acquisitions	(500)	---	---	---
Contingencies and restrictions	(648,013)	---	---	---
Total expenditures	<u>11,730,773</u>	<u>11,131,085</u>	<u>10,724,945</u>	<u>406,140</u>
Excess (deficiency) of revenues over expenditures	<u>(8,955,409)</u>	<u>(8,355,721)</u>	<u>(8,863,956)</u>	<u>(508,235)</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,157,750	911,450	922,591	11,141
Transfers out	(567,854)	(567,854)	(567,854)	---
Total other financing sources (uses)	<u>589,896</u>	<u>343,596</u>	<u>354,737</u>	<u>11,141</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (8,365,513)</u>	<u>\$ (8,012,125)</u>	<u>\$ (8,509,219)</u>	<u>\$ (497,094)</u>

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Assessment and Assurance**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 1,022,387	\$ 1,022,387	\$ 940,004	\$ (82,383)
State revenue	---	---	9,690	9,690
Total revenues	1,022,387	1,022,387	949,694	(72,693)
Expenditures:				
Salaries	1,043,115	1,060,198	1,031,998	28,200
Other compensation	17,436	17,436	9,591	7,845
Fringe benefits	331,303	334,124	298,154	35,970
Supplies	75,539	70,394	60,510	9,884
Services	41,213	25,667	16,717	8,950
Professional and contracted services	187,876	186,539	183,674	2,865
Rent, utilities, and maintenance	111,204	76,374	35,339	41,035
Interdepartmental expenditures	---	56,240	46,677	9,563
Total expenditures	1,807,686	1,826,972	1,682,660	144,312
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (785,299)	\$ (804,585)	\$ (732,966)	\$ 71,619

**Director of Community Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Salaries	\$ 411,265	\$ 527,416	\$ 527,406	\$ 10
Fringe benefits	187,103	172,023	136,795	35,228
Supplies	40,658	18,851	17,298	1,553
Services	46,903	24,142	23,967	175
Professional and contracted services	---	4,676	4,430	246
Rent, utilities, and maintenance	5,000	---	---	---
Interdepartmental expenditures	---	18,875	17,291	1,584
Total expenditures	690,929	765,983	727,187	38,796
Excess (deficiency) of revenues over expenditures	(690,929)	(765,983)	(727,187)	38,796
Other financing sources (uses):				
Transfers in	49,900	80,764	65,584	(15,180)
Transfers out	(143,906)	(143,906)	(143,906)	---
Total other financing sources (uses)	(94,006)	(63,142)	(78,322)	(15,180)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (784,935)	\$ (829,125)	\$ (805,509)	\$ 23,616

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Special Funded Projects**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Professional and contracted services	\$ ---	\$ 50,000	\$ 50,000	\$ ---
Total expenditures	<u>---</u>	<u>50,000</u>	<u>50,000</u>	<u>---</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ ---</u>

**Crime Victims Center**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 200,000	\$ 200,000	\$ 132,229	\$ (67,771)
Other revenue	---	---	2,156	2,156
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>134,385</u>	<u>(65,615)</u>
Expenditures:				
Salaries	262,457	262,911	259,764	3,147
Fringe benefits	73,016	73,102	71,039	2,063
Supplies	16,384	11,684	8,184	3,500
Services	16,250	14,454	14,166	288
Interdepartmental expenditures	---	47,490	46,759	731
Total expenditures	<u>368,107</u>	<u>409,641</u>	<u>399,912</u>	<u>9,729</u>
Excess (deficiency) of revenues over expenditures	<u>(168,107)</u>	<u>(209,641)</u>	<u>(265,527)</u>	<u>(55,886)</u>
Other financing sources (uses):				
Transfers out	(77,286)	(77,286)	(58,009)	19,277
Total other financing sources (uses)	<u>(77,286)</u>	<u>(77,286)</u>	<u>(58,009)</u>	<u>19,277</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (245,393)</u>	<u>\$ (286,927)</u>	<u>\$ (323,536)</u>	<u>\$ (36,609)</u>

**Office on Aging**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Salaries	\$ 47,746	\$ 48,347	\$ 48,347	\$ ---
Fringe benefits	20,719	20,273	20,250	23
Services	31,933	---	---	---
Interdepartmental expenditures	---	90,326	90,212	114
Total expenditures	<u>100,398</u>	<u>158,946</u>	<u>158,809</u>	<u>137</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (100,398)</u>	<u>\$ (158,946)</u>	<u>\$ (158,809)</u>	<u>\$ 137</u>

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Pretrial Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 350,000	\$ 350,000	\$ 292,859	\$ (57,141)
Total revenues	<u>350,000</u>	<u>350,000</u>	<u>292,859</u>	<u>(57,141)</u>
Expenditures:				
Salaries	2,467,562	2,395,450	2,383,028	12,422
Other compensation	5,310	16,854	15,443	1,411
Fringe benefits	799,239	737,555	707,627	29,928
Supplies	29,837	28,145	27,897	248
Services	6,947	5,403	5,114	289
Professional and contracted services	103,000	100,000	100,000	---
Rent, utilities, and maintenance	19,308	23,000	23,000	---
Interdepartmental expenditures	---	83,481	83,322	159
Total expenditures	<u>3,431,203</u>	<u>3,389,888</u>	<u>3,345,431</u>	<u>44,457</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (3,081,203)</u>	<u>\$ (3,039,888)</u>	<u>\$ (3,052,572)</u>	<u>\$ (12,684)</u>

**Sheriff**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 1,055,000	\$ 1,055,000	\$ 1,278,121	\$ 223,121
State revenue	1,900,000	1,900,000	1,977,348	77,348
Elected officials' fines and fees	1,516,500	1,516,500	1,646,026	129,526
Other revenue	126,000	126,000	140,335	14,335
Total revenues	<u>4,597,500</u>	<u>4,597,500</u>	<u>5,041,830</u>	<u>444,330</u>
Expenditures:				
Salaries	84,360,042	84,250,564	82,673,740	1,576,824
Other compensation	9,756,669	9,745,577	9,304,037	441,540
Fringe benefits	29,034,421	29,073,448	26,364,248	2,709,200
Supplies	5,483,318	5,346,177	5,136,234	209,943
Services	993,443	767,325	697,685	69,640
Professional and contracted services	8,205,521	7,687,124	7,617,115	70,009
Rent, utilities, and maintenance	4,075,247	3,802,744	3,659,811	142,933
Interdepartmental expenditures	(370,400)	769,623	673,902	95,721
Asset acquisitions	1,421,000	1,790,138	1,774,198	15,940
Total expenditures	<u>142,959,261</u>	<u>143,232,720</u>	<u>137,900,970</u>	<u>5,331,750</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (138,361,761)</u>	<u>\$ (138,635,220)</u>	<u>\$ (132,859,140)</u>	<u>\$ 5,776,080</u>

**General Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Chancery Court Judges**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Salaries	\$ 107,172	\$ 107,172	\$ 85,562	\$ 21,610
Fringe benefits	34,594	34,594	18,513	16,081
Total expenditures	141,766	141,766	104,075	37,691
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (141,766)	\$ (141,766)	\$ (104,075)	\$ 37,691

**Circuit Court Judges**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Salaries	\$ 126,054	\$ 126,054	\$ 102,532	\$ 23,522
Fringe benefits	11,886	11,886	9,760	2,126
Total expenditures	137,940	137,940	112,292	25,648
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (137,940)	\$ (137,940)	\$ (112,292)	\$ 25,648

**Criminal Court Judges**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Salaries	\$ 63,432	\$ 63,432	\$ 42,522	\$ 20,910
Fringe benefits	6,924	6,924	3,875	3,049
Total expenditures	70,356	70,356	46,397	23,959
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (70,356)	\$ (70,356)	\$ (46,397)	\$ 23,959

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**General Sessions Civil Court Judges**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Elected officials' fines and fees	\$ 360,000	\$ 360,000	\$ 365,050	\$ 5,050
Total revenues	<u>360,000</u>	<u>360,000</u>	<u>365,050</u>	<u>5,050</u>
<b>Expenditures:</b>				
Salaries	944,477	946,925	944,332	2,593
Fringe benefits	210,989	211,455	205,853	5,602
Supplies	23,600	22,600	19,921	2,679
Services	20,333	18,593	15,916	2,677
Rent, utilities, and maintenance	6,900	2,100	1,612	488
Interdepartmental expenditures	---	7,540	6,790	750
Total expenditures	<u>1,206,299</u>	<u>1,209,213</u>	<u>1,194,424</u>	<u>14,789</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (846,299)</u>	<u>\$ (849,213)</u>	<u>\$ (829,374)</u>	<u>\$ 19,839</u>

**General Sessions Criminal Court Judges**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ ---	\$ ---	\$ 27	\$ 27
Elected officials' fines and fees	525,000	565,709	539,602	(26,107)
Total revenues	<u>525,000</u>	<u>565,709</u>	<u>539,629</u>	<u>(26,080)</u>
<b>Expenditures:</b>				
Salaries	2,305,963	2,334,230	2,249,882	84,348
Fringe benefits	590,201	595,534	538,971	56,563
Supplies	62,850	61,080	57,652	3,428
Services	36,750	32,350	30,718	1,632
Professional and contracted services	216,528	408,028	310,265	97,763
Rent, utilities, and maintenance	15,900	4,400	2,160	2,240
Interdepartmental expenditures	---	17,670	17,450	220
Total expenditures	<u>3,228,192</u>	<u>3,453,292</u>	<u>3,207,098</u>	<u>246,194</u>
Excess (deficiency) of revenues over expenditures	<u>(2,703,192)</u>	<u>(2,887,583)</u>	<u>(2,667,469)</u>	<u>220,114</u>
<b>Other financing sources (uses):</b>				
Transfers in	---	25,000	---	(25,000)
Total other financing sources (uses)	<u>---</u>	<u>25,000</u>	<u>---</u>	<u>(25,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (2,703,192)</u>	<u>\$ (2,862,583)</u>	<u>\$ (2,667,469)</u>	<u>\$ 195,114</u>

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Probate Court Judges**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Salaries	\$ 379,958	\$ 382,193	\$ 375,896	\$ 6,297
Fringe benefits	98,130	95,895	95,895	---
Total expenditures	478,088	478,088	471,791	6,297
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (478,088)	\$ (478,088)	\$ (471,791)	\$ 6,297

**Chancery Court Clerk**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Elected officials' fines and fees	\$ 3,500,000	\$ 3,500,000	\$ 3,188,717	\$ (311,283)
Other revenue	150,000	150,000	324,340	174,340
Total revenues	3,650,000	3,650,000	3,513,057	(136,943)
Expenditures:				
Salaries	971,850	979,399	962,932	16,467
Fringe benefits	288,919	290,354	258,941	31,413
Supplies	51,950	42,721	40,799	1,922
Services	16,421	7,093	6,553	540
Professional and contracted services	1,500	1,500	---	1,500
Rent, utilities, and maintenance	92,500	97,900	87,884	10,016
Interdepartmental expenditures	---	37,764	37,470	294
Asset acquisitions	17,329	122	---	122
Total expenditures	1,440,469	1,456,853	1,394,579	62,274
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 2,209,531	\$ 2,193,147	\$ 2,118,478	\$ (74,669)

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Circuit Court Clerk**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Elected officials' fines and fees	\$ 2,400,000	\$ 2,400,000	\$ 3,299,293	\$ 899,293
Other revenue	100,000	100,000	190,068	90,068
Total revenues	<u>2,500,000</u>	<u>2,500,000</u>	<u>3,489,361</u>	<u>989,361</u>
<b>Expenditures:</b>				
Salaries	1,925,606	1,943,255	1,867,746	75,509
Other compensation	5,771	5,771	947	4,824
Fringe benefits	543,669	547,023	481,952	65,071
Supplies	104,450	74,950	53,313	21,637
Services	30,900	22,700	17,298	5,402
Professional and contracted services	1,400	1,400	834	566
Rent, utilities, and maintenance	143,054	86,854	76,609	10,245
Interdepartmental expenditures	---	96,100	87,789	8,311
Asset acquisitions	5,800	---	---	---
Total expenditures	<u>2,760,650</u>	<u>2,778,053</u>	<u>2,586,488</u>	<u>191,565</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (260,650)</u>	<u>\$ (278,053)</u>	<u>\$ 902,873</u>	<u>\$ 1,180,926</u>

**Criminal Court Clerk**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Elected officials' fines and fees	\$ 4,750,000	\$ 4,750,000	\$ 5,482,675	\$ 732,675
Other revenue	80,000	80,000	80,607	607
Total revenues	<u>4,830,000</u>	<u>4,830,000</u>	<u>5,563,282</u>	<u>733,282</u>
<b>Expenditures:</b>				
Salaries	3,382,338	3,453,732	3,453,732	---
Other compensation	12,000	18,284	18,283	1
Fringe benefits	1,070,869	1,046,164	995,430	50,734
Supplies	124,787	117,187	107,944	9,243
Services	47,420	27,060	19,997	7,063
Professional and contracted services	2,900	2,900	1,336	1,564
Rent, utilities, and maintenance	122,391	48,526	37,324	11,202
Interdepartmental expenditures	3,250	131,710	130,287	1,423
Asset acquisitions	20,000	---	---	---
Total expenditures	<u>4,785,955</u>	<u>4,845,563</u>	<u>4,764,333</u>	<u>81,230</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 44,045</u>	<u>\$ (15,563)</u>	<u>\$ 798,949</u>	<u>\$ 814,512</u>

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**General Sessions Court Clerk**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Elected officials' fines and fees	\$ 8,349,542	\$ 8,349,542	\$ 9,532,535	\$ 1,182,993
Other revenue	320,805	320,805	360,005	39,200
Total revenues	<u>8,670,347</u>	<u>8,670,347</u>	<u>9,892,540</u>	<u>1,222,193</u>
<b>Expenditures:</b>				
Salaries	4,880,638	5,169,372	5,168,569	803
Other compensation	116,057	61,916	61,916	---
Fringe benefits	1,694,314	1,579,056	1,579,056	---
Supplies	242,696	125,176	80,205	44,971
Services	234,390	199,859	136,356	63,503
Professional and contracted services	48,500	48,500	32,200	16,300
Rent, utilities, and maintenance	176,692	129,777	94,481	35,296
Interdepartmental expenditures	2,889	230,752	228,615	2,137
Asset acquisitions	39,784	20,887	---	20,887
Total expenditures	<u>7,435,960</u>	<u>7,565,295</u>	<u>7,381,398</u>	<u>183,897</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 1,234,387</u>	<u>\$ 1,105,052</u>	<u>\$ 2,511,142</u>	<u>\$ 1,406,090</u>

**Probate Court Clerk**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Elected officials' fines and fees	\$ 625,000	\$ 625,000	\$ 625,243	\$ 243
Total revenues	<u>625,000</u>	<u>625,000</u>	<u>625,243</u>	<u>243</u>
<b>Expenditures:</b>				
Salaries	401,250	423,631	423,631	---
Fringe benefits	125,156	124,030	124,030	---
Supplies	31,045	15,695	13,757	1,938
Services	9,500	6,500	5,906	594
Professional and contracted services	2,500	---	---	---
Rent, utilities, and maintenance	14,500	7,500	6,418	1,082
Interdepartmental expenditures	---	35,913	35,781	132
Asset acquisitions	2,000	---	---	---
Total expenditures	<u>585,951</u>	<u>613,269</u>	<u>609,523</u>	<u>3,746</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 39,049</u>	<u>\$ 11,731</u>	<u>\$ 15,720</u>	<u>\$ 3,989</u>

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Juvenile Court Clerk**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
State revenue	\$ 775,000	\$ 775,000	\$ 531,678	\$ (243,322)
Elected officials' fines and fees	600,000	600,000	780,027	180,027
Total revenues	<u>1,375,000</u>	<u>1,375,000</u>	<u>1,311,705</u>	<u>(63,295)</u>
<b>Expenditures:</b>				
Salaries	2,734,925	3,285,521	3,098,330	187,191
Other compensation	31,042	81,042	40,897	40,145
Fringe benefits	972,700	1,156,564	973,327	183,237
Supplies	143,800	244,158	174,552	69,606
Services	76,750	72,955	49,228	23,727
Professional and contracted services	132,850	178,383	175,546	2,837
Rent, utilities, and maintenance	48,000	101,642	69,214	32,428
Interdepartmental expenditures	4,500	84,500	69,271	15,229
Asset acquisitions	---	31,495	30,754	741
Total expenditures	<u>4,144,567</u>	<u>5,236,260</u>	<u>4,681,119</u>	<u>555,141</u>
Excess (deficiency) of revenues over expenditures	<u>(2,769,567)</u>	<u>(3,861,260)</u>	<u>(3,369,414)</u>	<u>491,846</u>
<b>Other financing sources (uses):</b>				
Transfers in	88,342	88,342	47,335	(41,007)
Transfers out	(256,899)	(256,899)	(169,827)	87,072
Total other financing sources (uses)	<u>(168,557)</u>	<u>(168,557)</u>	<u>(122,492)</u>	<u>46,065</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (2,938,124)</u>	<u>\$ (4,029,817)</u>	<u>\$ (3,491,906)</u>	<u>\$ 537,911</u>

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Juvenile Court**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 288,600	\$ 288,600	\$ 252,233	\$ (36,367)
Other revenue	6,000	6,000	7,051	1,051
Total revenues	294,600	294,600	259,284	(35,316)
Expenditures:				
Salaries	9,327,700	10,119,963	9,870,681	249,282
Other compensation	50,000	124,000	122,203	1,797
Fringe benefits	2,933,578	2,820,861	2,798,269	22,592
Supplies	588,264	755,447	740,536	14,911
Services	62,128	53,538	45,068	8,470
Professional and contracted services	1,396,153	1,530,823	1,431,651	99,172
Rent, utilities, and maintenance	993,912	963,318	953,556	9,762
Interdepartmental expenditures	9,000	132,210	126,356	5,854
Asset acquisitions	---	162,929	113,253	49,676
Total expenditures	15,360,735	16,663,089	16,201,573	461,516
Excess (deficiency) of revenues over expenditures	(15,066,135)	(16,368,489)	(15,942,289)	426,200
Other financing sources (uses):				
Transfers in	2,027,710	1,937,959	1,827,041	(110,918)
Transfers out	(828)	(4,182)	(4,135)	47
Total other financing sources (uses)	2,026,882	1,933,777	1,822,906	(110,871)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (13,039,253)	\$ (14,434,712)	\$ (14,119,383)	\$ 315,329

**Public Defender**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
State revenue	\$ 3,034,100	\$ 3,034,100	\$ 3,106,100	\$ 72,000
Elected officials' fines and fees	269,050	269,050	58,176	(210,874)
Total revenues	3,303,150	3,303,150	3,164,276	(138,874)
Expenditures:				
Salaries	5,975,000	6,149,454	6,149,454	---
Other compensation	---	5,771	5,771	---
Fringe benefits	1,671,817	1,586,024	1,586,024	---
Supplies	63,500	78,425	71,557	6,868
Services	19,100	19,100	13,639	5,461
Professional and contracted services	66,000	61,000	10,754	50,246
Rent, utilities, and maintenance	9,500	20,500	18,049	2,451
Interdepartmental expenditures	16,000	68,141	67,975	166
Asset acquisitions	33,814	12,389	---	12,389
Total expenditures	7,854,731	8,000,804	7,923,223	77,581
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (4,551,581)	\$ (4,697,654)	\$ (4,758,947)	\$ (61,293)

**General Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Divorce Referee**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 325,000	\$ 325,000	\$ 279,205	\$ (45,795)
Total revenues	<u>325,000</u>	<u>325,000</u>	<u>279,205</u>	<u>(45,795)</u>
Expenditures:				
Salaries	416,474	422,109	422,109	---
Fringe benefits	143,913	138,278	132,997	5,281
Supplies	1,700	1,450	811	639
Services	1,500	1,750	1,494	256
Interdepartmental expenditures	---	2,879	2,471	408
Total expenditures	<u>563,587</u>	<u>566,466</u>	<u>559,882</u>	<u>6,584</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (238,587)</u>	<u>\$ (241,466)</u>	<u>\$ (280,677)</u>	<u>\$ (39,211)</u>

**Jury Commission**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Salaries	\$ 209,501	\$ 210,501	\$ 210,402	\$ 99
Fringe benefits	67,094	66,094	64,938	1,156
Supplies	2,724	1,524	1,054	470
Services	496,750	493,450	417,108	76,342
Professional and contracted services	7,550	12,050	7,897	4,153
Interdepartmental expenditures	---	53,542	52,376	1,166
Total expenditures	<u>783,619</u>	<u>837,161</u>	<u>753,775</u>	<u>83,386</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (783,619)</u>	<u>\$ (837,161)</u>	<u>\$ (753,775)</u>	<u>\$ 83,386</u>

**General Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Attorney General**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 30,000	\$ 30,000	\$ 29,415	\$ (585)
State revenue	35,041	35,041	37,184	2,143
Federal revenue	10,000	10,000	22,971	12,971
Other revenue	---	---	1	1
Total revenues	75,041	75,041	89,571	14,530
Expenditures:				
Salaries	6,056,639	6,056,639	5,996,543	60,096
Other compensation	---	47,585	47,585	---
Fringe benefits	1,614,599	1,574,514	1,533,908	40,606
Supplies	86,927	45,614	44,433	1,181
Services	33,623	25,923	25,917	6
Professional and contracted services	32,299	13,348	13,348	---
Rent, utilities, and maintenance	130,510	15,309	15,308	1
Interdepartmental expenditures	13,500	192,292	192,289	3
Total expenditures	7,968,097	7,971,224	7,869,331	101,893
Excess (deficiency) of revenues over expenditures	(7,893,056)	(7,896,183)	(7,779,760)	116,423
Other financing sources (uses):				
Transfers in	---	7,500	7,498	(2)
Transfers out	---	(4,373)	(4,373)	---
Total other financing sources (uses)	---	3,127	3,125	(2)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (7,893,056)	\$ (7,893,056)	\$ (7,776,635)	\$ 116,421

**Commissioner's Contingency**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures:				
Contingencies and restrictions	\$ 3,500,000	\$ 135,335	\$ ---	\$ 135,335
Total expenditures	3,500,000	135,335	---	135,335
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (3,500,000)	\$ (135,335)	\$ ---	\$ 135,335

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Legislative Operations**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 4,000	\$ 4,000	\$ 1,181	\$ (2,819)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>1,181</u>	<u>(2,819)</u>
Expenditures:				
Salaries	864,882	907,035	907,035	---
Other compensation	371,433	319,860	246,228	73,632
Fringe benefits	311,513	320,933	320,933	---
Supplies	85,650	167,461	148,836	18,625
Services	45,800	49,600	48,539	1,061
Professional and contracted services	90,473	11,402	10,063	1,339
Rent, utilities, and maintenance	15,500	32,500	29,719	2,781
Interdepartmental expenditures	---	87,106	86,877	229
Asset acquisitions	12,013	325,774	325,300	474
Total expenditures	<u>1,797,264</u>	<u>2,221,671</u>	<u>2,123,530</u>	<u>98,141</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (1,793,264)</u>	<u>\$ (2,217,671)</u>	<u>\$ (2,122,349)</u>	<u>\$ 95,322</u>

**Equal Opportunity Compliance**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ ---	\$ ---	\$ 997	\$ 997
Total revenues	<u>---</u>	<u>---</u>	<u>997</u>	<u>997</u>
Expenditures:				
Salaries	547,473	547,473	510,668	36,805
Fringe benefits	164,825	164,825	137,946	26,879
Supplies	23,500	22,249	20,458	1,791
Services	39,950	34,700	22,493	12,207
Professional and contracted services	50,000	50,000	25,704	24,296
Rent, utilities, and maintenance	4,300	4,300	1,338	2,962
Interdepartmental expenditures	---	20,067	19,333	734
Asset acquisitions	2,000	---	---	---
Total expenditures	<u>832,048</u>	<u>843,614</u>	<u>737,940</u>	<u>105,674</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (832,048)</u>	<u>\$ (843,614)</u>	<u>\$ (736,943)</u>	<u>\$ 106,671</u>

**General Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Assessor**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 5,000	\$ 5,000	\$ 8,829	\$ 3,829
State revenue	312,564	333,918	332,625	(1,293)
Total revenues	317,564	338,918	341,454	2,536
Expenditures:				
Salaries	6,981,031	6,981,031	6,631,004	350,027
Other compensation	60,612	81,966	51,450	30,516
Fringe benefits	2,113,742	2,113,742	1,908,025	205,717
Supplies	237,500	261,500	248,369	13,131
Services	130,500	113,500	100,473	13,027
Professional and contracted services	470,100	408,718	403,066	5,652
Rent, utilities, and maintenance	341,000	271,001	246,410	24,591
Interdepartmental expenditures	2,500	101,000	83,062	17,938
Asset acquisitions	96,111	85,856	85,839	17
Total expenditures	10,433,096	10,418,314	9,757,698	660,616
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (10,115,532)	\$ (10,079,396)	\$ (9,416,244)	\$ 663,152

**County Clerk**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Elected officials' fines and fees	\$ 8,896,431	\$ 8,896,431	\$ 9,158,952	\$ 262,521
Other revenue	687,021	687,021	627,879	(59,142)
Total revenues	9,583,452	9,583,452	9,786,831	203,379
Expenditures:				
Salaries	3,206,641	3,328,794	3,328,794	---
Other compensation	37,772	9,823	9,823	---
Fringe benefits	1,103,585	1,045,765	1,045,764	1
Supplies	304,199	35,460	34,628	832
Services	104,243	11,525	8,573	2,952
Professional and contracted services	9,500	8,300	1,807	6,493
Rent, utilities, and maintenance	199,021	160,357	158,671	1,686
Interdepartmental expenditures	4,781	434,102	433,383	719
Asset acquisitions	30,320	2,320	---	2,320
Total expenditures	5,000,062	5,036,446	5,021,443	15,003
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 4,583,390	\$ 4,547,006	\$ 4,765,388	\$ 218,382

**General Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Register**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Elected officials' fines and fees	\$ 6,425,000	\$ 6,425,000	\$ 4,773,536	\$ (1,651,464)
Other revenue	99,730	99,730	87,185	(12,545)
Total revenues	6,524,730	6,524,730	4,860,721	(1,664,009)
Expenditures:				
Salaries	1,307,720	1,336,992	1,336,992	---
Other compensation	15,000	26,007	26,006	1
Fringe benefits	437,585	411,580	368,142	43,438
Supplies	69,662	86,650	69,229	17,421
Services	17,640	8,640	6,640	2,000
Professional and contracted services	10,455	9,510	7,122	2,388
Rent, utilities, and maintenance	38,551	9,008	7,856	1,152
Interdepartmental expenditures	570	32,500	32,218	282
Asset acquisitions	9,430	---	---	---
Total expenditures	1,906,613	1,920,887	1,854,205	66,682
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 4,618,117	\$ 4,603,843	\$ 3,006,516	\$ (1,597,327)

**Trustee**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 100,000	\$ 100,000	\$ 116,785	\$ 16,785
Elected officials' fines and fees	20,500,000	20,500,000	20,305,869	(194,131)
Other revenue	1,300,000	1,300,000	2,116,523	816,523
Total revenues	21,900,000	21,900,000	22,539,177	639,177
Expenditures:				
Salaries	3,811,900	3,811,900	3,762,507	49,393
Other compensation	40,127	40,127	32,801	7,326
Fringe benefits	1,089,565	1,089,565	1,023,107	66,458
Supplies	884,973	502,973	502,129	844
Services	220,539	290,101	288,145	1,956
Professional and contracted services	361,736	588,736	587,479	1,257
Rent, utilities, and maintenance	283,128	289,391	289,391	---
Interdepartmental expenditures	1,558	66,837	66,084	753
Asset acquisitions	248,066	166,962	149,185	17,777
Total expenditures	6,941,592	6,846,592	6,700,828	145,764
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 14,958,408	\$ 15,053,408	\$ 15,838,349	\$ 784,941

**Grants Fund**

**Budgetary Comparison Schedule-Summary by Type**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 11,297,922	\$ 13,303,364	\$ 9,070,891	\$ (4,232,473)
State revenue	74,102,479	79,208,063	63,256,505	(15,951,558)
Federal revenue	31,235,108	45,378,283	35,088,567	(10,289,716)
Patient service revenue	1,430,244	1,422,413	1,236,836	(185,577)
Other revenue	524,011	611,968	528,637	(83,331)
Total revenues	<u>118,589,764</u>	<u>139,924,091</u>	<u>109,181,436</u>	<u>(30,742,655)</u>
<b>Expenditures:</b>				
Salaries	45,740,032	45,665,602	41,037,939	4,627,663
Other compensation	296,906	1,366,177	869,087	497,090
Fringe benefits	14,484,350	13,833,401	12,061,157	1,772,244
Supplies	5,462,209	8,873,439	6,912,065	1,961,374
Services	6,863,482	8,676,571	3,281,245	5,395,326
Professional and contracted services	38,233,242	48,543,453	33,016,782	15,526,671
Rent, utilities, and maintenance	6,252,273	7,065,446	6,347,035	718,411
Interdepartmental expenditures	73,767	1,334,168	884,408	449,760
Intergovernmental expenditures	1,000	1,150	112	1,038
Asset acquisitions	1,112,528	4,877,402	3,376,598	1,500,804
Debt service	---	519,530	48,440	471,090
Contingencies and restrictions	17,629	129	---	129
Total expenditures	<u>118,537,418</u>	<u>140,756,468</u>	<u>107,834,868</u>	<u>32,921,600</u>
Excess (deficiency) of revenues over expenditures	<u>52,346</u>	<u>(832,377)</u>	<u>1,346,568</u>	<u>2,178,945</u>
<b>Other financing sources (uses):</b>				
Transfers in	4,187,033	4,928,621	3,666,093	(1,262,528)
Transfers out	(5,577,379)	(8,330,755)	(6,819,181)	1,511,574
Loan proceeds	---	816,473	816,473	---
Other sources (uses)	1,338,000	3,418,038	---	(3,418,038)
Total other financing sources (uses)	<u>(52,346)</u>	<u>832,377</u>	<u>(2,336,615)</u>	<u>(3,168,992)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (990,047)</u>	<u>\$ (990,047)</u>

**Grants Fund**

**Budgetary Comparison Schedule-Summary by Department**  
**For the Year Ended June 30, 2008**

	Final Budget	Actual Amounts	Variance
Revenues:			
General Government			
Chief Administrative Officer	\$ 7,495,912	\$ 4,236,561	\$ (3,259,351)
	<u>7,495,912</u>	<u>4,236,561</u>	<u>(3,259,351)</u>
Planning and Development			
Economic and Resource Management	1,900,852	900,378	(1,000,474)
Department of Housing	8,186,279	3,105,626	(5,080,653)
Regional Services	2,653,851	1,008,347	(1,645,504)
	<u>12,740,982</u>	<u>5,014,351</u>	<u>(7,726,631)</u>
Public Works			
County Engineer	3,130,542	2,329,678	(800,864)
Environmental Improvement	658,783	456,850	(201,933)
Chickasaw Basin Authority	92,611	59,876	(32,735)
Fire Department	1,000	1,000	---
Roads and Bridges	242,052	206,816	(35,236)
Support Services	673,013	642,938	(30,075)
	<u>4,798,001</u>	<u>3,697,158</u>	<u>(1,100,843)</u>
Corrections			
Corrections	1,948,734	1,234,439	(714,295)
	<u>1,948,734</u>	<u>1,234,439</u>	<u>(714,295)</u>
Health Services			
Administration and Finance - Health Services	917,800	917,800	---
Environmental Health Services	3,971,363	2,634,512	(1,336,851)
Personal Health Services	30,023,202	24,464,891	(5,558,311)
Assessment and Assurance	1,464,096	1,021,267	(442,829)
	<u>36,376,461</u>	<u>29,038,470</u>	<u>(7,337,991)</u>
Community Services			
Director of Community Services	790,243	380,107	(410,136)
Community Services Administration	9,983,375	9,274,801	(708,574)
Head Start	26,933,591	25,133,387	(1,800,204)
Special Funded Projects	1,905,574	234,153	(1,671,421)
Crime Victims Center	415,844	325,948	(89,896)
Pretrial Services	232,809	130,152	(102,657)
Delta Agency on Aging	7,813,317	5,909,005	(1,904,312)
	<u>48,074,753</u>	<u>41,387,553</u>	<u>(6,687,200)</u>
Law Enforcement			
Sheriff	3,332,683	1,406,637	(1,926,046)
	<u>3,332,683</u>	<u>1,406,637</u>	<u>(1,926,046)</u>

**Budgetary Comparison Schedule-Summary by Department (continued)**  
**For the Year Ended June 30, 2008**

	Final Budget	Actual Amounts	Variance
Judicial			
General Sessions Criminal Court Judges	\$ 1,102,061	\$ 1,032,073	\$ (69,988)
Juvenile Court Clerk	499,638	329,666	(169,972)
Juvenile Court	22,494,367	21,019,810	(1,474,557)
Attorney General	1,010,499	784,718	(225,781)
	---	---	---
	<u>25,106,565</u>	<u>23,166,267</u>	<u>(1,940,298)</u>
Other elected officials			
Register	50,000	---	(50,000)
	<u>50,000</u>	<u>---</u>	<u>(50,000)</u>
 Total revenues	 <u>139,924,091</u>	 <u>109,181,436</u>	 <u>(30,742,655)</u>
Expenditures:			
General Government			
Chief Administrative Officer	7,483,756	4,224,405	3,259,351
	<u>7,483,756</u>	<u>4,224,405</u>	<u>3,259,351</u>
Planning and Development			
Economic and Resource Management	1,900,852	900,378	1,000,474
Department of Housing	9,734,197	3,158,206	6,575,991
Regional Services	2,843,536	1,123,744	1,719,792
	<u>14,478,585</u>	<u>5,182,328</u>	<u>9,296,257</u>
Public Works			
County Engineer	3,214,202	2,361,801	852,401
Environmental Improvement	755,827	549,389	206,438
Chickasaw Basin Authority	57,441	24,706	32,735
Fire Department	1,025	1,025	---
Roads and Bridges	242,052	206,816	35,236
Support Services	678,013	642,938	35,075
	<u>4,948,560</u>	<u>3,786,675</u>	<u>1,161,885</u>
Corrections			
Corrections	2,078,793	1,312,609	766,184
	<u>2,078,793</u>	<u>1,312,609</u>	<u>766,184</u>
Health Services			
Environmental Health Services	4,945,593	3,753,425	1,192,168
Personal Health Services	29,185,838	23,852,142	5,333,696
Assessment and Assurance	1,455,022	1,016,664	438,358
	<u>35,586,453</u>	<u>28,622,231</u>	<u>6,964,222</u>
Community Services			
Director of Community Services	725,243	316,807	408,436
Community Services Administration	10,078,489	9,374,801	703,688
Head Start	27,750,064	25,217,662	2,532,402
Special Funded Projects	1,994,904	304,159	1,690,745
Crime Victims Center	493,130	383,957	109,173
Pretrial Services	232,809	130,152	102,657
Delta Agency on Aging	7,957,223	6,052,911	1,904,312
	<u>49,231,862</u>	<u>41,780,449</u>	<u>7,451,413</u>

**Budgetary Comparison Schedule-Summary by Department (continued)**  
**For the Year Ended June 30, 2008**

	Final Budget	Actual Amounts	Variance
Law Enforcement			
Sheriff	\$ 3,609,352	\$ 1,462,554	\$ 2,146,798
	<u>3,609,352</u>	<u>1,462,554</u>	<u>2,146,798</u>
Judicial			
General Sessions Criminal Court Judges	1,102,950	1,032,962	69,988
Juvenile Court Clerk	668,195	452,158	216,037
Juvenile Court	20,560,590	19,196,904	1,363,686
Attorney General	1,007,372	781,593	225,779
	---	---	---
	<u>23,339,107</u>	<u>21,463,617</u>	<u>1,875,490</u>
 Total expenditures	 <u>140,756,468</u>	 <u>107,834,868</u>	 <u>32,921,600</u>
Excess (deficiency) of revenues over expenditures	<u>(832,377)</u>	<u>1,346,568</u>	<u>(63,664,255)</u>
Other Financing Sources and Uses:			
Transfers in			
Chief Administrative Officer	12,286	12,286	---
Economic and Resource Management	274,255	240,305	(33,950)
Department of Housing	314,769	202,551	(112,218)
Regional Services	435,254	187,348	(247,906)
County Engineer	83,660	32,123	(51,537)
Environmental Improvement	97,044	92,539	(4,505)
Fire Department	25	25	---
Support Services	5,000	---	(5,000)
Corrections	130,059	78,170	(51,889)
Environmental Health Services	1,497,915	1,238,270	(259,645)
Personal Health Services	691,120	691,120	---
Community Services Administration	136,974	120,039	(16,935)
Special Funded Projects	105,094	72,290	(32,804)
Crime Victims Center	77,286	58,009	(19,277)
Delta Agency on Aging	524,868	405,877	(118,991)
Sheriff	276,669	55,917	(220,752)
General Sessions Criminal Court Judges	889	889	---
Juvenile Court Clerk	256,899	169,827	(87,072)
Juvenile Court	4,182	4,135	(47)
Attorney General	4,373	4,373	---
Total transfers in	<u>4,928,621</u>	<u>3,666,093</u>	<u>(1,262,528)</u>

**Budgetary Comparison Schedule-Summary by Department (continued)**  
**For the Year Ended June 30, 2008**

	Final Budget	Actual Amounts	Variance
Transfers Out			
Chief Administrative Officer	\$ (24,442)	\$ (24,442)	\$ ---
Central Operations	(1,500,000)	(1,500,000)	---
Economic and Resource Management	(274,255)	(240,305)	33,950
Department of Housing	(684,889)	(4,887)	680,002
Regional Services	(245,569)	(71,951)	173,618
Chickasaw Basin Authority	(35,170)	(35,170)	---
Administration and Finance - Health Services	(917,800)	(917,800)	---
Environmental Health Services	(523,685)	(380,028)	143,657
Personal Health Services	(1,528,484)	(1,410,527)	117,957
Assessment and Assurance	(9,074)	(4,603)	4,471
Director of Community Services	(65,000)	(63,300)	1,700
Community Services Administration	(41,860)	(20,039)	21,821
Special Funded Projects	(15,764)	(2,284)	13,480
Delta Agency on Aging	(380,962)	(261,971)	118,991
Juvenile Court Clerk	(88,342)	(47,335)	41,007
Juvenile Court	(1,937,959)	(1,827,041)	110,918
Attorney General	(7,500)	(7,498)	2
Register	(50,000)	---	50,000
Total transfers out	<u>(8,330,755)</u>	<u>(6,819,181)</u>	<u>1,511,574</u>
Other sources (uses)			
Central Operations	1,500,000	---	(1,500,000)
Department of Housing	1,918,038	---	(1,918,038)
Head Start	816,473	816,473	---
Total other sources (uses)	<u>4,234,511</u>	<u>816,473</u>	<u>(3,418,038)</u>
Total other financing sources and uses	<u>832,377</u>	<u>(2,336,615)</u>	<u>(3,168,992)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ (990,047)</u>	<u>\$ (66,833,247)</u>

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Chief Administrative Officer**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
State revenue	\$ 4,588,213	\$ 7,495,912	\$ 4,236,561	\$ (3,259,351)
Total revenues	<u>4,588,213</u>	<u>7,495,912</u>	<u>4,236,561</u>	<u>(3,259,351)</u>
Expenditures:				
Salaries	274,344	274,341	274,135	206
Fringe benefits	92,242	82,848	77,156	5,692
Supplies	516,649	2,531,362	2,496,090	35,272
Services	220,000	623,881	394,860	229,021
Professional and contracted services	2,981,620	3,291,817	319,803	2,972,014
Interdepartmental expenditures	---	224	224	---
Asset acquisitions	503,358	679,283	662,137	17,146
Total expenditures	<u>4,588,213</u>	<u>7,483,756</u>	<u>4,224,405</u>	<u>3,259,351</u>
Excess (deficiency) of revenues over expenditures	<u>---</u>	<u>12,156</u>	<u>12,156</u>	<u>---</u>
Other financing sources (uses):				
Transfers in	---	12,286	12,286	---
Transfers out	---	(24,442)	(24,442)	---
Total other financing sources (uses)	<u>---</u>	<u>(12,156)</u>	<u>(12,156)</u>	<u>---</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**Central Operations**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Other financing sources (uses):				
Transfers out	\$ ---	\$ (1,500,000)	\$ (1,500,000)	\$ ---
Other sources (uses)	---	1,500,000	---	(1,500,000)
Total other financing sources (uses)	<u>---</u>	<u>---</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Economic and Resource Management**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 1,890,079	\$ 1,900,852	\$ 900,378	\$ (1,000,474)
Total revenues	<u>1,890,079</u>	<u>1,900,852</u>	<u>900,378</u>	<u>(1,000,474)</u>
Expenditures:				
Salaries	383,790	383,790	327,626	56,164
Fringe benefits	92,391	92,391	84,953	7,438
Supplies	18,700	18,822	15,570	3,252
Services	18,700	54,000	50,729	3,271
Professional and contracted services	1,358,498	1,329,149	399,828	929,321
Rent, utilities, and maintenance	18,000	22,000	21,300	700
Interdepartmental expenditures	---	700	372	328
Total expenditures	<u>1,890,079</u>	<u>1,900,852</u>	<u>900,378</u>	<u>1,000,474</u>
Excess (deficiency) of revenues over expenditures	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Other financing sources (uses):				
Transfers in	274,255	274,255	240,305	(33,950)
Transfers out	<u>(274,255)</u>	<u>(274,255)</u>	<u>(240,305)</u>	<u>33,950</u>
Total other financing sources (uses)	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Department of Housing**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 701,674	\$ 701,674	\$ 251,553	\$ (450,121)
State revenue	2,490,000	2,490,000	77,271	(2,412,729)
Federal revenue	5,237,332	4,994,605	2,564,311	(2,430,294)
Other revenue	---	---	212,491	212,491
Total revenues	<u>8,429,006</u>	<u>8,186,279</u>	<u>3,105,626</u>	<u>(5,080,653)</u>
<b>Expenditures:</b>				
Salaries	565,235	565,235	563,669	1,566
Fringe benefits	168,053	168,053	164,902	3,151
Supplies	76,700	77,059	12,214	64,845
Services	4,190,859	4,179,069	148,173	4,030,896
Professional and contracted services	4,961,776	4,715,480	2,263,711	2,451,769
Rent, utilities, and maintenance	10,000	10,000	5,420	4,580
Interdepartmental expenditures	---	15,000	117	14,883
Asset acquisitions	4,301	4,301	---	4,301
Total expenditures	<u>9,976,924</u>	<u>9,734,197</u>	<u>3,158,206</u>	<u>6,575,991</u>
Excess (deficiency) of revenues over expenditures	<u>(1,547,918)</u>	<u>(1,547,918)</u>	<u>(52,580)</u>	<u>1,495,338</u>
<b>Other financing sources (uses):</b>				
Transfers in	314,769	314,769	202,551	(112,218)
Transfers out	(104,851)	(684,889)	(4,887)	680,002
Other sources (uses)	1,338,000	1,918,038	---	(1,918,038)
Total other financing sources (uses)	<u>1,547,918</u>	<u>1,547,918</u>	<u>197,664</u>	<u>(1,350,254)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 145,084</u>	<u>\$ 145,084</u>

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Regional Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
State revenue	\$ 3,224,709	\$ 2,653,851	\$ 1,008,347	\$ (1,645,504)
Total revenues	<u>3,224,709</u>	<u>2,653,851</u>	<u>1,008,347</u>	<u>(1,645,504)</u>
Expenditures:				
Salaries	1,114,985	879,548	344,610	534,938
Other compensation	---	175	175	---
Fringe benefits	319,179	242,069	88,165	153,904
Supplies	108,975	74,300	11,182	63,118
Services	155,500	126,815	40,745	86,070
Professional and contracted services	1,566,521	1,447,129	631,207	815,922
Rent, utilities, and maintenance	43,500	19,500	1,889	17,611
Interdepartmental expenditures	---	33,500	5,771	27,729
Asset acquisitions	40,000	20,500	---	20,500
Total expenditures	<u>3,348,660</u>	<u>2,843,536</u>	<u>1,123,744</u>	<u>1,719,792</u>
Excess (deficiency) of revenues over expenditures	<u>(123,951)</u>	<u>(189,685)</u>	<u>(115,397)</u>	<u>74,288</u>
Other financing sources (uses):				
Transfers in	435,254	435,254	187,348	(247,906)
Transfers out	(311,303)	(245,569)	(71,951)	173,618
Total other financing sources (uses)	<u>123,951</u>	<u>189,685</u>	<u>115,397</u>	<u>(74,288)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**County Engineer**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
State revenue	\$ 3,550,000	\$ 3,052,742	\$ 2,239,528	\$ (813,214)
Federal revenue	---	77,800	90,150	12,350
Total revenues	<u>3,550,000</u>	<u>3,130,542</u>	<u>2,329,678</u>	<u>(800,864)</u>
Expenditures:				
Professional and contracted services	<u>3,550,000</u>	<u>3,214,202</u>	<u>2,361,801</u>	<u>852,401</u>
Total expenditures	<u>3,550,000</u>	<u>3,214,202</u>	<u>2,361,801</u>	<u>852,401</u>
Excess (deficiency) of revenues over expenditures	<u>---</u>	<u>(83,660)</u>	<u>(32,123)</u>	<u>51,537</u>
Other financing sources (uses):				
Transfers in	---	83,660	32,123	(51,537)
Total other financing sources (uses)	<u>---</u>	<u>83,660</u>	<u>32,123</u>	<u>(51,537)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**Grants Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Environmental Improvement**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 81,000	\$ 84,000	\$ 555,371	\$ 471,371
State revenue	574,783	574,783	(98,521)	(673,304)
Total revenues	<u>655,783</u>	<u>658,783</u>	<u>456,850</u>	<u>(201,933)</u>
<b>Expenditures:</b>				
Salaries	40,353	58,031	48,677	9,354
Fringe benefits	2,358	14,277	8,789	5,488
Supplies	110,187	80,590	7,251	73,339
Professional and contracted services	120,000	544,095	475,089	69,006
Rent, utilities, and maintenance	17,000	19,564	9,583	9,981
Asset acquisitions	462,929	39,270	---	39,270
Total expenditures	<u>752,827</u>	<u>755,827</u>	<u>549,389</u>	<u>206,438</u>
Excess (deficiency) of revenues over expenditures	<u>(97,044)</u>	<u>(97,044)</u>	<u>(92,539)</u>	<u>4,505</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>97,044</u>	<u>97,044</u>	<u>92,539</u>	<u>(4,505)</u>
Total other financing sources (uses)	<u>97,044</u>	<u>97,044</u>	<u>92,539</u>	<u>(4,505)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**Chickasaw Basin Authority**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Other revenue	\$ 92,542	\$ 92,611	\$ 59,876	\$ (32,735)
Total revenues	<u>92,542</u>	<u>92,611</u>	<u>59,876</u>	<u>(32,735)</u>
<b>Expenditures:</b>				
Supplies	6,810	6,879	3,232	3,647
Services	15,240	15,240	2,227	13,013
Professional and contracted services	22,552	21,899	15,836	6,063
Rent, utilities, and maintenance	12,770	7,770	---	7,770
Interdepartmental expenditures	---	5,653	3,411	2,242
Total expenditures	<u>57,372</u>	<u>57,441</u>	<u>24,706</u>	<u>32,735</u>
Excess (deficiency) of revenues over expenditures	<u>35,170</u>	<u>35,170</u>	<u>35,170</u>	<u>---</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(35,170)</u>	<u>(35,170)</u>	<u>(35,170)</u>	<u>---</u>
Total other financing sources (uses)	<u>(35,170)</u>	<u>(35,170)</u>	<u>(35,170)</u>	<u>---</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**Grants Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Fire Department**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ ---	\$ 1,000	\$ 1,000	\$ ---
Total revenues	---	1,000	1,000	---
Expenditures:				
Supplies	---	1,025	1,025	---
Total expenditures	---	1,025	1,025	---
Excess (deficiency) of revenues over expenditures	---	(25)	(25)	---
Other financing sources (uses):				
Transfers in	---	25	25	---
Total other financing sources (uses)	---	25	25	---
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**Roads and Bridges**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
State revenue	\$ 238,991	\$ 242,052	\$ 206,816	\$ (35,236)
Total revenues	238,991	242,052	206,816	(35,236)
Expenditures:				
Salaries	148,035	130,357	126,436	3,921
Fringe benefits	59,258	59,258	51,642	7,616
Supplies	30,198	50,937	28,588	22,349
Services	1,500	1,000	105	895
Interdepartmental expenditures	---	500	45	455
Total expenditures	238,991	242,052	206,816	35,236
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**Grants Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Support Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 180,066	\$ 230,066	\$ 642,938	\$ 412,872
State revenue	490,393	442,947	---	(442,947)
Total revenues	670,459	673,013	642,938	(30,075)
Expenditures:				
Salaries	30,546	32,375	32,374	1
Fringe benefits	22,420	20,591	9,775	10,816
Supplies	500	50,400	49,254	1,146
Services	---	1,200	1,129	71
Professional and contracted services	621,393	572,747	550,001	22,746
Interdepartmental expenditures	600	700	405	295
Total expenditures	675,459	678,013	642,938	35,075
Excess (deficiency) of revenues over expenditures	(5,000)	(5,000)	---	5,000
Other financing sources (uses):				
Transfers in	5,000	5,000	---	(5,000)
Total other financing sources (uses)	5,000	5,000	---	(5,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Corrections
	Original	Final		Variance
	Revenues:			
Local revenue	\$ 1,200	\$ 3,000	\$ ---	\$ (3,000)
Federal revenue	414,498	1,945,734	1,234,439	(711,295)
Total revenues	415,698	1,948,734	1,234,439	(714,295)
Expenditures:				
Salaries	171,687	835,639	617,747	217,892
Other compensation	---	1,163	1,163	---
Fringe benefits	101,169	232,941	153,447	79,494
Supplies	55,102	136,489	84,308	52,181
Services	32,947	88,205	42,956	45,249
Professional and contracted services	62,750	767,256	408,124	359,132
Rent, utilities, and maintenance	16,966	6,783	---	6,783
Interdepartmental expenditures	---	10,317	4,864	5,453
Total expenditures	440,621	2,078,793	1,312,609	766,184
Excess (deficiency) of revenues over expenditures	(24,923)	(130,059)	(78,170)	51,889
Other financing sources (uses):				
Transfers in	24,923	130,059	78,170	(51,889)
Total other financing sources (uses)	24,923	130,059	78,170	(51,889)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**Administration and Finance - Health Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Variance
	Revenues:			
State revenue	\$ 917,800	\$ 917,800	\$ 917,800	\$ ---
Total revenues	917,800	917,800	917,800	---
Excess (deficiency) of revenues over expenditures	917,800	917,800	917,800	---
Other financing sources (uses):				
Transfers out	(917,800)	(917,800)	(917,800)	---
Total other financing sources (uses)	(917,800)	(917,800)	(917,800)	---
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Environmental Health Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ ---	\$ ---	\$ 16,181	\$ 16,181
State revenue	964,200	2,726,228	1,936,983	(789,245)
Federal revenue	674,979	1,245,135	681,348	(563,787)
Total revenues	<u>1,639,179</u>	<u>3,971,363</u>	<u>2,634,512</u>	<u>(1,336,851)</u>
<b>Expenditures:</b>				
Salaries	1,859,329	2,106,378	1,887,893	218,485
Other compensation	---	3,865	3,861	4
Fringe benefits	509,919	591,084	508,049	83,035
Supplies	60,818	416,842	324,781	92,061
Services	72,761	107,845	72,755	35,090
Professional and contracted services	131,900	1,034,104	610,717	423,387
Rent, utilities, and maintenance	149,200	149,498	62,037	87,461
Interdepartmental expenditures	18,570	278,712	176,609	102,103
Asset acquisitions	83,000	257,265	106,723	150,542
Total expenditures	<u>2,885,497</u>	<u>4,945,593</u>	<u>3,753,425</u>	<u>1,192,168</u>
Excess (deficiency) of revenues over expenditures	<u>(1,246,318)</u>	<u>(974,230)</u>	<u>(1,118,913)</u>	<u>(144,683)</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,541,181	1,497,915	1,238,270	(259,645)
Transfers out	<u>(294,863)</u>	<u>(523,685)</u>	<u>(380,028)</u>	<u>143,657</u>
Total other financing sources (uses)	<u>1,246,318</u>	<u>974,230</u>	<u>858,242</u>	<u>(115,988)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (260,671)</u>	<u>\$ (260,671)</u>

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Personal Health Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 6,528,709	\$ 6,303,304	\$ 4,312,666	\$ (1,990,638)
State revenue	12,752,192	14,088,324	12,842,429	(1,245,895)
Federal revenue	1,234,276	7,898,085	6,019,608	(1,878,477)
Patient service revenue	1,430,244	1,422,413	1,236,836	(185,577)
Other revenue	297,000	311,076	53,352	(257,724)
Total revenues	<u>22,242,421</u>	<u>30,023,202</u>	<u>24,464,891</u>	<u>(5,558,311)</u>
<b>Expenditures:</b>				
Salaries	14,854,405	15,405,393	13,231,848	2,173,545
Other compensation	195,626	322,842	275,731	47,111
Fringe benefits	4,465,215	4,585,872	3,739,458	846,414
Supplies	1,007,412	1,629,436	1,206,882	422,554
Services	376,670	474,150	248,588	225,562
Professional and contracted services	349,731	5,916,406	4,486,326	1,430,080
Rent, utilities, and maintenance	475,738	454,798	391,160	63,638
Interdepartmental expenditures	20,800	343,493	231,708	111,785
Asset acquisitions	---	53,319	40,441	12,878
Contingencies and restrictions	(13,371)	129	---	129
Total expenditures	<u>21,732,226</u>	<u>29,185,838</u>	<u>23,852,142</u>	<u>5,333,696</u>
Excess (deficiency) of revenues over expenditures	<u>510,195</u>	<u>837,364</u>	<u>612,749</u>	<u>(224,615)</u>
<b>Other financing sources (uses):</b>				
Transfers in	567,854	691,120	691,120	---
Transfers out	(1,078,049)	(1,528,484)	(1,410,527)	117,957
Total other financing sources (uses)	<u>(510,195)</u>	<u>(837,364)</u>	<u>(719,407)</u>	<u>117,957</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ (106,658)</u>	<u>\$ (106,658)</u>

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Assessment and Assurance	
	Original	Final	Actual Amounts	Variance
Revenues:				
Local revenue	\$ ---	\$ 900	\$ (192)	\$ (1,092)
State revenue	1,535,200	1,434,278	1,021,459	(412,819)
Federal revenue	---	28,918	---	(28,918)
Total revenues	<u>1,535,200</u>	<u>1,464,096</u>	<u>1,021,267</u>	<u>(442,829)</u>
Expenditures:				
Salaries	340,663	300,979	258,100	42,879
Other compensation	---	391	391	---
Fringe benefits	108,070	95,153	73,708	21,445
Supplies	23,342	166,068	77,054	89,014
Services	15,600	30,850	16,522	14,328
Professional and contracted services	1,002,000	816,441	564,906	251,535
Rent, utilities, and maintenance	36,451	7,832	179	7,653
Interdepartmental expenditures	---	37,308	25,804	11,504
Total expenditures	<u>1,526,126</u>	<u>1,455,022</u>	<u>1,016,664</u>	<u>438,358</u>
Excess (deficiency) of revenues over expenditures	<u>9,074</u>	<u>9,074</u>	<u>4,603</u>	<u>(4,471)</u>
Other financing sources (uses):				
Transfers out	(9,074)	(9,074)	(4,603)	4,471
Total other financing sources (uses)	<u>(9,074)</u>	<u>(9,074)</u>	<u>(4,603)</u>	<u>4,471</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Director of Community Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
State revenue	\$ 49,900	\$ 243,526	\$ 166,296	\$ (77,230)
Federal revenue	210,206	546,717	211,475	(335,242)
Other revenue	---	---	2,336	2,336
Total revenues	<u>260,106</u>	<u>790,243</u>	<u>380,107</u>	<u>(410,136)</u>
<b>Expenditures:</b>				
Supplies	1,900	1,770	1,578	192
Services	6,700	5,228	2,290	2,938
Professional and contracted services	201,606	716,393	311,089	405,304
Interdepartmental expenditures	---	1,852	1,850	2
Total expenditures	<u>210,206</u>	<u>725,243</u>	<u>316,807</u>	<u>408,436</u>
Excess (deficiency) of revenues over expenditures	<u>49,900</u>	<u>65,000</u>	<u>63,300</u>	<u>(1,700)</u>
<b>Other financing sources (uses):</b>				
Transfers out	(49,900)	(65,000)	(63,300)	1,700
Total other financing sources (uses)	<u>(49,900)</u>	<u>(65,000)</u>	<u>(63,300)</u>	<u>1,700</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Community Services Administration**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 274,152	\$ 570,995	\$ 336,500	\$ (234,495)
State revenue	7,635,778	9,172,805	8,916,600	(256,205)
Federal revenue	---	239,575	21,701	(217,874)
Total revenues	<u>7,909,930</u>	<u>9,983,375</u>	<u>9,274,801</u>	<u>(708,574)</u>
Expenditures:				
Salaries	2,040,218	2,088,606	1,887,909	200,697
Other compensation	---	13,357	13,357	---
Fringe benefits	631,613	636,050	586,480	49,570
Supplies	79,032	73,256	44,860	28,396
Services	1,016,909	2,031,976	1,731,674	300,302
Professional and contracted services	1,014,420	1,048,377	976,602	71,775
Rent, utilities, and maintenance	3,201,441	4,186,211	4,142,700	43,511
Interdepartmental expenditures	(104,703)	656	(8,781)	9,437
Contingencies and restrictions	31,000	---	---	---
Total expenditures	<u>7,909,930</u>	<u>10,078,489</u>	<u>9,374,801</u>	<u>703,688</u>
Excess (deficiency) of revenues over expenditures	<u>---</u>	<u>(95,114)</u>	<u>(100,000)</u>	<u>(4,886)</u>
Other financing sources (uses):				
Transfers in	13,400	136,974	120,039	(16,935)
Transfers out	<u>(13,400)</u>	<u>(41,860)</u>	<u>(20,039)</u>	<u>21,821</u>
Total other financing sources (uses)	<u>---</u>	<u>95,114</u>	<u>100,000</u>	<u>4,886</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Head Start**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 289,112	\$ 1,892,522	\$ 1,239,728	\$ (652,794)
State revenue	1,560,000	1,363,021	1,299,863	(63,158)
Federal revenue	22,524,100	23,613,048	22,602,300	(1,010,748)
Other revenue	---	65,000	(8,504)	(73,504)
Total revenues	24,373,212	26,933,591	25,133,387	(1,800,204)
Expenditures:				
Salaries	9,481,570	9,623,106	9,409,855	213,251
Other compensation	---	11,371	11,371	---
Fringe benefits	3,409,616	3,386,631	3,224,694	161,937
Supplies	2,111,636	2,634,211	1,911,854	722,357
Services	490,664	608,738	367,352	241,386
Professional and contracted services	7,485,726	7,018,497	6,614,323	404,174
Rent, utilities, and maintenance	1,268,000	1,259,638	1,090,706	168,932
Interdepartmental expenditures	126,000	423,363	293,299	130,064
Intergovernmental expenditures	---	150	112	38
Asset acquisitions	---	2,264,829	2,245,656	19,173
Debt service	---	519,530	48,440	471,090
Total expenditures	24,373,212	27,750,064	25,217,662	2,532,402
Excess (deficiency) of revenues over expenditures	---	(816,473)	(84,275)	732,198
Other financing sources (uses):				
Loan proceeds	---	816,473	816,473	---
Total other financing sources (uses)	---	816,473	816,473	---
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ 732,198	\$ 732,198

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Special Funded Projects**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Federal revenue	\$ ---	\$ 1,905,574	\$ 234,153	\$ (1,671,421)
Total revenues	---	1,905,574	234,153	(1,671,421)
Expenditures:				
Services	---	6,250	---	6,250
Professional and contracted services	---	1,988,654	304,159	1,684,495
Total expenditures	---	1,994,904	304,159	1,690,745
Excess (deficiency) of revenues over expenditures	---	(89,330)	(70,006)	19,324
Other financing sources (uses):				
Transfers in	---	105,094	72,290	(32,804)
Transfers out	---	(15,764)	(2,284)	13,480
Total other financing sources (uses)	---	89,330	70,006	(19,324)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**Crime Victims Center**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
State revenue	\$ 192,800	\$ 193,548	\$ 204,239	\$ 10,691
Federal revenue	159,390	222,296	121,709	(100,587)
Total revenues	352,190	415,844	325,948	(89,896)
Expenditures:				
Salaries	235,415	235,415	234,017	1,398
Fringe benefits	76,361	76,361	73,079	3,282
Supplies	8,500	9,159	330	8,829
Services	15,045	12,668	6,656	6,012
Professional and contracted services	94,155	156,640	68,770	87,870
Interdepartmental expenditures	---	2,887	1,105	1,782
Total expenditures	429,476	493,130	383,957	109,173
Excess (deficiency) of revenues over expenditures	(77,286)	(77,286)	(58,009)	19,277
Other financing sources (uses):				
Transfers in	77,286	77,286	58,009	(19,277)
Total other financing sources (uses)	77,286	77,286	58,009	(19,277)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Pretrial Services**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 82,245	\$ 82,245	\$ 37,086	\$ (45,159)
State revenue	---	1,027	---	(1,027)
Federal revenue	101,000	149,537	93,066	(56,471)
Total revenues	183,245	232,809	130,152	(102,657)
Expenditures:				
Salaries	108,549	144,479	92,138	52,341
Fringe benefits	36,263	48,120	29,497	18,623
Supplies	28,000	30,995	6,091	24,904
Services	8,774	7,556	2,342	5,214
Professional and contracted services	1,659	1,659	84	1,575
Total expenditures	183,245	232,809	130,152	102,657
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**Delta Agency on Aging**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 913,826	\$ 920,132	\$ 223,251	\$ (696,881)
State revenue	6,291,777	6,832,480	5,572,476	(1,260,004)
Federal revenue	66,811	60,705	36,626	(24,079)
Other revenue	---	---	76,652	76,652
Total revenues	7,272,414	7,813,317	5,909,005	(1,904,312)
Expenditures:				
Salaries	1,511,162	1,667,983	1,299,125	368,858
Fringe benefits	431,434	486,658	371,028	115,630
Supplies	101,526	139,655	78,971	60,684
Services	94,521	93,014	43,461	49,553
Professional and contracted services	5,050,187	5,237,979	4,063,771	1,174,208
Rent, utilities, and maintenance	208,990	281,344	167,534	113,810
Interdepartmental expenditures	12,500	49,590	29,021	20,569
Intergovernmental expenditures	1,000	1,000	---	1,000
Asset acquisitions	5,000	---	---	---
Total expenditures	7,416,320	7,957,223	6,052,911	1,904,312
Excess (deficiency) of revenues over expenditures	(143,906)	(143,906)	(143,906)	---
Other financing sources (uses):				
Transfers in	516,568	524,868	405,877	(118,991)
Transfers out	(372,662)	(380,962)	(261,971)	118,991
Total other financing sources (uses)	143,906	143,906	143,906	---
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Sheriff**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 161,791	\$ 268,606	\$ 215,191	\$ (53,415)
State revenue	---	1,361,681	477,551	(884,130)
Federal revenue	302,731	1,702,396	713,895	(988,501)
Total revenues	<u>464,522</u>	<u>3,332,683</u>	<u>1,406,637</u>	<u>(1,926,046)</u>
<b>Expenditures:</b>				
Salaries	282,950	814,912	637,357	177,555
Other compensation	93,800	671,477	248,980	422,497
Fringe benefits	---	62,192	12,413	49,779
Supplies	130,044	280,246	121,772	158,474
Services	16,500	100,585	35,979	64,606
Professional and contracted services	3,000	234,645	207,391	27,254
Rent, utilities, and maintenance	---	29,500	24,375	5,125
Interdepartmental expenditures	---	6,100	526	5,574
Asset acquisitions	---	1,409,695	173,761	1,235,934
Total expenditures	<u>526,294</u>	<u>3,609,352</u>	<u>1,462,554</u>	<u>2,146,798</u>
Excess (deficiency) of revenues over expenditures	<u>(61,772)</u>	<u>(276,669)</u>	<u>(55,917)</u>	<u>220,752</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>61,772</u>	<u>276,669</u>	<u>55,917</u>	<u>(220,752)</u>
Total other financing sources (uses)	<u>61,772</u>	<u>276,669</u>	<u>55,917</u>	<u>(220,752)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**General Sessions Criminal Court Judges**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
Local revenue	\$ 100,000	\$ 250,000	\$ 245,391	\$ (4,609)
State revenue	575,000	732,999	667,683	(65,316)
Federal revenue	80,488	119,062	118,999	(63)
<b>Total revenues</b>	<b>755,488</b>	<b>1,102,061</b>	<b>1,032,073</b>	<b>(69,988)</b>
<b>Expenditures:</b>				
Salaries	105,501	99,716	95,485	4,231
Fringe benefits	35,292	24,300	22,897	1,403
Supplies	22,175	19,343	18,172	1,171
Services	6,764	8,339	8,328	11
Professional and contracted services	583,256	868,702	805,945	62,757
Rent, utilities, and maintenance	2,500	2,500	2,085	415
Interdepartmental expenditures	---	50	50	---
Asset acquisitions	---	80,000	80,000	---
<b>Total expenditures</b>	<b>755,488</b>	<b>1,102,950</b>	<b>1,032,962</b>	<b>69,988</b>
Excess (deficiency) of revenues over expenditures	---	(889)	(889)	---
<b>Other financing sources (uses):</b>				
Transfers in	---	889	889	---
<b>Total other financing sources (uses)</b>	<b>---</b>	<b>889</b>	<b>889</b>	<b>---</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

**Juvenile Court Clerk**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
State revenue	\$ 498,686	\$ 499,638	\$ 329,666	\$ (169,972)
Total revenues	<u>498,686</u>	<u>499,638</u>	<u>329,666</u>	<u>(169,972)</u>
Expenditures:				
Salaries	412,997	412,997	292,832	120,165
Other compensation	7,480	7,480	6,789	691
Fringe benefits	155,447	155,447	109,651	45,796
Supplies	28,994	25,250	8,482	16,768
Services	54,325	46,325	25,137	21,188
Rent, utilities, and maintenance	8,000	8,155	1,228	6,927
Interdepartmental expenditures	---	12,541	8,039	4,502
Total expenditures	<u>667,243</u>	<u>668,195</u>	<u>452,158</u>	<u>216,037</u>
Excess (deficiency) of revenues over expenditures	<u>(168,557)</u>	<u>(168,557)</u>	<u>(122,492)</u>	<u>46,065</u>
Other financing sources (uses):				
Transfers in	256,899	256,899	169,827	(87,072)
Transfers out	<u>(88,342)</u>	<u>(88,342)</u>	<u>(47,335)</u>	<u>41,007</u>
Total other financing sources (uses)	<u>168,557</u>	<u>168,557</u>	<u>122,492</u>	<u>(46,065)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

**Grants Fund**  
**Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
	<b>Juvenile Court</b>			
Revenues:				
State revenue	\$ 25,694,312	\$ 22,336,187	\$ 20,881,179	\$ (1,455,008)
Federal revenue	73,784	158,180	138,617	(19,563)
Other revenue	---	---	14	14
Total revenues	25,768,096	22,494,367	21,019,810	(1,474,557)
Expenditures:				
Salaries	11,336,014	9,067,437	8,842,604	224,833
Other compensation	---	322,000	295,213	26,787
Fringe benefits	3,627,442	2,610,900	2,532,538	78,362
Supplies	934,606	418,942	402,125	16,817
Services	53,503	50,114	39,237	10,877
Professional and contracted services	6,991,992	7,310,882	6,480,499	830,383
Rent, utilities, and maintenance	783,717	600,353	426,839	173,514
Interdepartmental expenditures	---	111,022	109,969	1,053
Asset acquisitions	13,940	68,940	67,880	1,060
Total expenditures	23,741,214	20,560,590	19,196,904	1,363,686
Excess (deficiency) of revenues over expenditures	2,026,882	1,933,777	1,822,906	(110,871)
Other financing sources (uses):				
Transfers in	828	4,182	4,135	(47)
Transfers out	(2,027,710)	(1,937,959)	(1,827,041)	110,918
Total other financing sources (uses)	(2,026,882)	(1,933,777)	(1,822,906)	110,871
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**Grants Fund  
Budgetary Comparison Schedules  
For the Year Ended June 30, 2008**

**Attorney General**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Local revenue	\$ 94,068	\$ 94,068	\$ 93,849	\$ (219)
State revenue	277,745	352,234	352,279	45
Federal revenue	155,513	420,916	206,170	(214,746)
Other revenue	134,469	143,281	132,420	(10,861)
Total revenues	661,795	1,010,499	784,718	(225,781)
Expenditures:				
Salaries	442,284	538,885	533,502	5,383
Other compensation	---	12,056	12,056	---
Fringe benefits	140,608	162,205	138,836	23,369
Supplies	403	403	399	4
Services	---	3,523	---	3,523
Professional and contracted services	78,500	290,300	96,800	193,500
Total expenditures	661,795	1,007,372	781,593	225,779
Excess (deficiency) of revenues over expenditures	---	3,127	3,125	(2)
Other financing sources (uses):				
Transfers in	---	4,373	4,373	---
Transfers out	---	(7,500)	(7,498)	2
Total other financing sources (uses)	---	(3,127)	(3,125)	2
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

**Register**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Federal revenue	\$ ---	\$ 50,000	\$ ---	\$ (50,000)
Total revenues	---	50,000	---	(50,000)
Other financing sources (uses):				
Transfers out	---	(50,000)	---	50,000
Total other financing sources (uses)	---	(50,000)	---	50,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ ---	\$ ---	\$ ---	\$ ---

# Shelby County, Tennessee

## Statistical Section Index For the Year Ended June 30, 2008

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

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### Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports of the relevant year. The County implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**Shelby County Government**

**Financial Trends Information  
Net Assets by Component  
Last Seven Fiscal Years (accrual basis of accounting)**

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 176,161,144	\$ 179,516,173	\$ 160,714,397	\$ 175,194,990	\$ 156,764,887	\$ 157,206,332	\$ 180,537,007
Restricted	42,849,339	33,428,619	25,939,996	46,561,030	80,104,201	91,417,704	106,942,854
Unrestricted	(1,082,043,535)	(1,181,961,431)	(1,214,254,660)	(1,281,070,298)	(1,259,839,639)	(1,247,320,422)	(1,270,705,173)
<b>Total governmental activities net assets</b>	<u>\$ (863,033,052)</u>	<u>\$ (969,016,639)</u>	<u>\$ (1,027,600,267)</u>	<u>\$ (1,059,314,278)</u>	<u>\$ (1,022,970,551)</u>	<u>\$ (998,696,386)</u>	<u>\$ (983,225,312)</u>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	\$ 30,631,245	\$ 33,372,974	\$ 29,047,386	\$ 28,180,902	\$ 27,213,452	\$ 26,737,011	\$ 26,328,481
Unrestricted	9,560,888	5,101,901	5,352,161	3,447,095	5,422,857	7,996,464	8,667,114
<b>Total business-type activities net assets</b>	<u>\$ 40,192,133</u>	<u>\$ 38,474,875</u>	<u>\$ 34,399,547</u>	<u>\$ 31,627,997</u>	<u>\$ 32,636,309</u>	<u>\$ 34,733,475</u>	<u>\$ 34,995,595</u>
<b>Total Shelby County Government</b>							
Invested in capital assets, net of related debt	\$ 206,792,389	\$ 212,889,147	\$ 189,761,783	\$ 203,375,892	\$ 183,978,339	\$ 183,943,343	\$ 206,865,488
Restricted	42,849,339	33,428,619	25,939,996	46,561,030	80,104,201	91,417,704	106,942,854
Unrestricted	(1,072,482,647)	(1,176,859,530)	(1,208,902,499)	(1,277,623,203)	(1,254,416,782)	(1,239,323,958)	(1,262,038,059)
<b>Total Shelby County Government net assets</b>	<u>\$ (822,840,919)</u>	<u>\$ (930,541,764)</u>	<u>\$ (993,200,720)</u>	<u>\$ (1,027,686,281)</u>	<u>\$ (990,334,242)</u>	<u>\$ (963,962,911)</u>	<u>\$ (948,229,717)</u>

(a) Net assets for 2002 - 2005 have been restated for the addition of prior years infrastructure assets in 2006.

**Shelby County Government**

**Financial Trends Information  
Changes in Net Assets  
Last Seven Fiscal Years (accrual basis of accounting)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Fiscal Year 2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>							
Governmental activities:							
General government	\$ 72,828,902	\$ 57,820,442	\$ 44,799,873	\$ 40,309,162	\$ 43,043,581	\$ 54,973,839	\$ 54,298,799
Hospital	27,111,884	33,452,571	28,213,585	25,566,667	25,566,667	27,566,667	27,600,000
Planning and development	3,615,987	5,274,947	5,274,622	6,084,407	6,558,085	6,133,345	5,593,676
Public works	41,980,241	40,970,995	44,654,155	45,436,668	38,741,311	45,094,445	50,146,007
Corrections	948,137	937,223	825,555	371,598	505,384	928,659	1,461,598
Health services	47,139,841	51,345,969	50,318,012	50,576,288	53,781,890	57,842,725	68,120,302
Community services	39,095,750	39,614,303	40,005,900	41,325,211	44,053,420	43,627,279	45,804,646
Law enforcement	128,316,505	142,686,117	128,056,729	128,391,275	130,666,941	138,231,040	146,041,090
Judicial	62,931,363	64,985,833	64,354,821	66,622,877	71,267,471	74,919,142	85,085,401
Other elected officials	22,482,483	23,358,560	23,223,119	24,553,977	24,573,915	25,988,417	27,522,711
Education	392,612,929	398,704,841	428,873,650	404,270,674	446,365,688	451,071,817	498,893,788
Interest on debt	66,824,357	71,847,109	65,885,498	75,944,617	83,880,247	87,802,538	71,866,481
Total governmental activities expenses	<u>905,888,379</u>	<u>930,998,910</u>	<u>924,485,519</u>	<u>909,453,421</u>	<u>969,004,600</u>	<u>1,014,179,913</u>	<u>1,082,434,499</u>
Business-type activities:							
Codes enforcement	9,434,296	9,607,056	10,170,162	12,753,672	11,694,624	12,024,192	12,523,782
Nursing homes (a)	16,928,491	15,372,131	15,783,099	---	---	---	---
Fire services	11,142,638	10,727,950	11,408,991	11,218,053	11,564,013	12,842,381	18,057,095
Corrections	44,072,389	43,873,787	44,288,051	42,568,864	43,953,488	46,259,142	49,992,924
Total business-type activities expenses	<u>81,577,814</u>	<u>79,580,924</u>	<u>81,650,303</u>	<u>66,540,589</u>	<u>67,212,125</u>	<u>71,125,715</u>	<u>80,573,801</u>
Total Shelby County Government expenses	<u>\$ 987,466,193</u>	<u>\$ 1,010,579,834</u>	<u>\$ 1,006,135,822</u>	<u>\$ 975,994,010</u>	<u>\$ 1,036,216,725</u>	<u>\$ 1,085,305,628</u>	<u>\$ 1,163,008,300</u>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
General government	\$ 10,343,904	\$ 6,802,054	\$ 5,336,835	\$ 13,045,918	\$ 11,096,235	\$ 7,744,840	\$ 6,764,969
Health services	12,321,614	11,191,945	12,377,808	12,413,470	13,828,345	13,308,900	9,978,487
Judicial	19,016,809	16,779,465	18,865,870	17,991,087	22,736,318	22,679,021	24,834,966
Other elected officials	29,014,084	31,385,899	33,130,555	33,568,741	38,011,061	36,255,228	34,595,178
Other governmental activities	11,084,741	13,082,879	10,547,199	10,060,354	10,360,852	11,289,352	12,150,451
Operating grants and contributions	108,115,963	110,997,403	121,711,056	119,186,843	138,189,459	121,125,431	136,552,118
Capital grants and contributions	6,092,830	7,703,724	7,818,000	277,257	12,460,564	3,440,619	1,914,603
Total governmental activities program revenues	<u>195,989,945</u>	<u>197,943,369</u>	<u>209,787,323</u>	<u>206,543,670</u>	<u>246,682,834</u>	<u>215,843,391</u>	<u>226,790,772</u>

Business-type activities:							
Charges for services:							
Nursing homes (a)	13,629,938	11,281,438	10,140,279	---	---	---	---
Codes enforcement	8,448,266	9,562,309	9,671,556	9,966,304	9,877,918	9,957,347	8,965,105
Fire services	12,159,617	12,108,592	11,972,840	12,921,848	14,023,656	14,809,843	17,967,759
Corrections	39,052,540	38,132,559	33,137,935	33,394,199	38,624,196	40,610,450	42,981,224
Operating grants and contributions	78,620	47,175	60,960	56,960	43,050	49,050	75,000
Total business-type activities program revenues	<u>73,368,981</u>	<u>71,132,073</u>	<u>64,983,570</u>	<u>56,339,311</u>	<u>62,568,820</u>	<u>65,426,690</u>	<u>69,989,088</u>
Total Shelby County Government program revenues	<u>\$ 269,358,926</u>	<u>\$ 269,075,442</u>	<u>\$ 274,770,893</u>	<u>\$ 262,882,981</u>	<u>\$ 309,251,654</u>	<u>\$ 281,270,081</u>	<u>\$ 296,779,860</u>
<b>Net (Expense)/Revenue</b>							
Governmental activities	\$ (709,898,434)	\$ (733,055,541)	\$ (714,698,196)	\$ (702,909,751)	\$ (722,321,766)	\$ (798,336,522)	\$ (855,643,727)
Business-type activities	(8,208,833)	(8,448,851)	(16,666,733)	(10,201,278)	(4,643,305)	(5,699,025)	(10,584,713)
Total Shelby County Government net expense	<u>\$ (718,107,267)</u>	<u>\$ (741,504,392)</u>	<u>\$ (731,364,929)</u>	<u>\$ (713,111,029)</u>	<u>\$ (726,965,071)</u>	<u>\$ (804,035,547)</u>	<u>\$ (866,228,440)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Taxes							
Property taxes	\$ 549,809,147	\$ 559,384,367	\$ 582,711,510	\$ 587,164,493	\$ 654,551,938	\$ 680,615,376	\$ 703,098,494
Sales taxes	8,752,100	8,694,724	8,097,229	10,200,007	10,343,331	10,151,491	9,392,291
Business taxes	8,157,869	7,472,985	8,608,379	8,123,470	8,970,348	9,307,206	11,179,019
Hotel/Motel taxes	9,875,416	10,298,422	10,723,410	10,522,938	12,377,312	14,175,629	14,080,417
Wheel taxes	25,118,607	29,178,582	29,237,924	29,237,237	29,962,996	30,077,684	30,010,231
Other taxes	13,271,375	9,837,177	26,059,181	27,434,241	33,667,862	60,978,512	60,264,808
Investment earnings	8,677,491	8,549,134	2,782,079	5,660,042	14,068,619	24,575,622	27,571,070
Transfers	(7,099,871)	(6,343,437)	(12,105,144)	(7,146,688)	(5,276,913)	(7,270,833)	(6,818,986)
Other sources/(uses)	---	---	---	---	---	---	1,359,555
Total governmental activities	<u>616,562,134</u>	<u>627,071,954</u>	<u>656,114,568</u>	<u>671,195,740</u>	<u>758,665,493</u>	<u>822,610,687</u>	<u>850,136,899</u>
Business-type activities:							
Investment earnings	(916,965)	388,156	486,261	283,040	374,704	525,358	285,964
Transfers	7,099,871	6,343,437	12,105,144	7,146,688	5,276,913	7,270,833	6,818,986
Other sources/(uses)	---	---	---	---	---	---	31,187
Total business-type activities	<u>6,182,906</u>	<u>6,731,593</u>	<u>12,591,405</u>	<u>7,429,728</u>	<u>5,651,617</u>	<u>7,796,191</u>	<u>7,136,137</u>
Total Shelby County Government	<u>\$ 622,745,040</u>	<u>\$ 633,803,547</u>	<u>\$ 668,705,973</u>	<u>\$ 678,625,468</u>	<u>\$ 764,317,110</u>	<u>\$ 830,406,878</u>	<u>\$ 857,273,036</u>
<b>Change in Net Assets</b>							
Governmental activities	\$ (93,336,300)	\$ (105,983,587)	\$ (58,583,628)	\$ (31,714,011)	\$ 36,343,727	\$ 24,274,165	\$ (5,506,828)
Business-type activities	(2,025,927)	(1,717,258)	(4,075,328)	(2,771,550)	1,008,312	2,097,166	(3,448,576)
Total Shelby County Government	<u>\$ (95,362,227)</u>	<u>\$ (107,700,845)</u>	<u>\$ (62,658,956)</u>	<u>\$ (34,485,561)</u>	<u>\$ 37,352,039</u>	<u>\$ 26,371,331</u>	<u>\$ (8,955,404)</u>

Several organizational changes have occurred over the past five years. Expenses, program revenues, general revenues, and other changes in net assets of prior years have been adjusted to be consistent with the current organizational structure.

(a) Nursing Homes - Oakville Health Care Center, an enterprise fund, was sold to an outside party at the end of fiscal year 2004.

**Shelby County Government**

**Financial Trends Information  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years (modified accrual basis of accounting)**

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund										
Reserved	\$ 2,816,010	\$ 3,207,470	\$ 5,088,956	\$ 7,472,886	\$ 5,736,619	\$ 4,085,059	\$ 4,158,337	\$ 4,150,637	\$ 4,119,786	\$ 2,940,960
Unreserved (a)	23,266,351	25,321,498	28,867,929	34,782,084	18,770,288	30,663,278	37,539,543	41,147,243	47,178,094	62,563,181
<b>Total general fund</b>	<b>\$ 26,082,361</b>	<b>\$ 28,528,968</b>	<b>\$ 33,956,885</b>	<b>\$ 42,254,970</b>	<b>\$ 24,506,907</b>	<b>\$ 34,748,337</b>	<b>\$ 41,697,880</b>	<b>\$ 45,297,880</b>	<b>\$ 51,297,880</b>	<b>\$ 65,504,141</b>
All Other Governmental Funds										
Reserved	\$ 95,772,745	\$ 91,903,209	\$ 76,958,992	\$ 592,512	\$ 1,213,424	\$ 1,028,370	\$ 2,102,322	\$ 662,791	\$ 716,305	\$ 2,051,448
Unreserved, reported in:										
Debt service funds	2,085,946	1,603,174	4,902,416	19,777,038	10,702,422	9,457,475	29,241,588	55,924,980	63,401,912	73,709,130
Capital projects funds	(97,858,576)	(303,412,574)	(311,500,944)	(233,964,662)	(211,212,848)	(24,919,442)	(136,651,444)	28,418,919	97,730,872	(23,173,636)
Grants funds	77,676	75,372	75,380	1,440,581	1,421,000	1,517,638	1,659,168	3,250,037	3,472,963	2,482,916
Special revenue funds	5,639,516	12,006,644	12,463,672	12,425,508	13,921,329	13,936,513	13,613,278	20,266,393	23,826,524	28,699,360
<b>Total all other governmental funds</b>	<b>\$ 5,717,307</b>	<b>\$ (197,824,175)</b>	<b>\$ (217,100,484)</b>	<b>\$ (199,729,023)</b>	<b>\$ (183,954,673)</b>	<b>\$ 1,020,554</b>	<b>\$ (90,035,088)</b>	<b>\$108,523,120</b>	<b>\$189,148,576</b>	<b>\$ 83,769,218</b>

(a) Fiscal yeas 1999 - 2004 have been adjusted for restatements in subsequent years

**Shelby County Government**

**Financial Trends Information**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (modified accrual basis of accounting)**

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>										
Local taxes	\$ 385,058,126	\$ 472,996,777	\$ 489,953,461	\$ 604,609,455	\$ 620,977,188	\$ 665,184,712	\$ 672,036,081	\$ 747,473,316	\$ 775,390,069	\$ 788,814,797
Local revenue	38,986,550	36,442,946	41,421,530	36,081,681	39,687,932	44,342,048	48,542,177	43,130,241	40,852,174	46,126,786
State revenue	67,994,506	67,387,155	63,989,958	70,259,167	72,583,287	76,701,026	82,506,185	103,465,561	104,008,480	106,440,508
Federal revenue	19,181,728	20,339,229	25,803,149	27,185,094	26,894,944	25,492,482	26,481,217	28,888,268	30,351,230	35,293,958
Patient service revenue	2,919,111	467,043	764,939	1,058,773	1,425,748	2,300,228	2,012,041	2,265,632	2,325,757	2,275,143
Elected officials' fines and fees	45,446,063	45,931,497	47,641,570	54,284,328	54,335,743	56,302,501	56,155,830	63,174,615	65,375,834	65,229,972
Other revenue	16,054,604	13,498,358	16,714,499	16,971,962	8,608,493	3,341,228	7,007,908	13,780,466	22,375,003	26,686,248
<b>Total revenues</b>	<b>575,640,688</b>	<b>657,063,005</b>	<b>686,289,106</b>	<b>810,450,460</b>	<b>824,513,335</b>	<b>873,664,225</b>	<b>894,741,439</b>	<b>1,002,178,099</b>	<b>1,040,678,547</b>	<b>1,070,867,412</b>
<b>Expenditures (d)</b>										
General government	40,549,219	43,798,152	42,176,011	41,772,594	47,206,235	46,422,578	43,479,898	52,222,660	52,053,563	53,129,333
Hospital (b)	22,566,667	22,566,667	27,566,667	22,566,667	22,566,667	22,566,667	20,566,667	20,566,667	25,066,667	27,600,000
Planning and development	7,582,911	9,108,782	5,208,106	3,583,784	5,046,331	4,914,861	6,110,142	6,562,951	6,228,606	5,526,687
Public works	24,650,876	24,011,466	25,997,188	28,133,817	26,732,578	29,386,113	27,740,542	29,529,405	31,538,343	34,444,531
Corrections	776,348	945,388	1,211,235	948,137	937,223	790,715	371,598	432,171	824,652	1,312,609
Health services	35,936,190	38,127,890	43,137,942	46,778,955	50,403,756	49,965,324	50,395,188	53,591,503	58,263,865	66,733,036
Community services (c )	30,126,526	28,493,454	38,569,234	38,975,855	39,484,001	40,078,192	41,229,338	44,060,485	44,360,555	46,772,688
Law enforcement	83,532,436	94,616,827	99,515,132	125,391,302	139,714,965	127,948,541	127,315,702	130,234,277	137,012,750	141,560,285
Judicial	49,188,299	44,389,359	54,376,229	60,349,160	62,263,405	63,937,661	65,070,182	69,633,785	74,624,323	81,484,654
Other elected officials	18,967,693	26,974,886	21,337,910	22,153,989	23,001,551	23,154,077	23,721,774	25,146,009	26,173,457	26,465,295
Education (a)	228,060,395	244,226,988	274,269,490	301,622,626	320,530,670	321,953,079	325,859,655	360,019,604	360,019,604	361,288,000
Debt service:										
Interest	51,319,633	59,704,419	64,209,850	52,606,584	61,404,778	66,493,148	69,852,019	78,956,185	83,211,018	73,145,937
Principal	29,574,342	37,435,260	41,581,241	44,760,484	50,148,192	54,173,503	67,734,747	68,555,308	79,663,851	94,335,932
Capital outlay	92,282,537	161,006,035	106,613,346	154,104,764	130,256,656	135,066,176	116,166,362	105,741,913	107,970,051	142,770,872
<b>Total expenditures</b>	<b>715,114,072</b>	<b>835,405,573</b>	<b>845,769,581</b>	<b>943,748,718</b>	<b>979,697,008</b>	<b>986,850,635</b>	<b>985,613,814</b>	<b>1,045,252,923</b>	<b>1,087,011,305</b>	<b>1,156,569,859</b>
Excess (deficiency) of revenues over (under) expenditures	(139,473,384)	(178,342,568)	(159,480,475)	(133,298,258)	(155,183,673)	(113,186,410)	(90,872,375)	(43,074,824)	(46,332,758)	(85,702,447)

**Other financing sources (uses)**

Proceeds of general obligation bonds	160,737,233	---	150,000,000	160,707,801	153,308,115	323,026,282	---	251,027,782	140,358,887	---
Proceeds of refunding bonds	160,763,911	16,600,000	37,683,025	21,065,848	---	---	443,740,125	---	146,416,113	231,935,000
Payment to refunding bond escrow agent	(159,729,058)	(16,809,029)	(37,868,108)	(20,817,729)	---	---	(433,055,801)	---	(146,067,482)	(231,271,726)
Other sources (uses)	---	---	---	---	---	---	---	---	---	585,000
Loan proceeds	---	---	---	---	---	---	---	---	---	816,473
Transfers in	31,739,095	23,263,240	26,007,729	37,917,304	42,026,892	22,362,765	36,262,244	43,788,657	40,798,067	42,175,234
Transfers out	(32,622,598)	(25,336,034)	(29,417,488)	(46,563,922)	(44,798,620)	(36,252,522)	(42,179,231)	(49,583,407)	(48,547,371)	(49,710,631)
<b>Total other financing sources (uses)</b>	<b>160,888,583</b>	<b>(2,281,823)</b>	<b>146,405,158</b>	<b>152,309,302</b>	<b>150,536,387</b>	<b>309,136,525</b>	<b>4,767,337</b>	<b>245,233,032</b>	<b>132,958,214</b>	<b>(5,470,650)</b>
<b>Net change in fund balances</b>	<b>\$ 21,415,199</b>	<b>\$ (180,624,391)</b>	<b>\$ (13,075,317)</b>	<b>\$ 19,011,044</b>	<b>\$ (4,647,286)</b>	<b>\$ 195,950,115</b>	<b>\$ (86,105,038)</b>	<b>\$ 202,158,208</b>	<b>\$ 86,625,456</b>	<b>\$ (91,173,097)</b>

## Debt service as a percentage of non capital expenditures

11.59%	12.06%	12.93%	10.62%	11.69%	12.49%	14.42%	14.44%	15.22%	14.71%
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

(a) Education expenditures are those made to the City of Memphis Board of Education and the County Board of Education. The County Board of Education operations are reported as a discrete component unit. Prior to 2002, payments to the County Board of Education were reported as transfers to component units. Education expenditures for those years have been restated in this schedule.

(b) Hospital expenditures are those made to the Shelby County Health Care Corporation (the Med). Shelby County Health Care Corporation operations are reported as a discrete component unit. Prior to 2002, payments to the Shelby County Health Care Corporation were reported as transfers to component units. Hospital expenditures for those years have been restated in this schedule.

(c) From 1999 to 2001 Headstart Inc. was a component unit of Shelby County Government. Expenditures made to Headstart Inc. in those years were reported as transfers to component units of Shelby County Government's Community Services Division. Community Services expenditures for those years have been restated in this schedule.

(d) Several organizational changes have occurred over the past ten years. Expenditures and other financing sources (uses) of prior years have been adjusted to be consistent with the current organizational structure.

**Shelby County, Tennessee**

**Revenue Capacity Information  
Assessed and Estimated Value of Taxable Property  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Personal Property</u>	<u>Public Utilities (b)</u>	<u>Total Taxable Assessed Value (a)</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value (c)</u>
1999	1998	\$6,171,961,525	\$ 4,447,216,805	\$1,145,601,660	\$ 831,393,533	\$ 12,596,173,523	\$ 2.82	\$ 41,212,712,405	30.56%
2000	1999	6,285,898,425	4,372,146,930	1,289,019,555	857,790,565	12,804,855,475	3.54	42,023,145,109	30.47%
2001	2000	6,502,973,185	4,172,329,810	1,278,675,930	875,325,387	12,829,304,312	3.54	42,423,800,004	30.24%
2002	2001	7,679,702,923	5,123,764,525	1,303,138,720	1,013,049,391	15,119,655,559	3.79	49,858,145,639	30.33%
2003	2002	7,779,710,568	5,142,401,180	1,347,626,455	957,048,226	15,226,786,429	3.79	50,347,238,284	30.24%
2004	2003	7,972,813,784	4,958,614,785	1,301,588,530	880,949,964	15,113,967,063	4.04	50,379,365,307	30.00%
2005	2004	8,212,018,085	4,830,896,025	1,232,343,955	910,598,020	15,185,856,085	4.04	50,841,730,464	29.87%
2006	2005	9,425,210,140	5,471,742,335	1,289,881,700	1,033,424,138	17,220,258,313	4.04	57,726,276,478	29.83%
2007	2006	9,695,032,075	5,441,266,015	1,326,178,545	1,040,281,497	17,502,758,132	4.04	58,862,669,304	29.73%
2008	2007	10,018,623,775	5,439,860,370	1,286,578,685	975,529,145	17,720,591,975	4.04	59,900,899,755	29.58%

(a) Assessed value is the most current tax year value prepared by the County Property Assessor as of year-end.

(b) Public Utilities information is based on information received from the State of Tennessee Comptroller of the Treasury Assessments.

(c) The State of Tennessee tax statutes classify property as follows for computing assessed valuations:

Real Estate-Residential and Farms	25% of actual value
Real Estate-Commercial and Industrial	40% of actual value
Personal Property-Commercial and Industrial	30% of actual value
Public Utilities	55% of actual value

Property reappraisals were implemented in FY 1999, 2002 and 2006

**Shelby County, Tennessee**

**Revenue Capacity Information  
Property Tax Rates-Direct and Overlapping Governments  
Last Ten Fiscal Years**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>County Direct Rates</b>										
General Fund	\$ 1.17	\$ 1.38	\$ 1.31	\$ 1.25	\$ 1.25	\$ 1.43	\$ 1.31	\$ 1.22	\$ 1.22	\$ 1.22
Education (a)	1.35	1.65	1.69	2.03	2.03	2.03	2.03	2.02	2.02	2.02
Debt Service	0.30	0.51	0.54	0.51	0.51	0.58	0.70	0.80	0.80	0.80
Total Direct Rate	2.82	3.54	3.54	3.79	3.79	4.04	4.04	4.04	4.04	4.04
<b>Rural School Bonds (b)</b>					0.05	0.05	0.05	0.05	0.05	0.05
<b>City &amp; Town Rates (d)</b>										
Memphis (c)	2.77	2.77	3.37	3.23	3.23	3.23	3.23	3.43	3.43	3.43
Arlington	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Bartlett	1.29	1.29	1.29	1.23	1.23	1.38	1.38	1.38	1.31	1.31
Collierville	1.47	1.47	1.47	1.47	1.47	1.45	1.47	1.47	1.28	1.28
Germantown	1.72	1.47	1.47	1.47	1.30	1.30	1.70	1.54	1.54	1.54
Millington	0.92	0.92	0.92	0.92	1.23	1.23	1.23	1.23	1.23	1.23

Rates are applicable to fiscal year ending June 30.

- (a) The portion of property taxes designated for education are allocated between the Shelby County Board of Education and the City of Memphis Board of Education based on the average daily attendance.
- (b) Beginning in 2003 an additional \$0.05 tax rate funds only Rural School Bonds and is applied only to taxpayers living outside the City of Memphis.
- (c) Approximately three-fourths of the County's population resides in the City of Memphis.
- (d) The City of Lakeland does not have a city property tax.

**Shelby County, Tennessee**

**Revenue Capacity Information  
Principal Property Tax Payers - Current and Nine Years Ago  
June 30, 2008**

Name of Taxpayer	Fiscal 2008 Assessments			Fiscal 1999 Assessments		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Federal Express Corporation	\$ 581,036,901	1	3.28%	\$ 360,068,276	1	2.86%
Bellsouth Telecommunications	140,919,098	2	0.80%	188,497,388	2	1.50%
Belz Enterprises	107,616,040	3	0.61%	104,145,365	3	0.83%
ProLogis	67,199,360	4	0.38%			
Sharp	59,613,261	5	0.34%			
Wolfchase Galleria	52,120,760	6	0.29%	50,078,720	4	0.40%
Smith and Nephew	48,619,377	7	0.27%			
AT & T Mobility	45,521,635	8	0.26%			
Pinnacle Airlines	42,185,635	9	0.24%			
International Paper	41,567,250	10	0.23%			
Union Planters National Bank				35,359,555	5	0.28%
Nike Inc.				33,581,930	6	0.27%
Mapco Petroleum Incorporated				33,308,905	7	0.26%
Gables-Tenn Properties				31,026,760	8	0.25%
Boyle Investments				30,052,935	9	0.24%
Time Warner Entertainment				28,998,710	10	0.23%
Total Assessed Valuation of Top Ten Taxpayers	\$ 1,186,399,317		6.70%	\$ 895,118,544		7.11%
Balance of Assessed Valuation	16,534,192,658		93.30%	11,701,054,979		92.89%
Total Assessed Valuation	<u>\$ 17,720,591,975</u>		<u>100.00%</u>	<u>\$ 12,596,173,523</u>		<u>100.00%</u>

Source: Shelby County Assessor and Trustee's Offices.

**Shelby County, Tennessee**

**Revenue Capacity Information  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Tax Year	Original Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Adjusted Tax Levy	Total Collections to Date		
			Amount	Percentage of Original Levy			Amount	Percentage of Adjusted Levy	Percentage of Original Levy
1999	1998	\$ 355,212,093	\$ 329,543,247	92.77%	\$ 7,696,154	\$ 337,459,048	\$ 337,239,401	99.93%	94.94%
2000	1999	453,291,684	412,703,834	91.05%	21,649,078	435,350,487	434,352,912	99.77%	95.82%
2001	2000	454,157,373	427,388,176	94.11%	19,039,582	447,477,624	446,427,758	99.77%	98.30%
2002	2001	573,034,946	523,851,896	91.42%	23,368,217	549,061,380	547,220,113	99.66%	95.50%
2003	2002	577,095,200	526,168,220	91.18%	26,397,128	554,974,969	552,565,348	99.57%	95.75%
2004	2003	610,604,269	570,445,227	93.42%	22,548,345	595,875,127	592,993,572	99.52%	97.12%
2005	2004	613,508,586	577,008,988	94.05%	25,731,649	606,853,926	602,740,637	99.32%	98.24%
2006	2005	698,709,093	645,263,773	92.35%	27,533,511	681,160,487	672,797,284	98.77%	96.29%
2007	2006	707,170,608	666,613,568	94.26%	45,785,158	703,882,648	694,048,931	98.60%	98.14%
2008	2007	718,626,612	676,692,968	94.16%	N/A	717,010,251	676,692,968	94.38%	94.16%

Source: Shelby County Assessor and Trustee Offices.

Note: Property reappraisals were implemented in FY 1999, 2002 and 2006.

**Shelby County, Tennessee**

**Debt Capacity Information  
Schedule of Direct and Overlapping Debt  
June 30, 2008**

	Estimated Assessed Value	Debt
Direct Debt (a)		
Special General Obligation School debt (b)	\$ 6,404,921,881	\$ 28,695,000
Total bonded debt (c)	17,720,591,975	1,735,025,160
Overlapping Debt (d)		
City of Memphis	11,315,670,094	1,071,549,102
City of Germantown	1,333,114,563	21,935,000
City of Bartlett	1,054,261,777	24,750,000
City of Collierville	1,295,045,128	31,219,736
City of Lakeland	264,618,237	---
Town of Arlington	223,053,805	30,000
Town of Millington	164,204,368	---

- (a) The County has the power and is obligated to levy as valorem taxes without limitation as to rate or amount.
- (b) These bonds are limited tax obligation of the County. The Special General Obligation School debt corresponds to all taxable property in the County located outside the boundaries of the Board of Education of the City of Memphis, Tennessee, which constitutes the area of the County outside of the boundaries of the City of Memphis, Tennessee
- (c) The total bonded debt amount corresponds with all Shelby County assessed property.
- (d) The tax base within each city corresponds with that city's debt.

**Shelby County, Tennessee**

**Debt Capacity Information  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities	Business Type Activities	Total Government Debt(a)	Percentage Of Actual Property Value(b)	Per Capita(b)	Total Per Capita(b)	Percentage Of Personal Income(b)
	General Obligation Bonds	Capital Leases					
1999	\$ 1,049,875,280	\$ 384,582	\$ 1,050,259,862	2.55%	\$ 1,175	\$ 1,175	3.94%
2000	1,018,363,517	116,393	1,018,479,910	2.42%	1,134	1,134	3.72%
2001	1,133,081,290	---	1,133,081,290	2.67%	1,262	1,262	3.95%
2002	1,251,790,508	608,328	1,252,398,836	2.51%	1,391	1,391	4.24%
2003	1,354,259,107	510,915	1,354,770,022	2.69%	1,501	1,501	4.48%
2004	1,619,508,672	863,307	1,620,317,979	3.21%	1,792	1,793	5.06%
2005	1,569,111,426	794,188	1,569,905,614	3.09%	1,733	1,734	4.74%
2006	1,753,166,331	721,717	1,753,888,048	3.04%	1,925	1,926	5.04%
2007	1,820,107,968	1,170,996	1,821,278,965	3.09%	(c)	(c)	(c)
2008	1,735,025,160	1,039,885	1,736,065,045	2.90%	(c)	(c)	(c)

(a) The full faith, credit and unlimited taxing power of the County are pledged for payment of the Bonds without limitation as to rate or amount.

(b) See page 206 for Actual and Assessed Property Values and page 212 for Population Amounts and Personal Income Values.

(c) Not available for FY2007 and FY2008.

**Shelby County, Tennessee**

**Demographic and Economic Information  
Demographic and Economic Statistics  
Last Ten Calendar Years**

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<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
1998	886,007	\$ 25,651,277	28,952	3.8%
1999	893,826	26,638,485	29,803	3.8%
2000	898,279	27,393,670	30,496	3.9%
2001	898,196	28,689,993	31,942	4.5%
2002	900,149	29,550,580	32,829	5.4%
2003	902,453	30,267,908	33,540	6.0%
2004	903,589	32,013,771	35,430	6.1%
2005	905,399	33,134,636	36,597	6.2%
2006	910,605	34,788,774	38,204	5.7%
2007	N/A	N/A	N/A	5.1%

Sources:

Population and personal income data provided by the U.S. Bureau of the Census through Bureau of Economic Analysis (BEA). Unemployment rates provided by Tennessee Department of Labor and Workforce Development.

Note:

Population data are midyear estimates. Personal income amounts are totals for each calendar year. Per capita personal income amounts are computed on the basis of the mid-year population estimates given at left. Some amounts presented here have been revised by the data providers and consequently differ from amounts presented in the FY07 CAFR. Unemployment rates are non-seasonally adjusted calendar year average rates for the civilian workforce.

**Shelby County, Tennessee**

**Demographic and Economic Information  
Principal Employers  
Current Year and Nine Years Ago**

Employer	2007 (a)			1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
FedEx Corp	30,000	1	4.62%	29,500	1	4.79%
Memphis City Schools	15,240	2	2.35%	14,000	3	2.27%
United States Government	15,000	3	2.31%	14,860	2	2.41%
Methodist Healthcare	7,369	4	1.14%	6,701	4	1.09%
City of Memphis	6,667	5	1.03%	6,588	6	1.07%
Shelby County Government	6,513	6	1.00%	6,636	5	1.08%
Baptist Memorial Health Care Corp.	6,463	7	1.00%	5,162	7	0.84%
Naval Support Activity Mid South	6,372	8	0.98%			
Wal-Mart Stores, Inc.	6,000	9	0.92%			
Harrah's Entertainment, Inc	5,541	10	0.85%			
AutoZone, Inc.				4,700	8	0.76%
The Kroger Company				4,700	9	0.76%
University of Tennessee				4,250	10	0.69%
Total	105,165		16.20%	97,097		15.76%

Sources: Largest employer data from Memphis Regional Chamber of Commerce. The largest employer numbers are for Shelby County only.

(a) The 2007 statistics are the most recent available. Total employment (not shown, but used in computations) from U.S. Department of Bureau of Economic Analysis. The total employment numbers are also for Shelby County only. Total employment for 2006 was used as a surrogate for the 2007 figure, which is not expected to be available until spring, 2009.

**Shelby County, Tennessee**

**Operating Information**  
**Full-time Equivalent Government Employees-By Function (a)**  
**Last Eight Fiscal Years**

Function/Program:	Fiscal Year							
	2001	2002	2003	2004	2005	2006	2007	2008
General Government	553	574	532	294	297	317	297	319
Planning & Development	200	196	202	211	219	215	215	209
Public Works	364	362	383	473	496	474	480	476
Corrections	804	785	750	629	650	630	629	622
Health Services	777	764	647	674	677	674	653	643
Community Services (b)	177	178	204	560	590	572	545	562
Health Care Centers (c)	452	292	263	---	---	---	---	---
Law Enforcement: (d)								
Administrative & Support			234	257	253	243	243	237
Enforcement			558	550	536	544	566	592
Jail			1,304	1,121	1,179	1,143	1,133	1,116
Total Law Enforcement	<u>2,010</u>	<u>2,227</u>	<u>2,096</u>	<u>1,928</u>	<u>1,968</u>	<u>1,930</u>	<u>1,942</u>	<u>1,945</u>
Judicial	748	809	809	1,049	1,049	1,067	1,045	1,102
Other Elected Officials	<u>447</u>	<u>469</u>	<u>476</u>	<u>380</u>	<u>371</u>	<u>398</u>	<u>394</u>	<u>387</u>
Total Full-time Equivalent Employees	<u><u>6,532</u></u>	<u><u>6,656</u></u>	<u><u>6,362</u></u>	<u><u>6,198</u></u>	<u><u>6,317</u></u>	<u><u>6,277</u></u>	<u><u>6,200</u></u>	<u><u>6,265</u></u>

- (a) This schedule shows filled positions as of January 1, within each fiscal year.
- (b) On November 1, 2003 the County acquired additional employees for Head Start.
- (c) In fiscal year 2004 the County sold its Health Services facility.
- (d) In 2003, Law Enforcement was separated into the three divisions.

**Shelby County, Tennessee**

**Operating Information  
Capital Assets Statistics - By Function  
June 30, 2008**

Function/Program: (a)	Fiscal Year (a)									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government: Election Commission Polling Locations						283	279	279	279	274
Assessor Offices	2	2	2	2	2	2	2	2	2	2
Public Works Bridges (b)	325	294	275	257	235	217	201	199	184	184
Health Services Public Health Clinics						8	8	8	8	8
Law Enforcement Jail Capacity Male	2,825	2,825	2,825	2,825	2,825	2,825	3,025	3,025	3,068	2,887
Female	384	384	384	384	384	384	384	384	384	318
Judicial Courts	41	41	41	41	41	41	41	41	41	41
Enterprise Funds: Fire Stations (c)	8	8	8	8	8	8	8	7	7	7

- (a) Some data is not available for some years.
- (b) The number of bridges has declined due to annexations by municipalities.
- (c) Fire stations decreased due to transfer to municipality.

**Shelby County, Tennessee**

**Operating Information  
Operating Indicators - By Function (a)  
Last Ten Fiscal Years**

Function/Program:	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General Government:</b>										
<b>Pretrial Services</b>										
Misdemeanor Interviews	33,861	32,008	33,363	30,089	29,398	29,421	28,538	26,973	28,691	25,646
Misdemeanor Arraignments	82,304	65,851	62,123	57,427	55,143	49,554	59,566	56,222	59,068	43,275
Felony Interviews	10,414	9,794	9,927	9,735	9,529	10,141	10,827	10,913	10,820	9,886
Felony Arraignments	12,102	11,930	10,268	10,048	9,477	10,456	11,012	11,061	11,332	10,667
<b>Election Commission</b>										
Number of Elections	2	2	3	1	2	4	5	4	6	6
<b>Community Services</b>										
<b>Head Start</b>										
Students				3,349	3,311	3,414	3,872	3,586	3,590	3,628
<b>Housing</b>										
Loans Outstanding						85	93	106	121	200
<b>Law Enforcement</b>										
Inmate Days per Year	1,041,256	1,076,828	882,933	759,663	721,143	806,562	881,162	948,892	1,024,920	968,785
<b>Judicial (b)</b>										
<b>Chancery Court</b>										
Filings	2,830	2,742	2,792	2,385	2,631	2,669	2,575	2,717	2,524	2,493
Dispositions	2,478	2,673	2,623	2,235	2,402	1,854	2,502	3,268	2,717	2,620
<b>Circuit Court</b>										
Filings	10,599	9,723	8,809	8,065	7,890	8,129	7,735	6,770	6,671	6,159
Dispositions	9,798	9,746	10,270	7,892	7,086	7,917	7,710	7,361	6,730	7,461
<b>Criminal Court (e)</b>										
Filings	21,132	22,054	22,293			25,735	24,869	29,928	26,977	27,030
Dispositions	20,396	21,886	23,747			27,872	24,742	26,621	29,923	30,396
<b>General Sessions Criminal Court</b>										
Filings		166,872	146,639	148,559	145,589	152,346	153,087	159,157	171,091	163,254
Dispositions		163,783	156,832	145,882	147,093	145,162	150,547	157,091	160,761	163,866
<b>General Sessions Civil Court</b>										
Filings	68,447	65,409	65,774	66,351	58,741	72,562	63,154	64,459	75,214	72,778
Dispositions					47,197	61,848	53,636	55,080	59,095	64,357
<b>Juvenile Court (c)</b>										
Disposed/Adjusted Children Affected			22,125	24,934	20,729	20,490	22,817	21,211	19,195	16,877
Children Affected			16,164	15,684	14,573	14,760	15,987	15,561	14,205	12,897
<b>Probate Court</b>										
Filings	2,037	2,047	2,274	2,003	2,480	3,330	3,624	3,493	3,506	3,484
Dispositions	1,637	2,073	2,887	2,437	2,863	3,621	4,455	3,493	3,557	3,202

Other Elected Officials										
Register										
New Documents Filed	233,431	200,896	197,747	221,443	253,403	233,594	210,030	214,467	206,918	174,608
Assessor										
Parcels Assessed										
Real Property	311,043	314,893	320,901	325,493	328,565	331,881	335,896	340,264	349,963	353,006
Personal Property	36,510	36,523	37,101	38,235	38,105	37,989	38,168	38,846	39,773	39,495
Attorney General (c)										
Criminal Court Indictments					9,620	8,586	8,667	9,271	9,765	9,247
New Juvenile Delinquency Cases					2,828	2,753	2,947	3,090	3,168	3,185
Enterprise Funds:										
Fire (c)										
Fire Responses			8,600	9,326	6,488	6,051	6,433	7,087	8,926	9,621
Ambulance Calls			8,822	9,406	9,759	9,498	9,808	10,376	11,084	11,516
Codes Enforcement										
Building Inspections						58,790	63,665	61,482	59,332	44,673
Building Permits (d)	3,656	3,818	3,250	3,157	9,189	12,917	11,789	10,860	9,889	7,010
Board of Education (Component Unit)										
Enrollment										
Board of Education- County Shelby County	58,202	52,774	53,653	53,453	54,310	56,039	53,435	54,943	55,745	56,799
Board of Education- City of Memphis	129,762	136,683	136,754	137,013	135,236	135,183	138,043	137,932	135,268	129,872

- (a) Information not reported is not available for these periods.
- (b) Data for the latest year, except for Juvenile Court, was provided by Shelby County. All General Sessions data provided by Shelby County. All other data taken from reports of the Tennessee Administrative Office of the Courts.
- (c) Data is reported on a calendar year basis as of December 31 within each fiscal year.
- (d) Data prior to 2003 excludes hotels, motels, additions, alterations, conversions, hazardous storage facilities, churches, garages, carports, educational facilities and swimming pools.
- (e) No data reported in fiscal years 2002 and 2003 due to problems with the case management system during the year.

**Shelby County, Tennessee**

**Schedule of Salaries and Fidelity Bonds**

**June 30, 2008**

<u>Official</u>	<u>Designation</u>	<u>Salary Amounts</u>	<u>Bond Expiration Date</u>	<u>Bond Amount</u>
<b>Mayor and Staff</b>				
A C Wharton, Jr.	Mayor	\$ 150,000	09/01/10	\$ 100,000
James F. Huntzicker	Chief Administrative Officer/Director of Administration and Finance	154,500	09/01/10	100,000
Theodore C. Fox, III	Director of Public Works	125,666	09/01/10	100,000
Yvonne Smith Madlock	Director of Health Services	125,664	09/01/10	25,000
Dorothy Day Jones	Director of Community Services	120,000	09/01/10	25,000
Andrew Taber, Jr.	Director of Corrections	125,664	09/01/10	100,000
<b>Court Clerks</b>				
Dewun R. Settle	Chancery Court Clerk and Master	106,813	10/01/12	1,060,000
James L. Moore	Circuit Court Clerk	106,813	09/01/10	60,000
William R. Key	Criminal Court Clerk	106,813	09/01/10	65,000
William C. Turner	General Sessions Court Clerk	106,813	09/01/08	60,000
Chris R. Thomas	Probate Court Clerk	106,813	09/01/10	60,000
Steve Stamson	Juvenile Court Clerk	106,813	09/01/10	60,000
<b>Others</b>				
Mark H. Luttrell, Jr.	Sheriff	117,496	09/01/10	50,000
Debra J. Stamson	County Clerk	106,813	09/01/10	95,000
Thomas F. Leatherwood	Register	106,813	09/01/10	25,000
Paul M. Mattila	Trustee	106,814	09/01/08	24,775,000
Rita Clark	Assessor	106,813	09/01/08	10,000
All Employees	Employee Theft Coverage		09/01/08	900,000 per claim

**SHELBY COUNTY, TENNESSEE**  
**FEDERAL I.D. #62-600841**

**SINGLE AUDIT REPORT**  
**For the Year Ended June 30, 2008**

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Watkins Uiberall, PLLC  
Certified Public Accountants & Financial Advisors  
Independent Member of BKR International



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

To the Chairperson and Members of the  
Shelby County Board of Commissioners and  
Mayor of Shelby County, Tennessee

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Shelby County, Tennessee, (the "County") as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 23, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Shelby County Health Care Corporation, Agricenter International, Inc., and Shelby County Retirement System, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 a deficiency in internal control over financial reporting that we consider to be a significant deficiency

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 County'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 County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs and shown as 2008-1 to be a significant deficiency in internal control over financial reporting.

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 the County's internal control.

Our consideration of 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 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 the significant deficiency described above is not a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 certain matters that we reported to management of the County in a separate letter dated December 23, 2008.

The 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 the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Mayor and Commissioners, management, the audit committee, the State of Tennessee, 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.

Memphis, Tennessee  
December 23, 2008

Watkins Universal PLLC  
Banks, Finley, White & Co.



Watkins Uiberall, PLLC  
 Certified Public Accountants & Financial Advisors  
 Independent Member of BKR International



CERTIFIED PUBLIC ACCOUNTANTS

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

To the Chairperson and Members of the  
 Shelby County Board of Commissioners and  
 Mayor of Shelby County, Tennessee

Compliance

We have audited the compliance of Shelby County, Tennessee (the "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, 2008. The County's major federal programs are identified in the summary of auditors' 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 program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Shelby County Board of Education, which received \$22,545,368 in federal awards that is not included in the schedule during the year ended June 30, 2008. Our audit, described below, did not include the operations of the Shelby County Board of Education because the component unit issues separate financial statements performed in accordance with OMB Circular A-133.

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

In our opinion, the 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, 2008.

### Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the 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 the 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2008, and have issued our report thereon dated December 23, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements

and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the County Mayor and Commissioners, management, the audit committee, the State of Tennessee, 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.

*Watkins Liberiall, PwC  
Banks, Finley, White & Co.*

Memphis Tennessee  
December 23, 2008

**SHELBY COUNTY, TENNESSEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the Year Ended June 30, 2008

CFDA	Contract Number	Program Name	Grantor or Pass-Through Agency	Federal Expenditures Incurred
10.557	GG-07-20478-00	WIC PROGRAM	TDH	\$ 1,000,776
10.557	GG-08-22746-00	WIC PROGRAM	TDH	2,341,474
			Total special supplemental nutrition program for WIIC	3,342,250
10.565	GG-07-12959-00	CSFP	TDH	115,346
10.565	GG-08-22217-00	CSFP	TDH	324,264
			Total commodity supplemental food program	439,610
10.568	DG-07-02048-00 / Z-07-037095-01	COMMODITIES DISTRIBUTION	DEPT OF AGRICULTURE	38,659
10.568	DG-08-22325-00/Z-08-200151-01	COMMODITIES DISTRIBUTION	DEPT OF AGRICULTURE	106,705
			Total emergency food assistance program	145,364
14.218	B-04-UC-47-0002	CDBG	DEPT OF HOUSING AND URBAN DEVELOPMENT	12,725
14.218	B-05-UC-47-0002	CDBG	DEPT OF HOUSING AND URBAN DEVELOPMENT	57,278
14.218	B-U6-UC-47-0002	COMMUNITY DEVELOPMENT BLOCK	DEPT OF HOUSING AND URBAN DEVELOPMENT	324,916
14.218	B-02-UC-47-0002	COMMUNITY DEVELOPMENT BLOCK	DEPT OF HOUSING AND URBAN DEVELOPMENT	664,593
14.218	B03UC47002	COMMUNITY DEVELOPMENT BLOCK	DEPT OF HOUSING AND URBAN DEVELOPMENT	43,364
			Total community development block grants	1,102,876
14.239	MO6UC470205	HOME ENTITLEMENT	DEPT OF HOUSING AND URBAN DEVELOPMENT	260,631
14.239	M-02-UC-47-0205	HOME ENTITLEMENT	DEPT OF HOUSING AND URBAN DEVELOPMENT	388,316
			Total home investment partnerships program	648,947
14.240	H3-92-TN-0004-I-A	HOPE 3	DEPT OF HOUSING AND URBAN DEVELOPMENT	69,423
14.900	23372/CA071794	CITY OF MEMPHIS - HOUSING & COMM DEV		92,545
14.900	TNLHB0342-06	Lead-Based Paint Reduction	HUD	1,102,137
			Total lead based paint hazard control	1,194,682
16.523	GG-08-22097-00	JUVENILE ACCOUNTABILITY BLOCK GRANT	TN COMMISSION ON CHILDREN & YOUTH	90,250
16.523	GG-07-12752-00	JUVENILE ACCOUNTABILITY BLOCK GRANT	TN COMMISSION ON CHILDREN & YOUTH	54,625
16.523	GG-08-22856-00	JUVENILE ACCOUNTABILITY BLOCK GRANT	TN COMMISSION ON CHILDREN & YOUTH	163,150
			Total juvenile accountability block grants	308,025
16.527	2006-CW-AX-0027	SAFE EXCHANGE PROGRAM	DJOVAW	3,332
16.527	2006-CW-AX-0027	SAFE EXCHANGE PROGRAM	DJOVAW	118,377
			Total supervised visitation, safe havens for children	121,709
16.575	Z00001401-01/DG-07-02010-00	STOP Grant	OFFICE OF CRIMINAL JUSTICE PROGRAMS	60,720
16.580	2007-DJ-BX-0640	Edward Byrne Justice Assistance Grant	DOJ-OJP	273,608
16.580	2007-DD-BX-0655	Targeting Violent Crime Initiative	USDOJ-OJP Bureau of Justice Assistance	93,531
			Total Edward Byrne justice assistance grant	367,139
16.582	2004-WE-AX-0031	Arrest Policies	CITY OF MEMPHIS	265,227
16.592	2006-DJ-BX-0730	Edward Byrne Justice Assistance Grant	USDOJ Bureau of Justice Assistance	107,768
16.607	N/A	BULLETPROOF VEST PROGRAM	US DEPT OF JUSTICE OFFICE OF JUSTICE PROGRAMS	39,258
16.609	2007-GP-CX-0071	PROJECT SAFE NEIGHBORHOODS	US DEPT OF JUSTICE OFFICE OF JUSTICE PROGRAMS	7,498
16.710	2004SHWX0182	COPS IN SCHOOLS 2004	US DEPT OF JUSTICE OFFICE OF JUSTICE PROGRAMS	65,467
16.710	2007-CK-WX-0184	COPS IN SCHOOLS	US DEPT OF JUSTICE OFFICE OF JUSTICE PROGRAMS	162,963
			Total public safety partnership and community policing	228,430
16.738	2005DJBX1160	Edward Byrne Justice Assistance Grant	US DEPT OF JUSTICE OFFICE OF JUSTICE PROGRAMS	8,772
16.738	Z-06-027530-00	SCHOOL RESOURCE DEPUTY INITIATIVE	TN DEPT OF FINANCE & ADMIN	100,000
16.738	Z-06-027495-01	VIOLENT CRIME & DRUG TASK FORCE	TN Dept of Finance & Admin	372,792
16.738	Z-06027531-00	INMATE FOOD SERVICE TRAINING	TN OFFICE OF CRIMINAL JUSTICE PROGRAMS	21,620
			Total Edward Byrne Memorial justice assistance grant	503,184
16.744	2006-PG-BX-0088	Anti-Gang Initiative	US DEPT OF JUSTICE OFFICE OF JUSTICE PROGRAMS	42,695
16.744	2007-PB-BX-0036	Anti-Gang Initiative	US DEPT OF JUSTICE OFFICE OF JUSTICE PROGRAMS	97,600
			Total anti-gang initiative	140,301

See accompanying notes to schedule of expenditures of federal and state awards.

## SHELBY COUNTY, TENNESSEE

### SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2008

CFDA	Contract Number	Program Name	Grantor or Pass-Through Agency	Federal Expenditures Incurred
17.258	24486	DISPATCHERS ON THE JOB TRAINING	CITY OF MEMPHIS	13,043
17.258	24271	New-Recruit Training	CITY OF MEMPHIS	100,170
17.258	23057	SHERIFF ON THE JOB TRAINING	WIN/CITY OF MEMPHIS	75,874
17.258	23580	SHERIFF ON THE JOB TRAINING	WIN/CITY OF MEMPHIS	80,288
17.258	23910	SHERIFF ON THE JOB TRAINING	WIN/CITY OF MEMPHIS	77,868
			Total WIA adult program	<u>347,243</u>
20.205	Z-07-036299-00	Economic Impact Study	DEPARTMENT OF TRANSPORTATION	221,597
20.205	Z-07-036299-00	Economic Impact Study	DEPARTMENT OF TRANSPORTATION	707,823
20.205	76008-0700410	TRANSPORTATION PLANNING	DEPARTMENT OF TRANSPORTATION	3,851
20.205	76008-0700410	TRANSPORTATION PLANNING	DEPARTMENT OF TRANSPORTATION	241,354
20.205	CM-STP-9409 (89) / 070078	CMAQ RIDESHARE	DEPARTMENT OF TRANSPORTATION	807,466
20.205	CM-NHE-7900-28	CMAQ INTERSECTION IMPVTS GRANT	TDOT	1,908,270
20.205	79-5303-53-004	FTA	TDOT	1,936
20.205	GG-07-20767-00	Transit Planning	TDOT	14,923
			Total highway planning and construction	<u>3,907,220</u>
20.505	MS-80-X008	MDOT SECTION 8	MDOT MEMPHIS AREA RIDESHARE	4,212
20.505	2002421	TDOT	TDOT STP-EN-7900(32)	213,878
			Total federal transit capital investments grant	<u>218,090</u>
20.600	Z-08-200105-00	WTCPSP	State of TN	176,862
20.600	Z-08-023675-00	NETWORK COORDINATOR	TDOT Governor's Highway Safety Office	7,289
			Total state and community highway safety	<u>184,151</u>
20.601	PT-08-23/Z-08-023686-00	MULTI-VIOLATIONS INITIATIVE	TDOT Governor's Highway Safety Office	83,833
20.601	J8-07-04/Z-07-036099-00	DUI Unit Overtime	TDOT Governor's Highway Safety Office	22,822
			Total alcohol traffic safety	<u>106,655</u>
20.600/1	K4-07-281/Z-07-035968-00	HIGH VISIBILITY LAW ENFORCEMENT	TDOT GOVERNOR'S HIGHWAY SAFETY OFFICE	4,342
20.600/5	K4-07-281/Z-07-035685-00	DUI Unit Overtime	TDOT Governor's Highway Safety Office	16,555
20.600/5	PT-07-27/Z-07-036099-00	DUI Unit Overtime	TDOT Governor's Highway Safety Office	15,536
			Total safety incentives	<u>32,091</u>
20.607	Z-08-024028-00	Youth DUI Grant	TDOT Governor's Highway Safety Office	121,455
20.703	GG-07-20453-00	HAZARDOUS MATERIAL EMERG PREP	TEMA	6,684
66.001	A-00408207-1	AIR POLLUTION	ENVIRONMENTAL PROTECTION AGENCY	364,671
66.001	A004082-08-0	AIR POLLUTION	ENVIRONMENTAL PROTECTION AGENCY	1,298,244
			Total air pollution control program support	<u>1,662,915</u>
66.034	PM-964377-05-0	SPECIAL AIR POLLUTION	ENVIRONMENTAL PROTECTION AGENCY	74,326
66.034	PM-96497508-1	SPECIAL AIR POLLUTION	ENVIRONMENTAL PROTECTION AGENCY	25,002
				<u>99,328</u>
66.038	PM-964377-05-1	SPECIAL AIR POLLUTION	ENVIRONMENTAL PROTECTION AGENCY	58,051
81.042	Z-05-021680-05	WEATHERIZATION	DEPARTMENT OF HUMAN SERVICES	578,685
84.184L	Q184L050266	Safe Schools/Healthy Students Grant	U. S. DEPARTMENT OF EDUCATION	13,056
84.184L	Q184L050266-06	Safe Schools/Healthy Students Grant	U. S. DEPARTMENT OF EDUCATION	40,434
			Total Safe and drug-free schools	<u>53,490</u>
84.255A	Q255A030048/Q255A060093	WOMEN IN COMMUNITY SERVICE	U. S. DEPARTMENT OF EDUCATION	361,320
90.201	TN-3052	Brunswick Sewer Project	Delta Regional Authority	90,150
93.008	MRC-07254	MEDICAL RESERVE CORPS	NACCHO	9,248
93.042	GG-08-22690-00	AGING PROGRAM - FAMILY CAREGIVER	TENNESSEE COMMISSION ON AGING	474,967

See accompanying notes to schedule of expenditures of federal and state awards.

**SHELBY COUNTY, TENNESSEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)**

For the Year Ended June 30, 2008

CFDA	Contract Number	Program Name	Grantor or Pass-Through Agency	Federal Expenditures Incurred
93.043	GG-08-22690-00	SHIP I&A	TENNESSEE COMMISSION ON AGING	281,205
93.043	GG-08-22690-00	AGING PROGRAM	TENNESSEE COMMISSION ON AGING	67,200
			Total special programs for the aging	348,405
93.044	GG-08-22690-00	AGING PROGRAM - SUPPORTIVE SERVICES	TENNESSEE COMMISSION ON AGING	1,829,517
93.045	GG-08-22690-00	AGING PROGRAM - NUTRITION SERVICES	TENNESSEE COMMISSION ON AGING	608,800
93.045	GG-08-22690-00	AGING PROGRAM - NSIP	TENNESSEE COMMISSION ON AGING	734,761
93.045	GG-08-22690-00	AGING PROGRAM	TENNESSEE COMMISSION ON AGING	49,300
			Total special programs for the aging	1,392,861
93.053	GG-08-22690-00	AGING PROGRAM - NSIP	TENNESSEE COMMISSION ON AGING	328,000
93.086	CFFG-38-06	PROJECT REACHH	US DEPT OF HEALTH & HUMAN SERVICES	9,632
93.086	90FR0095/01	PROJECT REACHH	US DEPT OF HEALTH & HUMAN SERVICES	152,776
93.086	90FR0067-01	PROJECT REACHH	US DEPT OF HEALTH & HUMAN SERVICES	169,743
93.086	90FR0095/02	PROJECT REACHH	US DEPT OF HEALTH & HUMAN SERVICES	201,348
93.086	90FR0095/02	PROJECT REACHH	US DEPT OF HEALTH & HUMAN SERVICES	203,626
			Total healthy marriage promotion	737,125
93.116	GG-08-21314-00	T.B OUTREACH	TN DEPARTMENT OF HEALTH	1,356,079
93.217	GU-08-20993-00	FAMILY PLANNING	DEPARTMENT OF HEALTH	1,202,837
93.243	5H79T116384-02-1	SAMHSA CO-OCCURRENCE	DHHS SUBSTANCE ABUSE & MENTAL HEALTH SERVICES	198,051
93.268	GG-07-21311-00	WIC IMMUNIZATION	TDH	68,710
93.268	GG-08-23836-00	WIC IMMUNIZATION	TDH	65,859
93.268	GG-07-21311-00	IMMUNIZATION	TDH	223,050
93.268	GG-08-23836-00	IMMUNIZATION	TDH	216,973
			Total immunization grants	574,592
93.283	GG-07-12531-00	Central Lab/Bio Terrorism	TDH	10,190
93.283	GG-08-21986-00	Central Lab/Bio Terrorism	TDH	103,044
93.283	GG-08-21892-00	TOBACCO RISK	TDH	84,263
93.283	GG-07-12997-00	HOMELAND SECURITY BIOTERRORISM	DEPARTMENT OF HEALTH	508,970
93.283	GG-08-22636-00	HOMELAND SECURITY BIOTERRORISM	DEPARTMENT OF HEALTH	877,564
93.283	GG-07-12540-00	BREAST & CERVICAL CANCER	DEPARTMENT OF HEALTH	4,554
93.283	GG-08-21230-00	BREAST & CERVICAL CANCER	DEPARTMENT OF HEALTH	83,183
			Total centers for disease control	1,671,768
93.563	GG-07-12365-01	CHILD SUPPORT ENFORCEMENT	DEPARTMENT OF HUMAN SERVICES	14,316,019
93.563	GG-08-22206-00	State IVD - Juvenile Court Clerk	TN DHS	499,493
			Total child support enforcement	14,815,512
93.568	Z-05-021704-00	LIHEAP	DEPARTMENT OF HUMAN SERVICES	5,279,019
93.568	Z-05-021680-05	LIHEAP	DEPARTMENT OF HUMAN SERVICES	415,750
			Total low-income home energy assistance	5,694,769
93.569	Z-05-020698-04	COMMUNITY SCVS BLOCK GRANT	DEPARTMENT OF HUMAN SERVICES	2,392,833
93.600	O4CH3447-40	HEADSTART	DEPT OF HEALTH & HUMAN SERVICES	13,076,826
93.600	O4CH3447/41	HEADSTART	DEPT OF HEALTH & HUMAN SERVICES	9,624,602
			Total Head Start	22,701,428
93.667	CA075023	CSA-Special Funding	TN DEPARTMENT OF HUMAN SERVICES	25,000
93.778	GG-07-12764-00	INFANT MORTALITY COORDINATOR	BUREAU OF TENNCARE	16,633
93.778	GG-08-235500-00	INFANT MORTALITY COORDINATOR	BUREAU OF TENNCARE	46,667
				63,300
93.914	4 H89HA07940-01-02	HIV Emergency Relief Project Grant	HRSA	4,795,461
93.914	6 H89HA07940-02-01	HIV Emergency Relief Project Grant	HRSA	189,474
93.914	1 H3MHA08475-01-00	MINORITY AIDS INITIATIVE	DHHS-HRSA	49,448
			Total HIV emergency relief projects	5,034,383
93.917	GG-07-21937-00	HIV/AIDS CASE MANAGEMENT	THD	155,482
93.917	GG-08-24788-00	HIV/AIDS CASE MANAGEMENT	THD	56,928
			Total HIV care formula	212,410

See accompanying notes to schedule of expenditures of federal and state awards.

# SHELBY COUNTY, TENNESSEE

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2008

CFDA	Contract Number	Program Name	Grantor or Pass-Through Agency	Federal Expenditures Incurred
93.926	6 H49MC00036-07-02	HEALTHY START INITIATIVE	DHS MATERNAL & CHILD BUREAU	629,464
93.926	5H49MC00036-08-00	HEALTHY START INITIATIVE	DHS MATERNAL & CHILD BUREAU	45,947
			Total healthy start initiative	<u>675,411</u>
93.940	Z-07-038101-00	HIV Prevention	TDH	298,146
93.940	GG-08-23832-00	HIV Prevention	TDH	273,358
93.940	GG-08-24030-00	EXPANDED RAPID HIV TESTING	TDH	55,672
			Total HIV prevention activities	<u>627,176</u>
93.944	Z-07-038101-00	HIV SURVEILLANCE	TDH	65,149
93.944	GG-08-23832-00	HIV SURVEILLANCE	TDH	44,874
			Total human immunodeficiency virus	<u>110,023</u>
93.958	GG-08-21455-00	STATE DEPT OF MENTAL HEALTH & DEV DISAB.	TN DEPARTMENT OF MENTAL HEALTH	78,220
93.977	Z-07-038101-00	CSPS	TDH	200,273
93.977	Z-07-038101-00	SYPHILLIS ELIMINATION	TDH	299,590
93.977	Z-07-038101-00	INFERTILITY	TDH	61,442
93.977	Z-07-038101-00	STATE VD	TDH	108,808
93.977	GG-08-23832-00	STATE STD	TDH	93,364
93.977	GG-08-23832-00	SYPHILLIS ELIMINATION	TDH	146,481
93.977	GG-08-23832-00	CSPS	TDH	184,692
93.977	GG-08-23832-00	INFERTILITY	TDH	70,852
			Total preventive health services	<u>1,165,502</u>
93.991	GG-08-23003-00	PREVENTION INITIATIVE SERVICES	TDH	599,061
93.991	GG-08-20845-00	HEALTH PLANNING	TDH BHS	214,912
93.991	GG-07-12359-00	Health Risk Reduction	TN DEPARTMENT OF HEALTH	5,424
93.991	GG-08-20845-00	Health Risk Reduction	TN DEPARTMENT OF HEALTH	109,469
			Total preventive health and health services	<u>928,866</u>
93.994	GG-08-22227-00	CHILDHOOD LEAD POISONING	HEALTH & HUMAN SERVICES	181,420
93.994	GG-08-21856-00	HUGS - Help Us Grow Successfully	TDH	572,799
93.994	GG-08-20993-00	FAMILY PLANNING	DEPARTMENT OF HEALTH	4,999
93.994	GG-08-20983-00	TOLL FREE BABIES HOTLINE	DEPARTMENT OF HEALTH	20,100
93.994	GG-07-12601-00	CHILDREN'S SPECIAL SERVICES	DEPARTMENT OF HEALTH	814
93.994	GG-08-21316-00	CHILDREN'S SPECIAL SERVICES	DEPARTMENT OF HEALTH	506,095
93.994	GG-08-21316-00	CHILDREN'S SPECIAL SERVICES	DEPARTMENT OF HEALTH	383,710
			Total maternal and child health services	<u>1,669,937</u>
94.002	07SRSTN007	Retired and Senior Volunteer Program	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE	60,504
97.004	Z-04-022523-00	DOMESTIC PREPAREDNESS	TEMA	175,020
97.004	GG-07-20953-08	Respondr Preparedness	State of Tennessee/TEMA	145,901
97.004	GG-04-12970-01	FY2004 Office of Domestic Preparedness	TEMA	9,151
			Total state domestic preparedness	<u>330,072</u>
97.006	Z-04-019759-00	CBRNE DRILLS	TEMA	224
97.008	GG-05-11505-02	FY2003 UASI TRAINING	TEMA	2,300
97.008	GG-06-12933-01	2004 UASI	TEMA	2,507,421
			Total urban areas security initiative	<u>2,509,721</u>
97.067	Z-05-025208-03	DOMESTIC PREPAREDNESS	U. S. Department of Homeland Security	1,267,336
97.067	GG-06-11505-01	URBAN AREA SECURITY INITIATIVE	TEMA	134,810
			Total homeland security grant program	<u>1,402,146</u>
97.071	CA070488	MMRS	CITY OF MEMPHIS	109,903
			Total Federal Awards	<u>87,655,071</u>

See accompanying notes to schedule of expenditures of federal and state awards.

**SHELBY COUNTY, TENNESSEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)**

For the Year Ended June 30, 2008

Contract Number	Program Name	Grantor Agency	State Expenditures Incurred
CA081078	Court Appointed Special Advocates	Tennessee Commission on Children and Youth	\$ 9,000
GU-07-3456	JUVENILE OFF. RESIDENTIAL CARE & TREATMENT	TN DEPARTMENT OF CHILDREN'S SERVICES	6,379,167
TN37B601018	SUPPORTIVE HOUSING PROGRAM		291,442
2002-VF-GX-K015/DG-07-02010-00			44,972
GG-07-12767-00	TENDERCARE OUTREACH	TDH	18,289
GG-08-21197-00	TENDERCARE OUTREACH	TDH	1,090,461
GG-07-12979-00	Juvenile Court GPS Grant	STATE OF TENNESSEE	49,546
TN37B601001	SUPPORTIVE HOUSING PROGRAM	US DEPT OF HUD	21,700
N/A	GIRLS JUMPING IN MEMPHIS	GENERAL MILLS FOUNDATION	(421)
N/A	City Courts Child Safety Seats	CITY OF MEMPHIS CITY COURTS	193,305
22807	Workforce Investment Network	City of Memphis	5,651
23358	Workforce Investment Network	City of Memphis	188,259
CA076047	PRISONER RE-ENTRY INITIATIVE	WIN/VECA CDC	92,376
N/A		TDH	1,156,097
GG-07-12537-00	TENNCARE DENTAL PROGRAM	TENNESSEE DEPARTMENT OF HEALTH	1,408
GG-08-20849-00	TENNCARE DENTAL PROGRAM	TENNESSEE DEPARTMENT OF HEALTH	1,657,121
Z00099343-01/DG-07-02010-00			156,556
N/A	COURTROOM AUDIO-VISUAL ENHANCEMENT	SUPREME COURT OF TN	8,882
2006-EW-AX-K010	COMPASS Training Grant	COMPASS Coordination Inc.	5,500
Z-05-025540-00	Drug Court Support Treatment	TN OFFICE OF CRIMINAL JUSTICE PROGRAMS	93,421
GG-07-20996-01/GR-08-22690-01	Aging Program	TENNESSEE COMMISSION ON AGING	964,841
GG-07-20996-01/GR-08-22690-01	Aging Program	TENNESSEE COMMISSION ON AGING	140,772
GG-07-20996-01/GR-08-22690-01	Aging Program	TENNESSEE COMMISSION ON AGING	435,943
GG-07-20996-01/GR-08-22690-01	Aging Program	TENNESSEE COMMISSION ON AGING	173,365
GG-07-20996-01/GR-08-22690-01	Aging Program	TENNESSEE COMMISSION ON AGING	92,100
GG-07-20996-01/GR-08-22690-01	Aging Program	TENNESSEE COMMISSION ON AGING	51,000
CA084701	Shelby County Drug Court	CITY OF MEMPHIS POLICE DEPARTMENT	224,999
SWC #411	AUTOMATED EXTERNAL DEFIBRILLATOR PLACEMENTS	ASSISI FOUNDATION	49,254
CA-086409	Crash Recovery System	Wal-Mart	1,025
CA086415	Community Enhancement Grant	TN SECRETARY OF STATE	653
Z-08-21044-00	TDOT Roadside Litter Grant	TN Highway Beautification Office	206,816
MAYAHMSCHD2007-1010/CA053261	Methodist Youth Care HIV Program	Meth-LeBonheur Healthcare Foundation	30,636
MAYAHMSCHD2007-1010	Methodist Youthcare	Methodist LeBonheur Healthcare Foundation	18,564
N/A	CSA Special Funding WORLD OVERCOMERS	WORLD OVERCOMERS	242,590
Z-08-020268-00	Tire Recycling	TN DEPARTMENT OF ENVIRONMENT & CONSERVATION	593,584
GG-07-12743-00/22646	Household Hazardous Waste Facility	City of Memphis	549,388
GG-08-20994-00	GRANT-IN AID	TN DOH	917,800
03-47-64531-00-0	CHILD & ADULT CARE FOOD PROGRAM	TN DHS	1,067,055
03-47-64531-00-0	CHILD & ADULT CARE FOOD PROGRAM	TN DHS	232,808
GG-08-23541-00	TOBACCO ENDOWMENT	TDH	13,982
N/A	COURTROOM SECURITY & AUDIO-VISUAL GRANT	SUPREME COURT OF TN	73,463
CA076143	City Schools Nursing	CITY BOARD OF EDUCATION	223,186
N/A	Aging Program		22,608
N/A	County Schools Nursing	COUNTY BOARD OF EDUCATION	1,295,605
N/A	COMMUNITY ENHANCEMENT	TN DEPT OF STATE	99,988
N/A	FRIENDS OF SCOUTING/HEALTHFAIR	TN DEPT OF STATE	52,067
Z05025510-00	Shelby County Residential Drug Court Project	TN OCJP	480,837
06-051	Domestic Violence Salon Initiative	The Assisi Foundation of Memphis, Inc.	399
N/A	Chickasaw Basin Authority Operations	STATE OF TENNESSEE	69,876
N/A	DUI Offenders		105,825
N/A	SHELBY FARMS TRAILS GATEWAY IMPROVEMENTS	TDOT	363,380
N/A	At-Risk Youth	Memphis City Schools	1,216,371
N/A	Industrial Development Board	INDUSTRIAL DEVELOPMENT BOARD	658,451
N/A	Industrial Development Board	INDUSTRIAL DEVELOPMENT BOARD	482,232
N/A	ECONOMIC DEVELOPMENT FUND		1,500,000
N/A	Integrated Delivery System	Health Loop - The Regional Medical Center	2,833,008
GR-0823855-00	Endowment Grant - Regional Medical Center Primary & Indigent Care	The Regional Medical Center	5,000,000
		Total state awards	31,937,303
		Total federal and state awards	\$ 119,592,374

See accompanying notes to schedule of expenditures of federal and state awards.

**SHELBY COUNTY, TENNESSEE**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

June 30, 2008

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**NOTE 1 – BASIS OF PRESENTATION**

The schedule of expenditures of federal and state awards includes the transactions related to the receipt of federal funds by Shelby County, Tennessee (the "County"). The Shelby County Board of Education, a component unit of the County, issues a separate financial report under OMB Circular A-133 and is not included in this schedule.

The schedule of expenditures of federal and state awards is presented on the modified accrual basis of accounting, consistent with accounting for governmental type funds. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"), which is generally when the allowable program expenditures are incurred. Expenditures and transfers out are recorded when the related program liability is incurred, except for certain compensated absences.

**NOTE 2 – RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS TO THE FINANCIAL STATEMENTS**

The following is a reconciliation of expenditures per the schedule of expenditures of federal and state awards to the expenditure balances in the grant fund, per the County's financial statements:

Totals per schedule of expenditures	\$ 119,592,374
Add: Expenditures not shown on this schedule	275,552
Less: Expenditures shown in the general fund	(5,000,000)
Less: Expenditures shown in capital projects fund	(213,878)
Less: Transfers out	(6,819,180)
Total grant fund expenditures	<u>\$ 107,834,868</u>

## SHELBY COUNTY, TENNESSEE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

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#### A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Shelby County, Tennessee.
2. A significant deficiency was disclosed during the audit of the financial statements and is listed below as 2008-1.
3. No instances of noncompliance material to the financial statements of Shelby County, Tennessee were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported.
5. The auditors' report on compliance for the major federal award programs for Shelby County, Tennessee expresses an unqualified opinion on all major federal programs.
6. The audit did not disclose any audit findings related to major programs that are required to be reported under OMB Circular A-133.
7. The programs tested as major programs included:
  - 66.001 – EPA Air Pollution
  - 93.569 – Community Services Block Grant
  - 93.600 – Head Start
  - 93.914 – HIV Emergency Relief Projects
  - 93.994 – Maternal and Child Health Services
8. The threshold for distinguishing Types A and B programs was \$2,629,652.
9. Shelby County, Tennessee was determined to be a low risk auditee.

**SHELBY COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

For the Year Ended June 30, 2008

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**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

**SIGNIFICANT DEFICIENCY**

2008-1

Condition: Shelby County, Tennessee made a prior period adjustment. In prior years, the County over-funded their actuarial required contribution for their retirement plan which resulted in a net pension asset. However, the asset was not reflected in the proprietary funds or the government-wide financial statements.

Criteria: Accounting principles generally accepted in the United States of America require that net pension assets be reflected as an asset in the proprietary funds and the government-wide financial statements.

Effect: Assets were understated in the prior years on the proprietary fund and the government-wide financial statements.

Recommendation: Net pension assets at year-end should be reviewed to ensure they are accounted for correctly in all funds.

Response: A prior year adjustment was made to reflect the net pension asset at June 30, 2007 and the current year financial statements reflect the adjustments necessary to arrive at the new net pension asset at June 30, 2008.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None reported

**SHELBY COUNTY, TENNESSEE**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

June 30, 2008

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No prior year audit findings were reported.