
ANNUAL FINANCIAL REPORT MONROE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2008



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**ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2008**

***DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller***

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Director***

***BRYAN W. BURKLIN, CPA, CGFM
Audit Manager***

***ANGIE COLLINS, CPA, CFE
DOUG SANDIDGE, CISA, CFE
State Auditors***

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

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MONROE COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Monroe County, Tennessee
For the Year Ended June 30, 2008

Scope

We have audited the basic financial statements of Monroe County as of and for the year ended June 30, 2008.

Results

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

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

Findings

The following is a summary of the audit findings:

AMBULANCE SERVICE DEPARTMENT

- ◆ Ambulance Service operations were not reconciled with a contracted billing agency.
-

OTHER FINDING

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

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INTRODUCTORY SECTION

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Monroe County Officials

June 30, 2008

Officials

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

Board of County Commissioners

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

Board of Education

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

Financial Management Committee

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

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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

October 24, 2008

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Monroe County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Monroe County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

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

In our opinion, except for the effects of not including the financial statements of the Monroe County Emergency Communications District, and the Women's Wellness and Maternity Center, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Monroe County, Tennessee, at June 30, 2008, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of June 30, 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 October 24, 2008, on our consideration of Monroe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Monroe County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and GASB Statement No. 50, Pension Disclosures.

The management's discussion and analysis on pages 21 through 30 and the budgetary comparison, pension, and postemployment information on pages 87 through 95 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

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**Monroe County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

This discussion and analysis of Monroe County's financial performance provides an overall view of the county's financial activities for the fiscal year ended June 30, 2008. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Monroe County School Department. A separate set of financial statements is not issued for the Monroe County School Department. The intent of this discussion and analysis is to look at the county's and the DPCU School Department's financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the county's financial performance as well as the DPCU School Department's financial performance.

FINANCIAL HIGHLIGHTS FOR FY 2008

Key Financial Highlights for 2008

In total, net assets of the primary government decreased \$17.7 million. Net assets of the DPCU School Department increased \$11.6 million. A major portion of these differences is related to the fact that school buildings constructed with county debt are recorded as an asset for the DPCU School Department while the debt issued to fund those capital assets is recorded as a liability for the primary government. All net assets of the primary government and the DPCU School Department are related to governmental activities.

General revenues of the primary government accounted for \$13.6 million in revenue or 55 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$11.1 million or 45 percent of total revenues of \$24.7 million. General revenues of the DPCU School Department were \$34.2 million.

Total assets of governmental activities in the primary government were \$158.5 million as taxes receivable ended at \$9 million, cash ended at \$14.1 million, and capital assets, net of accumulated depreciation, ended at \$133.4 million. Total assets in the DPCU School Department were \$52.3 million as taxes receivable ended at \$4.7 million, cash ended at \$10.3 million, and capital assets, net of accumulated depreciation, ended at \$36.3 million.

The county had \$42.3 million in expenses related to governmental activities, including \$13.6 million in expenses for capital assets provided to the DPCU School Department. Of these expenses, \$11.1 million were offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$8.8 million) provided additional funding for these programs. The DPCU School Department had \$42 million in expenses related to governmental activities; \$19.4 million of these expenses was offset by program specific charges for services, grants, or contributions. General revenues of the DPCU School Department (primarily property taxes and sales taxes of \$4.3 and \$3.4 million, respectively, and \$25.9 million of grants and contributions not restricted to specific programs) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$14.5 million in revenues and \$14.9 million in expenditures. The Solid Waste/Sanitation Fund had \$1.9 million in revenues and \$2 million in expenditures. The Highway/Public Works Fund had \$3.2 million in revenues and \$2.7 million in expenditures. The General Debt Service Fund had \$4.4 million in revenues and \$3.8 million in expenditures, and the Education Capital Projects Fund had \$16.2 million of expenditures funded by long-term debt proceeds. The fund balance decreased by \$.3 million for the General Fund, and by \$.1 million for the Solid Waste/Sanitation Fund. Fund balance increased by \$.5 million for the Highway/Public Works Fund and by \$.6 million for the General Debt Service Fund.

Using This Annual Financial Report

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

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

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the county and the DPCU School Department to provide programs and activities during 2008, the Statement of Net Assets and the Statement of Activities provide a broader picture of the financial activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the county reports its activities as governmental activities. The county's programs and services are reported here including general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; highways; education; and

other operations. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues. The DPCU School Department reported its activities as governmental activities. The DPCU School Department's programs and services are also reported there. These services are also funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting on the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The county and its DPCU School Department, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the county and the DPCU School Department can be divided into three categories: governmental, proprietary, and fiduciary.

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

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

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

The county and the DPCU School Department maintain several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Please refer to the Table of Contents to locate these statements.

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

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

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

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

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government’s financial position. In the case of the county, assets exceeded liabilities by \$99.3 million at the close of the most recent fiscal year. For the DPCU School Department, assets exceeded liabilities by \$44.5 million at the close of the most recent fiscal year.

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

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

Tables 1a and 1b provide a summary of the county’s and the DPCU School Department’s net assets; respectively, for 2008, and a comparison to the prior year.

An additional portion of the county’s net assets, \$9 million, represents resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$7.2 million of net assets is subject to external restrictions.

Table 2a shows the changes in net assets of the primary government for fiscal year 2008 as well as a comparison to the prior year. Table 2b shows the same information for the Monroe County School Department.

Table 1a - Primary Government

	Monroe County Government	
	2008	2007
Assets:		
Current and other assets	\$ 25,179,279	\$ 29,540,138
Capital assets	133,358,258	137,658,657
Total Assets	<u>\$ 158,537,537</u>	<u>\$ 167,198,795</u>
Liabilities:		
Long-term liabilities outstanding	\$ 48,276,861	\$ 39,750,951
Other liabilities	10,981,038	10,496,580
Total Liabilities	<u>\$ 59,257,899</u>	<u>\$ 50,247,531</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 130,063,068	\$ 133,903,706
Restricted	9,040,829	7,923,308
Unrestricted	(39,824,259)	(24,875,750)
Total Net Assets	<u>\$ 99,279,638</u>	<u>\$ 116,951,264</u>

Table 1b - School Department

	Monroe County School Department	
	2008	2007
Assets:		
Current and other assets	\$ 16,072,646	\$ 8,211,597
Capital assets	36,269,905	31,016,744
Total Assets	<u>\$ 52,342,551</u>	<u>\$ 39,228,341</u>
Liabilities:		
Long-term liabilities outstanding	\$ 2,275,287	\$ 1,550,000
Other liabilities	5,536,116	4,758,444
Total Liabilities	<u>\$ 7,811,403</u>	<u>\$ 6,308,444</u>
Net Assets:		
Invested in capital assets, net of related debt	\$ 35,079,905	\$ 29,466,744
Restricted	7,228,503	630,593
Unrestricted	2,222,740	2,822,560
Total Net Assets	<u>\$ 44,531,148</u>	<u>\$ 32,919,897</u>

Table 2a
Monroe County Government
Changes in Net Assets

Governmental Activities	Monroe County Government	
	2008	2007
Revenues:		
Program Revenues:		
Charges for services	\$ 7,098,391	\$ 6,826,465
Operating grants and contributions	2,831,485	3,121,142
Capital grants and contributions	1,121,730	1,610,256
General Revenues:		
Property taxes	8,826,856	8,119,101
Sales taxes	818,194	946,588
Other taxes	1,676,162	1,718,962
Grants and contributions not restricted to specific programs	1,470,635	1,324,148
Unrestricted investment earnings	656,164	619,043
Gain on sale of capital assets	7,195	43,563
Other	121,827	84,038
Total Revenues	<u>\$ 24,628,639</u>	<u>\$ 24,413,306</u>
Expenses:		
General government	\$ 1,959,624	\$ 1,852,099
Finance	1,701,512	1,570,296
Administration of justice	1,234,897	1,154,123
Public safety	5,089,257	4,513,540
Public health and welfare	5,308,006	5,016,011
Social, cultural, and recreation services	348,787	340,227
Agriculture and natural resources	105,789	96,899
Other operations	3,562,609	2,190,366
Highways	7,041,756	6,975,789
Education	13,636,577	1,082,000
Interest on long-term debt	1,853,512	1,364,740
Other debt service	457,939	383,189
Total Expenses	<u>\$ 42,300,265</u>	<u>\$ 26,539,279</u>
Increase (decrease) in Net Assets	\$ (17,671,626)	\$ (2,125,973)
Net Assets, July 1	<u>116,951,264</u>	<u>119,077,237</u>
Net Assets, June 30	<u><u>\$ 99,279,638</u></u>	<u><u>\$ 116,951,264</u></u>

Governmental Activities

	Monroe County School Department	
	2008	2007
Revenues:		
Program Revenues:		
Charges for services	\$ 1,454,543	\$ 1,517,549
Operating grants and contributions	4,311,242	4,081,834
Capital grants and contributions	13,636,577	1,082,000
General Revenues:		
Property taxes	4,341,973	4,345,464
Sales taxes	3,374,688	3,426,491
Other taxes	102,709	99,971
Grants and contributions not restricted to specific programs	25,921,165	23,739,614
Unrestricted investment earnings	267,337	243
Other	190,423	208,731
Total Revenues	<u>\$ 53,600,657</u>	<u>\$ 38,501,897</u>
Expenses:		
Education	<u>\$ 41,989,406</u>	<u>\$ 38,028,588</u>
Total Liabilities	<u>\$ 41,989,406</u>	<u>\$ 38,028,588</u>
Increase (decrease) in Net Assets	\$ 11,611,251	\$ 473,309
Net Assets, July 1	<u>32,919,897</u>	<u>32,446,588</u>
Net Assets, June 30	<u><u>\$ 44,531,148</u></u>	<u><u>\$ 32,919,897</u></u>

Highway expenses of \$7 million accounted for approximately 17 percent of the \$42.3 million total expenses for governmental activities. Of that \$42.3 million in governmental activities expenses, \$7.1 million was covered by direct charges to users of the services. A significant portion of those charges is for Constitutional Officers fees. Charges for services include fees for boarding of prisoners in the county jail (in the public safety category), ambulance fees, and tipping fees (in the public health and welfare category). Total net assets decreased from \$117 million to \$99.3 million, of which \$13.6 million relates to capital assets expensed for the benefit of the School Department. The School Department's net assets increased from \$32.9 million to \$44.5 million, due to the same reason.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the county's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such

information is useful in assessing the county's and the DPCU School Department's financing requirements. In particular, unreserved fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the county's governmental funds reported combined ending fund balances of \$11.9 million. Approximately \$11.3 million of this total amount constitutes unreserved fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purpose restrictions. The remainder of fund balance is reserved to indicate that it is not available for new spending. In the DPCU School Department's governmental funds, combined ending fund balances were \$10 million. Approximately \$3.1 million of this total amount constitutes unreserved fund balance in the general and special revenue funds. A good portion of the remainder represents existing debt proceeds reserved for outstanding construction contracts.

Financial Comparisons - Primary Government

The General Fund is the chief operating fund of the county. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3 million, while total fund balance was \$3.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 20 percent of total General Fund expenditures, while total fund balance represents 22 percent of that same amount.

The fund balance of the county's General Fund remained relatively static during the year, decreasing by \$.3 million.

Also staying relatively the same, the fund balance of the Solid Waste/Sanitation Fund decreased by \$132,000.

The Highway/Public Works Fund increased by \$.5 million during the current year.

The General Debt Service Fund again finished very strong at June 30, 2008, with a net increase of \$640,000 in fund balance to end at \$6.6 million. These savings were realized due to the use of variable rate debt instruments and the extremely favorable market conditions of these debt instruments.

Monroe County's budgeting process is prescribed by Tennessee Code Annotated. Essentially the budget is the county's appropriations that are restricted by the amounts of anticipated revenues, therefore the county's plans and desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

The county General Fund's original budget was adjusted by increasing appropriations by approximately \$.8 million throughout the year. All increases in appropriations that were not funded by grants and debt proceeds were taken from accumulated fund balance. It should be noted that unspent appropriations and favorable revenue variances resulted in a \$.3 million decrease in fund balance during the fiscal year ended June 30, 2008.

Financial Comparison - DPCU School Department

The General Purpose School Fund is the chief operating fund of the DPCU School Department. At the end of the current fiscal year, unreserved fund balance of the General Purpose School Fund was \$2.7 million, while total fund balance was \$2.8 million. As a measure of the General Purpose School Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 7.8 percent of total General Purpose School Fund expenditures, while total fund balance represents 8.4 percent of that same amount.

Capital Assets and Debt Administration

Capital Assets. The county's investment in capital assets for its governmental activities as of June 30, 2008, totaled \$130.1 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, equipment, roads, highways, and bridges. The DPCU School Department's investment in capital assets for its governmental activities as of June 30, 2008, totaled \$35.1 million (net of accumulated depreciation and related debt). Footnote IV.B. (Capital Assets) provides more information on the county's and the discretely presented School Department's capital assets activity for the 2008 fiscal year.

Long-term Debt. At the end of the 2008 fiscal year, the county had total loan agreements outstanding of \$21 million and total bonded debt outstanding of \$24.6 million. All of these amounts are backed by the full faith and credit of the county. The county's bonded debt increased by \$8.85 million during the 2008 fiscal year. The county maintains an A3 rating with Moody's for general obligation debt.

In addition to the loan agreements and bonds, county long-term obligations include notes payable of \$1.7 million. Additional information on the county's long-term debt can be found in Footnote IV.E. of this report.

Interest and fiscal charges totaled 4.4 percent of the total expenses for governmental activities.

The DPCU School Department has bonded debt outstanding of \$1.2 million and other postemployment long-term liabilities of \$1.1 million. Additional information on this debt can also be found in Footnote IV.E. of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the county is currently 10.5 percent, which is an increase of 4.7 percent from a year ago. The state's average unemployment rate is currently 6.6 percent and the national average is 6.1 percent. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the county's budget for the 2008 fiscal year. The General Fund budget for the coming year estimates using approximately \$78,221 of available fund balance. The tax rate approved for the coming year remains unchanged.

Request for Information

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

BASIC FINANCIAL STATEMENTS

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Exhibit A

Monroe County, Tennessee
Statement of Net Assets
June 30, 2008

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Monroe County School Department</u>
<u>ASSETS</u>		
Cash	\$ 2,771	\$ 1,046
Equity in Pooled Cash and Investments	14,135,448	10,283,199
Accounts Receivable	816,624	0
Allowance for Uncollectibles	(112,538)	0
Due from Other Governments	1,219,543	1,086,749
Property Taxes Receivable	9,178,864	4,837,583
Allowance for Uncollectible Property Taxes	(257,917)	(135,931)
Unamortized Debt Issuance Cost	196,484	0
Capital Assets		
Assets Not Depreciated:		
Land	821,399	666,112
Construction in Progress	0	6,893,007
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	5,134,438	28,319,747
Other Capital Assets	1,430,963	391,039
Infrastructure - Roads, Streets, and Bridges	<u>125,971,458</u>	<u>0</u>
Total Assets	<u>\$ 158,537,537</u>	<u>\$ 52,342,551</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 155,321	\$ 40,930
Contracts Payable	0	982,702
Retainage Payable	0	51,721
Accrued Interest Payable	193,471	4,646
Due to State of Tennessee	839	0
Other Current Liabilities	2,176,341	0
Deferred Revenue - Property Taxes	8,455,066	4,456,117
Noncurrent Liabilities:		
Due Within One Year	1,921,093	380,000
Due in More than One Year	<u>46,355,768</u>	<u>1,895,287</u>
Total Liabilities	<u>\$ 59,257,899</u>	<u>\$ 7,811,403</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Monroe County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	\$ 130,063,068	\$ 35,079,905
Restricted for:		
Highways	1,691,198	0
Debt Service	6,509,481	0
Drug Control	143,073	0
Constitutional Officers' Data Processing Systems	120,181	0
Federal Assistance Programs	0	607,473
Solid Waste/Sanitation	428,894	0
Jail, Workhouse, and Courthouse	122,517	0
Capital Projects	0	6,621,030
Other Purposes	25,485	0
Unrestricted	<u>(39,824,259)</u>	<u>2,222,740</u>
Total Net Assets	<u>\$ 99,279,638</u>	<u>\$ 44,531,148</u>

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

Exhibit B

Monroe County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Primary Governmental Activities		Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Monroe County School Department	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,959,624	\$ 388,307	\$ 57,634	\$ 77,399	\$ (1,436,284)	\$ 0	
Finance	1,701,512	927,816	36,515	0	(737,181)	0	
Administration of Justice	1,234,897	1,071,697	9,000	0	(154,200)	0	
Public Safety	5,089,257	1,030,570	243,580	0	(3,815,107)	0	
Public Health and Welfare	5,308,006	3,613,032	249,759	385,222	(1,059,993)	0	
Social, Cultural, and Recreational Services	348,787	36,935	0	0	(311,852)	0	
Agriculture and Natural Resources	105,789	0	0	0	(105,789)	0	
Other Operations	3,562,609	28,341	33,306	469,249	(3,031,713)	0	
Highways	7,041,756	1,693	2,201,691	189,860	(4,648,512)	0	
Education	13,636,577	0	0	0	(13,636,577)	0	
Debt Service:							
Interest on Long-term Debt	1,853,512	0	0	0	(1,853,512)	0	
Other Debt Service	457,939	0	0	0	(457,939)	0	
Total Primary Government	\$ 42,300,265	\$ 7,098,391	\$ 2,831,485	\$ 1,121,730	\$ (31,248,659)	\$ 0	
Component Unit:							
Monroe County School Department	\$ 41,989,406	\$ 1,454,543	\$ 4,311,242	\$ 13,636,577	\$ 0	\$ (22,587,044)	
Total Component Unit	\$ 41,989,406	\$ 1,454,543	\$ 4,311,242	\$ 13,636,577	\$ 0	\$ (22,587,044)	

(Continued)

Exhibit B

Monroe County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit Monroe County School Department
	Program Revenues			Primary Governmental Activities		Monroe County School Department	
	Expenses	Charges for Services	Operating Contributions	Capital Grants and Contributions	Primary Governmental Activities		
General Revenues:							
Property Taxes Levied for General Purposes					\$ 5,386,243	\$ 4,341,973	
Property Taxes Levied for Solid Waste/Sanitation					1,007,227	0	
Property Taxes Levied for Highways					283,829	0	
Property Taxes Levied for Debt Service					2,149,557	0	
Sales Taxes					818,194	3,374,688	
Other Taxes					1,676,162	102,709	
Grants and Contributions Not Restricted to Specific Programs					1,470,635	25,921,165	
Unrestricted Investment Income					656,164	267,337	
Gain on Sale of Capital Assets					7,195	0	
Miscellaneous					121,827	190,423	
Total General Revenues					\$ 13,577,033	\$ 34,198,295	
Change in Net Assets					\$ (17,671,626)	\$ 11,611,251	
Net Assets, July 1, 2007					116,951,264	32,919,897	
Net Assets, June 30, 2008					\$ 99,279,638	\$ 44,531,148	

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

Exhibit C-1

Monroe County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2008

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Capital Projects	Other	Governmental Funds	
Cash	\$ 300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,471	\$ 2,771	
Equity in Pooled Cash and Investments	2,577,845	401,448	1,272,620	6,548,653	2,059,626	143,073	13,003,265	
Accounts Receivable	734,733	54,013	1,252	26,542	0	84	816,624	
Allowance for Uncollectibles	(112,538)	0	0	0	0	0	(112,538)	
Due from Other Governments	744,468	30,398	401,261	43,416	0	0	1,219,543	
Due from Other Funds	2,555	0	0	0	0	0	2,555	
Property Taxes Receivable	6,013,738	1,186,922	316,513	1,661,691	0	0	9,178,864	
Allowance for Uncollectible Property Taxes	(168,980)	(33,352)	(8,894)	(46,691)	0	0	(257,917)	
Total Assets	\$ 9,792,121	\$ 1,639,429	\$ 1,982,752	\$ 8,233,611	\$ 2,059,626	\$ 145,628	\$ 23,853,167	

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities	\$ 38,113	\$ 117,208	\$ 0	\$ 0	\$ 0	\$ 0	\$ 155,321
Accounts Payable	0	0	0	0	2,059,626	2,555	2,062,181
Due to Other Funds	839	0	0	0	0	0	839
Due to State of Tennessee	5,539,526	1,093,327	291,554	1,530,659	0	0	8,455,066
Deferred Revenue - Current Property Taxes	283,790	56,011	14,936	78,416	0	0	433,153
Deferred Revenue - Delinquent Property Taxes	622,847	7,011	193,022	14,475	0	0	837,355
Other Deferred Revenues	\$ 6,485,115	\$ 1,273,557	\$ 499,512	\$ 1,623,550	\$ 2,059,626	\$ 2,555	\$ 11,943,915
Total Liabilities	\$ 49,367	\$ 641	\$ 278,450	\$ 0	\$ 0	\$ 3,865	\$ 332,323
Fund Balances	14,261	0	0	0	0	0	14,261
Reserved for Encumbrances	122,517	0	0	0	0	0	122,517
Reserved for Alcohol and Drug Treatment	7,625	0	0	0	0	0	7,625
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	3,599	0	0	0	0	0	3,599
Reserved for Sexual Offender Registration	108,283	0	0	0	0	0	108,283
Reserved for Courtroom Security	36	0	0	0	0	0	36
Reserved for Computer System - Register	11,862	0	0	0	0	0	11,862
Reserved for Automation Purposes - Circuit Court							
Reserved for Automation Purposes - Sheriff							

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Capital Projects	Other Governmental Funds		
General							
\$ 2,989,456	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,989,456
0	365,231	1,204,790	0	0	139,208	0	1,709,229
0	0	0	6,610,061	0	0	0	6,610,061
\$ 3,307,006	\$ 365,872	\$ 1,483,240	\$ 6,610,061	\$ 0	\$ 143,073	\$ 0	\$ 11,909,252
\$ 9,792,121	\$ 1,639,429	\$ 1,982,752	\$ 8,233,611	\$ 2,059,626	\$ 145,628	\$ 0	\$ 23,853,167

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)	
Unreserved, Reported In:	
General Fund	
Special Revenue Funds	
Debt Service Funds	
Total Fund Balances	
Total Liabilities and Fund Balances	

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

Exhibit C-2

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 11,909,252
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 821,399	
Add: infrastructure net of accumulated depreciation	125,971,458	
Add: buildings and improvements net of accumulated depreciation	5,134,438	
Add: other capital assets net of accumulated depreciation	<u>1,430,963</u>	133,358,258
(2) Internal service funds are used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		1,015,468
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,772,455)	
Less: bonds payable	(24,649,236)	
Less: other loans payable	(20,990,000)	
Add: deferred charges - debt issuance costs	196,484	
Less: compensated absences payable	(166,120)	
Less: landfill closure/postclosure care costs	(630,000)	
Less: other postemployment benefits liability	(69,050)	
Less: accrued interest on bonds, notes, and capital leases	<u>(193,471)</u>	(48,273,848)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,270,508</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 99,279,638</u>

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

Exhibit C-3

Monroe County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Capital Projects	Other Governmental Funds	Governmental Funds	
Revenues								
Local Taxes	\$ 7,052,688	\$ 1,036,094	\$ 457,498	\$ 3,219,174	\$ 0	\$ 0	\$ 0	\$ 11,765,454
Licenses and Permits	102,491	0	0	0	0	0	0	102,491
Fines, Forfeitures, and Penalties	180,339	0	0	0	0	0	161,295	341,634
Charges for Current Services	2,325,658	716,927	321,031	97,311	0	0	8,410	3,469,337
Other Local Revenues	204,447	11,486	39,050	600,940	55,146	0	0	911,069
Fees Received from County Officials	1,930,725	0	0	0	0	0	0	1,930,725
State of Tennessee	2,007,007	91,922	2,306,920	31,746	0	0	0	4,437,595
Federal Government	489,095	0	109,727	0	0	0	0	598,822
Other Governments and Citizens Groups	179,073	0	1,693	446,290	0	0	0	627,056
Total Revenues	\$ 14,471,523	\$ 1,856,429	\$ 3,235,919	\$ 4,395,461	\$ 55,146	\$ 169,705	\$ 0	\$ 24,184,183
Expenditures								
Current:								
General Government	\$ 1,883,449	0	0	0	0	0	0	1,883,449
Finance	1,719,201	0	0	0	0	0	0	1,719,201
Administration of Justice	1,231,624	0	0	0	0	0	8,410	1,240,034
Public Safety	4,969,460	0	0	0	0	0	104,710	5,074,170
Public Health and Welfare	3,490,194	1,982,387	0	0	0	0	0	5,472,581
Social, Cultural, and Recreational Services	348,787	0	0	0	0	0	0	348,787
Agriculture and Natural Resources	105,898	0	0	0	0	0	0	105,898
Other Operations	1,175,328	0	0	0	2,356,626	0	0	3,531,954
Highways	0	35,975	2,743,347	0	0	0	0	2,779,322
Debt Service:								
Principal on Debt	0	0	0	1,680,760	0	0	0	1,680,760
Interest on Debt	0	0	0	1,832,077	0	0	0	1,832,077
Other Debt Service	0	0	0	241,687	206,671	0	0	448,358
Capital Projects	9,973	0	0	0	0	0	0	9,973
Capital Projects - Donated	0	0	0	0	13,636,577	0	0	13,636,577
Total Expenditures	\$ 14,933,914	\$ 2,018,362	\$ 2,743,347	\$ 3,754,524	\$ 16,199,874	\$ 113,120	\$ 0	\$ 39,763,141

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Education Capital Projects	Other	Governmental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ (462,391)	\$ (161,933)	\$ 492,572	\$ 640,937	\$ (16,144,728)	\$ 56,585	\$ (15,578,958)	
<u>Other Financing Sources (Uses)</u>								
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,850,000	\$ 0	\$ 9,850,000	
Notes Issued	156,500	0	0	0	0	0	156,500	
Transfers In	0	30,000	0	0	0	0	30,000	
Transfers Out	(30,000)	0	0	0	0	0	(30,000)	
Total Other Financing Sources (Uses)	\$ 126,500	\$ 30,000	\$ 0	\$ 0	\$ 9,850,000	\$ 0	\$ 10,006,500	
Net Change in Fund Balances	\$ (335,891)	\$ (131,933)	\$ 492,572	\$ 640,937	\$ (6,294,728)	\$ 56,585	\$ (5,572,458)	
Fund Balance, July 1, 2007	3,642,897	497,805	990,668	5,969,124	6,294,728	86,488	17,481,710	
Fund Balance, June 30, 2008	\$ 3,307,006	\$ 365,872	\$ 1,483,240	\$ 6,610,061	\$ 0	\$ 143,073	\$ 11,909,252	

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

Exhibit C-4

Monroe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (5,572,458)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 573,037	
Less: current year depreciation expense	(4,846,687)	
Less: net book value of asset disposals	<u>(26,749)</u>	(4,300,399)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2007	\$ (799,303)	
Add: deferred delinquent property taxes and other deferred June 30, 2008	<u>1,270,508</u>	471,205
(3) The issuance of long-term debt (e.g., notes, bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (156,500)	
Less: bond proceeds	(9,850,000)	
Less: change in deferred debt issuance costs	(9,581)	
Less: change in other postemployment benefits liability	(69,050)	
Add: principal payments on notes	575,760	
Add: principal payments on bonds	1,005,000	
Add: principal payments on other loans	<u>100,000</u>	(8,404,371)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (21,435)	
Change in landfill postclosure costs and accrued leave	<u>(131,120)</u>	(152,555)
(5) Internal service funds are used by management to charge the cost of employee health benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>286,952</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (17,671,626)</u>

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

Exhibit D-1

Monroe County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2008

Governmental
 Activities -
 Internal
Service Fund
 Employee
 Health
 Insurance
Fund

ASSETS

Current Assets:

Equity in Pooled Cash and Investments	\$ 1,132,183
Total Assets	<u>\$ 1,132,183</u>

LIABILITIES

Current Liabilities:

Other Current Liabilities	\$ 116,715
Total Liabilities	<u>\$ 116,715</u>

NET ASSETS

Unrestricted	<u>\$ 1,015,468</u>
Net Assets	<u><u>\$ 1,015,468</u></u>

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

Exhibit D-2

Monroe County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Assets
Proprietary Fund
For the Year Ended June 30, 2008

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 1,865,411
Total Operating Revenues	<u>\$ 1,865,411</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 44,374
Insurance Premiums	189,973
Medical Claims	<u>1,344,112</u>
Total Operating Expenses	<u>\$ 1,578,459</u>
Operating Income (Loss)	<u>\$ 286,952</u>
Change in Net Assets	\$ 286,952
Net Assets, July 1, 2007	<u>728,516</u>
Net Assets, June, 30, 2008	<u><u>\$ 1,015,468</u></u>

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

Exhibit D-3

Monroe County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2008

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Cash Flows From Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 1,865,411
Payments to Fiscal Agents	(44,374)
Payments to Insurers	(189,973)
Payments for Claims	<u>(1,273,397)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 357,667</u>
Increase (Decrease) In Cash	\$ 357,667
Cash, July 1, 2007	<u>774,516</u>
Cash, June 30, 2008	<u>\$ 1,132,183</u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>To Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 286,952
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Other Current Liabilities	<u>70,715</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 357,667</u>

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

Exhibit E

Monroe County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,020,667
Due from Other Funds	2,059,626
Taxes Receivable	1,255,283
Allowance for Uncollectible Taxes	(35,272)
Due from Other Governments	<u>779,059</u>
Total Assets	<u>\$ 6,079,363</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 4,058,696
Due to Litigants, Heirs, and Others	<u>2,020,667</u>
Total Liabilities	<u>\$ 6,079,363</u>

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

MONROE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

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

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

Administrative Offices:

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

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

B. Government-wide and Fund Financial Statements

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

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

Monroe County issues most debt for the discretely presented Monroe County School Department. Net debt issues of \$13,636,577 and \$2,356,626 were contributed by the county to the Monroe County School Department and the Sweetwater City School System, respectively, during the year ended June 30, 2008.

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

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

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

Fund financial statements of Monroe County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Monroe County only reports one proprietary fund, an internal service fund. It has no enterprise funds to report.

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

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

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

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

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

Monroe County reports the following major governmental funds:

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

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

Highway/Public Works Fund – This fund accounts for transactions related to the county’s Highway Department.

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

Education Capital Projects Fund – This fund accounts for debt issued by Monroe County that is subsequently contributed to the discretely presented Monroe County School Department and the City of Sweetwater for construction and renovation projects.

Additionally, Monroe County reports the following fund types:

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

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

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the statement of cash flows, cash includes cash on deposit with the county trustee.

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Monroe County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Monroe County and the Monroe County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment

Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.47 percent of the total taxes levied.

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

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

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

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

Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. The balance in Other Current Liabilities (\$2,176,341) on the statement of net assets consists of internal service fund liabilities for self-insured claims of \$116,715 and \$2,059,626 due to Sweetwater City School System for its share of bond issues.

Retainage payable in the School Department's Education Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

3. Capital Assets

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

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

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

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

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

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

4. **Compensated Absences**

It is the county's policy (primary government only) to permit employees to accumulate earned but unused vacation benefits. Vacation benefits granted through the discretely presented Monroe County School Department do not vest or accumulate and must be taken during the year or lost. There is no liability for unpaid accumulated sick leave since neither Monroe County nor the Monroe County School Department has a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the primary government. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

5. **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

6. Net Assets and Fund Equity

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

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

As of June 30, 2008, Monroe County had \$44,095,952 in outstanding debt for capital purposes for the discretely presented Monroe County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Sweetwater School System) based on an average daily attendance proration. The debt is a liability of Monroe County, but the capital assets acquired are reported in the financial statements of the Monroe County School Department and the City of Sweetwater School System. Therefore, Monroe County has incurred a liability, significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Designations in the General Fund on June 30, 2008, consisted primarily for tourism (\$156,192), industries (\$34,907), maternity center (\$39,903), and the dental department (\$86,366).

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Monroe County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

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

Primary Government

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

Discretely Presented Monroe County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances

may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

B. Fund Deficit

The discretely presented School Department's Education Capital Projects Fund had a deficit in unreserved fund balance of \$4,961,613 at June 30, 2008. This deficit resulted from the unperformed portions of construction contracts of \$11,582,643 being reserved as encumbrances. Management expects funding for these future expenditures to be received from the issuance of debt subsequent to year end.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral

securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2008, Monroe County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Monroe County and the discretely presented Monroe County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value or Cost
State Treasurer's Investment Pool	Daily	\$ 1,300,000
Sevier County Public Building Authority Variable Local Government Public Improvement - IV-I-2	6-1-27 (1)	735,000
Sevier County Public Building Authority Adjustable Local Government Public Improvement - III D-3	6-1-19 (2)	1,900,000
Sevier County Public Building Authority Revenue Adj. Local Government Public Improvement - II E-2	6-1-21 (1)	2,200,000
Sevier County Public Building Authority Local Government Public Improvement - Series IV-G-3	6-1-22 (1)	1,900,000
Sevier County Public Building Authority Revenue Adj. Local Government Public Improvement - II B-1	6-1-25 (2)	700,000
Sevier County Public Building Authority Variable Local Government Public Improvement - IV-I-2	6-1-27 (1)	<u>1,815,000</u>
Total		<u>\$ 10,550,000</u>

(1) The security is callable continuously at 100 beginning April 23, 2008.

(2) The security is callable at 100 at any interest date beginning June 1, 2008.

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Monroe County has no investment policy that would further limit its investment choices. As of June 30, 2008, Monroe County's investment in the State Treasurer's Investment Pool was unrated. Monroe County's investments in Sevier County Public Building Authority Local Government Public Improvement Securities are rated Aaa by Moody's Investor's Service and AAA by Standard & Poor's.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Monroe County places no limit on the amount the county may invest in one issuer. As of June 30, 2008, Monroe County's investments consisted of two types of securities. Each type of security accounts for more than five percent of the county's investments as follows: Sevier County Public Building Authority Local Government Public Improvement, 87.7 percent and the State Treasurer's Investment Pool, 12.3 percent.

B. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance			Balance
	7-1-07	Increases	Decreases	6-30-08
Capital Assets Not Depreciated:				
Land	\$ 821,399	\$ 0	\$ 0	\$ 821,399
Construction in Progress	0	0	0	0
Total Capital Assets Not Depreciated	<u>\$ 821,399</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 821,399</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 7,723,299	\$ 95,675	\$ 0	\$ 7,818,974
Roads and Bridges	168,241,003	0	0	168,241,003
Other Capital Assets	5,367,863	477,362	(422,768)	5,422,457
Total Capital Assets Depreciated	<u>\$ 181,332,165</u>	<u>\$ 573,037</u>	<u>\$ (422,768)</u>	<u>\$ 181,482,434</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,487,517	\$ 197,019	\$ 0	\$ 2,684,536
Roads and Bridges	38,063,518	4,206,027	0	42,269,545
Other Capital Assets	3,943,872	443,641	(396,019)	3,991,494
Total Accumulated Depreciation	<u>\$ 44,494,907</u>	<u>\$ 4,846,687</u>	<u>\$ (396,019)</u>	<u>\$ 48,945,575</u>
Total Capital Assets Depreciated, Net	<u>\$ 136,837,258</u>	<u>\$ (4,273,650)</u>	<u>\$ (26,749)</u>	<u>\$ 132,536,859</u>
Governmental Activities Capital Assets, Net	<u>\$ 137,658,657</u>	<u>\$ (4,273,650)</u>	<u>\$ (26,749)</u>	<u>\$ 133,358,258</u>

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

Governmental Activities:

General Government	\$	179,080
Finance		4,088
Public Safety		154,363
Public Health and Welfare		182,377
Other Operations		41,944
Highways		<u>4,284,835</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>4,846,687</u></u>

Discretely Presented Monroe County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	\$ 666,112	\$ 0	\$ 666,112
Construction in Progress	<u>726,927</u>	<u>6,166,080</u>	<u>6,893,007</u>
Total Capital Assets Not Depreciated	<u>\$ 1,393,039</u>	<u>\$ 6,166,080</u>	<u>\$ 7,559,119</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 44,631,619	\$ 14,974	\$ 44,646,593
Other Capital Assets	<u>1,069,853</u>	<u>220,694</u>	<u>1,290,547</u>
Total Capital Assets Depreciated	<u>\$ 45,701,472</u>	<u>\$ 235,668</u>	<u>\$ 45,937,140</u>
Less: Accumulated Depreciation For:			
Buildings and Improvements	\$ 15,248,760	\$ 1,078,086	\$ 16,326,846
Other Capital Assets	<u>829,007</u>	<u>70,501</u>	<u>899,508</u>
Total Accumulated Depreciation	<u>\$ 16,077,767</u>	<u>\$ 1,148,587</u>	<u>\$ 17,226,354</u>
Total Capital Assets Depreciated, Net	<u>\$ 29,623,705</u>	<u>\$ (912,919)</u>	<u>\$ 28,710,786</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 31,016,744</u></u>	<u><u>\$ 5,253,161</u></u>	<u><u>\$ 36,269,905</u></u>

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

Governmental Activities:

Instruction	\$ 10,770
Support Services	1,131,663
Operation of Non-Instructional Services	<u>6,154</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,148,587</u>

C. Construction Commitments

At June 30, 2008, the Monroe County School Department had uncompleted construction projects of \$11,532,304 for two new schools. Funding for these projects is being provided through the issuance of general obligation debt. The County Commission has expressed its intent to issue up to \$25,000,000 in debt to fund the school building program. A total of \$18,350,000 in debt has been issued for school purposes in the 2006-2007 and 2007-2008 years.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 2,555
Agency	Education Capital Projects	2,059,626
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	50

The amount due from the Education Capital Projects Fund to the Agency Fund represents the balance due to the City of Sweetwater School Fund for the city's share of county bond proceeds. Other balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2008, consisted of the following amount:

Primary Government

Transfers Out	<u>Transfers In</u> Solid Waste/ Sanitation Fund
General Fund	\$ 30,000

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

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 40 years for bonds, up to 12 years for notes, and up to 30 years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2008, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	4.05 to 5 %	\$ 19,949,236	\$ 19,529,236
Refunding Bonds	4.25 to 5.25	10,205,000	5,120,000
Capital Outlay Notes	3.49 to 7.95	2,950,500	1,772,455
Other Loans - Variable Rate	variable	5,140,000	4,940,000
Other Loans - Synthetic Fixed Rate by Swap	variable	16,385,000	16,050,000

Monroe County entered into various loan agreements with Public Building Authorities (PBAs) to finance various capital projects for the county and the discretely presented Monroe County School Department. Under the loan agreements, the PBAs issued their revenue bonds and made the proceeds available for loan to Monroe County. The following table summarizes loan agreements outstanding at June 30, 2008:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-08	Interest Type	Interest Rates as of 6-30-08	Other Fees on Variable Rate Debt
<u>Sevier County Public Building Authority</u>					
School Construction (Series IV-A-4)	\$ 6,335,000	\$ 6,000,000	Synthetic Fixed by Swap	3.09 %	.49 %
Public Improvement (Series V-A-3)	2,350,000	2,350,000	Variable	2.91	.49
Public Improvement (Series V-C-2)	10,050,000	10,050,000	Synthetic Fixed by Swap	3.89	.49
Public Improvement (Series VI-C-5)	1,500,000	1,300,000	Variable	5.25	.50
<u>Blount County Public Building Authority</u>					
School Construction (Series A-1-H)	1,290,000	1,290,000	Variable	2.75	.5
Total		<u>\$ 20,990,000</u>			

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2008, including interest payments, are presented in the following table. Estimated annual requirements for other loans are also reflected in the table. Amounts reflected for other loans are based on the outstanding principal totaling \$20,990,000.

Estimated interest payments and estimated other fees are included for the loan agreements. Variable rate debt carries variable interest rates that are functions of the Bond Market Association Index with the rates changing daily or weekly. The county also pays various other fees (administrative, remarketing, etc.) in connection with the variable rate debt. Interest payments included in the table for the variable rate issues are computed based on the rates in effect at June 30, 2008.

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 616,503	\$ 64,479	\$ 680,982
2010	263,731	40,958	304,689
2011	256,997	30,863	287,860
2012	266,630	21,682	288,312
2013	276,452	12,122	288,574
2014-2018	92,142	1,395	93,537
Total	<u>\$ 1,772,455</u>	<u>\$ 171,499</u>	<u>\$ 1,943,954</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 1,045,000	\$ 1,112,036	\$ 2,157,036
2010	1,095,000	1,009,876	2,104,876
2011	1,140,000	952,700	2,092,700
2012	1,200,000	893,163	2,093,163
2013	1,260,000	830,476	2,090,476
2014-2018	1,559,236	4,983,704	6,542,940
2019-2023	1,350,000	3,627,690	4,977,690
2024-2028	3,175,000	3,119,628	6,294,628
2029-2033	4,200,000	2,394,523	6,594,523
2034-2038	8,625,000	1,086,650	9,711,650
Total	<u>\$ 24,649,236</u>	<u>\$ 20,010,446</u>	<u>\$ 44,659,682</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2009	\$ 100,000	\$ 748,455	\$ 103,110	\$ 951,565
2010	100,000	743,205	102,610	945,815
2011	100,000	737,955	102,110	940,065
2012	110,000	732,705	101,610	944,315
2013	120,000	729,680	101,060	950,740
2014-2018	4,100,000	3,400,673	464,780	7,965,453
2019-2023	5,610,000	2,613,100	338,035	8,561,135
2024-2028	4,900,000	1,763,105	218,055	6,881,160
2029-2033	5,850,000	698,445	87,495	6,635,940
Total	\$ 20,990,000	\$ 12,167,323	\$ 1,618,865	\$ 34,776,188

There is \$6,610,061 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$633, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$1,217, based on the 2000 federal census.

Swap Agreements:

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.27 percent and receives a variable payment computed as 63.1 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$6.335 million and the associated variable-rate bond has a \$6.335 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-A-4 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.27%
Variable payment from counterparty		<u>-2.71%</u>
Net interest rate swap payments		1.56%
Variable-rate bond coupon payments		<u>1.53%</u>
Synthetic interest rate on bonds		<u><u>3.09%</u></u>

Fair value. As of June 30, 2008, the swap had a negative fair value of \$467,306. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2008, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, that was rated AA by Standard and Poor's and Aa3 by Moody's Investor Service as of June 30, 2008. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if BMA increases to above 63.1 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 63.1 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

Swap payments and associated debt. As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2009	\$ 0	\$ 91,800	\$ 93,781	\$ 185,581
2010	0	91,800	93,781	185,581
2011	0	91,800	93,781	185,581
2012	0	91,800	93,781	185,581
2013	0	91,800	93,781	185,581
2014-2018	3,390,000	362,687	370,509	4,123,196
2019-2020	2,610,000	60,435	61,739	2,732,174
Total	\$ 6,000,000	\$ 882,122	\$ 901,153	\$ 7,783,275

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.684 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10.050 million and the associated variable-rate bond has a \$10.050 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series V-C-2 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2033. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.68%
Variable payment from counterparty		<u>-2.70%</u>
Net interest rate swap payments		0.98%
Variable-rate bond coupon payments		<u>2.91%</u>
Synthetic interest rate on bonds		<u><u>3.89%</u></u>

Fair value. As of June 30, 2008, the swap had a negative fair value of \$479,053. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2008, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential for credit risk, the authority, on behalf of the county, entered into the interest rate swap agreement with Depfa Bank, which was rated "A+" by Standard and Poor's, AA- by Fitch Ratings and "Aa3" by Moody's Investor Service as of June 30, 2008. If Depfa's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if the BMA increase to above 63 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 63 percent of LIBOR, then the synthetic rate on the bonds will decrease.

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

Swap payments and associated debt. As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2009	\$ 0	\$ 291,953	\$ 98,621	\$ 390,574
2010	0	291,953	98,621	390,574
2011	0	291,953	98,621	390,574
2012	0	291,953	98,621	390,574
2013	0	291,953	98,621	390,574
2014-2018	0	1,459,763	493,103	1,952,866
2019-2023	0	1,459,763	493,103	1,952,866
2024-2028	4,400,000	1,218,648	411,655	6,030,303
2029-2033	5,650,000	509,824	172,217	6,332,041
Total	\$ 10,050,000	\$ 6,107,763	\$ 2,063,183	\$ 18,220,946

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Bonds	Notes	Accrued Leave
Balance, July 1, 2007	\$ 15,804,236	\$ 2,191,715	\$ 0
Additions	9,850,000	156,500	354,584
Deductions	(1,005,000)	(575,760)	(188,464)
Balance, June 30, 2008	\$ 24,649,236	\$ 1,772,455	\$ 166,120
Balance Due Within One Year	\$ 1,045,000	\$ 616,503	\$ 124,590

	Other Loans	Landfill Postclosure Care Costs	Other Post- employment Benefits
Balance, July 1, 2007	\$ 21,090,000	\$ 665,000	\$ 0
Additions	0	0	69,050
Deductions	(100,000)	(35,000)	0
Balance, June 30, 2008	<u>\$ 20,990,000</u>	<u>\$ 630,000</u>	<u>\$ 69,050</u>
Balance Due Within One Year	<u>\$ 100,000</u>	<u>\$ 35,000</u>	<u>\$ 0</u>

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

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 48,276,861
Less: Balance Due Within One Year	<u>(1,921,093)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 46,355,768</u>

During the year, the discretely presented Monroe County School Department paid \$311,686 to the primary government to apply toward the retirement of school related debt.

Discretely Presented Monroe County School Department

General Obligation Bonds and Notes

The rural school refunding bonds outstanding were issued to fund capital facilities.

The rural school refunding bonds are direct obligations and pledge the full faith and credit of the government. Bonds outstanding were issued for an original term of 12 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The bonds included in long-term debt as of June 30, 2008, will be retired from the General Purpose School Fund.

School refunding bonds outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
Rural School Refunding Bonds	4.3 to 5%	\$ 4,205,000	\$ 1,190,000

The annual requirements to amortize the bonds outstanding as of June 30, 2008, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 380,000	\$ 55,757	\$ 435,757
2010	395,000	38,278	433,278
2011	415,000	19,712	434,712
Total	\$ 1,190,000	\$ 113,747	\$ 1,303,747

Bonded debt per capita for the discretely presented School Department totaled \$31, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Monroe County School Department for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Bonds	Other Post-employment Benefits
Balance, July 1, 2007	\$ 1,550,000	\$ 0
Additions	0	1,085,287
Deductions	(360,000)	0
Balance, June 30, 2008	\$ 1,190,000	\$ 1,085,287
Balance Due Within One Year	\$ 380,000	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 2,275,287
Less: Balance Due Within One Year	<u>(380,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,895,287</u>

F. On-Behalf Payments – Discretely Presented Monroe County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Monroe County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$153,992 and \$23,337, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Industrial Development

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

V. OTHER INFORMATION

A. Risk Management

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

Monroe County has established the Employee Health Insurance Fund for risks associated with the county employees' health insurance plan. The Employee Health Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$40,000 for each employee. The county has obtained a stop/loss commercial insurance policy to cover claims beyond this liability.

All full-time employees of the primary government are eligible to participate in the health program. A premium charge for the health program is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,015,468 at June 30, 2008. Liabilities of this fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Health Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claims adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Employee Insurance - Health Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Liability Balance at Fiscal Year-end
2006-2007	\$ 48,012	\$ 1,041,743	\$ (1,043,755)	\$ 46,000
2007-2008	46,000	1,344,112	(1,273,397)	116,715

The discretely presented Monroe County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

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

B. Accounting Change(s)

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the county's financial statements. In previous years, Monroe County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Monroe County. GASB Statement No. 48 had no effect on the financial statements of Monroe County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Monroe County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Monroe County to provide additional and more detailed pension plan note disclosures than in previous years.

C. Subsequent Event

On August 31, 2008, Tammy Miller left the Office of Trustee and was succeeded by Marna Hull.

D. Contingent Liabilities

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

Monroe County is contingently liable for certain revenue and tax bonds of Tellico Area Service System (TASS) joint venture. Monroe County would become liable for the bonds and interest thereon, in the event of default by TASS. As of June 30, 2008, future principal and interest requirements of these bonds were \$1,229,253 and \$1,025,427, respectively.

Monroe County also issued a public building authority loan agreement for the benefit of TASS, which is being reimbursed to the county from revenues of TASS. Monroe County would become liable for this loan agreement in the event of default by TASS. As of June 30, 2008, future principal and interest requirements of this loan were \$512,500 and \$318,300, respectively.

E. Landfill Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The \$630,000 reported as landfill postclosure care liability at June 30, 2008, represents an estimate of the cost of postclosure care costs for 18 years. This amount is based on what it would cost to perform all postclosure in 2008. Actual cost may vary from the estimate due to inflation, changes in technology, or changes in regulations. The county issued long-term debt for the majority of the closure costs, which was completed in the 1996-97 year, and is funding postclosure care costs by annual appropriations from the Solid Waste/Sanitation Fund.

F. Joint Ventures

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

The Tenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Tenth Judicial District; Monroe, Bradley, McMinn, and Polk counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Monroe County made no contributions to the DTF for the year ended June 30, 2008.

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

Administrative Offices:

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

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

G. Jointly Governed Organization

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

H. Retirement Commitments

Employees

Plan Description

Employees of Monroe County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System

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

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

Funding Policy

Monroe County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 6.91 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2008, Monroe County's annual pension cost of \$806,637 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term

volatility in the market value of total investments over a five-year period. Monroe County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$806,637	100%	\$0
6-30-07	745,232	100	0
6-30-06	476,910	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 91.13 percent funded. The actuarial accrued liability for benefits was \$23.55 million, and the actuarial value of assets was \$21.46 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.09 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.68 million, and the ratio of the UAAL to the covered payroll was 19.55 percent.

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

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

Monroe County contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for Monroe County is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 percent of annual covered payroll. The employer contribution requirement for Monroe County is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2008, 2007, and 2006, were \$1,055,544, \$996,307, and \$853,939, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Postemployment Healthcare Plan

Plan Description

Monroe County and the School Department participate in the state-administered Medicare Supplement Plan and the School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and

amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA) for teachers and Section 8-27-701, TCA for the Medicare Supplement. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The required contribution rate for teachers ranges from zero to 54 percent based on the years of service. During the year ended June 30, 2008, the discretely presented Monroe School Department contributed \$424,713 for postemployment benefits and the primary government contributed \$1,950.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Medicare Supplement Plan
	<hr/>	<hr/>
ARC	\$ 1,510,000	\$ 71,000
Interest on the NPO	0	0
Adjustment to the ARC	0	0
Annual OPEB cost	<hr/> \$ 1,510,000	<hr/> \$ 71,000
Amount of contribution	(424,713)	(1,950)
Increase/decrease in NPO	<hr/> \$ 1,085,287	<hr/> \$ 69,050
Net OPEB obligation, 7-1-07	<hr/> 0	<hr/> 0
Net OPEB obligation, 6-30-08	<hr/> <hr/> \$ 1,085,287	<hr/> <hr/> \$ 69,050

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 1,510,000	28 %	\$ 1,085,287
6-30-08	Medicare Supplement	71,000	3	69,050

* Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	Local Education Group Plan	Medicare Supplement Plan
Actuarial valuation date	6-30-07	6-30-07
Actuarial accrued liability (AAL)	\$ 13,009,000	\$ 738,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 13,009,000	\$ 738,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 21,275,033	\$ 0
UAAL as a % of covered payroll	61%	0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as RSI following the notes to the financial statements, presents multi-year 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 Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual

healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

J. Office of Central Accounting, Budgeting, and Purchasing

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

K. Purchasing Laws

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit F-1

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive Negative
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,052,688	\$ 0	\$ 0	\$ 7,052,688	\$ 7,274,612	\$ 7,274,612	\$ (221,924)
Licenses and Permits	102,491	0	0	102,491	89,000	89,000	13,491
Fines, Forfeitures, and Penalties	180,339	0	0	180,339	204,065	204,065	(23,726)
Charges for Current Services	2,325,658	0	0	2,325,658	2,655,185	2,661,185	(355,527)
Other Local Revenues	204,447	0	0	204,447	175,900	207,900	(3,453)
Fees Received from County Officials	1,930,725	0	0	1,930,725	2,067,000	2,067,000	(136,275)
State of Tennessee	2,007,007	0	0	2,007,007	1,466,600	1,885,692	121,315
Federal Government	489,095	0	0	489,095	490,289	830,382	(341,287)
Other Governments and Citizens Groups	179,073	0	0	179,073	153,250	187,574	(8,501)
Total Revenues	\$ 14,471,523	\$ 0	\$ 0	\$ 14,471,523	\$ 14,575,901	\$ 15,407,410	\$ (935,887)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 315,490	\$ 0	\$ 0	\$ 315,490	\$ 348,983	\$ 348,983	\$ 33,493
Board of Equalization	2,292	(100)	0	2,192	2,200	2,200	8
County Mayor/Executive	181,864	0	0	181,864	178,422	184,700	2,836
County Attorney	15,060	0	1,100	16,160	29,936	29,936	13,776
Election Commission	206,505	(679)	831	206,657	213,431	215,204	8,547
Register of Deeds	306,356	0	7,969	314,325	304,360	317,360	3,035
Codes Compliance	37,020	0	619	37,639	48,414	48,414	10,775
Geographical Information Systems	57,220	0	0	57,220	65,516	65,516	8,296
County Buildings	733,504	(1,048)	5,762	738,218	758,081	1,029,047	290,829
Other General Administration	28,138	(409)	118	27,847	31,700	31,700	3,853
<u>Finance</u>							
Accounting and Budgeting	514,986	(650)	933	515,269	519,333	525,611	10,342
Property Assessor's Office	253,712	(226)	0	253,486	257,997	258,747	5,261
Reappraisal Program	87,269	(35)	0	87,234	91,606	91,606	4,372

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 281,685	\$ (1,150)	0	\$ 280,535	\$ 297,008	\$ 297,008	\$ 16,473
County Clerk's Office	409,682	(37)	39	409,684	411,253	411,253	1,569
Other Finance	171,867	0	0	171,867	188,010	176,654	4,787
<u>Administration of Justice</u>							
Circuit Court	750,364	(736)	550	750,178	769,933	769,933	19,755
General Sessions Judge	212,876	0	0	212,876	217,158	217,158	4,282
Chancery Court	217,342	(32)	0	217,310	232,214	232,214	14,904
Probate Court	37,122	0	0	37,122	39,701	39,701	2,579
Other Administration of Justice	13,920	(1,350)	216	12,786	20,000	20,000	7,214
<u>Public Safety</u>							
Sheriff's Department	2,346,646	(1,612)	3,356	2,348,390	2,392,001	2,443,543	95,153
Administration of the Sexual Offender Registry	1,097	0	0	1,097	1,500	1,500	403
Jail	1,916,640	(1,515)	2,405	1,917,530	1,877,978	1,986,282	68,752
Juvenile Services	90,118	(60)	0	90,058	103,158	103,158	13,100
Commissary	86,257	0	0	86,257	120,000	120,000	33,743
Fire Prevention and Control	140,816	0	0	140,816	143,694	143,694	2,878
Rescue Squad	50,000	0	0	50,000	50,000	50,000	0
Other Emergency Management	191,825	(1,000)	206	191,031	146,168	197,181	6,150
County Coroner/Medical Examiner	36,061	0	0	36,061	38,800	48,800	12,739
Other Public Safety	110,000	0	0	110,000	110,000	110,000	0
<u>Public Health and Welfare</u>							
Local Health Center	86,718	0	0	86,718	66,718	105,619	18,901
Rabies and Animal Control	141,658	(6,448)	4,600	139,810	154,108	154,108	14,298
Ambulance/Emergency Medical Services	2,266,716	(2,803)	17,200	2,281,113	2,341,668	2,366,668	85,555
Dental Health Program	599,275	(645)	86	598,716	866,977	866,977	268,261
Alcohol and Drug Programs	7,436	0	835	8,271	0	10,000	1,729

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Crippled Children Services	\$ 1,995	\$ 0	\$ 0	\$ 1,995	\$ 1,995	\$ 0	0
Other Local Health Services	348,804	0	0	348,804	353,900	381,100	32,296
General Welfare Assistance	36,852	0	0	36,852	38,924	38,924	2,072
Aid to Dependent Children	740	0	0	740	1,000	1,000	260
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	38,000	0	0	38,000	38,000	38,000	0
Libraries	119,022	(433)	477	119,066	113,374	119,374	308
Other Social, Cultural, and Recreational Agriculture and Natural Resources	191,765	0	0	191,765	192,765	192,765	1,000
Agriculture Extension Service	72,183	0	0	72,183	74,476	74,476	2,293
Soil Conservation	31,715	0	0	31,715	33,196	33,196	1,481
Flood Control	2,000	0	0	2,000	2,000	2,000	0
<u>Other Operations</u>							
Tourism	213,768	(450)	600	213,918	177,939	222,801	8,883
Industrial Development	163,958	(3,700)	1,435	161,693	160,277	170,277	8,584
Other Economic and Community Development	570,984	0	0	570,984	53,731	621,633	50,649
Airport	24,709	0	30	24,739	240,764	240,764	216,025
Veterans' Services	21,869	0	0	21,869	22,633	22,633	764
Other Charges	14,158	0	0	14,158	8,971	14,241	83
Contributions to Other Agencies	12,128	0	0	12,128	13,500	13,500	1,372
Employee Benefits	151,254	0	0	151,254	156,900	156,900	5,646
Miscellaneous	2,500	0	0	2,500	2,500	2,500	0
<u>Capital Projects</u>							
Public Safety Projects	9,973	0	0	9,973	10,000	10,000	27
Total Expenditures	\$ 14,933,914	\$ (25,118)	\$ 49,367	\$ 14,958,163	\$ 15,134,871	\$ 16,378,554	\$ 1,420,391

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ (462,391) \$	25,118 \$	(49,367) \$	(486,640) \$	(558,970) \$	(971,144) \$	484,504
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 156,500 \$	0 \$	0 \$	156,500 \$	325,000 \$	481,500 \$	(325,000)
Transfers Out	(30,000)	0	0	(30,000)	(30,000)	(30,000)	0
Total Other Financing Sources (Uses)	\$ 126,500 \$	0 \$	0 \$	126,500 \$	295,000 \$	451,500 \$	(325,000)
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (335,891) \$	25,118 \$	(49,367) \$	(360,140) \$	(263,970) \$	(519,644) \$	159,504
	3,642,897	(25,118)	0	3,617,779	2,569,573	2,569,573	1,048,206
Fund Balance, June 30, 2008	\$ 3,307,006 \$	0 \$	(49,367) \$	3,257,639 \$	2,305,603 \$	2,049,929 \$	1,207,710

Exhibit F-2

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,036,094	\$ 0	\$ 0	\$ 1,036,094	\$ 1,062,022	\$ 1,062,022	\$ (25,928)
Charges for Current Services	716,927	0	0	716,927	840,000	840,000	(123,073)
Other Local Revenues	11,486	0	0	11,486	6,000	6,000	5,486
State of Tennessee	91,922	0	0	91,922	84,564	84,564	7,358
Total Revenues	\$ 1,856,429	\$ 0	\$ 0	\$ 1,856,429	\$ 1,992,586	\$ 1,992,586	\$ (136,157)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 1,239,380	\$ (4,575)	\$ 0	\$ 1,234,805	\$ 1,278,554	\$ 1,278,554	\$ 43,749
Convenience Centers	729,666	0	60	729,726	830,677	830,677	100,951
Postclosure Care Costs	13,341	0	0	13,341	14,500	14,500	1,159
<u>Highways</u>							
Litter and Trash Collection	35,975	(650)	581	35,906	35,906	35,906	0
Total Expenditures	\$ 2,018,362	\$ (5,225)	\$ 641	\$ 2,013,778	\$ 2,159,637	\$ 2,159,637	\$ 145,859
Excess (Deficiency) of Revenues Over Expenditures	\$ (161,933)	\$ 5,225	\$ (641)	\$ (157,349)	\$ (167,051)	\$ (167,051)	\$ 9,702
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,000	\$ 31,000	\$ (31,000)
Transfers In	30,000	0	0	30,000	30,000	30,000	0
Total Other Financing Sources (Uses)	\$ 30,000	\$ 0	\$ 0	\$ 30,000	\$ 61,000	\$ 61,000	\$ (31,000)
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (131,933)	\$ 5,225	\$ (641)	\$ (127,349)	\$ (106,051)	\$ (106,051)	\$ (21,298)
Fund Balance, June 30, 2008	497,805	(5,225)	0	492,580	477,203	477,203	15,377
	\$ 365,872	\$ 0	\$ (641)	\$ 365,231	\$ 371,152	\$ 371,152	\$ (5,921)

Exhibit F-3

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 457,498	\$ 0	\$ 0	\$ 457,498	\$ 486,102	\$ 486,102	\$ (28,604)
Charges for Current Services	321,031	0	0	321,031	275,000	275,000	46,031
Other Local Revenues	39,050	0	0	39,050	195,000	195,000	(155,950)
State of Tennessee	2,306,920	0	0	2,306,920	2,382,444	2,382,444	(75,524)
Federal Government	109,727	0	0	109,727	109,000	109,000	727
Other Governments and Citizens Groups	1,693	0	0	1,693	0	0	1,693
Total Revenues	\$ 3,235,919	\$ 0	\$ 0	\$ 3,235,919	\$ 3,447,546	\$ 3,447,546	\$ (211,627)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 201,750	\$ (562)	\$ 0	\$ 201,188	\$ 216,269	\$ 216,269	\$ 15,081
Highway and Bridge Maintenance	1,662,712	(10,828)	260,000	1,911,884	2,177,668	2,177,668	265,784
Operation and Maintenance of Equipment	606,308	(9,175)	11,950	609,083	644,585	644,585	35,502
Other Charges	202,653	0	0	202,653	231,000	231,000	28,347
Employee Benefits	5,568	0	0	5,568	6,000	6,000	432
Capital Outlay	64,356	(4,900)	6,500	65,956	541,678	541,678	475,722
Total Expenditures	\$ 2,743,347	\$ (25,465)	\$ 278,450	\$ 2,996,332	\$ 3,817,200	\$ 3,817,200	\$ 820,868
Excess (Deficiency) of Revenues Over Expenditures	\$ 492,572	\$ 25,465	\$ (278,450)	\$ 239,587	\$ (369,654)	\$ (369,654)	\$ 609,241
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 492,572	\$ 25,465	\$ (278,450)	\$ 239,587	\$ (369,654)	\$ (369,654)	\$ 609,241
	990,668	(25,465)	0	965,203	906,975	906,975	58,228
Fund Balance, June 30, 2008	\$ 1,483,240	\$ 0	\$ (278,450)	\$ 1,204,790	\$ 537,321	\$ 537,321	\$ 667,469

Exhibit F-4

Monroe County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 21,466	\$ 23,555	\$ 2,089	91.13 %	\$ 10,687	19.55 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit F-5

Monroe County, Tennessee
Schedule of Funding Progress - Other Postemployment Benefit Plan
Monroe County and Discretely Presented Monroe County School Department
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Local Education Group Plan</u>						
6-30-08	\$ 0	\$ 13,009	13,009	0 %	\$ 21,275	61 %
<u>Medicare Supplement Plan</u>						
6-30-08	0	738	738	0	0	0

*Data not available for two preceding years.

MONROE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

BUDGETARY INFORMATION

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

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

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

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

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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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Exhibit G-1

Monroe County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	<u>Special Revenue Funds</u>		Total
	Drug	Constitu-	Nonmajor
	Control	tional	Governmental
		Officers -	Funds
		Fees	
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,471	\$ 2,471
Equity in Pooled Cash and Investments	143,073	0	143,073
Accounts Receivable	0	84	84
Total Assets	<u>\$ 143,073</u>	<u>\$ 2,555</u>	<u>\$ 145,628</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to Other Funds	\$ 0	\$ 2,555	\$ 2,555
Total Liabilities	<u>\$ 0</u>	<u>\$ 2,555</u>	<u>\$ 2,555</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 3,865	\$ 0	\$ 3,865
Unreserved	139,208	0	139,208
Total Fund Balances	<u>\$ 143,073</u>	<u>\$ 0</u>	<u>\$ 143,073</u>
Total Liabilities and Fund Balances	<u>\$ 143,073</u>	<u>\$ 2,555</u>	<u>\$ 145,628</u>

Exhibit G-2

Monroe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 161,295	\$ 0	\$ 161,295
Charges for Current Services	0	8,410	8,410
Total Revenues	<u>\$ 161,295</u>	<u>\$ 8,410</u>	<u>\$ 169,705</u>
<u>Expenditures</u>			
Current:			
Administration of Justice	\$ 0	\$ 8,410	\$ 8,410
Public Safety	104,710	0	104,710
Total Expenditures	<u>\$ 104,710</u>	<u>\$ 8,410</u>	<u>\$ 113,120</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 56,585</u>	<u>\$ 0</u>	<u>\$ 56,585</u>
Net Change in Fund Balances	\$ 56,585	\$ 0	\$ 56,585
Fund Balance, July 1, 2007	<u>86,488</u>	<u>0</u>	<u>86,488</u>
Fund Balance, June 30, 2008	<u><u>\$ 143,073</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 143,073</u></u>

Exhibit G-3

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 161,295	\$ 0	\$ 0	\$ 161,295	\$ 63,800	\$ 143,800	\$ 17,495
Total Revenues	\$ 161,295	\$ 0	\$ 0	\$ 161,295	\$ 63,800	\$ 143,800	\$ 17,495
<u>Expenditures</u>							
Public Safety							
Drug Enforcement	\$ 104,710	\$ (275)	\$ 3,865	\$ 108,300	\$ 63,800	\$ 175,383	\$ 67,083
Total Expenditures	\$ 104,710	\$ (275)	\$ 3,865	\$ 108,300	\$ 63,800	\$ 175,383	\$ 67,083
Excess (Deficiency) of Revenues Over Expenditures	\$ 56,585	\$ 275	\$ (3,865)	\$ 52,995	\$ 0	\$ (31,583)	\$ 84,578
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 56,585	\$ 275	\$ (3,865)	\$ 52,995	\$ 0	\$ (31,583)	\$ 84,578
	86,488	(275)	0	86,213	86,213	86,213	0
Fund Balance, June 30, 2008	\$ 143,073	\$ 0	\$ (3,865)	\$ 139,208	\$ 86,213	\$ 54,630	\$ 84,578

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Major Governmental Fund

General Debt Service Fund

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

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Exhibit H

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,219,174	\$ 3,254,407	\$ 3,254,407	\$ (35,233)
Charges for Current Services	97,311	103,763	103,763	(6,452)
Other Local Revenues	600,940	550,000	550,000	50,940
State of Tennessee	31,746	10,000	10,000	21,746
Other Governments and Citizens Groups	446,290	364,604	364,604	81,686
Total Revenues	<u>\$ 4,395,461</u>	<u>\$ 4,282,774</u>	<u>\$ 4,282,774</u>	<u>\$ 112,687</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,680,760	\$ 1,680,760	\$ 1,680,760	\$ 0
<u>Interest on Debt</u>				
General Government	1,832,077	1,855,096	1,855,096	23,019
<u>Other Debt Service</u>				
General Government	241,687	258,367	258,367	16,680
Total Expenditures	<u>\$ 3,754,524</u>	<u>\$ 3,794,223</u>	<u>\$ 3,794,223</u>	<u>\$ 39,699</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 640,937</u>	<u>\$ 488,551</u>	<u>\$ 488,551</u>	<u>\$ 152,386</u>
Net Change in Fund Balance	\$ 640,937	\$ 488,551	\$ 488,551	\$ 152,386
Fund Balance, July 1, 2007	<u>5,969,124</u>	<u>5,828,103</u>	<u>5,828,103</u>	<u>141,021</u>
Fund Balance, June 30, 2008	<u>\$ 6,610,061</u>	<u>\$ 6,316,654</u>	<u>\$ 6,316,654</u>	<u>\$ 293,407</u>

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Fiduciary Funds

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

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

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

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

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Exhibit I-1

Monroe County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	Agency Funds			Total
	Cities - Sales Tax	City School ADA - Sweetwater	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,020,667	\$ 2,020,667
Due from Other Funds	0	2,059,626	0	2,059,626
Taxes Receivable	0	1,255,283	0	1,255,283
Allowance for Uncollectible Taxes	0	(35,272)	0	(35,272)
Due from Other Governments	599,990	179,069	0	779,059
Total Assets	\$ 599,990	\$ 3,458,706	\$ 2,020,667	\$ 6,079,363
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 599,990	\$ 3,458,706	\$ 0	\$ 4,058,696
Due to Litigants, Heirs, and Others	0	0	2,020,667	2,020,667
Total Liabilities	\$ 599,990	\$ 3,458,706	\$ 2,020,667	\$ 6,079,363

Exhibit I-2

Monroe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,396,100	\$ 3,396,100	\$ 0
Due from Other Governments	566,337	599,990	566,337	599,990
Total Assets	\$ 566,337	\$ 3,996,090	\$ 3,962,437	\$ 599,990
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 566,337	\$ 3,996,090	\$ 3,962,437	\$ 599,990
Total Liabilities	\$ 566,337	\$ 3,996,090	\$ 3,962,437	\$ 599,990
<u>City School ADA - Sweetwater Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,195,916	\$ 2,195,916	\$ 0
Due from Other Governments	168,065	179,069	168,065	179,069
Due from Other Funds	1,406,304	2,059,626	1,406,304	2,059,626
Taxes Receivable	1,214,861	1,255,283	1,214,861	1,255,283
Allowance for Uncollectible Taxes	(25,172)	(35,272)	(25,172)	(35,272)
Total Assets	\$ 2,764,058	\$ 5,654,622	\$ 4,959,974	\$ 3,458,706
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,764,058	\$ 5,654,622	\$ 4,959,974	\$ 3,458,706
Total Liabilities	\$ 2,764,058	\$ 5,654,622	\$ 4,959,974	\$ 3,458,706
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,905,384	\$ 7,669,097	\$ 7,553,814	\$ 2,020,667
Total Assets	\$ 1,905,384	\$ 7,669,097	\$ 7,553,814	\$ 2,020,667
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,905,384	\$ 7,669,097	\$ 7,553,814	\$ 2,020,667
Total Liabilities	\$ 1,905,384	\$ 7,669,097	\$ 7,553,814	\$ 2,020,667

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 5,592,016	\$ 5,592,016	\$ 0
Cash	1,905,384	7,669,097	7,553,814	2,020,667
Due from Other Governments	734,402	779,059	734,402	779,059
Due from Other Funds	1,406,304	2,059,626	1,406,304	2,059,626
Taxes Receivable	1,214,861	1,255,283	1,214,861	1,255,283
Allowance for Uncollectible Taxes	(25,172)	(35,272)	(25,172)	(35,272)
Total Assets	<u>\$ 5,235,779</u>	<u>\$ 17,319,809</u>	<u>\$ 16,476,225</u>	<u>\$ 6,079,363</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,330,395	\$ 9,650,712	\$ 8,922,411	\$ 4,058,696
Due to Litigants, Heirs, and Others	1,905,384	7,669,097	7,553,814	2,020,667
Total Liabilities	<u>\$ 5,235,779</u>	<u>\$ 17,319,809</u>	<u>\$ 16,476,225</u>	<u>\$ 6,079,363</u>

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Monroe County School Department

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

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

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

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

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

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Exhibit J-1

Monroe County, Tennessee
Statement of Activities
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Assets		Net (Expense) Revenue and Changes in Net
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
Governmental Activities:						
Instruction	\$ 24,111,864	\$ 36,300	\$ 2,712,156	0	\$	(21,363,408)
Support Services	14,522,517	633,771	177,329	13,636,577		(74,840)
Operation of Non-Instructional Services	3,355,025	784,472	1,421,757	0		(1,148,796)
Total Governmental Activities	\$ 41,989,406	\$ 1,454,543	\$ 4,311,242	\$ 13,636,577	\$	(22,587,044)
General Revenues:						
Taxes:					\$	
Property Taxes Levied for General Purposes						4,341,973
Local Option Sales Taxes						3,374,688
Other Local Taxes						102,709
Grants and Contributions Not Restricted for Specific Programs						25,921,165
Unrestricted Investment Income						267,337
Miscellaneous						190,423
Total General Revenues					\$	34,198,295
Change in Net Assets					\$	11,611,251
Net Assets, July 1, 2007						32,919,897
Net Assets, June 30, 2008					\$	44,531,148

Exhibit J-2

Monroe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2008

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Governmental Funds	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,046	\$ 1,046
Equity in Pooled Cash and Investments	2,243,640	7,655,453	384,106	10,283,199
Due from Other Governments	972,760	0	113,989	1,086,749
Due from Other Funds	50	0	0	50
Property Taxes Receivable	4,837,583	0	0	4,837,583
Allowance for Uncollectible Property Taxes	(135,931)	0	0	(135,931)
Total Assets	\$ 7,918,102	\$ 7,655,453	\$ 499,141	\$ 16,072,696
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 40,930	\$ 0	\$ 0	\$ 40,930
Contracts Payable	0	982,702	0	982,702
Retainage Payable	0	51,721	0	51,721
Due to Other Funds	0	0	50	50
Deferred Revenue - Current Property Taxes	4,456,117	0	0	4,456,117
Deferred Revenue - Delinquent Property Taxes	228,287	0	0	228,287
Other Deferred Revenues	343,608	0	0	343,608
Total Liabilities	\$ 5,068,942	\$ 1,034,423	\$ 50	\$ 6,103,415
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 85,920	\$ 11,582,643	\$ 3,244	\$ 11,671,807
Other Local Education Reserves	97,508	0	0	97,508
Reserved for Career Ladder - Extended Contract	2,167	0	0	2,167
Reserved for Career Ladder Program	8,707	0	0	8,707
Reserved for Title I Grants to Local Education Agencies	0	0	20,145	20,145
Reserved for Special Education - Grants to States	0	0	25	25
Other Federal Reserves	0	0	1,805	1,805
Unreserved, Reported In:				
General Fund	2,654,858	0	0	2,654,858
Special Revenue Funds	0	0	473,872	473,872
Capital Projects Funds (Deficit)	0	(4,961,613)	0	(4,961,613)
Total Fund Balances	\$ 2,849,160	\$ 6,621,030	\$ 499,091	\$ 9,969,281
Total Liabilities and Fund Balances	\$ 7,918,102	\$ 7,655,453	\$ 499,141	\$ 16,072,696

Exhibit J-3

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Monroe County School Department
June 30, 2008

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 9,969,281
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 666,112	
Add: construction in progress	6,893,007	
Add: buildings and improvements net of accumulated depreciation	28,319,747	
Add: other capital assets net of accumulated depreciation	<u>391,039</u>	36,269,905
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	\$ (1,190,000)	
Less: other postemployment benefits liability	(1,085,287)	
Less: accrued interest on bonds, notes, and other loans	<u>(4,646)</u>	(2,279,933)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>571,895</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 44,531,148</u>

Exhibit J-4

Monroe County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2008

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 8,056,966	\$ 0	\$ 0	\$ 8,056,966
Licenses and Permits	3,019	0	0	3,019
Charges for Current Services	448,656	0	1,004,787	1,453,443
Other Local Revenues	193,093	264,291	4,876	462,260
State of Tennessee	25,589,223	0	0	25,589,223
Federal Government	119,052	0	4,188,949	4,308,001
Other Governments and Citizens Groups	0	13,636,577	0	13,636,577
Total Revenues	<u>\$ 34,410,009</u>	<u>\$ 13,900,868</u>	<u>\$ 5,198,612</u>	<u>\$ 53,509,489</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 20,705,431	\$ 0	\$ 2,321,795	\$ 23,027,226
Support Services	11,516,276	0	457,557	11,973,833
Operation of Non-Instructional Services	928,109	0	2,504,178	3,432,287
Debt Service:				
Principal on Debt	360,000	0	0	360,000
Interest on Debt	71,958	0	0	71,958
Other Debt Service	312,132	0	0	312,132
Capital Projects	0	7,341,195	0	7,341,195
Total Expenditures	<u>\$ 33,893,906</u>	<u>\$ 7,341,195</u>	<u>\$ 5,283,530</u>	<u>\$ 46,518,631</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 516,103</u>	<u>\$ 6,559,673</u>	<u>\$ (84,918)</u>	<u>\$ 6,990,858</u>
Net Change in Fund Balances	\$ 516,103	\$ 6,559,673	\$ (84,918)	\$ 6,990,858
Fund Balance, July 1, 2007	<u>2,333,057</u>	<u>61,357</u>	<u>584,009</u>	<u>2,978,423</u>
Fund Balance, June 30, 2008	<u>\$ 2,849,160</u>	<u>\$ 6,621,030</u>	<u>\$ 499,091</u>	<u>\$ 9,969,281</u>

Exhibit J-5

Monroe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 6,990,858
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 6,401,748	
Less: current year depreciation expense	<u>(1,148,587)</u>	5,253,161
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 571,895	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(480,727)</u>	91,168
<p>(3) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Less: increase in other postemployment benefits	\$ (1,085,287)	
Add: principal payments on bonds	<u>360,000</u>	(725,287)
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest		<u>1,351</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 11,611,251</u>

Exhibit J-6

Monroe County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2008

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,046	\$ 1,046
Equity in Pooled Cash and Investments	25,130	358,976	384,106
Due from Other Governments	139	113,850	113,989
Total Assets	<u>\$ 25,269</u>	<u>\$ 473,872</u>	<u>\$ 499,141</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to Other Funds	\$ 50	\$ 0	\$ 50
Total Liabilities	<u>\$ 50</u>	<u>\$ 0</u>	<u>\$ 50</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 3,244	\$ 0	\$ 3,244
Reserved for Title I Grants to Local Education Agencies	20,145	0	20,145
Reserved for Special Education - Grants to States	25	0	25
Other Federal Reserves	1,805	0	1,805
Unreserved	0	473,872	473,872
Total Fund Balances	<u>\$ 25,219</u>	<u>\$ 473,872</u>	<u>\$ 499,091</u>
Total Liabilities and Fund Balances	<u>\$ 25,269</u>	<u>\$ 473,872</u>	<u>\$ 499,141</u>

Exhibit J-7

Monroe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Central</u>	<u>Governmental</u>
	<u>Projects</u>	<u>Cafeteria</u>	<u>Funds</u>
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 1,004,787	\$ 1,004,787
Other Local Revenues	0	4,876	4,876
Federal Government	2,794,964	1,393,985	4,188,949
Total Revenues	<u>\$ 2,794,964</u>	<u>\$ 2,403,648</u>	<u>\$ 5,198,612</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,321,795	\$ 0	\$ 2,321,795
Support Services	457,557	0	457,557
Operation of Non-Instructional Services	0	2,504,178	2,504,178
Total Expenditures	<u>\$ 2,779,352</u>	<u>\$ 2,504,178</u>	<u>\$ 5,283,530</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 15,612</u>	<u>\$ (100,530)</u>	<u>\$ (84,918)</u>
Net Change in Fund Balances	\$ 15,612	\$ (100,530)	\$ (84,918)
Fund Balance, July 1, 2007	<u>9,607</u>	<u>574,402</u>	<u>584,009</u>
Fund Balance, June 30, 2008	<u>\$ 25,219</u>	<u>\$ 473,872</u>	<u>\$ 499,091</u>

Exhibit J-8

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
General Purpose School Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,056,966	\$ 0	\$ 0	\$ 8,056,966	\$ 8,232,416	\$ 8,267,416	\$ (210,450)
Licenses and Permits	3,019	0	0	3,019	3,000	3,000	19
Charges for Current Services	448,656	0	0	448,656	463,996	482,671	(34,015)
Other Local Revenues	193,093	0	0	193,093	211,715	219,561	(26,468)
State of Tennessee	25,589,223	0	0	25,589,223	24,645,259	24,876,201	713,022
Federal Government	119,052	0	0	119,052	100,511	147,847	(28,795)
Total Revenues	\$ 34,410,009	\$ 0	\$ 0	\$ 34,410,009	\$ 33,656,897	\$ 33,996,696	\$ 413,313
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 16,545,370	(12,750)	9,575	\$ 16,542,195	\$ 17,101,984	\$ 16,775,052	\$ 232,857
Alternative Instruction Program	59,836	0	0	59,836	59,122	60,122	286
Special Education Program	2,822,120	0	0	2,822,120	2,955,021	2,975,176	153,056
Vocational Education Program	1,229,609	0	0	1,229,609	929,516	1,284,054	54,445
Adult Education Program	48,496	0	0	48,496	65,945	64,945	16,449
<u>Support Services</u>							
Attendance	66,843	0	0	66,843	68,890	68,890	2,047
Health Services	720,720	0	0	720,720	749,424	792,833	72,113
Other Student Support	928,166	0	0	928,166	961,200	968,065	39,899
Regular Instruction Program	1,260,770	0	0	1,260,770	1,295,828	1,301,057	40,287
Special Education Program	389,220	0	0	389,220	381,609	396,427	7,207
Vocational Education Program	94,611	0	0	94,611	100,836	100,836	6,225
Adult Programs	89,878	0	0	89,878	91,488	92,489	2,611
Other Programs	177,329	0	0	177,329	0	177,329	0
Board of Education	578,294	0	0	578,294	667,281	664,396	86,102
Director of Schools	288,984	0	0	288,984	291,121	291,121	2,137

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 1,521,942	\$ 0	\$ 0	\$ 1,521,942	\$ 1,529,509	\$ 1,529,509	\$ 7,567
Fiscal Services	19,451	0	0	19,451	19,451	19,451	0
Operation of Plant	2,337,647	0	0	2,337,647	2,375,770	2,381,103	43,456
Maintenance of Plant	954,666	(49,675)	76,032	981,023	1,025,349	1,024,916	43,893
Transportation	2,087,755	0	0	2,087,755	2,048,796	2,094,460	6,705
<u>Operation of Non-Instructional Services</u>							
Food Service	541,958	0	0	541,958	559,692	560,103	18,145
Community Services	117,238	0	0	117,238	122,616	135,188	17,950
Early Childhood Education	268,913	0	313	269,226	269,202	269,226	0
<u>Principal on Debt</u>							
Education	360,000	0	0	360,000	360,000	360,000	0
<u>Interest on Debt</u>							
Education	71,958	0	0	71,958	71,958	71,958	0
<u>Other Debt Service</u>							
Education	312,132	0	0	312,132	312,137	312,137	5
Total Expenditures	\$ 33,893,906	\$ (62,425)	\$ 85,920	\$ 33,917,401	\$ 34,413,745	\$ 34,770,843	\$ 853,442
Excess (Deficiency) of Revenues Over Expenditures	\$ 516,103	\$ 62,425	\$ (85,920)	\$ 492,608	\$ (756,848)	\$ (774,147)	\$ 1,266,755
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,000	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,000	\$ 0	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 516,103	\$ 62,425	\$ (85,920)	\$ 492,608	\$ (746,848)	\$ (774,147)	\$ 1,266,755
	2,333,057	(62,425)	0	2,270,632	2,175,170	2,175,170	95,462
Fund Balance, June 30, 2008	\$ 2,849,160	\$ 0	\$ (85,920)	\$ 2,763,240	\$ 1,428,322	\$ 1,401,023	\$ 1,362,217

Exhibit J-9

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
School Federal Projects Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Local Revenues	\$ 0	\$ 0	0	0	0	50	\$(50)
Federal Government	2,794,964	0	0	2,794,964	3,217,159	3,221,394	(426,430)
<u>Total Revenues</u>	<u>\$ 2,794,964</u>	<u>0</u>	<u>0</u>	<u>\$ 2,794,964</u>	<u>\$ 3,217,159</u>	<u>\$ 3,221,444</u>	<u>\$(426,480)</u>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,221,007	0	1,475	1,222,482	1,504,705	1,509,578	\$ 287,096
Special Education Program	978,194	0	0	978,194	982,557	978,194	0
Vocational Education Program	122,594	0	0	122,594	112,011	122,594	0
<u>Support Services</u>							
Attendance	1,941	0	0	1,941	2,782	1,941	0
Health Services	1,520	0	0	1,520	1,559	1,520	0
Other Student Support	59,792	0	0	59,792	84,930	79,765	19,973
Regular Instruction Program	327,265	(7,929)	1,769	321,105	465,941	463,360	142,255
Special Education Program	60,090	0	0	60,090	55,723	60,090	0
Vocational Education Program	6,949	0	0	6,949	6,949	6,949	0
<u>Total Expenditures</u>	<u>\$ 2,779,352</u>	<u>\$(7,929)</u>	<u>\$ 3,244</u>	<u>\$ 2,774,667</u>	<u>\$ 3,217,157</u>	<u>\$ 3,223,991</u>	<u>\$ 449,324</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 15,612	\$ 7,929	\$(3,244)	\$ 20,297	\$ 2	\$(2,547)	\$ 22,844
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 15,612	\$ 7,929	\$(3,244)	\$ 20,297	\$ 2	\$(2,547)	\$ 22,844
	9,607	(7,929)	0	1,678	2,550	2,550	\$(872)
Fund Balance, June 30, 2008	\$ 25,219	\$ 0	\$(3,244)	\$ 21,975	\$ 2,552	\$ 3	\$ 21,972

Exhibit J-10

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Monroe County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,004,787	\$ 1,036,000	\$ 1,036,000	\$ (31,213)
Other Local Revenues	4,876	3,000	3,065	1,811
Federal Government	1,393,985	1,268,000	1,354,000	39,985
Total Revenues	<u>\$ 2,403,648</u>	<u>\$ 2,307,000</u>	<u>\$ 2,393,065</u>	<u>\$ 10,583</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,504,178	\$ 2,459,828	\$ 2,545,893	\$ 41,715
Total Expenditures	<u>\$ 2,504,178</u>	<u>\$ 2,459,828</u>	<u>\$ 2,545,893</u>	<u>\$ 41,715</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (100,530)</u>	<u>\$ (152,828)</u>	<u>\$ (152,828)</u>	<u>\$ 52,298</u>
Net Change in Fund Balance	\$ (100,530)	\$ (152,828)	\$ (152,828)	\$ 52,298
Fund Balance, July 1, 2007	<u>574,402</u>	<u>574,178</u>	<u>574,178</u>	<u>224</u>
Fund Balance, June 30, 2008	<u>\$ 473,872</u>	<u>\$ 421,350</u>	<u>\$ 421,350</u>	<u>\$ 52,522</u>

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MISCELLANEOUS SCHEDULES

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Exhibit K-1

Monroe County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Monroe County School Department
For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Airport Hangers	\$ 132,000	7.95 %	9-4-1997	9-4-09	\$ 45,064	\$ 0	\$ 13,888	\$ 31,176
Various Projects	450,000	4.59	10-11-01	10-11-13	291,343	0	36,232	255,111
Public Safety	300,000	3.49	7-21-05	7-21-08	203,308	0	100,067	103,241
Health Department and Emergency Services	780,000	3.95	4-15-06	4-15-09	520,000	0	260,000	260,000
Ambulance, Sheriff Vehicles, Election Commission Bldg.	700,000	3.79	5-1-07	5-1-13	700,000	0	100,000	600,000
School Bleachers	432,000	3.73	2-1-07	2-1-13	432,000	0	65,573	366,427
Energy Efficiency	156,500	0	4-18-08	6-15-15	0	156,500	0	156,500
Total Notes Payable					\$ 2,191,715	\$ 156,500	\$ 575,760	\$ 1,772,455
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
F.H.A. - Office Building	600,000	5	10-27-1978	1-1-18	\$ 300,000	\$ 0	\$ 20,000	\$ 280,000
High School Refunding, Series 1998	10,205,000	4.25 to 5.25	8-1-1998	5-1-13	6,005,000	0	885,000	5,120,000
Public Improvement, Series 1999	999,236	4.6 to 4.95	4-1-1999	4-1-18	999,236	0	0	999,236
General Obligation School Bonds, Series 2007	8,500,000	5	6-7-07	6-1-35	8,500,000	0	100,000	8,400,000
General Obligation School Bonds, Series 2008	9,850,000	4.05 to 5	4-15-08	6-1-38	0	9,850,000	0	9,850,000
Total Bonds Payable					\$ 15,804,236	\$ 9,850,000	\$ 1,005,000	\$ 24,649,236
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Construction and County Projects, Series IV-A-4	6,335,000	Variable (1)	12-9-1999	6-1-20	\$ 6,000,000	\$ 0	\$ 0	\$ 6,000,000
School Construction and Repairs, Series A-1-H	1,290,000	Variable	5-17-02	6-1-20	1,290,000	0	0	1,290,000
Public Improvement, Series V-A-3	2,350,000	Variable	12-19-02	6-1-23	2,350,000	0	0	2,350,000
Public Improvement, Series V-C-2	10,050,000	Variable (2)	10-15-03	6-1-33	10,050,000	0	0	10,050,000
Public Improvement, Series VI-C-5	1,500,000	Variable	10-15-04	6-1-30	1,400,000	0	100,000	1,300,000
Total Other Loans Payable					\$ 21,090,000	\$ 0	\$ 100,000	\$ 20,990,000

(Continued)

Exhibit K-1

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

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 7-1-07</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding 6-30-08</u>
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>								
<u>BONDS PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Rural School Refunding, Series 1998	\$ 4,205,000	4.3 to 5 %	8-1-1998	6-1-11	\$ 1,550,000	\$ 0	\$ 360,000	\$ 1,190,000
Total Bonds Payable					\$ 1,550,000	\$ 0	\$ 360,000	\$ 1,190,000

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

Exhibit K-2

Monroe County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Monroe County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 616,503	\$ 64,479	\$ 680,982
2010	263,731	40,958	304,689
2011	256,997	30,863	287,860
2012	266,630	21,682	288,312
2013	276,452	12,122	288,574
2014	69,784	1,395	71,179
2015	22,358	0	22,358
Total	<u>\$ 1,772,455</u>	<u>\$ 171,499</u>	<u>\$ 1,943,954</u>

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 1,045,000	\$ 1,112,036	\$ 2,157,036
2010	1,095,000	1,009,876	2,104,876
2011	1,140,000	952,700	2,092,700
2012	1,200,000	893,163	2,093,163
2013	1,260,000	830,476	2,090,476
2014	363,342	996,296	1,359,638
2015	348,748	999,390	1,348,138
2016	330,912	1,000,726	1,331,638
2017	323,266	1,006,872	1,330,138
2018	192,968	980,420	1,173,388
2019	0	736,638	736,638
2020	0	736,638	736,638
2021	425,000	736,638	1,161,638
2022	425,000	718,138	1,143,138
2023	500,000	699,638	1,199,638
2024	600,000	677,888	1,277,888
2025	650,000	651,638	1,301,638
2026	600,000	623,388	1,223,388
2027	675,000	597,138	1,272,138
2028	650,000	569,576	1,219,576
2029	725,000	542,587	1,267,587
2030	675,000	512,850	1,187,850
2031	925,000	485,062	1,410,062
2032	925,000	446,362	1,371,362
2033	950,000	407,662	1,357,662
2034	1,850,000	367,762	2,217,762
2035	1,875,000	289,638	2,164,638
2036	1,500,000	209,950	1,709,950
2037	1,700,000	146,200	1,846,200
2038	1,700,000	73,100	1,773,100
Total	<u>\$ 24,649,236</u>	<u>\$ 20,010,446</u>	<u>\$ 44,659,682</u>

(Continued)

Exhibit K-2

Monroe County, Tennessee

Schedule of Long-term Debt Requirements by Year (Cont.)

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 100,000	\$ 748,455	\$ 103,110	\$ 951,565
2010	100,000	743,205	102,610	945,815
2011	100,000	737,955	102,110	940,065
2012	110,000	732,705	101,610	944,315
2013	120,000	729,680	101,060	950,740
2014	715,000	726,380	100,460	1,541,840
2015	765,000	704,712	96,944	1,566,656
2016	810,000	681,532	93,182	1,584,714
2017	855,000	656,979	89,199	1,601,178
2018	955,000	631,070	84,995	1,671,065
2019	1,440,000	602,104	80,299	2,122,403
2020	1,520,000	558,186	73,226	2,151,412
2021	850,000	511,830	65,760	1,427,590
2022	900,000	484,755	61,585	1,446,340
2023	900,000	456,225	57,165	1,413,390
2024	900,000	427,695	52,745	1,380,440
2025	900,000	391,325	48,325	1,339,650
2026	1,000,000	354,955	43,905	1,398,860
2027	1,000,000	314,695	38,995	1,353,690
2028	1,100,000	274,435	34,085	1,408,520
2029	1,100,000	230,285	28,685	1,358,970
2030	1,200,000	186,135	23,285	1,409,420
2031	1,100,000	138,095	17,395	1,255,490
2032	1,200,000	95,305	12,005	1,307,310
2033	1,250,000	48,625	6,125	1,304,750
Total	<u>\$ 20,990,000</u>	<u>\$ 12,167,323</u>	<u>\$ 1,618,865</u>	<u>\$ 34,776,188</u>

DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 380,000	\$ 55,757	\$ 435,757
2010	395,000	38,278	433,278
2011	415,000	19,712	434,712
Total	<u>\$ 1,190,000</u>	<u>\$ 113,747</u>	<u>\$ 1,303,747</u>

Exhibit K-3

Monroe County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Solid Waste/Sanitation Fund	Operations	\$ 30,000
Total Transfers			<u>\$ 30,000</u>

Exhibit K-4

Monroe County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Monroe County School Department
For the Year Ended June 30, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 78,814	\$ 50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	69,083	100,000	"
Director of Schools	Board of Education	85,000	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	62,802	1,343,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	62,802	10,000	"
Director of Finance	County Commission	77,814	50,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	62,802	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	62,802	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	62,802 (1)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	62,802	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	69,083 (2)	25,000	"
Employee Blanket Bond Coverage - Monroe County and Monroe County School Department			500,000	Gulf Insurance Company
Public Employee Dishonesty				

- (1) Does not include special commissioner fees of \$8,410.
- (2) Does not include \$5,156 supplement for serving as workhouse superintendent and a \$600 law enforcement training supplement.

Exhibit K-5

Monroe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2008

	Special Revenue Funds							Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Capital Projects Fund	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 5,018,568	\$ 935,960	0	0	\$ 264,130	\$ 2,044,221	0	\$ 8,262,879
Trustee's Collections - Prior Year	164,140	30,325	0	0	8,654	45,443	0	248,562
Circuit/Clerk & Master Collections - Prior Years	55,920	11,868	0	0	3,165	16,615	0	87,568
Interest and Penalty	34,967	6,552	0	0	1,850	10,711	0	54,080
Pick-up Taxes	19,647	4,167	0	0	1,136	6,870	0	31,820
Payments in-Lieu-of Taxes - T.V.A.	9,850	0	0	0	772	4,056	0	14,678
Payments in-Lieu-of Taxes - Local Utilities	237,972	46,968	0	0	12,525	97,068	0	394,533
Payments in-Lieu-of Taxes - Other	103,333	0	0	0	27,065	1,373	0	131,771
<u>County Local Option Taxes</u>								
Local Option Sales Tax	801,146	0	0	0	0	0	0	801,146
Hotel/Motel Tax	174,927	0	0	0	0	0	0	174,927
Wheel Tax	0	0	0	0	0	882,508	0	882,508
Litigation Tax - General	41,606	0	0	0	0	43,786	0	85,392
Litigation Tax - Special Purpose	38,044	0	0	0	0	0	0	38,044
Litigation Tax - Jail, Workhouse, or Courthouse	41,744	0	0	0	0	0	0	41,744
Business Tax	147,033	0	0	0	6,371	48,839	0	202,243
Mineral Severance Tax	0	0	0	0	128,488	0	0	128,488
<u>Statutory Local Taxes</u>								
Bank Excise Tax	41,745	0	0	0	3,274	17,189	0	62,208
Wholesale Beer Tax	120,760	0	0	0	0	0	0	120,760
Interstate Telecommunications Tax	1,286	254	0	0	68	495	0	2,103
Total Local Taxes	\$ 7,052,688	\$ 1,036,994	0	0	\$ 457,498	\$ 3,219,174	0	\$ 11,765,454
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Vaccination	\$ 52,400	0	0	0	0	0	0	\$ 52,400
Cable TV Franchise	27,210	0	0	0	0	0	0	27,210
<u>Permits</u>								
Building Permits	22,881	0	0	0	0	0	0	22,881
Total Licenses and Permits	\$ 102,491	0	0	0	0	0	0	\$ 102,491

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 21,522	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,522	
Officers Costs	25,940	0	0	0	0	0	0	25,940	
Jail Fees	1,458	0	0	0	0	0	0	1,458	
DUI Treatment Fines	1,520	0	0	0	0	0	0	1,520	
Courtroom Security Fee	1,908	0	0	0	0	0	0	1,908	
<u>General Sessions Court</u>									
Fines	42,612	0	0	0	0	0	0	42,612	
Officers Costs	37,431	0	0	0	0	0	0	37,431	
Jail Fees	22,346	0	0	0	0	0	0	22,346	
DUI Treatment Fines	10,409	0	0	0	0	0	0	10,409	
<u>Chancery Court</u>									
Officers Costs	3,415	0	0	0	0	0	0	3,415	
<u>Other Courts - In-county</u>									
Fines	4,131	0	0	0	0	0	0	4,131	
Drug Control Fines	1,430	0	24,238	0	0	0	0	25,668	
<u>Judicial District Drug Program</u>									
Drug Task Force Forfeitures and Seizures	0	0	50,000	0	0	0	0	50,000	
Courtroom Security Fee	27	0	0	0	0	0	0	27	
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	6,190	0	87,057	0	0	0	0	93,247	
Total Fines, Forfeitures, and Penalties	\$ 180,339	\$ 0	\$ 161,295	\$ 0	\$ 0	\$ 0	\$ 0	\$ 341,634	
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Tipping Fees	0	716,927	0	0	0	0	0	716,927	
Patient Charges	1,583,465	0	0	0	0	0	0	1,583,465	
Other General Service Charges	619,549	0	0	0	321,031	97,311	0	1,037,891	
Service Charges	1,460	0	0	0	0	0	0	1,460	
<u>Fees</u>									
Airport Fees	16,581	0	0	0	0	0	0	16,581	
Engineer Review Fees	11,760	0	0	0	0	0	0	11,760	
Copy Fees	4,905	0	0	0	0	0	0	4,905	

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund	Capital Projects Fund	
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Telephone Commissions	\$ 21,434	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,434
Vending Machine Collections	421	0	0	0	0	0	0	421
Tourism Fees	36,935	0	0	0	0	0	0	36,935
Special Commissioner Fees/Special Master Fees	0	0	0	8,410	0	0	0	8,410
Data Processing Fee - Register	21,628	0	0	0	0	0	0	21,628
Data Processing Fee - Sheriff	5,095	0	0	0	0	0	0	5,095
Sexual Offender Registration Fees - Sheriff	2,425	0	0	0	0	0	0	2,425
Total Charges for Current Services	\$ 2,325,658	\$ 716,927	\$ 0	\$ 8,410	\$ 321,031	\$ 97,311	\$ 0	\$ 3,469,337
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 78	\$ 0	\$ 0	\$ 0	\$ 0	\$ 600,940	\$ 0	\$ 601,018
Lease/Rentals	2,400	0	0	0	0	0	0	2,400
Commissary Sales	96,814	0	0	0	0	0	0	96,814
Sale of Recycled Materials	0	9,461	0	0	0	0	0	9,461
Cobra Insurance Payments	2,235	0	0	0	0	0	0	2,235
Miscellaneous Refunds	49,777	0	0	0	0	0	0	49,777
Expenditure Credits	16,000	0	0	0	0	0	0	16,000
<u>Nonrecurring Items</u>								
Accrued Interest on Debt Issues	0	0	0	0	0	0	55,146	55,146
Sale of Equipment	2,893	2,025	0	0	39,050	0	0	43,968
Damages Recovered from Individuals	450	0	0	0	0	0	0	450
Contributions and Gifts	1,800	0	0	0	0	0	0	1,800
<u>Other Local Revenues</u>								
Other Local Revenues	32,000	0	0	0	0	0	0	32,000
Total Other Local Revenues	\$ 204,447	\$ 11,486	\$ 0	\$ 0	\$ 39,050	\$ 600,940	\$ 55,146	\$ 911,069
<u>Fees Received from County Officials</u>								
<u>Fees In-Lieu-of Salary</u>								
County Clerk	\$ 382,428	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 382,428
Circuit Court Clerk	280,694	0	0	0	0	0	0	280,694
General Sessions Court Clerk	296,801	0	0	0	0	0	0	296,801

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund	Capital Projects Fund	
<u>Fees Received from County Officials (Cont.)</u>								
<u>Fees In-Lieu-of Salary (Cont.)</u>								
Clerk and Master	\$ 144,158	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 144,158
Register	258,862	0	0	0	0	0	0	258,862
Sheriff	22,394	0	0	0	0	0	0	22,394
Trustee	545,388	0	0	0	0	0	0	545,388
Total Fees Received from County Officials	\$ 1,930,725	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,930,725
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	8,000	0	0	0	0	0	0	8,000
State Reappraisal Grant	17,064	0	0	0	0	0	0	17,064
Solid Waste Grants	0	29,733	0	0	0	0	0	29,733
Other General Government Grants	6,550	0	0	0	0	0	0	6,550
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	15,600	0	0	0	0	0	0	15,600
Other Public Safety Grants	18,545	0	0	0	0	0	0	18,545
<u>Health and Welfare Grants</u>								
Other Health and Welfare Grants	15,789	0	0	0	0	0	0	15,789
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	189,860	0	0	189,860
Litter Program	0	36,273	0	0	0	0	0	36,273
Other Public Works Grants	0	10,555	0	0	0	0	0	10,555
<u>Other State Revenues</u>								
Income Tax	77,831	15,361	0	0	4,096	31,746	0	129,034
Beer Tax	19,312	0	0	0	0	0	0	19,312
Alcoholic Beverage Tax	63,791	0	0	0	0	0	0	63,791
Mixed Drink Tax	5,605	0	0	0	0	0	0	5,605
State Revenue Sharing - T.V.A.	150,000	0	0	0	21,000	0	0	171,000
Contracted Prisoner Boarding	880,948	0	0	0	0	0	0	880,948
Gasoline and Motor Fuel Tax	0	0	0	0	2,060,674	0	0	2,060,674
Petroleum Special Tax	0	0	0	0	31,290	0	0	31,290
Registrar's Salary Supplement	20,475	0	0	0	0	0	0	20,475

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Capital Projects			
<u>State of Tennessee (Cont.)</u>										
<u>Other State Revenues (Cont.)</u>										
Other State Grants	\$ 673,653	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 673,653	
Other State Revenues	24,844	0	0	0	0	0	0	0	24,844	
Total State of Tennessee	\$ 2,007,007	\$ 91,922	\$ 0	\$ 0	\$ 2,306,920	\$ 31,746	\$ 0	\$ 0	\$ 4,437,595	
<u>Federal Government</u>										
<u>Federal Through State</u>										
Homeland Security Grants	\$ 157,409	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 157,409	
Law Enforcement Grants	22,182	0	0	0	0	0	0	0	22,182	
Other Federal through State	278,267	0	0	0	0	0	0	0	278,267	
Direct Federal Revenue										
Forest Service	11,873	0	0	0	109,727	0	0	0	121,600	
Other Direct Federal Revenue	19,364	0	0	0	0	0	0	0	19,364	
Total Federal Government	\$ 489,095	\$ 0	\$ 0	\$ 0	\$ 109,727	\$ 0	\$ 0	\$ 0	\$ 598,822	
<u>Other Governments and Citizens Groups</u>										
<u>Other Governments</u>										
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,693	\$ 0	\$ 0	\$ 0	\$ 1,693	
Contributions	157,190	0	0	0	0	371,686	0	0	528,876	
Contracted Services	10,542	0	0	0	0	0	0	0	10,542	
Citizens Groups										
Donations	11,341	0	0	0	0	0	0	0	11,341	
Other	0	0	0	0	0	74,604	0	0	74,604	
Total Other Governments and Citizens Groups	\$ 179,073	\$ 0	\$ 0	\$ 0	\$ 1,693	\$ 446,290	\$ 0	\$ 0	\$ 627,056	
Total	\$ 14,471,523	\$ 1,856,429	\$ 161,295	\$ 8,410	\$ 3,235,919	\$ 4,395,461	\$ 55,146	\$ 24,184,183		

Exhibit K-6

Monroe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Monroe County School Department
 For the Year Ended June 30, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,040,606	\$ 0	\$ 0	\$ 0	\$ 4,040,606
Trustee's Collections - Prior Year	132,406	0	0	0	132,406
Circuit/Clerk & Master Collections - Prior Years	48,463	0	0	0	48,463
Interest and Penalty	28,308	0	0	0	28,308
Pick-up Taxes	17,770	0	0	0	17,770
Payments in-Lieu-of Taxes - T.V.A.	11,823	0	0	0	11,823
Payments in-Lieu-of Taxes - Local Utilities	191,602	0	0	0	191,602
Payments in-Lieu-of Taxes - Other	67,300	0	0	0	67,300
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,365,720	0	0	0	3,365,720
Business Tax	97,417	0	0	0	97,417
Other County Local Option Taxes	443	0	0	0	443
<u>Statutory Local Taxes</u>					
Bank Excise Tax	50,084	0	0	0	50,084
Interstate Telecommunications Tax	5,024	0	0	0	5,024
Total Local Taxes	\$ 8,056,966	\$ 0	\$ 0	\$ 0	\$ 8,056,966
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 3,019	\$ 0	\$ 0	\$ 0	\$ 3,019
Total Licenses and Permits	\$ 3,019	\$ 0	\$ 0	\$ 0	\$ 3,019
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 36,300	\$ 0	\$ 0	\$ 0	\$ 36,300
Lunch Payments - Children	0	0	424,959	0	424,959
Lunch Payments - Adults	0	0	79,102	0	79,102
Income from Breakfast	0	0	280,411	0	280,411
Transportation - Other State Systems	226,541	0	0	0	226,541
Receipts from Individual Schools	38,302	0	220,315	0	258,617
<u>Other Charges for Services</u>					
Other Charges for Services	147,513	0	0	0	147,513
Total Charges for Current Services	\$ 448,656	\$ 0	\$ 1,004,787	\$ 0	\$ 1,453,443
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 603	\$ 0	\$ 2,443	\$ 264,291	\$ 267,337
Lease/Rentals	1,100	0	0	0	1,100
Sale of Materials and Supplies	5,152	0	0	0	5,152
Miscellaneous Refunds	4,016	0	1,533	0	5,549
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	207	0	0	0	207
Contributions and Gifts	3,400	0	0	0	3,400
<u>Other Local Revenues</u>					
Other Local Revenues	178,615	0	900	0	179,515
Total Other Local Revenues	\$ 193,093	\$ 0	\$ 4,876	\$ 264,291	\$ 462,260

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 177,329	\$ 0	\$ 0	\$ 0	\$ 177,329
<u>State Education Funds</u>					
Basic Education Program	23,296,000	0	0	0	23,296,000
School Food Service	27,772	0	0	0	27,772
Driver Education	18,702	0	0	0	18,702
Other State Education Funds	569,115	0	0	0	569,115
Career Ladder Program	234,712	0	0	0	234,712
Career Ladder - Extended Contract	114,247	0	0	0	114,247
<u>Other State Revenues</u>					
Income Tax	62,528	0	0	0	62,528
Mixed Drink Tax	4,454	0	0	0	4,454
State Revenue Sharing - T.V.A.	1,002,877	0	0	0	1,002,877
Other State Grants	4,110	0	0	0	4,110
Other State Revenues	77,377	0	0	0	77,377
Total State of Tennessee	\$ 25,589,223	\$ 0	\$ 0	\$ 0	\$ 25,589,223
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,061,543	\$ 0	\$ 1,061,543
Breakfast	0	0	332,442	0	332,442
Adult Education State Grant Program	65,193	0	0	0	65,193
Vocational Education - Basic Grants to States	0	144,397	0	0	144,397
Title I Grants to Local Education Agencies	0	1,281,767	0	0	1,281,767
Innovative Education Program Strategies	0	8,839	0	0	8,839
Special Education - Grants to States	53,859	1,007,681	0	0	1,061,540
Special Education Preschool Grants	0	30,599	0	0	30,599
Safe and Drug-Free Schools - State Grants	0	24,770	0	0	24,770
Eisenhower Professional Development State Grants	0	287,954	0	0	287,954
Other Federal through State	0	8,957	0	0	8,957
Total Federal Government	\$ 119,052	\$ 2,794,964	\$ 1,393,985	\$ 0	\$ 4,308,001
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 13,636,577	\$ 13,636,577
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 13,636,577	\$ 13,636,577
Total	\$ 34,410,009	\$ 2,794,964	\$ 2,403,648	\$ 13,900,868	\$ 53,509,489

Exhibit K-7

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Secretary to Board	\$	2,500	
Board and Committee Members Fees		47,699	
Social Security		3,026	
Employer Medicare		708	
Audit Services		8,926	
Consultants		6,810	
Contracts with Private Agencies		76,035	
Building and Contents Insurance		119,536	
Indirect Cost		10,840	
Premiums on Corporate Surety Bonds		2,586	
Workers' Compensation Insurance		1,608	
Other Charges		35,216	
Total County Commission			\$ 315,490

Board of Equalization

Board and Committee Members Fees	\$	2,100	
Legal Notices, Recording, and Court Costs		192	
Total Board of Equalization			2,292

County Mayor/Executive

County Official/Administrative Officer	\$	78,814	
Assistant(s)		26,550	
Deputy(ies)		24,341	
Social Security		7,284	
State Retirement		8,529	
Employee and Dependent Insurance		21,858	
Life Insurance		178	
Employer Medicare		1,704	
Communication		3,364	
Dues and Memberships		222	
Operating Lease Payments		959	
Postal Charges		869	
Travel		1,421	
Office Supplies		2,186	
Workers' Compensation Insurance		2,375	
Other Charges		715	
Office Equipment		495	
Total County Mayor/Executive			181,864

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	3,398	
Social Security		211	
State Retirement		235	
Employer Medicare		49	
Legal Services		11,092	
Workers' Compensation Insurance		25	
Other Charges		50	
Total County Attorney			\$ 15,060

Election Commission

Supervisor/Director	\$	56,522	
Deputy(ies)		26,550	
Election Commission		9,000	
Election Workers		20,451	
Social Security		5,641	
State Retirement		5,740	
Employee and Dependent Insurance		14,572	
Life Insurance		118	
Employer Medicare		1,319	
Communication		2,631	
Data Processing Services		8,318	
Legal Notices, Recording, and Court Costs		852	
Maintenance Agreements		22,549	
Maintenance and Repair Services - Office Equipment		2,257	
Postal Charges		9,648	
Travel		979	
Data Processing Supplies		1,773	
Office Supplies		14,690	
Workers' Compensation Insurance		1,822	
Other Charges		1,073	
Total Election Commission			206,505

Register of Deeds

County Official/Administrative Officer	\$	62,802
Assistant(s)		26,550
Deputy(ies)		95,935
Part-time Personnel		7,500
Social Security		11,938
State Retirement		12,803
Employee and Dependent Insurance		43,716

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Life Insurance	\$	356	
Employer Medicare		2,792	
Communication		2,957	
Dues and Memberships		617	
Maintenance Agreements		20,912	
Postal Charges		3,682	
Office Supplies		10,584	
Workers' Compensation Insurance		2,179	
Office Equipment		1,033	
Total Register of Deeds			\$ 306,356

Codes Compliance

County Official/Administrative Officer	\$	15,299	
Clerical Personnel		2,045	
Part-time Personnel		9,026	
Board and Committee Members Fees		3,950	
Social Security		1,775	
State Retirement		1,199	
Employer Medicare		415	
Communication		1,116	
Engineering Services		810	
Postal Charges		500	
Travel		82	
Office Supplies		485	
Workers' Compensation Insurance		100	
Other Charges		218	
Total Codes Compliance			37,020

Geographical Information Systems

Supervisor/Director	\$	35,020	
Social Security		1,666	
State Retirement		2,420	
Employee and Dependent Insurance		7,286	
Life Insurance		59	
Employer Medicare		390	
Communication		1,240	
Dues and Memberships		170	
Licenses		2,040	
Maintenance Agreements		3,000	
Postal Charges		36	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems (Cont.)

Office Supplies	\$	859	
Workers' Compensation Insurance		100	
Other Charges		2,017	
Office Equipment		917	
Total Geographical Information Systems			\$ 57,220

County Buildings

Assistant(s)	\$	14,186	
Supervisor/Director		30,244	
Attendants		10,020	
Custodial Personnel		20,027	
Other Salaries and Wages		20,027	
Social Security		5,817	
State Retirement		5,838	
Employee and Dependent Insurance		28,544	
Life Insurance		237	
Employer Medicare		1,360	
Communication		7,954	
Maintenance Agreements		14,549	
Maintenance and Repair Services - Buildings		121,276	
Rentals		4,800	
Other Contracted Services		140,510	
Custodial Supplies		9,333	
Electricity		91,345	
Natural Gas		21,994	
Water and Sewer		7,750	
Other Supplies and Materials		2,400	
Workers' Compensation Insurance		2,445	
Other Charges		144,756	
Heating and Air Conditioning Equipment		28,092	
Total County Buildings			733,504

Other General Administration

Legal Notices, Recording, and Court Costs	\$	3,549	
Maintenance and Repair Services - Vehicles		364	
Duplicating Supplies		2,045	
Gasoline		3,204	
Administration Equipment		18,976	
Total Other General Administration			28,138

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	77,814	
Assistant(s)		32,960	
Accountants/Bookkeepers		224,796	
Social Security		19,950	
State Retirement		22,754	
Employee and Dependent Insurance		72,860	
Life Insurance		592	
Employer Medicare		4,666	
Communication		7,881	
Contracts with Private Agencies		4,926	
Data Processing Services		10,875	
Maintenance and Repair Services - Equipment		290	
Postal Charges		4,499	
Travel		2,033	
Office Supplies		17,020	
Workers' Compensation Insurance		2,057	
Other Charges		240	
Office Equipment		8,773	
Total Accounting and Budgeting			\$ 514,986

Property Assessor's Office

County Official/Administrative Officer	\$	62,802
Deputy(ies)		26,550
Salary Supplements		750
Secretary(ies)		24,977
Clerical Personnel		51,453
Social Security		10,229
State Retirement		11,363
Employee and Dependent Insurance		28,800
Life Insurance		296
Employer Medicare		2,392
Communication		6,262
Data Processing Services		8,000
Dues and Memberships		1,490
Operating Lease Payments		1,856
Maintenance and Repair Services - Vehicles		35
Postal Charges		1,903
Printing, Stationery, and Forms		436
Travel		964
Gasoline		1,170

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Office Supplies	\$	1,829	
Workers' Compensation Insurance		2,190	
Other Charges		500	
Office Equipment		7,465	
Total Property Assessor's Office			\$ 253,712

Reappraisal Program

Clerical Personnel	\$	49,009	
Social Security		3,024	
State Retirement		3,070	
Employee and Dependent Insurance		13,286	
Life Insurance		108	
Employer Medicare		707	
Data Processing Services		2,135	
Postal Charges		10,365	
Printing, Stationery, and Forms		3,100	
Travel		657	
Office Supplies		498	
Workers' Compensation Insurance		60	
Other Charges		500	
Office Equipment		750	
Total Reappraisal Program			87,269

County Trustee's Office

County Official/Administrative Officer	\$	62,802	
Assistant(s)		26,550	
Deputy(ies)		67,001	
Part-time Personnel		15,000	
Social Security		10,135	
State Retirement		9,901	
Employee and Dependent Insurance		31,501	
Life Insurance		272	
Employer Medicare		2,370	
Communication		4,199	
Legal Notices, Recording, and Court Costs		541	
Maintenance Agreements		8,061	
Maintenance and Repair Services - Office Equipment		240	
Postal Charges		14,676	
Other Contracted Services		7,370	
Office Supplies		7,457	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Workers' Compensation Insurance	\$	2,177	
Other Charges		8,363	
Office Equipment		3,069	
Total County Trustee's Office			\$ 281,685

County Clerk's Office

County Official/Administrative Officer	\$	62,802	
Assistant(s)		26,550	
Deputy(ies)		164,564	
Part-time Personnel		12,000	
Social Security		16,262	
State Retirement		17,545	
Employee and Dependent Insurance		64,800	
Life Insurance		533	
Employer Medicare		3,803	
Communication		6,200	
Dues and Memberships		482	
Operating Lease Payments		3,287	
Legal Notices, Recording, and Court Costs		467	
Maintenance and Repair Services - Office Equipment		11,415	
Postal Charges		11,000	
Travel		111	
Office Supplies		4,078	
Workers' Compensation Insurance		2,336	
Other Charges		250	
Office Equipment		1,197	
Total County Clerk's Office			409,682

Other Finance

Social Security	\$	678	
State Retirement		785	
Employer Medicare		159	
Trustee's Commission		170,245	
Total Other Finance			171,867

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	62,802	
Assistant(s)		53,099	
Deputy(ies)		307,936	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Part-time Personnel	\$	14,882	
Other Salaries and Wages		16,800	
Board and Committee Members Fees		641	
Jury and Witness Fees		12,326	
In-Service Training		165	
Social Security		27,636	
State Retirement		30,152	
Employee and Dependent Insurance		109,290	
Life Insurance		889	
Employer Medicare		6,463	
Communication		14,295	
Operating Lease Payments		10,988	
Legal Notices, Recording, and Court Costs		575	
Maintenance Agreements		22,676	
Postal Charges		7,892	
Travel		1,624	
Office Supplies		31,425	
Workers' Compensation Insurance		2,700	
Other Charges		3,342	
Communication Equipment		75	
Data Processing Equipment		11,691	
Total Circuit Court			\$ 750,364

General Sessions Judge

Judge(s)	\$	129,960
Secretary(ies)		26,550
Part-time Personnel		3,000
Social Security		7,796
State Retirement		10,815
Employee and Dependent Insurance		14,572
Life Insurance		118
Employer Medicare		2,263
Communication		4,034
Dues and Memberships		50
Operating Lease Payments		2,348
Maintenance and Repair Services - Office Equipment		55
Postal Charges		123
Travel		775
Library Books/Media		289
Office Supplies		1,350

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Workers' Compensation Insurance	\$	3,558	
Other Charges		322	
Furniture and Fixtures		2,498	
Office Equipment		2,400	
Total General Sessions Judge			\$ 212,876

Chancery Court

County Official/Administrative Officer	\$	62,802	
Deputy(ies)		74,685	
In-Service Training		52	
Social Security		8,507	
State Retirement		9,225	
Employee and Dependent Insurance		27,944	
Life Insurance		228	
Employer Medicare		1,989	
Communication		5,043	
Dues and Memberships		652	
Maintenance Agreements		10,758	
Postal Charges		3,500	
Office Supplies		5,836	
Workers' Compensation Insurance		2,128	
Office Equipment		3,993	
Total Chancery Court			217,342

Probate Court

Deputy(ies)	\$	23,946	
In-Service Training		18	
Social Security		1,484	
State Retirement		1,655	
Employee and Dependent Insurance		7,286	
Life Insurance		59	
Employer Medicare		347	
Communication		658	
Office Supplies		505	
Workers' Compensation Insurance		55	
Office Equipment		1,109	
Total Probate Court			37,122

Other Administration of Justice

Other Salaries and Wages	\$	3,764	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice (Cont.)

Legal Notices, Recording, and Court Costs	\$	2,473	
Postal Charges		6,500	
Travel		1,183	
Total Other Administration of Justice			\$ 13,920

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	74,239
Assistant(s)		42,449
Supervisor/Director		35,523
Deputy(ies)		387,646
Investigator(s)		174,325
Captain(s)		145,223
Sergeant(s)		125,438
Accountants/Bookkeepers		26,550
Secretary(ies)		48,500
Clerical Personnel		45,097
Part-time Personnel		25,600
School Resource Officer		104,418
Overtime Pay		71,803
Other Salaries and Wages		55,148
In-Service Training		15,000
Social Security		85,114
State Retirement		91,629
Employee and Dependent Insurance		259,637
Life Insurance		2,160
Employer Medicare		19,906
Communication		26,117
Forest Resource Services		10,502
Operating Lease Payments		8,022
Maintenance Agreements		7,839
Maintenance and Repair Services - Equipment		2,906
Maintenance and Repair Services - Vehicles		28,995
Postal Charges		3,128
Travel		6,174
Tuition		7,833
Animal Food and Supplies		680
Gasoline		171,493
Law Enforcement Supplies		80
Office Supplies		14,608

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Tires and Tubes	\$	9,982	
Uniforms		23,360	
Other Supplies and Materials		270	
Workers' Compensation Insurance		23,200	
Other Charges		9,309	
Communication Equipment		4,941	
Law Enforcement Equipment		39,460	
Motor Vehicles		109,631	
Office Equipment		2,711	
Total Sheriff's Department			\$ 2,346,646

Administration of the Sexual Offender Registry

Office Supplies	\$	97	
Other Charges		500	
Office Equipment		500	
Total Administration of the Sexual Offender Registry			1,097

Jail

Assistant(s)	\$	42,449	
Captain(s)		30,400	
Lieutenant(s)		60,452	
Sergeant(s)		125,098	
Accountants/Bookkeepers		26,550	
Guards		513,400	
Cafeteria Personnel		37,134	
Part-time Personnel		36,050	
Overtime Pay		59,838	
Social Security		56,033	
State Retirement		58,544	
Employee and Dependent Insurance		206,376	
Life Insurance		1,627	
Employer Medicare		13,105	
Communication		1,116	
Maintenance and Repair Services - Equipment		140	
Travel		2,020	
Custodial Supplies		32,419	
Drugs and Medical Supplies		269,373	
Electricity		35,585	
Food Supplies		204,681	
Natural Gas		25,305	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Office Supplies	\$	1,815	
Prisoners Clothing		3,275	
Water and Sewer		40,233	
Workers' Compensation Insurance		12,000	
Other Charges		7,779	
Building Improvements		5,884	
Office Equipment		4,865	
Other Equipment		3,094	
Total Jail			\$ 1,916,640

Juvenile Services

Supervisor/Director	\$	28,227	
Youth Service Officer(s)		24,978	
Social Security		3,286	
State Retirement		3,677	
Employee and Dependent Insurance		14,572	
Life Insurance		118	
Employer Medicare		769	
Communication		1,333	
Dues and Memberships		70	
Maintenance and Repair Services - Office Equipment		55	
Postal Charges		252	
Travel		1,866	
Other Contracted Services		3,600	
Office Supplies		1,271	
Workers' Compensation Insurance		116	
Other Charges		5,928	
Total Juvenile Services			90,118

Commissary

Food Supplies	\$	86,257	
Total Commissary			86,257

Fire Prevention and Control

Contributions	\$	6,525	
Other Contracted Services		29,944	
Workers' Compensation Insurance		14,347	
Other Charges		90,000	
Total Fire Prevention and Control			140,816

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 50,000	
Total Rescue Squad	<u>50,000</u>	\$ 50,000

Other Emergency Management

Communication	\$ 7,949	
Maintenance and Repair Services - Vehicles	3,736	
Other Contracted Services	11,124	
Office Supplies	4,793	
Uniforms	1,311	
Other Charges	111,899	
Other Equipment	51,013	
Total Other Emergency Management	<u>191,825</u>	191,825

County Coroner/Medical Examiner

Medical Personnel	\$ 2,600	
Other Charges	33,461	
Total County Coroner/Medical Examiner	<u>36,061</u>	36,061

Other Public Safety

Contributions	\$ 110,000	
Total Other Public Safety	<u>110,000</u>	110,000

Public Health and Welfare

Local Health Center

Educational Assistants	\$ 8,500	
Other Salaries and Wages	15,995	
Social Security	516	
State Retirement	196	
Employee and Dependent Insurance	1,200	
Life Insurance	10	
Employer Medicare	121	
Communication	10,285	
Operating Lease Payments	8,003	
Maintenance and Repair Services - Office Equipment	397	
Postal Charges	5,658	
Other Contracted Services	4,051	
Custodial Supplies	1,909	
Drugs and Medical Supplies	3,624	
Office Supplies	7,898	
Periodicals	99	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Other Supplies and Materials	\$	15,789	
Other Charges		1,736	
Office Equipment		731	
Total Local Health Center			\$ 86,718

Rabies and Animal Control

Assistant(s)	\$	23,527	
Supervisor/Director		26,523	
Social Security		3,107	
State Retirement		3,327	
Employee and Dependent Insurance		14,572	
Life Insurance		118	
Employer Medicare		727	
Communication		4,488	
Postal Charges		125	
Rentals		2,400	
Veterinary Services		42,557	
Other Contracted Services		67	
Custodial Supplies		2,157	
Electricity		5,861	
Natural Gas		492	
Office Supplies		1,277	
Water and Sewer		3,174	
Workers' Compensation Insurance		1,808	
Other Charges		5,351	
Total Rabies and Animal Control			141,658

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,173	
Paraprofessionals		1,136,584	
Secretary(ies)		57,994	
Social Security		75,985	
State Retirement		78,140	
Employee and Dependent Insurance		217,298	
Life Insurance		1,750	
Employer Medicare		17,771	
Communication		8,722	
Contracts with Private Agencies		10,740	
Evaluation and Testing		1,590	
Operating Lease Payments		1,679	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Licenses	\$	1,132	
Maintenance Agreements		461	
Maintenance and Repair Services - Equipment		2,894	
Maintenance and Repair Services - Vehicles		50,155	
Postal Charges		4,169	
Tuition		11,837	
Other Contracted Services		16,406	
Custodial Supplies		2,921	
Diesel Fuel		91,704	
Drugs and Medical Supplies		95,603	
Electricity		6,713	
Office Supplies		4,598	
Tires and Tubes		5,238	
Uniforms		10,766	
Water and Sewer		635	
Workers' Compensation Insurance		49,641	
Other Charges		28,918	
Attendance Equipment		2,208	
Communication Equipment		6,862	
Motor Vehicles		216,000	
Office Equipment		429	
Total Ambulance/Emergency Medical Services			\$ 2,266,716

Dental Health Program

Assistant(s)	\$	62,987
Supervisor/Director		135,000
Deputy(ies)		35,000
Medical Personnel		35,782
Salary Supplements		15,000
Clerical Personnel		41,073
Part-time Personnel		8,000
In-Service Training		449
Social Security		18,360
State Retirement		22,385
Employee and Dependent Insurance		48,250
Life Insurance		410
Employer Medicare		4,948
Communication		5,040
Dues and Memberships		1,004
Maintenance and Repair Services - Buildings		310

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Maintenance and Repair Services - Equipment	\$	637	
Postal Charges		885	
Travel		4,652	
Other Contracted Services		9,708	
Drugs and Medical Supplies		35,724	
Office Supplies		9,195	
Uniforms		1,072	
Other Supplies and Materials		26,021	
Liability Insurance		1,880	
Workers' Compensation Insurance		1,644	
In Service/Staff Development		1,827	
Other Charges		4,784	
Building Improvements		60,000	
Office Equipment		7,248	
Total Dental Health Program			\$ 599,275

Alcohol and Drug Programs

Communication	\$	406	
Other Charges		7,030	
Total Alcohol and Drug Programs			7,436

Crippled Children Services

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

Other Local Health Services

Assistant(s)	\$	29,909	
Deputy(ies)		30,746	
Teachers		27,161	
Guidance Personnel		10,353	
Social Workers		24,734	
Medical Personnel		35,756	
Assessment Personnel		15,600	
Secretary(ies)		20,616	
Clerical Personnel		8,745	
Educational Assistants		24,090	
Longevity Pay		2,000	
Other Salaries and Wages		22,065	
Social Security		15,128	
State Retirement		12,248	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Employee and Dependent Insurance	\$	50,359	
Life Insurance		409	
Employer Medicare		3,538	
Travel		14,847	
Workers' Compensation Insurance		500	
Total Other Local Health Services			\$ 348,804

General Welfare Assistance

Social Workers	\$	24,754	
Social Security		1,490	
State Retirement		1,710	
Employee and Dependent Insurance		7,286	
Life Insurance		59	
Employer Medicare		348	
Pauper Burials		1,150	
Workers' Compensation Insurance		55	
Total General Welfare Assistance			36,852

Aid to Dependent Children

Contracts with Private Agencies	\$	740	
Total Aid to Dependent Children			740

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	30,000	
Other Contracted Services		8,000	
Total Senior Citizens Assistance			38,000

Libraries

Contributions	\$	113,374	
Maintenance Agreements		5,648	
Total Libraries			119,022

Other Social, Cultural, and Recreational

Contributions	\$	191,765	
Total Other Social, Cultural, and Recreational			191,765

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	14,627	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Assistant(s)	\$	12,274	
Supervisor/Director		11,917	
Clerical Personnel		10,357	
Other Salaries and Wages		8,700	
Social Security		2,493	
State Retirement		4,697	
Employer Medicare		362	
Communication		4,985	
Operating Lease Payments		1,141	
Office Supplies		500	
Workers' Compensation Insurance		130	
Total Agriculture Extension Service		<u>72,183</u>	\$ 72,183

Soil Conservation

Secretary(ies)	\$	19,305	
Social Security		1,080	
State Retirement		1,334	
Employee and Dependent Insurance		7,286	
Life Insurance		59	
Employer Medicare		253	
Contributions		2,042	
Dues and Memberships		220	
Instructional Supplies and Materials		92	
Workers' Compensation Insurance		44	
Total Soil Conservation		<u>31,715</u>	31,715

Flood Control

Contributions	\$	2,000	
Total Flood Control		<u>2,000</u>	2,000

Other Operations

Tourism

Supervisor/Director	\$	39,254	
Custodial Personnel		2,225	
Part-time Personnel		29,486	
Social Security		4,353	
State Retirement		2,712	
Employee and Dependent Insurance		7,286	
Life Insurance		59	
Employer Medicare		1,018	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Tourism (Cont.)

Advertising	\$	39,999	
Communication		9,838	
Dues and Memberships		2,328	
Operating Lease Payments		6,466	
Maintenance Agreements		348	
Postal Charges		2,800	
Travel		7,199	
Custodial Supplies		1,495	
Electricity		5,815	
Office Supplies		1,538	
Water and Sewer		1,112	
Other Supplies and Materials		23,816	
Workers' Compensation Insurance		100	
Other Charges		24,521	
Total Tourism			\$ 213,768

Industrial Development

Supervisor/Director	\$	57,868	
Secretary(ies)		25,776	
Social Security		5,125	
State Retirement		5,780	
Employee and Dependent Insurance		14,572	
Life Insurance		118	
Employer Medicare		1,199	
Advertising		5,680	
Communication		5,281	
Dues and Memberships		2,590	
Legal Services		3,438	
Maintenance and Repair Services - Equipment		1,640	
Postal Charges		592	
Travel		22,307	
Office Supplies		1,371	
Other Supplies and Materials		3,500	
Workers' Compensation Insurance		1,888	
Other Charges		5,233	
Total Industrial Development			163,958

Other Economic and Community Development

Contracts with Other Public Agencies	\$	11,250	
Engineering Services		2,000	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development (Cont.)

Maintenance and Repair Services - Equipment	\$	1,007	
Other Charges		39,750	
Site Development		436,594	
Other Construction		80,383	
Total Other Economic and Community Development			\$ 570,984

Airport

Communication	\$	1,197	
Maintenance Agreements		9,169	
Maintenance and Repair Services - Equipment		1,775	
Other Contracted Services		3,100	
Electricity		5,246	
Other Charges		2,776	
Airport Improvement		1,446	
Total Airport			24,709

Veterans' Services

Supervisor/Director	\$	18,980	
Social Security		1,177	
Employer Medicare		275	
Communication		654	
Postal Charges		123	
Travel		555	
Office Supplies		105	
Total Veterans' Services			21,869

Other Charges

Social Security	\$	414	
Employer Medicare		97	
Postal Charges		20	
Other Contracted Services		6,676	
Other Supplies and Materials		1,096	
Other Charges		586	
Office Equipment		5,269	
Total Other Charges			14,158

Contributions to Other Agencies

Contributions	\$	12,128	
Total Contributions to Other Agencies			12,128

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Longevity Pay	\$	104,400	
Social Security		6,473	
Handling Charges and Administrative Costs		14,208	
State Retirement		4,599	
Employee and Dependent Insurance		1,950	
Life Insurance		4	
Medical Insurance		2,392	
Unemployment Compensation		15,714	
Employer Medicare		1,514	
Total Employee Benefits			\$ 151,254

Miscellaneous

Maintenance and Repair Services - Buildings	\$	2,500	
Total Miscellaneous			2,500

Capital Projects

Public Safety Projects

Other Charges	\$	9,973	
Total Public Safety Projects			9,973

Total General Fund \$ 14,933,914

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$	42,425	
Laborers		51,359	
Clerical Personnel		24,505	
Longevity Pay		9,300	
Social Security		8,624	
State Retirement		10,088	
Employee and Dependent Insurance		29,255	
Life Insurance		237	
Unemployment Compensation		129	
Employer Medicare		2,017	
Advertising		1,330	
Communication		8,186	
Contracts with Private Agencies		972,868	
Dues and Memberships		1,177	
Maintenance and Repair Services - Equipment		7,317	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Postal Charges	\$	500	
Travel		177	
Gasoline		18,513	
Office Supplies		1,612	
Small Tools		89	
Tires and Tubes		620	
Utilities		1,589	
Other Supplies and Materials		703	
Trustee's Commission		27,865	
Other Charges		5,399	
Office Equipment		2,941	
Other Equipment		10,555	
Total Sanitation Education/Information			\$ 1,239,380

Convenience Centers

Attendants	\$	141,719	
Social Security		9,107	
State Retirement		7,532	
Employee and Dependent Insurance		36,002	
Life Insurance		356	
Employer Medicare		2,130	
Communication		1,525	
Contracts with Private Agencies		14,496	
Maintenance and Repair Services - Equipment		2,815	
Other Contracted Services		412,902	
Crushed Stone		1,537	
Fertilizer, Lime, and Seed		136	
Pipe - Concrete		394	
Small Tools		462	
Utilities		5,920	
Other Supplies and Materials		5,445	
Liability Insurance		38,476	
Workers' Compensation Insurance		7,701	
Other Charges		4,787	
Motor Vehicles		31,410	
Office Equipment		219	
Solid Waste Equipment		4,595	
Total Convenience Centers			729,666

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Postclosure Care Costs

Testing	\$ 11,500	
Other Charges	1,841	
Total Postclosure Care Costs	<u>13,341</u>	\$ 13,341

Highways

Litter and Trash Collection

Laborers	\$ 27,006	
Advertising	8,969	
Total Litter and Trash Collection	<u>35,975</u>	

Total Solid Waste/Sanitation Fund \$ 2,018,362

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$ 23,334	
Social Security	1,447	
State Retirement	1,209	
Employee and Dependent Insurance	4,200	
Life Insurance	33	
Employer Medicare	338	
Communication	40	
Confidential Drug Enforcement Payments	16,000	
Office Supplies	80	
Trustee's Commission	242	
Fines, Assessments, and Penalties	15,619	
Other Charges	41,119	
Office Equipment	1,049	
Total Drug Enforcement	<u>104,710</u>	\$ 104,710

Total Drug Control Fund 104,710

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 8,410	
Total Chancery Court	<u>8,410</u>	\$ 8,410

Total Constitutional Officers - Fees Fund 8,410

(Continued)

Exhibit K-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	69,083	
Accountants/Bookkeepers		27,967	
Secretary(ies)		27,967	
Social Security		7,711	
State Retirement		8,639	
Employee and Dependent Insurance		21,858	
Life Insurance		178	
Employer Medicare		1,803	
Communication		6,169	
Dues and Memberships		4,186	
Legal Services		65	
Legal Notices, Recording, and Court Costs		92	
Maintenance and Repair Services - Office Equipment		2,395	
Postal Charges		386	
Travel		316	
Other Contracted Services		470	
Electricity		14,452	
Natural Gas		2,338	
Office Supplies		1,230	
Water and Sewer		2,766	
Other Charges		1,679	
Total Administration			\$ 201,750

Highway and Bridge Maintenance

Foremen	\$	34,778	
Laborers		705,355	
Social Security		45,443	
State Retirement		49,835	
Employee and Dependent Insurance		222,827	
Life Insurance		1,772	
Employer Medicare		10,628	
Other Contracted Services		14,322	
Asphalt - Hot Mix		340,701	
Asphalt - Liquid		137,777	
Crushed Stone		94,255	
Pipe - Metal		1,157	
Road Signs		3,862	
Total Highway and Bridge Maintenance			1,662,712

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Foremen	\$	2,333	
Mechanic(s)		28,561	
Social Security		1,912	
State Retirement		2,135	
Employee and Dependent Insurance		7,929	
Life Insurance		64	
Employer Medicare		447	
Other Contracted Services		894	
Diesel Fuel		196,674	
Equipment and Machinery Parts		95,495	
Garage Supplies		6,521	
Gasoline		229,648	
Lubricants		9,809	
Propane Gas		214	
Small Tools		147	
Tires and Tubes		22,063	
Other Supplies and Materials		1,462	
Total Operation and Maintenance of Equipment			\$ 606,308

Other Charges

Building and Contents Insurance	\$	45,000	
Liability Insurance		20,230	
Trustee's Commission		33,223	
Vehicle and Equipment Insurance		65,000	
Workers' Compensation Insurance		39,200	
Total Other Charges			202,653

Employee Benefits

Unemployment Compensation	\$	5,568	
Total Employee Benefits			5,568

Capital Outlay

Bridge Construction	\$	45,813	
Communication Equipment		1,511	
Highway Equipment		7,000	
Site Development		5,139	
State Aid Projects		4,893	
Total Capital Outlay			64,356

Total Highway/Public Works Fund \$ 2,743,347

(Continued)

Exhibit K-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 1,005,000	
Principal on Notes	575,760	
Principal on Other Loans	100,000	
Total General Government		\$ 1,680,760

Interest on Debt

General Government

Interest on Bonds	\$ 670,528	
Interest on Notes	87,160	
Interest on Other Loans	1,074,389	
Total General Government		1,832,077

Other Debt Service

General Government

Trustee's Commission	\$ 61,555	
Other Debt Service	180,132	
Total General Government		241,687

Total General Debt Service Fund \$ 3,754,524

Education Capital Projects Fund

Other Operations

Payments to Cities

Payments to Schools - Other	\$ 2,356,626	
Total Payments to Cities		\$ 2,356,626

Other Debt Service

General Government

Underwriter's Discount	\$ 62,521	
Other Debt Issuance Charges	144,150	
Total General Government		206,671

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 13,636,577	
Total Capital Projects Donated to School Department		13,636,577

Total Education Capital Projects Fund 16,199,874

Total Governmental Funds - Primary Government \$ 39,763,141

Exhibit K-8

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,727,400	
Career Ladder Program	141,158	
Career Ladder Extended Contracts	104,250	
Homebound Teachers	70,236	
Educational Assistants	463,894	
Other Salaries and Wages	151,088	
Certified Substitute Teachers	31,200	
Non-certified Substitute Teachers	149,932	
Social Security	704,684	
State Retirement	720,351	
Life Insurance	17,352	
Medical Insurance	2,192,952	
Employer Medicare	166,226	
Other Contracted Services	72,095	
Instructional Supplies and Materials	165,103	
Textbooks	392,741	
Other Supplies and Materials	56,330	
Fee Waivers	52,954	
Regular Instruction Equipment	165,424	
Total Regular Instruction Program		\$ 16,545,370

Alternative Instruction Program

Teachers	\$ 33,575	
Educational Assistants	13,847	
Social Security	2,872	
State Retirement	3,052	
Life Insurance	118	
Medical Insurance	5,527	
Employer Medicare	672	
Instructional Supplies and Materials	173	
Total Alternative Instruction Program		59,836

Special Education Program

Teachers	\$ 1,167,627	
Career Ladder Program	16,208	
Homebound Teachers	21,513	
Educational Assistants	337,331	
Speech Pathologist	189,202	
Other Salaries and Wages	64,842	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Certified Substitute Teachers	\$	4,750	
Non-certified Substitute Teachers		28,476	
Social Security		108,940	
State Retirement		111,587	
Life Insurance		3,024	
Medical Insurance		343,971	
Employer Medicare		25,578	
Contracts with Other Public Agencies		245,953	
Other Contracted Services		75,969	
Instructional Supplies and Materials		27,698	
Other Supplies and Materials		11,981	
Special Education Equipment		37,470	
Total Special Education Program			\$ 2,822,120

Vocational Education Program

Teachers	\$	889,054	
Career Ladder Program		8,000	
Certified Substitute Teachers		975	
Non-certified Substitute Teachers		4,817	
Social Security		54,375	
State Retirement		56,382	
Life Insurance		1,258	
Medical Insurance		177,066	
Employer Medicare		12,724	
Instructional Supplies and Materials		22,599	
Other Supplies and Materials		2,359	
Total Vocational Education Program			1,229,609

Adult Education Program

Teachers	\$	40,456	
Social Security		2,389	
State Retirement		2,231	
Employer Medicare		587	
Instructional Supplies and Materials		1,193	
Other Supplies and Materials		1,640	
Total Adult Education Program			48,496

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	51,075	
Career Ladder Program		1,000	
Social Security		3,223	
State Retirement		3,249	
Life Insurance		59	
Medical Insurance		5,066	
Employer Medicare		754	
Travel		1,353	
Other Supplies and Materials		484	
Attendance Equipment		580	
Total Attendance			\$ 66,843

Health Services

Supervisor/Director	\$	39,737	
Data Processing Personnel		6,257	
Social Workers		65,862	
Medical Personnel		84,177	
Paraprofessionals		182,342	
Clerical Personnel		18,130	
Other Salaries and Wages		12,072	
Social Security		24,015	
State Retirement		23,928	
Life Insurance		785	
Medical Insurance		86,687	
Employer Medicare		5,617	
Other Fringe Benefits		1,611	
Travel		9,212	
Other Contracted Services		2,796	
Drugs and Medical Supplies		2,991	
Other Supplies and Materials		66,381	
In Service/Staff Development		5,995	
Other Charges		70,131	
Health Equipment		11,994	
Total Health Services			720,720

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		480,523	
Psychological Personnel		60,359	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

School Resource Officer	\$	95,918	
Longevity Pay		1,450	
Social Security		39,918	
State Retirement		42,105	
Life Insurance		830	
Medical Insurance		131,869	
Employer Medicare		9,153	
Other Fringe Benefits		2,041	
Evaluation and Testing		5,903	
Travel		3,680	
Other Contracted Services		45,622	
In Service/Staff Development		1,275	
Other Equipment		1,520	
Total Other Student Support			\$ 928,166

Regular Instruction Program

Supervisor/Director	\$	227,945	
Career Ladder Program		11,000	
Librarians		451,063	
Instructional Computer Personnel		94,380	
Other Salaries and Wages		56,511	
Social Security		50,256	
State Retirement		51,954	
Life Insurance		1,070	
Medical Insurance		144,542	
Employer Medicare		11,753	
Travel		31,371	
Other Contracted Services		5,718	
Library Books/Media		45,911	
Other Supplies and Materials		219	
In Service/Staff Development		3,042	
Other Equipment		74,035	
Total Regular Instruction Program			1,260,770

Special Education Program

Supervisor/Director	\$	64,018
Career Ladder Program		5,000
Psychological Personnel		120,265
Assessment Personnel		44,944

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Secretary(ies)	\$	23,426	
Longevity Pay		500	
Social Security		15,570	
State Retirement		16,269	
Life Insurance		281	
Medical Insurance		49,087	
Employer Medicare		3,641	
Maintenance and Repair Services - Equipment		2,240	
Travel		24,760	
Other Contracted Services		17,941	
In Service/Staff Development		1,278	
Total Special Education Program			\$ 389,220

Vocational Education Program

Supervisor/Director	\$	69,808	
Career Ladder Program		2,000	
Social Security		4,438	
State Retirement		4,481	
Life Insurance		59	
Medical Insurance		4,527	
Employer Medicare		1,038	
Travel		7,900	
In Service/Staff Development		360	
Total Vocational Education Program			94,611

Adult Programs

Supervisor/Director	\$	55,717	
Career Ladder Program		1,000	
Other Salaries and Wages		14,249	
Social Security		4,373	
State Retirement		3,539	
Life Insurance		59	
Medical Insurance		6,510	
Employer Medicare		1,023	
Travel		2,922	
In Service/Staff Development		486	
Total Adult Programs			89,878

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-Behalf Payments to OPEB	\$ 177,329	
Total Other Programs		\$ 177,329

Board of Education

Secretary to Board	\$ 4,389	
Other Salaries and Wages	350	
Board and Committee Members Fees	39,500	
Social Security	2,741	
State Retirement	303	
Life Insurance	514	
Medical Insurance	1,000	
Unemployment Compensation	14,822	
Employer Medicare	636	
Other Fringe Benefits	108,339	
Audit Services	9,475	
Dues and Memberships	6,115	
Legal Services	13,752	
Travel	12,572	
Liability Insurance	645	
Trustee's Commission	185,127	
Workers' Compensation Insurance	166,066	
Other Charges	11,948	
Total Board of Education		578,294

Director of Schools

County Official/Administrative Officer	\$ 85,000
Secretary(ies)	34,347
Clerical Personnel	52,569
Longevity Pay	1,100
Social Security	10,269
State Retirement	11,386
Life Insurance	235
Medical Insurance	30,002
Employer Medicare	2,402
Communication	26,818
Dues and Memberships	2,757
Postal Charges	3,491
Travel	7,176
Other Contracted Services	10,121

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Office Supplies	\$	5,979	
Other Charges		2,465	
Administration Equipment		2,867	
Total Director of Schools			\$ 288,984

Office of the Principal

Principals	\$	691,605	
Career Ladder Program		15,000	
Assistant Principals		155,222	
Secretary(ies)		257,834	
Longevity Pay		4,080	
Social Security		66,994	
State Retirement		71,118	
Life Insurance		1,635	
Medical Insurance		192,207	
Employer Medicare		15,668	
Communication		23,844	
Postal Charges		5,975	
Administration Equipment		20,760	
Total Office of the Principal			1,521,942

Fiscal Services

Longevity Pay	\$	180	
Other Salaries and Wages		13,133	
Social Security		825	
State Retirement		920	
Life Insurance		33	
Medical Insurance		4,167	
Employer Medicare		193	
Total Fiscal Services			19,451

Operation of Plant

Custodial Personnel	\$	606,649	
Longevity Pay		6,360	
Other Salaries and Wages		16,434	
Social Security		36,762	
State Retirement		41,054	
Life Insurance		1,635	
Medical Insurance		179,695	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Employer Medicare	\$	8,598	
Other Contracted Services		48,871	
Custodial Supplies		167,404	
Electricity		693,998	
Natural Gas		178,235	
Water and Sewer		108,585	
Building and Contents Insurance		222,528	
In Service/Staff Development		5,195	
Other Charges		1,000	
Plant Operation Equipment		14,644	
Total Operation of Plant			\$ 2,337,647

Maintenance of Plant

Supervisor/Director	\$	43,013	
Secretary(ies)		25,451	
Maintenance Personnel		197,500	
Longevity Pay		2,440	
Overtime Pay		7,581	
Other Salaries and Wages		28,352	
Social Security		18,052	
State Retirement		20,477	
Life Insurance		640	
Medical Insurance		77,286	
Employer Medicare		4,222	
Maintenance and Repair Services - Buildings		111,991	
Maintenance and Repair Services - Equipment		27,526	
Other Contracted Services		16,132	
Other Supplies and Materials		326,934	
Other Charges		29	
Building Improvements		8,400	
Maintenance Equipment		38,640	
Total Maintenance of Plant			954,666

Transportation

Supervisor/Director	\$	35,950
Social Security		2,203
State Retirement		2,484
Life Insurance		59
Employer Medicare		515

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Communication	\$	530	
Contracts with Parents		40,962	
Contracts with Vehicle Owners		1,874,808	
Maintenance and Repair Services - Vehicles		33,974	
Travel		4,548	
Other Contracted Services		1,585	
Other Supplies and Materials		2,190	
Other Charges		5,586	
Transportation Equipment		82,361	
Total Transportation			\$ 2,087,755

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	58,806	
Cafeteria Personnel		31,300	
Other Salaries and Wages		359	
Social Security		5,461	
State Retirement		54,466	
Life Insurance		3,351	
Medical Insurance		188,604	
Employer Medicare		1,277	
Communication		496	
Travel		4,646	
Other Contracted Services		554	
Utilities		192,449	
Other Supplies and Materials		189	
Total Food Service			541,958

Community Services

Supervisor/Director	\$	36,629	
Other Salaries and Wages		887	
Social Security		2,302	
State Retirement		2,531	
Life Insurance		59	
Medical Insurance		5,577	
Employer Medicare		538	
Communication		850	
Travel		1,027	
Other Contracted Services		58,387	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Instructional Supplies and Materials	\$	3,184	
Other Supplies and Materials		3,210	
In Service/Staff Development		1,662	
Other Charges		395	
Total Community Services			\$ 117,238

Early Childhood Education

Teachers	\$	109,774	
Educational Assistants		43,422	
Certified Substitute Teachers		925	
Non-certified Substitute Teachers		1,350	
Social Security		9,240	
State Retirement		9,549	
Life Insurance		376	
Medical Insurance		32,293	
Employer Medicare		2,161	
Other Fringe Benefits		978	
Travel		821	
Instructional Supplies and Materials		57,901	
In Service/Staff Development		123	
Total Early Childhood Education			268,913

Principal on Debt

Education

Principal on Bonds	\$	360,000	
Total Education			360,000

Interest on Debt

Education

Interest on Bonds	\$	71,958	
Total Education			71,958

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	311,687	
Other Debt Service		445	
Total Education			312,132

Total General Purpose School Fund \$ 33,893,906

(Continued)

Exhibit K-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	359,865	
Educational Assistants		385,950	
Other Salaries and Wages		6,700	
Certified Substitute Teachers		5,475	
Non-certified Substitute Teachers		26,350	
Social Security		45,580	
State Retirement		49,436	
Life Insurance		2,030	
Medical Insurance		160,967	
Employer Medicare		10,693	
Other Fringe Benefits		5,070	
Other Contracted Services		47,184	
Instructional Supplies and Materials		6,756	
Other Supplies and Materials		10,040	
In Service/Staff Development		1,200	
Other Charges		23,736	
Regular Instruction Equipment		<u>73,975</u>	
Total Regular Instruction Program			\$ 1,221,007

Special Education Program

Teachers	\$	34,082	
Educational Assistants		476,034	
Speech Pathologist		8,944	
Social Security		30,152	
State Retirement		31,706	
Life Insurance		1,580	
Medical Insurance		138,795	
Employer Medicare		7,052	
Other Fringe Benefits		3,403	
Contracts with Other Public Agencies		189,462	
Instructional Supplies and Materials		<u>56,984</u>	
Total Special Education Program			978,194

Vocational Education Program

Clerical Personnel	\$	24,998	
Longevity Pay		240	
Social Security		1,522	
State Retirement		1,744	
Life Insurance		59	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Medical Insurance	\$	6,838	
Employer Medicare		356	
Other Supplies and Materials		25,000	
Vocational Instruction Equipment		61,837	
Total Vocational Education Program			\$ 122,594

Support Services

Attendance

Social Workers	\$	1,704	
Social Security		104	
State Retirement		106	
Life Insurance		3	
Employer Medicare		24	
Total Attendance			1,941

Health Services

Other Salaries and Wages	\$	1,382	
Social Security		111	
Employer Medicare		27	
Total Health Services			1,520

Other Student Support

Guidance Personnel	\$	6,711	
Other Salaries and Wages		28,069	
Social Security		1,481	
State Retirement		1,766	
Life Insurance		70	
Medical Insurance		6,253	
Employer Medicare		345	
Other Fringe Benefits		249	
Travel		3,573	
In Service/Staff Development		11,275	
Total Other Student Support			59,792

Regular Instruction Program

Supervisor/Director	\$	57,272	
Secretary(ies)		26,789	
Longevity Pay		500	
Other Salaries and Wages		60,696	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	10,232	
State Retirement		10,634	
Life Insurance		165	
Medical Insurance		6,908	
Employer Medicare		2,394	
Other Fringe Benefits		907	
Travel		22,901	
Other Supplies and Materials		3,286	
In Service/Staff Development		105,031	
Other Charges		9,248	
Other Equipment		10,302	
Total Regular Instruction Program			\$ 327,265

Special Education Program

Supervisor/Director	\$	6,887	
Psychological Personnel		6,036	
Secretary(ies)		496	
Social Security		820	
State Retirement		841	
Employer Medicare		192	
Travel		12,000	
Other Contracted Services		26,688	
In Service/Staff Development		6,130	
Total Special Education Program			60,090

Vocational Education Program

Supervisor/Director	\$	5,223	
Social Security		323	
State Retirement		326	
Employer Medicare		75	
Travel		1,002	
Total Vocational Education Program			6,949

Total School Federal Projects Fund \$ 2,779,352

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$	22,148	
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(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Cafeteria Personnel	\$ 713,662	
Part-time Personnel	46,660	
Other Salaries and Wages	43,463	
Social Security	50,035	
Medical Insurance	150,000	
Employer Medicare	11,772	
Communication	5,988	
Maintenance and Repair Services - Equipment	10,332	
Other Contracted Services	39,431	
Food Supplies	1,170,446	
Other Supplies and Materials	112,121	
In Service/Staff Development	16,086	
Other Charges	1,183	
Food Service Equipment	110,851	
Total Food Service		\$ 2,504,178

Total Central Cafeteria Fund \$ 2,504,178

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$ 281,119	
Engineering Services	1,594	
Building and Contents Insurance	17,217	
Other Charges	20,082	
Building Construction	7,008,543	
Site Development	12,133	
Other Construction	507	
Total Education Capital Projects		\$ 7,341,195

Total Education Capital Projects Fund 7,341,195

Total Governmental Funds - Monroe County School Department \$ 46,518,631

Exhibit K-9

Monroe County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2008

	Cities - Sales Tax Fund	City School ADA - Sweetwater Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,039,549	\$ 1,039,549
Trustee's Collections - Prior Years	0	39,768	39,768
Circuit/Clerk and Master Collections - Prior Years	0	12,457	12,457
Interest and Penalty	0	7,317	7,317
Pick-up Taxes	0	4,590	4,590
Payments in-Lieu-of Taxes - T.V.A.	0	3,048	3,048
Payments in-Lieu-of Taxes - Local Utilities	0	49,503	49,503
Payments in-Lieu-of Taxes - Other	0	17,463	17,463
Local Option Sales Tax	3,396,100	868,647	4,264,747
Business Tax	0	25,232	25,232
Other Local Option Taxes	0	115	115
Bank Excise Tax	0	12,942	12,942
Interstate Telecommunications Tax	0	1,290	1,290
Marriage Licenses	0	781	781
Income Tax	0	12,063	12,063
Mixed Drink Tax	0	1,151	1,151
State Revenue Sharing - T.V.A.	0	100,000	100,000
Total Cash Receipts	<u>\$ 3,396,100</u>	<u>\$ 2,195,916</u>	<u>\$ 5,592,016</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,362,139	\$ 2,162,747	\$ 5,524,886
Trustee's Commission	33,961	33,169	67,130
Total Cash Disbursements	<u>\$ 3,396,100</u>	<u>\$ 2,195,916</u>	<u>\$ 5,592,016</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 0
Cash Balance, July 1, 2007	0	0	0
Cash Balance, June 30, 2008	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

SINGLE AUDIT SECTION

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

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

October 24, 2008

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Monroe County's basic financial statements and have issued our report thereon dated October 24, 2008. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Monroe County Emergency Communications District and the Women's Wellness and Maternity Center, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monroe County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 08.01 and 08.02.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, Financial Management Committee, County Commission, Board of Education, others within Monroe County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

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

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

October 24, 2008

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Monroe County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Monroe County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Monroe County's management. Our responsibility is to express an opinion on Monroe County's compliance based on our audit.

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

such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Monroe County's compliance with those requirements.

In our opinion, Monroe County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Monroe 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 Monroe County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Monroe County's internal control over compliance.

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

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

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

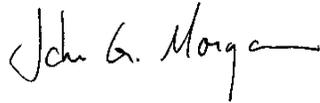
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County as of and for the year ended June 30, 2008, and have issued our report thereon dated October 24, 2008. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Monroe County Emergency Communications District and the Women's Wellness and Maternity Center, which were not available from other auditors as of the date of this

report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Monroe County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, Financial Management Committee, County Commission, Board of Education, others within the entity, 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.

Yours very truly,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

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Monroe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2008

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 76,705 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	332,442
National School Lunch Program	10.555	N/A	1,061,543 (3)
Total U.S. Department of Agriculture			\$ 1,470,690
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 126,804
Total Bureau of Land Management, Department of the Interior			\$ 126,804
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 2,449
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	19,733
Total U.S. Department of Justice			\$ 22,182
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 96,155
Total U.S. Department of Highway Administration			\$ 96,155
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z-07-033719-00	\$ 65,193
Title I Grant to Local Educational Agencies	84.010	(2)	1,258,331
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	1,061,542
Special Education - Preschool Grants	84.173	(2)	30,599
Career and Technical Education - Basic Grants to States	84.048	(2)	144,397
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	26,466
State Grants for Innovative Programs	84.298	N/A	8,839
Education Technology State Grants	84.318	N/A	13,561
English Language Acquisition Grants	84.365	N/A	2,584
Improving Teacher Quality State Grants	84.367	N/A	278,963
Total U.S. Department of Education			\$ 2,890,475
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 1,773
Total U.S. Election Assistance Commission			\$ 1,773
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	Z-07-031573-01	\$ 144,818
Total U.S. Department of Health and Human Services			\$ 144,818
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Cluster:			
State Domestic Preparedness Equipment Support Program	97.004	GG-04-22677-00	\$ 51,013
Homeland Security Grant Program	97.067	GG-07-21484-00	106,396
Total U.S. Department of Homeland Security			\$ 157,409
Total Expenditures of Federal Awards			\$ 4,910,306

(Continued)

Monroe County, Tennessee

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

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 17,064
Litter Program - State Department of Transportation	N/A	(2)	36,273
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-03-011313-03	29,733
Adult Education - State Department of Labor and Workforce Development	N/A	Z-07-033719-00	35,639
Family Resource Center - State Department of Education	N/A	(2)	33,300
Tobacco Use Prevention and Cessation Grant - State Department of Health	N/A	(2)	15,789
Juvenile Services Program - State Children's Services Commission	N/A		9,000
Safe Schools Act - State Department of Education	N/A	(2)	31,200
Driver's Education - State Department of Education	N/A	(2)	18,702
Coordinated School Health Program	N/A	(2)	178,552
Early Childhood Education Lottery - State Department of Education	N/A	(2)	269,201
Countywide Road Sign Replacement - State Department of Transportation	N/A	(2)	1,694
Local Health Services - State Department of Health	N/A	Z-07-031573-01	204,436
Community Enhancement Grant Program - Archives - Tennessee Secretary of State			5,270
Audio Visual Enhancement Grant - Administrative Office of the Courts	N/A		8,000
Security Enhancement Grant - Administrative Office of the Courts	N/A		10,545
FastTrack Infrastructure Development Program - United Wheel - State Department of Economic and Community Development	NA	(2)	166,800
Used Oil Equipment Grant - State Department of Environment and Conservation	N/A	(2)	10,555
Appalachian Roots Music Residency - Tennessee Arts Commission	N/A		4,110
FastTrack Infrastructure Development Program - Hillconn - State Department of Economic and Community Development	N/A	GG-06-12693-00	297,179
Total State Grants			\$ 1,383,042

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,138,248.

Monroe County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2008

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Monroe County, Tennessee, for the year ended June 30, 2007, which has not been corrected.

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.02	187	Duties were not segregated adequately in the Offices of Trustee and Sheriff

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MONROE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

PART I, SUMMARY OF AUDITOR'S RESULTS

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

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

AMBULANCE SERVICE DEPARTMENT

FINDING 08.01 AMBULANCE SERVICE OPERATIONS WERE NOT RECONCILED WITH A CONTRACTED BILLING AGENCY
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Effective March 15, 2008, the Ambulance Service contracted with a billing agency to maintain all records related to patient accounts. The Ambulance Service received monthly reports of charges, collections, and receivables from the billing agency. However, contrary to sound business practice, management has not reconciled the billing agency reports with records of charges and collections maintained at the Ambulance Service. Without monthly reconciliations, there are increased risks for potential misstatements and for errors to occur and remain undetected.

RECOMMENDATION

Management of the Ambulance Service should prepare monthly reconciliations of its records with reports provided by the contracted billing agency.

OTHER FINDING

FINDING 08.02 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE AND SHERIFF
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of Trustee and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of managements' decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

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

There were no findings and questioned costs for federal awards.

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MONROE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2008

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