
ANNUAL FINANCIAL REPORT MONROE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2009



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**ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2009**

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Comptroller of the Treasury*

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This financial report is available at www.tn.gov/comptroller

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Audit Highlights
Annual Financial Report
Monroe County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Monroe County as of and for the year ended June 30, 2009.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include one component unit 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 four 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:

OFFICE OF SHERIFF

- ◆ A cash shortage of \$30,646.08 existed in the Sheriff's Commissary Operation as of October 22, 2008.
- ◆ The Sheriff's Office circumvented the county's budgetary process.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a deficit in unreserved fund balance and a cash overdraft.

AMBULANCE SERVICE DEPARTMENT

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

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INTRODUCTORY SECTION

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Monroe County Officials

June 30, 2009

Officials

J. Allan Watson, County Mayor
Phillip Axley, Road Superintendent
Michael Lowry, Director of Schools
Marna Hull, 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, Chairperson	Judith Lee
Larry Anderson	Bennie Moser
Bill Bivens	Bill Shadden
Harold Hawkins, Jr.	Roger Thomas
Richard Kirkland	

Board of Education

Larry Stein, Chairman	Becky Ogle
Ronald Eydt	Jerry Snyder
Danny Isbill	Dewitt Upton
Sonya Lynn	Dean Williams
Lisa McLemore	

Financial Management Committee

J. Allan Watson, County Mayor, Chairman	Marna Hull
Wanda Alexander	Richard Kirkland
Phillip Axley, Road Superintendent	Michael Lowry, Director of Schools
Larry Anderson	Bennie Moser

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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
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INDEPENDENT AUDITOR'S REPORT

January 29, 2010

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, 2009, 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 did not audit the financial statements of the Women's Wellness and Maternity Center, which represents .01 percent and .03 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Women's Wellness and Maternity Center, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 and the report of other auditors provide a reasonable basis for our opinions.

The financial statements of the Monroe County Emergency Communications District, a component unit 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, 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, based on our audit and the report of other auditors, and except for the effects of not including the financial statements of the Monroe County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of Monroe County, Tennessee, as of June 30, 2009, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

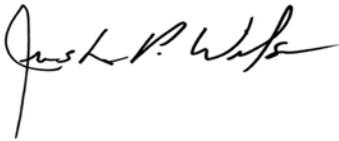
In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2010, on our consideration of Monroe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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 Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

The management's discussion and analysis on pages 21 through 30 and the budgetary comparison, pension, and other postemployment benefits information on pages 99 through 107 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 by us 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 by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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**Monroe County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2009**

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, 2009. 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 2009

Key Financial Highlights for 2009

In total, net assets of the primary government decreased \$7.6 million. Net assets of the DPCU School Department increased \$4.2 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 \$13.5 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 \$11.2 million or 45 percent of total revenues of \$24.6 million. General revenues of the DPCU School Department were \$34.2 million.

Total assets of governmental activities in the primary government were \$160.5 million as taxes receivable ended at \$10.6 million, cash ended at \$18.4 million, and capital assets, net of accumulated depreciation, ended at \$129.3 million. Total assets in the DPCU School Department were \$57.1 million as taxes receivable ended at \$5 million, cash ended at \$3.4 million, and capital assets, net of accumulated depreciation, ended at \$47.5 million.

The county had \$32.6 million in expenses related to governmental activities, including \$4.6 million in expenses for capital assets provided to the DPCU School Department. Of these expenses, \$11.2 million were offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes of \$9 million) provided additional funding for these programs. The DPCU School Department had \$41.1 million in expenses related to governmental activities; \$11.2 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 \$4.4 and \$3.1 million, respectively, and \$26.2 million of grants and contributions not restricted to specific programs) were adequate to provide current funding for these programs.

Among major funds, the General Fund had \$15.1 million in revenues and \$14.6 million in expenditures. The Solid Waste/Sanitation Fund had \$1.7 million in revenues and \$1.8 million in expenditures. The Highway/Public Works Fund had \$3.3 million in revenues and \$3.3 million in expenditures. The General Debt Service Fund had \$3.8 million in revenues and \$4.7 million in expenditures, and the General Capital Projects Fund had \$5.8 million of expenditures funded by long-term debt proceeds. The fund balance increased by \$.9 million for the General Fund. The fund balance decreased by \$24,129 for the Solid Waste/Sanitation Fund, \$27,414 for the Highway/Public Works Fund, and \$.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, Highway/Public Works, General Debt Service, and General Capital Projects funds. In the DPCU School Department, the General Purpose School and Education Capital Projects funds are major funds.

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the county and the DPCU School Department to provide programs and activities during 2009, 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 reported here include 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 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 DPCU School Department can be divided into three categories: governmental, proprietary, and fiduciary.

Fund financial reports provide detailed information about the county's 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, Solid Waste/Sanitation, Highway/Public Works, General Debt Service, and General Capital Projects funds. The DPCU School Department's major governmental funds are the General Purpose School and Education Capital Projects funds.

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

Because the focus of 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. An internal service fund is 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 \$91.7 million at the close of the most recent fiscal year. For the DPCU School Department, assets exceeded liabilities by \$48.7 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 2009 and a comparison to the prior year.

An additional portion of the county’s net assets, \$8.6 million, represents resources that are subject to external restrictions on how they may be used. In the DPCU School Department, \$.6 million of net assets is subject to external restrictions.

Table 2a shows the changes in net assets of the primary government for fiscal year 2009 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
2009 2008

	2009	2008
Assets:		
Current and other assets	\$ 31,197,064	\$ 25,179,279
Capital assets	129,293,742	133,358,258
Total Assets	\$ 160,490,806	\$ 158,537,537
Liabilities:		
Long-term liabilities outstanding	\$ 57,269,854	\$ 48,276,861
Other liabilities	11,501,868	10,981,038
Total Liabilities	\$ 68,771,722	\$ 59,257,899
Net Assets:		
Invested in capital assets, net of related debt	\$ 126,230,823	\$ 130,063,068
Restricted	8,634,147	9,040,829
Unrestricted	(43,145,886)	(39,824,259)
Total Net Assets	\$ 91,719,084	\$ 99,279,638

Table 1b
School Department

Monroe County
School Department
2009 2008

	2009	2008
Assets:		
Current and other assets	\$ 9,607,288	\$ 16,072,646
Capital assets	47,474,972	36,269,905
Total Assets	\$ 57,082,260	\$ 52,342,551
Liabilities:		
Long-term liabilities outstanding	\$ 3,143,101	\$ 2,275,287
Other liabilities	5,200,370	5,536,116
Total Liabilities	\$ 8,343,471	\$ 7,811,403
Net Assets:		
Invested in capital assets, net of related debt	\$ 46,664,972	\$ 35,079,905
Restricted	646,237	7,228,503
Unrestricted	1,427,580	2,222,740
Total Net Assets	\$ 48,738,789	\$ 44,531,148

Table 2a
Monroe County Government
Changes in Net Assets

Governmental Activities	Monroe County Government	
	2009	2008
Revenues:		
Program Revenues:		
Charges for services	\$ 7,267,385	\$ 7,098,391
Operating grants and contributions	2,991,024	2,831,485
Capital grants and contributions	930,532	1,121,730
General Revenues:		
Property taxes	9,021,845	8,826,856
Sales taxes	669,469	818,194
Other taxes	1,551,525	1,676,162
Grants and contributions not restricted to specific programs	1,745,143	1,470,635
Unrestricted investment earnings	279,717	656,164
Gain on sale of capital assets	146,632	7,195
Other	43,457	121,827
Total Revenues	<u>\$ 24,646,729</u>	<u>\$ 24,628,639</u>
Expenses:		
General government	\$ 1,981,703	\$ 1,959,624
Finance	1,735,847	1,701,512
Administration of justice	1,234,805	1,234,897
Public safety	5,191,879	5,089,257
Public health and welfare	4,975,989	5,308,006
Social, cultural, and recreation services	346,348	348,787
Agriculture and natural resources	106,726	105,789
Other operations	2,226,598	3,562,609
Highways	7,543,425	7,041,756
Education	4,649,555	13,636,577
Interest on long-term debt	2,369,029	1,853,512
Other debt service	287,787	457,939
Total Expenses	<u>\$ 32,649,691</u>	<u>\$ 42,300,265</u>
Increase (decrease) in Net Assets	\$ (8,002,962)	\$ (17,671,626)
Prior-period Adjustment	442,408	0
Net Assets, July 1	<u>99,279,638</u>	<u>116,951,264</u>
Net Assets, June 30	<u><u>\$ 91,719,084</u></u>	<u><u>\$ 99,279,638</u></u>

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

	Monroe County School Department	
	2009	2008
Revenues:		
Program Revenues:		
Charges for services	\$ 1,389,049	\$ 1,454,543
Operating grants and contributions	5,171,564	4,311,242
Capital grants and contributions	4,649,555	13,636,577
General Revenues:		
Property taxes	4,402,129	4,341,973
Sales taxes	3,075,266	3,374,688
Other taxes	86,866	102,709
Grants and contributions not restricted to specific programs	26,247,806	25,921,165
Unrestricted investment earnings	109,191	267,337
Other	229,390	190,423
Total Revenues	<u>\$ 45,360,816</u>	<u>\$ 53,600,657</u>
Expenses:		
Education	<u>\$ 41,105,270</u>	<u>\$ 41,989,406</u>
Total Liabilities	<u>\$ 41,105,270</u>	<u>\$ 41,989,406</u>
Increase (decrease) in Net Assets	\$ 4,255,546	\$ 11,611,251
Prior-period Adjustment	(47,905)	0
Net Assets, July 1	<u>44,531,148</u>	<u>32,919,897</u>
Net Assets, June 30	<u><u>\$ 48,738,789</u></u>	<u><u>\$ 44,531,148</u></u>

Highway expenses of \$7.5 million accounted for approximately 23 percent of the \$32.6 million total expenses for governmental activities. Of that \$32.6 million in governmental activities expenses, \$7.3 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 \$99.3 million to \$91.7 million, of which \$4.6 million relates to capital assets expensed for the benefit of the School Department. The School Department's net assets increased from \$44.5 million to \$48.7 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 \$16.9 million. Approximately \$16.3 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 \$3.7 million. Approximately \$2.7 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 \$3.7 million, while total fund balance was \$4.2 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 25 percent of total General Fund expenditures, while total fund balance represents 28 percent of that same amount.

The fund balance of the county's General Fund increased by \$.9 million during the current year.

The fund balance of the Solid Waste/Sanitation Fund remained relatively static during the year, decreasing by \$24,149.

Also staying relatively the same, the fund balance of the Highway/Public Works Fund decreased by \$27,414.

The fund balance of the General Debt Service Fund decreased by \$.6 million during the current year.

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 approximately \$.7 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 \$.9 million increase in fund balance during the fiscal year ended June 30, 2009.

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 \$2.9 million, while total fund balance was \$3.3 million. As a measure of the General Purpose School Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 8.6 percent of total General Purpose School Fund expenditures, while total fund balance represents 9.4 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, 2009, totaled \$126.2 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, 2009, totaled \$46.7 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 2009 fiscal year.

Long-term Debt. At the end of the 2009 fiscal year, the county had total loan agreements outstanding of \$31.8 million and total bonded debt outstanding of \$23.6 million. All of these amounts are backed by the full faith and credit of the county. The county's bonded debt decreased by \$1 million during the 2009 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 \$1.5 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 eight percent of the total expenses for governmental activities.

The DPCU School Department has bonded debt outstanding of \$.8 million and other postemployment benefits long-term liabilities of \$2.3 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 15.9 percent, which is an increase of 5.4 percent from a year ago. The state's average unemployment rate is currently 10.9 percent and the national average is ten 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 2009-10 fiscal year. The General Fund budget for the coming year estimates using approximately \$608,379 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, 2009

	Primary Governmental Activities	Component Units	
		Monroe County School Department	Women's Wellness and Maternity Center
<u>ASSETS</u>			
Cash	\$ 3,249	\$ 1,093	\$ 179,091
Equity in Pooled Cash and Investments	18,424,592	3,425,556	0
Accounts Receivable	2,632,165	305,446	105,348
Allowance for Uncollectibles	(1,345,275)	0	0
Due from Other Governments	978,772	966,166	0
Due from Primary Government	0	86,330	0
Property Taxes Receivable	10,608,933	5,029,382	0
Allowance for Uncollectible Property Taxes	(431,016)	(206,685)	0
Unamortized Debt Issuance Cost	325,644	0	0
Prepaid Items	0	0	17,515
Capital Assets			
Assets Not Depreciated:			
Land	802,099	666,112	0
Construction in Progress	102,393	13,142,580	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	4,936,678	33,253,387	0
Other Capital Assets	1,272,728	412,893	419,674
Infrastructure - Roads, Streets, and Bridges	122,179,844	0	0
Total Assets	<u>\$ 160,490,806</u>	<u>\$ 57,082,260</u>	<u>\$ 721,628</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 193,874	\$ 241,721	\$ 6,072
Accrued Payroll	0	0	12,735
Cash Overdraft	0	20,971	0
Contracts Payable	257,137	350,915	0
Retainage Payable	0	14,285	0
Accrued Interest Payable	138,198	3,190	0
Due to Component Units	86,330	0	0
Other Current Liabilities	1,169,715	0	0
Deferred Revenue - Property Taxes	9,656,614	4,569,288	0
Other Deferred Revenue	0	0	429
Noncurrent Liabilities:			
Due Within One Year	1,829,626	395,000	4,276
Due in More Than One Year	55,440,228	2,748,101	370,712
Total Liabilities	<u>\$ 68,771,722</u>	<u>\$ 8,343,471</u>	<u>\$ 394,224</u>

(Continued)

Exhibit A

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

	<u>Primary Governmental Activities</u>	<u>Component Unit Monroe County School Department</u>	<u>Component Unit Women's Wellness and Maternity Center</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, net of related debt	\$ 126,230,823	\$ 46,664,972	\$ 62,908
Restricted for:			
Highways	1,643,616	0	0
Debt Service	5,999,766	0	0
Drug Control	163,163	0	0
Constitutional Officers' Data Processing Systems	143,652	0	0
Federal Assistance Programs	26,538	598,810	0
Solid Waste/Sanitation	398,351	0	0
Jail, Workhouse, and Courthouse	237,090	0	0
Other Purposes	21,971	47,427	0
Unrestricted	<u>(43,145,886)</u>	<u>1,427,580</u>	<u>264,496</u>
Total Net Assets	<u>\$ 91,719,084</u>	<u>\$ 48,738,789</u>	<u>\$ 327,404</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, 2009

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets														
	Program Revenues					Component Units									
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Monroe County School Department	Women's Wellness and Maternity Center								
Primary Government:															
Governmental Activities:															
General Government	\$ 1,981,703	\$ 311,853	\$ 10,817	\$ 60,968	\$ (1,598,065)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,735,847	925,230	37,527	0	(773,090)	0	0	0	0	0	0	0	0	0	0
Administration of Justice	1,234,805	1,027,199	9,000	0	(198,606)	0	0	0	0	0	0	0	0	0	0
Public Safety	5,191,879	1,399,372	213,658	90,000	(3,488,849)	0	0	0	0	0	0	0	0	0	0
Public Health and Welfare	4,975,989	3,295,855	358,255	0	(1,321,879)	0	0	0	0	0	0	0	0	0	0
Social, Cultural, and Recreational Services	346,348	0	0	0	(346,348)	0	0	0	0	0	0	0	0	0	0
Agriculture and Natural Resources	106,726	0	26,538	0	(80,188)	0	0	0	0	0	0	0	0	0	0
Other Operations	2,226,598	66,939	21,216	171,505	(1,966,938)	0	0	0	0	0	0	0	0	0	0
Highways	7,543,425	240,937	2,314,013	608,059	(4,380,416)	0	0	0	0	0	0	0	0	0	0
Education	4,649,555	0	0	0	(4,649,555)	0	0	0	0	0	0	0	0	0	0
Interest on Long-term Debt	2,369,029	0	0	0	(2,369,029)	0	0	0	0	0	0	0	0	0	0
Debt Service	287,787	0	0	0	(287,787)	0	0	0	0	0	0	0	0	0	0
Total Primary Government	\$ 32,649,691	\$ 7,267,385	\$ 2,991,024	\$ 930,532	\$ (21,460,750)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:															
Monroe County School Department	\$ 41,105,270	\$ 1,389,049	\$ 5,171,564	\$ 4,649,555	\$ 0	\$ (29,895,102)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Women's Wellness and Maternity Center	1,388,925	767,189	580,517	0	0	0	0	0	0	0	0	0	0	0	(41,219)
Total Component Units	\$ 42,494,195	\$ 2,156,238	\$ 5,752,081	\$ 4,649,555	\$ 0	\$ (29,895,102)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (41,219)

(Continued)

Exhibit B

Monroe County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Monroe County School Department	Women's Wellness and Maternity Center
General Revenues:						
Property Taxes Levied for General Purposes				\$ 5,800,303	\$ 4,402,129	\$ 0
Property Taxes Levied for Solid Waste/Sanitation				1,023,748	0	0
Property Taxes Levied for Highways				286,676	0	0
Property Taxes Levied for Debt Service				1,911,118	0	0
Local Option Sales Taxes				669,469	3,075,266	0
Wheel Tax				869,825	0	0
Other Local Taxes				681,700	86,866	0
Grants and Contributions Not Restricted to Specific Programs				1,745,143	26,247,806	0
Unrestricted Investment Income				279,717	109,191	2,300
Gain on Sale of Capital Assets				146,632	0	0
Miscellaneous				43,457	229,390	0
Total General Revenues				\$ 13,457,788	\$ 34,150,648	\$ 2,300
Change in Net Assets				\$ (8,002,962)	\$ 4,255,546	\$ (38,919)
Prior-period Adjustment				442,408	(47,905)	0
Net Assets, July 1, 2008				99,279,638	44,531,148	366,323
Net Assets, June 30, 2009				\$ 91,719,084	\$ 48,738,789	\$ 327,404

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, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental	
Cash	\$ 300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,949	\$ 3,249
Equity in Pooled Cash and Investments	3,230,106	332,612	1,267,324	6,116,859	5,958,373	161,419	17,066,693	17,066,693
Accounts Receivable	2,387,170	49,176	1,297	192,586	0	1,936	2,632,165	2,632,165
Allowance for Uncollectibles	(1,345,275)	0	0	0	0	0	(1,345,275)	(1,345,275)
Due from Other Governments	553,060	23,078	359,037	43,597	0	0	978,772	978,772
Due from Other Funds	324,607	27,068	0	0	0	0	351,675	351,675
Property Taxes Receivable	6,456,632	1,286,838	321,709	2,543,754	0	0	10,608,933	10,608,933
Allowance for Uncollectible Property Taxes	(269,014)	(52,506)	(13,127)	(96,369)	0	0	(431,016)	(431,016)
Total Assets	\$ 11,337,586	\$ 1,666,266	\$ 1,936,240	\$ 8,800,427	\$ 5,958,373	\$ 166,304	\$ 29,865,196	\$ 29,865,196

ASSETS

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	\$ 36,150	\$ 97,416	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 133,566
Accounts Payable	257,137	0	0	0	0	0	0	257,137
Contracts Payable	27,068	0	0	321,466	1,169,715	3,141	3,141	1,521,390
Due to Other Funds	0	0	0	0	86,330	0	0	86,330
Due to Component Units	5,852,494	1,170,499	292,624	2,340,997	0	0	0	9,656,614
Deferred Revenue - Current Property Taxes	278,801	53,105	13,276	88,508	0	0	0	433,690
Deferred Revenue - Delinquent Property Taxes	718,506	3,523	174,514	14,548	0	0	0	911,091
Other Deferred Revenues	\$ 7,170,156	\$ 1,324,543	\$ 480,414	\$ 2,765,519	\$ 1,256,045	\$ 3,141	\$ 12,999,818	\$ 12,999,818
Total Liabilities	\$ 66,556	\$ 4,330	\$ 17,025	\$ 0	\$ 0	\$ 8,234	\$ 96,145	\$ 96,145
<u>Fund Balances</u>	12,022	0	0	0	0	0	0	12,022
Reserved for Encumbrances	237,090	0	0	0	0	0	0	237,090
Reserved for Alcohol and Drug Treatment	4,765	0	0	0	0	0	0	4,765
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	5,184	0	0	0	0	0	0	5,184
Reserved for Sexual Offender Registration	124,227	0	0	0	0	0	0	124,227
Reserved for Courtroom Security								
Reserved for Computer System - Register								

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
\$	36	0	0	0	0	0	0	36
Reserved for Automation Purposes - Circuit Court	16,359	0	0	0	0	0	0	16,359
Reserved for Automation Purposes - Sheriff	3,030	0	0	0	0	0	0	3,030
Reserved for Automation Purposes - County Clerk	26,538	0	0	0	0	0	0	26,538
Other Federal Reserves								
Unreserved, Reported In:								
General Fund	3,671,623	0	0	0	0	0	0	3,671,623
Special Revenue Funds	0	337,393	1,438,801	0	0	154,929	0	1,931,123
Debt Service Funds	0	0	0	6,034,908	0	0	0	6,034,908
Capital Projects Funds	0	0	0	0	4,702,328	0	0	4,702,328
Total Fund Balances	\$ 4,167,430	\$ 341,723	\$ 1,455,826	\$ 6,034,908	\$ 4,702,328	\$ 163,163	\$ 16,865,378	
Total Liabilities and Fund Balances	\$ 11,337,586	\$ 1,666,266	\$ 1,936,240	\$ 8,800,427	\$ 5,958,373	\$ 166,304	\$ 29,865,196	

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, 2009

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)		\$ 16,865,378
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 802,099	
Add: construction in progress	102,393	
Add: infrastructure net of accumulated depreciation	122,179,844	
Add: buildings and improvements net of accumulated depreciation	4,936,678	
Add: other capital assets net of accumulated depreciation	<u>1,272,728</u>	129,293,742
(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.		1,297,591
(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	\$ (1,535,953)	
Less: bonds payable	(23,604,236)	
Less: other loans payable	(31,775,000)	
Add: deferred amount on refunding	184,699	
Add: deferred charges - debt issuance costs	325,644	
Less: compensated absences payable	(283,613)	
Less: landfill closure/postclosure care costs	(228,175)	
Less: other postemployment benefits liability	(27,576)	
Less: accrued interest on bonds, notes, and capital leases	<u>(138,198)</u>	(57,082,408)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,344,781</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 91,719,084</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, 2009

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
Revenues							
Local Taxes	\$ 7,578,977	\$ 1,071,176	\$ 511,747	\$ 2,986,265	\$ 0	\$ 0	\$ 12,148,165
Licenses and Permits	90,666	0	0	0	0	0	90,666
Fines, Forfeitures, and Penalties	162,234	0	0	0	0	187,304	349,538
Charges for Current Services	2,618,240	576,519	235,507	106,486	0	0	3,536,752
Other Local Revenues	436,428	9,164	0	258,093	21,598	4,500	729,783
Fees Received from County Officials	1,862,988	0	0	0	0	0	1,862,988
State of Tennessee	1,811,503	72,346	2,177,311	30,163	0	0	4,091,323
Federal Government	405,451	0	322,247	0	0	0	727,698
Other Governments and Citizens Groups	178,083	0	5,430	446,290	0	0	629,803
Total Revenues	\$ 15,144,570	\$ 1,729,205	\$ 3,252,242	\$ 3,827,297	\$ 21,598	\$ 191,804	\$ 24,166,716
Expenditures							
Current:							
General Government	\$ 1,912,654	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,912,654
Finance	1,753,878	0	0	0	0	0	1,753,878
Administration of Justice	1,257,538	0	0	0	0	0	1,257,538
Public Safety	4,986,183	0	0	0	0	171,714	5,157,897
Public Health and Welfare	3,247,500	1,738,305	0	0	0	0	4,985,805
Social, Cultural, and Recreational Services	346,348	0	0	0	0	0	346,348
Agriculture and Natural Resources	107,260	0	0	0	0	0	107,260
Other Operations	1,017,568	0	0	0	1,169,715	0	2,187,283
Highways	0	42,117	3,279,656	0	0	0	3,321,773
Debt Service:							
Principal on Debt	0	0	0	1,851,502	0	0	1,851,502
Interest on Debt	0	0	0	2,269,302	0	0	2,269,302
Other Debt Service	0	0	0	611,646	0	0	611,646
Capital Projects	8,149	0	0	0	4,649,555	0	4,657,704
Total Expenditures	\$ 14,637,078	\$ 1,780,422	\$ 3,279,656	\$ 4,732,450	\$ 5,819,270	\$ 171,714	\$ 30,420,590
Excess (Deficiency) of Revenues Over Expenditures	\$ 507,492	\$ (51,217)	\$ (27,414)	\$ (905,153)	\$ (5,797,672)	\$ 20,090	\$ (6,253,874)

(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	General Capital Projects	Other Governmental Funds	Governmental Funds	
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 380,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 380,000
Refunding Debt Issued	0	0	0	21,465,000	0	0	0	21,465,000
Other Loans Issued	0	0	0	0	10,500,000	0	0	10,500,000
Transfers In	0	27,068	0	0	0	0	0	27,068
Transfers Out	(27,068)	0	0	0	0	0	0	(27,068)
Payments to Refunded Debt Escrow Agent	0	0	0	(21,135,000)	0	0	0	(21,135,000)
Total Other Financing Sources (Uses)	\$ 352,932	\$ 27,068	\$ 0	\$ 330,000	\$ 10,500,000	\$ 0	\$ 0	\$ 11,210,000
Net Change in Fund Balances	\$ 860,424	\$ (24,149)	\$ (27,414)	\$ (575,153)	\$ 4,702,328	\$ 20,090	\$ 4,956,126	
Fund Balance, July 1, 2008	3,307,006	365,872	1,483,240	6,610,061	0	143,073	11,909,252	
Fund Balance, June 30, 2009	\$ 4,167,430	\$ 341,723	\$ 1,455,826	\$ 6,034,908	\$ 4,702,328	\$ 163,163	\$ 16,865,378	

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, 2009

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)		\$ 4,956,126
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 368,287	
Less: current year depreciation expense	(4,838,543)	
Less: net book value of asset disposals	<u>(19,300)</u>	(4,489,556)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized		425,040
(3) 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, 2008	\$ (1,270,508)	
Add: deferred delinquent property taxes and other deferred June 30, 2009	<u>1,344,781</u>	74,273
(4) 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	\$ (380,000)	
Less: refunding debt issued	(21,465,000)	
Less: other loan proceeds	(10,500,000)	
Add: change in deferred debt issuance costs	129,160	
Less: change in other postemployment benefits liability	(13,906)	
Add: principal payments on notes	616,502	
Add: principal payments on bonds	1,045,000	
Add: principal payments on other loans	190,000	
Add: debt principal refunded	20,990,000	
Add: change in deferred amount on refunding debt	<u>184,699</u>	(9,203,545)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 55,273	
Change in compensated absences payable	(117,493)	
Change in landfill postclosure care costs	<u>14,797</u>	(47,423)

(Continued)

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 (Cont.)

(6) 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>\$ 282,123</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ (8,002,962)</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, 2009

Governmental
 Activities -
 Internal
Service Fund
 Employee
 Health
 Insurance
Fund

ASSETS

Current Assets:

Equity in Pooled Cash and Investments	\$ 1,357,899
Total Assets	<u>\$ 1,357,899</u>

LIABILITIES

Current Liabilities:

Other Current Liabilities	\$ 60,308
Total Liabilities	<u>\$ 60,308</u>

NET ASSETS

Unrestricted	<u>\$ 1,297,591</u>
Net Assets	<u><u>\$ 1,297,591</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, 2009

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 1,766,295
Total Operating Revenues	<u>\$ 1,766,295</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 51,612
Insurance Premiums	237,743
Medical Claims	1,194,817
Total Operating Expenses	<u>\$ 1,484,172</u>
Operating Income (Loss)	<u>\$ 282,123</u>
Change in Net Assets	\$ 282,123
Net Assets, July 1, 2008	<u>1,015,468</u>
Net Assets, June, 30, 2009	<u><u>\$ 1,297,591</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, 2009

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Cash Flows From Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 1,766,295
Payments to Fiscal Agents	(51,612)
Payments to Insurers	(237,743)
Payments for Claims	(1,251,224)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 225,716</u>
Increase (Decrease) in Cash	\$ 225,716
Cash, July 1, 2008	<u>1,132,183</u>
Cash, June 30, 2009	<u><u>\$ 1,357,899</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 282,123
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>(56,407)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 225,716</u></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, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,930,718
Due from Other Funds	1,169,715
Taxes Receivable	1,305,052
Allowance for Uncollectible Taxes	(53,632)
Due from Other Governments	626,743
Cash Shortage	<u>10,000</u>
Total Assets	<u><u>\$ 4,988,596</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 3,047,878
Due to Litigants, Heirs, and Others	<u>1,940,718</u>
Total Liabilities	<u><u>\$ 4,988,596</u></u>

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

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MONROE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

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.

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 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 School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of 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 \$4,649,555 and \$1,169,715 were contributed by the county to the School Department and the Sweetwater City School System, respectively, during the year ended June 30, 2009.

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.

General Capital Projects Fund – This fund is used to account for general construction projects of the county and for the receipt of debt issued by Monroe County and 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 to pay 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 fund's 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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

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. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivables 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 2.22 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 of \$1,169,715 on the Statement of Net Assets is due to Sweetwater City School System for its share of loan 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 primary government's policy 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 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, other postemployment benefits, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

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

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

As of June 30, 2009, Monroe County had \$50,714,945 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 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, 2009, consisted of amounts for tourism (\$63,134), industries (\$133,699), and a maternity center (\$27,305).

7. Prior-period Adjustments

The other postemployment benefits liability for the Medicare Supplement Plan was restated for both the primary government and the School Department to correct amounts erroneously reported in the prior year. The liability for the primary government was decreased \$55,380, and the liability for the School Department was increased \$47,905.

The landfill postclosure care liability was restated to agree with amounts reflected on records of the State Department of Environment

and Conservation. The restatement resulted in a decrease to the liability of \$387,028.

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

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

B. Cash Shortage

A cash shortage of \$30,646.08 existed in the Sheriff's Office as of October 22, 2008. The shortage resulted from the failure to account for commissary collections. The county received \$20,646.08 in insurance proceeds reducing the shortage to \$10,000 as of June 30, 2009. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. Fund Deficits

The discretely presented School Department's School Federal Projects Fund had a deficit in unreserved fund balance of \$178,190 at June 30, 2009. This deficit occurred because reimbursements of grant funds were not requested on a timely basis. The deficit will be liquidated when the revenues are received after June 30, 2009.

Also, the School Department's Education Capital Projects Fund had a fund deficit in unreserved fund balance of \$615,030 at June 30, 2009. This deficit resulted from the unperformed portions of construction projects of \$615,030 being reserved as encumbrances. Funding for these future expenditures will be received from loan proceeds borrowed by the primary government.

D. Cash Overdraft

The discretely presented School Department's School Federal Projects Fund had a cash overdraft of \$20,971 at June 30, 2009. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2009.

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; deposits at state

and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; 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, 2009, Monroe County had the following investments carried at 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.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 1,300,000

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, 2009, Monroe County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 821,399	\$ 0	\$ (19,300)	\$ 802,099
Construction in Progress	0	102,393	0	102,393
Total Capital Assets Not Depreciated	\$ 821,399	\$ 102,393	\$ (19,300)	\$ 904,492
Capital Assets Depreciated:				
Buildings and Improvements	\$ 7,818,974	\$ 0	\$ 0	\$ 7,818,974
Roads and Bridges	168,241,003	425,040	0	168,666,043
Other Capital Assets	5,422,457	265,894	0	5,688,351
Total Capital Assets Depreciated	\$ 181,482,434	\$ 690,934	\$ 0	\$ 182,173,368
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,684,536	\$ 197,760	\$ 0	\$ 2,882,296
Roads and Bridges	42,269,545	4,216,654	0	46,486,199
Other Capital Assets	3,991,494	424,129	0	4,415,623
Total Accumulated Depreciation	\$ 48,945,575	\$ 4,838,543	\$ 0	\$ 53,784,118
Total Capital Assets Depreciated, Net	\$ 132,536,859	\$ (4,147,609)	\$ 0	\$ 128,389,250
Governmental Activities Capital Assets, Net	\$ 133,358,258	\$ (4,045,216)	\$ (19,300)	\$ 129,293,742

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

Governmental Activities:

General Government	\$ 176,204
Public Safety	151,582
Public Health and Welfare	181,412
Other Operations	42,077
Highways	4,287,268
Total Depreciation Expense - Governmental Activities	\$ 4,838,543

Discretely Presented Monroe County School Department

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 666,112	\$ 0	\$ 0	\$ 666,112
Construction in Progress	<u>6,893,007</u>	<u>12,317,418</u>	<u>(6,067,845)</u>	<u>13,142,580</u>
Total Capital Assets Not Depreciated	<u>\$ 7,559,119</u>	<u>\$ 12,317,418</u>	<u>\$ (6,067,845)</u>	<u>\$ 13,808,692</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 44,646,593	\$ 6,067,845	\$ 0	\$ 50,714,438
Other Capital Assets	<u>1,290,547</u>	<u>103,017</u>	<u>(18,398)</u>	<u>1,375,166</u>
Total Capital Assets Depreciated	<u>\$ 45,937,140</u>	<u>\$ 6,170,862</u>	<u>\$ (18,398)</u>	<u>\$ 52,089,604</u>
Less: Accumulated Depreciation For:				
Buildings and Improvements	\$ 16,326,846	\$ 1,134,205	\$ 0	\$ 17,461,051
Other Capital Assets	<u>899,508</u>	<u>78,097</u>	<u>(15,332)</u>	<u>962,273</u>
Total Accumulated Depreciation	<u>\$ 17,226,354</u>	<u>\$ 1,212,302</u>	<u>\$ (15,332)</u>	<u>\$ 18,423,324</u>
Total Capital Assets Depreciated, Net	<u>\$ 28,710,786</u>	<u>\$ 4,958,560</u>	<u>\$ (3,066)</u>	<u>\$ 33,666,280</u>
Governmental Activities Capital Assets, Net	<u>\$ 36,269,905</u>	<u>\$ 17,275,978</u>	<u>\$ (6,070,911)</u>	<u>\$ 47,474,972</u>

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

Governmental Activities:

Instruction	\$ 9,484
Support Services	1,193,979
Operation of Non-Instructional Services	<u>8,839</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,212,302</u>

C. Construction Commitments

At June 30, 2009, the Monroe County School Department had uncompleted construction contracts of \$441,500 for a new school and school renovations. Funding for these projects is being provided through the issuance of general obligation debt by the primary government. Proceeds of the debt issues are

contributed by the primary government to the School Department to fund the construction commitments.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 3,141
Agency	General Capital Projects	1,169,715
General	General Debt Service	321,466
Solid Waste/Sanitation	General	27,068

The amount due from the General 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 loan 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.

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Component Unit:	Primary Government:	
Education Capital Projects	General Capital Projects	\$ 86,330

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In Solid Waste/ Sanitation Fund
General Fund	\$ 27,068

Discretely Presented Monroe County School Department

<u>Transfer Out</u>	<u>Transfer In</u> General Purpose School Fund
Nonmajor governmental	\$ 149,353

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 and loans have been issued to refund other general obligation bonds and loans. 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, 2009, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds	4.05 to 5 %	\$ 19,949,236	\$ 19,409,236
Refunding Bonds	4.25 to 5.25	10,205,000	4,195,000
Capital Outlay Notes	0 to 7.95	2,250,500	1,535,953
Other Loans - Variable Rate - Public Improvement and Refunding	variable	31,965,000	31,775,000

In prior years, Monroe County entered into various loan agreements with Public Building Authorities (PBAs) to finance capital projects for the county and the discretely presented Monroe County School Department. During the year, Monroe County issued a new loan agreement (Series E-7-A) to refund all outstanding PBA loan agreements and to provide funds for new capital projects. The new loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, administrative, and debt remarketing) in connection with this loan. The following table summarizes the loan agreement outstanding at June 30, 2009, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-09	Interest Type	Interest Rates as of 6-30-09	Other Fees on Variable Rate Debt
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Blount County Public Building Authority

Public Improvement and Refunding (Series E-7-A)	\$ 31,965,000	<u>\$ 31,775,000</u>	Variable	.29 %	1.38 %
Total		<u>\$ 31,775,000</u>			

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2009, including interest payments and other loan fees, are presented in the following tables. Interest payments and other fees are estimated for the other loans based on rates in effect at June 30, 2009.

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 385,886	\$ 54,827	\$ 440,713
2011	383,609	40,274	423,883
2012	397,864	26,471	424,335
2013	276,452	12,122	288,574
2014	69,784	1,395	71,179
2015	22,358	0	22,358
Total	<u>\$ 1,535,953</u>	<u>\$ 135,089</u>	<u>\$ 1,671,042</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	1,493,342	1,062,134	2,555,476
2014	348,748	1,005,890	1,354,638
2015-2019	977,146	4,482,794	5,459,940
2020-2024	1,950,000	3,568,940	5,518,940
2025-2029	3,300,000	2,984,327	6,284,327
2030-2034	5,325,000	2,219,698	7,544,698
2035-2038	6,775,000	718,888	7,493,888
Total	<u>\$ 23,604,236</u>	<u>\$ 18,898,410</u>	<u>\$ 42,502,646</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2010	\$ 125,000	\$ 92,148	\$ 438,260	\$ 655,408
2011	125,000	91,785	436,536	653,321
2012	135,000	91,423	434,812	661,235
2013	145,000	91,031	432,950	668,981
2014	745,000	90,611	430,950	1,266,561
2015-2019	4,940,000	417,890	1,987,515	7,345,405
2020-2024	6,060,000	333,326	1,585,322	7,978,648
2025-2029	6,620,000	246,428	1,172,027	8,038,455
2030-2034	7,125,000	141,809	674,458	7,941,267
2035-2039	5,755,000	47,023	223,647	6,025,670
Total	<u>\$ 31,775,000</u>	<u>\$ 1,643,474</u>	<u>\$ 7,816,477</u>	<u>\$ 41,234,951</u>

There is \$6,034,908 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$606, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$1,461, 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. The Series IV-A-4 bonds have since been refunded with a portion of the proceeds of the Series E-7-A bonds and the interest rate swap is now associated with the Series E-7-A bonds.

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 had a notional amount of \$6.335 million and the associated variable-rate bond had a \$6.335 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series E-7-A bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association™ (SIMFA). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.27%
Variable payment from counterparty	63.1% of LIBOR	<u>-1.86</u>
Net interest rate swap payments		4.27%
Variable-rate bond coupon payments		<u>0.23</u>
Synthetic interest rate on bonds		<u><u>4.27%</u></u>

Fair value. As of June 30, 2009, the swap had a negative fair value of \$615,601. 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, 2009, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, that was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated BBB by Standard and Poor's and Ba3 by Moody's Investors Service. The counterparty has posted all collateral requirements with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if the rate on the bonds increase to above 63.1 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds 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, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap	Total
	Principal	Interest	Payment	
2010	\$ 0	\$ 13,800	\$ 144,551	\$ 158,351
2011	0	13,800	144,551	158,351
2012	0	13,800	144,551	158,351
2013	0	13,800	144,551	158,351
2014	590,000	13,800	144,551	748,351
2015-2019	4,070,000	46,725	489,425	4,606,150
2020	1,340,000	3,082	32,283	1,375,365
Total	\$ 6,000,000	\$ 118,807	\$ 1,244,463	\$ 7,363,270

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 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 \$10.05 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. The Series V-C-2 bonds have since been refunded with a portion of the proceeds of the Series E-7-A bonds and the interest rate swap is now associated with the Series E-7-A bonds.

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 had a notional amount of \$10.05 million and the associated variable-rate bond had a \$10.05 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series E-7-A bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association™. The bonds and the related swap agreement mature on June 1, 2033. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.68%
Variable payment from counterparty	63% of LIBOR	<u>-1.85</u>
Net interest rate swap payments		3.68%
Variable-rate bond coupon payments		<u>.23</u>
Synthetic interest rate on bonds		<u>3.68%</u>

Fair value. As of June 30, 2009, the swap had a negative fair value of \$1,033,269. 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, 2009, 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. 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 and "Aa3" by Moody's Investor Service at the time the interest rate swap agreement was entered into. If Depfa's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian. As of June 30, 2009, Depfa's credit rating had been downgraded and was rated BBB by Standard and Poor's (positive outlook), A3 by Moody's Investor Service (negative outlook) and A- by Fitch (stable outlook). The counterparty has posted all collateral requirements with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if the rate on the bonds increases to above 63 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds 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, 2009, 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	
2010	\$ 0	\$ 23,115	\$ 183,526	\$ 206,641
2011	0	23,115	183,526	206,641
2012	0	23,115	183,526	206,641
2013	0	23,115	183,526	206,641
2014	0	23,115	183,526	206,641
2015-2019	0	115,575	917,630	1,033,205
2020-2024	800,000	115,575	917,630	1,833,205
2025-2029	4,600,000	86,365	685,712	5,372,077
2030-2033	4,650,000	27,370	217,309	4,894,679
Total	\$ 10,050,000	\$ 460,460	\$ 3,655,911	\$ 14,166,371

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Bonds	Notes	Compensated Absences
Balance, July 1, 2008	\$ 24,649,236	\$ 1,772,455	\$ 166,120
Additions	0	380,000	322,793
Deductions	(1,045,000)	(616,502)	(205,300)
Balance, June 30, 2009	\$ 23,604,236	\$ 1,535,953	\$ 283,613
Balance Due Within One Year	\$ 1,095,000	\$ 385,886	\$ 212,710

Governmental Activities: (Cont.)

	Other Loans	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2008*	\$ 20,990,000	\$ 242,972	\$ 13,670
Additions	31,965,000	5,348	15,856
Deductions	<u>(21,180,000)</u>	<u>(20,145)</u>	<u>(1,950)</u>
Balance, June 30, 2009	<u>\$ 31,775,000</u>	<u>\$ 228,175</u>	<u>\$ 27,576</u>
Balance Due			
Within One Year	<u>\$ 125,000</u>	<u>\$ 11,570</u>	<u>\$ 0</u>

*The beginning balances for landfill postclosure care costs and other postemployment benefits liabilities have been decreased by \$387,028 and \$55,380, respectively, because of a prior-period adjustment as described in Note I.D.7. 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, 2009	\$ 57,454,553
Less: Deferred Amount on Refunding	(184,699)
Less: Balance Due Within One Year	<u>(1,829,626)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 55,440,228</u>

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

Current Refunding

On February 19, 2009, Monroe County refunded \$20,990,000 of loan agreements with the issuance of a new Public Building Authority loan. The total of the refunding portion of the new loan was \$21,465,000 and was used to provide resources for the current refunding of the old debt. The county's financial advisors were not able to determine the cumulative savings or economic gain from the refunding transactions due to the variable rate debt instruments involved.

Discretely Presented Monroe County School Department

General Obligation Bonds

The primary government issues debt for the School Department to provide funds for the acquisition and construction of major capital projects. 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, 2009, will be retired from the General Purpose School Fund.

School refunding bonds outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
Rural School Refunding Bonds	4.3 to 5%	\$ 4,205,000	\$ 810,000

The annual requirements to amortize the bonds outstanding as of June 30, 2009, including interest payments, are presented in the following table:

Year Ending June 30	Principal	Bonds Interest	Total
2010	\$ 395,000	\$ 38,278	\$ 433,278
2011	415,000	19,712	434,712
Total	<u>\$ 810,000</u>	<u>\$ 57,990</u>	<u>\$ 867,990</u>

Bonded debt per capita for the discretely presented School Department totaled \$21, 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, 2009, was as follows:

Governmental Activities:

	Bonds	Other Postemployment Benefits
Balance, July 1, 2008*	\$ 1,190,000	\$ 1,133,192
Additions	0	1,584,522
Deductions	(380,000)	(384,613)
Balance, June 30, 2009	<u>\$ 810,000</u>	<u>\$ 2,333,101</u>
Balance Due Within One Year	<u>\$ 395,000</u>	<u>\$ 0</u>

*The beginning balance for other postemployment benefits liability has been increased by \$47,905, because of a prior-period adjustment as described in Note I.D.7.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 3,143,101
Less: Balance Due Within One Year	<u>(395,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,748,101</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, 2009, were \$160,793 and \$28,935, 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 \$50,000 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. Retirees are not allowed 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 \$1,297,591 at June 30, 2009. 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
2007-2008	\$ 46,000	\$ 1,344,112	\$ (1,273,397)	\$ 116,715
2008-2009	116,715	1,194,817	(1,251,224)	60,308

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 Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Monroe County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Monroe County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Monroe County for the year ended June 30, 2009, since the county had no

endowment investments. However, it is reasonably expected that Monroe County could have endowment investments in subsequent years.

C. Subsequent Event

Subsequent to June 30, 2009, the County Commission authorized the novation of an interest rate swap agreement discussed in Note IV.E., with Morgan Keegan Financial Products, Inc., and Deutsche Bank being new counterparties to the agreement. The swap agreement was originally entered into with Ambac Financial Services and was insured by Ambac Assurance Corporation.

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, 2009, future principal and interest requirements of these bonds were \$1,165,330 and \$967,607, 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. That revenue loan is not reflected on the financial statements of the county. Monroe County would become liable for a portion of this loan agreement in the event of default by TASS. As of June 30, 2009, future principal and interest requirements for which the county is contingently liable, were \$500,000 and \$243,625, respectively.

E. Change in Administration

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

F. Landfill Postclosure Care Costs

Monroe County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for

30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Monroe County closed its sanitary landfill in 1999. The \$228,175 reported as postclosure care liability at June 30, 2009, represents amounts based on what it would cost to perform all postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. 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, 2009.

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

H. 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.

I. 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 www.tn.gov/treasury/tcrs.

Funding Policy

Monroe County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 6.71 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Monroe County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, Monroe County's annual pension cost of \$795,694 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Monroe County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight 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
6-30-09	\$795,694	100%	\$0
6-30-08	806,637	100	0
6-30-07	745,232	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 \$11 million, and the ratio of the UAAL to the covered payroll was 19.55 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents 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 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 SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs.

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, 2009, was 6.42 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, 2009, 2008, and 2007, were \$1,100,397, \$1,055,544, and \$996,307, respectively, equal to the required contributions for each year.

J. Other Postemployment Benefits (OPEB)

Postemployment Healthcare Plan

Plan Description

Monroe County and the School Department participate in the state-administered Medicare Supplement Plan. In addition, 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 Plan. 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://tn.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 45 percent based on the years of service. During the year ended June 30, 2009, the discretely presented Monroe School Department contributed \$384,613 for postemployment benefits and the primary government contributed \$1,950.

Annual OPEB Cost and Net OPEB Obligation

	<u>Medicare Supplement Plan</u>		Local Education Group Plan
	Primary Government	School Department	
ARC	\$ 15,840	\$ 56,160	\$ 1,527,000
Interest on the NPO	610	2,161	48,838
Adjustment to the ARC	(594)	(2,103)	(47,534)
Annual OPEB cost	\$ 15,856	\$ 56,218	\$ 1,528,304
Amount of contribution	(1,950)	(8,275)	(376,338)
Increase/decrease in NPO	\$ 13,906	\$ 47,943	\$ 1,151,966
Net OPEB obligation, 7-1-08*	13,670	47,905	1,085,287
Net OPEB obligation, 6-30-09	\$ 27,576	\$ 95,848	\$ 2,237,253

*The net OPEB obligation previously reported for the Medicare Supplement Plan at July 1, 2008, for the primary government has been decreased by \$55,380, and the School Department has been increased by \$47,905. These adjustments were necessary to reflect the correct total obligation as well as the correct allocation between the primary government and the School Department.

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
Primary Government:				
6-30-08	Medicare Supplement	\$ 15,620	12	% \$ 13,670
6-30-09	"	15,856	12	27,576
School Department:				
6-30-08	Medicare Supplement	55,380	13	47,905
6-30-09	"	56,218	15	95,848
6-30-08	Local Education Group	1,510,000	28	1,085,287
6-30-09	"	1,527,000	25	2,237,253

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	<u>Medicare Supplement Plan</u>		Local
	Primary	School	Education
	Government	Department	Group
			Plan
Actuarial valuation date	7-1-07	7-1-07	7-1-07
Actuarial accrued liability (AAL)	\$ 162,360	\$ 575,640	\$ 13,009,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 162,360	\$ 575,640	\$ 13,009,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 0	\$ 0	\$ 21,255,784
UAAL as a % of covered payroll	0%	0%	61%

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 required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial 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 July 1, 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.

K. Office of Central Accounting, Budgeting, and Purchasing

Monroe County operates under provisions of the County Financial Management System of 1981. This act provides for a central system of

accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of the finance director.

L. Purchasing Laws

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. The finance director serves as the purchasing agent for Monroe County. The Financial Management 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.

VI. OTHER NOTES – WOMEN'S WELLNESS AND MATERNITY CENTER

A. Summary of Significant Accounting Policies

The Women's Wellness and Maternity Center complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Reporting Entity

The center, a component unit of Monroe County, Tennessee, is a not-for-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Service Code. The corporation was formed in 1983 to provide prenatal care and counseling, to provide a lower cost option of delivery for a medically-indicated obstetrical group, and to increase community support and awareness of prenatal health care needs through community education. The center is licensed by the State of Tennessee and accredited by the National Association of Childbearing Centers.

The center is governed by nine directors appointed by the Monroe County Board of County Commissioners. The center leases its building facility from Monroe County, Tennessee, pursuant to an agreement dated December 1, 1983. Before the issuance of most debt

instruments, the center must obtain approval of the Monroe County Board of Commissioners. The center's Board employs an administrator and staff to conduct the daily operations of the center.

In evaluating how to define the government for financial reporting purposes, management has considered the primary government and all potential component units by applying the definitions and the criteria set forth by GASB Statement No. 14, as amended by GASB Statement No. 39.

The financial statements of the center provide an overview of the entity based on financial accountability. The center consists of all the organizations that make up its legal entity – all funds, departments, and offices that are not legally separate.

A component unit is defined as a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the criteria applicable to GASB Statement No. 39 for component units, the center has no financial accountability for any component units. Therefore, the financial reporting entity is limited to those funds, departments, and offices, which comprise the center's legally adopted jurisdictions.

2. Basis of Presentation

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with special regulations, restrictions, or limitations. The Statement of Net Assets and Statement of Activities display information about the reporting center as a whole. The statements present the center as a business-type activity. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity on net income measurement similar to the private sector.

3. **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe transactions that are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the Statement of Net Assets and the Statement of Activities, business-like activities are presented using the economic resources measurement focus. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the Statement of Net Assets and the Statement of Activities, a business-like activity (proprietary type) is presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Allocations of costs such as depreciation are recorded in proprietary funds.

4. **Assets, Liabilities, and Equity**

Cash

For the purpose of the Statement of Net Assets, cash includes all demand, savings accounts, and certificates of deposits of the center. For the purpose of the proprietary fund Statement of Cash Flows, cash and cash equivalents include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Capital Assets and Depreciation

In the basic financial statements, capital assets are accounted for and capitalized as capital assets. All capital assets are valued at historical costs or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Assets</u>	<u>Years</u>
Leasehold	40
Improvements/Building	5 – 10
Equipment	5 – 10
Furniture	10
Alarm System	5
Linens	

Compensated Absences

Annual Leave

Full-time employees receive annual leave from the first year of employment at one day per month. The one day per month accrual is effective through year four of employment. In years five through nine, annual leave accrues at a rate of 1-1/2 days per month. In years ten through 19, annual leave accrues at a rate of 1-3/4 days per month. In year 20 and beyond, the employee earns two days per month. Employees are required to take at least two weeks of vacation per year. Upon termination, the employee is paid for days remaining in the annual leave account. Part-time employees working at least 25 hours per week will receive the same benefits, based on the percentage of their hours in relationship to full-time hours (37.5). The center's liability for accrued compensated absences as of June 30, 2009, is \$18,222.

Sick Leave

Sick leave is accrued at the rate of one day (7.5 hours) per month for full-time employees after the initial month of employment. Part-time employees accrue sick leave at the same percentage of 7.5 hours as they work. A maximum of 20 days of paid sick leave may be accrued. An employee resigning for reasons other than health-related will not receive payment for accumulated sick leave.

Equity Classifications

Equity is classified as net assets and displayed in two 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. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

5. Revenues and Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. Operating revenues and expenses also include all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. Marketing expenditures are expensed as incurred.

Operating Revenues/Expenses

Operating revenues and expenses generally result from providing services in connection with the proprietary fund’s ongoing operations. The principal operating revenue of the center is revenue from services provided to patients for birthing services, prenatal care, and counseling services.

Nonoperating Revenues/Expenses

Nonoperating revenues and expenses are all other revenues and expenses that do not meet the definition of operating revenues and expenses above. The center’s principal non-operating revenues (expenses) are interest income (expense), contributions, grants, and foundation awards.

6. Stewardship, Compliance, and Accountability

Fund Accounting Requirements

The center complies with all state and local laws and regulations pertaining to its fund accounting requirements.

Use of Estimates

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

Advertising

Marketing costs are expensed as incurred.

Annual Budget

An annual budget is adopted by the center and approved by the board of directors. The budget is based on expected expenses and estimated revenue resources. The budgetary basis is the accrual basis of accounting. If changes to estimated amounts become evident during the fiscal year, the board may amend the budget. All budget items lapse at the end of the fiscal year.

B. Capital Assets and Depreciation

All capital assets are valued at historical cost. Depreciation is provided over the assets' estimated useful lives using the straight-line basis. Capital assets and depreciation are as follows:

	Capital Assets			
	Balance 7-1-08	Reclassi- fications/ Additions	Retirements	Balance 6-30-09
Depreciable:				
Leasehold Improvements	\$ 61,486	\$ 372,258	\$ 0	\$ 433,744
Equipment	138,483	1,565	0	140,048
Furniture	12,093	2,192	0	14,285
Alarm System	3,017	0	0	3,017
Linens	361	0	0	361
Nondepreciable:				
Construction in Progress	200,274	0	200,274	0
Totals	<u>\$ 415,714</u>	<u>\$ 376,015</u>	<u>\$ 200,274</u>	<u>\$ 591,455</u>

	Accumulated Depreciation		
	Balance 7-1-08	Additions	Balance 6-30-09
Leasehold Improvements	\$ 21,539	\$ 5,058	\$ 26,597
Equipment	124,255	6,084	130,339
Furniture	11,191	276	11,467
Alarm System	3,017	0	3,017
Linens	361	0	361
Totals	<u>\$ 160,363</u>	<u>\$ 11,418</u>	<u>\$ 171,781</u>

Depreciation expense for the fiscal year ended December 31, 2009, totaled \$11,418.

C. Cash

In accordance with the board of director's approval, the center maintains checking and savings accounts to handle the day-to-day operations. Excess monies are invested in short term certificates of deposit.

Investments are carried at fair value.

The carrying amount of the center's deposits at June 30, 2009, is \$179,091. Accounts on deposit with financial institutions are fully insured at June 30, 2009, or collateralized with securities held by the Tennessee Investment Collateral Pool.

D. Employees Retirement Plan

The center has established a tax-deferred annuity plan on behalf of employees working at least 25 hours per week. Section 403(b) of the Internal Revenue Service Code allows employees of a tax-exempt Sec. 501(c)(3) organization to exclude from gross income amounts applied to the tax deferred annuity plan. Contributions to the plan are made on a voluntary basis. Retirement plan expense for the fiscal year ended June 30, 2009, totaled \$16,996.

E. Risk Financing Activities

It is the policy of the center to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, workers' compensation, malpractice, and employee health insurance. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

F. Note Payable

In February 2008, the center borrowed \$362,200 from the USDA Rural Development for building construction/improvements. The note is payable at \$1,576 per month, including interest of 4.125 percent, and matures in 2046. A schedule of future payments is as follows:

Fiscal Year Ending	Note		
	Principal	Interest	Total
2010	\$ 4,276	\$ 14,636	\$ 18,912
2011	4,455	14,457	18,912
2012	4,643	14,269	18,912
2013	4,838	14,074	18,912
2014	5,041	13,871	18,912
Subtotal	<u>\$ 23,253</u>	<u>\$ 71,307</u>	<u>\$ 94,560</u>

Fiscal Year Ending	Note (Cont.)		
	Principal	Interest	Total
2015	\$ 5,253	\$ 13,659	\$ 18,912
2016	5,474	13,438	18,912
2017	5,704	13,208	18,912
2018	5,944	12,968	18,912
2019	6,194	12,718	18,912
Subtotal	\$ 28,569	\$ 65,991	\$ 94,560
2020	\$ 6,454	\$ 12,458	\$ 18,912
2021	6,725	12,187	18,912
2022	7,008	11,904	18,912
2023	7,303	11,609	18,912
2024	7,610	11,302	18,912
Subtotal	\$ 35,100	\$ 59,460	\$ 94,560
2025	\$ 7,930	10,982	18,912
2026	8,263	10,649	18,912
2027	8,610	10,302	18,912
2028	8,972	9,940	18,912
2029	9,350	9,562	18,912
Subtotal	\$ 43,125	\$ 51,435	\$ 94,560
2030	\$ 9,743	9,169	18,912
2031	10,152	8,760	18,912
2032	10,579	8,333	18,912
2033	11,024	7,888	18,912
2034	11,487	7,425	18,912
Subtotal	\$ 52,985	\$ 41,575	\$ 94,560
2035	\$ 11,970	\$ 6,942	\$ 18,912
2036	12,473	6,439	18,912
2037	12,998	5,914	18,912
2038	13,544	5,368	18,912
2039	14,113	4,799	18,912
Subtotal	\$ 65,098	\$ 29,462	\$ 94,560
2040	\$ 14,707	\$ 4,205	\$ 18,912
2041	15,325	3,587	18,912
2042	15,969	2,943	18,912
2043	16,641	2,271	18,912
2044	17,340	1,572	18,912
Subtotal	\$ 79,982	\$ 14,578	\$ 94,560

Fiscal Year Ending	Note (Cont.)		
	Principal	Interest	Total
2045	\$ 18,069	\$ 843	\$ 18,912
2046	10,585	135	10,720
Subtotal	<u>\$ 28,654</u>	<u>\$ 978</u>	<u>\$ 29,632</u>
Total	<u>\$ 356,766</u>	<u>\$ 334,786</u>	<u>\$ 691,552</u>

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**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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 7,578,977	\$ 0	\$ 0	\$ 7,578,977	\$ 7,946,954	\$ 7,946,954	\$ (367,977)
Licenses and Permits	90,666	0	0	90,666	89,000	89,000	1,666
Fines, Forfeitures, and Penalties	162,234	0	0	162,234	171,727	171,727	(9,493)
Charges for Current Services	2,618,240	0	0	2,618,240	2,566,723	2,574,723	43,517
Other Local Revenues	436,428	0	0	436,428	135,300	308,232	128,196
Fees Received from County Officials	1,862,988	0	0	1,862,988	1,928,000	1,928,000	(65,012)
State of Tennessee	1,811,503	0	0	1,811,503	1,885,701	1,865,089	(53,586)
Federal Government	405,451	0	0	405,451	365,662	640,033	(234,582)
Other Governments and Citizens Groups	178,083	0	0	178,083	0	178,083	0
Total Revenues	\$ 15,144,570	\$ 0	\$ 0	\$ 15,144,570	\$ 15,089,067	\$ 15,701,841	\$ (557,271)
Expenditures							
General Government							
County Commission	\$ 317,345	\$ 0	\$ 0	\$ 317,345	\$ 352,683	\$ 389,313	\$ 71,968
Board of Equalization	1,194	0	0	1,194	1,250	1,250	56
County Mayor/Executive	181,766	0	0	181,766	179,717	185,995	4,229
County Attorney	20,576	(1,100)	0	19,476	24,936	24,936	5,460
Election Commission	237,861	(831)	0	237,030	242,613	242,613	5,583
Register of Deeds	313,528	(7,969)	0	305,559	310,512	314,512	8,953
Codes Compliance	39,043	(619)	0	38,424	48,414	48,414	9,990
Geographical Information Systems	59,784	0	10,890	70,674	73,316	73,316	2,642
County Buildings	715,042	(5,762)	22,081	731,361	575,934	828,610	97,249
Other General Administration	26,515	(118)	140	26,537	42,200	42,200	15,663
Finance							
Accounting and Budgeting	548,368	(933)	205	547,640	560,847	567,125	19,485

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 257,937	\$ 0	\$ 0	\$ 257,937	\$ 265,174	\$ 265,174	\$ 7,237
Reappraisal Program	78,881	0	0	78,881	84,306	84,306	5,425
County Trustee's Office	265,383	0	0	265,383	298,160	298,160	32,777
County Clerk's Office	413,708	(39)	39	413,708	415,105	415,106	1,398
Other Finance	189,601	0	0	189,601	188,010	189,654	53
<u>Administration of Justice</u>							
Circuit Court	777,454	(550)	897	777,801	783,285	791,885	14,084
General Sessions Judge	214,227	0	100	214,327	221,343	221,343	7,016
Chancery Court	220,459	0	0	220,459	237,366	237,366	16,907
Probate Court	37,022	0	0	37,022	39,701	39,701	2,679
Other Administration of Justice	8,376	(216)	0	8,160	19,500	19,500	11,340
<u>Public Safety</u>							
Sheriff's Department	2,234,302	(3,356)	4,848	2,235,794	2,473,266	2,347,538	111,744
Administration of the Sexual Offender Registry	3,667	0	0	3,667	1,500	5,000	1,333
Jail	2,075,174	(2,405)	1,247	2,074,016	1,985,919	2,139,197	65,181
Juvenile Services	86,955	0	216	87,171	98,442	98,442	11,271
Commissary	94,534	0	222	94,756	120,000	120,000	25,244
Fire Prevention and Control	174,467	0	0	174,467	173,694	182,288	7,821
Rescue Squad	50,000	0	0	50,000	50,000	50,000	0
Other Emergency Management	128,530	(206)	628	128,952	130,974	130,974	2,022
County Coroner/Medical Examiner	28,554	0	0	28,554	38,800	38,800	10,246
Other Public Safety	110,000	0	0	110,000	110,000	110,000	0
<u>Public Health and Welfare</u>							
Local Health Center	63,039	0	288	63,327	68,100	68,100	4,773

(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 7/1/2008	Add: Encumbrances 6/30/2009	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>							
Rabies and Animal Control	\$ 147,044	\$ (4,600)	\$ 5,000	\$ 147,444	\$ 159,033	\$ 159,033	\$ 11,589
Ambulance/Emergency Medical Services	2,161,241	(17,200)	17,633	2,161,674	2,328,780	2,328,780	167,106
Dental Health Program	484,374	(86)	25	484,313	795,771	813,771	329,458
Alcohol and Drug Programs	12,898	(835)	0	12,063	0	14,000	1,937
Crippled Children Services	1,995	0	0	1,995	1,995	1,995	0
Other Local Health Services	338,013	0	400	338,413	381,100	381,100	42,687
General Welfare Assistance	38,080	0	0	38,080	38,924	38,924	844
Aid to Dependent Children	816	0	0	816	1,000	1,000	184
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	38,000	0	0	38,000	38,000	38,000	0
Libraries	118,091	(477)	567	118,181	113,374	118,181	0
Other Social, Cultural, and Recreational	190,257	0	0	190,257	190,265	190,265	8
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	73,788	0	0	73,788	76,874	76,874	3,086
Soil Conservation	31,472	0	0	31,472	33,196	33,196	1,724
Flood Control	2,000	0	0	2,000	2,000	2,000	0
<u>Other Operations</u>							
Tourism	223,860	(600)	405	223,665	184,581	224,223	558
Industrial Development	148,042	(1,435)	725	147,332	166,782	166,782	19,450
Housing and Urban Development	1,796	0	0	1,796	270,457	270,457	268,661
Other Economic and Community Development	199,019	0	0	199,019	106,871	413,216	214,197
Airport	135,430	(30)	0	135,400	240,626	240,626	105,226
Veterans' Services	21,923	0	0	21,923	22,633	22,633	710
Other Charges	11,045	0	0	11,045	11,356	11,356	311

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Contributions to Other Agencies	\$ 12,128	\$ 0	\$ 0	\$ 12,128	\$ 13,500	\$ 13,500	\$ 1,372
Employee Benefits	258,542	0	0	258,542	255,120	260,120	1,578
Miscellaneous	5,783	0	0	5,783	2,500	5,833	50
<u>Capital Projects</u>							
Public Safety Projects	8,149	0	0	8,149	10,000	10,000	1,851
Total Expenditures	\$ 14,637,078	\$ (49,367)	\$ 66,556	\$ 14,654,267	\$ 15,659,805	\$ 16,406,683	\$ 1,752,416
Excess (Deficiency) of Revenues Over Expenditures	\$ 507,492	\$ 49,367	\$ (66,556)	\$ 490,303	\$ (570,738)	\$ (704,842)	\$ 1,195,145
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 380,000	\$ 0	\$ 0	\$ 380,000	\$ 174,000	\$ 554,000	\$ (174,000)
Transfers In	0	0	0	0	328,517	162,426	(162,426)
Transfers Out	(27,068)	0	0	(27,068)	(30,000)	(30,000)	2,932
Total Other Financing Sources (Uses)	\$ 352,932	\$ 0	\$ 0	\$ 352,932	\$ 472,517	\$ 686,426	\$ (333,494)
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 860,424	\$ 49,367	\$ (66,556)	\$ 843,235	\$ (98,221)	\$ (18,416)	\$ 861,651
Fund Balance, July 1, 2008	3,307,006	(49,367)	0	3,257,639	2,667,946	2,667,946	589,693
Fund Balance, June 30, 2009	\$ 4,167,430	\$ 0	\$ (66,556)	\$ 4,100,874	\$ 2,569,725	\$ 2,649,530	\$ 1,451,344

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,071,176	\$ 0	\$ 0	\$ 1,071,176	\$ 1,140,595	\$ 1,140,595	\$ (69,419)
Charges for Current Services	576,519	0	0	576,519	800,000	800,000	(223,481)
Other Local Revenues	9,164	0	0	9,164	9,500	9,500	(336)
State of Tennessee	72,346	0	0	72,346	74,367	74,367	(2,021)
Total Revenues	\$ 1,729,205	\$ 0	\$ 0	\$ 1,729,205	\$ 2,024,462	\$ 2,024,462	\$ (295,257)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 1,038,310	\$ 0	\$ 3,130	\$ 1,041,440	\$ 1,344,554	\$ 1,344,554	\$ 303,114
Convenience Centers	679,850	(60)	0	679,790	819,577	819,577	139,787
Postclosure Care Costs	20,145	0	0	20,145	21,000	21,000	855
<u>Highways</u>							
Litter and Trash Collection	42,117	(581)	1,200	42,736	43,167	43,167	431
Total Expenditures	\$ 1,780,422	\$ (641)	\$ 4,330	\$ 1,784,111	\$ 2,228,298	\$ 2,228,298	\$ 444,187
Excess (Deficiency) of Revenues Over Expenditures	\$ (51,217)	\$ 641	\$ (4,330)	\$ (54,906)	\$ (203,836)	\$ (203,836)	\$ 148,930
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 27,068	\$ 0	\$ 0	\$ 27,068	\$ 30,000	\$ 30,000	\$ (2,932)
Total Other Financing Sources (Uses)	\$ 27,068	\$ 0	\$ 0	\$ 27,068	\$ 30,000	\$ 30,000	\$ (2,932)
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (24,149)	\$ 641	\$ (4,330)	\$ (27,838)	\$ (173,836)	\$ (173,836)	\$ 145,998
	365,872	(641)	0	365,231	346,997	346,997	18,234
Fund Balance, June 30, 2009	\$ 341,723	\$ 0	\$ (4,330)	\$ 337,393	\$ 173,161	\$ 173,161	\$ 164,232

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 511,747	\$ 0	\$ 0	\$ 511,747	\$ 494,530	\$ 494,530	\$ 17,217
Charges for Current Services	235,507	0	0	235,507	400,000	400,000	(164,493)
State of Tennessee	2,177,311	0	0	2,177,311	2,344,000	2,352,000	(174,689)
Federal Government	322,247	0	0	322,247	117,000	109,000	213,247
Other Governments and Citizens Groups	5,430	0	0	5,430	1,600	1,600	3,830
Total Revenues	\$ 3,252,242	\$ 0	\$ 0	\$ 3,252,242	\$ 3,357,130	\$ 3,357,130	\$ (104,888)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 457,002	\$ 0	\$ 0	\$ 457,002	\$ 568,199	\$ 568,199	\$ 111,197
Highway and Bridge Maintenance	2,187,507	(260,000)	12,175	1,939,682	2,001,996	2,001,996	62,314
Operation and Maintenance of Equipment	336,613	(11,950)	4,850	329,513	549,923	549,923	220,410
Other Charges	209,987	0	0	209,987	231,000	231,000	21,013
Employee Benefits	0	0	0	0	6,000	6,000	6,000
Capital Outlay	88,547	(6,500)	0	82,047	541,678	541,678	459,631
Total Expenditures	\$ 3,279,656	\$ (278,450)	\$ 17,025	\$ 3,018,231	\$ 3,898,796	\$ 3,898,796	\$ 880,565
Excess (Deficiency) of Revenues Over Expenditures	\$ (27,414)	\$ 278,450	\$ (17,025)	\$ 234,011	\$ (541,666)	\$ (541,666)	\$ 775,677
Net Change in Fund Balance	\$ (27,414)	\$ 278,450	\$ (17,025)	\$ 234,011	\$ (541,666)	\$ (541,666)	\$ 775,677
Fund Balance, July 1, 2008	1,483,240	(278,450)	0	1,204,790	1,140,029	1,140,029	64,761
Fund Balance, June 30, 2009	\$ 1,455,826	\$ 0	\$ (17,025)	\$ 1,438,801	\$ 598,363	\$ 598,363	\$ 840,438

Exhibit F-4

Monroe County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Monroe County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL)		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
				(UAAL) (b)-(a)				
6-30-09	7-1-07	\$ 21,466	\$ 23,555	\$ 2,089		91.13 %	\$ 10,687	19.55 %
6-30-08	7-1-07	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 2007-08 year; therefore, data is only presented for two years.

Exhibit F-5

Monroe County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Monroe County School Department
June 30, 2009

(Dollar amounts in thousands)

Plan	Fiscal Year Ended*	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>PRIMARY GOVERNMENT</u>								
Medicare Supplement Plan	6-30-08	7-1-07	\$ 0	\$ 162	162	0 %	\$ 0	0 %
"	6-30-09	7-1-07	0	162	162	0	0	0
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>								
Local Education Group Plan	6-30-08	7-1-07	0	13,009	13,009	0	21,275	61
"	6-30-09	7-1-07	0	13,009	13,009	0	21,275	61
Medicare Supplement Plan	6-30-08	7-1-07	0	576	576	0	0	0
"	6-30-09	7-1-07	0	576	576	0	0	0

*Data only available for two years.

MONROE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

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 County 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, 2009

	<u>Special Revenue Funds</u>		Total
	Drug	Constitu-	Nonmajor
	Control	tional	Governmental
		Officers -	Funds
		Fees	
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,949	\$ 2,949
Equity in Pooled Cash and Investments	161,419	0	161,419
Accounts Receivable	1,744	192	1,936
Total Assets	<u>\$ 163,163</u>	<u>\$ 3,141</u>	<u>\$ 166,304</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to Other Funds	\$ 0	\$ 3,141	\$ 3,141
Total Liabilities	<u>\$ 0</u>	<u>\$ 3,141</u>	<u>\$ 3,141</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 8,234	\$ 0	\$ 8,234
Unreserved	154,929	0	154,929
Total Fund Balances	<u>\$ 163,163</u>	<u>\$ 0</u>	<u>\$ 163,163</u>
Total Liabilities and Fund Balances	<u>\$ 163,163</u>	<u>\$ 3,141</u>	<u>\$ 166,304</u>

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 187,304	\$ 0	\$ 0	\$ 187,304	\$ 112,000	\$ 162,500	\$ 24,804
Other Local Revenues	4,500	0	0	4,500	0	0	4,500
Total Revenues	\$ 191,804	\$ 0	\$ 0	\$ 191,804	\$ 112,000	\$ 162,500	\$ 29,304
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 171,714	(3,865)	8,234	\$ 176,083	\$ 142,636	\$ 193,136	\$ 17,053
Total Expenditures	\$ 171,714	(3,865)	8,234	\$ 176,083	\$ 142,636	\$ 193,136	\$ 17,053
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,090	\$ 3,865	(8,234)	\$ 15,721	\$ (30,636)	\$ (30,636)	\$ 46,357
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 20,090	\$ 3,865	(8,234)	\$ 15,721	\$ (30,636)	\$ (30,636)	\$ 46,357
	143,073	(3,865)	0	139,208	139,208	139,208	0
Fund Balance, June 30, 2009	\$ 163,163	\$ 0	(8,234)	\$ 154,929	\$ 108,572	\$ 108,572	\$ 46,357

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,986,265	\$ 3,046,029	\$ 3,046,029	\$ (59,764)
Charges for Current Services	106,486	95,388	95,388	11,098
Other Local Revenues	258,093	650,000	650,000	(391,907)
State of Tennessee	30,163	15,000	15,000	15,163
Other Governments and Citizens Groups	446,290	74,604	446,290	0
Total Revenues	<u>\$ 3,827,297</u>	<u>\$ 3,881,021</u>	<u>\$ 4,252,707</u>	<u>\$ (425,410)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,851,502	\$ 4,431,440	\$ 1,851,630	\$ 128
<u>Interest on Debt</u>				
General Government	2,269,302	0	2,269,666	364
<u>Other Debt Service</u>				
General Government	611,646	0	640,144	28,498
Total Expenditures	<u>\$ 4,732,450</u>	<u>\$ 4,431,440</u>	<u>\$ 4,761,440</u>	<u>\$ 28,990</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (905,153)</u>	<u>\$ (550,419)</u>	<u>\$ (508,733)</u>	<u>\$ (396,420)</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 21,465,000	\$ 0	\$ 21,465,000	\$ 0
Transfers In	0	371,686	0	0
Payments to Refunded Debt Escrow Agent	(21,135,000)	0	(21,135,000)	0
Total Other Financing Sources (Uses)	<u>\$ 330,000</u>	<u>\$ 371,686</u>	<u>\$ 330,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	<u>\$ (575,153)</u>	<u>\$ (178,733)</u>	<u>\$ (178,733)</u>	<u>\$ (396,420)</u>
Fund Balance, July 1, 2008	<u>6,610,061</u>	<u>6,548,653</u>	<u>6,548,653</u>	<u>61,408</u>
Fund Balance, June 30, 2009	<u>\$ 6,034,908</u>	<u>\$ 6,369,920</u>	<u>\$ 6,369,920</u>	<u>\$ (335,012)</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, 2009

	<u>Agency Funds</u>			<u>Total</u>
	<u>Cities - Sales Tax</u>	<u>City School ADA - Sweetwater</u>	<u>Constitu- tional Officers - Agency</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,930,718	\$ 1,930,718
Due from Other Funds	0	1,169,715	0	1,169,715
Taxes Receivable	0	1,305,052	0	1,305,052
Allowance for Uncollectible Taxes	0	(53,632)	0	(53,632)
Due from Other Governments	488,000	138,743	0	626,743
Cash Shortage	0	0	10,000	10,000
Total Assets	<u>\$ 488,000</u>	<u>\$ 2,559,878</u>	<u>\$ 1,940,718</u>	<u>\$ 4,988,596</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 488,000	\$ 2,559,878	\$ 0	\$ 3,047,878
Due to Litigants, Heirs, and Others	0	0	1,940,718	1,940,718
Total Liabilities	<u>\$ 488,000</u>	<u>\$ 2,559,878</u>	<u>\$ 1,940,718</u>	<u>\$ 4,988,596</u>

Exhibit I-2

Monroe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,213,603	\$ 3,213,603	\$ 0
Due from Other Governments	599,990	488,000	599,990	488,000
Total Assets	\$ 599,990	\$ 3,701,603	\$ 3,813,593	\$ 488,000
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 599,990	\$ 3,701,603	\$ 3,813,593	\$ 488,000
Total Liabilities	\$ 599,990	\$ 3,701,603	\$ 3,813,593	\$ 488,000
<u>City School ADA - Sweetwater Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,212,737	\$ 4,212,737	\$ 0
Due from Other Governments	179,069	138,743	179,069	138,743
Due from Other Funds	2,059,626	1,169,715	2,059,626	1,169,715
Taxes Receivable	1,255,283	1,305,052	1,255,283	1,305,052
Allowance for Uncollectible Taxes	(35,272)	(53,632)	(35,272)	(53,632)
Total Assets	\$ 3,458,706	\$ 6,772,615	\$ 7,671,443	\$ 2,559,878
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,458,706	\$ 6,772,615	\$ 7,671,443	\$ 2,559,878
Total Liabilities	\$ 3,458,706	\$ 6,772,615	\$ 7,671,443	\$ 2,559,878
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,020,667	\$ 7,710,292	\$ 7,800,241	\$ 1,930,718
Cash Shortage	0	30,646	20,646	10,000
Total Assets	\$ 2,020,667	\$ 7,740,938	\$ 7,820,887	\$ 1,940,718
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,020,667	\$ 7,740,938	\$ 7,820,887	\$ 1,940,718
Total Liabilities	\$ 2,020,667	\$ 7,740,938	\$ 7,820,887	\$ 1,940,718

(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>				
Cash	\$ 2,020,667	\$ 7,710,292	\$ 7,800,241	\$ 1,930,718
Equity in Pooled Cash and Investments	0	7,426,340	7,426,340	0
Cash Shortage	0	30,646	20,646	10,000
Due from Other Governments	779,059	626,743	779,059	626,743
Due from Other Funds	2,059,626	1,169,715	2,059,626	1,169,715
Taxes Receivable	1,255,283	1,305,052	1,255,283	1,305,052
Allowance for Uncollectible Taxes	(35,272)	(53,632)	(35,272)	(53,632)
Total Assets	<u>\$ 6,079,363</u>	<u>\$ 18,215,156</u>	<u>\$ 19,305,923</u>	<u>\$ 4,988,596</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,058,696	\$ 10,474,218	\$ 11,485,036	\$ 3,047,878
Due to Litigants, Heirs, and Others	2,020,667	7,740,938	7,820,887	1,940,718
Total Liabilities	<u>\$ 6,079,363</u>	<u>\$ 18,215,156</u>	<u>\$ 19,305,923</u>	<u>\$ 4,988,596</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, 2009

Functions/Programs	Program Revenues			Charges for Services	Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions			Grants and Contributions	Total Governmental Activities	
Governmental Activities:							
Instruction	\$ 24,731,743	\$ 9,600	\$ 3,422,548	\$ 0	\$ 0	\$ (21,299,595)	
Support Services	12,989,138	647,526	189,728	4,649,555		(7,502,329)	
Operation of Non-Instructional Services	3,384,389	731,923	1,559,288	0		(1,093,178)	
Total Governmental Activities	\$ 41,105,270	\$ 1,389,049	\$ 5,171,564	\$ 4,649,555	\$ (29,895,102)		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 4,402,129		
Local Option Sales Taxes					3,075,266		
Other Local Taxes					86,866		
Grants and Contributions Not Restricted for Specific Programs					26,247,806		
Unrestricted Investment Income					109,191		
Miscellaneous					229,390		
Total General Revenues					\$ 34,150,648		
Change in Net Assets					\$ 4,255,546		
Prior-period Adjustment					(47,905)		
Net Assets, July 1, 2008					44,531,148		
Net Assets, June 30, 2009					\$ 48,738,789		

Exhibit J-2

Monroe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2009

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,093	\$ 1,093
Equity in Pooled Cash and Investments	2,636,484	278,870	510,202	3,425,556
Accounts Receivable	305,441	0	5	305,446
Due from Other Governments	756,757	0	209,409	966,166
Due from Primary Government	0	86,330	0	86,330
Property Taxes Receivable	5,029,382	0	0	5,029,382
Allowance for Uncollectible Property Taxes	(206,685)	0	0	(206,685)
Total Assets	\$ 8,521,379	\$ 365,200	\$ 720,709	\$ 9,607,288
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 113,997	\$ 0	\$ 127,724	\$ 241,721
Cash Overdraft	0	0	20,971	20,971
Contracts Payable	0	350,915	0	350,915
Retainage Payable	0	14,285	0	14,285
Deferred Revenue - Current Property Taxes	4,569,288	0	0	4,569,288
Deferred Revenue - Delinquent Property Taxes	210,819	0	0	210,819
Other Deferred Revenues	368,603	0	87,642	456,245
Total Liabilities	\$ 5,262,707	\$ 365,200	\$ 236,337	\$ 5,864,244
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 261,453	\$ 615,030	\$ 123,999	\$ 1,000,482
Other Local Education Reserves	26,085	0	0	26,085
Reserved for Career Ladder - Extended Contract	13,556	0	0	13,556
Reserved for Career Ladder Program	7,786	0	0	7,786
Reserved for Title I Grants to Local Education Agencies	0	0	21,052	21,052
Other Federal Reserves	0	0	6,343	6,343
Unreserved, Reported In:				
General Fund	2,949,792	0	0	2,949,792
Special Revenue Funds	0	0	332,978	332,978
Capital Projects Funds (Deficit)	0	(615,030)	0	(615,030)
Total Fund Balances	\$ 3,258,672	\$ 0	\$ 484,372	\$ 3,743,044
Total Liabilities and Fund Balances	\$ 8,521,379	\$ 365,200	\$ 720,709	\$ 9,607,288

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, 2009

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)		\$	3,743,044
(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		13,142,580	
Add: buildings and improvements net of accumulated depreciation		33,253,387	
Add: other capital assets net of accumulated depreciation		<u>412,893</u>	47,474,972
(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	\$	(810,000)	
Less: other postemployment benefits liability		(2,333,101)	
Less: accrued interest on bonds		<u>(3,190)</u>	(3,146,291)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>667,064</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 48,738,789</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, 2009

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
			<u>Other</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	
<u>Revenues</u>				
Local Taxes	\$ 7,931,025	\$ 0	\$ 0	\$ 7,931,025
Licenses and Permits	2,449	0	0	2,449
Charges for Current Services	460,943	0	926,706	1,387,649
Other Local Revenues	160,221	106,526	18,766	285,513
State of Tennessee	26,006,669	0	0	26,006,669
Federal Government	187,402	0	4,818,451	5,005,853
Other Governments and Citizens Groups	0	4,649,555	0	4,649,555
Total Revenues	\$ 34,748,709	\$ 4,756,081	\$ 5,763,923	\$ 45,268,713
<u>Expenditures</u>				
Current:				
Instruction	\$ 20,843,589	\$ 0	\$ 2,678,761	\$ 23,522,350
Support Services	11,961,616	0	510,434	12,472,050
Operation of Non-Instructional Services	935,456	0	2,440,094	3,375,550
Debt Service:				
Principal on Debt	380,000	0	0	380,000
Interest on Debt	55,758	0	0	55,758
Other Debt Service	312,131	0	0	312,131
Capital Projects	0	11,377,111	0	11,377,111
Total Expenditures	\$ 34,488,550	\$ 11,377,111	\$ 5,629,289	\$ 51,494,950
Excess (Deficiency) of Revenues Over Expenditures	\$ 260,159	\$ (6,621,030)	\$ 134,634	\$ (6,226,237)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 149,353	\$ 0	\$ 0	\$ 149,353
Transfers Out	0	0	(149,353)	(149,353)
Total Other Financing Sources (Uses)	\$ 149,353	\$ 0	\$ (149,353)	\$ 0
Net Change in Fund Balances	\$ 409,512	\$ (6,621,030)	\$ (14,719)	\$ (6,226,237)
Fund Balance, July 1, 2008	2,849,160	6,621,030	499,091	9,969,281
Fund Balance, June 30, 2009	\$ 3,258,672	\$ 0	\$ 484,372	\$ 3,743,044

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, 2009

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)		\$ (6,226,237)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 12,420,435	
Less: current year depreciation expense	<u>(1,212,302)</u>	11,208,133
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Less: book value of capital assets disposed		(3,066)
<p>(3) 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, 2009	\$ 667,064	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(571,895)</u>	95,169
<p>(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Add: principal payments on bonds	\$ 380,000	
Less: change in other postemployment benefits liability	<u>(1,199,909)</u>	(819,909)
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable		<u>1,456</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 4,255,546</u>

Exhibit J-6

Monroe County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2009

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,093	\$ 1,093
Equity in Pooled Cash and Investments	0	510,202	510,202
Accounts Receivable	0	5	5
Due from Other Governments	209,409	0	209,409
Total Assets	<u>\$ 209,409</u>	<u>\$ 511,300</u>	<u>\$ 720,709</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 127,592	\$ 132	\$ 127,724
Cash Overdraft	20,971	0	20,971
Other Deferred Revenues	87,642	0	87,642
Total Liabilities	<u>\$ 236,205</u>	<u>\$ 132</u>	<u>\$ 236,337</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 123,999	\$ 0	\$ 123,999
Reserved for Title I Grants to Local Education Agencies	21,052	0	21,052
Other Federal Reserves	6,343	0	6,343
Unreserved (Deficit)	(178,190)	511,168	332,978
Total Fund Balances	<u>\$ (26,796)</u>	<u>\$ 511,168</u>	<u>\$ 484,372</u>
Total Liabilities and Fund Balances	<u>\$ 209,409</u>	<u>\$ 511,300</u>	<u>\$ 720,709</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, 2009

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 926,706	\$ 926,706
Other Local Revenues	0	18,766	18,766
Federal Government	3,286,533	1,531,918	4,818,451
Total Revenues	<u>\$ 3,286,533</u>	<u>\$ 2,477,390</u>	<u>\$ 5,763,923</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,678,761	\$ 0	\$ 2,678,761
Support Services	510,434	0	510,434
Operation of Non-Instructional Services	0	2,440,094	2,440,094
Total Expenditures	<u>\$ 3,189,195</u>	<u>\$ 2,440,094</u>	<u>\$ 5,629,289</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 97,338</u>	<u>\$ 37,296</u>	<u>\$ 134,634</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (149,353)	\$ 0	\$ (149,353)
Total Other Financing Sources (Uses)	<u>\$ (149,353)</u>	<u>\$ 0</u>	<u>\$ (149,353)</u>
Net Change in Fund Balances	\$ (52,015)	\$ 37,296	\$ (14,719)
Fund Balance, July 1, 2008	25,219	473,872	499,091
Fund Balance, June 30, 2009	<u>\$ (26,796)</u>	<u>\$ 511,168</u>	<u>\$ 484,372</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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 7,931,025	\$ 0	\$ 0	\$ 7,931,025	\$ 7,984,969	\$ 8,020,969	\$ (89,944)
Licenses and Permits	2,449	0	0	2,449	2,000	2,000	449
Charges for Current Services	460,943	0	0	460,943	444,565	512,453	(51,510)
Other Local Revenues	160,221	0	0	160,221	184,625	223,159	(62,938)
State of Tennessee	26,006,669	0	0	26,006,669	25,591,527	25,793,638	213,031
Federal Government	187,402	0	0	187,402	96,593	192,174	(4,772)
Total Revenues	\$ 34,748,709	\$ 0	\$ 0	\$ 34,748,709	\$ 34,304,279	\$ 34,744,393	\$ 4,316
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 16,415,866	\$ (9,575)	\$ 239,683	\$ 16,645,974	\$ 17,113,433	\$ 17,272,503	\$ 626,529
Alternative Instruction Program	62,076	0	0	62,076	62,972	62,973	897
Special Education Program	3,014,675	0	2,221	3,016,896	3,101,951	3,169,546	152,650
Vocational Education Program	1,306,114	0	0	1,306,114	1,358,242	1,356,242	50,128
Adult Education Program	44,858	0	4,794	49,652	66,090	73,063	23,411
<u>Support Services</u>							
Attendance	67,121	0	0	67,121	69,823	69,823	2,702
Health Services	806,628	0	2,589	809,217	799,102	902,350	93,133
Other Student Support	982,565	0	36	982,601	991,071	994,286	11,685
Regular Instruction Program	1,187,094	0	1,403	1,188,497	1,200,624	1,200,624	12,127
Special Education Program	441,626	0	314	441,940	405,608	446,762	4,822
Vocational Education Program	96,880	0	0	96,880	108,209	108,409	11,529
Adult Programs	94,599	0	0	94,599	96,516	97,023	2,424
Other Programs	189,728	0	0	189,728	0	189,728	0
Board of Education	576,509	0	35	576,544	633,117	591,154	14,610
Director of Schools	281,850	0	144	281,994	299,833	291,033	9,039
Office of the Principal	1,612,202	0	0	1,612,202	1,625,010	1,624,510	12,308

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 19,499	\$ 0	\$ 0	\$ 19,499	\$ 20,384	\$ 20,384	\$ 885
Operation of Plant	2,545,477	0	0	2,545,477	2,471,140	2,589,524	44,047
Maintenance of Plant	996,250	(76,032)	7,543	927,761	1,010,267	967,873	40,112
Transportation	2,063,588	0	155	2,063,743	2,224,290	2,072,890	9,147
<u>Operation of Non-Instructional Services</u>							
Food Service	563,064	0	0	563,064	556,462	585,555	22,491
Community Services	94,631	0	353	94,984	110,400	113,510	18,526
Early Childhood Education	277,761	(313)	2,183	279,631	269,201	279,631	0
<u>Principal on Debt</u>							
Education	380,000	0	0	380,000	678,019	380,000	0
<u>Interest on Debt</u>							
Education	55,758	0	0	55,758	69,426	55,758	0
<u>Other Debt Service</u>							
Education	312,131	0	0	312,131	475	312,162	31
Total Expenditures	\$ 34,488,550	\$ (85,920)	\$ 261,453	\$ 34,664,083	\$ 35,341,665	\$ 35,827,316	\$ 1,163,233
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 260,159	\$ 85,920	\$ (261,453)	\$ 84,626	\$ (1,037,386)	\$ (1,082,923)	\$ 1,167,549
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 149,353	\$ 0	\$ 0	\$ 149,353	\$ 149,353	\$ 149,353	\$ 0
Total Other Financing Sources (Uses)	\$ 149,353	\$ 0	\$ 0	\$ 149,353	\$ 149,353	\$ 149,353	\$ 0
Net Change in Fund Balance	\$ 409,512	\$ 85,920	\$ (261,453)	\$ 233,979	\$ (888,033)	\$ (933,570)	\$ 1,167,549
Fund Balance, July 1, 2008	2,849,160	(85,920)	0	2,763,240	2,405,434	2,405,434	357,806
Fund Balance, June 30, 2009	\$ 3,258,672	\$ 0	\$ (261,453)	\$ 2,997,219	\$ 1,517,401	\$ 1,471,864	\$ 1,525,355

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 3,286,533	\$ 0	\$ 0	\$ 3,286,533	\$ 3,122,826	\$ 3,794,832	\$ (508,299)
Total Revenues	\$ 3,286,533	\$ 0	\$ 0	\$ 3,286,533	\$ 3,122,826	\$ 3,794,832	\$ (508,299)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,200,054	\$ (1,475)	\$ 7,477	\$ 1,206,056	\$ 1,493,066	\$ 1,504,462	\$ 298,406
Special Education Program	1,380,150	0	28,823	1,408,973	827,105	1,408,973	0
Vocational Education Program	98,557	0	0	98,557	103,720	98,557	0
<u>Support Services</u>							
Health Services	26,048	0	0	26,048	33,231	33,231	7,183
Other Student Support	55,601	0	0	55,601	73,500	57,871	2,270
Regular Instruction Program	372,357	(1,769)	732	371,320	461,400	423,143	51,823
Special Education Program	49,095	0	1,150	50,245	49,092	50,245	0
Vocational Education Program	7,333	0	0	7,333	6,512	7,333	0
Transportation	0	0	85,817	85,817	0	85,817	0
Total Expenditures	\$ 3,189,195	\$ (3,244)	\$ 123,999	\$ 3,309,950	\$ 3,047,626	\$ 3,669,632	\$ 359,682
Excess (Deficiency) of Revenues Over Expenditures	\$ 97,338	\$ 3,244	\$ (123,999)	\$ (23,417)	\$ 75,200	\$ 125,200	\$ (148,617)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 338,360	\$ 7,139	\$ (7,139)
Transfers Out	(149,353)	0	0	(149,353)	(437,713)	(156,492)	7,139
Total Other Financing Sources (Uses)	\$ (149,353)	\$ 0	\$ 0	\$ (149,353)	\$ (99,353)	\$ (149,353)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (52,015)	\$ 3,244	\$ (123,999)	\$ (172,770)	\$ (24,153)	\$ (24,153)	\$ (148,617)
	25,219	(3,244)	0	21,975	24,153	24,153	(2,178)
Fund Balance, June 30, 2009	\$ (26,796)	\$ 0	\$ (123,999)	\$ (150,795)	\$ 0	\$ 0	\$ (150,795)

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 926,706	\$ 1,036,000	\$ 1,036,000	\$ (109,294)
Other Local Revenues	18,766	5,000	5,000	13,766
Federal Government	1,531,918	1,393,000	1,426,100	105,818
Total Revenues	<u>\$ 2,477,390</u>	<u>\$ 2,434,000</u>	<u>\$ 2,467,100</u>	<u>\$ 10,290</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,440,094	\$ 2,434,000	\$ 2,467,100	\$ 27,006
Total Expenditures	<u>\$ 2,440,094</u>	<u>\$ 2,434,000</u>	<u>\$ 2,467,100</u>	<u>\$ 27,006</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 37,296</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 37,296</u>
Net Change in Fund Balance	\$ 37,296	\$ 0	\$ 0	\$ 37,296
Fund Balance, July 1, 2008	<u>473,872</u>	<u>473,746</u>	<u>473,746</u>	<u>126</u>
Fund Balance, June 30, 2009	<u>\$ 511,168</u>	<u>\$ 473,746</u>	<u>\$ 473,746</u>	<u>\$ 37,422</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, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-09
PRIMARY GOVERNMENT									
NOTES PAYABLE									
Payable through General Debt Service Fund									
Airport Hangars	\$ 132,000	7.95 %	9-4-1997	9-4-09	\$ 31,176	\$ 0	\$ 14,991	\$ 0	\$ 16,185
Various Projects	450,000	4.59	10-11-01	10-11-13	255,111	0	37,895	0	217,216
Public Safety	300,000	3.49	7-21-05	7-21-08	103,241	0	103,241	0	0
Health Department and Emergency Services	780,000	3.95	4-15-06	4-15-09	260,000	0	260,000	0	0
Ambulance, Sheriff Vehicles, Election Commission Bldg.	700,000	3.79	5-1-07	5-1-13	600,000	0	110,000	0	490,000
School Bleachers	432,000	3.73	2-1-07	2-1-13	366,427	0	68,018	0	298,409
Energy Efficiency	156,500	0	4-18-08	6-15-15	156,500	0	22,357	0	134,143
Ambulance, Sheriff Vehicles, HVAC, and Landscaping	380,000	3.65	7-16-08	7-16-11	0	380,000	0	0	380,000
Total Notes Payable					\$ 1,772,455	\$ 380,000	\$ 616,502	\$ 0	\$ 1,535,953

BONDS PAYABLE									
Payable through General Debt Service Fund									
F.H.A. - Office Building	600,000	5	10-27-1978	1-1-18	\$ 280,000	\$ 0	\$ 20,000	\$ 0	\$ 260,000
High School Refunding, Series 1998	10,205,000	4.25 to 5.25	8-1-1998	5-1-13	5,120,000	0	925,000	0	4,195,000
Public Improvement, Series 1999	999,236	4.6 to 4.95	4-1-1999	4-1-18	999,236	0	0	0	999,236
General Obligation School Bonds, Series 2007	8,500,000	5	6-7-07	6-1-35	8,400,000	0	100,000	0	8,300,000
General Obligation School Bonds, Series 2008	9,850,000	4.05 to 5	4-15-08	6-1-38	9,850,000	0	0	0	9,850,000
Total Bonds Payable					\$ 24,649,236	\$ 0	\$ 1,045,000	\$ 0	\$ 23,604,236

OTHER LOANS PAYABLE									
Payable through General Debt Service Fund									
School Construction and County Projects, Series IV-A-4	6,335,000	Variable	12-9-1999	6-1-20	\$ 6,000,000	\$ 0	\$ 0	\$ 6,000,000	\$ 0
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	0
Public Improvement, Series V-A-3	2,350,000	Variable	12-19-02	6-1-23	2,350,000	0	0	2,350,000	0
Public Improvement, Series V-C-2	10,050,000	Variable	10-15-03	6-1-33	10,050,000	0	0	10,050,000	0
Public Improvement, Series VI-C-5	1,500,000	Variable	10-15-04	6-1-30	1,300,000	0	0	1,300,000	0
Public Improvement and Refunding, Series E-7-A	31,965,000	Variable	2-19-09	6-1-39	0	31,965,000	190,000	0	31,775,000
Total Other Loans Payable					\$ 20,990,000	\$ 31,965,000	\$ 190,000	\$ 20,990,000	\$ 31,775,000

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-09
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>									
<u>BONDS PAYABLE</u>									
Payable through General Purpose School Fund									
Rural School Refunding, Series 1998	\$ 4,205,000	4.3 to 5 %	8-1-1998	6-1-11	\$ 1,190,000	\$ 0	\$ 380,000	\$ 0	\$ 810,000
Total Bonds Payable					\$ 1,190,000	\$ 0	\$ 380,000	\$ 0	\$ 810,000

(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.

During the year, this issue was refunded with proceeds from Series E-7-A Loan Agreement.

(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.

During the year, this issue was refunded with proceeds from Series E-7-A Loan Agreement.

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
2010	\$ 385,886	\$ 54,827	\$ 440,713
2011	383,609	40,274	423,883
2012	397,864	26,472	424,336
2013	276,452	12,122	288,574
2014	69,784	1,395	71,179
2015	22,358	0	22,358
Total	\$ 1,535,953	\$ 135,089	\$ 1,671,042

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
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	\$ 23,604,236	\$ 18,898,410	\$ 42,502,646

(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
2010	\$ 125,000	\$ 92,148	\$ 438,260	\$ 655,408
2011	125,000	91,785	436,536	653,321
2012	135,000	91,423	434,812	661,235
2013	145,000	91,031	432,950	668,981
2014	745,000	90,610	430,950	1,266,560
2015	790,000	88,450	420,675	1,299,125
2016	835,000	86,159	409,778	1,330,937
2017	880,000	83,738	398,262	1,362,000
2018	975,000	81,185	386,124	1,442,309
2019	1,460,000	78,358	372,676	1,911,034
2020	1,535,000	74,124	352,539	1,961,663
2021	1,085,000	69,673	331,367	1,486,040
2022	1,155,000	66,526	316,402	1,537,928
2023	1,155,000	63,177	300,472	1,518,649
2024	1,130,000	59,827	284,541	1,474,368
2025	1,150,000	56,550	268,956	1,475,506
2026	1,295,000	53,215	253,094	1,601,309
2027	1,310,000	49,459	235,233	1,594,692
2028	1,420,000	45,661	217,165	1,682,826
2029	1,445,000	41,543	197,579	1,684,122
2030	1,590,000	37,352	177,649	1,805,001
2031	1,445,000	32,741	155,719	1,633,460
2032	1,580,000	28,550	135,788	1,744,338
2033	1,645,000	23,969	113,996	1,782,965
2034	865,000	19,198	91,307	975,505
2035	960,000	16,689	79,376	1,056,065
2036	1,465,000	13,906	66,136	1,545,042
2037	1,395,000	9,657	45,929	1,450,586
2038	1,535,000	5,611	26,689	1,567,300
2039	400,000	1,160	5,517	406,677
Total	\$ 31,775,000	\$ 1,643,475	\$ 7,816,477	\$ 41,234,952

DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2010	\$ 395,000	\$ 38,278	\$ 433,278
2011	415,000	19,712	434,712
Total	\$ 810,000	\$ 57,990	\$ 867,990

Exhibit K-3

Monroe County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Monroe County School Department
For the Year Ended June 30, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ <u>27,068</u>
Total Transfers Primary Government			\$ <u>27,068</u>
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Early Intervention Services	\$ <u>149,353</u>
Total Transfers Discretely Presented Monroe County School Department			\$ <u>149,353</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, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 80,144	\$ 50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	70,350	100,000	"
Director of Schools	Board of Education	85,000	100,000	"
Trustee:				
Tammy Miller (7-1-08 through 8-31-08)	Section 8-24-102, <u>TCA</u>	10,659	1,343,000	"
Marna Hull (9-1-08 through 6-30-09)	Section 8-24-102, <u>TCA</u>	53,295	1,343,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	64,704 (2)	10,000	"
Director of Finance	County Commission	82,344 (1)	50,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	63,954	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	63,954	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	63,954	50,000	"
Register	Section 8-24-102, <u>TCA</u>	63,954	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	75,950 (3)	25,000	"
Employee Blanket Bond Coverage:				
Monroe County and Monroe County				
School Department:				
Public Employee Dishonesty			500,000	Gulf Insurance Company

(1) Includes a bonus payment of \$400 and a longevity payment of 2,800.

(2) Includes a Certified Assessment Evaluators supplement of \$750.

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

Exhibit K-5

Monroe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2009

	Special Revenue Funds							Total	
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Debt Service Fund		Capital Projects Fund		
					General Debt Service	General Capital Projects			
\$	5,438,893	957,710	0	269,048	1,760,802	0	0	8,426,453	
County Property Taxes	209,903	39,067	0	11,047	88,321	0	0	348,338	
Trustee's Collections - Prior Year	88,778	17,522	0	4,672	24,531	0	0	135,503	
Circuit/Clerk & Master Collections - Prior Years	40,626	7,611	0	2,140	16,555	0	0	66,932	
Interest and Penalty	27,092	4,744	0	1,429	10,817	0	0	44,082	
Pick-up Taxes	44,857	0	0	3,518	18,471	0	0	66,846	
Payments in-Lieu-of Taxes - T.V.A.	252,001	44,083	0	13,263	102,789	0	0	412,136	
Payments in-Lieu-of Taxes - Local Utilities	177,909	190	0	125,092	393	0	0	303,584	
Payments in-Lieu-of Taxes - Other									
County Local Option Taxes									
Local Option Sales Tax	716,630	0	0	0	0	0	0	716,630	
Hotel/Motel Tax	120,161	0	0	0	0	0	0	120,161	
Wheel Tax	0	0	0	0	869,825	0	0	869,825	
Litigation Tax - General	35,277	0	0	0	35,068	0	0	70,345	
Litigation Tax - Special Purpose	32,085	0	0	0	0	0	0	32,085	
Litigation Tax - Jail, Workhouse, or Courthouse	114,572	0	0	0	0	0	0	114,572	
Business Tax	140,422	0	0	5,723	37,132	0	0	183,277	
Mineral Severance Tax	0	0	0	71,739	0	0	0	71,739	
Statutory Local Taxes									
Bank Excise Tax	51,114	0	0	4,009	21,047	0	0	76,170	
Wholesale Beer Tax	87,100	0	0	0	0	0	0	87,100	
Interstate Telecommunications Tax	1,557	249	0	67	514	0	0	2,387	
Total Local Taxes	7,578,977	1,071,176	0	511,747	2,986,265	0	0	12,148,165	
Licenses and Permits									
Licenses									
Animal Vaccination	43,196	0	0	0	0	0	0	43,196	
Cable TV Franchise	35,426	0	0	0	0	0	0	35,426	
Permits									
Building Permits	12,044	0	0	0	0	0	0	12,044	
Total Licenses and Permits	90,666	0	0	0	0	0	0	90,666	

(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	Highway / Public Works		Debt Service Fund		Capital Projects Fund	
		General	Waste	Sanitation		Highway	Public	Debt	Service		
<u>Fines, Forfeitures, and Penalties</u>											
<u>Circuit Court</u>											
Fines	\$ 24,654	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	24,654
Officers Costs	24,297	0	0	0	0	0	0	0	0	0	24,297
Jail Fees	4,284	0	0	0	0	0	0	0	0	0	4,284
DUI Treatment Fines	1,330	0	0	0	0	0	0	0	0	0	1,330
Courtroom Security Fee	1,577	0	0	0	0	0	0	0	0	0	1,577
<u>General Sessions Court</u>											
Fines	35,920	0	0	0	0	0	0	0	0	0	35,920
Officers Costs	34,815	0	0	0	0	0	0	0	0	0	34,815
Jail Fees	18,307	0	0	0	0	0	0	0	0	0	18,307
DUI Treatment Fines	8,494	0	0	0	0	0	0	0	0	0	8,494
<u>Chancery Court</u>											
Officers Costs	3,772	0	0	0	0	0	0	0	0	0	3,772
<u>Other Courts - In-county</u>											
Fines	3,793	0	0	0	0	0	0	0	0	0	3,793
Drug Control Fines	983	0	20,151	0	0	0	0	0	0	0	21,134
<u>Judicial District Drug Program</u>											
Courtroom Security Fee	8	0	0	0	0	0	0	0	0	0	8
<u>Other Fines, Forfeitures, and Penalties</u>											
Proceeds from Confiscated Property	0	0	167,153	0	0	0	0	0	0	0	167,153
<u>Total Fines, Forfeitures, and Penalties</u>	\$ 162,234	\$ 0	\$ 187,304	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 349,538
<u>Charges for Current Services</u>											
<u>General Service Charges</u>											
Tipping Fees	\$ 0	\$ 576,519	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	576,519
Patient Charges	2,114,008	0	0	0	0	0	0	0	0	0	2,114,008
Other General Service Charges	371,283	0	0	235,507	106,486	0	0	0	0	0	713,276
Service Charges	4,616	0	0	0	0	0	0	0	0	0	4,616
<u>Fees</u>											
Airport Fees	17,472	0	0	0	0	0	0	0	0	0	17,472
Engineer Review Fees	11,760	0	0	0	0	0	0	0	0	0	11,760

(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	Highway / Public Works	Debt Service Fund - General Debt Service	Capital Projects Fund - General Capital Projects		
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Copy Fees	\$ 3,895	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,895
Telephone Commissions	24,102	0	0	0	0	0	0	24,102
Vending Machine Collections	236	0	0	0	0	0	0	236
Tourism Fees	37,707	0	0	0	0	0	0	37,707
Data Processing Fee - Register	19,944	0	0	0	0	0	0	19,944
Data Processing Fee - Sheriff	4,497	0	0	0	0	0	0	4,497
Sexual Offender Registration Fees - Sheriff	2,390	0	0	0	0	0	0	2,390
Data Processing Fee - County Clerk	3,030	0	0	0	0	0	0	3,030
<u>Other Charges for Services</u>								
Other Charges for Services	3,300	0	0	0	0	0	0	3,300
Total Charges for Current Services	\$ 2,618,240	\$ 576,519	\$ 0	\$ 235,507	\$ 106,486	\$ 0	\$ 0	\$ 3,536,752
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 26	\$ 0	\$ 0	\$ 0	\$ 258,093	\$ 21,598	\$ 0	\$ 279,717
Lease/Rentals	2,400	0	0	0	0	0	0	2,400
Commissary Sales	222,738	0	0	0	0	0	0	222,738
Sale of Recycled Materials	0	9,164	0	0	0	0	0	9,164
Cobra Insurance Payments	2,467	0	0	0	0	0	0	2,467
Miscellaneous Refunds	34,156	0	4,500	0	0	0	0	38,656
<u>Nonrecurring Items</u>								
Sale of Property	165,932	0	0	0	0	0	0	165,932
Damages Recovered from Individuals	2,334	0	0	0	0	0	0	2,334
Contributions and Gifts	6,375	0	0	0	0	0	0	6,375
Total Other Local Revenues	\$ 436,428	\$ 9,164	\$ 4,500	\$ 0	\$ 258,093	\$ 21,598	\$ 0	\$ 729,753
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 362,905	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 362,905
Circuit Court Clerk	287,925	0	0	0	0	0	0	287,925

(Continued)

Exhibit K-5

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

	General	Special Revenue Funds					Highway / Public Works	Debt Service Fund		Capital Projects Fund	Total
		Solid Waste / Sanitation	Drug Control	General		Debt Service					
				Waste / Sanitation	Control			General	Debt Service		
<u>Fees Received from County Officials (Cont.)</u>											
<u>Fees in-Lieu-of Salary (Cont.)</u>											
General Sessions Court Clerk	\$ 238,947	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 238,947	
Clerk and Master	150,789	0	0	0	0	0	0	0	0	150,789	
Register	235,692	0	0	0	0	0	0	0	0	235,692	
Sheriff	27,435	0	0	0	0	0	0	0	0	27,435	
Trustee	559,295	0	0	0	0	0	0	0	0	559,295	
Total Fees Received from County Officials	\$ 1,862,988	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,862,988	

<u>State of Tennessee</u>										
<u>General Government Grants</u>										
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	8,000	0	0	0	0	0	0	0	0	8,000
State Reappraisal Grant	18,028	0	0	0	0	0	0	0	0	18,028
Solid Waste Grants	0	21,200	0	0	0	0	0	0	0	21,200
On-Behalf Contributions for OPEB	3,333	0	0	0	0	0	0	0	0	3,333
Other General Government Grants	4,975	0	0	0	0	0	0	0	0	4,975
<u>Public Safety Grants</u>										
Law Enforcement Training Programs	20,400	0	0	0	0	0	0	0	0	20,400
<u>Public Works Grants</u>										
Bridge Program	0	0	0	31,000	0	0	0	0	0	31,000
State Aid Program	0	0	0	152,019	0	0	0	0	0	152,019
Litter Program	0	42,737	0	0	0	0	0	0	0	42,737
<u>Other State Revenues</u>										
Income Tax	39,777	8,409	0	5,719	30,163	0	0	0	0	84,068
Beer Tax	18,701	0	0	0	0	0	0	0	0	18,701
Alcoholic Beverage Tax	66,108	0	0	0	0	0	0	0	0	66,108
Mixed Drink Tax	5,168	0	0	0	0	0	0	0	0	5,168
State Revenue Sharing - T.V.A.	150,000	0	0	21,000	0	0	0	0	0	171,000
Contracted Prisoner Boarding	1,114,910	0	0	0	0	0	0	0	0	1,114,910
Gasoline and Motor Fuel Tax	0	0	0	1,928,283	0	0	0	0	0	1,928,283
Petroleum Special Tax	0	0	0	31,290	0	0	0	0	0	31,290

(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	Highway / Public Works	General Debt Service			
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Registrar's Salary Supplement	\$ 10,817	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,817
Other State Grants	341,296	0	0	8,000	0	0	0	349,296
Other State Revenues	990	0	0	0	0	0	0	990
Total State of Tennessee	\$ 1,811,503	\$ 72,346	\$ 0	\$ 2,177,311	\$ 30,163	\$ 0	\$ 0	\$ 4,091,323
<u>Federal Government</u>								
<u>Federal Through State</u>								
Homeland Security Grants	\$ 90,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,000
Law Enforcement Grants	1,842	0	0	0	0	0	0	1,842
Other Federal through State	275,913	0	0	0	0	0	0	275,913
<u>Direct Federal Revenue</u>								
Forest Service	11,158	0	0	322,247	0	0	0	333,405
Other Direct Federal Revenue	26,538	0	0	0	0	0	0	26,538
Total Federal Government	\$ 405,451	\$ 0	\$ 0	\$ 322,247	\$ 0	\$ 0	\$ 0	\$ 727,698
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 5,430	\$ 0	\$ 0	\$ 0	\$ 5,430
Contributions	166,091	0	0	0	371,686	0	0	537,777
<u>Citizens Groups</u>								
Donations	11,992	0	0	0	0	0	0	11,992
Other	0	0	0	0	74,604	0	0	74,604
Total Other Governments and Citizens Groups	\$ 178,083	\$ 0	\$ 0	\$ 5,430	\$ 446,290	\$ 0	\$ 0	\$ 629,803
Total	\$ 15,144,570	\$ 1,729,205	\$ 191,804	\$ 3,252,242	\$ 3,827,297	\$ 21,598	\$ 24,166,716	

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, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,124,034	\$ 0	\$ 0	\$ 0	\$ 4,124,034
Trustee's Collections - Prior Year	169,316	0	0	0	169,316
Circuit/Clerk & Master Collections - Prior Years	71,596	0	0	0	71,596
Interest and Penalty	32,761	0	0	0	32,761
Pick-up Taxes	21,890	0	0	0	21,890
Payments in-Lieu-of Taxes - T.V.A.	52,921	0	0	0	52,921
Payments in-Lieu-of Taxes - Local Utilities	203,223	0	0	0	203,223
Payments in-Lieu-of Taxes - Other	777	0	0	0	777
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,106,091	0	0	0	3,106,091
Business Tax	82,051	0	0	0	82,051
Other County Local Option Taxes	395	0	0	0	395
<u>Statutory Local Taxes</u>					
Bank Excise Tax	61,426	0	0	0	61,426
Interstate Telecommunications Tax	4,544	0	0	0	4,544
Total Local Taxes	\$ 7,931,025	\$ 0	\$ 0	\$ 0	\$ 7,931,025
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,449	\$ 0	\$ 0	\$ 0	\$ 2,449
Total Licenses and Permits	\$ 2,449	\$ 0	\$ 0	\$ 0	\$ 2,449
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 9,600	\$ 0	\$ 0	\$ 0	\$ 9,600
Lunch Payments - Children	0	0	389,262	0	389,262
Lunch Payments - Adults	0	0	82,312	0	82,312
Income from Breakfast	0	0	260,349	0	260,349
Transportation - Other State Systems	227,258	0	0	0	227,258
School Based Health Services - FFS	150,283	0	0	0	150,283
Receipts from Individual Schools	73,802	0	194,783	0	268,585
Total Charges for Current Services	\$ 460,943	\$ 0	\$ 926,706	\$ 0	\$ 1,387,649
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 365	\$ 0	\$ 2,300	\$ 106,526	\$ 109,191
Lease/Rentals	1,400	0	0	0	1,400
Miscellaneous Refunds	427	0	11,816	0	12,243
<u>Nonrecurring Items</u>					
Sale of Equipment	4,021	0	0	0	4,021
Damages Recovered from Individuals	316	0	0	0	316
Contributions and Gifts	2,450	0	0	0	2,450
<u>Other Local Revenues</u>					
Other Local Revenues	151,242	0	4,650	0	155,892
Total Other Local Revenues	\$ 160,221	\$ 0	\$ 18,766	\$ 106,526	\$ 285,513

(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	\$ 189,728	\$ 0	\$ 0	\$ 0	\$ 189,728
<u>State Education Funds</u>					
Basic Education Program	23,605,000	0	0	0	23,605,000
School Food Service	27,370	0	0	0	27,370
Driver Education	21,865	0	0	0	21,865
Other State Education Funds	697,871	0	0	0	697,871
Career Ladder Program	224,687	0	0	0	224,687
Career Ladder - Extended Contract	99,400	0	0	0	99,400
<u>Other State Revenues</u>					
Income Tax	51,567	0	0	0	51,567
Mixed Drink Tax	4,114	0	0	0	4,114
State Revenue Sharing - T.V.A.	1,055,460	0	0	0	1,055,460
Other State Revenues	29,607	0	0	0	29,607
Total State of Tennessee	\$ 26,006,669	\$ 0	\$ 0	\$ 0	\$ 26,006,669
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,156,198	\$ 0	\$ 1,156,198
Breakfast	0	0	375,720	0	375,720
Adult Education State Grant Program	74,383	0	0	0	74,383
Vocational Education - Basic Grants to States	0	130,232	0	0	130,232
Title I Grants to Local Education Agencies	0	1,245,256	0	0	1,245,256
Special Education - Grants to States	113,019	1,485,728	0	0	1,598,747
Special Education Preschool Grants	0	30,444	0	0	30,444
English Language Acquisition Grants	0	14,730	0	0	14,730
Safe and Drug-free Schools - State Grants	0	30,402	0	0	30,402
Eisenhower Professional Development State Grants	0	335,697	0	0	335,697
Other Federal through State	0	14,044	0	0	14,044
Total Federal Government	\$ 187,402	\$ 3,286,533	\$ 1,531,918	\$ 0	\$ 5,005,853
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 4,649,555	\$ 4,649,555
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 4,649,555	\$ 4,649,555
Total	\$ 34,748,709	\$ 3,286,533	\$ 2,477,390	\$ 4,756,081	\$ 45,268,713

Exhibit K-7

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Secretary to Board	\$	2,500	
Board and Committee Members Fees		47,699	
Social Security		2,976	
Employer Medicare		696	
Audit Services		11,700	
Consultants		5,143	
Contracts with Private Agencies		40,000	
Building and Contents Insurance		105,090	
Indirect Cost		24,436	
Premiums on Corporate Surety Bonds		5,327	
Workers' Compensation Insurance		1,608	
Tax Relief Program		36,630	
Other Charges		33,540	
Total County Commission			\$ 317,345

Board of Equalization

Board and Committee Members Fees	\$	1,050	
Legal Notices, Recording, and Court Costs		144	
Total Board of Equalization			1,194

County Mayor/Executive

County Official/Administrative Officer	\$	80,144	
Assistant(s)		26,550	
Deputy(ies)		24,341	
Social Security		7,367	
State Retirement		8,371	
Employee and Dependent Insurance		21,647	
Life Insurance		171	
Employer Medicare		1,723	
Communication		3,125	
Dues and Memberships		50	
Operating Lease Payments		959	
Postal Charges		440	
Travel		2,005	
Office Supplies		1,628	
Workers' Compensation Insurance		2,375	
Office Equipment		870	
Total County Mayor/Executive			181,766

(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	\$	850	
Social Security		53	
State Retirement		57	
Employer Medicare		12	
Legal Services		19,597	
Workers' Compensation Insurance		7	
Total County Attorney			\$ 20,576

Election Commission

Supervisor/Director	\$	57,559	
Deputy(ies)		26,550	
Clerical Personnel		2,500	
Election Commission		9,225	
Election Workers		51,637	
Social Security		6,357	
State Retirement		4,912	
Employee and Dependent Insurance		13,230	
Life Insurance		104	
Employer Medicare		1,487	
Communication		2,354	
Data Processing Services		15,299	
Legal Notices, Recording, and Court Costs		2,416	
Maintenance Agreements		23,627	
Maintenance and Repair Services - Office Equipment		307	
Postal Charges		7,403	
Data Processing Supplies		6,542	
Office Supplies		3,961	
Workers' Compensation Insurance		1,822	
Other Charges		569	
Total Election Commission			237,861

Register of Deeds

County Official/Administrative Officer	\$	63,954	
Assistant(s)		26,550	
Deputy(ies)		95,935	
Part-time Personnel		4,380	
Social Security		11,813	
State Retirement		12,510	
Employee and Dependent Insurance		43,294	
Life Insurance		342	

(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.)

Employer Medicare	\$	2,763	
Communication		2,928	
Dues and Memberships		622	
Maintenance Agreements		25,598	
Postal Charges		3,500	
Office Supplies		17,088	
Workers' Compensation Insurance		2,179	
Other Charges		72	
Total Register of Deeds			\$ 313,528

Codes Compliance

County Official/Administrative Officer	\$	15,299	
Clerical Personnel		2,045	
Part-time Personnel		10,549	
Board and Committee Members Fees		2,350	
Social Security		1,781	
State Retirement		1,164	
Employer Medicare		417	
Communication		1,164	
Engineering Services		1,950	
Postal Charges		440	
Office Supplies		506	
Workers' Compensation Insurance		100	
Other Charges		1,278	
Total Codes Compliance			39,043

Geographical Information Systems

Supervisor/Director	\$	33,561	
Social Security		1,575	
State Retirement		2,252	
Employee and Dependent Insurance		7,216	
Life Insurance		57	
Employer Medicare		368	
Communication		1,318	
Dues and Memberships		175	
Licenses		4,080	
Maintenance Agreements		6,833	
Office Supplies		1,106	
Workers' Compensation Insurance		100	
Other Charges		868	

(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 Equipment	\$ 275	
Total Geographical Information Systems		\$ 59,784

County Buildings

Assistant(s)	\$ 23,527	
Supervisor/Director	30,244	
Attendants	10,020	
Custodial Personnel	20,027	
Other Salaries and Wages	20,027	
Social Security	6,437	
State Retirement	6,296	
Employee and Dependent Insurance	31,263	
Life Insurance	233	
Employer Medicare	1,505	
Communication	8,208	
Maintenance Agreements	15,807	
Maintenance and Repair Services - Buildings	107,885	
Rentals	4,800	
Other Contracted Services	47,612	
Custodial Supplies	12,304	
Electricity	96,891	
Natural Gas	17,033	
Water and Sewer	10,194	
Workers' Compensation Insurance	2,445	
Other Charges	114,563	
Heating and Air Conditioning Equipment	127,721	
Total County Buildings		715,042

Other General Administration

Legal Notices, Recording, and Court Costs	\$ 2,966	
Maintenance and Repair Services - Vehicles	141	
Duplicating Supplies	1,969	
Gasoline	3,146	
Administration Equipment	18,293	
Total Other General Administration		26,515

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$ 79,144
Assistant(s)	32,960

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Accountants/Bookkeepers	\$	241,207	
Social Security		20,533	
State Retirement		21,748	
Employee and Dependent Insurance		70,352	
Life Insurance		556	
Employer Medicare		4,802	
Communication		8,264	
Contracts with Private Agencies		2,354	
Data Processing Services		13,672	
Maintenance and Repair Services - Equipment		768	
Postal Charges		4,298	
Travel		1,833	
Office Supplies		19,885	
Workers' Compensation Insurance		2,805	
Other Charges		1,689	
Office Equipment		21,498	
Total Accounting and Budgeting			\$ 548,368

Property Assessor's Office

County Official/Administrative Officer	\$	63,954
Deputy(ies)		26,550
Salary Supplements		750
Secretary(ies)		24,977
Clerical Personnel		51,453
Social Security		10,267
State Retirement		11,252
Employee and Dependent Insurance		36,078
Life Insurance		285
Employer Medicare		2,401
Communication		6,680
Data Processing Services		7,476
Dues and Memberships		1,455
Operating Lease Payments		1,841
Maintenance and Repair Services - Vehicles		193
Postal Charges		2,574
Printing, Stationery, and Forms		118
Travel		757
Gasoline		1,372
Office Supplies		1,978
Workers' Compensation Insurance		2,190

(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.)

Other Charges	\$	365	
Office Equipment		2,971	
Total Property Assessor's Office			\$ 257,937

Reappraisal Program

Clerical Personnel	\$	50,680	
Social Security		3,118	
State Retirement		3,401	
Employee and Dependent Insurance		14,431	
Life Insurance		114	
Employer Medicare		729	
Data Processing Services		5,438	
Office Supplies		910	
Workers' Compensation Insurance		60	
Total Reappraisal Program			78,881

County Trustee's Office

County Official/Administrative Officer	\$	63,954	
Assistant(s)		21,304	
Deputy(ies)		71,838	
Part-time Personnel		15,000	
Social Security		10,220	
State Retirement		9,224	
Employee and Dependent Insurance		28,861	
Life Insurance		238	
Employer Medicare		2,390	
Communication		3,726	
Legal Notices, Recording, and Court Costs		380	
Maintenance Agreements		8,387	
Postal Charges		8,557	
Other Contracted Services		7,476	
Office Supplies		6,549	
Workers' Compensation Insurance		2,177	
Other Charges		5,022	
Office Equipment		80	
Total County Trustee's Office			265,383

County Clerk's Office

County Official/Administrative Officer	\$	63,954
Assistant(s)		26,550

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Deputy(ies)	\$	164,565	
Part-time Personnel		12,000	
Social Security		16,406	
State Retirement		17,557	
Employee and Dependent Insurance		64,799	
Life Insurance		513	
Employer Medicare		3,837	
Communication		6,394	
Dues and Memberships		512	
Operating Lease Payments		3,325	
Legal Notices, Recording, and Court Costs		425	
Maintenance and Repair Services - Office Equipment		12,810	
Postal Charges		11,265	
Travel		111	
Office Supplies		4,523	
Workers' Compensation Insurance		2,336	
Office Equipment		1,826	
Total County Clerk's Office			\$ 413,708

Other Finance

Social Security	\$	680	
State Retirement		762	
Employer Medicare		159	
Trustee's Commission		188,000	
Total Other Finance			189,601

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,954	
Assistant(s)		53,099	
Deputy(ies)		304,543	
Part-time Personnel		24,852	
Other Salaries and Wages		23,663	
Board and Committee Members Fees		339	
Jury and Witness Fees		17,173	
Social Security		28,552	
State Retirement		30,768	
Employee and Dependent Insurance		111,845	
Life Insurance		884	
Employer Medicare		6,678	

(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.)

Communication	\$	13,637	
Operating Lease Payments		11,304	
Legal Notices, Recording, and Court Costs		477	
Maintenance Agreements		26,084	
Maintenance and Repair Services - Office Equipment		1,486	
Postal Charges		8,142	
Travel		2,023	
Office Supplies		33,087	
Workers' Compensation Insurance		2,700	
Other Charges		6,299	
Communication Equipment		262	
Data Processing Equipment		2,900	
Office Equipment		2,703	
Total Circuit Court			\$ 777,454

General Sessions Judge

Judge(s)	\$	133,598	
Secretary(ies)		26,550	
Part-time Personnel		2,962	
Social Security		8,046	
State Retirement		10,746	
Employee and Dependent Insurance		14,431	
Life Insurance		114	
Employer Medicare		2,313	
Communication		3,919	
Operating Lease Payments		1,921	
Postal Charges		252	
Travel		1,754	
Library Books/Media		696	
Office Supplies		844	
Workers' Compensation Insurance		3,558	
Other Charges		9	
Furniture and Fixtures		714	
Office Equipment		1,800	
Total General Sessions Judge			214,227

Chancery Court

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		75,225	
Social Security		8,617	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

State Retirement	\$	9,004	
Employee and Dependent Insurance		27,060	
Life Insurance		214	
Employer Medicare		2,015	
Communication		4,999	
Dues and Memberships		750	
Maintenance Agreements		12,094	
Maintenance and Repair Services - Office Equipment		55	
Postal Charges		3,500	
Travel		166	
Office Supplies		6,824	
Workers' Compensation Insurance		2,128	
Office Equipment		3,854	
Total Chancery Court			\$ 220,459

Probate Court

Deputy(ies)	\$	23,946	
Social Security		1,479	
State Retirement		1,607	
Employee and Dependent Insurance		7,216	
Life Insurance		57	
Employer Medicare		346	
Communication		686	
Office Supplies		1,425	
Workers' Compensation Insurance		55	
Office Equipment		205	
Total Probate Court			37,022

Other Administration of Justice

Other Salaries and Wages	\$	1,423	
Legal Notices, Recording, and Court Costs		216	
Postal Charges		6,500	
Travel		237	
Total Other Administration of Justice			8,376

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	75,350	
Assistant(s)		42,449	
Supervisor/Director		35,523	

(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.)

Deputy(ies)	\$	365,723	
Investigator(s)		169,630	
Captain(s)		153,903	
Sergeant(s)		134,901	
Accountants/Bookkeepers		26,550	
Secretary(ies)		58,672	
Clerical Personnel		49,994	
Part-time Personnel		23,965	
School Resource Officer		104,418	
Overtime Pay		81,359	
Other Salaries and Wages		52,181	
In-Service Training		20,400	
Social Security		84,785	
State Retirement		90,018	
Employee and Dependent Insurance		247,379	
Life Insurance		2,073	
Employer Medicare		19,829	
Communication		26,785	
Forest Resource Services		10,061	
Operating Lease Payments		7,717	
Maintenance Agreements		6,783	
Maintenance and Repair Services - Equipment		3,000	
Maintenance and Repair Services - Vehicles		28,358	
Postal Charges		2,421	
Travel		4,632	
Tuition		5,799	
Animal Food and Supplies		1,110	
Gasoline		138,707	
Office Supplies		12,252	
Tires and Tubes		9,930	
Uniforms		28,167	
Other Supplies and Materials		325	
Workers' Compensation Insurance		24,465	
Other Charges		8,688	
Law Enforcement Equipment		14,824	
Motor Vehicles		56,773	
Office Equipment		4,403	
Total Sheriff's Department			\$ 2,234,302

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Office Supplies	\$	322	
Other Charges		1,785	
Office Equipment		1,560	
Total Administration of the Sexual Offender Registry			\$ 3,667

Jail

Assistant(s)	\$	42,449	
Captain(s)		34,480	
Lieutenant(s)		62,829	
Sergeant(s)		125,136	
Accountants/Bookkeepers		26,278	
Guards		505,399	
Cafeteria Personnel		37,134	
Part-time Personnel		44,512	
Overtime Pay		43,303	
Social Security		55,948	
State Retirement		56,276	
Employee and Dependent Insurance		194,612	
Life Insurance		1,599	
Employer Medicare		13,085	
Communication		180	
Maintenance and Repair Services - Equipment		1,108	
Travel		7,493	
Custodial Supplies		32,255	
Drugs and Medical Supplies		384,257	
Electricity		54,097	
Food Supplies		219,247	
Natural Gas		25,016	
Office Supplies		1,479	
Prisoners Clothing		3,810	
Water and Sewer		57,966	
Workers' Compensation Insurance		17,296	
Other Charges		14,619	
Building Improvements		5,937	
Office Equipment		5,326	
Other Equipment		2,048	
Total Jail			2,075,174

Juvenile Services

Supervisor/Director	\$	28,227	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Youth Service Officer(s)	\$	24,978	
Social Security		3,268	
State Retirement		3,570	
Employee and Dependent Insurance		14,431	
Life Insurance		114	
Employer Medicare		764	
Communication		1,127	
Dues and Memberships		70	
Postal Charges		220	
Travel		1,603	
Other Contracted Services		3,840	
Office Supplies		769	
Workers' Compensation Insurance		116	
Other Charges		3,858	
Total Juvenile Services			\$ 86,955

Commissary

Food Supplies	\$	94,534	
Total Commissary			94,534

Fire Prevention and Control

Contributions	\$	1,564	
Other Contracted Services		38,285	
Workers' Compensation Insurance		14,618	
Other Charges		120,000	
Total Fire Prevention and Control			174,467

Rescue Squad

Contributions	\$	50,000	
Total Rescue Squad			50,000

Other Emergency Management

Communication	\$	11,447	
Maintenance and Repair Services - Vehicles		4,332	
Other Contracted Services		5,562	
Office Supplies		8,450	
Uniforms		1,490	
Other Supplies and Materials		236	
Other Charges		97,013	
Total Other Emergency Management			128,530

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Medical Personnel	\$	9,600	
Other Charges		18,954	
Total County Coroner/Medical Examiner			\$ 28,554

Other Public Safety

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

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	16,000	
Communication		10,498	
Operating Lease Payments		9,163	
Maintenance and Repair Services - Office Equipment		193	
Postal Charges		5,604	
Other Contracted Services		4,233	
Custodial Supplies		1,297	
Drugs and Medical Supplies		3,140	
Office Supplies		6,328	
Periodicals		71	
Other Charges		5,012	
Office Equipment		1,500	
Total Local Health Center			63,039

Rabies and Animal Control

Assistant(s)	\$	20,862	
Supervisor/Director		26,523	
Social Security		2,929	
State Retirement		2,029	
Employee and Dependent Insurance		9,622	
Life Insurance		76	
Employer Medicare		685	
Communication		4,309	
Postal Charges		125	
Rentals		2,400	
Travel		1,590	
Veterinary Services		51,414	
Custodial Supplies		2,792	
Electricity		8,025	
Gasoline		3,703	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Natural Gas	\$	583	
Office Supplies		1,266	
Water and Sewer		3,649	
Workers' Compensation Insurance		1,808	
Other Charges		2,654	
Total Rabies and Animal Control			\$ 147,044

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,173
Paraprofessionals		1,120,974
Secretary(ies)		44,238
Social Security		73,903
State Retirement		73,373
Employee and Dependent Insurance		206,844
Life Insurance		1,629
Employer Medicare		17,284
Communication		10,716
Contracts with Private Agencies		7,813
Evaluation and Testing		1,321
Operating Lease Payments		1,924
Licenses		2,250
Maintenance Agreements		667
Maintenance and Repair Services - Equipment		3,798
Maintenance and Repair Services - Vehicles		39,492
Postal Charges		739
Tuition		8,826
Other Contracted Services		116,500
Custodial Supplies		2,662
Diesel Fuel		74,686
Drugs and Medical Supplies		75,276
Electricity		7,359
Office Supplies		3,192
Tires and Tubes		7,157
Uniforms		7,208
Water and Sewer		570
Workers' Compensation Insurance		44,263
Other Charges		26,386
Attendance Equipment		2,090
Communication Equipment		7,987
Motor Vehicles		118,488

(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.)

Office Equipment	\$ 2,453	
Total Ambulance/Emergency Medical Services		\$ 2,161,241

Dental Health Program

Assistant(s)	\$ 86,591	
Supervisor/Director	87,372	
Deputy(ies)	35,068	
Medical Personnel	94	
Salary Supplements	8,600	
Clerical Personnel	12,458	
Part-time Personnel	4,127	
In-Service Training	664	
Social Security	14,858	
State Retirement	14,389	
Employee and Dependent Insurance	31,271	
Life Insurance	256	
Employer Medicare	4,232	
Communication	4,943	
Maintenance and Repair Services - Buildings	1,235	
Maintenance and Repair Services - Equipment	2,121	
Postal Charges	592	
Travel	4,564	
Other Contracted Services	61,646	
Drugs and Medical Supplies	23,632	
Office Supplies	5,723	
Uniforms	96	
Liability Insurance	2,038	
Workers' Compensation Insurance	1,644	
In Service/Staff Development	1,958	
Other Charges	2,103	
Building Improvements	60,000	
Office Equipment	12,099	
Total Dental Health Program		484,374

Alcohol and Drug Programs

Communication	\$ 272	
Other Charges	12,626	
Total Alcohol and Drug Programs		12,898

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

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	28,687	
Guidance Personnel	10,418	
Social Workers	20,044	
Medical Personnel	25,442	
Assessment Personnel	10,150	
Secretary(ies)	20,616	
Clerical Personnel	9,066	
Educational Assistants	23,151	
Attendants	8,234	
Longevity Pay	2,200	
Bonus Payments	4,400	
Other Salaries and Wages	21,932	
Social Security	14,632	
State Retirement	12,084	
Employee and Dependent Insurance	50,508	
Life Insurance	399	
Employer Medicare	3,422	
Travel	10,476	
Liability Insurance	997	
Workers' Compensation Insurance	500	
Total Other Local Health Services		338,013

General Welfare Assistance

Social Workers	\$ 24,754	
Social Security	1,489	
State Retirement	1,661	
Employee and Dependent Insurance	7,216	
Life Insurance	57	
Employer Medicare	348	
Pauper Burials	2,500	
Workers' Compensation Insurance	55	
Total General Welfare Assistance		38,080

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Aid to Dependent Children

Contracts with Private Agencies	\$	816	
Total Aid to Dependent Children			\$ 816

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		4,717	
Total Libraries			118,091

Other Social, Cultural, and Recreational

Contributions	\$	189,265	
Maintenance and Repair Services - Buildings		992	
Total Other Social, Cultural, and Recreational			190,257

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	15,139	
Assistant(s)		12,704	
Supervisor/Director		12,334	
Clerical Personnel		10,720	
Other Salaries and Wages		8,250	
Social Security		2,633	
State Retirement		4,809	
Employer Medicare		375	
Communication		4,988	
Operating Lease Payments		1,236	
Office Supplies		600	
Total Agriculture Extension Service			73,788

Soil Conservation

Secretary(ies)	\$	19,305	
Social Security		1,048	
State Retirement		1,295	
Employee and Dependent Insurance		7,216	
Life Insurance		57	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Employer Medicare	\$	245	
Contributions		2,042	
Dues and Memberships		220	
Workers' Compensation Insurance		44	
Total Soil Conservation			\$ 31,472

Flood Control

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

Other Operations

Tourism

Supervisor/Director	\$	39,254	
Custodial Personnel		2,325	
Part-time Personnel		29,929	
Social Security		4,416	
State Retirement		2,634	
Employee and Dependent Insurance		7,216	
Life Insurance		57	
Employer Medicare		1,033	
Advertising		40,199	
Communication		10,047	
Dues and Memberships		1,954	
Operating Lease Payments		3,877	
Maintenance Agreements		776	
Postal Charges		3,219	
Travel		5,452	
Custodial Supplies		1,477	
Electricity		7,462	
Office Supplies		1,315	
Water and Sewer		1,562	
Other Supplies and Materials		25,272	
Workers' Compensation Insurance		100	
Other Charges		34,284	
Total Tourism			223,860

Industrial Development

Supervisor/Director	\$	57,868	
Secretary(ies)		25,776	
Social Security		5,136	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

State Retirement	\$	5,613	
Employee and Dependent Insurance		14,431	
Life Insurance		114	
Employer Medicare		1,201	
Advertising		5,333	
Communication		4,786	
Dues and Memberships		1,065	
Legal Services		5,258	
Maintenance and Repair Services - Equipment		1,568	
Postal Charges		445	
Travel		9,518	
Office Supplies		2,062	
Other Supplies and Materials		3,000	
Workers' Compensation Insurance		1,888	
Other Charges		920	
Office Equipment		2,060	
Total Industrial Development			\$ 148,042

Housing and Urban Development

Building Improvements	\$	1,796	
Total Housing and Urban Development			1,796

Other Economic and Community Development

Contracts with Other Public Agencies	\$	11,250	
Other Contracted Services		3,156	
Other Charges		49,459	
Building Improvements		14,997	
Land		13,186	
Site Development		103,971	
Other Construction		3,000	
Total Other Economic and Community Development			199,019

Airport

Communication	\$	1,190	
Maintenance Agreements		9,649	
Maintenance and Repair Services - Equipment		1,100	
Other Contracted Services		7,428	
Electricity		6,452	
Other Charges		1,124	
Airport Improvement		108,487	
Total Airport			135,430

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Supervisor/Director	\$	18,980	
Social Security		1,177	
Employer Medicare		275	
Communication		616	
Postal Charges		210	
Travel		342	
Office Supplies		33	
Office Equipment		290	
Total Veterans' Services			\$ 21,923

Other Charges

Social Security	\$	445	
Employer Medicare		104	
Operating Lease Payments		1,344	
Postal Charges		125	
Other Contracted Services		7,176	
Other Supplies and Materials		1,107	
Other Charges		744	
Total Other Charges			11,045

Contributions to Other Agencies

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

Employee Benefits

Longevity Pay	\$	108,400	
Bonus Payments		58,800	
Social Security		10,366	
Handling Charges and Administrative Costs		15,500	
State Retirement		11,046	
Employee and Dependent Insurance		1,125	
Medical Insurance		2,816	
Unemployment Compensation		48,065	
Employer Medicare		2,424	
Total Employee Benefits			258,542

Miscellaneous

On-Behalf Payments to OPEB	\$	3,333	
Maintenance and Repair Services - Buildings		2,450	
Total Miscellaneous			5,783

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Capital Projects

Public Safety Projects

Other Charges	\$ 8,149	
Total Public Safety Projects	<u>8,149</u>	\$ 8,149

Total General Fund \$ 14,637,078

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$ 42,425	
Laborers	44,529	
Clerical Personnel	24,505	
Longevity Pay	10,000	
Bonus Payments	4,400	
Social Security	8,492	
State Retirement	8,418	
Employee and Dependent Insurance	28,128	
Life Insurance	228	
Unemployment Compensation	688	
Employer Medicare	1,752	
Advertising	98	
Communication	6,607	
Contracts with Private Agencies	798,467	
Dues and Memberships	1,054	
Maintenance and Repair Services - Equipment	8,150	
Postal Charges	450	
Travel	1,253	
Gasoline	15,800	
Office Supplies	615	
Tires and Tubes	555	
Utilities	2,273	
Other Supplies and Materials	810	
Trustee's Commission	27,068	
Other Charges	<u>1,545</u>	
Total Sanitation Education/Information		\$ 1,038,310

Convenience Centers

Attendants	\$ 145,265
Social Security	8,881
State Retirement	6,592
Employee and Dependent Insurance	34,841

(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.)

Convenience Centers (Cont.)

Life Insurance	\$	342	
Employer Medicare		2,077	
Communication		1,597	
Contracts with Private Agencies		14,496	
Maintenance and Repair Services - Equipment		3,496	
Other Contracted Services		399,904	
Crushed Stone		1,124	
Fertilizer, Lime, and Seed		236	
Office Supplies		26	
Pipe - Concrete		2,302	
Small Tools		2,275	
Utilities		6,788	
Other Supplies and Materials		7,787	
Liability Insurance		27,997	
Workers' Compensation Insurance		7,322	
Other Charges		6,502	
Total Convenience Centers			\$ 679,850

Postclosure Care Costs

Testing	\$	15,445	
Other Charges		4,700	
Total Postclosure Care Costs			20,145

Highways

Litter and Trash Collection

Laborers	\$	29,913	
Social Security		1,803	
Employer Medicare		422	
Advertising		9,979	
Total Litter and Trash Collection			42,117

Total Solid Waste/Sanitation Fund \$ 1,780,422

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	35,000	
Social Security		2,165	
State Retirement		2,348	
Employee and Dependent Insurance		7,216	

(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Life Insurance	\$	57	
Employer Medicare		506	
Communication		858	
Confidential Drug Enforcement Payments		15,000	
Office Supplies		293	
Other Supplies and Materials		542	
Trustee's Commission		184	
Fines, Assessments, and Penalties		31,067	
Other Charges		74,958	
Office Equipment		1,520	
Total Drug Enforcement			\$ 171,714

Total Drug Control Fund \$ 171,714

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	70,350	
Accountants/Bookkeepers		28,806	
Secretary(ies)		28,806	
Social Security		7,896	
State Retirement		8,586	
Employee and Dependent Insurance		21,647	
Life Insurance		171	
Employer Medicare		1,847	
Communication		6,447	
Dues and Memberships		4,279	
Maintenance and Repair Services - Office Equipment		1,769	
Postal Charges		170	
Travel		256	
Other Contracted Services		1,350	
Electricity		16,312	
Gasoline		250,027	
Natural Gas		3,466	
Office Supplies		1,085	
Water and Sewer		2,879	
Other Charges		853	
Total Administration			\$ 457,002

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	35,822	
Laborers		719,726	
Social Security		46,414	
State Retirement		49,554	
Employee and Dependent Insurance		217,076	
Life Insurance		1,682	
Employer Medicare		10,855	
Other Contracted Services		12,044	
Asphalt - Hot Mix		726,470	
Asphalt - Liquid		202,233	
Crushed Stone		153,602	
Pipe - Metal		7,330	
Road Signs		4,699	
Total Highway and Bridge Maintenance			\$ 2,187,507

Operation and Maintenance of Equipment

Foremen	\$	28,840	
Mechanic(s)		29,329	
Social Security		3,601	
State Retirement		3,903	
Employee and Dependent Insurance		14,431	
Life Insurance		114	
Employer Medicare		842	
Diesel Fuel		94,743	
Equipment and Machinery Parts		76,038	
Garage Supplies		7,288	
Gasoline		32,185	
Lubricants		13,258	
Propane Gas		315	
Tires and Tubes		22,920	
Other Supplies and Materials		806	
Other Charges		8,000	
Total Operation and Maintenance of Equipment			336,613

Other Charges

Building and Contents Insurance	\$	50,000	
Liability Insurance		31,000	
Trustee's Commission		31,772	
Vehicle and Equipment Insurance		62,069	
Workers' Compensation Insurance		35,146	
Total Other Charges			209,987

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Bridge Construction	\$	3,673	
Communication Equipment		1,229	
Highway Equipment		10,260	
Site Development		4,467	
State Aid Projects		68,918	
Total Capital Outlay			\$ 88,547

Total Highway/Public Works Fund \$ 3,279,656

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	1,045,000	
Principal on Notes		616,502	
Principal on Other Loans		190,000	
Total General Government			\$ 1,851,502

Interest on Debt

General Government

Interest on Bonds	\$	1,112,036	
Interest on Notes		64,386	
Interest on Other Loans		1,092,880	
Total General Government			2,269,302

Other Debt Service

General Government

Trustee's Commission	\$	57,355	
Other Debt Issuance Charges		330,000	
Other Debt Service		224,291	
Total General Government			611,646

Total General Debt Service Fund 4,732,450

General Capital Projects Fund

Other Operations

Payments to Cities

Payments to Schools - Other	\$	1,169,715	
Total Payments to Cities			\$ 1,169,715

Capital Projects

Education Capital Projects

Contributions	\$	4,649,555	
Total Education Capital Projects			4,649,555

Total General Capital Projects Fund 5,819,270

Total Governmental Funds - Primary Government \$ 30,420,590

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, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,804,257	
Career Ladder Program	133,485	
Career Ladder Extended Contracts	88,155	
Homebound Teachers	85,408	
Educational Assistants	479,164	
Other Salaries and Wages	194,190	
Certified Substitute Teachers	24,573	
Non-certified Substitute Teachers	138,711	
Social Security	706,950	
State Retirement	743,504	
Life Insurance	16,774	
Medical Insurance	2,193,620	
Employer Medicare	167,730	
Other Fringe Benefits	453	
Other Contracted Services	54,234	
Instructional Supplies and Materials	219,487	
Textbooks	153,529	
Other Supplies and Materials	49,078	
Fee Waivers	54,552	
Other Charges	565	
Regular Instruction Equipment	107,447	
Total Regular Instruction Program		\$ 16,415,866

Alternative Instruction Program

Teachers	\$ 35,289	
Educational Assistants	14,156	
Social Security	2,995	
State Retirement	3,216	
Life Insurance	114	
Medical Insurance	5,527	
Employer Medicare	701	
Instructional Supplies and Materials	78	
Total Alternative Instruction Program		62,076

Special Education Program

Teachers	\$ 1,213,121
Career Ladder Program	13,690
Homebound Teachers	30,563
Educational Assistants	381,579

(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.)

Speech Pathologist	\$	181,371	
Other Salaries and Wages		119,412	
Certified Substitute Teachers		1,677	
Non-certified Substitute Teachers		23,011	
Social Security		116,332	
State Retirement		120,509	
Life Insurance		3,238	
Medical Insurance		396,925	
Employer Medicare		27,216	
Contracts with Other Public Agencies		234,371	
Other Contracted Services		81,241	
Instructional Supplies and Materials		38,871	
Other Supplies and Materials		11,054	
Special Education Equipment		20,494	
Total Special Education Program			\$ 3,014,675

Vocational Education Program

Teachers	\$	938,022	
Career Ladder Program		10,000	
Certified Substitute Teachers		2,525	
Non-certified Substitute Teachers		8,750	
Social Security		57,976	
State Retirement		60,847	
Life Insurance		1,254	
Medical Insurance		191,224	
Employer Medicare		13,559	
Instructional Supplies and Materials		16,556	
Other Supplies and Materials		927	
Other Charges		568	
Vocational Instruction Equipment		3,906	
Total Vocational Education Program			1,306,114

Adult Education Program

Teachers	\$	35,790	
Social Security		2,197	
State Retirement		2,029	
Employer Medicare		519	
Instructional Supplies and Materials		3,889	
Other Supplies and Materials		434	
Total Adult Education Program			44,858

(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	\$	51,073	
Career Ladder Program		1,000	
Social Security		3,223	
State Retirement		3,343	
Life Insurance		57	
Medical Insurance		5,527	
Employer Medicare		754	
Travel		2,131	
Attendance Equipment		13	
Total Attendance			\$ 67,121

Health Services

Supervisor/Director	\$	40,210	
Data Processing Personnel		2,404	
Social Workers		67,143	
Medical Personnel		92,046	
Paraprofessionals		220,810	
Clerical Personnel		30,472	
Other Salaries and Wages		7,179	
Social Security		27,299	
State Retirement		28,008	
Life Insurance		809	
Medical Insurance		89,286	
Employer Medicare		6,384	
Other Fringe Benefits		1,819	
Travel		6,717	
Other Contracted Services		3,415	
Drugs and Medical Supplies		2,949	
Other Supplies and Materials		37,193	
In Service/Staff Development		1,648	
Other Charges		139,642	
Health Equipment		1,195	
Total Health Services			806,628

Other Student Support

Career Ladder Program	\$	7,000	
Guidance Personnel		482,707	
Psychological Personnel		60,359	
School Resource Officer		98,064	

(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.)

Longevity Pay	\$	1,300	
Social Security		39,361	
State Retirement		41,981	
Life Insurance		864	
Medical Insurance		125,320	
Employer Medicare		9,140	
Other Fringe Benefits		2,224	
Evaluation and Testing		39,115	
Travel		3,658	
Other Contracted Services		64,753	
Other Supplies and Materials		4,176	
In Service/Staff Development		1,209	
Other Equipment		1,334	
Total Other Student Support			\$ 982,565

Regular Instruction Program

Supervisor/Director	\$	153,322	
Career Ladder Program		7,985	
Librarians		448,316	
Instructional Computer Personnel		99,596	
Other Salaries and Wages		57,952	
In-Service Training		2,692	
Social Security		45,950	
State Retirement		49,556	
Life Insurance		980	
Medical Insurance		147,627	
Employer Medicare		10,746	
Travel		40,001	
Other Contracted Services		4,895	
Library Books/Media		44,537	
In Service/Staff Development		950	
Other Equipment		71,989	
Total Regular Instruction Program			1,187,094

Special Education Program

Supervisor/Director	\$	63,844
Career Ladder Program		5,000
Psychological Personnel		127,774
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)	\$	23,838	
Longevity Pay		500	
Social Security		16,068	
State Retirement		17,143	
Life Insurance		278	
Medical Insurance		46,889	
Employer Medicare		3,758	
Maintenance and Repair Services - Equipment		2,689	
Travel		34,060	
Other Contracted Services		54,723	
In Service/Staff Development		118	
Total Special Education Program			\$ 441,626

Vocational Education Program

Supervisor/Director	\$	71,423	
Career Ladder Program		2,000	
Social Security		4,540	
State Retirement		4,714	
Life Insurance		57	
Medical Insurance		5,527	
Employer Medicare		1,062	
Maintenance and Repair Services - Equipment		2,000	
Travel		4,877	
Other Contracted Services		680	
Total Vocational Education Program			96,880

Adult Programs

Supervisor/Director	\$	58,825	
Career Ladder Program		1,000	
Other Salaries and Wages		15,233	
Social Security		4,628	
State Retirement		3,841	
Life Insurance		57	
Medical Insurance		5,747	
Employer Medicare		1,082	
Travel		3,384	
In Service/Staff Development		802	
Total Adult Programs			94,599

(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	\$ 189,728	
Total Other Programs		\$ 189,728

Board of Education

Secretary to Board	\$ 4,389	
Other Salaries and Wages	550	
Board and Committee Members Fees	39,500	
Social Security	2,736	
State Retirement	307	
Life Insurance	507	
Unemployment Compensation	50,889	
Employer Medicare	640	
Other Fringe Benefits	114,153	
Audit Services	9,475	
Dues and Memberships	5,625	
Legal Services	12,306	
Travel	10,896	
Liability Insurance	645	
Trustee's Commission	184,937	
Workers' Compensation Insurance	132,417	
Other Charges	6,537	
Total Board of Education		576,509

Director of Schools

County Official/Administrative Officer	\$ 85,000
Career Ladder Program	1,000
Secretary(ies)	32,926
Clerical Personnel	54,053
Longevity Pay	1,200
Social Security	10,327
State Retirement	11,438
Life Insurance	228
Medical Insurance	31,170
Employer Medicare	2,415
Communication	23,772
Dues and Memberships	3,267
Postal Charges	59
Travel	4,226
Other Contracted Services	14,532

(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	\$	3,771	
Other Charges		1,466	
Administration Equipment		1,000	
Total Director of Schools			\$ 281,850

Office of the Principal

Principals	\$	684,664	
Career Ladder Program		15,000	
Assistant Principals		199,385	
Secretary(ies)		260,942	
Longevity Pay		3,830	
Social Security		69,129	
State Retirement		75,145	
Life Insurance		1,688	
Medical Insurance		231,497	
Employer Medicare		16,167	
Communication		25,997	
Postal Charges		6,000	
Administration Equipment		22,758	
Total Office of the Principal			1,612,202

Fiscal Services

Longevity Pay	\$	400	
Other Salaries and Wages		13,132	
Social Security		839	
State Retirement		908	
Life Insurance		28	
Medical Insurance		3,996	
Employer Medicare		196	
Total Fiscal Services			19,499

Operation of Plant

Custodial Personnel	\$	630,333	
Longevity Pay		6,870	
Other Salaries and Wages		20,198	
Social Security		38,101	
State Retirement		40,720	
Life Insurance		1,596	
Medical Insurance		182,426	

(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	\$	8,911	
Other Contracted Services		47,521	
Custodial Supplies		166,115	
Electricity		863,627	
Natural Gas		219,517	
Water and Sewer		106,684	
Building and Contents Insurance		205,157	
Plant Operation Equipment		<u>7,701</u>	
Total Operation of Plant			\$ 2,545,477

Maintenance of Plant

Supervisor/Director	\$	47,062	
Secretary(ies)		25,212	
Maintenance Personnel		202,649	
Longevity Pay		2,790	
Overtime Pay		5,178	
Other Salaries and Wages		28,877	
Social Security		18,468	
State Retirement		20,920	
Life Insurance		627	
Medical Insurance		70,330	
Employer Medicare		4,319	
Maintenance and Repair Services - Buildings		156,038	
Maintenance and Repair Services - Equipment		25,120	
Other Contracted Services		36,088	
Other Supplies and Materials		308,467	
Maintenance Equipment		<u>44,105</u>	
Total Maintenance of Plant			996,250

Transportation

Supervisor/Director	\$	39,947
Social Security		2,453
State Retirement		2,680
Life Insurance		57
Medical Insurance		5,993
Employer Medicare		574
Communication		464
Contracts with Parents		42,307
Contracts with Vehicle Owners		1,821,480

(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.)

Maintenance and Repair Services - Vehicles	\$	29,567	
Travel		3,345	
Other Contracted Services		1,565	
Other Supplies and Materials		2,951	
Other Charges		3,718	
Transportation Equipment		106,487	
Total Transportation			\$ 2,063,588

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	59,808	
Cafeteria Personnel		33,003	
Other Salaries and Wages		899	
Social Security		5,648	
State Retirement		55,708	
Life Insurance		3,255	
Medical Insurance		182,559	
Employer Medicare		1,321	
Communication		640	
Travel		2,907	
Other Contracted Services		432	
Utilities		207,669	
Other Supplies and Materials		4,565	
Other Charges		4,650	
Total Food Service			563,064

Community Services

Supervisor/Director	\$	28,187	
Social Security		1,733	
State Retirement		1,891	
Life Insurance		51	
Medical Insurance		6,080	
Employer Medicare		405	
Communication		1,050	
Travel		943	
Other Contracted Services		47,355	
Instructional Supplies and Materials		3,701	
Other Charges		3,235	
Total Community Services			94,631

(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.)

Early Childhood Education

Teachers	\$	112,716	
Educational Assistants		43,805	
Certified Substitute Teachers		227	
Non-certified Substitute Teachers		829	
Social Security		9,535	
State Retirement		10,115	
Life Insurance		342	
Medical Insurance		27,510	
Employer Medicare		2,236	
Other Fringe Benefits		1,022	
Travel		1,510	
Instructional Supplies and Materials		67,544	
In Service/Staff Development		370	
Total Early Childhood Education			\$ 277,761

Principal on Debt

Education

Principal on Bonds	\$	380,000	
Total Education			380,000

Interest on Debt

Education

Interest on Bonds	\$	55,758	
Total Education			55,758

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	311,686	
Other Debt Service		445	
Total Education			312,131

Total General Purpose School Fund \$ 34,488,550

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	361,743	
Educational Assistants		365,481	
Other Salaries and Wages		4,000	

(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.)

Regular Instruction Program (Cont.)

Certified Substitute Teachers	\$	3,375	
Non-certified Substitute Teachers		26,875	
Social Security		44,329	
State Retirement		47,948	
Life Insurance		1,770	
Medical Insurance		211,079	
Employer Medicare		10,393	
Other Fringe Benefits		5,049	
Other Contracted Services		58,751	
Instructional Supplies and Materials		15,315	
Other Supplies and Materials		10,200	
Other Charges		15,625	
Regular Instruction Equipment		18,121	
Total Regular Instruction Program			\$ 1,200,054

Special Education Program

Teachers	\$	89,082	
Educational Assistants		439,618	
Social Security		30,860	
State Retirement		33,962	
Life Insurance		1,454	
Medical Insurance		129,174	
Employer Medicare		7,219	
Other Fringe Benefits		2,881	
Contracts with Other Public Agencies		170,523	
Instructional Supplies and Materials		335,307	
Special Education Equipment		140,070	
Total Special Education Program			1,380,150

Vocational Education Program

Clerical Personnel	\$	25,450	
Longevity Pay		270	
Social Security		1,552	
State Retirement		1,726	
Life Insurance		57	
Medical Insurance		6,712	
Employer Medicare		363	
Other Fringe Benefits		166	
Other Supplies and Materials		20,760	

(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.)

Vocational Instruction Equipment	\$	41,501	
Total Vocational Education Program			\$ 98,557

Support Services

Health Services

Other Salaries and Wages	\$	18,042	
Social Security		1,075	
State Retirement		971	
Life Insurance		57	
Medical Insurance		5,526	
Employer Medicare		221	
Other Fringe Benefits		156	
Total Health Services			26,048

Other Student Support

Guidance Personnel	\$	8,477	
Other Salaries and Wages		8,744	
Social Security		1,116	
State Retirement		1,195	
Life Insurance		20	
Medical Insurance		2,850	
Employer Medicare		291	
Other Fringe Benefits		68	
Travel		10,181	
Other Contracted Services		8,638	
In Service/Staff Development		14,021	
Total Other Student Support			55,601

Regular Instruction Program

Supervisor/Director	\$	57,272	
Secretary(ies)		27,593	
Longevity Pay		500	
Other Salaries and Wages		53,046	
In-Service Training		3,433	
Social Security		11,788	
State Retirement		12,353	
Life Insurance		160	
Medical Insurance		11,053	
Employer Medicare		2,757	

(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.)

Consultants	\$	4,227	
Travel		24,940	
Other Supplies and Materials		4,841	
In Service/Staff Development		142,957	
Other Charges		10,301	
Other Equipment		5,136	
Total Regular Instruction Program			\$ 372,357

Special Education Program

Supervisor/Director	\$	7,091	
Secretary(ies)		1,507	
Social Security		521	
State Retirement		554	
Employer Medicare		122	
Travel		12,343	
Other Contracted Services		19,181	
In Service/Staff Development		7,776	
Total Special Education Program			49,095

Vocational Education Program

Supervisor/Director	\$	4,832	
Social Security		299	
State Retirement		310	
Employer Medicare		70	
Travel		1,822	
Total Vocational Education Program			7,333

Total School Federal Projects Fund \$ 3,189,195

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$	40,994
Cafeteria Personnel		723,162
Part-time Personnel		65,001
Other Salaries and Wages		38,286
Social Security		49,027
Medical Insurance		149,245
Employer Medicare		11,700

(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.)

Communication	\$	6,802	
Maintenance and Repair Services - Equipment		11,061	
Other Contracted Services		32,711	
Food Supplies		1,186,939	
Other Supplies and Materials		99,631	
In Service/Staff Development		2,379	
Other Charges		946	
Food Service Equipment		22,210	
Total Food Service			\$ 2,440,094

Total Central Cafeteria Fund \$ 2,440,094

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	125,898	
Building Construction		10,871,547	
Regular Instruction Equipment		69,666	
Other Equipment		310,000	
Total Education Capital Projects			\$ 11,377,111

Total Education Capital Projects Fund 11,377,111

Total Governmental Funds - Monroe County School Department \$ 51,494,950

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, 2009

	Cities - Sales Tax Fund	City School ADA - Sweetwater Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,046,239	\$ 1,046,239
Trustee's Collections - Prior Years	0	47,830	47,830
Circuit/Clerk and Master Collections - Prior Years	0	18,351	18,351
Interest and Penalty	0	8,398	8,398
Pick-up Taxes	0	5,611	5,611
Payments in-Lieu-of Taxes - T.V.A.	0	13,565	13,565
Payments in-Lieu-of Taxes - Local Utilities	0	52,093	52,093
Payments in-Lieu-of Taxes - Other	0	199	199
Local Option Sales Tax	3,213,603	805,421	4,019,024
Business Tax	0	21,042	21,042
Other Local Option Taxes	0	101	101
Bank Excise Tax	0	15,746	15,746
Interstate Telecommunications Tax	0	1,223	1,223
Marriage Licenses	0	628	628
Income Tax	0	15,609	15,609
Mixed Drink Tax	0	1,055	1,055
State Revenue Sharing - T.V.A.	0	100,000	100,000
Contributions (Bond Proceeds)	0	2,059,626	2,059,626
Total Cash Receipts	\$ 3,213,603	\$ 4,212,737	\$ 7,426,340
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,181,773	\$ 4,179,938	\$ 7,361,711
Trustee's Commission	31,830	32,799	64,629
Total Cash Disbursements	\$ 3,213,603	\$ 4,212,737	\$ 7,426,340
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 0
Cash Balance, July 1, 2008	0	0	0
Cash Balance, June 30, 2009	\$ 0	\$ 0	\$ 0

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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 37243-1402
PHONE (615) 401-7841

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

January 29, 2010

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, 2009, which collectively comprise Monroe County's basic financial statements and have issued our report thereon dated January 29, 2010. Our report was modified to include a reference to other auditors. 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, 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. Other auditors audited the financial statements of the Women's Wellness and Maternity Center as described in our report on Monroe County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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: 09.01, 09.03, and 09.04.

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, of the significant deficiencies described above, we consider item 09.01 to be a material weakness.

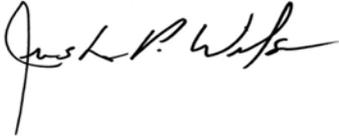
Compliance and Other Matters

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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 09.02.

We noted certain matters that we reported to management of Loudon County in separate communications.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, director of finance, Financial Management Committee, Board of County Commissioners, 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, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a long, vertical tail on the final letter.

Justin P. Wilson
Comptroller of the Treasury

JPW/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 37243-1402
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

January 29, 2010

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, 2009. 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, 2009.

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.

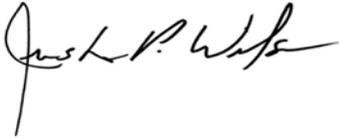
Schedule of Expenditures of Federal Awards

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, 2009, and have issued our report thereon dated January 29, 2010. 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, 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, director of finance, Financial Management Committee, Board of County Commissioners, 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.

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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Monroe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2009

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	\$ 165,003 (3)
School and Roads - Grants to States	10.665	N/A	322,247
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	375,720
National School Lunch Program	10.555	N/A	1,156,198 (3)
Total U.S. Department of Agriculture			\$ 2,019,168
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	N/A	\$ 1,796
Total U.S. Department of Housing and Urban Development			\$ 1,796
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 301,987
Total Bureau of Land Management, Department of the Interior			\$ 301,987
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 1,842
Total U.S. Department of Justice			\$ 1,842
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(2)	\$ 20,498
Highway Planning and Construction	20.205	(2)	60,968
Total U.S. Department of Highway Administration			\$ 81,466
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - Basic Grants to States	84.002	Z-07-033719-00	\$ 74,383
Title I Grant to Local Educational Agencies	84.010	(2)	1,244,015
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	1,663,080
Special Education - Preschool Grants	84.173	(2)	28,537
Career and Technical Education - Basic Grants to States	84.048	(2)	130,232
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	30,402
State Grants for Innovative Programs	84.298	N/A	136,047
Education Technology State Grants	84.318	N/A	13,287
English Language Acquisition Grants	84.365	N/A	15,420
Improving Teacher Quality State Grants	84.367	N/A	187,308
Total U.S. Department of Education			\$ 3,522,711
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-09-213754-00	\$ 144,970
Total U.S. Department of Health and Human Services			\$ 144,970
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	GG-08-24142-00	\$ 90,000
Total U.S. Department of Homeland Security			\$ 90,000
Total Expenditures of Federal Awards			\$ 6,163,940

(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)	\$ 18,028
Litter Program - State Department of Transportation	N/A	(2)	42,737
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-03-011313-03	21,200
Adult Education - State Department of Labor and Workforce Development	N/A	Z-07-033719-00	28,211
Family Resource Center - State Department of Education	N/A	(2)	33,300
Juvenile Services Program - State Children's Services Commission	N/A	(2)	9,000
Safe Schools Act - State Department of Education	N/A	(2)	32,100
Driver's Education - State Department of Education	N/A	(2)	21,865
Coordinated School Health Program	N/A	(2)	165,000
Early Childhood Education Lottery - State Department of Education	N/A	(2)	279,631
Local Health Services - State Department of Health	N/A	Z-09-213754-00	192,085
FastTrack Infrastructure Development Program - Protech - State Department of Economic and Community Development	NA	GG-09-26490-00	88,375
Used Oil Equipment Grant - State Department of Environment and Conservation	N/A	Z-05-024476-00	8,000
FastTrack Infrastructure Development Program - Hillconn - State Department of Economic and Community Development	N/A	GG-06-12693-00	<u>58,286</u>
Total State Grants			<u>\$ 997,818</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,321,201.

Monroe County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Monroe County, Tennessee, for the year ended June 30, 2008, which have not been corrected.

AMBULANCE SERVICE DEPARTMENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.01	200	Ambulance service operations were not reconciled with a contract billing agency

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.02	200	Duties were not segregated adequately in the Office of Sheriff

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MONROE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

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 significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
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: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Special Education Cluster: Special Education - Grants to States Program and Special Education – Preschool Grants Program (CFDA Nos. 84.027 and 84.173), School and Roads – Grants to States (CFDA No. 10.665) and Payments in-Lieu-of Taxes Program (CFDA No. 15.226) 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; however, management did not provide responses for inclusion in this report.

OFFICE OF SHERIFF

FINDING 09.01 **A CASH SHORTAGE OF \$30,646.08 EXISTED IN THE SHERIFF'S COMMISSARY OPERATION AS OF OCTOBER 22, 2008**
(Internal Control – Material Weakness Under Government Auditing Standards)

A cash shortage of \$30,646.08 existed in the Sheriff's Office as of October 22, 2008. This cash shortage resulted from the failure to account properly for all collections resulting from operations of the commissary.

On October 22, 2008, the Sheriff's Department suspended the commissary bookkeeper from her position for violating office policy. As a result of this suspension, Sheriff's Department personnel examined the bookkeeper's desk and safe and found \$35,429.31 in unidentified cash. After the discovery of the unidentified cash, the county's finance director contacted our office. We reviewed the records of the commissary from April 23, 2006, the date the Sheriff's Department took over the operations of the commissary, through October 22, 2008, to determine if all collections had been accounted for properly. We identified collections totaling \$66,075.39, which had not been deposited to the commissary bank account. Therefore, \$30,646.08 remained unaccounted for as of October 22, 2008, (\$66,075.39 less unidentified cash of \$35,429.31 in the bookkeeper's desk and safe).

The following deficiencies noted in the operation of the commissary contributed to the cash shortage:

- A. Collections were not always deposited within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. During the period examined, some cash collections of the commissary were routinely held for extended periods of time before being deposited by the commissary bookkeeper, and some collections were never deposited. From our examination of records, we determined that as many as 95 days elapsed between the time some receipts were issued and the time deposits were made to match the receipts. Deposits made in October 2008 were for receipts issued in June and July 2008. As of October 22, 2008, when the bookkeeper was suspended, no deposits had been made to account for any receipts issued after July 15, 2008.
- B. Commissary operations were not reflected on the cash journal of the Sheriff's Office. The cash journal is an essential cash control record and should reflect all transactions of the office.

- C. The accounting system allowed transactions to be deleted without any audit trail being maintained of the deletion.
- D. Receipt numbering was not controlled by the computer system nor were official prenumbered receipts issued. Instead, generic receipt books were used, which could be purchased at various office or discount stores. The use of generic receipt books combined with the lack of computer controls, limited the effectiveness of the audit trail over collections.
- E. Duties were not segregated adequately. The bookkeeper was responsible for depositing collections, writing checks, reconciling the bank account, and maintaining the accounting system for the commissary.

Due to these internal control weaknesses, we were unable to determine if all collections were reflected on the system's accounting reports. Consequently, the actual cash shortage could be larger than the amount reported.

This finding was reviewed with the county mayor, sheriff, director of finance, and district attorney general in January 2009. County officials took action after the review and began correcting the deficiencies noted above. Items A, B., and D have now been corrected. The county's insurance company paid the county \$20,646.08 in May 2009 (the cash shortage less a \$10,000 deductible). It should also be noted that on January 15, 2010, the former commissary bookkeeper referred to in the finding was indicted by a grand jury for theft over \$10,000.

RECOMMENDATION

County officials should take steps to liquidate the remaining cash shortage of \$10,000. Accounting software should not allow transactions to be deleted without an audit trail. Officials should segregate duties to the extent possible using available resources. All collections should be deposited to the commissary bank account in tact within three days of collection.

FINDING 09.02

THE SHERIFF'S OFFICE CIRCUMVENTED THE COUNTY'S BUDGETARY PROCESS
(Noncompliance Under Government Auditing Standards)

In May and June of 2009, the Sheriff's Department expended \$4,650 from a drug seizure account to pay for trainers, lodging for the trainers and a K-9, and advertising for a training seminar hosted by the Monroe County Sheriff's Department. Section 39-17-420, Tennessee Code Annotated (TCA), requires funds received from drug enforcement activities to be paid to the county trustee and for the funds to be deposited to a special revenue fund maintained by the county. Also, these expenditures were not accounted for through the county's budgetary process. Section 5-9-401, TCA, states that "All funds from whatever source derived, including but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county government

shall be appropriated to such use by the county legislative bodies.” This deficiency occurred due to a lack of management oversight.

RECOMMENDATION

Funds received from drug enforcement activities should be paid to the county trustee on a current basis, deposited in a special revenue fund, and appropriated through the county’s budgetary process.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 09.03 **THE SCHOOL FEDERAL PROJECTS FUND HAD A DEFICIT IN UNRESERVED FUND BALANCE AND A CASH OVERDRAFT**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

At June 30, 2009, the School Federal Projects Fund had a deficit in unreserved fund balance of \$178,190 and a cash overdraft of \$20,971. Sound business practices dictate that expenditures be held within available funds. The fund deficit occurred because School Department personnel had not requested grant funds timely, and the cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2009.

RECOMMENDATION

Management should not issue warrants that exceed cash on deposit with the county trustee. Management should liquidate the fund deficit. Requests for grant funds should be filed on a timely basis.

AMBULANCE SERVICE DEPARTMENT

FINDING 09.04 **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. This deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report. 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.

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

There were no findings and questioned costs for federal awards.

MONROE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009

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