
ANNUAL FINANCIAL REPORT MONROE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



**ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2010**

*DEPARTMENT OF AUDIT
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Assistant to the Comptroller*

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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, 2010

Scope

We have audited the basic financial statements of Monroe County as of and for the year ended June 30, 2010.

Results

Our report on the Monroe County's financial statements is unqualified.

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

Findings and Best Practice

The following is a summary of the audit findings and best practice:

OFFICE OF SHERIFF

- ◆ A cash shortage of \$10,651.30 existed in the Sheriff's Office as of June 30, 2010.
- ◆ Duties were not adequately segregated.

OFFICE OF DIRECTOR OF FINANCE

- ◆ Deficiencies were noted with payments made to or on behalf of the finance director.

BEST PRACTICE

Monroe County does not have an Audit Committee. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted by the governing body to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

INTRODUCTORY SECTION

Monroe County Officials

June 30, 2010

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
Larry Anderson
Bill Bivens
Harold Hawkins, Jr.
Richard Kirkland

Judith Lee
Bennie Moser
Bill Shadden
Roger Thomas

Board of Education

Larry Stein, Chairman
Ronald Eydt
Danny Isbill
Sonya Lynn
Lisa McLemore

Janet Martin
Jerry Snyder
Dewitt Upton
Dean Williams

Financial Management Committee

J. Allan Watson, County Mayor, Chairman
Michael Lowry, Director of Schools
Phillip Axley, Road Superintendent
Larry Anderson

Marna Hull
Richard Kirkland
Wanda Alexander
Bennie Moser

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

February 18, 2011

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, 2010, 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 Monroe County Women's Wellness and Maternity Center, which represent 1.3 percent and three percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the Monroe County Emergency Communications District, which represent 1.3 percent and 1.9 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe County Women's Wellness and Maternity Center and the Monroe County Emergency Communications District, is based on the reports of 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 reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2010, 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 February 18, 2011, 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. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

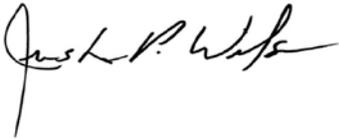
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 83 through 92 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited

procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 long vertical stroke extending downwards from the end of the name.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Monroe County, Tennessee
Statement of Net Assets
June 30, 2010

	Primary Governmental Activities	Component Units		
		Monroe County School Department	Women's Wellness and Maternity Center	Emergency Communications District
<u>ASSETS</u>				
Cash	\$ 2,982	\$ 1,109	\$ 187,263	\$ 410,613
Equity in Pooled Cash and Investments	16,889,137	3,473,455	0	0
Deferred Outflow - Interest Rate Swap	2,231,761	0	0	0
Accounts Receivable	1,740,462	317,212	116,202	7,507
Allowance for Uncollectibles	(883,130)	0	(16,171)	0
Due from Other Governments	1,140,675	896,079	0	0
Due from Primary Government	0	59,419	0	0
Property Taxes Receivable	10,725,856	5,077,346	0	0
Allowance for Uncollectible Property Taxes	(461,791)	(219,090)	0	0
Unamortized Debt Issuance Cost	314,753	0	0	0
Prepaid Items	0	0	27,264	0
Capital Assets				
Assets Not Depreciated:				
Land	802,099	666,112	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	5,301,074	45,952,396	0	0
Other Capital Assets	1,011,203	420,694	415,781	351,145
Infrastructure - Roads, Streets, and Bridges	118,781,482	0	0	0
Total Assets	\$ 157,596,563	\$ 56,644,732	\$ 730,339	\$ 769,265
<u>LIABILITIES</u>				
Accounts Payable	\$ 787,837	\$ 95,475	\$ 7,783	\$ 0
Accrued Payroll	128,865	1,087	19,857	0
Payroll Deductions Payable	17,103	0	0	3,162
Contracts Payable	0	106,727	0	0
Retainage Payable	0	8,201	0	0
Accrued Interest Payable	119,152	1,643	0	0
Due to Component Units	59,419	0	0	0
Due to State of Tennessee	3,297	0	0	0
Derivative - Interest Rate Swap	2,231,761	0	0	0
Deferred Revenue - Property Taxes	9,667,178	4,574,287	0	0
Noncurrent Liabilities:				
Due Within One Year	1,967,590	415,000	22,873	0
Due in More Than One Year	53,861,790	2,911,097	348,035	0
Total Liabilities	\$ 68,843,992	\$ 8,113,517	\$ 398,548	\$ 3,162

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units		
		Monroe County School Department	Women's Wellness and Maternity Center	Emergency Communications District
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 123,199,951	\$ 46,624,202	\$ 63,290	\$ 0
Invested in Capital Assets	0	0	0	351,145
Restricted for:				
Highways	1,225,787	0	0	0
Debt Service	6,421,340	0	0	0
Drug Control	246,825	0	0	0
Constitutional Officers' Data Processing Systems	125,245	0	0	0
Federal Assistance Programs	50,641	291,570	0	0
Solid Waste/Sanitation	531,901	0	0	0
Jail, Workhouse, and Courthouse	340,980	0	0	0
Other Purposes	22,027	64,961	0	0
Unrestricted	(43,412,126)	1,550,482	268,501	414,958
Total Net Assets	\$ 88,752,571	\$ 48,531,215	\$ 331,791	\$ 766,103

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, 2010

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	Emergency Communications District		
Primary Government:										
Governmental Activities:										
General Government	\$ 1,983,969	\$ 272,977	\$ 39,371	\$ 0	\$ (1,671,621)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,795,305	910,239	0	0	(885,066)	0	0	0	0	0
Administration of Justice	1,293,386	1,020,551	9,000	0	(263,835)	0	0	0	0	0
Public Safety	5,636,611	1,370,980	188,901	244,225	(3,832,505)	0	0	0	0	0
Public Health and Welfare	5,177,127	2,618,609	421,904	0	(2,136,614)	0	0	0	0	0
Social, Cultural, and Recreational Services	348,767	0	0	0	(348,767)	0	0	0	0	0
Agriculture and Natural Resources	112,657	0	24,103	0	(88,554)	0	0	0	0	0
Other Operations	1,359,583	60,600	70,166	791,741	(437,076)	0	0	0	0	0
Highways	7,167,075	289,457	2,300,497	466,350	(4,110,771)	0	0	0	0	0
Education	857,572	0	0	92,298	(765,274)	0	0	0	0	0
Interest on Long-term Debt	1,960,108	0	0	0	(1,960,108)	0	0	0	0	0
Debt Service	217,659	0	0	0	(217,659)	0	0	0	0	0
Total Primary Government	\$ 27,909,819	\$ 6,543,413	\$ 3,053,942	\$ 1,594,614	\$ (16,717,850)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Monroe County School Department	\$ 42,518,772	\$ 1,382,616	\$ 5,416,635	\$ 857,572	\$ 0	\$ (34,861,949)	\$ 0	\$ 0	\$ 0	\$ 0
Women's Wellness and Maternity Center	1,326,702	826,450	503,878	0	0	0	3,626	0	0	0
Emergency Communications District	689,331	514,001	310,250	0	0	0	0	0	134,920	0
Total Component Units	\$ 44,534,805	\$ 2,723,067	\$ 6,230,763	\$ 857,572	\$ 0	\$ (34,861,949)	\$ 3,626	\$ 0	\$ 134,920	\$ 0

(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	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes		\$ 5,765,988		\$ 5,765,988	\$ 4,542,754	\$ 0	\$ 0
Property Taxes Levied for Solid Waste/Sanitation		1,149,895		1,149,895	0	0	0
Property Taxes Levied for Highways		290,790		290,790	0	0	0
Property Taxes Levied for Debt Service		2,333,961		2,333,961	0	0	0
Local Option Sales Taxes		748,630		748,630	3,082,380	0	0
Wheel Tax		879,452		879,452	0	0	0
Other Local Taxes		769,152		769,152	77,306	0	0
Grants and Contributions Not Restricted to Specific Programs		1,384,763		1,384,763	26,945,490	0	0
Unrestricted Investment Income		150,959		150,959	880	761	3,549
Miscellaneous		235,992		235,992	5,565	0	2,134
Insurance Recovery		41,755		41,755	0	0	0
Total General Revenues		\$ 13,751,337		\$ 13,751,337	\$ 34,654,375	\$ 761	\$ 5,683
Change in Net Assets		\$ (2,966,513)		\$ (2,966,513)	\$ (207,574)	\$ 4,387	\$ 140,603
Net Assets, July 1, 2009		91,719,084		91,719,084	48,738,789	327,404	625,500
Net Assets, June 30, 2010		88,752,571		88,752,571	48,531,215	331,791	766,103

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, 2010

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds			
Cash	\$ 300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,682	\$ 2,982	
Equity in Pooled Cash and Investments	3,474,204	493,465	1,405,332	6,280,967	3,733,439	243,145	15,630,552	15,630,552	
Accounts Receivable	1,590,207	57,845	25,384	63,262	0	3,764	1,740,462	1,740,462	
Allowance for Uncollectibles	(883,130)	0	0	0	0	0	(883,130)	(883,130)	
Due from Other Governments	731,171	32,003	342,187	35,314	0	0	1,140,675	1,140,675	
Due from Other Funds	2,766	0	3,105	22,749	0	0	28,620	28,620	
Property Taxes Receivable	6,500,519	1,300,103	325,026	2,600,208	0	0	10,725,856	10,725,856	
Allowance for Uncollectible Property Taxes	(279,873)	(55,974)	(13,994)	(111,950)	0	0	(461,791)	(461,791)	
Total Assets	\$ 11,136,164	\$ 1,827,442	\$ 2,087,040	\$ 8,890,550	\$ 3,733,439	\$ 249,591	\$ 27,924,226	\$ 27,924,226	

ASSETS

LIABILITIES AND FUND BALANCES

	Accounts Payable	Accrued Payroll	Payroll Deductions Payable	Due to Other Funds	Due to Component Units	Due to State of Tennessee	Deferred Revenue - Current Property Taxes	Deferred Revenue - Delinquent Property Taxes	Other Deferred Revenues	Total Liabilities
Liabilities	\$ 42,890	\$ 116,856	\$ 541,980	\$ 6,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 708,226
Accounts Payable	99,582	6,181	23,102	0	0	0	0	0	0	128,865
Accrued Payroll	13,151	726	3,226	0	0	0	0	0	0	17,103
Payroll Deductions Payable	39,416	0	0	0	0	0	0	0	2,766	42,182
Due to Other Funds	53,673	0	0	0	0	5,746	0	0	0	59,419
Due to Component Units	3,297	0	0	0	0	0	0	0	0	3,297
Due to State of Tennessee	5,858,896	1,171,779	292,945	2,343,558	0	0	0	0	0	9,667,178
Deferred Revenue - Current Property Taxes	329,293	65,859	16,464	131,717	0	0	0	0	0	543,333
Deferred Revenue - Delinquent Property Taxes	769,827	5,987	164,580	71,224	0	0	0	0	0	1,011,618
Other Deferred Revenues	\$ 7,210,025	\$ 1,367,388	\$ 1,042,297	\$ 2,552,999	\$ 5,746	\$ 0	\$ 0	\$ 0	\$ 2,766	\$ 12,181,221
Total Liabilities										

(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		Other Governmental Funds	Governmental Funds	
				Debt Service	Capital Projects			
Fund Balances								
Reserved for Encumbrances	\$ 70,606	\$ 37,762	\$ 8,558	\$ 0	\$ 0	\$ 930	\$ 0	\$ 117,856
Reserved for Alcohol and Drug Treatment	8,815	0	0	0	0	0	0	8,815
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	340,980	0	0	0	0	0	0	340,980
Reserved for Sexual Offender Registration	6,865	0	0	0	0	0	0	6,865
Reserved for Courtroom Security	6,347	0	0	0	0	0	0	6,347
Reserved for Computer System - Register	116,869	0	0	0	0	0	0	116,869
Reserved for Automation Purposes - Circuit Court	36	0	0	0	0	0	0	36
Reserved for Automation Purposes - Sheriff	5,547	0	0	0	0	0	0	5,547
Reserved for Automation Purposes - County Clerk	2,793	0	0	0	0	0	0	2,793
Other Federal Reserves	50,641	0	0	0	0	0	0	50,641
Unreserved, Reported In:								
General Fund	3,316,640	0	0	0	0	0	0	3,316,640
Special Revenue Funds	0	422,292	1,036,185	0	0	245,895	0	1,704,372
Debt Service Funds	0	0	0	6,337,551	0	0	0	6,337,551
Capital Projects Funds	0	0	0	0	3,727,693	0	0	3,727,693
Total Fund Balances	\$ 3,926,139	\$ 460,054	\$ 1,044,743	\$ 6,337,551	\$ 3,727,693	\$ 246,825	\$ 0	\$ 15,743,005
Total Liabilities and Fund Balances	\$ 11,136,164	\$ 1,827,442	\$ 2,087,040	\$ 8,890,550	\$ 3,733,439	\$ 249,591	\$ 0	\$ 27,924,226

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, 2010

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)		\$ 15,743,005
<p>(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Add: land	\$ 802,099	
Add: infrastructure net of accumulated depreciation	118,781,482	
Add: buildings and improvements net of accumulated depreciation	5,301,074	
Add: other capital assets net of accumulated depreciation	<u>1,011,203</u>	125,895,858
<p>(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.</p>		
		1,192,536
<p>(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Less: notes payable	\$ (1,150,067)	
Less: bonds payable	(22,509,236)	
Less: other loans payable	(31,650,000)	
Add: deferred amount on refunding	173,029	
Add: deferred charges - debt issuance costs	314,753	
Less: compensated absences payable	(398,811)	
Less: landfill closure/postclosure care costs	(211,078)	
Less: other postemployment benefits liability	(83,217)	
Less: accrued interest on bonds, notes, and capital leases	<u>(119,152)</u>	(55,633,779)
<p>(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.</p>		
		<u>1,554,951</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 88,752,571</u></u>

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

Exhibit C-3

Monroe County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2010

	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		
Revenues									
Local Taxes	\$ 7,489,853	\$ 1,206,189	\$ 372,765	\$ 3,368,537	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,437,344
Licenses and Permits	88,208	0	0	0	0	0	0	0	88,208
Fines, Forfeitures, and Penalties	150,141	0	0	0	0	0	241,476	0	391,617
Charges for Current Services	2,328,162	586,107	287,057	0	0	0	8,328	0	3,209,654
Other Local Revenues	255,529	11,273	2,498	299,013	47,886	0	0	0	616,199
Fees Received from County Officials	1,742,530	0	0	0	0	0	0	0	1,742,530
State of Tennessee	1,714,634	88,474	2,469,155	18,329	0	0	0	0	4,290,592
Federal Government	1,047,388	0	292,674	0	0	0	0	0	1,340,062
Other Governments and Citizens Groups	170,593	0	2,400	396,902	0	0	5,280	0	575,175
Total Revenues	\$ 14,987,038	\$ 1,892,043	\$ 3,426,549	\$ 4,082,781	\$ 47,886	\$ 255,084	\$ 255,084	\$ 24,691,381	
Expenditures									
Current:									
General Government	\$ 1,738,267	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,738,267
Finance	1,758,325	0	0	0	0	0	1,818	0	1,760,143
Administration of Justice	1,267,600	0	0	0	0	0	6,510	0	1,274,110
Public Safety	5,299,787	0	0	0	0	0	163,094	0	5,462,881
Public Health and Welfare	3,251,122	1,759,160	0	0	0	0	0	0	5,010,282
Social, Cultural, and Recreational Services	348,767	0	0	0	0	0	0	0	348,767
Agriculture and Natural Resources	113,870	0	0	0	0	0	0	0	113,870
Other Operations	1,450,060	0	0	0	136,544	0	0	0	1,586,604
Highways	0	44,552	3,869,632	0	0	0	0	0	3,914,184
Debt Service:									
Principal on Debt	0	0	0	1,605,886	0	0	0	0	1,605,886
Interest on Debt	0	0	0	1,979,154	0	0	0	0	1,979,154
Other Debt Service	0	0	0	195,098	0	0	0	0	195,098
Capital Projects	8,691	0	0	0	857,572	0	0	0	866,263
Total Expenditures	\$ 15,236,489	\$ 1,803,712	\$ 3,869,632	\$ 3,780,138	\$ 994,116	\$ 171,422	\$ 171,422	\$ 25,855,509	
Excess (Deficiency) of Revenues Over Expenditures	\$ (249,451)	\$ 88,331	\$ (443,083)	\$ 302,643	\$ (946,230)	\$ 83,662	\$ (1,164,128)		

(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>								
Insurance Recovery	\$ 9,755	\$ 0	\$ 32,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,755
Transfers In	28,405	30,000	0	0	0	0	0	58,405
Transfers Out	(30,000)	0	0	0	(28,405)	0	0	(58,405)
Total Other Financing Sources (Uses)	\$ 8,160	\$ 30,000	\$ 32,000	\$ 0	\$ (28,405)	\$ 0	\$ 0	\$ 41,755
Net Change in Fund Balances	\$ (241,291)	\$ 118,331	\$ (411,083)	\$ 302,643	\$ (974,635)	\$ 83,662	\$ (1,122,373)	\$ (1,122,373)
Fund Balance, July 1, 2009	4,167,430	341,723	1,455,826	6,034,908	4,702,328	163,163	16,865,378	16,865,378
Fund Balance, June 30, 2010	\$ 3,926,139	\$ 460,054	\$ 1,044,743	\$ 6,337,551	\$ 3,727,693	\$ 246,825	\$ 15,743,005	\$ 15,743,005

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, 2010

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)		\$ (1,122,373)
<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	\$ 1,401,083	
Less: current year depreciation expense	<u>(4,798,967)</u>	(3,397,884)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 1,554,951	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(1,344,781)</u>	210,170
<p>(3) The issuance of long-term debt (e.g., notes, bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:</p>		
Less: change in deferred debt issuance costs	\$ (10,891)	
Add: principal payments on notes	385,886	
Add: principal payments on bonds	1,095,000	
Add: principal payments on other loans	125,000	
Less: change in deferred amount on refunding debt	<u>(11,670)</u>	1,583,325
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 19,046	
Change in compensated absences payable	(115,198)	
Change in other postemployment benefits liability	(55,641)	
Change in landfill postclosure care costs	<u>17,097</u>	(134,696)
<p>(5) Internal service funds are used by management to charge the cost of employee health benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.</p>		
		<u>(105,055)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (2,966,513)</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, 2010

Governmental
 Activities -
 Internal
Service Fund
 Employee
 Health
 Insurance
Fund

ASSETS

Current Assets:

Equity in Pooled Cash and Investments

\$ 1,258,585

Total Assets

\$ 1,258,585

LIABILITIES

Current Liabilities:

Other Current Liabilities

\$ 66,049

Total Liabilities

\$ 66,049

NET ASSETS

Unrestricted

\$ 1,192,536

Net Assets

\$ 1,192,536

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

Monroe County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Assets
Proprietary Fund
For the Year Ended June 30, 2010

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 2,124,748
Total Operating Revenues	<u>\$ 2,124,748</u>
<u>Operating Expenses</u>	
Salaries and Benefits	\$ 62,911
Communication	1,000
Fiscal Agent Charges	74,695
Insurance Premiums	250,647
Medical Claims	1,832,550
Supplies and Materials	2,000
Office Equipment	4,000
Other Charges	2,000
Total Operating Expenses	<u>\$ 2,229,803</u>
Operating Income (Loss)	<u>\$ (105,055)</u>
Change in Net Assets	\$ (105,055)
Net Assets, July 1, 2009	<u>1,297,591</u>
Net Assets, June, 30, 2010	<u><u>\$ 1,192,536</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, 2010

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 2,124,748
Payments to Employees	(35,000)
Payments to Fringe Benefits	(27,911)
Payments to Fiscal Agents	(74,695)
Payments to Insurers	(250,647)
Payments for Claims	(1,826,809)
Payments for Administrative Costs	(9,000)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (99,314)</u>
Increase (Decrease) in Cash	\$ (99,314)
Cash, July 1, 2009	<u>1,357,899</u>
Cash, June 30, 2010	<u><u>\$ 1,258,585</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (105,055)
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>5,741</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (99,314)</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, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,220,071
Due from Other Funds	13,562
Taxes Receivable	1,314,832
Allowance for Uncollectible Taxes	(56,118)
Due from Other Governments	695,780
Cash Shortage	<u>20,651</u>
Total Assets	<u>\$ 4,208,778</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,968,056
Due to Litigants, Heirs, and Others	<u>2,240,722</u>
Total Liabilities	<u>\$ 4,208,778</u>

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

MONROE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2010

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 Monroe County 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 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. Complete financial statements of the Monroe County 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:

Monroe County 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 \$857,572 and \$136,520 were contributed by the county to the School Department and the Sweetwater City School System, respectively, during the year ended June 30, 2010.

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 fund:

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an internal service fund, used to account for the employees' health insurance program. Operating

revenues and expenses generally result from providing services in connection with the 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 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 2.38 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.

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, 2010, Monroe County had \$49,467,889 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. The following table reflects designations on June 30, 2010:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Tourism	\$ 63,134
Industries	85,027
Maternity Center	29,705

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 Shortages: Prior and Current Years

The audit of Monroe County for the 2008-09 year reported a cash shortage of \$30,646.08 in the Office of Sheriff as of October 22, 2008. This cash shortage resulted from the failure to account properly for all collections resulting from operations of the commissary. Due to 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. The county's insurance company paid the county \$20,646.08 in May 2009 (the cash shortage less a \$10,000 deductible). On January 15, 2010, the former commissary bookkeeper was indicted by the county's grand jury for theft over \$10,000. The case is pending as of the date of this report.

A cash shortage of \$10,651.30 existed in the Sheriff's Office as of June 30, 2010. Commissary collections for several days between February 11, 2010, and April 19, 2010, had not been deposited to the office bank account or otherwise accounted for properly. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

C. Fund Deficit

The School Department's Education Capital Projects Fund had a deficit in unreserved fund balance of \$198,988 at June 30, 2010. This deficit resulted from the unperformed portions of construction projects of \$198,988 being reserved as encumbrances. Funding for these future expenditures will be received from loan proceeds borrowed by the primary government.

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 Comptroller's Office 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 fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2010, 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.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 1,301,021

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, 2010, Monroe County's investment in the State Treasurer's Investment Pool was unrated.

B. Derivative Instruments

At June 30, 2010, Monroe County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$6.255M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 6,255,000	2-19-09	6-1-20	Pay 4.27% receive 63.1% of LIBOR
\$10.05M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,050,000	2-19-09	6-1-33	Pay 3.684% receive 63.0% of LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2010 financial statements are as follows:

6-30-10

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2010</u>		Notional Amount
	Classification	Amount	Classification	Amount	
Governmental Activities					
Cash Flow Hedges:					
Pay-fixed interest rate swaps:					
\$6.255M Swap	Deferred	\$ (175,180)	Debt	\$ (799,382)	\$ 6,000,000
	Outflow				
\$10.05M Swap	Deferred	(447,335)	Debt	(1,432,379)	10,050,000
	Outflow				
Total		<u>\$ (622,515)</u>		<u>\$ (2,231,761)</u>	<u>\$ 16,050,000</u>

Derivative Swap Agreement Detail

\$6.255M Swap:

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

Objective of the interest rate swap. 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 \$6.255 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 \$6.255 million, and the associated variable-rate bond had a \$6.255 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™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2010, 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>-1.70%</u>
Net interest rate swap payments		2.57%
Variable-rate bond coupon payments		<u>0.26%</u>
Synthetic interest rate on bonds		<u><u>2.83%</u></u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$799,382. 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, 2010, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products ("MKFP") was rated "A+" by Standard and Poor's as of June 30, 2010, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should 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, 2010, 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	
2011	\$ 0	\$ 15,600	\$ 154,205	\$ 169,805
2012	0	15,600	154,205	169,805
2013	0	15,600	154,205	169,805
2014	590,000	15,600	154,205	759,805
2015	630,000	14,066	139,042	783,108
2016-2020	4,780,000	42,237	417,510	5,239,747
Total	\$ 6,000,000	\$ 118,703	\$ 1,173,372	\$ 7,292,075

\$10.05M Swap:

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

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10.05 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™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2010, 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>-1.70%</u>
Net interest rate swap payments		1.98%
Variable-rate bond coupon payments		<u>0.26%</u>
Synthetic interest rate on bonds		<u>2.24%</u>

Fair value. As of June 30, 2010, the swap had a negative fair value of \$1,432,379. 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, 2010, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products (MKFP) was rated "A+" by Standard and Poor's as of June 30, 2010, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should the rate on the bonds increase 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, 2010, 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	
2011	\$ 0	\$ 26,130	\$ 199,671	\$ 225,801
2012	0	26,130	199,671	225,801
2013	0	26,130	199,671	225,801
2014	0	26,130	199,671	225,801
2015	0	26,130	199,671	225,801
2016-2020	0	130,650	998,357	1,129,007
2021-2025	1,600,000	128,570	982,463	2,711,033
2026-2030	4,900,000	85,670	654,644	5,640,314
2031-2033	3,550,000	18,850	144,042	3,712,892
Total	\$ 10,050,000	\$ 494,390	\$ 3,777,861	\$ 14,322,251

C. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 802,099	\$ 0	\$ 0	\$ 802,099
Construction in Progress	102,393	0	(102,393)	0
Total Capital Assets Not Depreciated	\$ 904,492	\$ 0	\$ (102,393)	\$ 802,099
Capital Assets Depreciated:				
Buildings and Improvements	\$ 7,818,974	\$ 568,096	\$ 0	\$ 8,387,070
Roads and Bridges	168,666,043	820,000	0	169,486,043
Other Capital Assets	5,688,351	115,380	0	5,803,731
Total Capital Assets Depreciated	\$ 182,173,368	\$ 1,503,476	\$ 0	\$ 183,676,844

Governmental Activities: (Cont.)

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,882,296	\$ 203,700	\$ 0	\$ 3,085,996
Roads and Bridges	46,486,199	4,218,362	0	50,704,561
Other Capital Assets	4,415,623	376,905	0	4,792,528
Total Accumulated Depreciation	<u>\$ 53,784,118</u>	<u>\$ 4,798,967</u>	<u>\$ 0</u>	<u>\$ 58,583,085</u>
Total Capital Assets Depreciated, Net	<u>\$ 128,389,250</u>	<u>\$ (3,295,491)</u>	<u>\$ 0</u>	<u>\$ 125,093,759</u>
Governmental Activities Capital Assets, Net	<u>\$ 129,293,742</u>	<u>\$ (3,295,491)</u>	<u>\$ (102,393)</u>	<u>\$ 125,895,858</u>

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

Governmental Activities:

General Government	\$ 177,485
Public Safety	143,204
Public Health and Welfare	154,113
Other Operations	45,917
Highways	<u>4,278,248</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,798,967</u>

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

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 666,112	\$ 0	\$ 0	\$ 666,112
Construction in Progress	13,142,580	0	(13,142,580)	0
Total Capital Assets Not Depreciated	<u>\$ 13,808,692</u>	<u>\$ 0</u>	<u>\$ (13,142,580)</u>	<u>\$ 666,112</u>

Governmental Activities: (Cont.)

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Depreciated:				
Buildings and Improvements	\$ 50,714,438	\$ 14,085,211	\$ 0	\$ 64,799,649
Other Capital Assets	1,375,166	101,582	0	1,476,748
Total Capital Assets Depreciated	\$ 52,089,604	\$ 14,186,793	\$ 0	\$ 66,276,397
Less: Accumulated Depreciation For:				
Buildings and Improvements	\$ 17,461,051	\$ 1,386,202	\$ 0	\$ 18,847,253
Other Capital Assets	962,273	93,781	0	1,056,054
Total Accumulated Depreciation	\$ 18,423,324	\$ 1,479,983	\$ 0	\$ 19,903,307
Total Capital Assets Depreciated, Net	\$ 33,666,280	\$ 12,706,810	\$ 0	\$ 46,373,090
Governmental Activities Capital Assets, Net	\$ 47,474,972	\$ 12,706,810	\$ (13,142,580)	\$ 47,039,202

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

Governmental Activities:

Instruction	\$ 9,484
Support Services	1,461,231
Operation of Non-Instructional Services	9,268
Total Depreciation Expense - Governmental Activities	\$ 1,479,983

D. Construction Commitments

At June 30, 2010, the Monroe County School Department had uncompleted construction contracts of \$198,988 for 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.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 2,766
Highway/Public Works	General	3,105
General Debt Service	General	22,749
Agency	General	13,562

The balances payable from the General Fund are a result of business tax collections not split according to a resolution passed by the County Commission. The other balance 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
School Department	Primary Government: General	\$ 53,673
School Department	General Capital Projects	5,746

Interfund Transfers:

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Fund	Solid Waste/ Sanitation Fund
General Fund	\$ 0	\$ 30,000
General Capital Projects Fund	28,405	0

Discretely Presented Monroe County School Department

Transfer Out	Transfer In Nonmajor Governmental Funds
General Purpose School Fund	\$ 58,287

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.

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds 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, 2010, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	4.05 to 5 %	\$ 19,949,236	\$ 19,284,236
Refunding Bonds	4.25 to 5.25	10,205,000	3,225,000
Capital Outlay Notes	0 to 7.95	2,118,500	1,150,067
Other Loans - Variable Rate - Public Improvement and Refunding	Variable	31,965,000	31,650,000

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 2008-09 year, Monroe County issued a loan agreement (Series E-7-A) to refund all outstanding PBA loan agreements and to provide funds for capital projects. The 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, 2010, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-10	Interest Type	Interest Rate as of 6-30-10	Other Fees on Variable Rate Debt
<u>Blount County Public Building Authority</u>					
Series E-7-A (Refunding) (1)	\$ 31,965,000	\$ <u>31,650,000</u>	Variable	.26%	1.38%
Total		\$ <u><u>31,650,000</u></u>			

(1) This issue refunded other issues for which outstanding interest rate swap agreements exist (Series IV-A-4 and Series V-C-2). See note IV.B., Derivative Instruments.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2010, 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, 2010.

Year Ending June 30	Notes		
	Principal	Interest	Total
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>\$ 1,150,067</u>	<u>\$ 80,262</u>	<u>\$ 1,230,329</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2016-2020	847,146	4,461,294	5,308,440
2021-2025	2,600,000	3,483,940	6,083,940
2026-2030	3,325,000	2,845,539	6,170,539
2031-2035	6,525,000	1,996,486	8,521,486
2036-2038	4,900,000	429,250	5,329,250
Total	<u>\$ 22,509,236</u>	<u>\$ 17,888,534</u>	<u>\$ 40,397,770</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 125,000	\$ 436,485	\$ 440,413	\$ 1,001,898
2012	135,000	436,160	438,671	1,009,831
2013	145,000	435,809	436,791	1,017,600
2014	745,000	435,432	434,771	1,615,203
2015	790,000	418,332	424,410	1,632,742
2016-2020	5,685,000	1,779,288	1,936,549	9,400,837
2021-2025	5,675,000	1,267,143	1,515,252	8,457,395
2026-2030	7,060,000	859,428	1,090,525	9,009,953
2031-2035	6,495,000	252,890	581,730	7,329,620
2036-2039	4,795,000	27,196	145,714	4,967,910
Total	<u>\$ 31,650,000</u>	<u>\$ 6,348,163</u>	<u>\$ 7,444,826</u>	<u>\$ 45,442,989</u>

There is \$6,337,551 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$578, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$1,420, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Bonds	Notes	Compensated Absences
Balance, July 1, 2009	\$ 23,604,236	\$ 1,535,953	\$ 283,613
Additions	0	0	352,401
Deductions	(1,095,000)	(385,886)	(237,203)
Balance, June 30, 2010	<u>\$ 22,509,236</u>	<u>\$ 1,150,067</u>	<u>\$ 398,811</u>
Balance Due Within One Year	<u>\$ 1,140,000</u>	<u>\$ 383,609</u>	<u>\$ 299,108</u>

	Other Loans	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2009	\$ 31,775,000	\$ 228,175	\$ 27,576
Additions	0	0	58,066
Deductions	(125,000)	(17,097)	(2,425)
Balance, June 30, 2010	<u>\$ 31,650,000</u>	<u>\$ 211,078</u>	<u>\$ 83,217</u>
Balance Due Within One Year	<u>\$ 125,000</u>	<u>\$ 19,873</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 56,002,409
Less: Deferred Amount on Refunding	(173,029)
Less: Balance Due Within One Year	<u>(1,967,590)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 53,861,790</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.

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, 2010, will be retired from the General Purpose School Fund.

School refunding bonds outstanding as of June 30, 2010, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
Rural School Refunding Bonds	4.3 to 5%	\$ 4,205,000	\$ 415,000

The annual requirements to amortize the bonds outstanding as of June 30, 2010, including interest payments, are presented in the following table:

<u>Year Ending June 30</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 415,000	\$ 19,712	\$ 434,712
Total	<u>\$ 415,000</u>	<u>\$ 19,712</u>	<u>\$ 434,712</u>

Bonded debt per capita for the discretely presented School Department totaled \$11, 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, 2010, was as follows:

Governmental Activities:

	Bonds	Other Postemployment Benefits
Balance, July 1, 2009*	\$ 810,000	\$ 2,333,101
Additions	0	1,145,544
Deductions	(395,000)	(567,548)
Balance, June 30, 2010	<u>\$ 415,000</u>	<u>\$ 2,911,097</u>
Balance Due Within One Year	<u>\$ 415,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 3,326,097
Less: Balance Due Within One Year	<u>(415,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,911,097</u>

G. 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, 2010, were \$171,779 and \$29,290, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Monroe County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the Solid Waste/Sanitation Fund. These notes were necessary because funds were not available to operate the fund before current tax collections. Short-term debt activity for the year ended June 30, 2010, was as follows:

	Balance 7-1-09	Issued	Paid	Balance 6-30-10
Tax Anticipation Notes	\$ 0	\$ 400,000	\$ (400,000)	\$ 0

I. 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 \$1,192,536 at June 30, 2010. 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
2008-2009	\$ 116,715	\$ 1,194,817	\$ (1,251,224)	\$ 60,308
2009-2010	60,308	1,832,550	(1,826,809)	66,049

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. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Monroe County and the Monroe County School Department had no assets that met

the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Monroe County and the School Department may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Monroe County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Note IV.B., Derivative Instruments, describes derivative transactions of Monroe County as of and for the year ended June 30, 2010.

C. Subsequent Events

On August 31, 2010, J. Allan Watson left the Office of County Mayor and was succeeded by Tim Yates, and Phillip Axley left the Office of Road Superintendent and was succeeded by Steve Teague.

Finance Director Brian Tallent retired on October 19, 2010. Andrea Gunter was subsequently appointed finance director.

On October 20, 2010, the county's General Debt Service Fund issued a \$550,000 tax anticipation note to the Highway/Public Works Fund for temporary operating funds.

On November 30, 2010, the county's General Debt Service Fund issued a \$400,000 tax anticipation note to the Solid Waste/Sanitation Fund for temporary operating funds.

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, 2010, future principal and interest requirements of these bonds were \$1,145,479 and \$913,854, 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, 2010, future principal and interest requirements for which the county is contingently liable were \$480,000 and \$12,097, respectively.

E. 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 \$211,078 reported as postclosure care liability at June 30, 2010, represents amounts based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Tellico Area Services System (TASS), a regional water, sewer, and solid waste system, is jointly owned by Monroe and Loudon counties. 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, 2010.

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

Administrative Offices:

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

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

G. Jointly Governed Organization

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

H. Retirement Commitments

Employees

Plan Description

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

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

Funding Policy

Monroe County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, 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, 2010, Monroe County's annual pension cost of \$804,658 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, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$804,658	100%	\$0
6-30-09	795,694	100	0
6-30-08	806,637	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 87.73 percent funded. The actuarial accrued liability for benefits was \$26.65 million, and the actuarial value of assets was \$23.38 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.27 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11.82 million, and the ratio of the UAAL to the covered payroll was 27.68 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year 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 TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

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/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for Monroe County is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, 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, 2010, 2009, and 2008, were \$1,108,223, \$1,100,397, and \$1,055,544, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Postemployment Healthcare Plan

Plan Description

Monroe County and the Monroe County 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, 2010, the discretely presented Monroe County School Department contributed \$567,548 for postemployment benefits and the primary government contributed \$2,425.

Annual OPEB Cost and Net OPEB Obligation

	<u>Medicare Supplement Plans</u>		Local Education Group Plan
	<u>Primary Government</u>	<u>School Department</u>	
ARC	\$ 58,000	\$ 123,000	\$ 1,017,000
Interest on the NPO	1,241	4,313	100,676
Adjustment to the ARC	(1,175)	(4,085)	(95,360)
Annual OPEB cost	\$ 58,066	\$ 123,228	\$ 1,022,316
Amount of contribution	(2,425)	(8,313)	(559,235)
Increase/decrease in NPO	\$ 55,641	\$ 114,915	\$ 463,081
Net OPEB obligation, 7-1-09	27,576	95,848	2,237,253
Net OPEB obligation, 6-30-10	\$ 83,217	\$ 210,763	\$ 2,700,334

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
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Primary Government:

6-30-08	Medicare Supplement	\$ 15,620	12	% \$ 13,670
6-30-09	"	15,856	12	27,576
6-30-10	"	58,066	4	83,217

School Department:

6-30-08	Medicare Supplement	55,380	13	47,905
6-30-09	"	56,218	15	95,848
6-30-10	"	123,228	7	210,763
6-30-08	Local Education Group	1,510,000	28	1,085,287
6-30-09	"	1,527,000	25	2,237,253
6-30-10	"	1,022,316	55	2,700,334

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	<u>Medicare Supplement Plans</u>		<u>Local Education Group Plan</u>
	<u>Primary Government</u>	<u>School Department</u>	
Actuarial valuation date	7-1-09	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 545,000	\$ 1,690,000	\$ 9,345,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 545,000	\$ 1,690,000	\$ 9,345,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	N/A	N/A	\$ 22,433,253
UAAL as a % of covered payroll	N/A	N/A	42%

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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Education Group Plan was four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend for the Medicare Supplement Plan was one percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

J. Office of Central Accounting, Budgeting, and Purchasing

Monroe County operates under provisions of the County Financial Management System of 1981. 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.

K. 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 – MONROE COUNTY WOMEN'S WELLNESS AND MATERNITY CENTER

A. Summary of Significant Accounting Policies

The Monroe County 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	40
Equipment	5 – 10
Furniture	5 – 10
Alarm System	10
Linens	5

Compensated Absences

Annual Leave

Full-time employees receive annual leave from the first year of employment at .5 days per month. Then a one day per month accrual is effective through year five of employment. In years six through ten, annual leave accrues at a rate of 1.42 days per month. In years ten through 20, annual leave accrues at a rate of 1.75 days per month. In year 20 and beyond, employees earn two days per month. Part-time permanent employees working at least 16 hours and no more than 36 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, 2010, is \$18,418.

Sick Leave

Employees accumulate paid sick days according to the amount of sick leave time worked at the center. Sick leave is accrued at the rate of .5 days (4 hours) per month for full-time. A maximum of 20 days of paid sick leave may be accrued. Employees who resign 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. It also includes all revenues 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 not meeting 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 7-1-09	Reclassi- fications/ Additions	Balance 6-30-10
Depreciable:			
Leasehold Improvements	\$ 433,744	\$ 0	\$ 433,744
Equipment	140,048	11,180	151,228
Furniture	14,285	0	14,285
Alarm System	3,017	0	3,017
Linens	361	0	361
Totals	<u>\$ 591,455</u>	<u>\$ 11,180</u>	<u>\$ 602,635</u>
	Accumulated Depreciation		
	Balance 7-1-09	Additions	Balance 6-30-10
Leasehold Improvements	\$ 26,597	\$ 10,628	\$ 37,225
Equipment	130,339	2,693	133,032
Furniture	11,467	1,752	13,219
Alarm System	3,017	0	3,017
Linens	361	0	361
Totals	<u>\$ 171,781</u>	<u>\$ 15,073</u>	<u>\$ 186,854</u>

Depreciation expense for the fiscal year ended June 30, 2010, totaled \$15,073.

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, 2010, was \$187,263. Accounts on deposit with financial institutions were fully insured at June 30, 2010, 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 16 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 and full-time employees receive a four percent match from the center. Retirement plan expense for the fiscal year ended June 30, 2010, totaled \$11,162.

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
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
2015	5,253	13,659	18,912
Subtotal	\$ 24,230	\$ 70,330	\$ 94,560
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
2020	6,454	12,458	18,912
Subtotal	\$ 29,770	\$ 64,790	\$ 94,560
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
2025	7,930	10,982	18,912
Subtotal	\$ 36,576	\$ 57,984	\$ 94,560
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
2030	9,743	9,169	18,912
Subtotal	\$ 44,938	\$ 49,622	\$ 94,560
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
2035	11,970	6,942	18,912
Subtotal	\$ 55,212	\$ 39,348	\$ 94,560

Fiscal Year Ending	Note (Cont.)		
	Principal	Interest	Total
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
2040	14,707	4,205	18,912
Subtotal	<u>\$ 67,835</u>	<u>\$ 26,725</u>	<u>\$ 94,560</u>
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
2045	18,069	843	18,912
Subtotal	<u>\$ 83,344</u>	<u>\$ 11,216</u>	<u>\$ 94,560</u>
2046	<u>\$ 10,585</u>	<u>\$ 135</u>	<u>\$ 10,720</u>
Subtotal	<u>\$ 10,585</u>	<u>\$ 135</u>	<u>\$ 10,720</u>
Total	<u><u>\$ 352,490</u></u>	<u><u>\$ 320,150</u></u>	<u><u>\$ 672,640</u></u>

VII. OTHER NOTES – MONROE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

The financial statements of the Monroe County Emergency Communications District have been prepared in conformity with all GASB pronouncements as well as FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. After November 30, 1989, the district follows GASB guidance only and does not follow any FASB guidance issued after that date.

1. Reporting Entity

The district was established according to the provisions of Section 7-86-106, Tennessee Code Annotated. Under its enabling legislation, the district has the powers of perpetual success, but without any power to levy or collect taxes. Charges for service authorized shall not be considered as taxes. The district provides a simplified means of securing emergency services through a uniform emergency number for residents of Monroe County. The district is funded by service charges levied on local residential and business telephone services, plus direct contributions from Monroe County, City of Sweetwater, City of Madisonville, Town of Tellico Plains, and the Town of Vonore. The

district also receives a share of a statewide tariff on wireless telephone service. Before the issuance of most debt instruments, the district must obtain the approval of the County Commission. The powers of the district are vested in and exercised by a majority of the nine members of its board of directors who are appointed by and represent various governmental bodies of Monroe County including the County Commission, Monroe County Highway Department, the County Sheriff, a representative from the City of Sweetwater, City of Madisonville, Town of Vonore, Town of Tellico Plains, and a member of the general public.

2. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Monroe County Emergency Communications District accounts for its activities by using the accrual basis of accounting. The revenues are recognized when they are earned and expenses when they are incurred.

3. Accounts Receivable

Accounts receivable primarily consists of surcharges receivable from local telephone companies and contributions from local city and county government entities.

4. Budgeting and Budgetary Control

The revenues and expenses are accounted for by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the operations. Expenses are budgeted at the legal level of control, which is at the line item level. The approved budget is integrated into the accounting system and employed as a management control device during the year. Budgets are adopted on a basis consisted with generally accepted accounting principles.

The budgets reflected in the accompanying Schedule 1 – Comparison of Actual Revenues and Expenses to Budget are budgets for the year ended June 30, 2010, as amended. Appropriations lapse at year end. Increases in appropriations must be approved by the district's board of directors.

5. **Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts**

The district's personnel policy does not permit an employee to accumulate sick and vacation days in excess of a normal year's accumulation; therefore, the unrecorded liability associated with sick and vacation pay is not in excess of a normal year's accumulation.

6. **Revenue**

Operating Revenue. The district's primary sources of revenue are surcharges on Monroe County phone service and a share of a statewide tariff on wireless telephone service. The district receives the surcharges less administrative fees paid for collecting the surcharges. The district also receives operational funding from the Tennessee Emergency Communications Board.

Non-operating Revenue. The district receives direct contributions from Monroe County, City of Sweetwater, City of Madisonville, Town of Tellico Plains, and the Town of Vonore under an inter-government agreement. The district also periodically receives grants from various sources.

7. **Capital Assets**

Capital assets are stated at cost and depreciated or amortized over the estimated useful life of each asset. Depreciation and amortization are computed using the straight-line method.

B. **Cash**

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, demand accounts at credit unions, repurchase agreements, and U.S. Government securities with original maturities of less than three months.

All cash deposits for the Monroe County Emergency Communications District are maintained on deposit with local banks. Cash deposits totaled \$410,613 at June 30, 2010. The State of Tennessee requires that banks pledge securities against bank balances in excess of the amounts protected by the Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2010, the entire bank balances were covered by federal depository insurance or by collateral held in the Tennessee Bank Collateral Pool. The collateral pool is a multiple financial institution collateral pool to which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The collateral pool also has the ability to make additional assessments on a pro rata basis to the members of the pool if the value of collateral is inadequate to cover a loss.

C. Capital Assets

A summary of changes in capital assets is as follows for the fiscal year ended June 30, 2010:

	Balance 7-1-09	Additions	Decreases	Balance 6-30-10
Building	\$ 173,924	\$ 3,323	\$ 0	\$ 177,247
Less accumulated depreciation	(35,147)	0	(4,357)	(39,504)
	<u>\$ 138,777</u>	<u>\$ 3,323</u>	<u>\$ (4,357)</u>	<u>\$ 137,743</u>
Equipment				
Communication equipment	\$ 556,985	\$ 11,016	\$ 0	\$ 568,001
Less accumulated depreciation	(363,305)	0	(34,802)	(398,107)
	<u>\$ 193,680</u>	<u>\$ 11,016</u>	<u>\$ (34,802)</u>	<u>\$ 169,894</u>
Office equipment	\$ 40,455	\$ 0	\$ 0	\$ 40,455
Less accumulated depreciation	(33,200)	0	(1,184)	(34,384)
	<u>\$ 7,255</u>	<u>\$ 0</u>	<u>\$ (1,184)</u>	<u>\$ 6,071</u>
Other equipment	\$ 41,094	\$ 0	\$ 0	\$ 41,094
Less accumulated depreciation	(22,965)	0	(2,207)	(25,172)
	<u>\$ 18,129</u>	<u>\$ 0</u>	<u>\$ (2,207)</u>	<u>\$ 15,922</u>
Furniture and fixtures	\$ 23,644	\$ 1,849	\$ 0	\$ 25,493
Less accumulated depreciation	(13,450)	0	(1,660)	(15,110)
	<u>\$ 10,194</u>	<u>\$ 1,849</u>	<u>\$ (1,660)</u>	<u>\$ 10,383</u>
Capitalized lease-vehicle	\$ 24,738	\$ 0	\$ 0	\$ 24,738
Less accumulated depreciation	(8,453)	0	(5,153)	(13,606)
	<u>\$ 16,285</u>	<u>\$ 0</u>	<u>\$ (5,153)</u>	<u>\$ 11,132</u>
	<u><u>\$ 384,320</u></u>	<u><u>\$ 16,188</u></u>	<u><u>\$ (49,363)</u></u>	<u><u>\$ 351,145</u></u>

Depreciation charged to revenues was \$49,363 for the year ended June 30, 2010.

D. Risk Management

It is the policy of the district to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, workers' compensation, and employee health and accident. The district also maintains a surety bond of \$50,000 on certain members of the

board of directors and the district's employee director. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

E. Facilities

In June 2001, the Monroe County Emergency Communications District moved into facilities built and owned jointly with the Monroe County Road Department. The underlying land is owned by Monroe County.

F. Pension Plan

1. Plan Description

Employees of the Monroe County Emergency Communications District 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 the district 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/PS.

2. Funding Policy

The Monroe County Emergency Communications District's plan requires employees to contribute five percent of their earnable compensation.

The Monroe County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 6.53 percent of annual covered payroll. The contribution requirements of plan members is set by state statute. The contribution requirements for the Monroe County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

3. Annual Pension Cost

For the year ended June 30, 2010, the Monroe County Emergency Communications District's annual pension cost of \$21,100 to TCRS was equal to their 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 equities over a five-year period. The district'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 16 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$ 21,100	100 %	\$ 0
6-30-09	21,406	100	0
6-30-08	22,275	100	0

4. Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 85.26 percent funded. The actuarial accrued liability for benefits was \$.55 million, and the actuarial value of assets was \$.47 million, resulting in an unfunded actuarial accrued liability (UAAL) of

\$.08 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.33 million, and the ratio of the UAAL to the covered payroll was 24.8 percent.

The Schedule of Funding Progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 7,489,853	\$ 0	\$ 0	\$ 7,489,853	\$ 7,468,458	\$ 7,468,458	\$ 21,395
Licenses and Permits	88,208	0	0	88,208	87,000	87,000	1,208
Fines, Forfeitures, and Penalties	150,141	0	0	150,141	161,910	161,910	(11,769)
Charges for Current Services	2,328,162	0	0	2,328,162	2,694,026	2,694,026	(365,864)
Other Local Revenues	255,529	0	0	255,529	258,500	258,500	(2,971)
Fees Received from County Officials	1,742,530	0	0	1,742,530	1,851,000	1,851,000	(108,470)
State of Tennessee	1,714,634	0	0	1,714,634	1,968,844	1,900,513	(185,879)
Federal Government	1,047,388	0	0	1,047,388	688,737	1,518,926	(471,538)
Other Governments and Citizens Groups	170,593	0	0	170,593	0	170,593	0
Total Revenues	\$ 14,987,038	\$ 0	\$ 0	\$ 14,987,038	\$ 15,178,475	\$ 16,110,926	\$ (1,123,888)
Expenditures							
General Government							
County Commission	\$ 325,959	\$ 0	\$ 0	\$ 325,959	\$ 381,683	\$ 425,146	\$ 99,187
Board of Equalization	1,122	0	0	1,122	1,250	1,250	128
County Mayor/Executive	184,739	0	0	184,739	181,167	187,445	2,706
County Attorney	21,054	0	2,946	24,000	24,000	24,000	0
Election Commission	206,421	0	1,940	208,361	235,599	235,599	27,238
Register of Deeds	327,190	0	0	327,190	312,912	336,712	9,522
Codes Compliance	39,539	0	129	39,668	56,914	56,914	17,246
Geographical Information Systems	80,154	(10,890)	0	69,264	74,770	74,770	5,506
County Buildings	518,352	(22,082)	2,446	498,716	579,069	653,346	154,630
Other General Administration	33,737	(140)	242	33,839	37,200	43,500	9,661
Finance							
Accounting and Budgeting	548,731	(205)	3,800	552,326	565,721	571,999	19,673

(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 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 255,733	\$ 0	\$ 0	\$ 255,733	\$ 268,244	\$ 268,244	\$ 12,511
Reappraisal Program	80,407	0	350	80,757	85,224	85,224	4,467
County Trustee's Office	273,866	0	1,305	275,171	295,230	295,230	20,059
County Clerk's Office	415,133	(39)	30	415,124	420,405	423,621	8,497
Other Finance	184,455	0	0	184,455	203,010	191,654	7,199
<u>Administration of Justice</u>							
Circuit Court	776,819	(897)	3,060	778,982	809,385	816,885	37,903
General Sessions Judge	218,054	(100)	256	218,210	227,898	227,898	9,688
Chancery Court	224,459	0	67	224,526	241,651	241,651	17,125
Probate Court	37,328	0	0	37,328	40,281	40,281	2,953
Other Administration of Justice	10,940	0	0	10,940	20,000	20,000	9,060
<u>Public Safety</u>							
Sheriff's Department	2,351,117	(4,848)	10,903	2,357,172	2,530,581	2,594,465	237,293
Administration of the Sexual Offender Registry	1,354	0	0	1,354	3,500	3,500	2,146
Jail	2,132,924	(1,247)	2,720	2,134,397	2,293,804	2,293,804	159,407
Juvenile Services	87,675	(216)	0	87,459	96,079	96,079	8,620
Commissary	140,424	(222)	73	140,275	120,000	160,000	19,725
Fire Prevention and Control	153,539	0	0	153,539	182,288	182,288	28,749
Rescue Squad	50,000	0	0	50,000	50,000	50,000	0
Other Emergency Management	226,107	(628)	430	225,909	132,359	226,931	1,022
County Coroner/Medical Examiner	46,647	0	0	46,647	38,800	48,800	2,153
Other Public Safety	110,000	0	0	110,000	110,000	110,000	0
<u>Public Health and Welfare</u>							
Local Health Center	58,077	(288)	460	58,249	68,100	68,100	9,851

(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 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 131,519	\$ (5,000)	\$ 2,644	\$ 129,163	\$ 160,198	\$ 160,198	\$ 31,035
Ambulance/Emergency Medical Services	2,192,412	(17,633)	27,211	2,201,990	2,269,860	2,269,860	67,870
Dental Health Program	471,795	(25)	390	472,160	565,844	565,844	93,684
Alcohol and Drug Programs	11,998	0	0	11,998	0	12,000	2
Crippled Children Services	1,995	0	0	1,995	1,995	1,995	0
Other Local Health Services	344,730	(399)	1,221	345,552	412,500	465,999	120,447
General Welfare Assistance	37,633	0	0	37,633	39,454	39,454	1,821
Aid to Dependent Children	963	0	0	963	1,000	1,000	37
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	38,000	0	0	38,000	38,000	38,000	0
Libraries	120,502	(567)	595	120,530	113,374	120,530	0
Other Social, Cultural, and Recreational	190,265	0	0	190,265	191,265	191,265	1,000
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	74,696	0	0	74,696	79,741	79,741	5,045
Soil Conservation	37,174	0	0	37,174	40,172	40,172	2,998
Flood Control	2,000	0	0	2,000	2,000	2,000	0
<u>Other Operations</u>							
Tourism	185,451	(405)	2,565	187,611	185,011	200,403	12,792
Industrial Development	163,349	(725)	4,823	167,447	162,947	176,920	9,473
Housing and Urban Development	251,770	0	0	251,770	268,661	268,661	16,891
Other Economic and Community Development	316,889	0	0	316,889	103,715	666,819	349,930
Airport	287,940	0	0	287,940	343,795	348,795	60,855
Veterans' Services	21,773	0	0	21,773	22,633	22,633	860
Other Charges	15,332	0	0	15,332	14,356	16,556	1,224

(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 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 11,001	\$ 0	\$ 0	\$ 11,001	\$ 13,500	\$ 13,500	\$ 2,499
Employee Benefits	190,652	0	0	190,652	193,300	193,300	2,648
Miscellaneous	5,903	0	0	5,903	2,500	6,003	100
<u>Capital Projects</u>							
Public Safety Projects	8,691	0	0	8,691	10,000	10,000	1,309
Total Expenditures	\$ 15,236,489	\$ (66,556)	\$ 70,606	\$ 15,240,539	\$ 15,922,945	\$ 16,966,984	\$ 1,726,445
Excess (Deficiency) of Revenues Over Expenditures	\$ (249,451)	\$ 66,556	\$ (70,606)	\$ (253,501)	\$ (744,470)	\$ (856,058)	\$ 602,557
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 9,755	\$ 0	\$ 0	\$ 9,755	\$ 0	\$ 0	\$ 9,755
Transfers In	28,405	0	0	28,405	166,091	35,795	(7,390)
Transfers Out	(30,000)	0	0	(30,000)	(30,000)	(30,000)	0
Total Other Financing Sources (Uses)	\$ 8,160	\$ 0	\$ 0	\$ 8,160	\$ 136,091	\$ 5,795	\$ 2,365
Net Change in Fund Balance	\$ (241,291)	\$ 66,556	\$ (70,606)	\$ (245,341)	\$ (608,379)	\$ (850,263)	\$ 604,922
Fund Balance, July 1, 2009	4,167,430	(66,556)	0	4,100,874	3,510,722	3,510,722	590,152
Fund Balance, June 30, 2010	\$ 3,926,139	\$ 0	\$ (70,606)	\$ 3,855,533	\$ 2,902,343	\$ 2,660,459	\$ 1,195,074

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,206,189	\$ 0	\$ 0	\$ 1,206,189	\$ 1,205,522	\$ 1,205,522	\$ 667
Charges for Current Services	586,107	0	0	586,107	850,000	850,000	(263,893)
Other Local Revenues	11,273	0	0	11,273	9,000	9,000	2,273
State of Tennessee	88,474	0	0	88,474	77,106	87,106	1,368
Total Revenues	\$ 1,892,043	\$ 0	\$ 0	\$ 1,892,043	\$ 2,141,628	\$ 2,151,628	\$ (259,585)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 1,067,884	(3,130)	2,454	\$ 1,067,208	\$ 1,335,054	\$ 1,345,054	\$ 277,846
Convenience Centers	671,676	0	34,428	706,104	839,577	826,377	120,273
Postclosure Care Costs	19,600	0	880	20,480	29,000	29,000	8,520
<u>Highways</u>							
Litter and Trash Collection	44,552	(1,200)	0	43,352	35,906	49,106	5,754
Total Expenditures	\$ 1,803,712	\$ (4,330)	\$ 37,762	\$ 1,837,144	\$ 2,239,537	\$ 2,249,537	\$ 412,393
Excess (Deficiency) of Revenues Over Expenditures	\$ 88,331	\$ 4,330	\$ (37,762)	\$ 54,899	\$ (97,909)	\$ (97,909)	\$ 152,808
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 30,000	\$ 0	\$ 0	\$ 30,000	\$ 30,000	\$ 30,000	\$ 0
Total Other Financing Sources (Uses)	\$ 30,000	\$ 0	\$ 0	\$ 30,000	\$ 30,000	\$ 30,000	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 118,331	\$ 4,330	\$ (37,762)	\$ 84,899	\$ (67,909)	\$ (67,909)	\$ 152,808
	341,723	(4,330)	0	337,393	326,665	326,665	10,728
Fund Balance, June 30, 2010	\$ 460,054	\$ 0	\$ (37,762)	\$ 422,292	\$ 258,756	\$ 258,756	\$ 163,536

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 372,765	\$ 0	\$ 0	\$ 372,765	\$ 477,318	\$ 477,318	\$ (104,553)
Charges for Current Services	287,057	0	0	287,057	400,000	400,000	(112,943)
Other Local Revenues	2,498	0	0	2,498	0	0	2,498
State of Tennessee	2,469,155	0	0	2,469,155	2,344,000	2,620,350	(151,195)
Federal Government	292,674	0	0	292,674	117,000	117,000	175,674
Other Governments and Citizens Groups	2,400	0	0	2,400	1,600	1,600	800
Total Revenues	\$ 3,426,549	\$ 0	\$ 0	\$ 3,426,549	\$ 3,339,918	\$ 3,616,268	\$ (189,719)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 421,685	\$ 0	\$ 0	\$ 421,685	\$ 563,199	\$ 563,199	\$ 141,514
Highway and Bridge Maintenance	2,281,734	(12,175)	633	2,270,192	2,482,996	2,482,996	212,804
Operation and Maintenance of Equipment	351,528	(4,850)	7,799	354,477	394,423	394,423	39,946
Other Charges	189,157	0	0	189,157	231,000	231,000	41,843
Employee Benefits	8,564	0	0	8,564	6,000	16,000	7,436
Capital Outlay	616,964	0	126	617,090	687,678	964,028	346,938
Total Expenditures	\$ 3,869,632	\$ (17,025)	\$ 8,558	\$ 3,861,165	\$ 4,365,296	\$ 4,651,646	\$ 790,481
Excess (Deficiency) of Revenues Over Expenditures	\$ (443,083)	\$ 17,025	\$ (8,558)	\$ (434,616)	\$ (1,025,378)	\$ (1,035,378)	\$ 600,762
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 32,000	\$ 0	\$ 0	\$ 32,000	\$ 0	\$ 0	\$ 32,000
Total Other Financing Sources (Uses)	\$ 32,000	\$ 0	\$ 0	\$ 32,000	\$ 0	\$ 0	\$ 32,000
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (411,083)	\$ 17,025	\$ (8,558)	\$ (402,616)	\$ (1,025,378)	\$ (1,035,378)	\$ 632,762
Fund Balance, July 1, 2009	1,455,826	(17,025)	0	1,438,801	1,436,119	1,436,119	2,682
Fund Balance, June 30, 2010	\$ 1,044,743	\$ 0	\$ (8,558)	\$ 1,036,185	\$ 410,741	\$ 400,741	\$ 635,444

Exhibit F-4

Monroe County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Monroe County School Department
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 23,376	\$ 26,647	\$ 3,271	87.73 %	\$ 11,816	27.68 %
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 frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-5

Monroe County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Monroe County Emergency Communications District
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 470	\$ 551	\$ 81	85.26 %	\$ 328	24.8 %
7-1-07	387	498	111	77.71	316	35.13

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-6

Monroe County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Monroe County School Department
June 30, 2010

(Dollar amounts in thousands)

<u>Plans</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date*</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b)-(a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
<u>PRIMARY GOVERNMENT</u>							
Medicare Supplement	7-1-07	\$ 0	\$ 162	\$ 162	0 %	N/A	0 %
"	7-1-09	0	545	545	0	N/A	0
<u>DISCRETELY PRESENTED MONROE</u> <u>COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	13,009	13,009	0	21,275	61
"	7-1-09	0	9,345	9,345	0	22,433	42
Medicare Supplement	7-1-07	0	576	576	0	N/A	0
"	7-1-09	0	1,690	1,690	0	N/A	0

*Data only available for two actuarial valuations.

MONROE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2010

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.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Exhibit G-1

Monroe County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	<u>Special Revenue Funds</u>		
	Drug Control	Constitutional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,682	\$ 2,682
Equity in Pooled Cash and Investments	243,145	0	243,145
Accounts Receivable	3,680	84	3,764
Total Assets	<u>\$ 246,825</u>	<u>\$ 2,766</u>	<u>\$ 249,591</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to Other Funds	\$ 0	\$ 2,766	\$ 2,766
Total Liabilities	<u>\$ 0</u>	<u>\$ 2,766</u>	<u>\$ 2,766</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 930	\$ 0	\$ 930
Unreserved	245,895	0	245,895
Total Fund Balances	<u>\$ 246,825</u>	<u>\$ 0</u>	<u>\$ 246,825</u>
Total Liabilities and Fund Balances	<u>\$ 246,825</u>	<u>\$ 2,766</u>	<u>\$ 249,591</u>

Exhibit G-2

Monroe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 241,476	\$ 0	\$ 241,476
Charges for Current Services	0	8,328	8,328
Other Governments and Citizens Groups	5,280	0	5,280
Total Revenues	<u>\$ 246,756</u>	<u>\$ 8,328</u>	<u>\$ 255,084</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 1,818	\$ 1,818
Administration of Justice	0	6,510	6,510
Public Safety	163,094	0	163,094
Total Expenditures	<u>\$ 163,094</u>	<u>\$ 8,328</u>	<u>\$ 171,422</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 83,662</u>	<u>\$ 0</u>	<u>\$ 83,662</u>
Net Change in Fund Balances	\$ 83,662	\$ 0	\$ 83,662
Fund Balance, July 1, 2009	163,163	0	163,163
Fund Balance, June 30, 2010	<u><u>\$ 246,825</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 246,825</u></u>

Exhibit G-3

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 241,476 \$	0 \$	0 \$	241,476 \$	116,369 \$	116,369 \$	125,107
Other Governments and Citizens Groups	5,280	0	0	5,280	0	5,000	280
Total Revenues	\$ 246,756 \$	0 \$	0 \$	246,756 \$	116,369 \$	121,369 \$	125,387
<u>Expenditures</u>							
Public Safety							
Drug Enforcement	\$ 163,094 \$	(8,234) \$	930 \$	155,790 \$	116,369 \$	199,012 \$	43,222
Total Expenditures	\$ 163,094 \$	(8,234) \$	930 \$	155,790 \$	116,369 \$	199,012 \$	43,222
Excess (Deficiency) of Revenues Over Expenditures	\$ 83,662 \$	8,234 \$	(930) \$	90,966 \$	0 \$	(77,643) \$	168,609
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 83,662 \$	8,234 \$	(930) \$	90,966 \$	0 \$	(77,643) \$	168,609
	163,163	(8,234)	0	154,929	154,928	154,928	1
Fund Balance, June 30, 2010	\$ 246,825 \$	0 \$	(930) \$	245,895 \$	154,928 \$	77,285 \$	168,610

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,368,537	\$ 3,392,689	\$ 3,392,689	\$ (24,152)
Charges for Current Services	0	90,000	90,000	(90,000)
Other Local Revenues	299,013	285,000	285,000	14,013
State of Tennessee	18,329	50,000	50,000	(31,671)
Other Governments and Citizens Groups	396,902	74,604	396,902	0
Total Revenues	<u>\$ 4,082,781</u>	<u>\$ 3,892,293</u>	<u>\$ 4,214,591</u>	<u>\$ (131,810)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,605,886	\$ 1,921,556	\$ 1,605,886	\$ 0
<u>Interest on Debt</u>				
General Government	1,979,154	2,428,287	2,703,957	724,803
<u>Other Debt Service</u>				
General Government	195,098	169,604	209,604	14,506
Total Expenditures	<u>\$ 3,780,138</u>	<u>\$ 4,519,447</u>	<u>\$ 4,519,447</u>	<u>\$ 739,309</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 302,643</u>	<u>\$ (627,154)</u>	<u>\$ (304,856)</u>	<u>\$ 607,499</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 322,298	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 322,298</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 302,643	\$ (304,856)	\$ (304,856)	\$ 607,499
Fund Balance, July 1, 2009	<u>6,034,908</u>	<u>6,017,028</u>	<u>6,017,028</u>	<u>17,880</u>
Fund Balance, June 30, 2010	<u>\$ 6,337,551</u>	<u>\$ 5,712,172</u>	<u>\$ 5,712,172</u>	<u>\$ 625,379</u>

Fiduciary Funds

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

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

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

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

Exhibit I-1

Monroe County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	Agency Funds			
	Cities - Sales Tax	City School ADA - Sweetwater	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,220,071	\$ 2,220,071
Due from Other Funds	0	13,562	0	13,562
Taxes Receivable	0	1,314,832	0	1,314,832
Allowance for Uncollectible Taxes	0	(56,118)	0	(56,118)
Due from Other Governments	541,453	154,327	0	695,780
Cash Shortage	0	0	20,651	20,651
Total Assets	<u>\$ 541,453</u>	<u>\$ 1,426,603</u>	<u>\$ 2,240,722</u>	<u>\$ 4,208,778</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 541,453	\$ 1,426,603	\$ 0	\$ 1,968,056
Due to Litigants, Heirs, and Others	0	0	2,240,722	2,240,722
Total Liabilities	<u>\$ 541,453</u>	<u>\$ 1,426,603</u>	<u>\$ 2,240,722</u>	<u>\$ 4,208,778</u>

Exhibit I-2

Monroe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,157,374	\$ 3,157,374	\$ 0
Due from Other Governments	488,000	541,453	488,000	541,453
Total Assets	\$ 488,000	\$ 3,698,827	\$ 3,645,374	\$ 541,453
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 488,000	\$ 3,698,827	\$ 3,645,374	\$ 541,453
Total Liabilities	\$ 488,000	\$ 3,698,827	\$ 3,645,374	\$ 541,453
<u>City School ADA - Sweetwater Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,417,314	\$ 3,417,314	\$ 0
Due from Other Governments	138,743	154,327	138,743	154,327
Due from Other Funds	1,169,715	13,562	1,169,715	13,562
Taxes Receivable	1,305,052	1,314,832	1,305,052	1,314,832
Allowance for Uncollectible Taxes	(53,632)	(56,118)	(53,632)	(56,118)
Total Assets	\$ 2,559,878	\$ 4,843,917	\$ 5,977,192	\$ 1,426,603
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,559,878	\$ 4,843,917	\$ 5,977,192	\$ 1,426,603
Total Liabilities	\$ 2,559,878	\$ 4,843,917	\$ 5,977,192	\$ 1,426,603
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,930,718	\$ 7,598,852	\$ 7,309,499	\$ 2,220,071
Cash Shortage	10,000	10,651	0	20,651
Total Assets	\$ 1,940,718	\$ 7,609,503	\$ 7,309,499	\$ 2,240,722
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,940,718	\$ 7,609,503	\$ 7,309,499	\$ 2,240,722
Total Liabilities	\$ 1,940,718	\$ 7,609,503	\$ 7,309,499	\$ 2,240,722

(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	\$ 1,930,718	\$ 7,598,852	\$ 7,309,499	\$ 2,220,071
Equity in Pooled Cash and Investments	0	6,574,688	6,574,688	0
Cash Shortage	10,000	10,651	0	20,651
Due from Other Governments	626,743	695,780	626,743	695,780
Due from Other Funds	1,169,715	13,562	1,169,715	13,562
Taxes Receivable	1,305,052	1,314,832	1,305,052	1,314,832
Allowance for Uncollectible Taxes	(53,632)	(56,118)	(53,632)	(56,118)
Total Assets	<u>\$ 4,988,596</u>	<u>\$ 16,152,247</u>	<u>\$ 16,932,065</u>	<u>\$ 4,208,778</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,047,878	\$ 8,542,744	\$ 9,622,566	\$ 1,968,056
Due to Litigants, Heirs, and Others	1,940,718	7,609,503	7,309,499	2,240,722
Total Liabilities	<u>\$ 4,988,596</u>	<u>\$ 16,152,247</u>	<u>\$ 16,932,065</u>	<u>\$ 4,208,778</u>

Monroe County School Department

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

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

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

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

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

Exhibit J-1

Monroe County, Tennessee
Statement of Activities
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 24,555,764	\$ 5,100	\$ 2,639,289	\$ 0	\$ (21,911,375)
Support Services	14,235,645	557,259	662,733	857,572	(12,158,081)
Operation of Non-Instructional Services	3,378,717	820,257	2,114,613	0	(443,847)
Interest on Long-term Debt	36,731	0	0	0	(36,731)
Other Debt Service	311,915	0	0	0	(311,915)
Total Governmental Activities	\$ 42,518,772	\$ 1,382,616	\$ 5,416,635	\$ 857,572	\$ (34,861,949)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	4,542,754
Local Option Sales Taxes					3,082,380
Other Local Taxes					77,306
Grants and Contributions Not Restricted for Specific Programs					26,945,490
Unrestricted Investment Income					880
Miscellaneous					5,565
Total General Revenues					\$ 34,654,375
Change in Net Assets					\$ (207,574)
Net Assets, July 1, 2009					48,738,789
Net Assets, June 30, 2010					\$ 48,531,215

Exhibit J-2

Monroe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2010

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	<u>General</u>	<u>Other</u>	<u>Governmental</u>
	<u>Purpose</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>School</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,109	\$ 1,109
Equity in Pooled Cash and Investments	3,117,726	355,729	3,473,455
Accounts Receivable	317,212	0	317,212
Due from Other Governments	807,848	88,231	896,079
Due from Primary Government	53,673	5,746	59,419
Property Taxes Receivable	5,077,346	0	5,077,346
Allowance for Uncollectible Property Taxes	(219,090)	0	(219,090)
Total Assets	\$ 9,154,715	\$ 450,815	\$ 9,605,530
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 94,446	\$ 1,029	\$ 95,475
Accrued Payroll	1,087	0	1,087
Contracts Payable	0	106,727	106,727
Retainage Payable	0	8,201	8,201
Deferred Revenue - Current Property Taxes	4,574,287	0	4,574,287
Deferred Revenue - Delinquent Property Taxes	258,491	0	258,491
Other Deferred Revenues	294,672	0	294,672
Total Liabilities	\$ 5,222,983	\$ 115,957	\$ 5,338,940
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 35,815	\$ 200,910	\$ 236,725
Other Local Education Reserves	64,961	0	64,961
Reserved for Title I Grants to Local Education Agencies	0	41,367	41,367
Reserved for Special Education - Grants to States	0	632	632
Other Federal Reserves	0	683	683
Unreserved, Reported In:			
General Fund	3,830,956	0	3,830,956
Special Revenue Funds	0	290,254	290,254
Capital Projects Funds (Deficit)	0	(198,988)	(198,988)
Total Fund Balances	\$ 3,931,732	\$ 334,858	\$ 4,266,590
Total Liabilities and Fund Balances	\$ 9,154,715	\$ 450,815	\$ 9,605,530

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, 2010

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)		\$	4,266,590
(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: buildings and improvements net of accumulated depreciation		45,952,396	
Add: other capital assets net of accumulated depreciation		<u>420,694</u>	47,039,202
(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	\$	(415,000)	
Less: other postemployment benefits liability		(2,911,097)	
Less: accrued interest on bonds		<u>(1,643)</u>	(3,327,740)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>553,163</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>48,531,215</u></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, 2010

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 7,943,086	\$ 0	\$ 7,943,086
Licenses and Permits	2,791	0	2,791
Charges for Current Services	561,459	820,257	1,381,716
Other Local Revenues	267,328	5,436	272,764
State of Tennessee	26,320,501	0	26,320,501
Federal Government	177,181	5,469,488	5,646,669
Other Governments and Citizens Groups	0	857,572	857,572
Total Revenues	<u>\$ 35,272,346</u>	<u>\$ 7,152,753</u>	<u>\$ 42,425,099</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 21,179,590	\$ 2,788,694	\$ 23,968,284
Support Services	12,127,625	817,665	12,945,290
Operation of Non-Instructional Services	488,591	2,896,623	3,385,214
Debt Service:			
Principal on Debt	395,000	0	395,000
Interest on Debt	38,278	0	38,278
Other Debt Service	311,915	0	311,915
Capital Projects	0	857,572	857,572
Total Expenditures	<u>\$ 34,540,999</u>	<u>\$ 7,360,554</u>	<u>\$ 41,901,553</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 731,347</u>	<u>\$ (207,801)</u>	<u>\$ 523,546</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 58,287	\$ 58,287
Transfers Out	(58,287)	0	(58,287)
Total Other Financing Sources (Uses)	<u>\$ (58,287)</u>	<u>\$ 58,287</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 673,060	\$ (149,514)	\$ 523,546
Fund Balance, July 1, 2009	<u>3,258,672</u>	<u>484,372</u>	<u>3,743,044</u>
Fund Balance, June 30, 2010	<u>\$ 3,931,732</u>	<u>\$ 334,858</u>	<u>\$ 4,266,590</u>

Exhibit J-5

Monroe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2010

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)		\$	523,546
(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		\$	1,044,213
Less: current-year depreciation expense			<u>(1,479,983)</u>
			(435,770)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2010		\$	553,163
Less: deferred delinquent property taxes and other deferred June 30, 2009			<u>(667,064)</u>
			(113,901)
(3) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Add: principal payments on bonds			395,000
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable		\$	1,547
Change in other postemployment benefits liability			<u>(577,996)</u>
			(576,449)
Change in net assets of governmental activities (Exhibit B)		\$	<u>(207,574)</u>

Exhibit J-6

Monroe County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2010

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Total</u>	<u>Education Capital Projects</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 1,109	\$ 1,109	\$ 0	\$ 1,109
Equity in Pooled Cash and Investments	0	246,547	246,547	109,182	355,729
Due from Other Governments	88,231	0	88,231	0	88,231
Due from Primary Government	0	0	0	5,746	5,746
Total Assets	<u>\$ 88,231</u>	<u>\$ 247,656</u>	<u>\$ 335,887</u>	<u>\$ 114,928</u>	<u>\$ 450,815</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 339	\$ 690	\$ 1,029	\$ 0	\$ 1,029
Contracts Payable	0	0	0	106,727	106,727
Retainage Payable	0	0	0	8,201	8,201
Total Liabilities	<u>\$ 339</u>	<u>\$ 690</u>	<u>\$ 1,029</u>	<u>\$ 114,928</u>	<u>\$ 115,957</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 1,922	\$ 0	\$ 1,922	\$ 198,988	\$ 200,910
Reserved for Title I Grants to Local Education Agencies	41,367	0	41,367	0	41,367
Reserved for Special Education - Grants to States	632	0	632	0	632
Other Federal Reserves	683	0	683	0	683
Unreserved (Deficit)	43,288	246,966	290,254	(198,988)	91,266
Total Fund Balances	<u>\$ 87,892</u>	<u>\$ 246,966</u>	<u>\$ 334,858</u>	<u>\$ 0</u>	<u>\$ 334,858</u>
Total Liabilities and Fund Balances	<u>\$ 88,231</u>	<u>\$ 247,656</u>	<u>\$ 335,887</u>	<u>\$ 114,928</u>	<u>\$ 450,815</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, 2010

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 820,257	\$ 820,257	\$ 0	\$ 820,257
Other Local Revenues	0	5,436	5,436	0	5,436
Federal Government	3,696,637	1,772,851	5,469,488	0	5,469,488
Other Governments and Citizens Groups	0	0	0	857,572	857,572
Total Revenues	\$ 3,696,637	\$ 2,598,544	\$ 6,295,181	\$ 857,572	\$ 7,152,753
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,788,694	\$ 0	\$ 2,788,694	\$ 0	\$ 2,788,694
Support Services	817,665	0	817,665	0	817,665
Operation of Non-Instructional Services	18,877	2,877,746	2,896,623	0	2,896,623
Capital Projects	0	0	0	857,572	857,572
Total Expenditures	\$ 3,625,236	\$ 2,877,746	\$ 6,502,982	\$ 857,572	\$ 7,360,554
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 71,401	\$ (279,202)	\$ (207,801)	\$ 0	\$ (207,801)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 43,287	\$ 15,000	\$ 58,287	\$ 0	\$ 58,287
Total Other Financing Sources (Uses)	\$ 43,287	\$ 15,000	\$ 58,287	\$ 0	\$ 58,287
Net Change in Fund Balances	\$ 114,688	\$ (264,202)	\$ (149,514)	\$ 0	\$ (149,514)
Fund Balance, July 1, 2009	(26,796)	511,168	484,372	0	484,372
Fund Balance, June 30, 2010	\$ 87,892	\$ 246,966	\$ 334,858	\$ 0	\$ 334,858

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,943,086	\$ 0	\$ 0	\$ 7,943,086	\$ 7,759,541	\$ 8,020,969	\$ (77,883)
Licenses and Permits	2,791	0	0	2,791	2,000	2,000	791
Charges for Current Services	561,459	0	0	561,459	481,359	538,857	22,602
Other Local Revenues	267,328	0	0	267,328	173,493	214,791	52,537
State of Tennessee	26,320,501	0	0	26,320,501	25,918,634	26,059,297	261,204
Federal Government	177,181	0	0	177,181	90,078	182,163	(4,982)
Total Revenues	\$ 35,272,346	\$ 0	\$ 0	\$ 35,272,346	\$ 34,425,105	\$ 35,018,077	\$ 254,269
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 16,663,134	\$ (239,633)	\$ 0	\$ 16,423,501	\$ 17,496,298	\$ 17,501,871	\$ 1,078,370
Alternative Instruction Program	63,203	0	0	63,203	64,337	64,337	1,134
Special Education Program	3,058,831	(2,221)	615	3,057,225	3,002,653	3,091,157	33,932
Vocational Education Program	1,344,323	0	1,107	1,345,430	1,433,472	1,433,472	88,042
Adult Education Program	50,099	(4,794)	0	45,305	61,389	62,077	16,772
<u>Support Services</u>							
Attendance	29,269	0	0	29,269	30,519	30,519	1,250
Health Services	871,600	(2,589)	0	869,011	805,705	918,671	49,660
Other Student Support	978,944	(36)	2,373	981,281	1,007,654	1,007,655	26,374
Regular Instruction Program	1,178,156	(1,403)	0	1,176,753	1,245,349	1,231,549	54,796
Special Education Program	400,397	(314)	0	400,083	405,038	421,720	21,637
Vocational Education Program	98,420	0	0	98,420	104,801	104,801	6,381
Adult Programs	93,713	0	0	93,713	98,346	98,845	5,132
Other Programs	201,069	0	0	201,069	0	201,069	0

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 576,269	\$ (35)	200	\$ 576,434	\$ 634,442	\$ 820,108	\$ 243,674
Director of Schools	296,886	(144)	480	297,222	303,684	308,017	10,795
Office of the Principal	1,612,483	0	0	1,612,483	1,653,793	1,653,793	41,310
Fiscal Services	20,227	0	0	20,227	20,484	20,484	257
Operation of Plant	2,789,884	0	0	2,789,884	3,181,708	3,085,556	295,672
Maintenance of Plant	977,016	(7,543)	14,112	983,585	968,895	1,089,475	105,890
Transportation	2,003,292	(155)	6,459	2,009,596	2,197,290	2,197,289	187,693
<u>Operation of Non-Instructional Services</u>							
Food Service	123,399	0	0	123,399	123,318	125,591	2,192
Community Services	91,251	(353)	1,115	92,013	98,702	101,807	9,794
Early Childhood Education	273,941	(2,183)	9,354	281,112	281,206	281,206	94
<u>Principal on Debt</u>							
Education	395,000	0	0	395,000	395,000	395,000	0
<u>Interest on Debt</u>							
Education	38,278	0	0	38,278	38,278	38,278	0
<u>Other Debt Service</u>							
Education	311,915	0	0	311,915	312,162	312,162	247
Total Expenditures	\$ 34,540,999	\$ (261,403)	\$ 35,815	\$ 34,315,411	\$ 35,964,523	\$ 36,596,509	\$ 2,281,098
Excess (Deficiency) of Revenues Over Expenditures	\$ 731,347	\$ 261,403	\$ (35,815)	\$ 956,935	\$ (1,539,418)	\$ (1,578,432)	\$ 2,535,367

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (58,287)	0 \$	0 \$	(58,287) \$	0 \$	(58,287) \$	0
Total Other Financing Sources (Uses)	\$ (58,287)	0 \$	0 \$	(58,287) \$	0 \$	(58,287) \$	0
Net Change in Fund Balance	\$ 673,060	261,403 \$	(35,815) \$	898,648 \$	(1,539,418) \$	(1,636,719) \$	2,535,367
Fund Balance, July 1, 2009	3,258,672	(261,403)	0	2,997,269	2,932,294	2,932,294	64,975
Fund Balance, June 30, 2010	\$ 3,931,732	0 \$	(35,815) \$	3,895,917 \$	1,392,876 \$	1,295,575 \$	2,600,342

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 3,696,637	\$ 0	\$ 0	\$ 3,696,637	\$ 4,825,017	\$ 4,912,572	\$ (1,215,935)
Total Revenues	\$ 3,696,637	\$ 0	\$ 0	\$ 3,696,637	\$ 4,825,017	\$ 4,912,572	\$ (1,215,935)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,272,948	\$ (7,476)	\$ 1,389	\$ 1,266,861	\$ 1,723,112	\$ 1,525,574	\$ 258,713
Special Education Program	1,415,168	(28,823)	227	1,386,572	1,679,323	1,707,699	321,127
Vocational Education Program	100,578	0	306	100,884	105,894	100,884	0
<u>Support Services</u>							
Health Services	44,731	0	0	44,731	57,610	50,427	5,696
Other Student Support	60,018	0	0	60,018	416,089	417,430	357,412
Regular Instruction Program	522,367	(732)	0	521,635	631,822	880,669	359,034
Special Education Program	72,182	(1,150)	0	71,032	85,956	85,957	14,925
Vocational Education Program	6,693	0	0	6,693	6,692	6,693	0
Transportation	111,674	(85,817)	0	25,857	132,867	127,403	101,546
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	18,877	0	0	18,877	0	24,287	5,410
Total Expenditures	\$ 3,625,236	\$ (123,998)	\$ 1,922	\$ 3,503,160	\$ 4,839,365	\$ 4,927,023	\$ 1,423,863
Excess (Deficiency) of Revenues Over Expenditures	\$ 71,401	\$ 123,998	\$ (1,922)	\$ 193,477	\$ (14,348)	\$ (14,451)	\$ 207,928
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 43,287	\$ 0	\$ 0	\$ 43,287	\$ 266,901	\$ 266,901	\$ (223,614)
Transfers Out	0	0	0	0	(273,940)	(274,040)	274,040
Total Other Financing Sources (Uses)	\$ 43,287	\$ 0	\$ 0	\$ 43,287	\$ (7,039)	\$ (7,139)	\$ 50,426
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 114,688	\$ 123,998	\$ (1,922)	\$ 236,764	\$ (21,387)	\$ (21,590)	\$ 258,354
Fund Balance, June 30, 2010	(26,796)	(123,998)	0	(150,794)	21,387	21,590	(172,384)
Fund Balance, June 30, 2010	\$ 87,892	\$ 0	\$ (1,922)	\$ 85,970	\$ 0	\$ 0	\$ 85,970

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 820,257	\$ 917,375	\$ 917,375	\$ (97,118)
Other Local Revenues	5,436	4,500	4,500	936
Federal Government	1,772,851	1,514,000	1,772,851	0
Total Revenues	<u>\$ 2,598,544</u>	<u>\$ 2,435,875</u>	<u>\$ 2,694,726</u>	<u>\$ (96,182)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,877,746	\$ 2,685,427	\$ 2,959,279	\$ 81,533
Total Expenditures	<u>\$ 2,877,746</u>	<u>\$ 2,685,427</u>	<u>\$ 2,959,279</u>	<u>\$ 81,533</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (279,202)</u>	<u>\$ (249,552)</u>	<u>\$ (264,553)</u>	<u>\$ (14,649)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 15,000	\$ 0	\$ 15,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 15,000</u>	<u>\$ 0</u>	<u>\$ 15,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (264,202)	\$ (249,552)	\$ (249,553)	\$ (14,649)
Fund Balance, July 1, 2009	<u>511,168</u>	<u>511,168</u>	<u>511,168</u>	<u>0</u>
Fund Balance, June 30, 2010	<u>\$ 246,966</u>	<u>\$ 261,616</u>	<u>\$ 261,615</u>	<u>\$ (14,649)</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Monroe County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds
 Primary Government and Discretely Presented Monroe County School Department
 For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Paid and/or		
						Matured During Period	Outstanding 6-30-10	
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Airport Hangars	\$ 132,000	7.95 %	9-4-1997	9-4-09	\$ 16,185	\$ 0		
Various Projects	450,000	4.59	10-11-01	10-11-13	217,216	39,634		177,582
Ambulance, Sheriff Vehicles, Election Commission Bldg.	700,000	3.79	5-1-07	5-1-13	490,000	115,000		375,000
School Bleachers	432,000	3.73	2-1-07	2-1-13	298,409	70,556		227,853
Energy Efficiency	156,500	0	4-18-08	6-15-15	134,143	22,357		111,786
Ambulance, Sheriff Vehicles, HVAC, and Landscaping	380,000	3.65	7-16-08	7-16-11	380,000	122,154		257,846
Total Notes Payable					\$ 1,535,953	\$ 385,886		\$ 1,150,067
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
F.H.A. - Office Building	600,000	5	10-27-1978	1-1-18	\$ 260,000	\$ 25,000		\$ 235,000
High School Refunding, Series 1998	10,205,000	4.25 to 5.25	8-1-1998	5-1-13	4,195,000	970,000		3,225,000
Public Improvement, Series 1999	999,236	4.6 to 4.95	4-1-1999	4-1-18	999,236	0		999,236
General Obligation School Bonds, Series 2007	8,500,000	5	6-7-07	6-1-35	8,300,000	100,000		8,200,000
General Obligation School Bonds, Series 2008	9,850,000	4.05 to 5	4-15-08	6-1-38	9,850,000	0		9,850,000
Total Bonds Payable					\$ 23,604,236	\$ 1,095,000		\$ 22,509,236
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Public Improvement and Refunding, Series E-7-A	31,965,000	Variable (1)	2-19-09	6-1-39	\$ 31,775,000	\$ 125,000		\$ 31,650,000
Total Other Loans Payable					\$ 31,775,000	\$ 125,000		\$ 31,650,000

(Continued)

Exhibit K-1

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

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 7-1-09</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding 6-30-10</u>
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>							
<u>BONDS PAYABLE</u>							
<u>Payable through General Purpose School Fund</u>							
Rural School Refunding, Series 1998	\$ 4,205,000	4.3 to 5 %	8-1-1998	6-1-11	\$ 810,000	\$ 395,000	\$ 415,000
Total Bonds Payable					<u>\$ 810,000</u>	<u>\$ 395,000</u>	<u>\$ 415,000</u>

(1) This loan agreement included refunding of outstanding principal of \$6,000,000 on Series IV-A-4 and \$10,050,000 on Series V-C-2, which were swapped from variable to a synthetic fixed rate by execution of swap agreements during the years ended June 30, 2005, and 2007, respectively. The swap agreements have been retained.

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	Notes		
	Principal	Interest	Total
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	\$ 1,150,067	\$ 80,262	\$ 1,230,329

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 22,509,236	\$ 17,888,534	\$ 40,397,770

(Continued)

Exhibit K-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2011	\$ 125,000	\$ 436,485	\$ 440,413	\$ 1,001,898
2012	135,000	436,160	438,671	1,009,831
2013	145,000	435,809	436,791	1,017,600
2014	745,000	435,432	434,771	1,615,203
2015	790,000	418,332	424,410	1,632,742
2016	835,000	400,087	413,425	1,648,512
2017	880,000	380,697	401,813	1,662,510
2018	975,000	360,291	389,576	1,724,867
2019	1,460,000	337,324	376,018	2,173,342
2020	1,535,000	300,889	355,718	2,191,607
2021	1,085,000	262,460	334,375	1,681,835
2022	1,155,000	259,639	319,261	1,733,900
2023	1,155,000	256,636	303,171	1,714,807
2024	1,130,000	253,633	287,081	1,670,714
2025	1,150,000	234,775	271,364	1,656,139
2026	1,295,000	215,865	255,368	1,766,233
2027	1,310,000	194,588	237,356	1,741,944
2028	1,420,000	173,272	219,134	1,812,406
2029	1,445,000	149,680	199,383	1,794,063
2030	1,590,000	126,023	179,284	1,895,307
2031	1,445,000	99,999	157,168	1,702,167
2032	1,580,000	74,352	137,072	1,791,424
2033	1,645,000	46,364	115,098	1,806,462
2034	865,000	17,212	92,221	974,433
2035	960,000	14,963	80,171	1,055,134
2036	1,465,000	12,467	66,797	1,544,264
2037	1,395,000	8,658	46,389	1,450,047
2038	1,535,000	5,031	26,956	1,566,987
2039	400,000	1,040	5,572	406,612
Total	\$ 31,650,000	\$ 6,348,163	\$ 7,444,827	\$ 45,442,990

DISCRETELY PRESENTED MONROE
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Bond		
	Principal	Interest	Total
2011	\$ 415,000	\$ 19,712	\$ 434,712
Total	\$ 415,000	\$ 19,712	\$ 434,712

Exhibit K-3

Monroe County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Monroe County School Department
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General Capital Projects General	General Solid Waste/Sanitation	Debt proceeds Operations	\$ 28,405 <u>30,000</u>
Total Transfers Primary Government			<u>\$ 58,405</u>
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School General Purpose School	School Federal Projects Central Cafeteria	Cash flow Cafeteria expenditures	\$ 43,287 <u>15,000</u>
Total Transfers Discretely Presented Monroe County School Department			<u>\$ 58,287</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, 2010

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	86,000 (1)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	63,954	1,514,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	63,954	10,000	"
Director of Finance	County Commission	82,044 (2)	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>	63,954 (3)	50,000	"
Register	and Chancery Court Judge			
Sheriff	Section 8-24-102, <u>TCA</u>	63,954	25,000	"
	Section 8-24-102, <u>TCA</u>	75,950 (4)	25,000	"
	and County Commission			
Employee Blanket Bond Coverage:				
Monroe County and Monroe County				
School Department:				
Public Employee Dishonesty			500,000	Gulf Insurance Company

- (1) Includes a chief executive officer training supplement of \$1,000.
- (2) Includes a longevity payment of \$2,900.
- (3) Does not include special commissioner fees of \$6,510.
- (4) 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, 2010

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works			
Local Taxes								
<u>County Property Taxes</u>								
Current Property Tax	\$ 5,264,166	\$ 1,042,002	\$ 0	\$ 0	\$ 260,533	\$ 2,087,816	\$ 0	\$ 8,654,517
Trustee's Collections - Prior Year	236,999	57,033	0	0	15,438	119,618	0	429,088
Circuit/Clerk & Master Collections - Prior Years	141,180	24,249	0	0	7,843	54,723	0	227,995
Interest and Penalty	49,371	9,341	0	0	2,577	20,029	0	81,318
Pick-up Taxes	23,780	4,516	0	0	1,211	8,566	0	38,073
Payments in-Lieu-of Taxes - T.V.A.	55,037	10,843	0	0	2,775	22,025	0	90,680
Payments in-Lieu-of Taxes - Local Utilities	253,014	50,639	0	0	12,649	101,202	0	417,504
Payments in-Lieu-of Taxes - Other	52,869	279	0	0	168	1,690	0	55,006
<u>County Local Option Taxes</u>								
Local Option Sales Tax	735,361	0	0	0	0	0	0	735,361
Hotel/Motel Tax	160,839	0	0	0	0	0	0	160,839
Wheel Tax	0	0	0	0	0	879,452	0	879,452
Litigation Tax - General	33,687	0	0	0	0	28,917	0	62,604
Litigation Tax - Special Purpose	30,683	0	0	0	0	0	0	30,683
Litigation Tax - Jail, Workhouse, or Courthouse	154,168	0	0	0	0	0	0	154,168
Business Tax	158,785	0	0	0	4,010	29,906	0	192,701
Mineral Severance Tax	0	0	0	0	63,740	0	0	63,740
<u>Statutory Local Taxes</u>								
Bank Excise Tax	35,778	7,156	0	0	1,789	14,311	0	59,034
Wholesale Beer Tax	103,433	0	0	0	0	0	0	103,433
Interstate Telecommunications Tax	703	131	0	0	32	282	0	1,148
Total Local Taxes	\$ 7,489,853	\$ 1,206,189	\$ 0	\$ 0	\$ 372,765	\$ 3,368,537	\$ 0	\$ 12,437,344
Licenses and Permits								
<u>Licenses</u>								
Animal Vaccination	\$ 40,888	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,888
Cable TV Franchise	38,056	0	0	0	0	0	0	38,056
<u>Permits</u>								
Building Permits	9,264	0	0	0	0	0	0	9,264
Total Licenses and Permits	\$ 88,208	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 88,208

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Total
	General	Solid Waste/ Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund	Capital Projects Fund	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 25,204	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	25,204
Officers Costs	19,928	0	0	0	0	0	0	19,928
Jail Fees	5,291	0	0	0	0	0	0	5,291
DUI Treatment Fines	1,710	0	0	0	0	0	0	1,710
Courtroom Security Fee	1,155	0	0	0	0	0	0	1,155
<u>General Sessions Court</u>								
Fines	34,686	0	0	0	0	0	0	34,686
Officers Costs	25,947	0	0	0	0	0	0	25,947
Jail Fees	19,684	0	0	0	0	0	0	19,684
DUI Treatment Fines	7,080	0	0	0	0	0	0	7,080
<u>Chancery Court</u>								
Officers Costs	4,935	0	0	0	0	0	0	4,935
Data Entry Fee - Chancery Court	661	0	0	0	0	0	0	661
<u>Other Courts - In-county</u>								
Fines	3,492	0	0	0	0	0	0	3,492
Drug Control Fines	360	0	22,474	0	0	0	0	22,834
<u>Judicial District Drug Program</u>								
Courtroom Security Fee	8	0	0	0	0	0	0	8
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	219,002	0	0	0	0	219,002
Total Fines, Forfeitures, and Penalties	\$ 150,141	\$ 0	\$ 241,476	\$ 0	\$ 0	\$ 0	\$ 0	\$ 391,617
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Tipping Fees	\$ 0	\$ 586,107	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 586,107
Patient Charges	1,813,246	0	0	0	0	0	0	1,813,246
Other General Service Charges	378,049	0	0	0	287,057	0	0	665,106
Service Charges	4,360	0	0	0	0	0	0	4,360
<u>Fees</u>								
Airport Fees	17,472	0	0	0	0	0	0	17,472

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Total
	General	Solid Waste/ Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund	Capital Projects Fund	
<u>Charges for Current Services (Cont.)</u>								
<u>Fees (Cont.)</u>								
Engineer Review Fees	\$ 1,960	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,960
Copy Fees	1,783	0	0	0	0	0	0	1,783
Telephone Commissions	23,176	0	0	0	0	0	0	23,176
Vending Machine Collections	204	0	0	0	0	0	0	204
Tourism Fees	60,600	0	0	0	0	0	0	60,600
Constitutional Officers' Fees and Commissions	0	0	0	1,818	0	0	0	1,818
Special Commissioner Fees/Special Master Fees	0	0	0	6,510	0	0	0	6,510
Data Processing Fee - Register	16,442	0	0	0	0	0	0	16,442
Data Processing Fee - Sheriff	3,688	0	0	0	0	0	0	3,688
Sexual Offender Registration Fees - Sheriff	2,100	0	0	0	0	0	0	2,100
Data Processing Fee - County Clerk	2,607	0	0	0	0	0	0	2,607
<u>Other Charges for Services</u>								
Other Charges for Services	2,475	0	0	0	0	0	0	2,475
<u>Total Charges for Current Services</u>	<u>\$ 2,328,162</u>	<u>\$ 586,107</u>	<u>\$ 0</u>	<u>\$ 8,328</u>	<u>\$ 287,057</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,209,654</u>
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 18	\$ 0	\$ 0	\$ 0	\$ 0	\$ 103,055	\$ 47,886	150,959
Lease/Rentals	2,400	0	0	0	0	0	0	2,400
Commissary Sales	215,175	0	0	0	0	0	0	215,175
Sale of Recycled Materials	0	11,273	0	0	0	0	0	11,273
Cobra Insurance Payments	4,033	0	0	0	0	0	0	4,033
Miscellaneous Refunds	31,331	0	0	0	2,498	195,958	0	229,787
<u>Nonrecurring Items</u>								
Sale of Equipment	2,172	0	0	0	0	0	0	2,172
Contributions and Gifts	400	0	0	0	0	0	0	400
<u>Total Other Local Revenues</u>	<u>\$ 255,529</u>	<u>\$ 11,273</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,498</u>	<u>\$ 299,013</u>	<u>\$ 47,886</u>	<u>\$ 616,199</u>

(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	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	General Capital Projects			
<u>Fees Received from County Officials</u>										
<u>Fees in-Lieu-of Salary</u>										
County Clerk	\$ 353,079	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 353,079	
Circuit Court Clerk	251,053	0	0	0	0	0	0	0	251,053	
General Sessions Court Clerk	207,954	0	0	0	0	0	0	0	207,954	
Clerk and Master	163,417	0	0	0	0	0	0	0	163,417	
Register	183,436	0	0	0	0	0	0	0	183,436	
Sheriff	30,856	0	0	0	0	0	0	0	30,856	
Trustee	552,735	0	0	0	0	0	0	0	552,735	
Total Fees Received from County Officials	\$ 1,742,530	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,742,530	
<u>State of Tennessee</u>										
<u>General Government Grants</u>										
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000	
Airport Maintenance Program	13,000	0	0	0	0	0	0	0	13,000	
State Reappraisal Grant	14,796	0	0	0	0	0	0	0	14,796	
Solid Waste Grants	0	36,050	0	0	0	0	0	0	36,050	
On-Behalf Contributions for OPEB	3,503	0	0	0	0	0	0	0	3,503	
Other General Government Grants	3,500	0	0	0	0	0	0	0	3,500	
<u>Public Safety Grants</u>										
Law Enforcement Training Programs	19,200	0	0	0	0	0	0	0	19,200	
<u>Public Works Grants</u>										
State Aid Program	0	0	0	0	466,350	0	0	0	466,350	
Litter Program	0	35,643	0	0	0	0	0	0	35,643	
<u>Other State Revenues</u>										
Income Tax	81,877	16,781	0	0	0	18,329	0	0	116,987	
Beer Tax	17,778	0	0	0	0	0	0	0	17,778	
Alcoholic Beverage Tax	68,199	0	0	0	0	0	0	0	68,199	
Mixed Drink Tax	4,809	0	0	0	0	0	0	0	4,809	
State Revenue Sharing - T.V.A.	150,000	0	0	0	21,000	0	0	0	171,000	
Contracted Prisoner Boarding	1,093,510	0	0	0	0	0	0	0	1,093,510	
Gasoline and Motor Fuel Tax	0	0	0	0	1,950,515	0	0	0	1,950,515	

(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	Constitu- tional Officers - Fees	Highway/ Public Works			
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Petroleum Special Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,290	\$ 0	\$ 0	\$ 31,290
Registrar's Salary Supplement	20,475	0	0	0	0	0	0	20,475
Other State Grants	214,987	0	0	0	0	0	0	214,987
Total State of Tennessee	\$ 1,714,634	\$ 88,474	\$ 0	\$ 0	\$ 2,469,155	\$ 18,329	\$ 0	\$ 4,290,592
<u>Federal Government</u>								
<u>Federal Through State</u>								
Law Enforcement Grants	\$ 5,803	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,803
Other Federal through State	821,841	0	0	0	0	0	0	821,841
<u>Direct Federal Revenue</u>								
Forest Service	11,000	0	0	0	292,674	0	0	303,674
Other Direct Federal Revenue	208,744	0	0	0	0	0	0	208,744
Total Federal Government	\$ 1,047,388	\$ 0	\$ 0	\$ 0	\$ 292,674	\$ 0	\$ 0	\$ 1,340,062
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,400	\$ 0	\$ 0	\$ 2,400
Contributions	158,701	0	0	0	0	322,298	0	480,999
<u>Citizens Groups</u>								
Donations	11,892	0	2,000	0	0	0	0	13,892
Other	0	0	3,280	0	0	74,604	0	77,884
Total Other Governments and Citizens Groups	\$ 170,593	\$ 0	\$ 5,280	\$ 0	\$ 2,400	\$ 396,902	\$ 0	\$ 575,175
<u>Total</u>	\$ 14,987,038	\$ 1,892,043	\$ 246,756	\$ 8,328	\$ 3,426,549	\$ 4,082,781	\$ 47,886	\$ 24,691,381

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, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,132,328	\$ 0	\$ 0	\$ 0	\$ 4,132,328
Trustee's Collections - Prior Year	194,643	0	0	0	194,643
Circuit/Clerk & Master Collections - Prior Years	109,541	0	0	0	109,541
Interest and Penalty	39,717	0	0	0	39,717
Pick-up Taxes	18,853	0	0	0	18,853
Payments in-Lieu-of Taxes - T.V.A.	44,531	0	0	0	44,531
Payments in-Lieu-of Taxes - Local Utilities	198,543	0	0	0	198,543
Payments in-Lieu-of Taxes - Other	3,212	0	0	0	3,212
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,096,123	0	0	0	3,096,123
Business Tax	73,599	0	0	0	73,599
Other County Local Option Taxes	470	0	0	0	470
<u>Statutory Local Taxes</u>					
Bank Excise Tax	28,085	0	0	0	28,085
Interstate Telecommunications Tax	3,441	0	0	0	3,441
Total Local Taxes	\$ 7,943,086	\$ 0	\$ 0	\$ 0	\$ 7,943,086
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,791	\$ 0	\$ 0	\$ 0	\$ 2,791
Total Licenses and Permits	\$ 2,791	\$ 0	\$ 0	\$ 0	\$ 2,791
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 5,100	\$ 0	\$ 0	\$ 0	\$ 5,100
Transportation - Other State Systems	247,793	0	0	0	247,793
School Based Health Services - FFS	247,902	0	0	0	247,902
Receipts from Individual Schools	60,664	0	0	0	60,664
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	820,257	0	820,257
Total Charges for Current Services	\$ 561,459	\$ 0	\$ 820,257	\$ 0	\$ 1,381,716
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 408	\$ 0	\$ 472	\$ 0	\$ 880
Lease/Rentals	900	0	0	0	900
Miscellaneous Refunds	23	0	604	0	627
<u>Nonrecurring Items</u>					
Sale of Equipment	4,498	0	0	0	4,498
Damages Recovered from Individuals	440	0	0	0	440
Contributions and Gifts	475	0	0	0	475
<u>Other Local Revenues</u>					
Other Local Revenues	260,584	0	4,360	0	264,944
Total Other Local Revenues	\$ 267,328	\$ 0	\$ 5,436	\$ 0	\$ 272,764
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 201,069	\$ 0	\$ 0	\$ 0	\$ 201,069

(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 (Cont.)</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 22,945,700	\$ 0	\$ 0	\$ 0	\$ 22,945,700
Basic Education Program - ARRA	1,000,300	0	0	0	1,000,300
Early Childhood Education	281,226	0	0	0	281,226
School Food Service	27,236	0	0	0	27,236
Driver Education	23,275	0	0	0	23,275
Other State Education Funds	29,988	0	0	0	29,988
Coordinated School Health - ARRA	160,000	0	0	0	160,000
Internet Connectivity - ARRA	19,604	0	0	0	19,604
Family Resource Centers - ARRA	33,300	0	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	13,428	0	0	0	13,428
Career Ladder Program	213,146	0	0	0	213,146
Career Ladder - Extended Contract - ARRA	70,800	0	0	0	70,800
<u>Other State Revenues</u>					
Income Tax	47,460	0	0	0	47,460
Mixed Drink Tax	3,838	0	0	0	3,838
State Revenue Sharing - T.V.A.	1,195,309	0	0	0	1,195,309
Safe Schools - ARRA	30,172	0	0	0	30,172
Other State Revenues	24,650	0	0	0	24,650
Total State of Tennessee	\$ 26,320,501	\$ 0	\$ 0	\$ 0	\$ 26,320,501
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,311,796	\$ 0	\$ 1,311,796
Breakfast	0	0	440,055	0	440,055
USDA Food Service Equipment Grant - ARRA	0	0	21,000	0	21,000
Adult Education State Grant Program	65,795	0	0	0	65,795
Vocational Education - Basic Grants to States	0	136,880	0	0	136,880
Title I Grants to Local Education Agencies	0	1,511,491	0	0	1,511,491
Special Education - Grants to States	111,386	1,581,381	0	0	1,692,767
Special Education Preschool Grants	0	73,923	0	0	73,923
English Language Acquisition Grants	0	11,215	0	0	11,215
Safe and Drug-free Schools - State Grants	0	22,751	0	0	22,751
Rural Education	0	90,824	0	0	90,824
Education for Homeless Children and Youth	0	864	0	0	864
Eisenhower Professional Development State Grants	0	220,921	0	0	220,921
Other Federal through State	0	46,387	0	0	46,387
Total Federal Government	\$ 177,181	\$ 3,696,637	\$ 1,772,851	\$ 0	\$ 5,646,669
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 857,572	\$ 857,572
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 857,572	\$ 857,572
Total	\$ 35,272,346	\$ 3,696,637	\$ 2,598,544	\$ 857,572	\$ 42,425,099

Exhibit K-7

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Secretary to Board	\$	2,500	
Board and Committee Members Fees		47,699	
Social Security		2,957	
Employer Medicare		692	
Audit Services		11,688	
Consultants		678	
Contracts with Private Agencies		5,685	
Building and Contents Insurance		115,326	
Indirect Cost		29,928	
Premiums on Corporate Surety Bonds		385	
Workers' Compensation Insurance		1,608	
Tax Relief Program		56,880	
Other Charges		49,933	
Total County Commission			\$ 325,959

Board of Equalization

Board and Committee Members Fees	\$	1,050	
Legal Notices, Recording, and Court Costs		72	
Total Board of Equalization			1,122

County Mayor/Executive

County Official/Administrative Officer	\$	80,144	
Assistant(s)		26,550	
Deputy(ies)		24,341	
Social Security		7,396	
State Retirement		8,371	
Employee and Dependent Insurance		22,557	
Life Insurance		171	
Employer Medicare		1,730	
Communication		4,027	
Dues and Memberships		100	
Operating Lease Payments		959	
Maintenance and Repair Services - Office Equipment		165	
Travel		1,353	
Office Supplies		2,137	
Workers' Compensation Insurance		1,320	
Other Charges		366	
Office Equipment		3,052	
Total County Mayor/Executive			184,739

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Legal Services	\$ 21,054	
Total County Attorney		\$ 21,054

Election Commission

Supervisor/Director	\$ 57,559	
Deputy(ies)	26,550	
Clerical Personnel	348	
Election Commission	9,000	
Election Workers	20,491	
Social Security	5,671	
State Retirement	5,644	
Employee and Dependent Insurance	15,038	
Life Insurance	114	
Employer Medicare	1,326	
Communication	2,497	
Data Processing Services	10,345	
Legal Notices, Recording, and Court Costs	2,342	
Maintenance Agreements	18,648	
Maintenance and Repair Services - Office Equipment	475	
Postal Charges	6,545	
Travel	8,005	
Data Processing Supplies	3,702	
Office Supplies	5,435	
Workers' Compensation Insurance	1,422	
Other Charges	1,814	
Other Equipment	3,450	
Total Election Commission		206,421

Register of Deeds

County Official/Administrative Officer	\$ 63,954
Assistant(s)	26,550
Deputy(ies)	94,712
Part-time Personnel	4,562
Social Security	11,733
State Retirement	12,428
Employee and Dependent Insurance	45,715
Life Insurance	347
Employer Medicare	2,744
Communication	2,782
Dues and Memberships	647

(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.)

Maintenance Agreements	\$	27,325	
Postal Charges		3,500	
Office Supplies		28,979	
Workers' Compensation Insurance		1,179	
Other Charges		33	
Total Register of Deeds			\$ 327,190

Codes Compliance

County Official/Administrative Officer	\$	15,299	
Clerical Personnel		2,045	
Part-time Personnel		11,396	
Board and Committee Members Fees		2,400	
Social Security		1,832	
State Retirement		1,164	
Employer Medicare		429	
Communication		895	
Travel		252	
Office Supplies		673	
Workers' Compensation Insurance		100	
Other Charges		153	
Office Equipment		2,901	
Total Codes Compliance			39,539

Geographical Information Systems

Supervisor/Director	\$	35,020	
Social Security		1,663	
State Retirement		2,350	
Employee and Dependent Insurance		7,519	
Life Insurance		57	
Employer Medicare		389	
Communication		2,684	
Dues and Memberships		200	
Licenses		5,255	
Maintenance Agreements		9,124	
Maintenance and Repair Services - Office Equipment		75	
Travel		212	
Office Supplies		1,702	
Workers' Compensation Insurance		100	
Other Charges		13,760	
Office Equipment		44	
Total Geographical Information Systems			80,154

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

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		6,384	
State Retirement		6,296	
Employee and Dependent Insurance		30,075	
Life Insurance		200	
Employer Medicare		1,493	
Communication		7,227	
Maintenance Agreements		15,108	
Maintenance and Repair Services - Buildings		121,679	
Rentals		4,800	
Other Contracted Services		18,652	
Custodial Supplies		9,603	
Electricity		100,042	
Natural Gas		13,162	
Water and Sewer		14,430	
Workers' Compensation Insurance		2,000	
Other Charges		63,356	
Total County Buildings			\$ 518,352

Other General Administration

Contracts with Government Agencies	\$	6,300	
Legal Notices, Recording, and Court Costs		2,332	
Maintenance and Repair Services - Vehicles		296	
Duplicating Supplies		1,263	
Gasoline		5,335	
Administration Equipment		18,211	
Total Other General Administration			33,737

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	79,144	
Assistant(s)		32,960	
Accountants/Bookkeepers		246,492	
Social Security		21,845	
State Retirement		24,308	
Employee and Dependent Insurance		82,767	

(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.)

Life Insurance	\$	627	
Employer Medicare		5,107	
Communication		9,264	
Contracts with Private Agencies		3,128	
Data Processing Services		10,740	
Maintenance and Repair Services - Equipment		407	
Postal Charges		4,038	
Travel		1,559	
Office Supplies		10,126	
Workers' Compensation Insurance		805	
Other Charges		1,977	
Office Equipment		13,437	
Total Accounting and Budgeting			\$ 548,731

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		10,302	
State Retirement		11,252	
Employee and Dependent Insurance		37,594	
Life Insurance		285	
Employer Medicare		2,409	
Communication		5,662	
Data Processing Services		7,081	
Dues and Memberships		1,490	
Operating Lease Payments		2,063	
Maintenance and Repair Services - Vehicles		156	
Postal Charges		2,992	
Travel		1,004	
Gasoline		1,624	
Office Supplies		1,965	
Workers' Compensation Insurance		1,500	
Other Charges		222	
Office Equipment		448	
Total Property Assessor's Office			255,733

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Clerical Personnel	\$	50,680	
Social Security		3,068	
State Retirement		3,401	
Employee and Dependent Insurance		15,038	
Life Insurance		114	
Employer Medicare		718	
Data Processing Services		5,500	
Postal Charges		252	
Travel		114	
Office Supplies		943	
Workers' Compensation Insurance		60	
Other Charges		1	
Office Equipment		518	
Total Reappraisal Program			\$ 80,407

County Trustee's Office

County Official/Administrative Officer	\$	63,954	
Assistant(s)		26,550	
Deputy(ies)		63,800	
Part-time Personnel		15,000	
Social Security		9,597	
State Retirement		10,105	
Employee and Dependent Insurance		33,805	
Life Insurance		256	
Employer Medicare		2,245	
Communication		4,085	
Legal Notices, Recording, and Court Costs		486	
Maintenance Agreements		1,976	
Maintenance and Repair Services - Office Equipment		85	
Postal Charges		3,702	
Other Contracted Services		20,242	
Office Supplies		4,905	
Workers' Compensation Insurance		1,800	
Other Charges		8,638	
Office Equipment		2,635	
Total County Trustee's Office			273,866

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)	\$	164,248	
Part-time Personnel		12,000	
Social Security		16,393	
State Retirement		16,240	
Employee and Dependent Insurance		63,309	
Life Insurance		480	
Employer Medicare		3,834	
Communication		6,352	
Dues and Memberships		512	
Operating Lease Payments		3,375	
Legal Notices, Recording, and Court Costs		421	
Maintenance and Repair Services - Office Equipment		20,728	
Postal Charges		10,500	
Travel		700	
Office Supplies		3,518	
Workers' Compensation Insurance		1,936	
Other Charges		83	
Total County Clerk's Office	\$		415,133

Other Finance

Social Security	\$	683	
State Retirement		762	
Employer Medicare		160	
Trustee's Commission		182,850	
Total Other Finance			184,455

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,954	
Assistant(s)		53,098	
Deputy(ies)		304,653	
Part-time Personnel		24,613	
Other Salaries and Wages		32,572	
Jury and Witness Expense		18,365	
Social Security		29,036	
State Retirement		30,550	
Employee and Dependent Insurance		112,783	
Life Insurance		855	
Employer Medicare		6,791	
Communication		13,782	

(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.)

Operating Lease Payments	\$	11,520	
Legal Notices, Recording, and Court Costs		200	
Maintenance Agreements		29,446	
Maintenance and Repair Services - Office Equipment		200	
Postal Charges		7,819	
Travel		2,083	
Office Supplies		25,778	
Workers' Compensation Insurance		1,893	
Other Charges		3,015	
Data Processing Equipment		613	
Office Equipment		3,200	
Total Circuit Court			\$ 776,819

General Sessions Judge

Judge(s)	\$	138,675	
Secretary(ies)		26,550	
Part-time Personnel		1,876	
Social Security		8,328	
State Retirement		11,087	
Employee and Dependent Insurance		15,038	
Life Insurance		114	
Employer Medicare		2,366	
Communication		3,926	
Operating Lease Payments		2,477	
Maintenance and Repair Services - Office Equipment		55	
Postal Charges		8	
Travel		1,085	
Library Books/Media		1,053	
Office Supplies		2,026	
Workers' Compensation Insurance		2,800	
Other Charges		365	
Office Equipment		225	
Total General Sessions Judge			218,054

Chancery Court

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		76,222	
In-Service Training		51	
Social Security		8,684	
State Retirement		9,406	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Employee and Dependent Insurance	\$	30,075	
Life Insurance		228	
Employer Medicare		2,031	
Communication		5,927	
Dues and Memberships		682	
Maintenance Agreements		13,429	
Postal Charges		3,500	
Office Supplies		7,386	
Workers' Compensation Insurance		1,828	
Office Equipment		1,056	
Total Chancery Court			\$ 224,459

Probate Court

Deputy(ies)	\$	23,946	
In-Service Training		17	
Social Security		1,478	
State Retirement		1,607	
Employee and Dependent Insurance		7,519	
Life Insurance		57	
Employer Medicare		346	
Communication		695	
Postal Charges		500	
Office Supplies		1,060	
Workers' Compensation Insurance		55	
Office Equipment		48	
Total Probate Court			37,328

Other Administration of Justice

Other Salaries and Wages	\$	1,713	
Legal Notices, Recording, and Court Costs		2,727	
Postal Charges		6,500	
Total Other Administration of Justice			10,940

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	75,350	
Assistant(s)		31,837	
Supervisor/Director		35,523	
Deputy(ies)		386,252	
Investigator(s)		176,865	

(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.)

Captain(s)	\$	148,574	
Sergeant(s)		126,743	
Accountants/Bookkeepers		26,550	
Secretary(ies)		58,672	
Clerical Personnel		50,345	
Part-time Personnel		14,264	
School Resource Officer		104,418	
Overtime Pay		91,735	
Other Salaries and Wages		62,126	
In-Service Training		19,800	
Social Security		85,778	
State Retirement		90,360	
Employee and Dependent Insurance		256,498	
Life Insurance		2,048	
Employer Medicare		20,061	
Communication		27,200	
Forest Resource Services		9,625	
Operating Lease Payments		7,891	
Maintenance Agreements		3,878	
Maintenance and Repair Services - Equipment		3,005	
Maintenance and Repair Services - Vehicles		35,085	
Postal Charges		2,783	
Travel		5,053	
Tuition		3,291	
Animal Food and Supplies		1,781	
Gasoline		143,811	
Office Supplies		10,745	
Tires and Tubes		13,979	
Uniforms		27,389	
Other Supplies and Materials		10,500	
Workers' Compensation Insurance		14,279	
Other Charges		10,198	
Communication Equipment		107	
Law Enforcement Equipment		67,787	
Motor Vehicles		60,000	
Office Equipment		28,931	
Total Sheriff's Department			\$ 2,351,117
<u>Administration of the Sexual Offender Registry</u>			
Office Supplies	\$	289	

(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 (Cont.)

Other Charges	\$	450	
Office Equipment		<u>615</u>	
Total Administration of the Sexual Offender Registry	\$		1,354

Jail

Assistant(s)	\$	42,449	
Captain(s)		35,803	
Lieutenant(s)		64,389	
Sergeant(s)		126,496	
Accountants/Bookkeepers		26,502	
Guards		521,022	
Cafeteria Personnel		37,707	
Part-time Personnel		42,048	
Overtime Pay		46,678	
Social Security		57,189	
State Retirement		59,085	
Employee and Dependent Insurance		206,622	
Life Insurance		1,624	
Employer Medicare		13,375	
Communication		1,295	
Maintenance Agreements		2,041	
Maintenance and Repair Services - Equipment		2,095	
Travel		6,831	
Custodial Supplies		37,159	
Drugs and Medical Supplies		422,494	
Electricity		52,206	
Food Supplies		193,428	
Natural Gas		18,721	
Office Supplies		1,267	
Prisoners Clothing		4,584	
Water and Sewer		73,564	
Workers' Compensation Insurance		14,279	
Other Charges		6,999	
Building Improvements		8,041	
Office Equipment		4,337	
Other Equipment		<u>2,594</u>	
Total Jail			2,132,924

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		3,201	
State Retirement		3,570	
Employee and Dependent Insurance		15,038	
Life Insurance		114	
Employer Medicare		749	
Communication		1,377	
Dues and Memberships		30	
Travel		3,821	
Other Contracted Services		5,640	
Office Supplies		814	
Workers' Compensation Insurance		116	
Total Juvenile Services			\$ 87,675

Commissary

Communication	\$	2,002	
Food Supplies		135,321	
Office Supplies		2,181	
Uniforms		498	
Other Charges		60	
Office Equipment		362	
Total Commissary			140,424

Fire Prevention and Control

Contributions	\$	4,670	
Other Contracted Services		14,088	
Workers' Compensation Insurance		14,781	
Other Charges		120,000	
Total Fire Prevention and Control			153,539

Rescue Squad

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

Other Emergency Management

Social Security	\$	641	
State Retirement		775	
Employer Medicare		150	
Communication		12,205	
Maintenance and Repair Services - Vehicles		757	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management (Cont.)

Other Contracted Services	\$	11,551	
Office Supplies		4,560	
Uniforms		740	
Other Charges		194,728	
Total Other Emergency Management	\$		226,107

County Coroner/Medical Examiner

Assistant(s)	\$	1,800	
Supervisor/Director		2,200	
Medical Personnel		4,800	
Other Charges		37,847	
Total County Coroner/Medical Examiner			46,647

Other Public Safety

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

Public Health and Welfare

Local Health Center

Other Salaries and Wages	\$	10,680	
Communication		10,928	
Janitorial Services		5,260	
Operating Lease Payments		9,433	
Postal Charges		4,264	
Other Contracted Services		3,095	
Custodial Supplies		499	
Drugs and Medical Supplies		1,286	
Office Supplies		5,958	
Periodicals		30	
Other Charges		6,644	
Total Local Health Center			58,077

Rabies and Animal Control

Assistant(s)	\$	21,446	
Supervisor/Director		26,523	
Social Security		2,967	
State Retirement		2,128	
Employee and Dependent Insurance		10,045	
Life Insurance		76	
Employer Medicare		694	

(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.)

Communication	\$	4,400	
Postal Charges		150	
Rentals		2,400	
Travel		1,363	
Veterinary Services		39,298	
Custodial Supplies		3,597	
Electricity		4,294	
Gasoline		3,244	
Natural Gas		398	
Office Supplies		2,997	
Water and Sewer		3,272	
Workers' Compensation Insurance		1,808	
Other Charges		419	
Total Rabies and Animal Control			\$ 131,519

Ambulance/Emergency Medical Services

Supervisor/Director	\$	49,173
Paraprofessionals		1,195,329
Secretary(ies)		59,274
Social Security		79,363
State Retirement		76,034
Employee and Dependent Insurance		216,875
Life Insurance		1,644
Employer Medicare		18,561
Communication		11,763
Contracts with Private Agencies		9,769
Evaluation and Testing		2,017
Operating Lease Payments		1,924
Licenses		2,250
Maintenance Agreements		2,561
Maintenance and Repair Services - Equipment		7,671
Maintenance and Repair Services - Vehicles		41,497
Postal Charges		1,760
Tuition		21,863
Other Contracted Services		129,950
Custodial Supplies		3,214
Diesel Fuel		72,757
Drugs and Medical Supplies		85,957
Electricity		11,180
Office Supplies		1,552

(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.)

Tires and Tubes	\$	10,072	
Uniforms		7,044	
Water and Sewer		521	
Workers' Compensation Insurance		37,644	
Other Charges		18,353	
Attendance Equipment		5,773	
Communication Equipment		1,330	
Office Equipment		7,737	
Total Ambulance/Emergency Medical Services	\$		2,192,412

Dental Health Program

Assistant(s)	\$	87,671	
Supervisor/Director		173,968	
Deputy(ies)		35,851	
Clerical Personnel		15,687	
Social Security		19,316	
State Retirement		9,797	
Employee and Dependent Insurance		32,551	
Life Insurance		238	
Employer Medicare		4,518	
Communication		4,951	
Contracts with Private Agencies		633	
Dues and Memberships		841	
Janitorial Services		2,046	
Maintenance and Repair Services - Buildings		225	
Maintenance and Repair Services - Equipment		2,745	
Postal Charges		505	
Travel		69	
Other Contracted Services		9,750	
Drugs and Medical Supplies		36,354	
Gasoline		167	
Office Supplies		5,887	
Uniforms		1,530	
Liability Insurance		3,860	
Workers' Compensation Insurance		1,644	
In Service/Staff Development		166	
Other Charges		1,702	
Building Improvements		10,611	
Office Equipment		8,512	
Total Dental Health Program			471,795

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs

Other Charges	\$ 11,998	
Total Alcohol and Drug Programs		\$ 11,998

Crippled Children Services

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

Other Local Health Services

Assistant(s)	\$ 29,693	
Deputy(ies)	30,746	
Teachers	28,687	
Guidance Personnel	10,560	
Social Workers	28,017	
Medical Personnel	13,886	
Secretary(ies)	20,616	
Educational Assistants	23,306	
Attendants	27,300	
Longevity Pay	3,017	
Overtime Pay	698	
Other Salaries and Wages	21,703	
Social Security	14,200	
State Retirement	12,382	
Employee and Dependent Insurance	52,632	
Life Insurance	399	
Employer Medicare	3,321	
Travel	12,743	
Other Contracted Services	8,052	
Office Supplies	235	
Other Supplies and Materials	970	
Liability Insurance	1,067	
Workers' Compensation Insurance	500	
Total Other Local Health Services		344,730

General Welfare Assistance

Social Workers	\$ 24,754
Social Security	1,489
State Retirement	1,661
Employee and Dependent Insurance	7,519
Life Insurance	57
Employer Medicare	348

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance (Cont.)

Pauper Burials	\$	1,750	
Workers' Compensation Insurance		<u>55</u>	
Total General Welfare Assistance	\$		37,633

Aid to Dependent Children

Contracts with Private Agencies	\$	<u>963</u>	
Total Aid to Dependent Children			963

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$	30,000	
Other Contracted Services		<u>8,000</u>	
Total Senior Citizens Assistance			38,000

Libraries

Contributions	\$	113,374	
Maintenance Agreements		<u>7,128</u>	
Total Libraries			120,502

Other Social, Cultural, and Recreational

Contributions	\$	<u>190,265</u>	
Total Other Social, Cultural, and Recreational			190,265

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	15,593	
Assistant(s)		13,085	
Supervisor/Director		12,704	
Clerical Personnel		11,042	
Other Salaries and Wages		6,956	
Social Security		2,610	
State Retirement		4,822	
Employer Medicare		740	
Communication		5,013	
Operating Lease Payments		1,431	
Office Supplies		<u>700</u>	
Total Agriculture Extension Service			74,696

Soil Conservation

Secretary(ies)	\$	24,750	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Social Security	\$	1,522	
State Retirement		1,259	
Employee and Dependent Insurance		6,917	
Life Insurance		52	
Employer Medicare		356	
Contributions		2,042	
Dues and Memberships		25	
Instructional Supplies and Materials		75	
Office Supplies		132	
Workers' Compensation Insurance		44	
Total Soil Conservation			\$ 37,174

Flood Control

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

Other Operations

Tourism

Supervisor/Director	\$	39,254	
Custodial Personnel		2,350	
Part-time Personnel		20,430	
Social Security		3,807	
State Retirement		2,634	
Employee and Dependent Insurance		7,519	
Life Insurance		57	
Employer Medicare		890	
Advertising		43,585	
Communication		9,207	
Dues and Memberships		2,086	
Operating Lease Payments		3,700	
Maintenance Agreements		1,625	
Postal Charges		1,999	
Travel		5,527	
Custodial Supplies		1,336	
Electricity		4,538	
Office Supplies		1,577	
Water and Sewer		1,699	
Other Supplies and Materials		27,681	
Workers' Compensation Insurance		100	
Other Charges		3,850	
Total Tourism			185,451

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Supervisor/Director	\$	57,868	
Secretary(ies)		25,776	
Social Security		5,137	
State Retirement		5,613	
Employee and Dependent Insurance		15,038	
Life Insurance		114	
Employer Medicare		1,201	
Advertising		13,237	
Communication		5,221	
Dues and Memberships		3,773	
Legal Services		5,200	
Maintenance and Repair Services - Equipment		332	
Maintenance and Repair Services - Vehicles		35	
Postal Charges		698	
Travel		9,295	
Office Supplies		4,070	
Workers' Compensation Insurance		1,288	
Other Charges		7,828	
Office Equipment		1,625	
Total Industrial Development	\$		163,349

Housing and Urban Development

Building Improvements	\$	251,770	
Total Housing and Urban Development			251,770

Other Economic and Community Development

Contracts with Other Public Agencies	\$	195,891	
Other Contracted Services		66,271	
Other Charges		54,727	
Total Other Economic and Community Development			316,889

Airport

Communication	\$	1,670	
Maintenance Agreements		8,513	
Maintenance and Repair Services - Equipment		1,100	
Other Contracted Services		10,805	
Electricity		2,342	
Other Charges		9,034	
Airport Improvement		254,476	
Total Airport			287,940

(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		615	
Postal Charges		300	
Travel		393	
Office Supplies		33	
Total Veterans' Services			\$ 21,773

Other Charges

Social Security	\$	445	
Employer Medicare		104	
Operating Lease Payments		1,560	
Postal Charges		128	
Other Contracted Services		7,176	
Other Supplies and Materials		1,178	
Other Charges		4,741	
Total Other Charges			15,332

Contributions to Other Agencies

Contributions	\$	11,001	
Total Contributions to Other Agencies			11,001

Employee Benefits

Longevity Pay	\$	116,392	
Social Security		7,216	
State Retirement		7,133	
Employee and Dependent Insurance		2,425	
Medical Insurance		3,748	
Unemployment Compensation		52,050	
Employer Medicare		1,688	
Total Employee Benefits			190,652

Miscellaneous

On-Behalf Payments to OPEB	\$	3,503	
Maintenance and Repair Services - Buildings		2,400	
Total Miscellaneous			5,903

(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	\$ 8,691	
Total Public Safety Projects		\$ 8,691

Total General Fund \$ 15,236,489

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$ 42,425	
Laborers	48,692	
Clerical Personnel	24,505	
Longevity Pay	10,700	
Social Security	7,520	
State Retirement	8,476	
Employee and Dependent Insurance	30,075	
Life Insurance	202	
Unemployment Compensation	883	
Employer Medicare	1,759	
Advertising	172	
Communication	6,535	
Contracts with Private Agencies	817,723	
Dues and Memberships	1,170	
Maintenance and Repair Services - Equipment	6,662	
Postal Charges	16	
Travel	1,802	
Gasoline	15,809	
Office Supplies	690	
Tires and Tubes	1,579	
Utilities	3,701	
Other Supplies and Materials	2,143	
Trustee's Commission	29,517	
Other Charges	4,133	
Office Equipment	995	
Total Sanitation Education/Information		\$ 1,067,884

Convenience Centers

Attendants	\$ 141,998
Social Security	8,681
State Retirement	5,176
Employee and Dependent Insurance	29,444

(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	\$	223	
Employer Medicare		2,030	
Communication		1,625	
Contracts with Private Agencies		15,407	
Maintenance and Repair Services - Equipment		697	
Other Contracted Services		401,811	
Crushed Stone		2,155	
Fertilizer, Lime, and Seed		556	
Pipe - Concrete		2,172	
Utilities		5,355	
Other Supplies and Materials		9,249	
Liability Insurance		25,421	
Workers' Compensation Insurance		6,490	
Other Charges		12,978	
Solid Waste Equipment		208	
Total Convenience Centers			\$ 671,676

Postclosure Care Costs

Testing	\$	19,000	
Other Charges		600	
Total Postclosure Care Costs			19,600

Highways

Litter and Trash Collection

Laborers	\$	23,556	
Social Security		1,409	
State Retirement		1,581	
Employee and Dependent Insurance		7,519	
Life Insurance		57	
Employer Medicare		330	
Advertising		10,100	
Total Litter and Trash Collection			44,552

Total Solid Waste/Sanitation Fund \$ 1,803,712

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	47,070	
Social Security		2,912	

(Continued)

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

State Retirement	\$	3,158	
Employee and Dependent Insurance		9,414	
Life Insurance		71	
Employer Medicare		681	
Communication		725	
Confidential Drug Enforcement Payments		12,000	
Office Supplies		2,028	
Other Supplies and Materials		349	
Trustee's Commission		205	
Fines, Assessments, and Penalties		3,678	
Other Charges		79,562	
Office Equipment		<u>1,241</u>	
Total Drug Enforcement			<u>\$ 163,094</u>

Total Drug Control Fund \$ 163,094

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	<u>1,818</u>	
Total County Trustee's Office			\$ 1,818

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	<u>6,510</u>	
Total Chancery Court			<u>6,510</u>

Total Constitutional Officers - Fees Fund 8,328

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		22,507	
Life Insurance		171	
Employer Medicare		1,847	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Communication	\$	7,378	
Dues and Memberships		4,279	
Maintenance and Repair Services - Office Equipment		1,258	
Postal Charges		220	
Electricity		15,387	
Gasoline		214,372	
Natural Gas		2,891	
Office Supplies		1,061	
Water and Sewer		3,658	
Other Charges		2,212	
Total Administration			\$ 421,685

Highway and Bridge Maintenance

Foremen	\$	36,655	
Laborers		752,799	
Social Security		48,761	
State Retirement		50,818	
Employee and Dependent Insurance		230,588	
Life Insurance		1,734	
Employer Medicare		11,404	
Other Contracted Services		13,662	
Asphalt - Hot Mix		638,886	
Asphalt - Liquid		232,941	
Crushed Stone		250,511	
Other Road Supplies		890	
Pipe - Metal		11,131	
Road Signs		954	
Total Highway and Bridge Maintenance			2,281,734

Operation and Maintenance of Equipment

Foremen	\$	29,465	
Mechanic(s)		25,186	
Social Security		3,381	
State Retirement		3,689	
Employee and Dependent Insurance		15,038	
Life Insurance		114	
Employer Medicare		791	
Diesel Fuel		85,492	
Equipment and Machinery Parts		85,724	
Garage Supplies		7,497	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Gasoline	\$	53,364	
Lubricants		10,677	
Propane Gas		70	
Tires and Tubes		31,040	
Total Operation and Maintenance of Equipment	\$		351,528

Other Charges

Building and Contents Insurance	\$	50,000	
Liability Insurance		31,000	
Trustee's Commission		32,555	
Vehicle and Equipment Insurance		44,448	
Workers' Compensation Insurance		31,154	
Total Other Charges			189,157

Employee Benefits

Unemployment Compensation	\$	8,564	
Total Employee Benefits			8,564

Capital Outlay

Bridge Construction	\$	149	
Highway Equipment		40,500	
State Aid Projects		576,315	
Total Capital Outlay			616,964

Total Highway/Public Works Fund \$ 3,869,632

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	1,095,000	
Principal on Notes		385,886	
Principal on Other Loans		125,000	
Total General Government	\$		1,605,886

Interest on Debt

General Government

Interest on Bonds	\$	1,009,875	
Interest on Notes		54,828	
Interest on Other Loans		914,451	
Total General Government			1,979,154

(Continued)

Exhibit K-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	58,822	
Other Debt Service		<u>136,276</u>	
Total General Government			<u>\$ 195,098</u>
Total General Debt Service Fund			\$ 3,780,138
<u>General Capital Projects Fund</u>			
<u>Other Operations</u>			
<u>Payments to Cities</u>			
Payments to Schools - Other	\$	<u>136,520</u>	
Total Payments to Cities			\$ 136,520
<u>Miscellaneous</u>			
Other Charges	\$	<u>24</u>	
Total Miscellaneous			24
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	<u>857,572</u>	
Total Education Capital Projects			<u>857,572</u>
Total General Capital Projects Fund			<u>994,116</u>
Total Governmental Funds - Primary Government			<u>\$ 25,855,509</u>

Exhibit K-8

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,866,496	
Career Ladder Program	130,108	
Career Ladder Extended Contracts	62,925	
Homebound Teachers	76,419	
Educational Assistants	496,150	
Other Salaries and Wages	193,651	
Certified Substitute Teachers	24,307	
Non-certified Substitute Teachers	129,388	
Social Security	707,253	
State Retirement	747,424	
Life Insurance	16,792	
Medical Insurance	2,325,487	
Employer Medicare	167,345	
Other Contracted Services	77,108	
Instructional Supplies and Materials	160,426	
Textbooks	284,367	
Other Supplies and Materials	41,593	
Fee Waivers	55,650	
Regular Instruction Equipment	100,245	
Total Regular Instruction Program		\$ 16,663,134

Alternative Instruction Program

Teachers	\$ 35,654	
Educational Assistants	14,557	
Social Security	3,039	
State Retirement	3,266	
Life Insurance	114	
Medical Insurance	5,715	
Employer Medicare	711	
Instructional Supplies and Materials	147	
Total Alternative Instruction Program		63,203

Special Education Program

Teachers	\$ 1,109,088
Career Ladder Program	13,248
Homebound Teachers	33,758
Educational Assistants	444,217
Speech Pathologist	175,638
Other Salaries and Wages	151,702

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Certified Substitute Teachers	\$	4,477	
Non-certified Substitute Teachers		23,756	
Social Security		113,709	
State Retirement		117,792	
Life Insurance		3,217	
Medical Insurance		418,202	
Employer Medicare		26,997	
Contracts with Other Public Agencies		211,704	
Other Contracted Services		79,187	
Instructional Supplies and Materials		25,691	
Other Supplies and Materials		14,145	
Other Charges		403	
Special Education Equipment		91,900	
Total Special Education Program			\$ 3,058,831

Vocational Education Program

Teachers	\$	959,263	
Career Ladder Program		10,000	
Educational Assistants		7,227	
Certified Substitute Teachers		3,425	
Non-certified Substitute Teachers		12,450	
Social Security		59,798	
State Retirement		62,227	
Life Insurance		1,282	
Medical Insurance		192,290	
Employer Medicare		13,985	
Instructional Supplies and Materials		13,905	
Other Supplies and Materials		1,591	
Other Charges		1,000	
Vocational Instruction Equipment		5,880	
Total Vocational Education Program			1,344,323

Adult Education Program

Teachers	\$	38,389	
Social Security		2,321	
State Retirement		2,158	
Employer Medicare		543	
Instructional Supplies and Materials		1,894	
Other Equipment		4,794	
Total Adult Education Program			50,099

(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	\$	27,858	
Employer Medicare		404	
Travel		905	
Other Supplies and Materials		102	
Total Attendance			\$ 29,269

Health Services

Supervisor/Director	\$	67,751	
Social Workers		42,094	
Medical Personnel		63,601	
Paraprofessionals		218,198	
Clerical Personnel		35,586	
Other Salaries and Wages		13,353	
In-Service Training		12,000	
Social Security		26,244	
State Retirement		26,738	
Life Insurance		735	
Medical Insurance		106,541	
Employer Medicare		6,138	
Other Fringe Benefits		1,708	
Travel		8,634	
Other Contracted Services		1,662	
Drugs and Medical Supplies		1,948	
Other Supplies and Materials		28,388	
Other Charges		208,310	
Health Equipment		1,971	
Total Health Services			871,600

Other Student Support

Career Ladder Program	\$	6,500	
Guidance Personnel		494,678	
Psychological Personnel		60,359	
School Resource Officer		97,618	
Longevity Pay		1,400	
Social Security		39,893	
State Retirement		42,734	
Life Insurance		886	
Medical Insurance		132,192	
Employer Medicare		9,329	

(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.)

Other Fringe Benefits	\$	767	
Evaluation and Testing		21,798	
Travel		4,839	
Other Contracted Services		60,063	
Other Supplies and Materials		4,666	
In Service/Staff Development		886	
Other Charges		300	
Other Equipment		36	
Total Other Student Support			\$ 978,944

Regular Instruction Program

Supervisor/Director	\$	153,487	
Career Ladder Program		7,000	
Librarians		454,501	
Instructional Computer Personnel		100,206	
Other Salaries and Wages		58,337	
In-Service Training		2,242	
Social Security		46,209	
State Retirement		49,968	
Life Insurance		980	
Medical Insurance		146,110	
Employer Medicare		10,807	
Travel		27,877	
Other Contracted Services		2,148	
Library Books/Media		46,483	
In Service/Staff Development		640	
Other Equipment		71,161	
Total Regular Instruction Program			1,178,156

Special Education Program

Supervisor/Director	\$	59,554
Career Ladder Program		3,000
Psychological Personnel		122,808
Assessment Personnel		44,944
Secretary(ies)		24,802
Longevity Pay		500
Social Security		15,353
State Retirement		16,483
Life Insurance		272

(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.)

Medical Insurance	\$	46,564	
Employer Medicare		3,591	
Maintenance and Repair Services - Equipment		3,828	
Travel		32,623	
Other Contracted Services		18,923	
Other Supplies and Materials		1,797	
In Service/Staff Development		5,355	
Total Special Education Program			\$ 400,397

Vocational Education Program

Supervisor/Director	\$	74,597	
Career Ladder Program		2,000	
Social Security		4,735	
State Retirement		4,918	
Life Insurance		57	
Medical Insurance		5,692	
Employer Medicare		1,107	
Travel		4,823	
Other Contracted Services		300	
Other Charges		191	
Total Vocational Education Program			98,420

Adult Programs

Supervisor/Director	\$	58,825	
Career Ladder Program		1,000	
Other Salaries and Wages		13,890	
Social Security		4,542	
State Retirement		3,841	
Life Insurance		57	
Medical Insurance		5,977	
Employer Medicare		1,062	
Travel		3,500	
In Service/Staff Development		1,019	
Total Adult Programs			93,713

Other Programs

On-Behalf Payments to OPEB	\$	201,069	
Total Other Programs			201,069

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Secretary to Board	\$	4,389	
Other Salaries and Wages		200	
Board and Committee Members Fees		39,134	
Social Security		2,690	
State Retirement		298	
Life Insurance		513	
Unemployment Compensation		66,257	
Employer Medicare		629	
Other Fringe Benefits		124,505	
Audit Services		10,300	
Dues and Memberships		9,729	
Legal Services		14,068	
Travel		11,437	
Liability Insurance		645	
Trustee's Commission		186,926	
Workers' Compensation Insurance		94,454	
Other Charges		10,095	
Total Board of Education			\$ 576,269

Director of Schools

County Official/Administrative Officer	\$	85,000	
Secretary(ies)		34,301	
Clerical Personnel		54,511	
Longevity Pay		1,200	
Social Security		10,371	
State Retirement		11,497	
Life Insurance		228	
Medical Insurance		32,105	
Employer Medicare		2,425	
Communication		33,649	
Dues and Memberships		608	
Postal Charges		1,582	
Travel		5,853	
Other Contracted Services		17,057	
Office Supplies		4,011	
Other Charges		2,488	
Total Director of Schools			296,886

(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.)

Office of the Principal

Principals	\$	688,127	
Career Ladder Program		14,000	
Assistant Principals		196,975	
Secretary(ies)		265,211	
Longevity Pay		4,310	
Social Security		69,448	
State Retirement		75,807	
Life Insurance		1,688	
Medical Insurance		228,268	
Employer Medicare		16,242	
Communication		29,889	
Postal Charges		5,900	
Administration Equipment		16,618	
Total Office of the Principal			\$ 1,612,483

Fiscal Services

Longevity Pay	\$	500	
Other Salaries and Wages		13,282	
Social Security		839	
State Retirement		925	
Life Insurance		26	
Medical Insurance		4,455	
Employer Medicare		200	
Total Fiscal Services			20,227

Operation of Plant

Custodial Personnel	\$	675,660
Longevity Pay		7,480
Other Salaries and Wages		23,173
Social Security		40,773
State Retirement		43,994
Life Insurance		1,721
Medical Insurance		203,554
Employer Medicare		9,535
Other Contracted Services		72,857
Custodial Supplies		174,189
Electricity		989,842
Natural Gas		224,973
Water and Sewer		124,759

(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.)

Building and Contents Insurance	\$	179,586	
Other Charges		39	
Plant Operation Equipment		17,749	
Total Operation of Plant			\$ 2,789,884

Maintenance of Plant

Supervisor/Director	\$	47,013	
Salary Supplements		6,000	
Secretary(ies)		26,364	
Maintenance Personnel		201,257	
Longevity Pay		2,890	
Overtime Pay		4,046	
Other Salaries and Wages		29,400	
Social Security		18,761	
State Retirement		20,704	
Life Insurance		610	
Medical Insurance		72,662	
Employer Medicare		4,388	
Maintenance and Repair Services - Buildings		61,227	
Maintenance and Repair Services - Equipment		22,216	
Other Contracted Services		168,510	
Other Supplies and Materials		275,159	
Other Charges		500	
Maintenance Equipment		15,309	
Total Maintenance of Plant			977,016

Transportation

Supervisor/Director	\$	39,947	
Social Security		2,453	
State Retirement		2,680	
Life Insurance		57	
Medical Insurance		7,991	
Employer Medicare		574	
Communication		517	
Contracts with Parents		29,653	
Contracts with Vehicle Owners		1,829,499	
Maintenance and Repair Services - Vehicles		33,937	
Travel		4,525	
Other Contracted Services		632	

(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.)

Other Supplies and Materials	\$	3,032	
Other Charges		4,285	
Transportation Equipment		43,510	
Total Transportation			\$ 2,003,292

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	60,782	
Cafeteria Personnel		33,671	
Other Salaries and Wages		1,022	
Social Security		5,730	
State Retirement		3,946	
Life Insurance		57	
Medical Insurance		11,346	
Employer Medicare		1,340	
Communication		724	
Travel		4,266	
Other Contracted Services		515	
Total Food Service			123,399

Community Services

Supervisor/Director	\$	30,072	
Social Security		1,853	
State Retirement		2,018	
Life Insurance		57	
Medical Insurance		5,332	
Employer Medicare		433	
Communication		1,234	
Travel		460	
Other Contracted Services		42,843	
Instructional Supplies and Materials		3,485	
Other Supplies and Materials		901	
Other Charges		2,563	
Total Community Services			91,251

Early Childhood Education

Teachers	\$	113,969	
Educational Assistants		45,522	
Non-certified Substitute Teachers		2,383	

(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 (Cont.)

Social Security	\$	9,799	
State Retirement		10,261	
Life Insurance		342	
Medical Insurance		29,368	
Employer Medicare		2,292	
Other Fringe Benefits		625	
Travel		860	
Instructional Supplies and Materials		57,025	
In Service/Staff Development		1,495	
Total Early Childhood Education			\$ 273,941

Principal on Debt

Education

Principal on Bonds	\$	395,000	
Total Education			395,000

Interest on Debt

Education

Interest on Bonds	\$	38,278	
Total Education			38,278

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	311,686	
Other Debt Service		229	
Total Education			311,915

Total General Purpose School Fund \$ 34,540,999

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	327,261	
Educational Assistants		401,256	
Certified Substitute Teachers		1,275	
Non-certified Substitute Teachers		10,200	
Social Security		42,990	
State Retirement		47,141	
Life Insurance		1,794	

(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.)

Medical Insurance	\$	218,362	
Employer Medicare		10,056	
Other Fringe Benefits		3,533	
Other Contracted Services		61,965	
Instructional Supplies and Materials		69,132	
Other Supplies and Materials		706	
Other Charges		23,981	
Regular Instruction Equipment		53,296	
Total Regular Instruction Program			\$ 1,272,948

Special Education Program

Teachers	\$	313,471	
Educational Assistants		410,723	
In-Service Training		24,395	
Social Security		42,448	
State Retirement		45,330	
Life Insurance		1,662	
Medical Insurance		173,640	
Employer Medicare		10,324	
Other Fringe Benefits		3,793	
Contracts with Other Public Agencies		214,983	
Instructional Supplies and Materials		109,323	
Special Education Equipment		65,076	
Total Special Education Program			1,415,168

Vocational Education Program

Clerical Personnel	\$	27,807	
Longevity Pay		500	
Social Security		1,736	
State Retirement		1,899	
Life Insurance		57	
Employer Medicare		406	
Other Fringe Benefits		166	
Other Supplies and Materials		22,693	
Vocational Instruction Equipment		45,314	
Total Vocational Education Program			100,578

(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

Health Services

Other Salaries and Wages	\$	33,139	
Social Security		2,055	
State Retirement		2,224	
Life Insurance		57	
Medical Insurance		6,574	
Employer Medicare		481	
Other Fringe Benefits		201	
Total Health Services			\$ 44,731

Other Student Support

Guidance Personnel	\$	8,807	
Other Salaries and Wages		10,745	
Social Security		1,178	
State Retirement		1,281	
Life Insurance		14	
Medical Insurance		2,767	
Employer Medicare		276	
Other Fringe Benefits		61	
Travel		23,013	
Other Contracted Services		10,776	
Other Supplies and Materials		91	
In Service/Staff Development		1,009	
Total Other Student Support			60,018

Regular Instruction Program

Supervisor/Director	\$	56,472	
Secretary(ies)		27,593	
Longevity Pay		500	
Other Salaries and Wages		119,732	
In-Service Training		123,479	
Social Security		20,047	
State Retirement		20,978	
Life Insurance		217	
Medical Insurance		16,602	
Employer Medicare		4,706	
Other Fringe Benefits		1,221	
Travel		44,556	
Other Supplies and Materials		2,607	
In Service/Staff Development		49,679	

(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.)

Other Charges	\$ 18,248	
Other Equipment	15,730	
Total Regular Instruction Program	\$ 522,367	

Special Education Program

Supervisor/Director	\$ 7,094	
Secretary(ies)	514	
Social Security	447	
State Retirement	490	
Employer Medicare	105	
Other Fringe Benefits	28	
Travel	16,675	
Other Contracted Services	36,737	
In Service/Staff Development	10,092	
Total Special Education Program	72,182	

Vocational Education Program

Supervisor/Director	\$ 4,832	
Social Security	299	
State Retirement	310	
Employer Medicare	70	
Travel	1,182	
Total Vocational Education Program	6,693	

Transportation

Contracts with Public Carriers	\$ 25,857	
Special Education Equipment	85,817	
Total Transportation	111,674	

Operation of Non-Instructional Services

Early Childhood Education

Educational Assistants	\$ 12,036	
Social Security	746	
State Retirement	589	
Life Insurance	51	
Medical Insurance	5,217	
Employer Medicare	175	
Other Fringe Benefits	63	
Total Early Childhood Education	18,877	

Total School Federal Projects Fund \$ 3,625,236

(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

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$	40,136	
Cafeteria Personnel		694,541	
Part-time Personnel		103,864	
Longevity Pay		14,130	
Other Salaries and Wages		50,672	
Social Security		51,838	
State Retirement		49,697	
Life Insurance		3,050	
Medical Insurance		320,258	
Employer Medicare		12,237	
Communication		6,717	
Maintenance and Repair Services - Equipment		12,965	
Other Contracted Services		40,762	
Food Supplies		1,234,010	
Other Supplies and Materials		149,531	
In Service/Staff Development		4,242	
Other Charges		3,272	
Food Service Equipment		85,824	
Total Food Service			\$ 2,877,746

Total Central Cafeteria Fund \$ 2,877,746

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	6,504	
Engineering Services		17,789	
Building Construction		659,238	
Regular Instruction Equipment		174,041	
Total Education Capital Projects			\$ 857,572

Total Education Capital Projects Fund 857,572

Total Governmental Funds - Monroe County School Department \$ 41,901,553

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, 2010

	Cities - Sales Tax Fund	City School ADA - Sweetwater Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,037,769	\$ 1,037,769
Trustee's Collections - Prior Years	0	59,955	59,955
Circuit/Clerk and Master Collections - Prior Years	0	27,845	27,845
Interest and Penalty	0	10,041	10,041
Pick-up Taxes	0	4,781	4,781
Payments in-Lieu-of Taxes - T.V.A.	0	10,873	10,873
Payments in-Lieu-of Taxes - Local Utilities	0	50,240	50,240
Payments in-Lieu-of Taxes - Other	0	655	655
Local Option Sales Tax	3,157,374	781,574	3,938,948
Business Tax	0	5,035	5,035
Other Local Option Taxes	0	119	119
Bank Excise Tax	0	7,096	7,096
Interstate Telecommunications Tax	0	812	812
Marriage Licenses	0	705	705
Income Tax	0	12,393	12,393
Mixed Drink Tax	0	970	970
State Revenue Sharing - T.V.A.	0	100,000	100,000
Contributions (Bond Proceeds)	0	1,306,235	1,306,235
Total Cash Receipts	<u>\$ 3,157,374</u>	<u>\$ 3,417,098</u>	<u>\$ 6,574,472</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,125,800	\$ 3,385,224	\$ 6,511,024
Trustee's Commission	31,574	31,874	63,448
Total Cash Disbursements	<u>\$ 3,157,374</u>	<u>\$ 3,417,098</u>	<u>\$ 6,574,472</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 0
Cash Balance, July 1, 2009	0	0	0
Cash Balance, June 30, 2010	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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

February 18, 2011

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, 2010, which collectively comprise Monroe County's basic financial statements and have issued our report thereon dated February 18, 2011. Our report includes a reference to 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. Other auditors audited the financial statements of the Monroe County Women's Wellness and Maternity Center and the Monroe County Emergency Communications District 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 or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 10.01.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.02 and 10.03.

Compliance and Other Matters

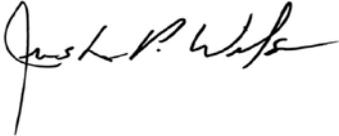
As part of obtaining reasonable assurance about whether Monroe County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

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

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

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 large initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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NASHVILLE, TENNESSEE 37243-1402
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

February 18, 2011

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, 2010. 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, 2010.

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, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

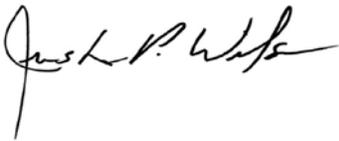
Schedule of Expenditures of Federal Awards

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, 2010, and have issued our report thereon dated February 18, 2011. 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.

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

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 long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Monroe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2010

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	\$ 119,074 (3)
School and Roads - Grants to States	10.665	N/A	292,674
ARRA-Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	21,000
Rural Business Enterprise Grants	10.769	N/A	25,000
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	440,055
National School Lunch Program	10.555	N/A	1,311,796 (3)
Total U.S. Department of Agriculture			<u>\$ 2,209,599</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-08-34	\$ 250,336
Total U.S. Department of Housing and Urban Development			<u>\$ 250,336</u>
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 49,604
Historic Preservation Fund Grants - In-Aid	15.904	N/A	8,284
Total Bureau of Land Management, Department of the Interior			<u>\$ 57,888</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 5,803
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	12,369
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to State and Territories	16.803	N/A	36,482
Total U.S. Department of Justice			<u>\$ 54,654</u>
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-09-21-3911-00	\$ 299,211
Highway Planning and Construction	20.205	(4)	29,544
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	(2)	5,000
Total U.S. Department of Highway Administration			<u>\$ 333,755</u>
Appalachian Regional Commission:			
Passed-through Tennessee Valley Authority:			
Appalachian Regional Development Program	23.001	(2)	\$ 184,641
Total Appalachian Regional Commission			<u>\$ 184,641</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 65,795
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	(2)	1,216,233
Title I Grants to Local Educational Agencies, Recovery Act	84.389	(2)	333,142
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	1,102,887
Special Education - Grants to States, Recovery Act	84.391	(2)	553,487
Special Education - Preschool Grants	84.173	(2)	28,180
Special Education - Preschool Grants, Recovery Act	84.392	(2)	18,878
Career and Technical Education - Basic Grants to States	84.048	(2)	136,574
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	22,651

(Continued)

Monroe County, Tennessee
 Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
State Grants for Innovative Programs	84.298	N/A	\$ 7,139
Education Technology State Grants	84.318	N/A	11,628
Education Technology State Grants, Recovery Act	84.386	N/A	34,075
English Language Acquisition Grants	84.365	N/A	11,183
Education of Homeless Children and Youth, Recovery Act	84.387	N/A	814
Rural Education	84.358	N/A	79,824
Improving Teacher Quality State Grants	84.367	N/A	179,928
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSSF) - Education State Grants, Recovery Act	84.394	N/A	1,000,300
State Fiscal Stabilization Fund (SFSSF) - Government Services, Recovery Act	84.397	N/A	327,304
Total U.S. Department of Education			\$ 5,130,022
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-10-219812-00	\$ 156,750
Total U.S. Department of Health and Human Services			\$ 156,750
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(5)	\$ 184,571
Total U.S. Department of Homeland Security			\$ 184,571
Total Expenditures of Federal Awards			\$ 8,562,216
<u>State Grants</u>		<u>Contract Number</u>	
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 14,796
Litter Program - State Department of Transportation	N/A	Z-06-027932-00	35,643
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	36,050
Law Enforcement Training - State Department of Safety	N/A	(2)	19,200
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	21,912
Airport Maintenance - State Department of Transportation	N/A	(2)	13,000
Juvenile Services Program - State Children's Services Commission	N/A	(2)	9,000
Safe Schools Act - State Department of Education	N/A	(2)	1,928
Driver's Education - State Department of Education	N/A	(2)	23,275
Local Health Services - State Department of Health	N/A	Z-10-219812-00	184,898
FastTrack Infrastructure Development Program - Protech - State Department of Economic and Community Development	NA	GG-09-26490-00	4,100
Total State Grants			\$ 363,802

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 \$1,430,870.
- (4) GG-07-12853-00: 5,394; GG-09-26503-00: \$24,250.
- (5) 34101-000000-2544: \$94,571; 34101-000000-0786: \$90,000.

Monroe County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2010

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Monroe County, Tennessee, for the year ended June 30, 2009, which has not been corrected.

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.01	210	A cash shortage existed in the office

MONROE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Monroe County 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 Title I, Part A Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); and the State Fiscal Stabilization Fund Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act, and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) 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

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The sheriff provided a written response, which is paraphrased in this report.

OFFICE OF SHERIFF

FINDING 10.01

A CASH SHORTAGE OF \$10,651.30 EXISTED IN THE SHERIFF'S OFFICE AS OF JUNE 30, 2010

(Internal Control – Material Weakness Under Government Auditing Standards)

A cash shortage of \$10,651.30 existed in the Sheriff's Office as of June 30, 2010. Commissary collections for several days between February 11, 2010, and April 19, 2010, had not been deposited to the office bank account or otherwise accounted for properly.

Although, internal control policies of the office required employees to reconcile daily receipt batches with bank deposits and to reconcile bank statements with accounting records, we found no evidence that receipts were being reconciled with deposits. Also, we found that reconciliations of bank statements were incomplete. The June 2010 bank reconciliation reflected an unexplained difference, which upon further investigation by our office was determined to include the difference caused by not depositing the aforementioned collections.

As a result of these control procedures not being performed, the cash shortage remained undetected by the Sheriff's Office and was not discovered until our audit was performed in late September 2010. The following table details the unaccounted for receipts:

Receipt Sequence		Receipt Dates	Amount Collected
Beginning Receipt No.	Ending Receipt No.		
9614		2-11-10	\$ 25.00
10135	10209	3-4-10	1,802.00
10569	10649	3-22-10	2,348.00
10828	10850	3-31-10	665.20
10978	11051	4-9-10	1,806.00
11052	11129	4-12-10	2,532.00
11130	11136	4-14-10	96.45
11137	-	4-13-10	50.00
11138	11202	4-15-10	1,522.00
11203	-	4-19-10	30.00
		Total Undeposited	\$ 10,876.65
		Net Deposit Overages	(225.35)
		Total Cash Shortage	\$ 10,651.30

This finding has been discussed with the district attorney general and is under investigation.

RECOMMENDATION

County officials should take steps to liquidate the cash shortage. Receipts should be reconciled with bank deposits. Bank statements should be reconciled with accounting records, and any differences should be investigated and any errors corrected promptly.

FINDING 10.02

DUTIES WERE NOT ADEQUATELY SEGREGATED
(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

RECOMMENDATION

The sheriff should segregate duties to the extent possible using available resources.

MANAGEMENT’S RESPONSE TO FINDINGS 10.01 and 10.02 – SHERIFF

We have the following in place to prevent these findings from happening again.

1. The cash shortage in the commissary: cash will only be accepted upon intake to the facility, otherwise only checks and/or money orders will be accepted for the commissary account.
 2. Receipts and bank statements will be reconciled weekly by Lt. Jim Wakefield (Ray McKelvey is the commissary clerk).
 3. The bank statement will be reconciled with the received funds supplied by the SOMS program and also reconciled with the outstanding checks report. This report is to be completed monthly.
 4. Regarding the service and process monies, this will be handled by the administrative and detective secretaries, whereas in the past, all this had been done by the administrative secretary only.
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OFFICE OF DIRECTOR OF FINANCE

FINDING 10.03 **DEFICIENCIES WERE NOTED WITH PAYMENTS MADE TO OR ON BEHALF OF THE FINANCE DIRECTOR** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The following deficiencies were noted with payments to, or on behalf of the finance director, during the year and subsequent to June 30, 2010.

1. A travel expense payment dated November 16, 2009, for \$650 was supported only by an expense report describing the payment as for “miscellaneous travel/meetings”.
2. The finance director was paid \$1,975 to purchase computers on January 6, 2010. Those computers were never delivered by the finance director and he refunded the \$1,975 to the county.
3. A travel expense payment dated August 25, 2010, for \$385.94 was supported by a listing of locations but did not include any specific dates for the travel.
4. A travel expense payment dated September 3, 2010, for \$376.28 was supported by a listing of locations but did not include any specific dates for the travel. This payment was refunded to the county by payroll deduction on the finance director’s final paycheck.
5. The county was charged \$133.07 on September 22, 2010, for the shipment of personal items on behalf of the finance director. This charge was reimbursed to the county by payroll deduction on the finance director’s final paycheck.

Proper internal controls require that all payments be adequately documented to ensure that funds are expended only for authorized expenditures. The comingling of personal and county expenditures weakens controls over county assets.

RECOMMENDATION

All employee travel reimbursements should be supported by detailed travel claims, including dates and locations for all travel being reimbursed. Personal expenses should not be charged on county accounts. Transactions for county purchases should be conducted directly with the vendors and not as reimbursements to county employees.

BEST PRACTICE

AN AUDIT COMMITTEE HAS NOT BEEN ESTABLISHED

Monroe County does not have an Audit Committee. Sound business practices dictate that establishing an Audit Committee would significantly improve management oversight and accountability. The absence of an Audit Committee has been a management decision by the County Commission. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

**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, 2010

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