
ANNUAL FINANCIAL REPORT MONROE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011**

***COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON***

***DIVISION OF COUNTY AUDIT
JAMES R. ARNETTE
Director***

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Audit Manager***

***ANGIE COLLINS, CPA, CFE
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State Auditors***

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

MONROE COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Monroe County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Monroe County as of and for the year ended June 30, 2011.

Results

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

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

Findings and Best Practice

The following are summaries of the audit findings and best practice:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a cash overdraft of \$19,149 at June 30, 2011.
-

OFFICE OF TRUSTEE

- ◆ Unauthorized securities were pledged as collateral.
-

OFFICE OF SHERIFF

- ◆ Duties were not adequately segregated.
-

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, 2012

Officials

Tim Yates, County Mayor
Steve Teague, 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
Teresa Choate, Clerk and Master
Mildred Estes, Register
Bill Bivens, Sheriff
Elizabeth Hicks, Director of Finance

Board of County Commissioners

Wanda Alexander, Chairperson	Judith Lee
Marty Allen	Bennie Moser
Bill Bivins	Bill Shadden
Harold Hawkins, Jr.	Roger Thomas
Richard Kirkland	

Board of Education

Larry Stein, Chairman	Janet Martin
Ronald Eydt	Jerry Snyder
Danny Isbill	Dewitt Upton
Sonya Lynn	Jo T. Cagle
Dave Evans	

Financial Management Committee

Tim Yates, County Mayor, Chairman	Marna Hull
Michael Lowry, Director of Schools	Richard Kirkland
Steve Teague, Road Superintendent	Wanda Alexander
Marty Allen	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

January 30, 2012

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, 2011, 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 1.2 percent and 2.8 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 1.7 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 report 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2012, 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.

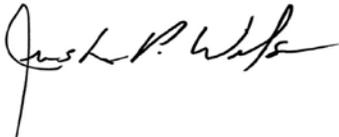
As described in Note V.B., Monroe County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

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 financial statements as a whole. 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 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Monroe County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary Government Governmental Activities	Component Units		
		Monroe County School Department	Women's Wellness and Maternity Center	Emergency Communications District
<u>ASSETS</u>				
Cash	\$ 2,585	\$ 3,004	\$ 90,379	\$ 463,467
Equity in Pooled Cash and Investments	17,070,395	5,068,690	0	0
Deferred Outflow - Interest Rate Swap	1,663,856	0	0	0
Accounts Receivable	2,079,423	53,429	132,969	0
Allowance for Uncollectibles	(1,147,219)	0	(16,171)	0
Due from Other Governments	749,676	1,673,087	63,170	0
Property Taxes Receivable	10,708,700	5,100,131	0	0
Allowance for Uncollectible Property Taxes	(623,389)	(296,896)	0	0
Unamortized Debt Issuance Cost	303,862	0	0	0
Prepaid Items	0	0	15,289	0
Capital Assets				
Assets Not Depreciated:				
Land	800,348	666,112	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	5,085,151	44,811,722	0	0
Other Capital Assets	1,020,148	440,198	405,078	321,557
Infrastructure - Roads, Streets, and Bridges	114,544,329	0	0	0
Total Assets	\$ 152,257,865	\$ 57,519,477	\$ 690,714	\$ 785,024
<u>LIABILITIES</u>				
Accounts Payable	\$ 352,814	\$ 956,210	\$ 7,783	\$ 0
Accrued Payroll	135,678	8,536	13,261	0
Payroll Deductions Payable	143,673	886,235	0	0
Cash Overdraft	0	19,149	0	0
Accrued Interest Payable	101,444	0	0	0
Due to State of Tennessee	891	0	0	0
Derivative - Interest Rate Swap	1,663,856	0	0	0
Deferred Revenue - Property Taxes	9,658,542	4,599,982	0	0
Noncurrent Liabilities:				
Due Within One Year	2,058,968	0	21,254	0
Due in More Than One Year	52,196,552	3,499,202	343,392	0
Total Liabilities	\$ 66,312,418	\$ 9,969,314	\$ 385,690	\$ 0

(Continued)

Exhibit A

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

	Primary 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	\$ 119,074,826	\$ 0	\$ 57,043	\$ 0
Invested in Capital Assets	0	45,918,032	0	321,557
Restricted for:				
General Government	680,765	0	0	0
Finance	2,950	0	0	0
Administration of Justice	8,500	0	0	0
Public Safety	320,601	0	0	0
Public Health and Welfare	633,016	0	0	0
Social, Cultural, and Recreational Services	625	0	0	0
Highways	1,313,456	0	0	0
Education	0	135,579	0	0
Debt Service	6,311,983	0	0	0
Other Purposes	1,000	0	0	0
Unrestricted	(42,402,275)	1,496,552	247,981	463,467
Total Net Assets	<u>\$ 85,945,447</u>	<u>\$ 47,550,163</u>	<u>\$ 305,024</u>	<u>\$ 785,024</u>

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

Exhibit B

Monroe County, Tennessee
Statement of Activities
For the Year Ended June 30, 2011

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 Government Activities	Monroe County School Department	Wellness and Maternity Center	Emergency Communications District	Monroe County School Department	Wellness and Maternity Center	Emergency Communications District	
Primary Government:												
Governmental Activities:												
General Government	\$ 2,035,435	\$ 392,352	\$ 18,864	\$ 22,454	\$ (1,601,765)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,671,496	945,589	750	0	(725,157)	0	0	0	0	0	0	0
Administration of Justice	1,273,171	962,385	9,000	0	(301,786)	0	0	0	0	0	0	0
Public Safety	5,277,270	1,243,924	161,687	0	(3,871,659)	0	0	0	0	0	0	0
Public Health and Welfare	5,172,072	3,744,595	320,265	0	(1,107,212)	0	0	0	0	0	0	0
Social, Cultural, and Recreational Services	349,189	0	0	0	(349,189)	0	0	0	0	0	0	0
Agriculture and Natural Resources	104,821	0	25,680	0	(79,141)	0	0	0	0	0	0	0
Other Operations	1,110,926	56,510	132,966	285,669	(635,781)	0	0	0	0	0	0	0
Highways	7,576,446	297,683	2,433,929	309,915	(4,534,919)	0	0	0	0	0	0	0
Education	554,368	0	0	81,909	(472,459)	0	0	0	0	0	0	0
Interest on Long-term Debt	1,688,154	0	0	0	(1,688,154)	0	0	0	0	0	0	0
Debt Service	648,523	0	0	0	(648,523)	0	0	0	0	0	0	0
Total Primary Government	\$ 27,461,871	\$ 7,643,038	\$ 3,103,141	\$ 699,947	\$ (16,015,745)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:												
Monroe County School Department	\$ 44,773,451	\$ 1,455,633	\$ 6,095,911	\$ 554,368	\$ 0	\$ (36,667,539)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Women's Wellness and Maternity Center	1,292,895	825,310	440,533	0	0	0	(27,052)	0	0	0	0	0
Emergency Communications District	738,254	449,786	302,800	0	0	0	0	0	0	0	14,332	0
Total Component Units	\$ 46,804,600	\$ 2,730,729	\$ 6,839,244	\$ 554,368	\$ 0	\$ (36,667,539)	\$ (27,052)	\$ 0	\$ (27,052)	\$ 0	\$ 14,332	\$ 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				\$ 5,716,534	\$ 4,494,027	\$ 0	\$ 0
Property Taxes Levied for Solid Waste/Sanitation				1,143,660	0	0	0
Property Taxes Levied for Highways				286,014	0	0	0
Property Taxes Levied for Debt Service				2,285,701	0	0	0
Local Option Sales Taxes				713,010	3,129,357	0	0
Wheel Tax				874,788	0	0	0
Other Local Taxes				844,182	111,310	0	0
Grants and Contributions Not Restricted to Specific Programs				1,197,103	27,940,535	0	0
Unrestricted Investment Income				70,823	607	285	2,067
Miscellaneous				20,147	10,651	0	2,522
Insurance Recovery				56,659	0	0	0
Total General Revenues				\$ 13,208,621	\$ 35,686,487	\$ 285	\$ 4,589
Change in Net Assets				\$ (2,807,124)	\$ (981,052)	\$ (26,767)	\$ 18,921
Net Assets, July 1, 2010				88,752,571	48,531,215	331,791	766,103
Net Assets, June 30, 2011				\$ 85,945,447	\$ 47,550,163	\$ 305,024	\$ 785,024

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, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
\$	393	0	0	0	0	0	2,192	2,585
Equity in Pooled Cash and Investments	4,177,370	513,857	942,010	6,400,635	3,172,466	0	305,290	15,511,628
Accounts Receivable	2,015,239	59,424	3,275	1,437	0	0	48	2,079,423
Allowance for Uncollectibles	(1,147,219)	0	0	0	0	0	0	(1,147,219)
Due from Other Governments	326,714	15,778	390,255	16,929	0	0	0	749,676
Due from Other Funds	2,240	30,000	0	0	0	0	0	32,240
Property Taxes Receivable	6,490,121	1,298,024	324,506	2,596,049	0	0	0	10,708,700
Allowance for Uncollectible Property Taxes	(377,812)	(75,562)	(18,890)	(151,125)	0	0	0	(623,389)
Total Assets	\$ 11,487,046	\$ 1,841,521	\$ 1,641,156	\$ 8,863,925	\$ 3,172,466	\$ 0	\$ 307,530	\$ 27,313,644

ASSETS

LIABILITIES AND FUND BALANCES

\$	78,338	117,671	2,060	109,033	0	0	1,340	308,442
Accounts Payable	109,918	5,247	20,513	0	0	0	0	135,678
Accrued Payroll	124,425	4,079	12,444	0	0	0	2,725	143,673
Payroll Deductions Payable	30,000	0	0	0	0	0	2,240	32,240
Due to Other Funds	891	0	0	0	0	0	0	891
Due to State of Tennessee	5,853,662	1,170,732	292,683	2,341,465	0	0	0	9,658,542
Deferred Revenue - Current Property Taxes	240,743	48,149	12,038	96,297	0	0	0	397,227
Deferred Revenue - Delinquent Property Taxes	642,197	2,821	185,312	5,643	0	0	0	835,973
Other Deferred Revenues	\$ 7,080,174	\$ 1,348,699	\$ 525,050	\$ 2,552,438	\$ 0	\$ 0	\$ 6,305	\$ 11,512,666
Total Liabilities								
Fund Balances								
Restricted:								
Restricted for General Government	\$ 680,765	0	0	0	0	0	0	680,765
Restricted for Finance	2,950	0	0	0	0	0	0	2,950
Restricted for Administration of Justice	8,500	0	0	0	0	0	0	8,500
Restricted for Public Safety	19,376	0	0	0	0	0	301,225	320,601
Restricted for Public Health and Welfare	89,224	492,822	0	0	0	0	0	582,046

(Continued)

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

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other			
						Governmental Funds	Governmental Funds		
\$	625	0	0	0	0	0	0	625	
	0	0	1,116,106	0	0	0	0	1,116,106	
	0	0	0	6,311,487	0	0	0	6,311,487	
	0	0	0	0	3,172,466	0	0	3,172,466	
	1,000	0	0	0	0	0	0	1,000	
	32,105	0	0	0	0	0	0	32,105	
	2,804	0	0	0	0	0	0	2,804	
	25,860	0	0	0	0	0	0	25,860	
	109,519	0	0	0	0	0	0	109,519	
	11,954	0	0	0	0	0	0	11,954	
	623	0	0	0	0	0	0	623	
	15,690	0	0	0	0	0	0	15,690	
	68,431	0	0	0	0	0	0	68,431	
	32,416	0	0	0	0	0	0	32,416	
	2,854	0	0	0	0	0	0	2,854	
	9,488	0	0	0	0	0	0	9,488	
	3,292,688	0	0	0	0	0	0	3,292,688	
Total Fund Balances	\$ 4,406,872	\$ 492,822	\$ 1,116,106	\$ 6,311,487	\$ 3,172,466	\$ 301,225	\$ 301,225	\$ 15,800,978	
Total Liabilities and Fund Balances	\$ 11,487,046	\$ 1,841,521	\$ 1,641,156	\$ 8,863,925	\$ 3,172,466	\$ 307,530	\$ 307,530	\$ 27,313,644	

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)	
Restricted (Cont.):	
Restricted for Social, Cultural, and Recreational Services	
Restricted for Highways/Public Works	
Restricted for Debt Service	
Restricted for Capital Projects	
Restricted for Other Purposes	
Committed:	
Committed for General Government	
Committed for Administration of Justice	
Committed for Public Safety	
Committed for Other Operations	
Assigned:	
Assigned for General Government	
Assigned for Finance	
Assigned for Administration of Justice	
Assigned for Public Safety	
Assigned for Public Health and Welfare	
Assigned for Other Operations	
Assigned for Other Purposes	
Unassigned	
Total Fund Balances	
Total Liabilities and Fund Balances	

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

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2011

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)		\$ 15,800,978
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 800,348	
Add: buildings and improvements net of accumulated depreciation	5,085,151	
Add: infrastructure net of accumulated depreciation	114,544,329	
Add: other capital assets net of accumulated depreciation	<u>1,020,148</u>	121,449,976
(2) Internal service funds are used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		1,514,395
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (766,458)	
Less: bonds payable	(21,369,236)	
Less: other loans payable	(31,525,000)	
Add: deferred amount on refunding	161,476	
Add: deferred charges - debt issuance costs	303,862	
Less: compensated absences payable	(412,999)	
Less: landfill closure/postclosure care costs	(203,776)	
Less: other postemployment benefits liability	(139,527)	
Less: accrued interest on bonds, notes, and capital leases	<u>(101,444)</u>	(54,053,102)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,233,200</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 85,945,447</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, 2011

	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	\$ 7,698,729	\$ 1,220,170	\$ 372,503	\$ 3,377,047	\$ 0	\$ 0	\$ 0	\$ 12,668,449
Licenses and Permits	88,204	0	0	0	0	0	0	88,204
Fines, Forfeitures, and Penalties	147,220	0	0	0	0	0	199,864	347,084
Charges for Current Services	3,093,211	633,673	298,345	126,544	0	0	8,642	4,160,415
Other Local Revenues	262,142	12,357	47	53,085	17,738	0	0	345,369
Fees Received from County Officials	1,748,657	0	0	0	0	0	0	1,748,657
State of Tennessee	1,414,156	49,470	2,402,554	11,286	0	0	0	3,877,466
Federal Government	717,553	0	311,832	0	0	0	0	1,029,385
Other Governments and Citizens Groups	269,286	0	0	386,524	0	0	4,000	659,810
Total Revenues	\$ 15,439,158	\$ 1,915,670	\$ 3,385,281	\$ 3,954,486	\$ 17,738	\$ 0	\$ 212,506	\$ 24,924,839
Expenditures								
Current:								
General Government	\$ 1,841,478	0	0	0	0	0	0	1,841,478
Finance	1,715,889	0	0	0	0	0	1,191	1,717,080
Administration of Justice	1,291,250	0	0	0	0	0	7,451	1,298,701
Public Safety	5,148,041	0	0	0	0	0	149,464	5,297,505
Public Health and Welfare	3,483,129	1,866,860	0	0	0	0	0	5,349,989
Social, Cultural, and Recreational Services	349,189	0	0	0	0	0	0	349,189
Agriculture and Natural Resources	105,867	0	0	0	0	0	0	105,867
Other Operations	1,043,064	174	0	0	18,597	0	0	1,061,835
Highways	0	45,868	3,325,751	0	0	0	0	3,371,619
Debt Service:								
Principal on Debt	0	0	0	1,648,609	0	0	0	1,648,609
Interest on Debt	0	0	0	1,705,862	0	0	0	1,705,862
Other Debt Service	0	0	0	626,079	0	0	0	626,079
Capital Projects	2,144	0	0	0	554,368	0	0	556,512
Total Expenditures	\$ 14,980,051	\$ 1,912,902	\$ 3,325,751	\$ 3,980,550	\$ 572,965	\$ 0	\$ 158,106	\$ 24,930,325
Excess (Deficiency) of Revenues Over Expenditures	\$ 459,107	\$ 2,768	\$ 59,530	\$ (26,064)	\$ (555,227)	\$ 0	\$ 54,400	\$ (5,486)

(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	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 51,626	\$ 0	\$ 11,833	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,459
Transfers In	0	30,000	0	0	0	0	0	30,000
Transfers Out	(30,000)	0	0	0	0	0	0	(30,000)
Total Other Financing Sources (Uses)	\$ 21,626	\$ 30,000	\$ 11,833	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,459
Net Change in Fund Balances	\$ 480,733	\$ 32,768	\$ 71,363	\$ (26,064)	\$ (555,227)	\$ 54,400	\$ 54,400	\$ 57,973
Fund Balance, July 1, 2010	3,926,139	460,054	1,044,743	6,337,551	3,727,693	246,825	246,825	15,743,005
Fund Balance, June 30, 2011	\$ 4,406,872	\$ 492,822	\$ 1,116,106	\$ 6,311,487	\$ 3,172,466	\$ 301,225	\$ 301,225	\$ 15,800,978

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

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, 2011

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)	\$	57,973
(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	\$	334,268
Less: current-year depreciation expense		<u>(4,776,722)</u>
		(4,442,454)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: book value of assets disposed		(3,428)
(3) 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, 2011	\$	1,233,200
Less: deferred delinquent property taxes and other deferred June 30, 2010		<u>(1,554,951)</u>
		(321,751)
(4) The issuance of long-term debt (e.g., bonds, 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: change in deferred debt issuance costs	\$	(10,891)
Add: principal payments on notes		383,609
Add: principal payments on bonds		1,140,000
Add: principal payments on other loans		125,000
Less: change in deferred amount on refunding debt		<u>(11,553)</u>
		1,626,165
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$	17,708
Change in compensated absences payable		(14,188)
Change in other postemployment benefits liability		(56,310)
Change in landfill postclosure care costs		<u>7,302</u>
		(45,488)
(6) Internal service funds are used by management to charge the cost of employee health benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>321,859</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u><u>(2,807,124)</u></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, 2011

Governmental
 Activities -
 Internal
Service Fund
 Employee
 Health
 Insurance
Fund

ASSETS

Current Assets:

Equity in Pooled Cash and Investments

\$ 1,558,767

Total Assets

\$ 1,558,767

LIABILITIES

Current Liabilities:

Other Current Liabilities

\$ 44,372

Total Liabilities

\$ 44,372

NET ASSETS

Unrestricted

\$ 1,514,395

Net Assets

\$ 1,514,395

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

Exhibit D-2

Monroe County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Assets
Proprietary Fund
For the Year Ended June 30, 2011

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 1,929,513
Total Operating Revenues	<u>\$ 1,929,513</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 56,232
Medical Claims	1,266,748
Insurance Premiums	<u>284,674</u>
Total Operating Expenses	<u>\$ 1,607,654</u>
Operating Income (Loss)	<u>\$ 321,859</u>
Change in Net Assets	\$ 321,859
Net Assets, July 1, 2010	<u>1,192,536</u>
Net Assets, June, 30, 2011	<u><u>\$ 1,514,395</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, 2011

	Governmental Activities - Internal Service Fund
	<u>Employee Health Insurance Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 1,929,513
Payments to Fiscal Agents	(56,232)
Payments to Insurers	(284,674)
Payments for Claims	<u>(1,288,425)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 300,182</u>
Increase (Decrease) in Cash	\$ 300,182
Cash, July 1, 2010	<u>1,258,585</u>
Cash, June 30, 2011	<u><u>\$ 1,558,767</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 321,859
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>(21,677)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 300,182</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,613,214
Taxes Receivable	1,281,821
Allowance for Uncollectible Taxes	(74,619)
Due from Other Governments	668,053
Cash Shortage	<u>20,651</u>
Total Assets	<u><u>\$ 3,509,120</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,875,255
Due to Litigants, Heirs, and Others	<u>1,633,865</u>
Total Liabilities	<u><u>\$ 3,509,120</u></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, 2011

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 all debt for the discretely presented Monroe County School Department. Net debt issues of \$554,368 and \$18,311 were contributed by the county to the School Department and the Sweetwater City School System, respectively, during the year ended June 30, 2011.

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 special revenue fund accounts for transactions relating to the disposal of Monroe County’s solid waste. Local taxes and general service charges are the foundational revenues of this fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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 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 the claims of county employees.

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

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

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

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

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

Capital Projects Fund – The Education Capital Projects Fund is used to account for the receipt of debt issued by Monroe County and contributed to the School Department for building construction and renovations.

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.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

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 3.19 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.

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, 2011, Monroe County had \$48,173,202 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. This 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and the

Board of Education are authorized to make assignments. Assigned fund balance in the General Fund consists of \$95,476 assigned for encumbrances and \$45,980 of insurance recoveries assigned for property replacement. Assigned fund balance in the School Department's General Purpose School Fund consists of \$185,414 for encumbrances and \$140,000 for textbooks.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

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. 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 original case was dismissed on July 20, 2011. However, the bookkeeper was re-indicted and a court hearing on the charges is set for February 13, 2012.

The audit of Monroe County for the 2009-10 year reported 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. There have been no criminal charges filed relating to this shortage as of the date of this report.

C. Cash Overdraft

The discretely presented School Department's School Federal Projects Fund had a cash overdraft of \$19,149 at June 30, 2011. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2011.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Early Childhood Education major appropriation category (the legal level of control) of the General Purpose School Fund by \$58. Expenditures exceeded appropriations in the School Federal Projects Fund's Vocational Education Program by \$125 and Food Service by \$422 major categories. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

E. The County Had Deposits Exposed to Custodial Credit Risk

County funds at the trustee's depositories were secured by collateral pledged by the depositories. However, one depository had securities pledged with client mortgages, which are not a type of security authorized by Section 9-4-103, *Tennessee Code Annotated*. This statute requires securities to be bonds of the United States, bonds of this state, bonds of any county or municipal corporation of this state, loans to students guaranteed 100 percent by the Tennessee Student Assistance Corporation, or an irrevocable letter of credit issued by the federal home loan bank. After auditors brought this issue to the trustee's attention, the depository issued an irrevocable letter of credit from the Federal Home Loan Bank on behalf of Monroe County.

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.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, Monroe County's deposits may not be returned to it. Monroe County does not have a formal policy that limits custodial credit risk for deposits. Separate disclosures concerning bank balances of pooled deposits 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. As of June 30, 2011, bank balances of \$2,762,000 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,762,000
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The above \$2,762,000 was in the pooled bank balances and consisted of certificates of deposit reported in the Trustee's Office. Although collateral was pledged by the depository to secure deposits, that collateral did not meet requirements of state statutes and therefore the deposits are categorized above as uncollateralized. Subsequent to June 30, 2011, the depository pledged collateral that did meet requirements of state statutes.

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, 2011, 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	\$ 1,300,150

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, 2011, Monroe County's investment in the State Treasurer's Investment Pool was unrated.

B. Derivative Instruments

At June 30, 2011, Monroe County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$6.25M 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% of LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements are as follows:

Type	Changes in Fair Value Classification	Amount	Fair Value at June 30, 2011 Classification	Amount	6-30-11 Notional Amount
Governmental Activities					
Cash Flow Hedges:					
Pay-fixed interest rate swaps:					
\$6.255M Swap	Deferred Outflow	\$ 151,924	Debt	\$ (647,458)	\$ 6,000,000
\$10.05M Swap	Deferred Outflow	415,981	Debt	(1,016,398)	10,050,000
Total		<u>\$ 567,905</u>		<u>\$ (1,663,856)</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 the interest rate swap agreement exceed the outstanding principal of the Series E-7-A Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association™ (SIFMA). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2011, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.27%
Variable payment from counterparty		<u>-1.24%</u>
Net interest rate swap payments		3.03%
Variable-rate bond coupon payments		<u>0.10%</u>
Synthetic interest rate on bonds		<u>3.13%</u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$647,458. 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, 2011, 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, 2011, 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, 2011, 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	
2012	\$ 0	\$ 6,000	\$ 182,032	\$ 188,032
2013	0	6,000	182,032	188,032
2014	590,000	6,000	182,032	778,032
2015	630,000	5,410	164,132	799,542
2016	670,000	4,780	145,019	819,799
2017-2020	4,110,000	11,465	347,833	4,469,298
Total	\$ 6,000,000	\$ 39,655	\$ 1,203,080	\$ 7,242,735

\$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, 2033. As of June 30, 2011, 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>-1.23%</u>
Net interest rate swap payments		2.45%
Variable-rate bond coupon payments		<u>0.10%</u>
Synthetic interest rate on bonds		<u><u>2.55%</u></u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$1,016,398. 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, 2011, 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, 2011, 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, 2011, 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	
2012	\$ 0	\$ 10,050	\$ 246,208	\$ 256,258
2013	0	10,050	246,208	256,258
2014	0	10,050	246,208	256,258
2015	0	10,050	246,208	256,258
2016	0	10,050	246,208	256,258
2017-2021	0	50,250	1,231,040	1,281,290
2022-2026	2,500,000	47,850	1,172,244	3,720,094
2027-2031	5,100,000	28,050	687,177	5,815,227
2032-2033	2,450,000	3,700	90,644	2,544,344
Total	\$ 10,050,000	\$ 180,100	\$ 4,412,145	\$ 14,642,245

C. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 802,099	\$ 0	\$ (1,751)	\$ 800,348
Total Capital Assets Not Depreciated	\$ 802,099	\$ 0	\$ (1,751)	\$ 800,348

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,387,070	\$ 0	\$ 0	\$ 8,387,070
Roads and Bridges	169,486,043	0	0	169,486,043
Other Capital Assets	5,803,731	334,268	(18,297)	6,119,702
Total Capital Assets Depreciated	\$ 183,676,844	\$ 334,268	\$ (18,297)	\$ 183,992,815
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,085,996	\$ 215,923	\$ 0	\$ 3,301,919
Roads and Bridges	50,704,561	4,237,153	0	54,941,714
Other Capital Assets	4,792,528	323,646	(16,620)	5,099,554
Total Accumulated Depreciation	\$ 58,583,085	\$ 4,776,722	\$ (16,620)	\$ 63,343,187
Total Capital Assets Depreciated, Net	\$ 125,093,759	\$ (4,442,454)	\$ (1,677)	\$ 120,649,628
Governmental Activities Capital Assets, Net	\$ 125,895,858	\$ (4,442,454)	\$ (3,428)	\$ 121,449,976

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

Governmental Activities:

General Government	\$ 178,365
Public Safety	113,556
Public Health and Welfare	122,578
Other Operations	53,597
Highways	4,308,626
Total Depreciation Expense - Governmental Activities	\$ 4,776,722

Discretely Presented Monroe County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 666,112	\$ 0	\$ 0	\$ 666,112
Total Capital Assets Not Depreciated	\$ 666,112	\$ 0	\$ 0	\$ 666,112
Capital Assets Depreciated:				
Buildings and Improvements	\$ 64,799,649	\$ 388,629	\$ 0	\$ 65,188,278
Other Capital Assets	1,476,748	112,550	(58,000)	1,531,298
Total Capital Assets Depreciated	\$ 66,276,397	\$ 501,179	\$ (58,000)	\$ 66,719,576
Less: Accumulated Depreciation For:				
Buildings and Improvements	\$ 18,847,253	\$ 1,529,303	\$ 0	\$ 20,376,556
Other Capital Assets	1,056,054	93,046	(58,000)	1,091,100
Total Accumulated Depreciation	\$ 19,903,307	\$ 1,622,349	\$ (58,000)	\$ 21,467,656
Total Capital Assets Depreciated, Net	\$ 46,373,090	\$ (1,121,170)	\$ 0	\$ 45,251,920
Governmental Activities Capital Assets, Net	\$ 47,039,202	\$ (1,121,170)	\$ 0	\$ 45,918,032

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

Governmental Activities:

Instruction	\$ 4,739
Support Services	1,607,948
Operation of Non-Instructional Services	<u>9,662</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,622,349</u></u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 2,240
Solid Waste/Sanitation	General	30,000
Discretely Presented School Department:		
General Purpose School	School Federal Projects	334
School Federal Projects	General Purpose School	1,350

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In Solid Waste/ Sanitation Fund
General Fund	\$ 30,000

Discretely Presented Monroe County School Department

Transfer Out	Transfer In Nonmajor Governmental Funds
General Purpose School Fund	\$ 179,784

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.

The School Department made a one-time transfer of \$179,784 from the General Purpose School Fund to the Central Cafeteria Fund to cover costs of cafeteria operations.

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 40 years for bonds, up to 12 years for notes, and up to 30 years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2011, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate		Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	4.05 to 5	%	\$ 19,949,236	\$ 19,159,236
Refunding Bonds	4.25 to 5.25		10,205,000	2,210,000
Capital Outlay Notes	0 to 4.59		2,118,500	766,458
Other Loans - Variable Rate - Public Improvement and Refunding	Variable		31,965,000	31,525,000

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, 2011, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-11	Interest Type	Interest Rate as of 6-30-11	Other Fees on Variable Rate Debt
<u>Blount County Public</u>					
<u>Building Authority</u>					
Series E-7-A (Refunding) (1)	\$ 31,965,000	<u>\$ 31,525,000</u>	Variable	.10%	1.55%
Total		<u><u>\$ 31,525,000</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, 2011, 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, 2011.

Year Ending June 30	Notes		
	Principal	Interest	Total
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	<u>\$ 766,458</u>	<u>\$ 39,989</u>	<u>\$ 806,447</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
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

(Continued)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2017-2021	\$ 941,234	\$ 4,197,206	\$ 5,138,440
2022-2026	2,775,000	3,370,690	6,145,690
2027-2031	3,650,000	2,707,213	6,357,213
2032-2036	7,100,000	1,721,374	8,821,374
2037-2038	3,400,000	219,300	3,619,300
Total	\$ 21,369,236	\$ 16,935,834	\$ 38,305,070

Year Ending June 30	Other Loans			
	Principal	Interest (1)	Other Fees	Total
2012	\$ 135,000	\$ 459,550	\$ 488,395	\$ 1,082,945
2013	145,000	459,415	486,305	1,090,720
2014	745,000	459,270	484,060	1,688,330
2015	790,000	440,648	472,515	1,703,163
2016	835,000	420,769	460,272	1,716,041
2017-2021	5,935,000	1,711,990	2,067,739	9,714,729
2022-2026	5,885,000	1,275,530	1,598,811	8,759,341
2027-2031	7,210,000	758,520	1,104,396	9,072,916
2032-2036	6,515,000	125,930	546,346	7,187,276
2037-2039	3,330,000	5,665	87,717	3,423,382
Total	\$ 31,525,000	\$ 6,117,287	\$ 7,796,556	\$ 45,438,843

(1) Includes net interest rate swap payments discussed in Note IV.B., Derivative Instruments.

There is \$6,311,487 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$480, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$1,205, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Bonds	Notes	Compensated Absences
Balance, July 1, 2010	\$ 22,509,236	\$ 1,150,067	\$ 398,811
Additions	0	0	282,421
Deductions	(1,140,000)	(383,609)	(268,233)
Balance, June 30, 2011	<u>\$ 21,369,236</u>	<u>\$ 766,458</u>	<u>\$ 412,999</u>
Balance Due Within One Year	<u>\$ 1,200,000</u>	<u>\$ 397,864</u>	<u>\$ 309,749</u>

	Other Loans	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2010	\$ 31,650,000	\$ 211,078	\$ 83,217
Additions	0	2,017	59,198
Deductions	(125,000)	(9,319)	(2,888)
Balance, June 30, 2011	<u>\$ 31,525,000</u>	<u>\$ 203,776</u>	<u>\$ 139,527</u>
Balance Due Within One Year	<u>\$ 135,000</u>	<u>\$ 16,355</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 54,416,996
Less: Deferred Amount on Refunding	(161,476)
Less: Balance Due Within One Year	<u>(2,058,968)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 52,196,552</u>

During the year, the discretely presented Monroe County School Department contributed \$311,909 to the primary government to apply toward the retirement of school related debt.

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds. Landfill closure/postclosure care cost will be paid from the Solid Waste/Sanitation Fund.

Discretely Presented Monroe County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Monroe County School Department for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Bonds	Other Postemployment Benefits
Balance, July 1, 2010	\$ 415,000	\$ 2,911,097
Additions	0	1,161,917
Deductions	(415,000)	(573,812)
Balance, June 30, 2011	<u>\$ 0</u>	<u>\$ 3,499,202</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 3,499,202
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,499,202</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Monroe County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2011, were \$152,200 and \$32,878, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Monroe County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the Solid Waste/Sanitation and Highway/Public Works funds. These notes were necessary because resources were not available to operate the funds before current tax collections. Short-term debt activity for the year ended June 30, 2011, was as follows:

	Balance 7-1-10		Issued		Paid		Balance 6-30-11
Tax Anticipation Notes:							
Solid Waste/Sanitation Fund	\$ 0	\$	400,000	\$	400,000	\$	0
Highway/Public Works Fund	0		550,000		550,000		0

H. 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 \$60,000 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 \$1,514,395 at June 30, 2011. 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
2009-2010	\$ 60,308	\$ 1,832,550	\$ (1,826,809)	\$ 66,049
2010-2011	66,049	1,266,748	(1,288,425)	44,372

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

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

B. Accounting Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Monroe County and the Monroe County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Subsequent Events

On October 20, 2011, Monroe County issued capital outlay notes totaling \$1,650,000 to purchase equipment for the Highway Department, Sheriff's Department vehicles, two ambulances, and a phone system for the county. The note proceeds will also be used to construct a new Tellico ambulance station.

On October 27, 2011, Monroe County issued \$8,300,000 in PBA Loans to be used for school construction, repair, and renovation.

On November 1, 2011, the county's General Debt Service Fund issued an \$87,561 tax anticipation note to the Solid Waste/Sanitation Fund for temporary operating funds.

D. Contingent Liabilities

The county is involved in several pending lawsuits. 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, 2011, future principal and interest requirements of these bonds were \$1,123,995 and \$897,721, 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, 2011, future principal and interest requirements for which the county is contingently liable were \$460,000 and \$77,812, respectively.

E. Changes in Administration

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. Assistant director Andrea Gunter, performed duties of finance director through March 20, 2011. On March 21, 2011, James Blair was hired as Finance Director but resigned on April 16, 2011. On June 1, 2011, Elizabeth Hicks became Finance Director.

Clerk and Master Robert Pennington died on April 7, 2011, and was succeeded by Teresa Choate on April 26, 2011.

F. Landfill Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Monroe County closed its sanitary landfill in 1999. The \$203,776 reported as postclosure care liability at June 30, 2011, represents amounts based on what it would cost to perform all postclosure care in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Ventures

The Tellico Area Services System (TASS), a regional water, sewer, and solid waste system, is jointly owned by Monroe 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, 2011.

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

Administrative Offices:

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

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

H. Jointly Governed Organization

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

I. Retirement Commitments

Plan Description

Employees of Monroe County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the

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

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

Funding Policy

Monroe County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 7.09 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county's annual pension cost of \$851,891 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 2.5 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 ten-year period. The 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, 2009, was six 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
6-30-11	\$851,891	100%	\$0
6-30-10	804,658	100	0
6-30-09	795,694	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 \$27 million, and the actuarial value of assets was \$23 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12 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 annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

SCHOOL TEACHERS

Plan Description

The Monroe County School Department 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. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230, or can be accessed at 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 the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009, were \$1,601,934, \$1,108,223, and \$1,100,397, respectively, equal to the required contributions for each year.

J. 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. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health

maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) 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, 2011, the discretely presented Monroe County School Department contributed \$573,812 for postemployment benefits and the primary government contributed \$2,888.

Annual OPEB Cost and Net OPEB Obligation

	<u>Medicare Supplement Plans</u>		Local
	Primary	School	Education
	Government	Department	Group
			Plan
ARC	\$ 59,000	\$ 125,000	\$ 1,030,000
Interest on the NPO	3,745	9,485	121,515
Adjustment to the ARC	(3,547)	(8,984)	(115,099)
Annual OPEB cost	\$ 59,198	\$ 125,501	\$ 1,036,416
Amount of contribution	(2,888)	(7,500)	(566,312)
Increase/decrease in NPO	\$ 56,310	\$ 118,001	\$ 470,104
Net OPEB obligation, 7-1-10	83,217	210,763	2,700,334
Net OPEB obligation, 6-30-11	<u>\$ 139,527</u>	<u>\$ 328,764</u>	<u>\$ 3,170,438</u>

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:

6-30-09	Medicare Supplement	\$ 15,856	12 %	\$ 27,576
6-30-10	"	58,066	4	83,217
6-30-11	"	59,198	5	139,527

School Department:

6-30-09	Medicare Supplement	56,218	15	95,848
6-30-10	"	123,228	7	210,763
6-30-11	"	125,501	6	328,764
6-30-09	Local Education Group	1,527,000	25	2,237,253
6-30-10	"	1,022,316	55	2,700,334
6-30-11	"	1,036,416	55	3,170,438

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	<u>Medicare Supplement Plans</u>		Local
	Primary Government	School Department	Education Group Plan
Actuarial valuation date	7-1-10	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 545,000	\$ 1,690,000	\$ 9,394,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 545,000	\$ 1,690,000	\$ 9,394,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	N/A	N/A	\$ 23,305,852
UAAL as a % of covered payroll	N/A	N/A	40%

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, 2010, actuarial valuation for the Local Education Plan, 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) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare premium trend rate for the Medicare Supplement Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 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.

K. Office of Central Accounting, Budgeting, and Purchasing

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

L. Purchasing Laws

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by her 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 seven 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, 2011, is \$16,611.

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 7-1-10	Reclassi- fications/ Additions	Balance 6-30-11
Depreciable:			
Leasehold Improvements	\$ 433,744	\$ 0	\$ 433,744
Equipment	151,228	0	151,228
Furniture	14,285	1,438	15,723
Alarm System	3,017	0	3,017
Linens	361	0	361
Totals	<u>\$ 602,635</u>	<u>\$ 1,438</u>	<u>\$ 604,073</u>

	Accumulated Depreciation		
	Balance 7-1-10	Additions	Balance 6-30-11
Leasehold Improvements	\$ 37,225	\$ 10,628	\$ 47,853
Equipment	133,032	1,310	134,342
Furniture	13,219	203	13,422
Alarm System	3,017	0	3,017
Linens	361	0	361
Totals	<u>\$ 186,854</u>	<u>\$ 12,141</u>	<u>\$ 198,995</u>

Depreciation expense for the fiscal year ended June 30, 2011, totaled \$12,141.

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, 2011, was \$90,379. Accounts on deposit with financial institutions were fully insured at June 30, 2011, 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 Section 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, 2011, totaled \$11,438.

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 June 30	Note		
	Principal	Interest	Total
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
2016	5,474	13,438	18,912
Subtotal	\$ 25,249	\$ 69,311	\$ 94,560
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
2021	6,725	12,187	18,912
Subtotal	\$ 31,021	\$ 63,539	\$ 94,560

Fiscal Year Ending June 30	Note (Cont.)		
	Principal	Interest	Total
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
2026	8,263	10,649	18,912
Subtotal	<u>\$ 38,114</u>	<u>\$ 56,446</u>	<u>\$ 94,560</u>
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
2031	10,152	8,760	18,912
Subtotal	<u>\$ 46,827</u>	<u>\$ 47,733</u>	<u>\$ 94,560</u>
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
2036	12,473	6,439	18,912
Subtotal	<u>\$ 57,533</u>	<u>\$ 37,027</u>	<u>\$ 94,560</u>
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
2041	15,325	3,587	18,912
Subtotal	<u>\$ 70,687</u>	<u>\$ 23,873</u>	<u>\$ 94,560</u>
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
2046	10,585	135	10,720
Subtotal	<u>\$ 78,604</u>	<u>\$ 7,764</u>	<u>\$ 86,368</u>
Total	<u>\$ 348,035</u>	<u>\$ 305,693</u>	<u>\$ 653,728</u>

Schedule of changes in long-term debt:

Beginning balance 7-1-10	\$ 352,490
Payments	<u>(4,455)</u>
Balance 6-30-11	<u>\$ 348,035</u>

G. Grant and Foundation Awards

The center received the following grants and awards during the year:

Grants:	
Get With It	\$ 128,009
FAST	250,000
TN Women's Health Incentive Grant	44,979
Safety Net	12,000
Foundation:	
Kiwanis	<u>1,500</u>
 Total	 <u>\$ 436,488</u>

H. Subsequent Events

The date to which events occurring after June 30, 2011, the date of the most recent balance sheet, has been evaluated for possible adjustment to the financial statements or disclosure is September 15, 2011, which is the date the center's financial statements were issued.

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-member 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 are for the year ended June 30, 2011. 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 \$463,467 at June 30, 2011. 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, 2011, 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, 2011:

	Balance 7-1-10	Additions	Decreases	Balance 6-30-11
Building	\$ 177,247	\$ 0	\$ 0	\$ 177,247
Less accumulated depreciation	(39,504)	0	(4,455)	(43,959)
Subtotal	\$ 137,743	\$ 0	\$ (4,455)	\$ 133,288
Equipment:				
Communication equipment	\$ 568,001	\$ 21,233	\$ 0	\$ 589,234
Less accumulated depreciation	(398,107)	0	(36,399)	(434,506)
Subtotal	\$ 169,894	\$ 21,233	\$ (36,399)	\$ 154,728
Office equipment	\$ 40,455	\$ 1,107	\$ 0	\$ 41,562
Less accumulated depreciation	(34,384)	0	(1,182)	(35,566)
Subtotal	\$ 6,071	\$ 1,107	\$ (1,182)	\$ 5,996
Other equipment	\$ 41,094	\$ 0	\$ 0	\$ 41,094
Less accumulated depreciation	(25,172)	0	(3,538)	(28,710)
Subtotal	\$ 15,922	\$ 0	\$ (3,538)	\$ 12,384
Furniture and fixtures	\$ 25,493	\$ 0	\$ 0	\$ 25,493
Less accumulated depreciation	(15,110)	0	(1,406)	(16,516)
Subtotal	\$ 10,383	\$ 0	\$ (1,406)	\$ 8,977
Capitalized lease-vehicle	\$ 24,738	\$ 0	\$ 0	\$ 24,738
Less accumulated depreciation	(13,606)	0	(4,948)	(18,554)
Subtotal	\$ 11,132	\$ 0	\$ (4,948)	\$ 6,184
Total	\$ 351,145	\$ 22,340	\$ (51,928)	\$ 321,557

Depreciation charged to revenues was \$51,928 for the year ended June 30, 2011.

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

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.

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, 2011, was 5.9 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Monroe County Emergency

Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the Monroe County Emergency Communications District's annual pension cost of \$21,663 to TCRS was equal to the districts required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 three percent annual rate of inflation; (c) 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); (d) projected 3.5 percent annual increase in the Social Security wage base; and (e) projected post retirement increases of 2.5 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, 2009, was 14 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
6-30-11	\$ 21,663	100 %	\$ 0
6-30-10	21,100	100	0
6-30-09	21,406	100	0

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 \$.6 million, and the actuarial value of assets was \$.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.3 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 actuarial accrued liability for benefits.

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

**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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,698,729	\$ 0	\$ 0	\$ 7,698,729	\$ 7,110,793	\$ 7,165,605	\$ 533,124
Licenses and Permits	88,204	0	0	88,204	84,000	84,000	4,204
Fines, Forfeitures, and Penalties	147,220	0	0	147,220	150,625	151,538	(4,318)
Charges for Current Services	3,093,211	0	0	3,093,211	2,813,866	2,871,517	221,694
Other Local Revenues	262,142	0	0	262,142	251,900	258,900	3,242
Fees Received from County Officials	1,748,657	0	0	1,748,657	1,900,000	1,845,188	(96,531)
State of Tennessee	1,414,156	0	0	1,414,156	1,804,238	1,818,069	(403,913)
Federal Government	717,553	0	0	717,553	715,096	1,025,532	(307,979)
Other Governments and Citizens Groups	269,286	0	0	269,286	0	96,496	172,790
Total Revenues	\$ 15,439,158	\$ 0	\$ 0	\$ 15,439,158	\$ 14,830,518	\$ 15,316,845	\$ 122,313
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 316,176	\$ 0	\$ 273	\$ 316,449	\$ 372,992	\$ 372,992	\$ 56,543
Board of Equalization	1,122	0	0	1,122	1,250	1,250	128
County Mayor/Executive	190,180	0	432	190,612	184,027	195,370	4,758
Personnel Office	96,401	0	229	96,630	141,937	142,590	45,960
County Attorney	32,394	(2,946)	3,900	33,348	26,386	33,386	38
Election Commission	217,194	(1,940)	0	215,254	237,326	238,631	23,377
Register of Deeds	320,487	0	0	320,487	317,086	331,039	10,552
Codes Compliance	39,199	(129)	0	39,070	56,920	57,267	18,197
Geographical Information Systems	62,796	0	2,277	65,073	77,672	78,068	12,995
County Buildings	518,742	(2,446)	80,388	596,684	591,851	695,895	99,211
Other General Administration	46,787	(242)	0	46,545	47,200	53,710	7,165

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance</u>							
Accounting and Budgeting	\$ 490,240	\$ (3,800)	530	\$ 486,970	\$ 605,390	\$ 603,835	\$ 116,865
Property Assessor's Office	260,134	0	64	260,198	271,391	272,510	12,312
Reappraisal Program	82,048	(350)	0	81,698	86,576	87,164	5,466
County Trustee's Office	269,755	(1,305)	0	268,450	297,788	298,693	30,243
County Clerk's Office	426,299	(30)	29	426,298	429,772	434,611	8,313
Other Finance	187,413	0	0	187,413	203,035	195,464	8,051
<u>Administration of Justice</u>							
Circuit Court	802,608	(3,060)	14,834	814,382	832,860	836,470	22,088
General Sessions Judge	222,628	(256)	0	222,372	233,549	234,208	11,836
Chancery Court	224,965	(67)	856	225,754	254,309	255,128	29,374
Probate Court	39,199	0	0	39,199	40,924	41,165	1,966
Other Administration of Justice	1,850	0	0	1,850	21,000	21,000	19,150
<u>Public Safety</u>							
Sheriff's Department	2,372,934	(10,903)	7,048	2,369,079	2,578,313	2,636,228	267,149
Administration of the Sexual Offender Registry	950	0	0	950	0	1,200	250
Jail	2,182,070	(2,720)	20,759	2,200,109	2,312,851	2,346,661	146,552
Juvenile Services	93,444	0	0	93,444	98,959	99,532	6,088
Commissary	138,938	(73)	3,360	142,225	190,000	190,000	47,775
Fire Prevention and Control	142,690	0	0	142,690	180,011	180,011	37,321
Rescue Squad	50,000	0	0	50,000	50,000	50,000	0
Other Emergency Management	32,369	(430)	133	32,072	137,091	235,091	203,019
County Coroner/Medical Examiner	24,646	0	0	24,646	41,800	41,800	17,154
Other Public Safety	110,000	0	0	110,000	110,000	110,000	0

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare</u>							
Local Health Center	\$ 60,168	\$ (460)	\$ 388	\$ 60,096	\$ 68,100	\$ 68,100	\$ 8,004
Rabies and Animal Control	143,022	(2,644)	3,316	143,694	161,544	162,015	18,321
Ambulance/Emergency Medical Services	2,484,288	(22,845)	19,474	2,480,917	2,466,448	2,574,629	93,712
Dental Health Program	452,872	(390)	9,613	462,095	545,406	545,406	83,311
Alcohol and Drug Programs	13,801	0	0	13,801	0	13,825	24
Crippled Children Services	1,995	0	0	1,995	1,995	1,995	0
Other Local Health Services	286,722	(1,221)	0	285,501	340,631	340,631	55,130
General Welfare Assistance	39,276	0	0	39,276	40,005	40,256	980
Aid to Dependent Children	985	0	0	985	1,000	1,000	15
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	38,000	0	0	38,000	38,000	38,000	0
Libraries	120,924	(595)	625	120,954	113,374	121,579	625
Other Social, Cultural, and Recreational	190,265	0	0	190,265	190,265	190,265	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	60,592	0	0	60,592	80,619	81,087	20,495
Soil Conservation	43,275	0	0	43,275	44,418	51,418	8,143
Flood Control	2,000	0	0	2,000	2,000	2,000	0
<u>Other Operations</u>							
Tourism	234,688	(2,565)	1,096	233,219	186,511	267,933	34,714
Industrial Development	159,253	(4,551)	1,238	155,940	164,851	167,602	11,662
Housing and Urban Development	0	0	0	0	16,891	16,891	16,891
Other Economic and Community Development	316,041	0	0	316,041	359,830	429,134	113,093
Airport	50,117	0	480	50,597	103,209	103,209	52,612
Veterans' Services	22,514	0	40	22,554	22,633	22,632	78

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Other Charges	\$ 13,136	\$ 0	\$ 0	\$ 13,136	\$ 13,696	\$ 15,296	\$ 2,160
Contributions to Other Agencies	7,986	0	0	7,986	13,500	13,500	5,514
Employee Benefits	235,098	0	0	235,098	214,250	235,750	652
Miscellaneous	4,231	0	0	4,231	0	4,231	0
<u>Capital Projects</u>							
Public Safety Projects	2,144	0	640	2,784	10,000	3,500	716
<u>Total Expenditures</u>	<u>\$ 14,980,051</u>	<u>\$ (65,968)</u>	<u>\$ 172,022</u>	<u>\$ 15,086,105</u>	<u>\$ 16,229,442</u>	<u>\$ 16,882,853</u>	<u>\$ 1,796,748</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 459,107	\$ 65,968	\$ (172,022)	\$ 353,053	\$ (1,398,924)	\$ (1,566,008)	\$ 1,919,061
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 51,626	\$ 0	\$ 0	\$ 51,626	\$ 0	\$ 28,566	\$ 23,060
Transfers In	0	0	0	0	159,446	159,446	(159,446)
Transfers Out	(30,000)	0	0	(30,000)	(30,000)	(30,000)	0
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 21,626</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,626</u>	<u>\$ 129,446</u>	<u>\$ 158,012</u>	<u>\$ (136,386)</u>
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2010</u>	<u>\$ 480,733</u>	<u>\$ 65,968</u>	<u>\$ (172,022)</u>	<u>\$ 374,679</u>	<u>\$ (1,269,478)</u>	<u>\$ (1,407,996)</u>	<u>\$ 1,782,675</u>
	3,926,139	(65,968)	0	3,860,171	3,288,155	3,288,155	572,016
<u>Fund Balance, June 30, 2011</u>	<u>\$ 4,406,872</u>	<u>\$ 0</u>	<u>\$ (172,022)</u>	<u>\$ 4,234,850</u>	<u>\$ 2,018,677</u>	<u>\$ 1,880,159</u>	<u>\$ 2,354,691</u>

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,220,170	\$ 0	\$ 0	\$ 1,220,170	\$ 1,293,568	\$ 1,293,568	\$ (73,398)
Charges for Current Services	633,673	0	0	633,673	586,000	586,000	47,673
Other Local Revenues	12,357	0	0	12,357	11,920	11,920	437
State of Tennessee	49,470	0	0	49,470	61,906	61,906	(12,436)
Total Revenues	\$ 1,915,670	\$ 0	\$ 0	\$ 1,915,670	\$ 1,953,394	\$ 1,953,394	\$ (37,724)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 1,126,910	(2,454)	4,466	\$ 1,128,922	\$ 1,239,554	\$ 1,240,803	\$ 111,881
Convenience Centers	730,052	(34,428)	560	696,184	825,866	826,711	130,527
Postclosure Care Costs	9,898	(880)	0	9,018	29,000	29,000	19,982
Other Operations							
Employee Benefits	174	0	0	174	720	720	546
<u>Highways</u>							
Litter and Trash Collection	45,868	0	723	46,591	48,206	52,351	5,760
Total Expenditures	\$ 1,912,902	\$ (37,762)	\$ 5,749	\$ 1,880,889	\$ 2,143,346	\$ 2,149,585	\$ 268,696
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,768	\$ 37,762	\$ (5,749)	\$ 34,781	\$ (189,952)	\$ (196,191)	\$ 230,972
<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, 2010	\$ 32,768	\$ 37,762	\$ (5,749)	\$ 64,781	\$ (159,952)	\$ (166,191)	\$ 230,972
	460,054	(37,762)	0	422,292	410,321	410,321	11,971
Fund Balance, June 30, 2011	\$ 492,822	\$ 0	\$ (5,749)	\$ 487,073	\$ 250,369	\$ 244,130	\$ 242,943

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 372,503	\$ 0	\$ 0	\$ 372,503	\$ 360,949	\$ 404,909	\$ (32,406)
Charges for Current Services	298,345	0	0	298,345	287,000	287,000	11,345
Other Local Revenues	47	0	0	47	0	0	47
State of Tennessee	2,402,554	0	0	2,402,554	2,829,564	2,829,564	(427,010)
Federal Government	311,832	0	0	311,832	256,533	256,533	55,299
Other Governments and Citizens Groups	0	0	0	0	2,400	2,400	(2,400)
Total Revenues	\$ 3,385,281	\$ 0	\$ 0	\$ 3,385,281	\$ 3,736,446	\$ 3,780,406	\$ (395,125)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 350,570	\$ 0	\$ 23,910	\$ 374,480	\$ 465,705	\$ 407,686	\$ 33,206
Highway and Bridge Maintenance	1,752,662	(633)	3,000	1,755,029	2,259,731	2,259,731	504,702
Operation and Maintenance of Equipment	493,801	(7,799)	8,573	494,575	397,748	499,728	5,153
Other Charges	194,679	0	0	194,679	234,302	195,497	818
Employee Benefits	135,201	0	0	135,201	6,000	150,769	15,568
Capital Outlay	398,838	(126)	0	398,712	982,962	876,997	478,285
Total Expenditures	\$ 3,325,751	\$ (8,558)	\$ 35,483	\$ 3,352,676	\$ 4,346,448	\$ 4,390,408	\$ 1,037,732
Excess (Deficiency) of Revenues Over Expenditures	\$ 59,530	\$ 8,558	\$ (35,483)	\$ 32,605	\$ (610,002)	\$ (610,002)	\$ 642,607
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 11,833	\$ 0	\$ 0	\$ 11,833	\$ 0	\$ 0	\$ 11,833
Total Other Financing Sources (Uses)	\$ 11,833	\$ 0	\$ 0	\$ 11,833	\$ 0	\$ 0	\$ 11,833
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 71,363	\$ 8,558	\$ (35,483)	\$ 44,438	\$ (610,002)	\$ (610,002)	\$ 654,440
	1,044,743	(8,558)	0	1,036,185	1,033,381	1,033,381	2,804
Fund Balance, June 30, 2011	\$ 1,116,106	\$ 0	\$ (35,483)	\$ 1,080,623	\$ 423,379	\$ 423,379	\$ 657,244

Exhibit F-4

Monroe County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Monroe County School Department
June 30, 2011

(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 entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year 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, 2011

(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 entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year 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, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Medicare Supplement	7-1-07	\$ 0	\$ 162	\$ 162	0 %	\$ N/A	N/A %
"	7-1-09	0	545	545	0	N/A	N/A
"	7-1-10	0	545	545	0	N/A	N/A
<u>DISCRETELY PRESENTED MONROE 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
"	7-1-10	0	9,394	9,394	0	23,306	40
Medicare Supplement	7-1-07	0	576	576	0	N/A	N/A
"	7-1-09	0	1,690	1,690	0	N/A	N/A
"	7-1-10	0	1,690	1,690	0	N/A	N/A

MONROE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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, 2011

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 2,192	\$ 2,192
Equity in Pooled Cash and Investments	305,290	0	305,290
Accounts Receivable	0	48	48
Total Assets	<u>\$ 305,290</u>	<u>\$ 2,240</u>	<u>\$ 307,530</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 1,340	\$ 0	\$ 1,340
Payroll Deductions Payable	2,725	0	2,725
Due to Other Funds	0	2,240	2,240
Total Liabilities	<u>\$ 4,065</u>	<u>\$ 2,240</u>	<u>\$ 6,305</u>
<u>Fund Balances</u>			
Restricted:			
Restricted for Public Safety	\$ 301,225	\$ 0	\$ 301,225
Total Fund Balances	<u>\$ 301,225</u>	<u>\$ 0</u>	<u>\$ 301,225</u>
Total Liabilities and Fund Balances	<u>\$ 305,290</u>	<u>\$ 2,240</u>	<u>\$ 307,530</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, 2011

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 199,864	\$ 0	\$ 199,864
Charges for Current Services	0	8,642	8,642
Other Governments and Citizens Groups	4,000	0	4,000
Total Revenues	<u>\$ 203,864</u>	<u>\$ 8,642</u>	<u>\$ 212,506</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 1,191	\$ 1,191
Administration of Justice	0	7,451	7,451
Public Safety	149,464	0	149,464
Total Expenditures	<u>\$ 149,464</u>	<u>\$ 8,642</u>	<u>\$ 158,106</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 54,400</u>	<u>\$ 0</u>	<u>\$ 54,400</u>
Net Change in Fund Balances	\$ 54,400	\$ 0	\$ 54,400
Fund Balance, July 1, 2010	<u>246,825</u>	<u>0</u>	<u>246,825</u>
Fund Balance, June 30, 2011	<u>\$ 301,225</u>	<u>\$ 0</u>	<u>\$ 301,225</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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 199,864	\$ 0	\$ 0	\$ 199,864	\$ 115,000	\$ 115,000	\$ 84,864
Other Governments and Citizens Groups	4,000	0	0	4,000	5,000	5,000	(1,000)
Total Revenues	\$ 203,864	\$ 0	\$ 0	\$ 203,864	\$ 120,000	\$ 120,000	\$ 83,864
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 149,464	\$ (930)	\$ 375	\$ 148,909	\$ 171,236	\$ 172,024	\$ 23,115
Total Expenditures	\$ 149,464	\$ (930)	\$ 375	\$ 148,909	\$ 171,236	\$ 172,024	\$ 23,115
Excess (Deficiency) of Revenues Over Expenditures	\$ 54,400	\$ 930	\$ (375)	\$ 54,955	\$ (51,236)	\$ (52,024)	\$ 106,979
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 54,400	\$ 930	\$ (375)	\$ 54,955	\$ (51,236)	\$ (52,024)	\$ 106,979
	246,825	(930)	0	245,895	245,895	245,895	0
Fund Balance, June 30, 2011	\$ 301,225	\$ 0	\$ (375)	\$ 300,850	\$ 194,659	\$ 193,871	\$ 106,979

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,377,047	\$ 3,291,747	\$ 3,291,747	\$ 85,300
Charges for Current Services	126,544	88,000	88,000	38,544
Other Local Revenues	53,085	103,000	103,000	(49,915)
State of Tennessee	11,286	10,000	10,000	1,286
Other Governments and Citizens Groups	386,524	311,687	311,687	74,837
Total Revenues	<u>\$ 3,954,486</u>	<u>\$ 3,804,434</u>	<u>\$ 3,804,434</u>	<u>\$ 150,052</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,648,609	\$ 2,084,822	\$ 1,648,611	\$ 2
<u>Interest on Debt</u>				
General Government	1,705,862	2,139,265	2,575,476	869,614
<u>Other Debt Service</u>				
General Government	626,079	739,112	739,112	113,033
Total Expenditures	<u>\$ 3,980,550</u>	<u>\$ 4,963,199</u>	<u>\$ 4,963,199</u>	<u>\$ 982,649</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (26,064)</u>	<u>\$ (1,158,765)</u>	<u>\$ (1,158,765)</u>	<u>\$ 1,132,701</u>
Net Change in Fund Balance	\$ (26,064)	\$ (1,158,765)	\$ (1,158,765)	\$ 1,132,701
Fund Balance, July 1, 2010	<u>6,337,551</u>	<u>6,390,361</u>	<u>6,390,361</u>	<u>(52,810)</u>
Fund Balance, June 30, 2011	<u>\$ 6,311,487</u>	<u>\$ 5,231,596</u>	<u>\$ 5,231,596</u>	<u>\$ 1,079,891</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or 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, 2011

	Agency Funds			Total
	Cities - Sales Tax	City School ADA - Sweetwater	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,613,214	\$ 1,613,214
Taxes Receivable	0	1,281,821	0	1,281,821
Allowance for Uncollectible Taxes	0	(74,619)	0	(74,619)
Due from Other Governments	529,566	138,487	0	668,053
Cash Shortage	0	0	20,651	20,651
Total Assets	<u>\$ 529,566</u>	<u>\$ 1,345,689</u>	<u>\$ 1,633,865</u>	<u>\$ 3,509,120</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 529,566	\$ 1,345,689	\$ 0	\$ 1,875,255
Due to Litigants, Heirs, and Others	0	0	1,633,865	1,633,865
Total Liabilities	<u>\$ 529,566</u>	<u>\$ 1,345,689</u>	<u>\$ 1,633,865</u>	<u>\$ 3,509,120</u>

Exhibit I-2

Monroe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,211,557	\$ 3,211,557	\$ 0
Due from Other Governments	541,453	529,566	541,453	529,566
Total Assets	\$ 541,453	\$ 3,741,123	\$ 3,753,010	\$ 529,566
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 541,453	\$ 3,741,123	\$ 3,753,010	\$ 529,566
Total Liabilities	\$ 541,453	\$ 3,741,123	\$ 3,753,010	\$ 529,566
<u>City School ADA - Sweetwater Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,148,370	\$ 2,148,370	\$ 0
Due from Other Governments	154,327	138,487	154,327	138,487
Due from Other Funds	13,562	0	13,562	0
Taxes Receivable	1,314,832	1,281,821	1,314,832	1,281,821
Allowance for Uncollectible Taxes	(56,118)	(74,619)	(56,118)	(74,619)
Total Assets	\$ 1,426,603	\$ 3,494,059	\$ 3,574,973	\$ 1,345,689
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,426,603	\$ 3,494,059	\$ 3,574,973	\$ 1,345,689
Total Liabilities	\$ 1,426,603	\$ 3,494,059	\$ 3,574,973	\$ 1,345,689
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,220,071	\$ 7,894,903	\$ 8,501,760	\$ 1,613,214
Cash Shortage	20,651	0	0	20,651
Total Assets	\$ 2,240,722	\$ 7,894,903	\$ 8,501,760	\$ 1,633,865
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,240,722	\$ 7,894,903	\$ 8,501,760	\$ 1,633,865
Total Liabilities	\$ 2,240,722	\$ 7,894,903	\$ 8,501,760	\$ 1,633,865

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,220,071	\$ 7,894,903	\$ 8,501,760	\$ 1,613,214
Equity in Pooled Cash and Investments	0	5,359,927	5,359,927	0
Cash Shortage	20,651	0	0	20,651
Due from Other Governments	695,780	668,053	695,780	668,053
Due from Other Funds	13,562	0	13,562	0
Taxes Receivable	1,314,832	1,281,821	1,314,832	1,281,821
Allowance for Uncollectible Taxes	(56,118)	(74,619)	(56,118)	(74,619)
Total Assets	<u>\$ 4,208,778</u>	<u>\$ 15,130,085</u>	<u>\$ 15,829,743</u>	<u>\$ 3,509,120</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,968,056	\$ 7,235,182	\$ 7,327,983	\$ 1,875,255
Due to Litigants, Heirs, and Others	2,240,722	7,894,903	8,501,760	1,633,865
Total Liabilities	<u>\$ 4,208,778</u>	<u>\$ 15,130,085</u>	<u>\$ 15,829,743</u>	<u>\$ 3,509,120</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 the cafeteria operations in each of the 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, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 24,899,018	\$ 3,300	\$ 3,145,542	\$ 0	\$ (21,750,176)
Support Services	15,817,419	636,208	656,884	554,368	(13,969,959)
Operation of Non-Instructional Services	3,726,787	816,125	2,293,485	0	(617,177)
Interest on Long-term Debt	18,069	0	0	0	(18,069)
Other Debt Service	312,158	0	0	0	(312,158)
Total Governmental Activities	\$ 44,773,451	\$ 1,455,633	\$ 6,095,911	\$ 554,368	\$ (36,667,539)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	4,494,027
Local Option Sales Taxes					3,129,357
Other Local Taxes					111,310
Grants and Contributions Not Restricted for Specific Programs					27,940,535
Unrestricted Investment Income					607
Miscellaneous					10,651
Total General Revenues				\$	35,686,487
Change in Net Assets				\$	(981,052)
Net Assets, July 1, 2010					48,531,215
Net Assets, June 30, 2011				\$	47,550,163

Exhibit J-2

Monroe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2011

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Central</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	<u>Funds</u>
			<u>Fund</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 3,004	\$ 3,004
Equity in Pooled Cash and Investments	4,963,077	0	105,613	5,068,690
Accounts Receivable	53,251	178	0	53,429
Due from Other Governments	1,297,974	375,113	0	1,673,087
Due from Other Funds	334	1,350	0	1,684
Property Taxes Receivable	5,100,131	0	0	5,100,131
Allowance for Uncollectible Property Taxes	(296,896)	0	0	(296,896)
Total Assets	\$ 11,117,871	\$ 376,641	\$ 108,617	\$ 11,603,129
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 799,925	\$ 99,899	\$ 56,386	\$ 956,210
Accrued Payroll	936	7,600	0	8,536
Payroll Deductions Payable	676,063	161,058	49,114	886,235
Cash Overdraft	0	19,149	0	19,149
Due to Other Funds	1,350	334	0	1,684
Deferred Revenue - Current Property Taxes	4,599,982	0	0	4,599,982
Deferred Revenue - Delinquent Property Taxes	189,184	0	0	189,184
Other Deferred Revenues	269,965	0	0	269,965
Total Liabilities	\$ 6,537,405	\$ 288,040	\$ 105,500	\$ 6,930,945
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 87,149	\$ 45,313	\$ 3,117	\$ 135,579
Committed:				
Committed for Education	0	43,288	0	43,288
Assigned:				
Assigned for Education	325,414	0	0	325,414
Unassigned	4,167,903	0	0	4,167,903
Total Fund Balances	\$ 4,580,466	\$ 88,601	\$ 3,117	\$ 4,672,184
Total Liabilities and Fund Balances	\$ 11,117,871	\$ 376,641	\$ 108,617	\$ 11,603,129

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, 2011

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)		\$	4,672,184
(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		44,811,722	
Add: other capital assets net of accumulated depreciation		<u>440,198</u>	45,918,032
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits liability			(3,499,202)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>459,149</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>47,550,163</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, 2011

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 8,044,290	\$ 0	\$ 0	\$ 8,044,290
Licenses and Permits	2,574	0	0	2,574
Charges for Current Services	628,058	0	816,125	1,444,183
Other Local Revenues	219,308	0	5,131	224,439
State of Tennessee	27,011,357	0	20,250	27,031,607
Federal Government	207,929	4,434,172	1,942,851	6,584,952
Other Governments and Citizens Groups	0	0	554,368	554,368
Total Revenues	<u>\$ 36,113,516</u>	<u>\$ 4,434,172</u>	<u>\$ 3,338,725</u>	<u>\$ 43,886,413</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 21,445,826	\$ 2,881,927	\$ 0	\$ 24,327,753
Support Services	12,582,964	1,531,489	0	14,114,453
Operation of Non-Instructional Services	509,338	20,047	3,187,740	3,717,125
Debt Service:				
Principal on Debt	415,000	0	0	415,000
Interest on Debt	19,712	0	0	19,712
Other Debt Service	312,158	0	0	312,158
Capital Projects	0	0	574,618	574,618
Total Expenditures	<u>\$ 35,284,998</u>	<u>\$ 4,433,463</u>	<u>\$ 3,762,358</u>	<u>\$ 43,480,819</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 828,518</u>	<u>\$ 709</u>	<u>\$ (423,633)</u>	<u>\$ 405,594</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 0	\$ 179,784	\$ 179,784
Transfers Out	(179,784)	0	0	(179,784)
Total Other Financing Sources (Uses)	<u>\$ (179,784)</u>	<u>\$ 0</u>	<u>\$ 179,784</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 648,734	\$ 709	\$ (243,849)	\$ 405,594
Fund Balance, July 1, 2010	3,931,732	87,892	246,966	4,266,590
Fund Balance, June 30, 2011	<u>\$ 4,580,466</u>	<u>\$ 88,601</u>	<u>\$ 3,117</u>	<u>\$ 4,672,184</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, 2011

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)		\$	405,594
(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	\$	501,179	
Less: current-year depreciation expense		<u>(1,622,349)</u>	(1,121,170)
(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, 2011	\$	459,149	
Less: deferred delinquent property taxes and other deferred June 30, 2010		<u>(553,163)</u>	(94,014)
(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			415,000
(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	\$	1,643	
Change in other postemployment benefits liability		<u>(588,105)</u>	<u>(586,462)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (981,052)</u>

Exhibit J-6

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, 2011

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 816,125	\$ 0	\$ 816,125
Other Local Revenues	5,131	0	5,131
State of Tennessee	0	20,250	20,250
Federal Government	1,942,851	0	1,942,851
Other Governments and Citizens Groups	0	554,368	554,368
Total Revenues	<u>\$ 2,764,107</u>	<u>\$ 574,618</u>	<u>\$ 3,338,725</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 3,187,740	\$ 0	\$ 3,187,740
Capital Projects	0	574,618	574,618
Total Expenditures	<u>\$ 3,187,740</u>	<u>\$ 574,618</u>	<u>\$ 3,762,358</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (423,633)</u>	<u>\$ 0</u>	<u>\$ (423,633)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 179,784	\$ 0	\$ 179,784
Total Other Financing Sources (Uses)	<u>\$ 179,784</u>	<u>\$ 0</u>	<u>\$ 179,784</u>
Net Change in Fund Balances	\$ (243,849)	\$ 0	\$ (243,849)
Fund Balance, July 1, 2010	246,966	0	246,966
Fund Balance, June 30, 2011	<u>\$ 3,117</u>	<u>\$ 0</u>	<u>\$ 3,117</u>

Exhibit J-7

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,044,290	\$ 0	\$ 0	\$ 8,044,290	\$ 8,176,958	\$ 8,176,958	\$ (132,668)
Licenses and Permits	2,574	0	0	2,574	2,000	2,000	574
Charges for Current Services	628,058	0	0	628,058	542,462	572,632	55,426
Other Local Revenues	219,308	0	0	219,308	185,338	187,739	31,569
State of Tennessee	27,011,357	0	0	27,011,357	26,600,330	26,786,543	224,814
Federal Government	207,929	0	0	207,929	93,151	224,372	(16,443)
Total Revenues	\$ 36,113,516	\$ 0	\$ 0	\$ 36,113,516	\$ 35,600,239	\$ 35,950,244	\$ 163,272
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 16,818,168	\$ 0	\$ 25,283	\$ 16,843,451	\$ 17,976,654	\$ 18,037,637	\$ 1,194,186
Alternative Instruction Program	65,356	0	0	65,356	66,232	66,232	876
Special Education Program	3,213,077	(615)	2,772	3,215,234	3,389,921	3,381,971	166,737
Vocational Education Program	1,299,743	(1,107)	2,330	1,300,966	1,441,371	1,441,429	140,463
Adult Education Program	49,482	0	0	49,482	66,257	73,572	24,090
<u>Support Services</u>							
Attendance	30,079	0	0	30,079	31,071	31,071	992
Health Services	1,015,364	0	179	1,015,543	948,157	1,025,937	10,394
Other Student Support	966,053	(2,373)	0	963,680	1,038,067	1,036,937	73,257
Regular Instruction Program	1,246,007	0	0	1,246,007	1,316,788	1,318,863	72,856
Special Education Program	355,042	0	17,500	372,542	605,321	430,948	58,406
Vocational Education Program	30,186	0	0	30,186	50,076	50,276	20,090
Adult Programs	109,231	0	0	109,231	102,177	111,195	1,964
Other Programs	185,078	0	0	185,078	0	185,078	0

(Continued)

Exhibit J-7

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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 558,568	\$ (200)	\$ 2,573	\$ 560,941	\$ 689,703	\$ 668,440	\$ 107,499
Director of Schools	304,380	(480)	728	304,628	308,155	308,519	3,891
Office of the Principal	1,664,449	0	0	1,664,449	1,749,328	1,738,704	74,255
Fiscal Services	19,585	0	0	19,585	20,655	20,655	1,070
Operation of Plant	3,034,698	0	0	3,034,698	3,228,166	3,228,166	193,468
Maintenance of Plant	833,763	(14,112)	31,121	850,772	983,368	983,997	133,225
Transportation	2,230,481	(6,459)	103,107	2,327,129	2,274,051	2,349,402	22,273
<u>Operation of Non-Instructional Services</u>							
Food Service	93,662	0	0	93,662	96,357	97,237	3,575
Community Services	117,165	(1,115)	400	116,450	98,701	119,069	2,619
Early Childhood Education	298,511	(9,354)	681	289,838	289,102	289,780	(58)
<u>Principal on Debt</u>							
Education	415,000	0	0	415,000	415,000	415,000	0
<u>Interest on Debt</u>							
Education	19,712	0	0	19,712	19,713	19,713	1
<u>Other Debt Service</u>							
Education	312,158	0	0	312,158	312,167	312,167	9
Total Expenditures	\$ 35,284,998	\$ (35,815)	\$ 186,674	\$ 35,435,857	\$ 37,516,558	\$ 37,741,995	\$ 2,306,138
Excess (Deficiency) of Revenues Over Expenditures	\$ 828,518	\$ 35,815	\$ (186,674)	\$ 677,659	\$ (1,916,319)	\$ (1,791,751)	\$ 2,469,410

(Continued)

Exhibit J-7

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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (179,784) \$	0 \$	0 \$	(179,784) \$	0 \$	(179,784) \$	0
Total Other Financing Sources (Uses)	\$ (179,784) \$	0 \$	0 \$	(179,784) \$	0 \$	(179,784) \$	0
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 648,734 \$ 3,931,732	35,815 \$ (35,815)	(186,674) \$ 0	497,875 \$ 3,895,917	(1,916,319) \$ 3,718,296	(1,971,535) \$ 3,718,296	2,469,410 177,621
Fund Balance, June 30, 2011	\$ 4,580,466 \$	0 \$	(186,674) \$	4,393,792 \$	1,801,977 \$	1,746,761 \$	2,647,031

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
School Federal Projects Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,434,172	\$ 0	\$ 0	\$ 4,434,172	\$ 4,281,416	\$ 5,839,268	\$ (1,405,096)
Total Revenues	\$ 4,434,172	\$ 0	\$ 0	\$ 4,434,172	\$ 4,281,416	\$ 5,839,268	\$ (1,405,096)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,907,692	\$ (1,389)	\$ 34,548	\$ 1,940,851	\$ 1,746,831	\$ 2,369,261	\$ 428,410
Special Education Program	872,835	(227)	9,998	882,606	1,144,510	1,139,284	256,678
Vocational Education Program	101,400	(306)	0	101,094	101,095	101,167	73
<u>Support Services</u>							
Health Services	128,420	0	0	128,420	53,323	140,633	12,213
Other Student Support	158,121	0	2,439	160,560	50,934	184,868	24,308
Regular Instruction Program	821,220	0	95	821,315	761,026	1,313,427	492,112
Special Education Program	150,141	0	15,770	165,911	208,607	219,602	53,691
Vocational Education Program	6,620	0	0	6,620	6,495	6,495	(125)
Office of the Principal	139,828	0	0	139,828	0	141,300	1,472
Transportation	127,139	0	0	127,139	250,547	247,250	120,111
<u>Operation of Non-Instructional Services</u>							
Food Service	20,047	0	0	20,047	0	19,625	(422)
Total Expenditures	\$ 4,433,463	\$ (1,922)	\$ 62,850	\$ 4,494,391	\$ 4,323,368	\$ 5,882,912	\$ 1,388,521
Excess (Deficiency) of Revenues Over Expenditures	\$ 709	\$ 1,922	\$ (62,850)	\$ (60,219)	\$ (41,952)	\$ (43,644)	\$ (16,575)

(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
School Federal Projects Fund (Cont.)

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2010	Encumbrances 6/30/2011			Original	Final	
Other Financing Sources (Uses)								
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 227,604	\$ 0	\$ 0	\$ 0
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	(227,604)	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 709	\$ 1,922	\$ (62,850)	\$ (60,219)	\$ (41,952)	\$ (43,644)	\$ (43,644)	\$ (16,575)
Fund Balance, July 1, 2010	87,892	(1,922)	0	85,970	43,644	43,644	43,644	42,326
Fund Balance, June 30, 2011	\$ 88,601	\$ 0	\$ (62,850)	\$ 25,751	\$ 1,692	\$ 0	\$ 0	\$ 25,751

Exhibit J-9

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 816,125	\$ 987,040	\$ 921,699	\$ (105,574)
Other Local Revenues	5,131	4,500	7,541	(2,410)
Federal Government	1,942,851	1,809,285	1,933,102	9,749
Total Revenues	<u>\$ 2,764,107</u>	<u>\$ 2,800,825</u>	<u>\$ 2,862,342</u>	<u>\$ (98,235)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,187,740	\$ 2,800,825	\$ 3,285,015	\$ 97,275
Total Expenditures	<u>\$ 3,187,740</u>	<u>\$ 2,800,825</u>	<u>\$ 3,285,015</u>	<u>\$ 97,275</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (423,633)</u>	<u>\$ 0</u>	<u>\$ (422,673)</u>	<u>\$ (960)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 179,784	\$ 0	\$ 175,708	\$ 4,076
Total Other Financing Sources (Uses)	<u>\$ 179,784</u>	<u>\$ 0</u>	<u>\$ 175,708</u>	<u>\$ 4,076</u>
Net Change in Fund Balance	\$ (243,849)	\$ 0	\$ (246,965)	\$ 3,116
Fund Balance, July 1, 2010	<u>246,966</u>	<u>246,966</u>	<u>246,966</u>	<u>0</u>
Fund Balance, June 30, 2011	<u>\$ 3,117</u>	<u>\$ 246,966</u>	<u>\$ 1</u>	<u>\$ 3,116</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, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Paid and/or Matured During Period	Outstanding 6-30-11
PRIMARY GOVERNMENT							
NOTES PAYABLE							
Payable through General Debt Service Fund	\$						
Various Projects	450,000	4.59	10-11-01	10-11-13	177,582	41,453	136,129
Ambulance, Sheriff Vehicles, Election Commission Bldg. School Bleachers	700,000	3.79	5-1-07	5-1-13	375,000	120,000	255,000
Energy Efficiency	432,000	3.73	2-1-07	2-1-13	227,853	73,187	154,666
Ambulance, Sheriff Vehicles, HVAC, and Landscaping	156,500	0	4-18-08	6-15-15	111,786	22,357	89,429
	380,000	3.65	7-16-08	7-16-11	257,846	126,612	131,234
Total Notes Payable					\$ 1,150,067	\$ 383,609	\$ 766,458
BONDS PAYABLE							
Payable through General Debt Service Fund							
F.H.A. - Office Building	600,000	5	10-27-1978	1-1-18	235,000	25,000	210,000
High School Refunding, Series 1998	10,205,000	4.25 to 5.25	8-1-1998	5-1-13	3,225,000	1,015,000	2,210,000
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	8,200,000	100,000	8,100,000
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					\$ 22,509,236	\$ 1,140,000	\$ 21,369,236
OTHER LOANS PAYABLE							
Payable through General Debt Service Fund							
Public Improvement and Refunding, Series E-7-A	31,965,000	Variable (1)	2-19-09	6-1-39	31,650,000	125,000	31,525,000
Total Other Loans Payable					\$ 31,650,000	\$ 125,000	\$ 31,525,000

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Paid and/or Matured During Period	Outstanding 6-30-11
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>							
<u>BONDS PAYABLE</u>							
Payable through General Purpose School Fund							
Rural School Refunding, Series 1998	\$ 4,205,000	4.3 to 5 %	8-1-1998	6-1-11	\$ 415,000	\$ 415,000	\$ 0
Total Bonds Payable					\$ 415,000	\$ 415,000	\$ 0

(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

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 766,458	\$ 39,989	\$ 806,447

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 21,369,236	\$ 16,935,834	\$ 38,305,070

(Continued)

Exhibit K-2

Monroe County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2012	\$ 135,000	\$ 459,550	\$ 488,395	\$ 1,082,945
2013	145,000	459,415	486,305	1,090,720
2014	745,000	459,270	484,060	1,688,330
2015	790,000	440,648	472,515	1,703,163
2016	835,000	420,769	460,272	1,716,041
2017	880,000	399,633	447,332	1,726,965
2018	975,000	377,392	433,695	1,786,087
2019	1,460,000	352,328	418,585	2,230,913
2020	1,535,000	312,387	395,958	2,243,345
2021	1,085,000	270,250	372,169	1,727,419
2022	1,155,000	269,165	355,368	1,779,533
2023	1,155,000	268,010	337,484	1,760,494
2024	1,130,000	266,855	319,599	1,716,454
2025	1,150,000	246,125	302,090	1,698,215
2026	1,295,000	225,375	284,270	1,804,645
2027	1,310,000	202,030	264,204	1,776,234
2028	1,420,000	178,670	243,905	1,842,575
2029	1,445,000	152,750	221,902	1,819,652
2030	1,590,000	126,805	199,511	1,916,316
2031	1,445,000	98,265	174,874	1,718,139
2032	1,580,000	69,870	152,482	1,802,352
2033	1,645,000	38,890	127,998	1,811,888
2034	865,000	6,620	102,506	974,126
2035	960,000	5,755	89,112	1,054,867
2036	1,465,000	4,795	74,246	1,544,041
2037	1,395,000	3,330	51,563	1,449,893
2038	1,535,000	1,935	29,962	1,566,897
2039	400,000	400	6,194	406,594
Total	\$ 31,525,000	\$ 6,117,287	\$ 7,796,556	\$ 45,438,843

Exhibit K-3

Monroe County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Monroe County School Department
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ 30,000
Total Transfers Primary Government			<u>\$ 30,000</u>
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Cafeteria expenditures	\$ 179,784
Total Transfers Discretely Presented Monroe County School Department			<u>\$ 179,784</u>

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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
J. Allan Watson (7-1-10 through 8-31-10)	Section 8-24-102, TCA	\$ 13,257	\$ 50,000	Ohio Casualty Insurance Company
Tim Yates (9-1-10 through 6-30-11)	Section 8-24-102, TCA	66,887	50,000	"
Road Superintendent:				
Phillip Axley (7-1-10 through 8-31-10)	Section 8-24-102, TCA	11,725	100,000	"
Steve Teague (9-1-10 through 6-30-11)	Section 8-24-102, TCA	58,625	100,000	"
Director of Schools	Board of Education	86,537 (1)	100,000	RLI Insurance Company
Trustee	Section 8-24-102, TCA	63,954	1,673,200	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, TCA	64,704 (2)	10,000	"
Director of Finance:				
Brian Tallent (7-1-10 through 10-19-10)	County Commission	37,786 (3), (4)	50,000	"
James Blair (3-21-11 through 4-16-11)	County Commission	3,231 (4)		"
Elizabeth Hicks (6-1-11 through 6-30-11)	County Commission	5,833 (4)	50,000	"
County Clerk	Section 8-24-102, TCA	63,954	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	63,954	50,000	"
Clerk and Master:				
Robert Pennington (7-1-10 through 4-7-11)	Section 8-24-102, TCA, and Chancery Court Judge	49,687 (5)	25,000	"
Teresa Choate (4-26-11 through 6-30-11)	Section 8-24-102, TCA, and Chancery Court Judge	11,643 (6)	25,000	"
Register	Section 8-24-102, TCA	63,954	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	75,950 (7)	25,000	"
Employee Blanket Bond Coverage:				
Monroe County and Monroe County School Department:			500,000	Gulf Insurance Company
Public Employee Dishonesty				

- (1) Includes a chief executive officer training supplement of \$1,000 and a one-time bonus of \$163.
- (2) Includes a salary supplement of \$750.
- (3) Includes a longevity payment of \$3,000 and accrued vacation pay of \$9,214.
- (4) Amounts shown for salary of finance director do not include a \$5,000 salary supplement paid to Andrea Gunter, Assistant Finance Director, for performing finance director duties from 10-20-10 to 3-20-11.
- (5) Does not include special commissioner fees of \$6,001.
- (6) Does not include special commissioner fees of \$1,450.
- (7) 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, 2011

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works			
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 5,321,408	\$ 1,064,718	\$ 0	\$ 0	\$ 266,176	\$ 2,129,448	\$ 0	\$ 8,781,750
Trustee's Collections - Prior Year	276,194	55,228	0	0	13,821	110,512	0	455,755
Circuit/Clerk & Master Collections - Prior Years	159,549	31,841	0	0	8,046	64,027	0	263,463
Interest and Penalty	47,405	9,477	0	0	2,371	16,923	0	76,176
Pick-up Taxes	528	106	0	0	26	211	0	871
Payments in-Lieu-of Taxes - T.V.A.	132,138	2,244	0	0	561	4,488	0	139,431
Payments in-Lieu-of Taxes - Local Utilities	268,361	53,672	0	0	13,418	107,345	0	442,796
Payments in-Lieu-of Taxes - Other	50,630	206	0	0	52	412	0	51,300
<u>County Local Option Taxes</u>								
Local Option Sales Tax	717,118	0	0	0	0	0	0	717,118
Hotel/Motel Tax	201,010	0	0	0	0	0	0	201,010
Wheel Tax	0	0	0	0	0	874,788	0	874,788
Litigation Tax - General	28,336	0	0	0	0	30,272	0	58,608
Litigation Tax - Special Purpose	27,227	0	0	0	0	0	0	27,227
Litigation Tax - Jail, Workhouse, or Courthouse	145,482	0	0	0	0	0	0	145,482
Business Tax	205,132	0	0	0	7,403	31,259	0	243,794
Mineral Severance Tax	0	0	0	0	59,947	0	0	59,947
<u>Statutory Local Taxes</u>								
Bank Excise Tax	12,599	2,520	0	0	630	5,040	0	20,789
Wholesale Beer Tax	104,640	0	0	0	0	0	0	104,640
Interstate Telecommunications Tax	972	158	0	0	52	2,322	0	3,504
Total Local Taxes	\$ 7,698,729	\$ 1,220,170	\$ 0	\$ 0	\$ 372,503	\$ 3,377,047	\$ 0	\$ 12,668,449
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Vaccination	\$ 34,974	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,974
Cable TV Franchise	47,821	0	0	0	0	0	0	47,821
<u>Permits</u>								
Building Permits	5,409	0	0	0	0	0	0	5,409
Total Licenses and Permits	\$ 88,204	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 88,204

(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	General Debt Service	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 14,050	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,050
Officers Costs	17,387	0	0	0	0	0	17,387
Jail Fees	6,716	0	0	0	0	0	6,716
DUI Treatment Fines	1,690	0	0	0	0	0	1,690
Data Entry Fee - Circuit Court	826	0	0	0	0	0	826
Courtroom Security Fee	1,289	0	0	0	0	0	1,289
<u>General Sessions Court</u>							
Fines	34,975	0	0	0	0	0	34,975
Officers Costs	29,792	0	0	0	0	0	29,792
Jail Fees	22,517	0	0	0	0	0	22,517
DUI Treatment Fines	6,825	0	0	0	0	0	6,825
Data Entry Fee - General Sessions Court	3,124	0	0	0	0	0	3,124
<u>Chancery Court</u>							
Officers Costs	4,018	0	0	0	0	0	4,018
<u>Other Courts - In-county</u>							
Fines	2,723	0	0	0	0	0	2,723
Drug Control Fines	578	0	14,305	0	0	0	14,883
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	2	0	0	0	0	0	2
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	185,559	0	0	0	185,559
Other Fines, Forfeitures, and Penalties	708	0	0	0	0	0	708
Total Fines, Forfeitures, and Penalties	\$ 147,220	\$ 0	\$ 199,864	\$ 0	\$ 0	\$ 0	\$ 347,084
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Self-Insurance Premiums/Contributions	\$ 666	\$ 0	\$ 0	\$ 0	\$ 662	\$ 0	\$ 1,328
Typing Fees	0	633,673	0	0	0	0	633,673
Patient Charges	2,513,068	0	0	0	0	0	2,513,068
Other General Service Charges	435,925	0	0	0	297,683	126,544	860,152

(Continued)

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
<u>Charges for Current Services (Cont.)</u>							
<u>General Service Charges (Cont.)</u>							
Service Charges	\$ 1,378	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,378
Fees							
Airport Fees	14,269	0	0	0	0	0	14,269
Engineer Review Fees	11,925	0	0	0	0	0	11,925
Copy Fees	1,800	0	0	0	0	0	1,800
Telephone Commissions	31,674	0	0	0	0	0	31,674
Vending Machine Collections	75	0	0	0	0	0	75
Tourism Fees	56,510	0	0	0	0	0	56,510
Constitutional Officers' Fees and Commissions	0	0	0	1,191	0	0	1,191
Special Commissioner Fees/Special Master Fees	0	0	0	7,451	0	0	7,451
Data Processing Fee - Register	14,458	0	0	0	0	0	14,458
Data Processing Fee - Sheriff	6,263	0	0	0	0	0	6,263
Sexual Offender Registration Fees - Sheriff	2,250	0	0	0	0	0	2,250
Data Processing Fee - County Clerk	2,950	0	0	0	0	0	2,950
Total Charges for Current Services	\$ 3,093,211	\$ 633,673	\$ 0	\$ 8,642	\$ 298,345	\$ 126,544	\$ 4,160,415
<u>Other Local Revenues</u>							
Recurring Items							
Investment Income	0	0	0	0	0	53,085	70,823
Lease/Rentals	2,400	0	0	0	0	0	2,400
Commissary Sales	239,071	0	0	0	0	0	239,071
Sale of Recycled Materials	0	11,649	0	0	0	0	11,649
Retirees' Insurance Payments	12	0	0	0	0	0	12
Cobra Insurance Payments	1,552	128	0	0	47	0	1,727
Miscellaneous Refunds	10,417	580	0	0	0	0	10,997
Nonrecurring Items							
Sale of Equipment	11	0	0	0	0	0	11
Sale of Property	5,000	0	0	0	0	0	5,000
Contributions and Gifts	3,679	0	0	0	0	0	3,679
Total Other Local Revenues	\$ 262,142	\$ 12,357	\$ 0	\$ 0	\$ 47	\$ 53,085	\$ 345,369

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Highway / Public Works	General Debt Service	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees				
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 377,785	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 377,785
Circuit Court Clerk	235,921	0	0	0	0	0	0	235,921
General Sessions Court Clerk	195,891	0	0	0	0	0	0	195,891
Clerk and Master	176,038	0	0	0	0	0	0	176,038
Register	168,673	0	0	0	0	0	0	168,673
Sheriff	30,686	0	0	0	0	0	0	30,686
Trustee	563,663	0	0	0	0	0	0	563,663
Total Fees Received from County Officials	\$ 1,748,657	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,748,657
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	1,896	0	0	0	0	0	0	1,896
Solid Waste Grants	0	11,488	0	0	0	0	0	11,488
On-Behalf Contributions for OPEB	4,231	0	0	0	0	0	0	4,231
Other General Government Grants	2,601	0	0	0	0	0	0	2,601
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	21,000	0	0	0	0	0	0	21,000
<u>Public Works Grants</u>								
State Aid Program	0	0	0	0	309,915	0	0	309,915
Litter Program	0	33,206	0	0	0	0	0	33,206
<u>Other State Revenues</u>								
Income Tax	27,388	4,776	0	0	4,371	11,286	0	47,821
Beer Tax	73,808	0	0	0	0	0	0	73,808
Alcoholic Beverage Tax	16,029	0	0	0	0	0	0	16,029
Mixed Drink Tax	6,101	0	0	0	0	0	0	6,101
State Revenue Sharing - T.V.A.	150,000	0	0	0	21,000	0	0	171,000
Contracted Prisoner Boarding	933,980	0	0	0	0	0	0	933,980
Gasoline and Motor Fuel Tax	0	0	0	0	2,056,838	0	0	2,056,838
Petroleum Special Tax	0	0	0	0	10,430	0	0	10,430

(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	General Debt Service	Capital Projects	
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Reappraisal Program Reimbursement	\$ 750	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 750
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	15,164
Other State Grants	152,208	0	0	0	0	0	0	152,208
Total State of Tennessee	\$ 1,414,156	\$ 49,470	\$ 0	\$ 0	\$ 2,402,554	\$ 11,286	\$ 0	\$ 3,877,466
<u>Federal Government</u>								
<u>Federal Through State</u>								
Other Federal through State	\$ 420,430	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 420,430
<u>Direct Federal Revenue</u>								
Forest Service	6,466	0	0	0	311,832	0	0	318,298
Other Direct Federal Revenue	290,657	0	0	0	0	0	0	290,657
Total Federal Government	\$ 717,553	\$ 0	\$ 0	\$ 0	\$ 311,832	\$ 0	\$ 0	\$ 1,029,385
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 257,006	\$ 0	\$ 0	\$ 0	\$ 0	\$ 311,909	\$ 0	\$ 568,915
<u>Citizens Groups</u>								
Donations	12,280	0	4,000	0	0	0	0	16,280
<u>Other</u>								
Other	0	0	0	0	0	74,615	0	74,615
Total Other Governments and Citizens Groups	\$ 269,286	\$ 0	\$ 4,000	\$ 0	\$ 0	\$ 386,524	\$ 0	\$ 659,810
Total	\$ 15,439,158	\$ 1,915,670	\$ 203,864	\$ 8,642	\$ 3,385,281	\$ 3,954,486	\$ 17,738	\$ 24,924,839

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, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,183,477	\$ 0	\$ 0	\$ 0	\$ 4,183,477
Trustee's Collections - Prior Year	217,142	0	0	0	217,142
Circuit/Clerk & Master Collections - Prior Years	125,045	0	0	0	125,045
Interest and Penalty	37,255	0	0	0	37,255
Pick-up Taxes	415	0	0	0	415
Payments in-Lieu-of Taxes - T.V.A.	7,349	0	0	0	7,349
Payments in-Lieu-of Taxes - Local Utilities	210,886	0	0	0	210,886
Payments in-Lieu-of Taxes - Other	809	0	0	0	809
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,140,633	0	0	0	3,140,633
Business Tax	108,449	0	0	0	108,449
Other County Local Option Taxes	396	0	0	0	396
<u>Statutory Local Taxes</u>					
Bank Excise Tax	9,901	0	0	0	9,901
Interstate Telecommunications Tax	2,533	0	0	0	2,533
Total Local Taxes	\$ 8,044,290	\$ 0	\$ 0	\$ 0	\$ 8,044,290
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,574	\$ 0	\$ 0	\$ 0	\$ 2,574
Total Licenses and Permits	\$ 2,574	\$ 0	\$ 0	\$ 0	\$ 2,574
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 3,300	\$ 0	\$ 0	\$ 0	\$ 3,300
Lunch Payments - Children	0	0	357,837	0	357,837
Lunch Payments - Adults	0	0	88,743	0	88,743
Income from Breakfast	0	0	222,947	0	222,947
Transportation - Other State Systems	256,657	0	0	0	256,657
School Based Health Services - FFS	282,270	0	0	0	282,270
Receipts from Individual Schools	85,831	0	146,598	0	232,429
Total Charges for Current Services	\$ 628,058	\$ 0	\$ 816,125	\$ 0	\$ 1,444,183
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 330	\$ 0	\$ 277	\$ 0	\$ 607
Lease/Rentals	11,450	0	0	0	11,450
Miscellaneous Refunds	4,736	0	3,245	0	7,981
<u>Nonrecurring Items</u>					
Sale of Equipment	2,554	0	0	0	2,554
Damages Recovered from Individuals	116	0	0	0	116
Contributions and Gifts	260	0	461	0	721
<u>Other Local Revenues</u>					
Other Local Revenues	199,862	0	1,148	0	201,010
Total Other Local Revenues	\$ 219,308	\$ 0	\$ 5,131	\$ 0	\$ 224,439

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 185,078	\$ 0	\$ 0	\$ 0	\$ 185,078
<u>State Education Funds</u>					
Basic Education Program	22,114,465	0	0	0	22,114,465
Basic Education Program - ARRA	2,529,534	0	0	0	2,529,534
Early Childhood Education	289,102	0	0	0	289,102
School Food Service	28,232	0	0	0	28,232
Energy Efficient School Initiative	0	0	0	20,250	20,250
Driver Education	37,904	0	0	0	37,904
Other State Education Funds	34,434	0	0	0	34,434
Coordinated School Health - ARRA	160,000	0	0	0	160,000
Internet Connectivity - ARRA	16,556	0	0	0	16,556
Family Resource Centers - ARRA	33,300	0	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	13,740	0	0	0	13,740
Career Ladder Program	196,998	0	0	0	196,998
Career Ladder - Extended Contract - ARRA	73,108	0	0	0	73,108
<u>Other State Revenues</u>					
Income Tax	19,691	0	0	0	19,691
Mixed Drink Tax	4,876	0	0	0	4,876
State Revenue Sharing - T.V.A.	1,209,017	0	0	0	1,209,017
Safe Schools - ARRA	30,700	0	0	0	30,700
Other State Revenues	34,622	0	0	0	34,622
Total State of Tennessee	\$ 27,011,357	\$ 0	\$ 0	\$ 20,250	\$ 27,031,607
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,327,077	\$ 0	\$ 1,327,077
USDA - Commodities	0	0	156,987	0	156,987
Breakfast	0	0	458,787	0	458,787
Adult Education State Grant Program	75,987	0	0	0	75,987
Vocational Education - Basic Grants to States	0	129,924	0	0	129,924
Title I Grants to Local Education Agencies	0	1,835,920	0	0	1,835,920
Special Education - Grants to States	79,344	1,080,437	0	0	1,159,781
Special Education Preschool Grants	0	32,777	0	0	32,777
English Language Acquisition Grants	0	14,483	0	0	14,483
Safe and Drug-free Schools - State Grants	0	2,599	0	0	2,599
Rural Education	0	50,840	0	0	50,840
Education for Homeless Children and Youth	0	1,366	0	0	1,366
Eisenhower Professional Development State Grants	0	262,270	0	0	262,270
Race to the Top - ARRA	0	312,604	0	0	312,604
Other Federal through State	52,598	710,952	0	0	763,550
Total Federal Government	\$ 207,929	\$ 4,434,172	\$ 1,942,851	\$ 0	\$ 6,584,952
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 554,368	\$ 554,368
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 554,368	\$ 554,368
Total	\$ 36,113,516	\$ 4,434,172	\$ 2,764,107	\$ 574,618	\$ 43,886,413

Exhibit K-7

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Secretary to Board	\$	2,500	
Board and Committee Members Fees		47,699	
Social Security		3,103	
State Retirement		148	
Employee and Dependent Insurance		2	
Employer Medicare		726	
Audit Services		11,688	
Contracts with Private Agencies		32,375	
Building and Contents Insurance		115,953	
Indirect Cost		15,000	
Premiums on Corporate Surety Bonds		12,004	
Workers' Compensation Insurance		1,608	
Tax Relief Program		55,663	
Other Charges		17,707	
Total County Commission			\$ 316,176

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)		29,443	
Deputy(ies)		26,385	
Social Security		7,945	
State Retirement		8,582	
Employee and Dependent Insurance		22,267	
Life Insurance		162	
Employer Medicare		1,858	
Communication		5,720	
Dues and Memberships		50	
Operating Lease Payments		1,326	
Maintenance and Repair Services - Office Equipment		185	
Postal Charges		1	
Travel		2,483	
Office Supplies		1,618	
Workers' Compensation Insurance		1,447	
Other Charges		464	
Office Equipment		100	
Total County Mayor/Executive			190,180

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Personnel Office

Secretary(ies)	\$	56,148	
Social Security		2,056	
Handling Charges and Administrative Costs		21,375	
State Retirement		2,614	
Employee and Dependent Insurance		10,550	
Life Insurance		76	
Employer Medicare		481	
Other Charges		2,591	
Office Equipment		510	
Total Personnel Office			\$ 96,401

County Attorney

Legal Services	\$	32,394	
Total County Attorney			32,394

Election Commission

Supervisor/Director	\$	57,559	
Deputy(ies)		28,713	
Clerical Personnel		2,227	
Election Commission		16,800	
Election Workers		37,757	
Social Security		6,553	
State Retirement		6,117	
Employee and Dependent Insurance		15,733	
Life Insurance		114	
Employer Medicare		1,533	
Communication		2,733	
Data Processing Services		30	
Legal Notices, Recording, and Court Costs		2,408	
Maintenance Agreements		18,853	
Maintenance and Repair Services - Office Equipment		55	
Postal Charges		3,342	
Travel		3,367	
Data Processing Supplies		5,396	
Office Supplies		5,114	
Workers' Compensation Insurance		1,422	
Other Charges		368	
Other Equipment		1,000	
Total Election Commission			217,194

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	63,954	
Assistant(s)		27,081	
Deputy(ies)		103,247	
Part-time Personnel		4,456	
Social Security		12,084	
State Retirement		13,775	
Employee and Dependent Insurance		40,195	
Life Insurance		342	
Employer Medicare		2,826	
Communication		3,969	
Dues and Memberships		537	
Operating Lease Payments		4,611	
Maintenance Agreements		19,662	
Postal Charges		3,490	
Office Supplies		15,956	
Workers' Compensation Insurance		1,379	
Other Charges		323	
Office Equipment		2,600	
Total Register of Deeds			\$ 320,487

Codes Compliance

County Official/Administrative Officer	\$	15,605	
Clerical Personnel		2,086	
Part-time Personnel		11,060	
Board and Committee Members Fees		1,150	
Social Security		1,764	
State Retirement		1,254	
Employer Medicare		412	
Maintenance Agreements		1,092	
Travel		302	
Office Supplies		754	
Workers' Compensation Insurance		100	
Other Charges		233	
Office Equipment		3,387	
Total Codes Compliance			39,199

Geographical Information Systems

Supervisor/Director	\$	35,720	
Social Security		1,678	
State Retirement		2,532	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems (Cont.)

Employee and Dependent Insurance	\$	7,866	
Life Insurance		57	
Employer Medicare		392	
Communication		3,303	
Dues and Memberships		200	
Maintenance Agreements		8,417	
Maintenance and Repair Services - Office Equipment		215	
Travel		140	
Office Supplies		993	
Workers' Compensation Insurance		100	
Other Charges		1,183	
Total Geographical Information Systems			\$ 62,796

County Buildings

Assistant(s)	\$	26,073	
Supervisor/Director		33,540	
Attendants		16,362	
Custodial Personnel		20,427	
Other Salaries and Wages		20,427	
Social Security		6,941	
State Retirement		6,449	
Employee and Dependent Insurance		30,047	
Life Insurance		214	
Employer Medicare		1,623	
Communication		6,727	
Maintenance Agreements		15,240	
Maintenance and Repair Services - Buildings		114,944	
Rentals		4,800	
Other Contracted Services		48,106	
Custodial Supplies		8,640	
Electricity		117,214	
Natural Gas		13,373	
Water and Sewer		11,752	
Workers' Compensation Insurance		2,000	
Other Charges		13,843	
Total County Buildings			518,742

Other General Administration

Legal Notices, Recording, and Court Costs	\$	3,590	
Maintenance and Repair Services - Vehicles		5,724	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Duplicating Supplies	\$	1,144	
Gasoline		6,318	
Other Charges		10,350	
Administration Equipment		19,661	
Total Other General Administration	\$		46,787

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	48,850	
Assistant(s)		33,473	
Accountants/Bookkeepers		238,386	
Social Security		19,702	
State Retirement		21,557	
Employee and Dependent Insurance		69,136	
Life Insurance		508	
Employer Medicare		4,608	
Communication		11,891	
Contracts with Private Agencies		455	
Data Processing Services		8,941	
Maintenance and Repair Services - Equipment		2,000	
Postal Charges		4,197	
Travel		2,994	
Office Supplies		14,844	
Workers' Compensation Insurance		1,750	
Other Charges		1,005	
Administration Equipment		1,596	
Office Equipment		4,347	
Total Accounting and Budgeting			490,240

Property Assessor's Office

County Official/Administrative Officer	\$	63,954
Deputy(ies)		27,081
Salary Supplements		750
Secretary(ies)		25,477
Clerical Personnel		52,482
Social Security		10,425
State Retirement		12,035
Employee and Dependent Insurance		39,168
Life Insurance		285
Employer Medicare		2,438

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Communication	\$	5,520	
Data Processing Services		7,716	
Dues and Memberships		1,515	
Operating Lease Payments		1,972	
Maintenance and Repair Services - Vehicles		712	
Postal Charges		290	
Printing, Stationery, and Forms		283	
Travel		674	
Gasoline		1,754	
Office Supplies		1,476	
Workers' Compensation Insurance		1,500	
Other Charges		434	
Office Equipment		2,193	
Total Property Assessor's Office			\$ 260,134

Reappraisal Program

Clerical Personnel	\$	51,694	
Social Security		2,880	
State Retirement		3,513	
Employee and Dependent Insurance		15,651	
Life Insurance		114	
Employer Medicare		674	
Data Processing Services		5,500	
Travel		768	
Office Supplies		791	
Workers' Compensation Insurance		60	
Other Charges		403	
Total Reappraisal Program			82,048

County Trustee's Office

County Official/Administrative Officer	\$	63,954	
Assistant(s)		35,811	
Deputy(ies)		51,617	
Part-time Personnel		15,485	
Social Security		9,750	
State Retirement		9,346	
Employee and Dependent Insurance		28,697	
Life Insurance		209	
Employer Medicare		2,280	
Communication		3,842	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Dues and Memberships	\$	135	
Legal Notices, Recording, and Court Costs		465	
Maintenance Agreements		8,424	
Postal Charges		2,000	
Other Contracted Services		16,196	
Office Supplies		2,585	
Workers' Compensation Insurance		1,800	
Other Charges		8,772	
Office Equipment		8,387	
Total County Trustee's Office			\$ 269,755

County Clerk's Office

County Official/Administrative Officer	\$	63,954	
Assistant(s)		27,081	
Deputy(ies)		167,034	
Part-time Personnel		12,000	
Social Security		16,617	
State Retirement		18,415	
Employee and Dependent Insurance		71,197	
Life Insurance		518	
Employer Medicare		3,886	
Communication		5,611	
Dues and Memberships		812	
Operating Lease Payments		3,460	
Legal Notices, Recording, and Court Costs		569	
Maintenance and Repair Services - Office Equipment		20,582	
Postal Charges		6,414	
Travel		862	
Office Supplies		4,609	
Workers' Compensation Insurance		1,936	
Other Charges		225	
Office Equipment		517	
Total County Clerk's Office			426,299

Other Finance

Social Security	\$	466	
State Retirement		537	
Employer Medicare		109	
Trustee's Commission		186,301	
Total Other Finance			187,413

(Continued)

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,954	
Assistant(s)		54,159	
Deputy(ies)		311,956	
Part-time Personnel		23,242	
Other Salaries and Wages		32,400	
Jury and Witness Expense		19,668	
In-Service Training		300	
Social Security		29,992	
State Retirement		32,789	
Employee and Dependent Insurance		117,410	
Life Insurance		855	
Employer Medicare		7,014	
Communication		14,407	
Operating Lease Payments		11,520	
Legal Notices, Recording, and Court Costs		144	
Maintenance Agreements		29,358	
Postal Charges		7,412	
Travel		3,738	
Office Supplies		27,903	
Workers' Compensation Insurance		1,993	
Other Charges		3,349	
Data Processing Equipment		5,190	
Office Equipment		3,855	
Total Circuit Court			\$ 802,608

General Sessions Judge

Judge(s)	\$	138,675
Secretary(ies)		27,081
Part-time Personnel		1,965
Social Security		8,359
State Retirement		11,752
Employee and Dependent Insurance		15,651
Life Insurance		114
Employer Medicare		2,404
Communication		3,896
Dues and Memberships		50
Operating Lease Payments		2,163
Postal Charges		220
Travel		966
Other Contracted Services		565

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Library Books/Media	\$	676	
Office Supplies		1,063	
Workers' Compensation Insurance		2,900	
Other Charges		10	
Furniture and Fixtures		3,533	
Office Equipment		585	
Total General Sessions Judge			\$ 222,628

Chancery Court

County Official/Administrative Officer	\$	61,330	
Deputy(ies)		75,223	
Social Security		8,400	
State Retirement		9,681	
Employee and Dependent Insurance		29,148	
Life Insurance		214	
Employer Medicare		1,964	
Communication		5,966	
Dues and Memberships		682	
Operating Lease Payments		2,475	
Maintenance Agreements		12,010	
Postal Charges		3,500	
Office Supplies		8,080	
Workers' Compensation Insurance		1,878	
Office Equipment		4,414	
Total Chancery Court			224,965

Probate Court

Deputy(ies)	\$	24,425	
Social Security		1,483	
State Retirement		1,732	
Employee and Dependent Insurance		7,867	
Life Insurance		57	
Employer Medicare		347	
Communication		680	
Postal Charges		500	
Office Supplies		2,053	
Workers' Compensation Insurance		55	
Total Probate Court			39,199

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Other Salaries and Wages	\$ 800	
Legal Notices, Recording, and Court Costs	1,050	
Total Other Administration of Justice		\$ 1,850

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 75,350
Assistant(s)	3,941
Supervisor/Director	36,233
Deputy(ies)	391,522
Investigator(s)	181,545
Captain(s)	177,385
Sergeant(s)	138,045
Accountants/Bookkeepers	27,081
Secretary(ies)	41,401
Clerical Personnel	45,155
Part-time Personnel	27,640
School Resource Officer	106,507
Overtime Pay	99,429
Other Salaries and Wages	60,708
In-Service Training	20,400
Social Security	86,767
State Retirement	97,461
Employee and Dependent Insurance	272,072
Life Insurance	2,029
Employer Medicare	20,292
Communication	31,727
Forest Resource Services	10,800
Operating Lease Payments	7,872
Maintenance Agreements	5,424
Maintenance and Repair Services - Equipment	2,070
Maintenance and Repair Services - Vehicles	27,173
Postal Charges	1,786
Travel	2,536
Tuition	3,335
Animal Food and Supplies	1,000
Gasoline	164,297
Office Supplies	14,136
Tires and Tubes	13,118
Uniforms	25,363

(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.)

Other Supplies and Materials	\$	4,616	
Workers' Compensation Insurance		15,171	
Other Charges		24,535	
Communication Equipment		4,208	
Law Enforcement Equipment		30,718	
Motor Vehicles		63,938	
Office Equipment		8,148	
Total Sheriff's Department			\$ 2,372,934

Administration of the Sexual Offender Registry

Other Charges	\$	950	
Total Administration of the Sexual Offender Registry			950

Jail

Assistant(s)	\$	43,046	
Captain(s)		36,796	
Lieutenant(s)		63,976	
Sergeant(s)		127,174	
Accountants/Bookkeepers		27,081	
Guards		524,370	
Cafeteria Personnel		37,878	
Part-time Personnel		48,852	
Overtime Pay		47,615	
Social Security		57,871	
State Retirement		62,783	
Employee and Dependent Insurance		207,302	
Life Insurance		2,294	
Employer Medicare		13,534	
Communication		1,050	
Maintenance Agreements		4,701	
Maintenance and Repair Services - Buildings		3,380	
Maintenance and Repair Services - Equipment		1,016	
Travel		3,799	
Custodial Supplies		32,230	
Drugs and Medical Supplies		438,710	
Electricity		70,899	
Food Supplies		221,841	
Natural Gas		19,751	
Office Supplies		1,004	
Prisoners Clothing		4,868	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Water and Sewer	\$	50,423	
Workers' Compensation Insurance		15,171	
Other Charges		8,388	
Building Improvements		1,249	
Office Equipment		649	
Other Equipment		2,369	
Total Jail			\$ 2,182,070

Juvenile Services

Supervisor/Director	\$	28,791	
Youth Service Officer(s)		25,478	
Social Security		3,249	
State Retirement		3,848	
Employee and Dependent Insurance		15,651	
Life Insurance		114	
Employer Medicare		760	
Communication		1,537	
Dues and Memberships		70	
Maintenance and Repair Services - Office Equipment		55	
Postal Charges		277	
Travel		1,852	
Other Contracted Services		8,040	
Office Supplies		816	
Workers' Compensation Insurance		116	
Other Charges		2,790	
Total Juvenile Services			93,444

Commissary

Communication	\$	2,208	
Food Supplies		131,288	
Office Supplies		1,435	
Tires and Tubes		448	
Uniforms		1,941	
Other Charges		718	
Office Equipment		900	
Total Commissary			138,938

Fire Prevention and Control

Contributions	\$	250	
Other Contracted Services		7,500	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Workers' Compensation Insurance	\$	14,940	
Other Charges		<u>120,000</u>	
Total Fire Prevention and Control	\$		142,690

Rescue Squad

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

Other Emergency Management

Other Salaries and Wages	\$	11,124	
Social Security		616	
State Retirement		789	
Employer Medicare		144	
Communication		13,060	
Maintenance and Repair Services - Vehicles		879	
Office Supplies		594	
Other Supplies and Materials		139	
Other Charges		<u>5,024</u>	
Total Other Emergency Management			32,369

County Coroner/Medical Examiner

Assistant(s)	\$	1,800	
Medical Personnel		4,000	
Other Charges		<u>18,846</u>	
Total County Coroner/Medical Examiner			24,646

Other Public Safety

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

Public Health and Welfare

Local Health Center

Communication	\$	8,803	
Janitorial Services		16,916	
Operating Lease Payments		6,377	
Maintenance Agreements		1,391	
Postal Charges		4,219	
Other Contracted Services		7,958	
Drugs and Medical Supplies		1,710	
Office Supplies		7,296	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Periodicals	\$	83	
Other Charges		<u>5,415</u>	
Total Local Health Center			\$ 60,168

Rabies and Animal Control

Assistant(s)	\$	20,424	
Supervisor/Director		27,053	
Social Security		2,905	
State Retirement		2,036	
Employee and Dependent Insurance		9,161	
Life Insurance		66	
Employer Medicare		679	
Communication		4,374	
Maintenance and Repair Services - Vehicles		157	
Rentals		2,400	
Travel		1,200	
Veterinary Services		44,716	
Custodial Supplies		2,897	
Electricity		6,408	
Gasoline		5,134	
Natural Gas		460	
Office Supplies		1,728	
Water and Sewer		8,377	
Workers' Compensation Insurance		1,808	
Other Charges		<u>1,039</u>	
Total Rabies and Animal Control			143,022

Ambulance/Emergency Medical Services

Supervisor/Director	\$	54,721
Paraprofessionals		1,231,972
Secretary(ies)		71,962
Social Security		82,611
State Retirement		87,283
Employee and Dependent Insurance		237,239
Life Insurance		1,728
Employer Medicare		19,320
Communication		14,556
Contracts with Private Agencies		13,015
Evaluation and Testing		970
Operating Lease Payments		1,839

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Licenses	\$	2,935	
Maintenance Agreements		876	
Maintenance and Repair Services - Equipment		3,711	
Maintenance and Repair Services - Vehicles		20,030	
Postal Charges		1,760	
Tuition		10,815	
Other Contracted Services		159,024	
Custodial Supplies		1,568	
Diesel Fuel		96,929	
Drugs and Medical Supplies		91,709	
Electricity		7,562	
Office Supplies		3,355	
Tires and Tubes		7,606	
Uniforms		9,281	
Water and Sewer		847	
Workers' Compensation Insurance		39,995	
Other Charges		16,354	
Attendance Equipment		2,652	
Communication Equipment		5,134	
Motor Vehicles		184,000	
Office Equipment		929	
Total Ambulance/Emergency Medical Services	\$		2,484,288

Dental Health Program

Assistant(s)	\$	87,880
Deputy(ies)		36,777
Medical Personnel		153,982
Clerical Personnel		20,346
Social Security		18,113
State Retirement		10,825
Employee and Dependent Insurance		40,087
Life Insurance		294
Employer Medicare		4,236
Communication		4,955
Contracts with Private Agencies		963
Dues and Memberships		1,571
Janitorial Services		6,995
Maintenance and Repair Services - Equipment		2,707
Postal Charges		396
Other Contracted Services		9,390

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Drugs and Medical Supplies	\$	32,313	
Gasoline		514	
Office Supplies		2,980	
Uniforms		1,980	
Liability Insurance		910	
Workers' Compensation Insurance		1,644	
Other Charges		2,694	
Office Equipment		10,320	
Total Dental Health Program			\$ 452,872

Alcohol and Drug Programs

Other Charges	\$	13,801	
Total Alcohol and Drug Programs			13,801

Crippled Children Services

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

Other Local Health Services

Assistant(s)	\$	13,711	
Deputy(ies)		31,361	
Teachers		29,261	
Guidance Personnel		10,299	
Social Workers		27,379	
Secretary(ies)		21,028	
Educational Assistants		24,293	
Attendants		16,686	
Longevity Pay		8,400	
Other Salaries and Wages		8,464	
Social Security		11,483	
State Retirement		10,364	
Employee and Dependent Insurance		41,220	
Life Insurance		299	
Unemployment Compensation		17,251	
Employer Medicare		2,686	
Travel		10,016	
Other Supplies and Materials		1,021	
Liability Insurance		1,000	
Workers' Compensation Insurance		500	
Total Other Local Health Services			286,722

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance

Social Workers	\$	25,249	
Social Security		1,538	
State Retirement		1,790	
Employee and Dependent Insurance		7,867	
Life Insurance		57	
Employer Medicare		360	
Pauper Burials		2,360	
Workers' Compensation Insurance		55	
Total General Welfare Assistance			\$ 39,276

Aid to Dependent Children

Contracts with Private Agencies	\$	985	
Total Aid to Dependent Children			985

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Contributions	\$	113,374	
Maintenance Agreements		7,550	
Total Libraries			120,924

Other Social, Cultural, and Recreational

Contributions	\$	190,265	
Total Other Social, Cultural, and Recreational			190,265

Agriculture and Natural Resources

Agriculture Extension Service

Assistant(s)	\$	13,348	
Supervisor/Director		12,959	
Clerical Personnel		10,433	
Other Salaries and Wages		9,461	
Social Security		2,864	
State Retirement		5,396	
Employer Medicare		670	
Communication		4,048	
Operating Lease Payments		1,200	

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Office Supplies	\$ 213	
Total Agriculture Extension Service		\$ 60,592

Soil Conservation

Secretary(ies)	\$ 24,425	
Social Security	1,769	
State Retirement	1,732	
Employee and Dependent Insurance	7,867	
Life Insurance	57	
Employer Medicare	414	
Contributions	2,042	
Dues and Memberships	445	
Other Contracted Services	4,332	
Instructional Supplies and Materials	60	
Office Supplies	88	
Workers' Compensation Insurance	44	
Total Soil Conservation		43,275

Flood Control

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

Other Operations

Tourism

Supervisor/Director	\$ 40,039	
Custodial Personnel	2,275	
Part-time Personnel	18,294	
Social Security	3,756	
State Retirement	2,839	
Employee and Dependent Insurance	7,867	
Life Insurance	57	
Employer Medicare	878	
Advertising	37,713	
Communication	10,909	
Dues and Memberships	2,544	
Operating Lease Payments	3,135	
Maintenance Agreements	2,187	
Postal Charges	1,999	
Travel	11,741	
Custodial Supplies	1,495	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Tourism (Cont.)

Electricity	\$	4,578	
Office Supplies		676	
Water and Sewer		2,080	
Other Supplies and Materials		35,373	
Workers' Compensation Insurance		100	
Other Charges		44,153	
Total Tourism			\$ 234,688

Industrial Development

Supervisor/Director	\$	57,402	
Secretary(ies)		26,292	
Other Salaries and Wages		2,153	
Social Security		5,233	
State Retirement		5,403	
Employee and Dependent Insurance		14,330	
Life Insurance		104	
Employer Medicare		1,224	
Advertising		5,498	
Communication		6,635	
Dues and Memberships		4,124	
Legal Services		1,870	
Maintenance and Repair Services - Equipment		662	
Maintenance and Repair Services - Vehicles		477	
Postal Charges		61	
Travel		13,961	
Office Supplies		3,327	
Workers' Compensation Insurance		1,388	
Other Charges		5,580	
Office Equipment		3,529	
Total Industrial Development			159,253

Other Economic and Community Development

Contracts with Other Public Agencies	\$	268,827	
Other Contracted Services		2,402	
Other Charges		44,812	
Total Other Economic and Community Development			316,041

Airport

Communication	\$	1,921	
Maintenance Agreements		4,765	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Maintenance and Repair Services - Equipment	\$	1,086	
Travel		549	
Other Contracted Services		18,473	
Electricity		6,258	
Other Supplies and Materials		98	
Other Charges		4,010	
Airport Improvement		12,957	
Total Airport			\$ 50,117

Veterans' Services

Supervisor/Director	\$	18,980	
Social Security		1,177	
Employer Medicare		275	
Communication		669	
Dues and Memberships		25	
Postal Charges		100	
Travel		654	
Office Supplies		410	
Office Equipment		224	
Total Veterans' Services			22,514

Other Charges

Part-time Personnel	\$	7,176	
Social Security		445	
Employer Medicare		104	
Operating Lease Payments		1,558	
Other Supplies and Materials		910	
Other Charges		2,943	
Total Other Charges			13,136

Contributions to Other Agencies

Contributions	\$	7,986	
Total Contributions to Other Agencies			7,986

Employee Benefits

Longevity Pay	\$	111,333	
Social Security		6,903	
State Retirement		6,887	
Employee and Dependent Insurance		2,888	
Medical Insurance		1,462	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Unemployment Compensation	\$ 104,011	
Employer Medicare	<u>1,614</u>	
Total Employee Benefits		\$ 235,098

Miscellaneous

On-Behalf Payments to OPEB	\$ <u>4,231</u>	
Total Miscellaneous		4,231

Capital Projects

Public Safety Projects

Other Charges	\$ <u>2,144</u>	
Total Public Safety Projects		<u>2,144</u>

Total General Fund \$ 14,980,051

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$ 43,273
Laborers	24,742
Clerical Personnel	24,995
Longevity Pay	11,400
Social Security	6,175
State Retirement	6,855
Employee and Dependent Insurance	24,144
Life Insurance	171
Unemployment Compensation	10,209
Employer Medicare	1,444
Advertising	606
Communication	6,486
Contracts with Private Agencies	884,423
Dues and Memberships	946
Operating Lease Payments	4,140
Maintenance and Repair Services - Equipment	4,131
Travel	1,249
Gasoline	21,060
Office Supplies	652
Tires and Tubes	2,957
Utilities	6,429
Other Supplies and Materials	1,840

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Trustee's Commission	\$	30,392	
Other Charges		7,375	
Office Equipment		816	
Total Sanitation Education/Information			\$ 1,126,910

Convenience Centers

Attendants	\$	158,393	
Social Security		9,654	
State Retirement		6,002	
Employee and Dependent Insurance		36,032	
Life Insurance		266	
Employer Medicare		2,258	
Communication		1,590	
Contracts with Private Agencies		16,607	
Maintenance and Repair Services - Equipment		3,174	
Other Contracted Services		398,210	
Crushed Stone		1,192	
Office Supplies		74	
Small Tools		833	
Utilities		3,984	
Other Supplies and Materials		10,921	
Liability Insurance		25,869	
Workers' Compensation Insurance		6,896	
Other Charges		12,811	
Solid Waste Equipment		35,286	
Total Convenience Centers			730,052

Postclosure Care Costs

Testing	\$	6,000	
Other Charges		3,898	
Total Postclosure Care Costs			9,898

Other Operations

Employee Benefits

Medical Insurance	\$	174	
Total Employee Benefits			174

Highways

Litter and Trash Collection

Laborers	\$	26,983	
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(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Social Security	\$	1,606	
State Retirement		1,912	
Employee and Dependent Insurance		6,537	
Life Insurance		48	
Employer Medicare		376	
Advertising		8,177	
Other Supplies and Materials		229	
Total Litter and Trash Collection			\$ 45,868

Total Solid Waste/Sanitation Fund \$ 1,912,902

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	71,400	
Social Security		4,421	
State Retirement		5,062	
Employee and Dependent Insurance		15,565	
Life Insurance		114	
Employer Medicare		1,034	
Advertising		8,707	
Communication		1,096	
Confidential Drug Enforcement Payments		6,500	
Dues and Memberships		440	
Travel		3,283	
Tuition		620	
Gasoline		9,797	
Office Supplies		606	
Other Supplies and Materials		375	
Trustee's Commission		180	
Fines, Assessments, and Penalties		4,521	
Other Charges		14,972	
Office Equipment		771	
Total Drug Enforcement			\$ 149,464

Total Drug Control Fund 149,464

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 1,191	
Total County Trustee's Office		\$ 1,191

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 7,451	
Total Chancery Court		<u>7,451</u>

Total Constitutional Officers - Fees Fund \$ 8,642

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 70,350	
Accountants/Bookkeepers	28,806	
Secretary(ies)	30,689	
Social Security	7,417	
State Retirement	8,525	
Employee and Dependent Insurance	24,110	
Life Insurance	162	
Employer Medicare	1,735	
Communication	6,226	
Dues and Memberships	4,009	
Legal Services	2,496	
Legal Notices, Recording, and Court Costs	223	
Maintenance and Repair Services - Office Equipment	3,758	
Postal Charges	220	
Travel	166	
Other Contracted Services	500	
Electricity	16,414	
Gasoline	134,907	
Natural Gas	1,857	
Office Supplies	2,848	
Water and Sewer	4,049	
Other Charges	<u>1,103</u>	
Total Administration		\$ 350,570

Highway and Bridge Maintenance

Foremen	\$ 40,543
Laborers	555,366

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Longevity Pay	\$	27,300	
Social Security		38,016	
State Retirement		38,724	
Employee and Dependent Insurance		189,006	
Life Insurance		2,710	
Employer Medicare		8,891	
Other Contracted Services		18,752	
Asphalt - Cold Mix		47,387	
Asphalt - Hot Mix		579,045	
Asphalt - Liquid		36,225	
Crushed Stone		132,471	
Pipe - Metal		14,956	
Road Signs		7,290	
Salt		15,980	
Total Highway and Bridge Maintenance			\$ 1,752,662

Operation and Maintenance of Equipment

Foremen	\$	37,607	
Mechanic(s)		33,646	
Social Security		4,377	
State Retirement		4,578	
Employee and Dependent Insurance		14,928	
Life Insurance		104	
Employer Medicare		1,024	
Diesel Fuel		160,345	
Equipment and Machinery Parts		103,618	
Garage Supplies		8,938	
Gasoline		81,691	
Lubricants		7,831	
Propane Gas		48	
Tires and Tubes		33,138	
Other Supplies and Materials		1,928	
Total Operation and Maintenance of Equipment			493,801

Other Charges

Building and Contents Insurance	\$	50,000	
Liability Insurance		26,981	
Trustee's Commission		33,743	
Vehicle and Equipment Insurance		50,856	
Workers' Compensation Insurance		33,099	
Total Other Charges			194,679

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Unemployment Compensation	\$ 135,201	
Total Employee Benefits		\$ 135,201

Capital Outlay

Highway Equipment	\$ 44,035	
Site Development	126	
State Aid Projects	354,677	
Total Capital Outlay		<u>398,838</u>

Total Highway/Public Works Fund		\$ 3,325,751
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General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 1,140,000	
Principal on Notes	383,609	
Principal on Other Loans	125,000	
Total General Government		\$ 1,648,609

Interest on Debt

General Government

Interest on Bonds	\$ 933,661	
Interest on Notes	40,274	
Interest on Other Loans	731,927	
Total General Government		1,705,862

Other Debt Service

General Government

Trustee's Commission	\$ 59,027	
Interest on Other Loans	428,202	
Other Debt Service	138,850	
Total General Government		<u>626,079</u>

Total General Debt Service Fund		3,980,550
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General Capital Projects Fund

Other Operations

Payments to Cities

Payments to Schools - Other	\$ 18,311	
Total Payments to Cities		\$ 18,311

(Continued)

Exhibit K-7

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

General Capital Projects Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Other Charges	\$ 286	
Total Miscellaneous	<u>286</u>	\$ 286

Capital Projects

Education Capital Projects

Contributions	\$ 554,368	
Total Education Capital Projects	<u>554,368</u>	<u>554,368</u>

Total General Capital Projects Fund		<u>\$ 572,965</u>
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Total Governmental Funds - Primary Government		<u><u>\$ 24,930,325</u></u>
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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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,785,656	
Career Ladder Program	124,770	
Career Ladder Extended Contracts	61,530	
Homebound Teachers	66,423	
Educational Assistants	479,909	
Bonus Payments	2,758	
Other Salaries and Wages	195,031	
Certified Substitute Teachers	30,736	
Non-certified Substitute Teachers	140,530	
Social Security	703,166	
State Retirement	1,033,403	
Life Insurance	16,631	
Medical Insurance	2,369,006	
Employer Medicare	166,157	
Other Contracted Services	76,433	
Instructional Supplies and Materials	170,624	
Textbooks	191,898	
Other Supplies and Materials	47,928	
Fee Waivers	56,630	
Regular Instruction Equipment	98,949	
Total Regular Instruction Program		\$ 16,818,168

Alternative Instruction Program

Teachers	\$ 36,187	
Educational Assistants	15,044	
Social Security	3,103	
State Retirement	4,341	
Life Insurance	114	
Medical Insurance	5,747	
Employer Medicare	726	
Instructional Supplies and Materials	94	
Total Alternative Instruction Program		65,356

Special Education Program

Teachers	\$ 1,260,289
Career Ladder Program	12,250
Homebound Teachers	24,696
Educational Assistants	442,216
Speech Pathologist	171,726

(Continued)

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.)

Bonus Payments	\$	1,191	
Other Salaries and Wages		78,630	
Certified Substitute Teachers		5,277	
Non-certified Substitute Teachers		54,416	
Social Security		121,867	
State Retirement		165,726	
Life Insurance		3,346	
Medical Insurance		384,261	
Employer Medicare		28,546	
Contracts with Other Public Agencies		230,801	
Other Contracted Services		60,802	
Instructional Supplies and Materials		68,050	
Other Supplies and Materials		33,455	
Special Education Equipment		65,532	
Total Special Education Program			\$ 3,213,077

Vocational Education Program

Teachers	\$	915,714	
Career Ladder Program		10,000	
Educational Assistants		6,715	
Bonus Payments		50	
Certified Substitute Teachers		1,275	
Non-certified Substitute Teachers		15,000	
Social Security		57,408	
State Retirement		83,780	
Life Insurance		1,226	
Medical Insurance		176,664	
Employer Medicare		13,426	
Instructional Supplies and Materials		11,724	
Other Supplies and Materials		5,145	
Vocational Instruction Equipment		1,616	
Total Vocational Education Program			1,299,743

Adult Education Program

Teachers	\$	38,099	
Social Security		2,362	
State Retirement		2,820	
Employer Medicare		552	
Instructional Supplies and Materials		2,897	

(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.)

Adult Education Program (Cont.)

Other Equipment	\$ 2,752	
Total Adult Education Program		\$ 49,482

Support Services

Attendance

Supervisor/Director	\$ 28,080	
Career Ladder Program	600	
Employer Medicare	416	
Travel	897	
Other Supplies and Materials	86	
Total Attendance		30,079

Health Services

Supervisor/Director	\$ 38,848	
Data Processing Personnel	4,200	
Social Workers	23,341	
Medical Personnel	105,141	
Paraprofessionals	280,686	
Clerical Personnel	36,948	
Bonus Payments	802	
Other Salaries and Wages	25,544	
Social Security	30,252	
State Retirement	35,190	
Life Insurance	852	
Medical Insurance	116,902	
Employer Medicare	7,075	
Travel	8,915	
Other Contracted Services	3,285	
Drugs and Medical Supplies	15,820	
Other Supplies and Materials	27,064	
In Service/Staff Development	359	
Other Charges	219,048	
Health Equipment	35,092	
Total Health Services		1,015,364

Other Student Support

Career Ladder Program	\$ 5,000
Guidance Personnel	453,942
Psychological Personnel	60,840

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

School Resource Officer	\$	110,655	
Longevity Pay		1,500	
Bonus Payments		489	
Social Security		37,716	
State Retirement		54,884	
Life Insurance		824	
Medical Insurance		125,976	
Employer Medicare		8,834	
Other Fringe Benefits		2,315	
Evaluation and Testing		20,256	
Travel		9,553	
Other Contracted Services		61,095	
Other Supplies and Materials		6,015	
In Service/Staff Development		2,786	
Other Charges		1,000	
Other Equipment		2,373	
Total Other Student Support			\$ 966,053

Regular Instruction Program

Supervisor/Director	\$	188,360	
Career Ladder Program		7,000	
Librarians		461,354	
Instructional Computer Personnel		101,414	
Bonus Payments		1,780	
Other Salaries and Wages		59,880	
In-Service Training		6,020	
Social Security		48,013	
State Retirement		70,254	
Life Insurance		1,009	
Medical Insurance		148,447	
Employer Medicare		11,520	
Travel		24,659	
Other Contracted Services		2,137	
Library Books/Media		46,163	
In Service/Staff Development		1,004	
Other Charges		222	
Other Equipment		66,771	
Total Regular Instruction Program			1,246,007

(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

Supervisor/Director	\$	58,856	
Career Ladder Program		3,000	
Psychological Personnel		64,158	
Assessment Personnel		45,302	
Secretary(ies)		25,168	
Longevity Pay		500	
Bonus Payments		539	
Social Security		11,835	
State Retirement		17,372	
Life Insurance		221	
Medical Insurance		34,603	
Employer Medicare		2,768	
Maintenance and Repair Services - Equipment		4,282	
Travel		28,986	
Other Contracted Services		43,572	
Other Supplies and Materials		5,003	
In Service/Staff Development		8,877	
Total Special Education Program			\$ 355,042

Vocational Education Program

Supervisor/Director	\$	24,455	
Career Ladder Program		1,200	
Employer Medicare		372	
Travel		3,909	
Other Contracted Services		250	
Total Vocational Education Program			30,186

Adult Programs

Supervisor/Director	\$	64,602	
Career Ladder Program		1,000	
Bonus Payments		163	
Other Salaries and Wages		15,470	
Social Security		5,107	
State Retirement		5,952	
Life Insurance		57	
Medical Insurance		7,636	
Employer Medicare		1,172	
Travel		3,256	
In Service/Staff Development		4,816	
Total Adult Programs			109,231

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-Behalf Payments to OPEB	\$ 185,078	
Total Other Programs		\$ 185,078

Board of Education

Secretary to Board	\$ 4,389	
Board and Committee Members Fees	39,500	
Social Security	2,699	
State Retirement	311	
Life Insurance	507	
Unemployment Compensation	18,778	
Employer Medicare	631	
Other Fringe Benefits	125,226	
Audit Services	11,200	
Dues and Memberships	6,273	
Legal Services	20,171	
Travel	14,638	
Liability Insurance	645	
Premiums on Corporate Surety Bonds	945	
Trustee's Commission	189,754	
Workers' Compensation Insurance	115,126	
Other Charges	7,775	
Total Board of Education		558,568

Director of Schools

County Official/Administrative Officer	\$ 85,374
Career Ladder Extended Contracts	1,000
Secretary(ies)	36,082
Clerical Personnel	55,991
Longevity Pay	1,200
Bonus Payments	313
Social Security	10,679
State Retirement	14,455
Life Insurance	228
Medical Insurance	25,544
Employer Medicare	2,498
Communication	38,622
Dues and Memberships	2,620
Postal Charges	571
Travel	6,367

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Other Contracted Services	\$	13,978	
Office Supplies		4,400	
Other Charges		4,458	
Total Director of Schools			\$ 304,380

Office of the Principal

Principals	\$	697,488	
Career Ladder Program		14,000	
Assistant Principals		194,241	
Secretary(ies)		273,873	
Longevity Pay		4,430	
Social Security		69,941	
State Retirement		101,700	
Life Insurance		1,688	
Medical Insurance		238,155	
Employer Medicare		16,357	
Communication		29,536	
Postal Charges		4,400	
Administration Equipment		18,640	
Total Office of the Principal			1,664,449

Fiscal Services

Longevity Pay	\$	600	
Other Salaries and Wages		13,526	
Social Security		663	
State Retirement		961	
Life Insurance		28	
Medical Insurance		3,652	
Employer Medicare		155	
Total Fiscal Services			19,585

Operation of Plant

Custodial Personnel	\$	701,709	
Longevity Pay		7,620	
Other Salaries and Wages		22,585	
Social Security		42,702	
State Retirement		48,824	
Life Insurance		1,710	
Medical Insurance		202,113	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Employer Medicare	\$	9,987	
Other Contracted Services		75,962	
Custodial Supplies		172,195	
Electricity		1,175,272	
Natural Gas		226,284	
Water and Sewer		157,183	
Building and Contents Insurance		186,930	
Other Charges		52	
Plant Operation Equipment		3,570	
Total Operation of Plant			\$ 3,034,698

Maintenance of Plant

Supervisor/Director	\$	47,953	
Secretary(ies)		27,284	
Maintenance Personnel		204,904	
Longevity Pay		3,040	
Overtime Pay		4,469	
Bonus Payments		550	
Other Salaries and Wages		30,424	
Social Security		18,818	
State Retirement		22,319	
Life Insurance		621	
Medical Insurance		82,625	
Employer Medicare		4,401	
Maintenance and Repair Services - Buildings		54,637	
Maintenance and Repair Services - Equipment		16,529	
Other Contracted Services		20,440	
Other Supplies and Materials		287,191	
Other Charges		18	
Maintenance Equipment		7,540	
Total Maintenance of Plant			833,763

Transportation

Supervisor/Director	\$	40,746
Bus Drivers		45,481
Bonus Payments		163
Social Security		5,325
State Retirement		5,681
Life Insurance		171

(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.)

Medical Insurance	\$	19,582	
Employer Medicare		1,245	
Communication		524	
Contracts with Parents		27,819	
Contracts with Vehicle Owners		2,017,464	
Maintenance and Repair Services - Vehicles		47,313	
Travel		4,313	
Other Contracted Services		1,592	
Other Supplies and Materials		3,101	
Other Charges		4,891	
Transportation Equipment		5,070	
Total Transportation			\$ 2,230,481

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	61,530	
Cafeteria Personnel		1,319	
Bonus Payments		2,813	
Other Salaries and Wages		602	
Social Security		3,935	
State Retirement		5,900	
Life Insurance		57	
Medical Insurance		8,603	
Employer Medicare		922	
Communication		735	
Travel		3,056	
Other Contracted Services		522	
Other Supplies and Materials		3,668	
Total Food Service			93,662

Community Services

Supervisor/Director	\$	30,579	
Bonus Payments		163	
Social Security		1,895	
State Retirement		2,180	
Life Insurance		57	
Medical Insurance		4,669	
Employer Medicare		443	
Communication		1,238	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Travel	\$	760	
Other Contracted Services		66,051	
Instructional Supplies and Materials		4,769	
Other Supplies and Materials		4,093	
Other Charges		268	
Total Community Services			\$ 117,165

Early Childhood Education

Teachers	\$	116,477	
Educational Assistants		69,162	
Certified Substitute Teachers		175	
Non-certified Substitute Teachers		1,950	
Social Security		11,408	
State Retirement		13,265	
Life Insurance		319	
Medical Insurance		27,516	
Employer Medicare		2,671	
Other Fringe Benefits		625	
Travel		1,522	
Instructional Supplies and Materials		51,887	
In Service/Staff Development		1,534	
Total Early Childhood Education			298,511

Principal on Debt

Education

Principal on Bonds	\$	415,000	
Total Education			415,000

Interest on Debt

Education

Interest on Bonds	\$	19,712	
Total Education			19,712

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	311,686	
Other Debt Service		472	
Total Education			312,158

Total General Purpose School Fund \$ 35,284,998

(Continued)

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	628,576	
Educational Assistants		432,082	
Other Salaries and Wages		53,918	
Certified Substitute Teachers		675	
Non-certified Substitute Teachers		14,000	
Social Security		64,321	
State Retirement		89,237	
Life Insurance		2,205	
Medical Insurance		250,722	
Employer Medicare		15,725	
Other Fringe Benefits		4,850	
Other Contracted Services		171,426	
Instructional Supplies and Materials		36,703	
Other Supplies and Materials		2,513	
Regular Instruction Equipment		140,739	
Total Regular Instruction Program			\$ 1,907,692

Special Education Program

Teachers	\$	105,088	
Educational Assistants		427,285	
In-Service Training		7,700	
Social Security		31,407	
State Retirement		33,965	
Life Insurance		1,189	
Medical Insurance		121,590	
Employer Medicare		7,778	
Other Fringe Benefits		95	
Maintenance and Repair Services - Equipment		70	
Other Contracted Services		6,523	
Instructional Supplies and Materials		104,719	
Other Supplies and Materials		6,751	
Special Education Equipment		18,675	
Total Special Education Program			872,835

Vocational Education Program

Clerical Personnel	\$	17,341	
Longevity Pay		500	
Social Security		1,097	
State Retirement		613	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Life Insurance	\$	34	
Employer Medicare		257	
Other Supplies and Materials		22,135	
Vocational Instruction Equipment		59,423	
Total Vocational Education Program			\$ 101,400

Support Services

Health Services

Paraprofessionals	\$	56,161	
Other Salaries and Wages		33,360	
Social Security		5,284	
State Retirement		5,892	
Life Insurance		154	
Medical Insurance		26,001	
Employer Medicare		1,236	
Other Fringe Benefits		332	
Total Health Services			128,420

Other Student Support

Guidance Personnel	\$	9,223	
Bonus Payments		65,528	
Other Salaries and Wages		10,715	
Social Security		5,107	
State Retirement		7,379	
Life Insurance		23	
Medical Insurance		910	
Employer Medicare		1,196	
Other Fringe Benefits		148	
Evaluation and Testing		8,390	
Travel		17,579	
Other Contracted Services		9,050	
Other Supplies and Materials		536	
In Service/Staff Development		2,752	
Other Charges		19,585	
Total Other Student Support			158,121

Regular Instruction Program

Supervisor/Director	\$	69,383
Secretary(ies)		28,657

(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.)

Longevity Pay	\$	500	
Other Salaries and Wages		366,050	
In-Service Training		22,304	
Non-certified Substitute Teachers		1,300	
Social Security		28,720	
State Retirement		39,360	
Life Insurance		362	
Medical Insurance		50,301	
Employer Medicare		6,926	
Other Fringe Benefits		2,409	
Communication		1,500	
Operating Lease Payments		7,199	
Travel		64,283	
Other Contracted Services		64,348	
Other Supplies and Materials		8,460	
In Service/Staff Development		26,160	
Other Charges		18,054	
Other Equipment		14,944	
Total Regular Instruction Program			\$ 821,220

Special Education Program

Supervisor/Director	\$	6,442	
Psychological Personnel		64,132	
Secretary(ies)		1,000	
Social Security		4,359	
State Retirement		6,458	
Life Insurance		57	
Medical Insurance		5,882	
Employer Medicare		1,019	
Maintenance and Repair Services - Equipment		844	
Travel		7,930	
Other Contracted Services		26,034	
In Service/Staff Development		25,984	
Total Special Education Program			150,141

Vocational Education Program

Supervisor/Director	\$	4,032	
Employer Medicare		58	
Travel		2,530	
Total Vocational Education Program			6,620

(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.)

Office of the Principal

Principals	\$	58,659	
Assistant Principals		50,312	
Social Security		6,630	
State Retirement		9,862	
Life Insurance		57	
Medical Insurance		12,757	
Employer Medicare		1,551	
Total Office of the Principal			\$ 139,828

Transportation

Contracts with Parents	\$	4,928	
Contracts with Public Carriers		36,240	
Transportation Equipment		85,971	
Total Transportation			127,139

Operation of Non-Instructional Services

Food Service

Other Salaries and Wages	\$	18,790	
Social Security		985	
Employer Medicare		272	
Total Food Service			20,047

Total School Federal Projects Fund \$ 4,433,463

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$	41,730
Cafeteria Personnel		870,840
Longevity Pay		14,650
Bonus Payments		2,650
Other Salaries and Wages		36,967
Social Security		56,042
State Retirement		54,778
Life Insurance		2,975
Medical Insurance		333,850
Employer Medicare		13,135
Communication		6,505
Maintenance and Repair Services - Equipment		16,305

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Contracted Services	\$	39,565	
Food Supplies		1,387,850	
USDA - Commodities		156,987	
Other Supplies and Materials		138,454	
In Service/Staff Development		1,288	
Other Charges		2,304	
Food Service Equipment		10,865	
Total Food Service			\$ 3,187,740

Total Central Cafeteria Fund \$ 3,187,740

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	267,202	
Engineering Services		28,270	
Other Contracted Services		17,500	
Building Construction		236,589	
Building Improvements		22,044	
Furniture and Fixtures		3,013	
Total Education Capital Projects			\$ 574,618

Total Education Capital Projects Fund 574,618

Total Governmental Funds - Monroe County School Department \$ 43,480,819

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, 2011

	Cities - Sales Tax Fund	City School ADA - Sweetwater Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,067,433	\$ 1,067,433
Trustee's Collections - Prior Years	0	54,808	54,808
Circuit/Clerk and Master Collections - Prior Years	0	31,501	31,501
Interest and Penalty	0	9,395	9,395
Pick-up Taxes	0	104	104
Payments in-Lieu-of Taxes - T.V.A.	0	2,230	2,230
Payments in-Lieu-of Taxes - Local Utilities	0	907	907
Payments in-Lieu-of Taxes - Other	0	204	204
Local Option Sales Tax	3,211,557	844,112	4,055,669
Business Tax	0	25,766	25,766
Other Local Option Taxes	0	100	100
Bank Excise Tax	0	2,499	2,499
Interstate Telecommunications Tax	0	1,415	1,415
Marriage Licenses	0	566	566
Income Tax	0	11,494	11,494
Mixed Drink Tax	0	1,229	1,229
State Revenue Sharing - T.V.A.	0	100,000	100,000
Contributions (Bond Proceeds)	0	18,311	18,311
Total Cash Receipts	\$ 3,211,557	\$ 2,172,074	\$ 5,383,631
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,179,441	\$ 2,138,973	\$ 5,318,414
Trustee's Commission	32,116	33,101	65,217
Total Cash Disbursements	\$ 3,211,557	\$ 2,172,074	\$ 5,383,631
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 0
Cash Balance, July 1, 2010	0	0	0
Cash Balance, June 30, 2011	\$ 0	\$ 0	\$ 0

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

January 30, 2012

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, 2011, which collectively comprise Monroe County's basic financial statements and have issued our report thereon dated January 30, 2012. 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.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 11.01 and 11.03. 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.

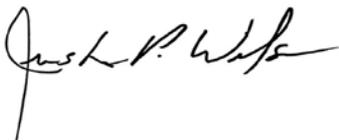
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 11.02.

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

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

January 30, 2012

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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.

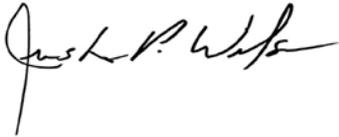
Schedule of Expenditures of Federal Awards

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, 2011, and have issued our report thereon dated January 30, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Very truly yours,

A handwritten signature in black ink, 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/yu

Monroe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

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	\$ 156,987 (3)
School and Roads - Grants to States	10.665	N/A	343,978
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	458,787
National School Lunch Program	10.555	N/A	1,327,077 (3)
Total U.S. Department of Agriculture			<u>\$ 2,286,829</u>
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 49,600
Historic Preservation Fund Grants - In-Aid	15.904	N/A	10,667
Total Bureau of Land Management, Department of the Interior			<u>\$ 60,267</u>
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1104	\$ 841
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to State and Territories - Recovery Act	16.803	2009-SB-B9-1242	2,000
Total U.S. Department of Justice			<u>\$ 2,841</u>
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-09-21-3911-00	\$ 28,092
Highway Planning and Construction	20.205	(2)	29,747
Total U.S. Department of Highway Administration			<u>\$ 57,839</u>
Appalachian Regional Commission:			
Passed-through Tennessee Valley Authority:			
Appalachian Regional Development	23.001	(2)	\$ 257,577
Total Appalachian Regional Commission			<u>\$ 257,577</u>
U.S. Department of Energy:			
Direct Program:			
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	GG-1-133781	\$ 22,454
Total U.S. Department of Energy			<u>\$ 22,454</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 75,987
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	(2)	1,366,384
Title I Grants to Local Educational Agencies, Recovery Act	84.389	(2)	403,826
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	1,014,377
Special Education - Grants to States, Recovery Act	84.391	(2)	142,602
Special Education - Preschool Grants	84.173	(2)	29,042
Special Education - Preschool Grants, Recovery Act	84.392	(2)	5,409
Career and Technical Education - Basic Grants to States	84.048	(2)	130,120
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	2,599

(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	\$ 11,688
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	N/A	4,522
Education Technology State Grants, Recovery Act	84.386	N/A	2,694
English Language Acquisition Grants	84.365	N/A	15,736
School Improvement Grants	84.377	N/A	151,118
Education of Homeless Children and Youth, Recovery Act	84.387	N/A	1,366
Rural Education	84.358	N/A	50,451
Improving Teacher Quality State Grants	84.367	N/A	207,724
Education Jobs Fund	84.410	N/A	690,682
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	2,529,534
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	327,404
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	280,545
Total U.S. Department of Education			<u>\$ 7,443,810</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 1,000
Total U.S. Election Assistance Commission			<u>\$ 1,000</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	(2)	\$ 52,598
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	Z-10-219812-00	113,467
Total U.S. Department of Health and Human Services			<u>\$ 166,065</u>
Total Expenditures of Federal Awards			<u>\$ 10,298,682</u>
<u>State Grants</u>			
Litter Program - State Department of Transportation	N/A	Z-06-027932-00	\$ 33,206
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	11,488
Law Enforcement Training - State Department of Safety	N/A	(2)	21,000
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	25,329
Airport Maintenance - State Department of Transportation	N/A	(2)	1,896
Juvenile Services Program - State Children's Services Commission	N/A	(2)	9,000
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	289,102
Driver's Education - State Department of Education	N/A	(2)	37,904
Local Health Services - State Department of Health	N/A	Z-10-219812-00	149,508
Partnership Marketing Program - State Department of Tourist Development	N/A	(2)	2,000
Energy Efficient Schools Initiative Grant - State Department of Education	N/A	(2)	20,250
FastTrack Infrastructure Development Program - Protech - State Department of Economic and Community Development	NA	GG-09-26490-00	2,700
Total State Grants			<u>\$ 603,383</u>

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

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

(2) Information not available.

(3) Total for CFDA No. 10.555 is \$1,484,064.

Monroe County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

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, 2010, which has not been corrected.

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
10.02	184	Duties were not segregated adequately

MONROE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

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. None 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 Schools and Roads – Grants to States (CFDA No. 10.665); 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); 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); and the Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$308,960 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; however, management did not provide responses for inclusion in this report.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.01 **THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT OF \$19,149 AT JUNE 30, 2011**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

At June 30, 2011, the School Federal Projects Fund had a cash overdraft of \$19,149. Sound business practices dictate that expenditures be held within available funds. This overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. This cash overdraft was liquidated July 5, 2011, upon receipt of state revenues.

RECOMMENDATION

The School Department should not issue warrants exceeding cash on deposit with the county trustee.

OFFICE OF TRUSTEE

FINDING 11.02 **UNAUTHORIZED SECURITIES WERE PLEDGED AS COLLATERAL**
(Noncompliance Under *Government Auditing Standards*)

County funds at the trustee's depositories were secured by collateral pledged by the depositories. However, one depository had securities pledged with client mortgages, which are not a type of security authorized by Section 9-4-103, *Tennessee Code Annotated*. This statute requires securities to be bonds of the United States, bonds of this state, bonds of any county or municipal corporation of this state, loans to students guaranteed 100 percent by the Tennessee Student Assistance Corporation, or an irrevocable letter of credit issued by the federal home loan bank. After bringing this issue to the trustee's attention, the depository issued an irrevocable letter of credit from the federal home loan bank on behalf of Monroe County.

RECOMMENDATION

The trustee should require the depository to pledge securities authorized by state statute.

OFFICE OF SHERIFF

FINDING 11.03

DUTIES WERE NOT SEGREGATED ADEQUATELY

(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. Also, this deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

BEST PRACTICE

MONROE COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

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, 2011

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