
ANNUAL FINANCIAL REPORT MONROE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



**ANNUAL FINANCIAL REPORT
MONROE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director***

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

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

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

MONROE COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6
<u>INTRODUCTORY SECTION</u>		7
Monroe County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-12
BASIC FINANCIAL STATEMENTS:		13
Government-wide Financial Statements:		
Statement of Net Assets	A	14-15
Statement of Activities	B	16-17
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	18-19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	21-22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	23
Proprietary Fund:		
Statement of Net Assets	D-1	24
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	25
Statement of Cash Flows	D-3	26
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	27
Notes to the Financial Statements		28-79
REQUIRED SUPPLEMENTARY INFORMATION:		80
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	81-84
Solid Waste/Sanitation Fund	F-2	85
Highway/Public Works Fund	F-3	86
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Monroe County School Department	F-4	87
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Monroe County School Department	F-5	88
Notes to the Required Supplementary Information		89

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		90
Nonmajor Governmental Funds:		91
Combining Balance Sheet	G-1	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	93
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual (Budgetary Basis) and Budget:		
Drug Control Fund	G-3	94
Major Governmental Fund:		95
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	96
Fiduciary Funds:		97
Combining Statement of Fiduciary Assets and Liabilities	I-1	98
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	99-100
Component Unit:		
Discretely Presented Monroe County School Department:		101
Statement of Activities	J-1	102
Balance Sheet – Governmental Funds	J-2	103
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	104
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	105
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	106
Combining Balance Sheet - Nonmajor Governmental Funds	J-6	107
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	J-7	108
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-8	109-110
School Federal Projects Fund	J-9	111-112
Central Cafeteria Fund	J-10	113
Miscellaneous Schedules:		114
Schedule of Changes in Long-term Notes, Other Loans, and Bonds	K-1	115
Schedule of Long-term Debt Requirements by Year	K-2	116-117
Schedule of Transfers – Primary Government and Discretely Presented Monroe County School Department	K-3	118
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Monroe County School Department	K-4	119
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	120-124
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Monroe County School Department	K-6	125-126
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	127-154
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Monroe County School Department	K-8	155-169
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	K-9	170

	Page(s)
<u>SINGLE AUDIT SECTION</u>	171
Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>	172-173
Auditor's 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	174-176
Schedule of Expenditures of Federal Awards and State Grants	177-178
Schedule of Audit Findings Not Corrected	179
Schedule of Findings and Questioned Costs	180-185
Auditee Reporting Responsibilities	186

Audit Highlights

Annual Financial Report
Monroe County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Monroe County as of and for the year ended June 30, 2012.

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, recommendations, and management's responses 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 CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ A cash shortage of \$3,476.24 existed in the office at September 13, 2012.
- ◆ Multiple employees operated from the same cash drawer.

OFFICE OF SHERIFF

- ◆ Duties were not adequately segregated.

BEST PRACTICE

Monroe County does not have an Audit Committee. The Division of Local Government 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	Bennie Moser
Marty Allen	

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

January 29, 2013

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, 2012, 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 one percent and 1.8 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Monroe County Emergency Communications District, which represent 1.2 percent and 1.4 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe County Women's Wellness and Maternity Center and the Monroe County Emergency Communications District, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the

accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2013, 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.

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 81 through 89 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 long vertical stroke extending downwards from the end of the name.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Monroe County, Tennessee
Statement of Net Assets
June 30, 2012

	Primary Government Governmental Activities	Component Units		
		Monroe County School Department	Women's Wellness and Maternity Center	Emergency Communications District
<u>ASSETS</u>				
Cash	\$ 2,492	\$ 257	\$ 138,168	\$ 507,218
Equity in Pooled Cash and Investments	20,227,628	14,698,147	0	0
Deferred Outflow - Interest Rate Swap	3,687,059	0	0	0
Accounts Receivable	2,694,492	62,641	119,624	0
Allowance for Uncollectibles	(1,547,940)	0	(15,551)	0
Due from Other Governments	969,948	1,332,284	800	0
Property Taxes Receivable	14,764,544	5,094,253	0	0
Allowance for Uncollectible Property Taxes	(744,422)	(256,850)	0	0
Unamortized Debt Issuance Cost	357,301	0	0	0
Prepaid Items	0	0	7,264	0
Capital Assets				
Assets Not Depreciated:				
Land	800,348	666,112	0	0
Construction in Progress	0	1,402,903	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	4,896,506	43,278,545	0	0
Other Capital Assets	2,048,523	465,609	422,315	306,558
Infrastructure - Roads, Streets, and Bridges	110,711,953	0	0	0
Total Assets	<u>\$ 158,868,432</u>	<u>\$ 66,743,901</u>	<u>\$ 672,620</u>	<u>\$ 813,776</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 274,707	\$ 187,333	\$ 8,058	\$ 4,250
Accrued Payroll	127,881	102,820	13,542	0
Payroll Deductions Payable	147,886	2,117,833	0	0
Contracts Payable	0	647,847	0	0
Retainage Payable	0	34,097	0	0
Accrued Interest Payable	108,227	0	0	0
Due to State of Tennessee	3,621	0	0	0
Derivative - Interest Rate Swap	3,687,059	0	0	0
Deferred Revenue - Property Taxes	13,383,033	4,617,586	0	0
Other Current Liabilities	2,650	0	0	0
Noncurrent Liabilities:				
Due Within One Year	2,907,401	0	16,374	0
Due in More Than One Year	61,344,521	4,123,085	338,555	0
Total Liabilities	<u>\$ 81,986,986</u>	<u>\$ 11,830,601</u>	<u>\$ 376,529</u>	<u>\$ 4,250</u>

(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	\$ 115,448,122	\$ 0	\$ 78,922	\$ 0
Invested in Capital Assets	0	45,813,169	0	306,558
Restricted for:				
General Government	739,409	0	0	0
Finance	2,836	0	0	0
Administration of Justice	17,190	0	0	0
Public Safety	359,876	0	0	0
Public Health and Welfare	827,673	0	0	0
Highways	1,600,650	0	0	0
Education	0	438,338	0	0
Debt Service	7,107,864	0	0	0
Capital Projects	0	7,060,259	0	0
Other Purposes	1,000	0	0	0
Unrestricted	<u>(49,223,174)</u>	<u>1,601,534</u>	<u>217,169</u>	<u>502,968</u>
Total Net Assets	<u>\$ 76,881,446</u>	<u>\$ 54,913,300</u>	<u>\$ 296,091</u>	<u>\$ 809,526</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, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Monroe County School Department	Women's Wellness and Maternity Center	Emergency Communications District		
Primary Government:										
Governmental Activities:										
General Government	\$ 2,349,481	\$ 329,751	\$ 58,402	\$ 94,532	\$ (1,866,796)	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	1,588,826	1,031,387	935	0	(556,504)	0	0	0	0	0
Administration of Justice	1,297,141	1,081,428	9,000	0	(206,713)	0	0	0	0	0
Public Safety	5,496,764	1,126,549	435,207	0	(3,935,008)	0	0	0	0	0
Public Health and Welfare	5,360,242	3,462,157	361,870	0	(1,536,215)	0	0	0	0	0
Social, Cultural, and Recreational Services	347,756	0	0	0	(347,756)	0	0	0	0	0
Agriculture and Natural Resources	115,843	0	24,891	0	(90,952)	0	0	0	0	0
Other Operations	1,032,133	52,542	24,608	235,381	(719,602)	0	0	0	0	0
Highways	7,087,207	395,386	2,240,397	126,254	(4,325,170)	0	0	0	0	0
Education	10,762,649	0	0	82,078	(10,680,571)	0	0	0	0	0
Interest on Long-term Debt	1,974,396	0	0	0	(1,974,396)	0	0	0	0	0
Debt Service	234,604	0	0	0	(234,604)	0	0	0	0	0
Total Primary Government	\$ 37,647,042	\$ 7,479,200	\$ 3,155,310	\$ 538,245	\$ (26,474,287)	\$ 0	\$ 0	\$ 0	\$ 0	0
Component Units:										
Monroe County School Department	\$ 45,634,788	\$ 1,422,658	\$ 6,734,616	\$ 8,501,309	\$ 0	\$ (28,976,205)	\$ 0	\$ 0	\$ 0	0
Women's Wellness and Maternity Center	979,512	812,253	158,208	0	0	0	(9,051)	0	0	0
Emergency Communications District	759,728	468,352	307,222	0	0	0	0	0	0	15,846
Total Component Units	\$ 47,374,028	\$ 2,703,263	\$ 7,200,046	\$ 8,501,309	\$ 0	\$ (28,976,205)	\$ (9,051)	\$ 0	\$ 0	15,846

(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				\$ 7,748,714	\$ 4,585,250	\$ 0	\$ 0
Property Taxes Levied for Solid Waste/Sanitation				1,265,612	0	0	0
Property Taxes Levied for Highways				766,372	0	0	0
Property Taxes Levied for Debt Service				3,383,972	0	0	0
Local Option Sales Taxes				762,295	3,323,256	0	0
Wheel Tax				897,282	0	0	0
Other Local Taxes				736,679	121,518	0	0
Grants and Contributions Not Restricted to Specific Programs				1,746,840	28,292,043	0	0
Unrestricted Investment Income				13,121	265	118	1,977
Miscellaneous				57,449	17,010	0	6,679
Insurance Recovery				31,950	0	0	0
Total General Revenues				\$ 17,410,286	\$ 36,339,342	\$ 118	\$ 8,656
Change in Net Assets				\$ (9,064,001)	\$ 7,363,137	\$ (8,933)	\$ 24,502
Net Assets, July 1, 2011				85,945,447	47,550,163	305,024	785,024
Net Assets, June 30, 2012				\$ 76,881,446	\$ 54,913,300	\$ 296,091	\$ 809,526

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, 2012

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds		
Cash	\$ 300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,192	\$ 2,492	
Equity in Pooled Cash and Investments	5,653,470	730,722	1,242,512	7,008,467	3,592,000	334,410	334,410	18,561,581	
Accounts Receivable	2,629,270	54,813	8,177	2,136	0	96	96	2,694,492	
Allowance for Uncollectibles	(1,547,940)	0	0	0	0	0	0	(1,547,940)	
Due from Other Governments	529,871	29,701	368,845	41,531	0	0	0	969,948	
Due from Other Funds	2,288	0	0	0	0	0	0	2,288	
Property Taxes Receivable	8,685,026	1,411,316	868,503	3,799,699	0	0	0	14,764,544	
Allowance for Uncollectible Property Taxes	(437,896)	(71,158)	(43,789)	(191,579)	0	0	0	(744,422)	
Total Assets	\$ 15,514,389	\$ 2,155,394	\$ 2,444,248	\$ 10,660,254	\$ 3,592,000	\$ 336,698	\$ 336,698	\$ 34,702,983	

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Allowance for Uncollectibles
 Due from Other Governments
 Due from Other Funds
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities	\$ 87,525	\$ 106,719	\$ 15,135	\$ 0	\$ 0	\$ 0	\$ 0	\$ 209,379
Accounts Payable	100,331	5,582	21,968	0	0	0	0	127,881
Accrued Payroll	122,565	5,278	19,257	0	0	786	786	147,886
Payroll Deductions Payable	0	0	0	0	2,650	2,288	2,288	4,938
Due to Other Funds	3,621	0	0	0	0	0	0	3,621
Due to State of Tennessee	7,872,372	1,279,260	787,238	3,444,163	0	0	0	13,383,033
Deferred Revenue - Current Property Taxes	341,684	55,524	34,169	149,487	0	0	0	580,864
Deferred Revenue - Delinquent Property Taxes	823,940	5,147	179,510	13,851	0	0	0	1,022,448
Other Deferred Revenues	\$ 9,352,038	\$ 1,457,510	\$ 1,057,277	\$ 3,607,501	\$ 2,650	\$ 3,074	\$ 3,074	\$ 15,480,050
Total Liabilities								

Total Liabilities

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
\$	739,409	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	739,409
Restricted for General Government	2,836	0	0	0	0	0	0	2,836
Restricted for Finance	17,190	0	0	0	0	0	0	17,190
Restricted for Administration of Justice	26,252	0	0	0	0	333,624	0	359,876
Restricted for Public Safety	69,118	697,884	0	0	0	0	0	767,002
Restricted for Public Health and Welfare	0	0	1,386,971	0	0	0	0	1,386,971
Restricted for Highways/Public Works	0	0	0	7,052,753	0	0	0	7,052,753
Restricted for Debt Service	0	0	0	0	3,589,350	0	0	3,589,350
Restricted for Capital Projects	1,000	0	0	0	0	0	0	1,000
Restricted for Other Purposes	27,289	0	0	0	0	0	0	27,289
Committed:	1,059	0	0	0	0	0	0	1,059
Committed for General Government	36,347	0	0	0	0	0	0	36,347
Committed for Administration of Justice	78,917	0	0	0	0	0	0	78,917
Committed for Public Safety	31,890	0	0	0	0	0	0	31,890
Committed for Other Operations	1,465	0	0	0	0	0	0	1,465
Assigned:	29,884	0	0	0	0	0	0	29,884
Assigned for General Government	37,045	0	0	0	0	0	0	37,045
Assigned for Finance	11,904	0	0	0	0	0	0	11,904
Assigned for Administration of Justice	45	0	0	0	0	0	0	45
Assigned for Public Safety	489	0	0	0	0	0	0	489
Assigned for Public Health and Welfare	5,050,212	0	0	0	0	0	0	5,050,212
Assigned for Social, Cultural, and Recreational Services	\$ 6,162,351	\$ 697,884	\$ 1,386,971	\$ 7,052,753	\$ 3,589,350	\$ 333,624	\$ 0	\$ 19,222,933
Assigned for Other Operations	\$ 15,514,389	\$ 2,155,394	\$ 2,444,248	\$ 10,660,254	\$ 3,592,000	\$ 336,698	\$ 0	\$ 34,702,983
Unassigned								
Total Fund Balances								
Total Liabilities and Fund Balances								

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

Exhibit C-2

Monroe County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2012

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)		\$ 19,222,933
(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	4,896,506	
Add: infrastructure net of accumulated depreciation	110,711,953	
Add: other capital assets net of accumulated depreciation	<u>2,048,523</u>	118,457,330
(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.		1,600,719
(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	\$ (2,018,594)	
Less: bonds payable	(20,169,236)	
Less: other loans payable	(41,460,000)	
Add: deferred amount on refunding	150,039	
Add: deferred charges - debt issuance costs	357,301	
Less: compensated absences payable	(369,046)	
Less: landfill closure/postclosure care costs	(186,026)	
Less: other postemployment benefits liability	(199,059)	
Less: accrued interest on bonds, and notes	<u>(108,227)</u>	(64,002,848)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,603,312</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 76,881,446</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, 2012

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 9,542,245	\$ 1,336,352	\$ 825,990	\$ 4,504,951	\$ 0	\$ 0	\$ 16,209,538
Licenses and Permits	97,106	0	0	0	0	0	97,106
Fines, Forfeitures, and Penalties	139,431	0	0	0	0	235,132	374,563
Charges for Current Services	2,685,130	690,537	395,386	61,179	0	11,455	3,843,687
Other Local Revenues	208,428	15,601	68,027	13,121	0	0	305,177
Fees Received from County Officials	1,929,195	0	0	0	0	0	1,929,195
State of Tennessee	1,511,897	80,634	2,200,633	27,575	0	0	3,820,739
Federal Government	679,066	0	233,795	0	0	0	912,861
Other Governments and Citizens Groups	156,689	0	0	570,923	0	1,695	729,307
Total Revenues	\$ 16,949,187	\$ 2,123,124	\$ 3,723,831	\$ 5,177,749	\$ 0	\$ 248,282	\$ 28,222,173
<u>Expenditures</u>							
Current:							
General Government	\$ 2,241,159	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,241,159
Finance	1,603,912	0	0	0	0	424	1,604,336
Administration of Justice	1,296,659	0	0	0	0	11,031	1,307,690
Public Safety	5,282,259	0	0	0	278,579	204,428	5,765,266
Public Health and Welfare	3,376,724	1,898,447	0	0	438,655	0	5,713,826
Social, Cultural, and Recreational Services	347,756	0	0	0	0	0	347,756
Agriculture and Natural Resources	115,994	0	0	0	0	0	115,994
Other Operations	977,686	0	0	0	2,261,340	0	3,239,026
Highways	0	49,615	3,465,405	0	243,172	0	3,758,192
Debt Service:							
Principal on Debt	0	0	0	2,262,864	0	0	2,262,864
Interest on Debt	0	0	0	1,967,613	0	0	1,967,613
Other Debt Service	0	0	0	206,006	70,600	0	276,606
Capital Projects	2,130	0	0	0	8,501,309	0	8,503,439
Total Expenditures	\$ 15,244,279	\$ 1,948,062	\$ 3,465,405	\$ 4,436,483	\$ 11,793,655	\$ 215,883	\$ 37,103,767
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,704,908	\$ 175,062	\$ 258,426	\$ 741,266	\$ (11,793,655)	\$ 32,399	\$ (8,881,594)

(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>								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,650,000	\$ 0	\$ 0	\$ 1,650,000
Other Loans Issued	0	0	0	0	10,600,000	0	0	10,600,000
Insurance Recovery	41,110	0	12,439	0	0	0	0	53,549
Transfers In	39,461	30,000	0	0	0	0	0	69,461
Transfers Out	(30,000)	0	0	0	(39,461)	0	0	(69,461)
Total Other Financing Sources (Uses)	\$ 50,571	\$ 30,000	\$ 12,439	\$ 0	\$ 12,210,539	\$ 0	\$ 0	\$ 12,303,549
Net Change in Fund Balances	\$ 1,755,479	\$ 205,062	\$ 270,865	\$ 741,266	\$ 416,884	\$ 32,399	\$ 3,421,955	
Fund Balance, July 1, 2011	4,406,872	492,822	1,116,106	6,311,487	3,172,466	301,225	15,800,978	
Fund Balance, June 30, 2012	\$ 6,162,351	\$ 697,884	\$ 1,386,971	\$ 7,052,753	\$ 3,589,350	\$ 333,624	\$ 19,222,933	

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

Exhibit C-4

Monroe County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2012

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)	\$	3,421,955
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$	1,868,689
Less: current-year depreciation expense		<u>(4,844,563)</u>
		(2,975,874)
(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		(16,772)
(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, 2012	\$	1,603,312
Less: deferred delinquent property taxes and other deferred June 30, 2011		<u>(1,233,200)</u>
		370,112
(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: note proceeds	\$	(1,650,000)
Less: other loan proceeds		(10,600,000)
Add: change in deferred debt issuance costs		53,439
Add: principal payments on notes		397,864
Add: principal payments on bonds		1,200,000
Add: principal payments on other loans		665,000
Less: change in deferred amount on refunding debt		<u>(11,437)</u>
		(9,945,134)
(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	\$	(6,783)
Change in compensated absences payable		43,953
Change in other postemployment benefits liability		(59,532)
Change in landfill postclosure care costs		<u>17,750</u>
		(4,612)
(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>86,324</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u><u>(9,064,001)</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, 2012

Governmental
 Activities -
 Internal
Service Fund
 Employee
 Health
 Insurance
Fund

ASSETS

Current Assets:

Equity in Pooled Cash and Investments

\$ 1,666,047

Total Assets

\$ 1,666,047

LIABILITIES

Current Liabilities:

Other Current Liabilities

\$ 65,328

Total Liabilities

\$ 65,328

NET ASSETS

Unrestricted

\$ 1,600,719

Net Assets

\$ 1,666,047

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, 2012

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 1,688,358
Total Operating Revenues	<u>\$ 1,688,358</u>
<u>Operating Expenses</u>	
Fiscal Agent Charges	\$ 37,892
Medical Claims	1,326,360
Insurance Premiums	<u>237,782</u>
Total Operating Expenses	<u>\$ 1,602,034</u>
Operating Income (Loss)	<u>\$ 86,324</u>
Change in Net Assets	\$ 86,324
Net Assets, July 1, 2011	<u>1,514,395</u>
Net Assets, June, 30, 2012	<u><u>\$ 1,600,719</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, 2012

	Governmental Activities - Internal Service Fund <hr/> Employee Health Insurance Fund <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 1,688,358
Payments to Fiscal Agents	(37,892)
Payments to Insurers	(237,782)
Payments for Claims	<u>(1,305,404)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 107,280</u>
Increase (Decrease) in Cash	\$ 107,280
Cash, July 1, 2011	<u>1,558,767</u>
Cash, June 30, 2012	<u><u>\$ 1,666,047</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 86,324
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>20,956</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 107,280</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,444,902
Taxes Receivable	1,310,954
Allowance for Uncollectible Taxes	(66,098)
Due from Other Governments	747,880
Due from Other Funds	2,650
Cash Shortage	<u>22,574</u>
Total Assets	<u>\$ 3,462,862</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,995,386
Due to Litigants, Heirs, and Others	<u>1,467,476</u>
Total Liabilities	<u>\$ 3,462,862</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, 2012

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 \$8,501,309 and \$2,261,340 were contributed by the county to the School Department and the Sweetwater City School System, respectively, during the year ended June 30, 2012.

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.

Education Capital Projects Fund – This 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.

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

Special Revenue Funds – These funds 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.

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.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on deposit with the county trustee.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Monroe County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Monroe County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.76 percent of the total taxes levied.

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

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

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

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

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

3. Capital Assets

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

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

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

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

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

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

4. Compensated Absences

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

5. Long-term Obligations

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

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

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

6. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other

governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2012, Monroe County had \$56,877,265 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.

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.

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, and shall remain binding unless removed in the same manner.

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 \$111,748 assigned for encumbrances. Assigned fund balance in the School Department’s General Purpose School Fund consists of \$205,596 for encumbrances.

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 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. The bookkeeper was re-indicted and the trial has been set for a status hearing on March 18, 2013.

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.

The Office of Circuit and General Sessions Courts Clerk had a cash shortage of \$1,923.40 as of June 30, 2012. The shortage grew to \$3,476.24 as of September 13, 2012, and was subsequently liquidated. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs in the Single Audit section of this report.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

Investments

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

Investment Balances. As of June 30, 2012, Monroe County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Monroe County and the discretely presented Monroe County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Weighted Average Maturities (days)</u>	<u>Cost</u>
State Treasurer's Investment Pool	6 to 164	\$ 1,300,139

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, 2012, Monroe County's investment in the State Treasurer's Investment Pool was unrated.

B. Derivative Instruments

At June 30, 2012, Monroe County had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
\$6.255M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$ 6,255,000	2-19-09	6-1-20	Pay 4.27% receive 63.1% of LIBOR
\$10.05M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	10,050,000	2-19-09	6-1-33	Pay 3.68% receive 63% of LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2012, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2012 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2012</u>		6-30-12
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities					
Cash Flow Hedges:					
Pay-fixed interest rate swaps:					
\$6.255M Swap	Deferred Outflow	\$ (324,149)	Debt	\$ (971,607)	\$ 6,000,000
\$10.05M Swap	Deferred Outflow	(1,699,054)	Debt	(2,715,452)	10,050,000
Total		<u>\$ (2,023,203)</u>		<u>\$ (3,687,059)</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, 2012, 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>-0.61%</u>
Net interest rate swap payments		3.66%
Variable-rate bond coupon payments		<u>0.19%</u>
Synthetic interest rate on bonds		<u><u>3.85%</u></u>

Fair value. As of June 30, 2012, the swap had a negative fair value of \$971,607. 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, 2012, 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, 2012, with its Credit Support Provider, Deutsche Bank, rated A2/A+/A+ 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, 2012, 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	
2013	\$ 0	\$ 11,400	\$ 219,476	\$ 230,876
2014	590,000	11,400	219,476	820,876
2015	630,000	10,279	197,894	838,173
2016	670,000	9,082	174,849	853,931
2017	705,000	7,809	150,341	863,150
2018-2020	3,405,000	13,975	269,041	3,688,016
Total	\$ 6,000,000	\$ 63,945	\$ 1,231,077	\$ 7,295,022

\$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, 2012, 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>-0.61%</u>
Net interest rate swap payments		3.07%
Variable-rate bond coupon payments		<u>0.19%</u>
Synthetic interest rate on bonds		<u><u>3.26%</u></u>

Fair value. As of June 30, 2012, the swap had a negative fair value of \$2,715,452. 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, 2012, 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. In order to mitigate the potential for credit risk, the Authority, on behalf of the County, entered into the interest rate swap agreement with Depfa Bank, which was rated "A+" by Standard and Poor's, AA- by Fitch Ratings and "Aa3" by Moody's Investor Service at the time the interest rate swap agreement was entered into. If Depfa's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian. As of June 30, 2012, Depfa's credit rating had been downgraded and was rated "BBB" by Standard and Poor's (Stable Outlook), "Baa3" by Moody's Investors Service (Stable Outlook) and BBB+ by Fitch Ratings (Negative Outlook). The counterparty has posted all collateral requirements with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk 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, 2012, 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	
2013	\$ 0	\$ 19,095	\$ 308,826	\$ 327,921
2014	0	19,095	308,826	327,921
2015	0	19,095	308,826	327,921
2016	0	19,095	308,826	327,921
2017	0	19,095	308,826	327,921
2018-2022	0	95,475	1,544,132	1,639,607
2023-2027	3,400,000	86,165	1,393,560	4,879,725
2028-2032	5,400,000	43,605	705,231	6,148,836
2033	1,250,000	2,375	38,411	1,290,786
Total	\$ 10,050,000	\$ 323,095	\$ 5,225,464	\$ 15,598,559

C. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance			Balance
	7-1-11	Increases	Decreases	6-30-12
Capital Assets Not Depreciated:				
Land	\$ 800,348	\$ 0	\$ 0	\$ 800,348
Construction in Progress	0	405,622	(405,622)	0
Total Capital Assets Not Depreciated	\$ 800,348	\$ 405,622	\$ (405,622)	\$ 800,348
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,387,070	\$ 25,336	\$ 0	\$ 8,412,406
Roads and Bridges	169,486,043	405,622	0	169,891,665
Other Capital Assets	6,119,702	1,437,731	(353,046)	7,204,387
Total Capital Assets Depreciated	\$ 183,992,815	\$ 1,868,689	\$ (353,046)	\$ 185,508,458
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,301,919	\$ 213,981	\$ 0	\$ 3,515,900
Roads and Bridges	54,941,714	4,237,998	0	59,179,712
Other Capital Assets	5,099,554	392,584	(336,274)	5,155,864
Total Accumulated Depreciation	\$ 63,343,187	\$ 4,844,563	\$ (336,274)	\$ 67,851,476
Total Capital Assets Depreciated, Net	\$ 120,649,628	\$ (2,975,874)	\$ (16,772)	\$ 117,656,982
Governmental Activities Capital Assets, Net	\$ 121,449,976	\$ (2,570,252)	\$ (422,394)	\$ 118,457,330

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

Governmental Activities:

General Government	\$ 181,738
Public Safety	141,537
Public Health and Welfare	136,592
Other Operations	53,597
Highways	4,331,099
Total Depreciation Expense - Governmental Activities	\$ 4,844,563

Discretely Presented Monroe County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 666,112	\$ 0	\$ 0	\$ 666,112
Construction in Progress	0	1,402,903	0	1,402,903
Total Capital Assets Not Depreciated	\$ 666,112	\$ 1,402,903	\$ 0	\$ 2,069,015
Capital Assets Depreciated:				
Buildings and Improvements	\$ 65,188,278	\$ 0	\$ 0	\$ 65,188,278
Other Capital Assets	1,531,298	131,155	(15,552)	1,646,901
Total Capital Assets Depreciated	\$ 66,719,576	\$ 131,155	\$ (15,552)	\$ 66,835,179
Less: Accumulated Depreciation For:				
Buildings and Improvements	\$ 20,376,556	\$ 1,533,177	\$ 0	\$ 21,909,733
Other Capital Assets	1,091,100	105,744	(15,552)	1,181,292
Total Accumulated Depreciation	\$ 21,467,656	\$ 1,638,921	\$ (15,552)	\$ 23,091,025
Total Capital Assets Depreciated, Net	\$ 45,251,920	\$ (1,507,766)	\$ 0	\$ 43,744,154
Governmental Activities Capital Assets, Net	\$ 45,918,032	\$ (104,863)	\$ 0	\$ 45,813,169

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

Governmental Activities:

Instruction	\$ 8,141
Support Services	1,621,118
Operation of Non-Instructional Services	9,662
Total Depreciation Expense - Governmental Activities	\$ 1,638,921

D. Construction Commitments

At June 30, 2012, the Monroe County School Department had uncompleted construction contracts of \$6,486,843 for school renovations. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General Agency	Nonmajor governmental General Capital Projects	\$ 2,288 2,650
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	94,079

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, 2012, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Fund	Solid Waste/ Sanitation Fund
General Fund	\$ 0	\$ 30,000
General Capital Projects Fund	39,461	0
	<u>\$ 39,461</u>	<u>\$ 30,000</u>

Discretely Presented Monroe County School Department

<u>Transfer Out</u>	<u>Transfer In</u> Nonmajor Governmental Funds
General Purpose School Fund	\$ 250,000

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

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 40 years for bonds, up to 12 years for notes, and up to 30 years for the other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	4.05 to 5 %	6-1-38	\$ 19,949,236	\$ 19,034,236
Refunding Bonds	4.25 to 5.25	5-1-13	10,205,000	1,135,000
Capital Outlay Notes	0 to 4.59	11-1-15	3,388,500	2,018,594
Other Loans - Variable Rate - Public Improvement and Refunding	Variable	6-1-39	31,965,000	31,390,000
Other Loans - Fixed Rate	2.45	6-1-31	10,600,000	10,070,000

In prior years, Monroe County entered into variable rate 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. Monroe County has also entered into fixed rate loan agreements with a PBA. The following table summarizes loan agreements outstanding at June 30, 2012, including interest rates and other loan fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-12	Interest Type	Interest Rate as of 6-30-12	Other Fees on Variable Rate Debt
<u>Blount County Public</u>					
<u>Building Authority</u>					
Series E-7-A (Refunding) (1)	\$ 31,965,000	\$ 31,390,000	Variable	.19%	1.55%
<u>City of Clarksville Public</u>					
<u>Building Authority</u>					
Fixed Rate Loan Program	10,600,000	<u>10,070,000</u>	Fixed	2.45%	N/A
Total		<u>\$ 41,460,000</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, 2012, including interest payments and other loan fees, are presented in the following tables. Interest payments and other fees are estimated for the variable rate loan based on rates in effect at June 30, 2012.

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 678,452	\$ 37,190	\$ 715,642
2014	478,784	19,448	498,232
2015	438,358	10,916	449,274
2016	423,000	3,659	426,659
Total	<u>\$ 2,018,594</u>	<u>\$ 71,213</u>	<u>\$ 2,089,807</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2018-2022	1,042,968	3,908,472	4,951,440
2023-2027	3,025,000	3,249,690	6,274,690
2028-2032	3,900,000	2,556,437	6,456,437
2033-2037	7,875,000	1,421,212	9,296,212
2038	1,700,000	73,100	1,773,100
Total	<u>\$ 20,169,236</u>	<u>\$ 16,042,671</u>	<u>\$ 36,211,907</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest (1)	Other Fees	
2013	\$ 675,000	\$ 834,491	\$ 486,322	\$ 1,995,813
2014	1,275,000	821,231	484,076	2,580,307
2015	1,320,000	785,236	472,531	2,577,767
2016	1,365,000	747,692	460,288	2,572,980
2017	1,410,000	708,599	447,348	2,565,947
2018-2022	8,860,000	2,833,294	1,975,852	13,669,146
2023-2027	8,690,000	2,031,628	1,507,703	12,229,331
2028-2032	9,600,000	956,177	992,719	11,548,896
2033-2037	6,330,000	93,027	445,457	6,868,484
2038-2039	1,935,000	4,437	36,159	1,975,596
Total	<u>\$ 41,460,000</u>	<u>\$ 9,815,812</u>	<u>\$ 7,308,455</u>	<u>\$ 58,584,267</u>

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

There is \$7,052,753 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$453, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$1,430, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Bonds	Notes	Compensated Absences
Balance, July 1, 2011	\$ 21,369,236	\$ 766,458	\$ 412,999
Additions	0	1,650,000	278,710
Reductions	(1,200,000)	(397,864)	(322,663)
Balance, June 30, 2012	<u>\$ 20,169,236</u>	<u>\$ 2,018,594</u>	<u>\$ 369,046</u>
Balance Due Within One Year	<u>\$ 1,260,000</u>	<u>\$ 678,452</u>	<u>\$ 276,785</u>

	Other Loans	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2011	\$ 31,525,000	\$ 203,776	\$ 139,527
Additions	10,600,000	1,842	61,657
Reductions	(665,000)	(19,592)	(2,125)
Balance, June 30, 2012	<u>\$ 41,460,000</u>	<u>\$ 186,026</u>	<u>\$ 199,059</u>
Balance Due Within One Year	<u>\$ 675,000</u>	<u>\$ 17,164</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 64,401,961
Less: Deferred Amount on Refunding	(150,039)
Less: Balance Due Within One Year	<u>(2,907,401)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 61,344,521</u>

During the year, the discretely presented Monroe County School Department contributed \$511,686 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, 2012, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2011	\$ 3,499,202
Additions	1,159,394
Reductions	<u>(535,512)</u>
Balance, June 30, 2012	<u>\$ 4,123,084</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 4,123,085
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,123,085</u>

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

G. On-Behalf Payments – Primary Government and Discretely Presented Monroe County School Department

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Monroe County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2012, were \$7,195. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

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, 2012, were \$145,427 and \$35,938, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Monroe County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the Solid Waste/Sanitation Fund. These notes were necessary because resources were not available to operate the fund before current tax collections. Short-term debt activity for the year ended June 30, 2012, was as follows:

	Balance			Balance
	7-1-11	Issued	Paid	6-30-12
Tax Anticipation Notes:				
Solid Waste/Sanitation Fund	\$ 0	\$ 87,561	\$ (87,561)	\$ 0

I. Industrial Development

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

V. OTHER INFORMATION

A. Risk Management

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

Monroe County has established the Employee Health Insurance Fund for risks associated with the county employees’ health insurance plan. The Employee Health Insurance Fund is accounted for as an internal service fund

where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$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 \$1,600,719 at June 30, 2012. 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
2010-2011	\$ 66,049	\$ 1,266,748	\$ (1,288,425)	\$ 44,372
2011-2012	44,372	1,326,360	(1,305,404)	65,328

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. Subsequent Events

On April 24, 2012, the Monroe County Commission authorized the county to enter into an interest-free ten-year loan from Fort Loudon Electric Cooperative not to exceed \$71,820. The loan was issued on September 13, 2012. The loan will be used toward the installation of a new HVAC system at Sequoyah High School.

On December 14, 2012, the Tellico Area Services Systems (TASS) paid the remaining balance on its \$616,000 Water Revenue and Tax Bonds, Series 1995. Monroe County had been contingently liable for this debt. See Note V.C., for further discussion of TASS debt.

C. 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, 2012, future principal and interest requirements of these bonds were \$815,626 and \$612,091, respectively. As discussed in the previous note, subsequent to June 30, 2012, TASS called and retired its Water Revenue and Tax Bonds, series 1995. This reduced the principal and interest requirements for which Monroe County is contingently liable by \$486,686 (principal) and \$345,734 (interest).

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, 2012, future principal and interest requirements for which the county is contingently liable were \$437,500 and \$69,282, respectively.

D. 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 \$186,026 reported as postclosure care liability at June 30, 2012, represents amounts based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. 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, 2012.

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

Administrative Offices (Cont.):

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

F. 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.

G. 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, 2012, 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, 2012, Monroe County’s annual pension cost of \$843,135 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 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 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, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$843,135	100%	\$0
6-30-11	804,658	100	0
6-30-10	851,891	100	00

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.28 percent funded. The actuarial accrued liability for benefits was \$29.94 million, and the actuarial value of assets was \$29.12 million, resulting

in an unfunded actuarial accrued liability (UAAL) of \$.82 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11.97 million, and the ratio of the UAAL to the covered payroll was 6.81 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.

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 SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, 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, 2012, 2011, and 2010, were \$1,632,218, \$1,601,934, and \$1,108,223, respectively, equal to the required contributions for each year.

H. 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 local education employees and Section 8-27-701, *TCA*, for the Medicare Supplement Plan. Prior to reaching the age of 65, all members have the option of choosing 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 a 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, 2012, the discretely

presented Monroe County School Department contributed \$535,512 for postemployment benefits and the primary government contributed \$2,125.

Annual OPEB Cost and Net OPEB Obligation

	<u>Medicare Supplement Plans</u>		Local
	<u>Primary Government</u>	<u>School Department</u>	<u>Education Group Plan</u>
ARC	\$ 62,000	\$ 125,000	\$ 1,043,000
Interest on the NPO	5,581	13,150	126,817
Adjustment to the ARC	(5,924)	(13,959)	(134,614)
Annual OPEB cost	\$ 61,657	\$ 124,191	\$ 1,035,203
Amount of contribution	(2,125)	(7,875)	(527,637)
Increase/decrease in NPO	\$ 59,532	\$ 116,316	\$ 507,566
Net OPEB obligation, 7-1-11	139,527	328,764	3,170,438
Net OPEB obligation, 6-30-12	\$ 199,059	\$ 445,080	\$ 3,678,004

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Fiscal Year-end
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Primary Government

6-30-10	Medicare Supplement	\$ 58,066	4	% \$ 83,217
6-30-11	"	59,198	5	139,527
6-30-12	"	61,657	3	199,059

School Department

6-30-10	Medicare Supplement	123,228	7	210,763
6-30-11	"	125,501	6	328,764
6-30-12	"	124,191	6	455,080
6-30-10	Local Education Group	1,022,316	55	2,700,334
6-30-11	"	1,036,416	55	3,170,438
6-30-12	"	1,035,203	51	3,678,004

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	<u>Medicare Supplement Plans</u>		<u>Local Education Group Plan</u>
	<u>Primary Government</u>	<u>School Department</u>	
Actuarial valuation date	7-1-11	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 595,000	\$ 1,690,000	\$ 9,321,000
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 595,000	\$ 1,690,000	\$ 9,321,000
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	N/A	N/A	\$ 23,888,709
UAAL as a % of covered payroll	N/A	N/A	39%

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, 2011, actuarial valuation, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Education Plan was 9.25 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Medicare Supplement Plan was 6.5 percent for fiscal year 2012. The trend will decrease to 6.25 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2018. Both rates include a 2.5 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.

I. 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.

J. 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 – DISCRETELY PRESENTED 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. Upon termination, the employee is paid for days remaining in the annual leave account (maximum 160 hours). 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, 2012, is \$11,537.

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	Reclassi-	Balance
	7-1-11	fications/ Additions	6-30-12
Depreciable:			
Leasehold Improvements	\$ 433,744	\$ 0	\$ 433,744
Equipment	151,228	14,725	165,953
Furniture	15,723	16,222	31,945
Alarm System	3,017	0	3,017
Linens	361	0	361
Totals	<u>\$ 604,073</u>	<u>\$ 30,947</u>	<u>\$ 635,020</u>
	Accumulated Depreciation		
	Balance		Balance
	7-1-11	Additions	6-30-12
Leasehold Improvements	\$ 47,853	\$ 10,633	\$ 58,486
Equipment	134,342	2,395	136,737
Furniture	13,494	610	14,104
Alarm System	3,017	0	3,017
Linens	361	0	361
Totals	<u>\$ 199,067</u>	<u>\$ 13,638</u>	<u>\$ 212,705</u>

Depreciation expense for the fiscal year ended June 30, 2012, totaled \$13,638.

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, 2012, was \$138,168. Accounts on deposit with financial institutions were fully insured at June 30, 2012, 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, 2012, totaled \$10,378.

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
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
2017	5,704	13,208	18,912
Subtotal	\$ 26,310	\$ 68,250	\$ 94,560
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
2022	7,008	11,904	18,912
Subtotal	\$ 32,325	\$ 62,235	\$ 94,560
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
2027	8,610	10,302	18,912
Subtotal	\$ 39,716	\$ 54,844	\$ 94,560
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
2032	10,579	8,333	18,912
Subtotal	\$ 48,796	\$ 45,764	\$ 94,560
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
2037	12,998	5,914	18,912
Subtotal	\$ 59,952	\$ 34,608	\$ 94,560

Fiscal Year Ending June 30	Note (Cont.)		
	Principal	Interest	Total
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
2042	15,969	2,943	18,912
Subtotal	<u>\$ 73,658</u>	<u>\$ 20,902</u>	<u>\$ 94,560</u>
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>\$ 62,635</u>	<u>\$ 4,821</u>	<u>\$ 67,456</u>
Total	<u>\$ 343,392</u>	<u>\$ 291,424</u>	<u>\$ 634,816</u>

Schedule of changes in long-term debt:

Beginning balance, 7-1-11	\$ 348,035
Payments	<u>(4,643)</u>
Balance, 6-30-12	<u>\$ 343,392</u>

G. Grant and Foundation Awards

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

Grants:	
State TennCare/Medicaid Provider Incentive Program	\$ 85,000
Safety Net	7,900
Foundations:	
Kiwanis	2,850
East Tennessee Foundation	4,000
Local:	
Sustain:	
Donations	31,740
C.H.O.T.O.	8,520
Participant Fees	<u>14,223</u>
Total	<u>\$ 154,233</u>

VII. OTHER NOTES – DISCRETELY PRESENTED 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 consistent with generally accepted accounting principles.

The budgets are for the year ended June 30, 2012. 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 telephone 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 district are maintained on deposit with local banks. Cash deposits totaled \$507,218 at June 30, 2012. 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, 2012, 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 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, 2012:

	Balance 7-1-11	Additions	Decreases	Balance 6-30-12
Building	\$ 177,247	\$ 0	\$ 0	\$ 177,247
Less accumulated depreciation	(43,959)	0	(4,455)	(48,414)
Subtotal	\$ 133,288	\$ 0	\$ (4,455)	\$ 128,833
Equipment:				
Communication equipment	\$ 589,234	\$ 28,430	\$ 0	\$ 617,664
Less accumulated depreciation	(434,506)	0	(28,659)	(463,165)
Subtotal	\$ 154,728	\$ 28,430	\$ (28,659)	\$ 154,499
Office equipment	\$ 41,562	\$ 0	\$ 0	\$ 41,562
Less accumulated depreciation	(35,566)	0	(1,200)	(36,766)
Subtotal	\$ 5,996	\$ 0	\$ (1,200)	\$ 4,796
Other equipment	\$ 41,094	\$ 0	\$ 0	\$ 41,094
Less accumulated depreciation	(28,710)	0	(3,492)	(32,202)
Subtotal	\$ 12,384	\$ 0	\$ (3,492)	\$ 8,892

Capital Assets (Cont.)	Balance 7-1-11	Additions	Decreases	Balance 6-30-12
Furniture and fixtures	\$ 25,493	\$ 593	\$ 0	\$ 26,086
Less accumulated depreciation	(16,516)	0	(1,268)	(17,784)
Subtotal	\$ 8,977	\$ 593	\$ (1,268)	\$ 8,302
Capitalized lease - vehicle	\$ 24,738	\$ 0	\$ 0	\$ 24,738
Less accumulated depreciation	(18,554)	0	(4,948)	(23,502)
Subtotal	\$ 6,184	\$ 0	\$ (4,948)	\$ 1,236
Total	\$ 321,557	\$ 29,023	\$ (44,022)	\$ 306,558

Depreciation charged to revenues was \$44,022 for the year ended June 30, 2012.

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 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 district's plan requires employees to contribute five percent of their earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 5.9 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, the district's annual pension cost of \$23,468 to TCRS was equal to the district'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 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 postretirement 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 ten-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, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$ 23,468	100 %	\$ 0
6-30-11	21,683	100	0
6-30-10	21,100	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 95.41 percent funded. The actuarial accrued liability for benefits was \$.67 million, and the actuarial value of assets was \$.64 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.03 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.37 million, and the ratio of the UAAL to the covered payroll was 8.44 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.

**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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 9,542,245	\$ 0	\$ 0	\$ 9,542,245	\$ 9,017,752	\$ 9,017,752	\$ 524,493
Licenses and Permits	97,106	0	0	97,106	75,598	75,598	21,508
Fines, Forfeitures, and Penalties	139,431	0	0	139,431	120,300	115,300	24,131
Charges for Current Services	2,685,130	0	0	2,685,130	2,993,539	2,998,539	(313,409)
Other Local Revenues	208,428	0	0	208,428	200,967	206,767	1,661
Fees Received from County Officials	1,929,195	0	0	1,929,195	1,686,582	1,726,582	202,613
State of Tennessee	1,511,897	0	0	1,511,897	1,235,346	1,205,247	306,650
Federal Government	679,066	0	0	679,066	956,679	1,116,946	(437,880)
Other Governments and Citizens Groups	156,689	0	0	156,689	193,195	233,696	(77,007)
Total Revenues	\$ 16,949,187	\$ 0	\$ 0	\$ 16,949,187	\$ 16,479,958	\$ 16,696,427	\$ 252,760

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 310,305	(273)	30	\$ 310,062	\$ 397,084	\$ 397,084	\$ 87,022
Board of Equalization	1,198	0	0	1,198	1,250	1,250	52
County Mayor/Executive	190,758	(432)	0	190,326	192,725	192,725	2,399
Personnel Office	109,011	(229)	875	109,657	144,088	144,088	34,431
County Attorney	42,417	(3,900)	0	38,517	30,000	45,000	6,483
Election Commission	232,739	0	6,766	239,505	239,382	260,709	21,204
Register of Deeds	324,400	0	0	324,400	331,318	349,818	25,418
Codes Compliance	84,990	0	150	85,140	112,762	143,062	57,922
Geographical Information Systems	80,212	(2,277)	4,950	82,885	88,011	88,011	5,126
County Buildings	599,769	(80,388)	19,070	538,451	677,271	730,061	191,610
Other General Administration	249,503	0	49	249,552	243,500	283,500	33,948
Preservation of Records	15,857	0	0	15,857	16,060	17,721	1,864

(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 7/1/2011	Add: Encumbrances 6/30/2012	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	\$ 520,972	\$ (530)	700	\$ 521,142	\$ 606,342	\$ 606,342	\$ 85,200
Property Assessor's Office	274,206	(64)	35	274,177	279,625	279,625	5,448
Reappraisal Program	85,714	0	0	85,714	88,909	88,909	3,195
County Trustee's Office	280,816	0	130	280,946	301,493	301,493	20,547
County Clerk's Office	442,204	(29)	600	442,775	445,204	448,154	5,379
<u>Administration of Justice</u>							
Circuit Court	830,958	(14,534)	19,094	835,518	879,841	876,841	41,323
General Sessions Judge	223,771	0	648	224,419	237,261	237,261	12,842
Chancery Court	197,705	(856)	9,297	206,146	257,755	257,755	51,609
Probate Court	41,213	0	696	41,909	44,805	44,805	2,896
Other Administration of Justice	3,012	0	150	3,162	21,000	21,000	17,838
<u>Public Safety</u>							
Sheriff's Department	2,380,762	(7,048)	15,999	2,389,713	2,605,268	2,662,951	273,238
Administration of the Sexual Offender Registry	2,158	0	0	2,158	0	3,200	1,042
Jail	2,143,332	(20,759)	3,149	2,125,722	2,365,502	2,369,080	243,358
Juvenile Services	91,807	0	0	91,807	103,154	103,154	11,347
Commissary	115,936	(3,360)	17,033	129,609	190,000	190,000	60,391
Fire Prevention and Control	232,430	0	0	232,430	181,589	276,072	43,642
Rescue Squad	50,000	0	0	50,000	50,000	50,000	0
Other Emergency Management	129,100	(133)	0	128,967	143,374	174,157	45,190
County Coroner/Medical Examiner	26,734	0	0	26,734	41,800	41,800	15,066
Other Public Safety	110,000	0	0	110,000	110,000	110,000	0
<u>Public Health and Welfare</u>							
Local Health Center	40,595	(388)	0	40,207	58,100	58,100	17,893

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Rabies and Animal Control	\$ 150,600	\$ (3,316)	0	\$ 147,284	\$ 162,015	\$ 162,015	\$ 14,731
Ambulance/Emergency Medical Services	2,364,444	(19,474)	10,012	2,354,982	2,696,915	2,696,915	343,753
Maternal and Child Health Services	7,216	0	0	7,216	0	7,216	0
Dental Health Program	441,780	(9,595)	1,782	433,967	478,517	478,517	44,550
Alcohol and Drug Programs	21,527	(6,976)	0	14,551	0	21,528	6,977
Crippled Children Services	1,995	0	0	1,995	1,995	1,995	0
Other Local Health Services	306,701	0	0	306,701	340,641	340,641	33,940
General Welfare Assistance	40,866	0	0	40,866	42,621	42,621	1,755
Aid to Dependent Children	1,000	0	0	1,000	1,000	1,000	0
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	38,000	0	0	38,000	38,000	38,000	0
Libraries	121,991	(625)	44	121,410	113,374	121,478	68
Other Social, Cultural, and Recreational Agriculture and Natural Resources	187,765	0	0	187,765	187,765	187,765	0
Agriculture Extension Service	67,421	0	0	67,421	74,609	74,609	7,188
Soil Conservation	46,573	0	0	46,573	48,101	51,601	5,028
Flood Control	2,000	0	0	2,000	2,000	2,000	0
<u>Other Operations</u>							
Tourism	221,895	(1,096)	18	220,817	219,612	235,092	14,275
Industrial Development	189,843	(1,238)	446	189,051	183,366	195,484	6,433
Other Economic and Community Development	457,905	0	0	457,905	741,197	759,682	301,777
Airport	25,855	(480)	0	25,375	78,119	78,119	52,744
Veterans' Services	23,756	(40)	25	23,741	23,860	23,860	119
Contributions to Other Agencies	6,659	0	0	6,659	13,500	13,500	6,841

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Employee Benefits	\$ 44,578	\$ 0	\$ 0	\$ 44,578	\$ 129,039	\$ 114,039	\$ 69,461
Miscellaneous	7,195	0	0	7,195	0	7,195	0
Capital Projects	2,130	(640)	0	1,490	10,000	10,000	8,510
Public Safety Projects							
Total Expenditures	\$ 15,244,279	\$ (178,680)	\$ 111,748	\$ 15,177,347	\$ 17,070,719	\$ 17,520,420	\$ 2,343,073
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,704,908	\$ 178,680	\$ (111,748)	\$ 1,771,840	\$ (590,761)	\$ (823,993)	\$ 2,595,833
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 41,110	\$ 0	\$ 0	\$ 41,110	\$ 0	\$ 36,402	\$ 4,708
Transfers In	39,461	0	0	39,461	0	0	39,461
Transfers Out	(30,000)	0	0	(30,000)	(30,000)	(30,000)	0
Total Other Financing Sources (Uses)	\$ 50,571	\$ 0	\$ 0	\$ 50,571	\$ (30,000)	\$ 6,402	\$ 44,169
Net Change in Fund Balance	\$ 1,755,479	\$ 178,680	\$ (111,748)	\$ 1,822,411	\$ (620,761)	\$ (817,591)	\$ 2,640,002
Fund Balance, July 1, 2011	4,406,872	(178,680)	0	4,228,192	3,320,230	3,320,230	907,962
Fund Balance, June 30, 2012	\$ 6,162,351	\$ 0	\$ (111,748)	\$ 6,050,603	\$ 2,699,469	\$ 2,502,639	\$ 3,547,964

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, 2012

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2011	Encumbrances 6/30/2012			Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 1,336,352	\$ 0	\$ 0	\$ 1,336,352	\$ 1,279,733	\$ 1,279,733	\$ 56,619	
Charges for Current Services	690,537	0	0	690,537	630,000	630,000	60,537	
Other Local Revenues	15,601	0	0	15,601	11,000	11,000	4,601	
State of Tennessee	80,634	0	0	80,634	76,496	76,496	4,138	
Total Revenues	\$ 2,123,124	\$ 0	\$ 0	\$ 2,123,124	\$ 1,997,229	\$ 1,997,229	\$ 125,895	
<u>Expenditures</u>								
<u>Public Health and Welfare</u>								
Sanitation Education/Information	\$ 1,113,927	(3,983)	1,400	1,111,344	1,277,743	1,273,183	161,839	
Convenience Centers	764,928	(60)	900	765,768	825,941	830,501	64,733	
Postclosure Care Costs	19,592	0	0	19,592	24,000	24,000	4,408	
<u>Other Operations</u>								
Employee Benefits	0	0	0	0	720	720	720	
<u>Highways</u>								
Litter and Trash Collection	49,615	(723)	1,200	50,092	61,355	61,355	11,263	
Total Expenditures	\$ 1,948,062	\$ (4,766)	\$ 3,500	\$ 1,946,796	\$ 2,189,759	\$ 2,189,759	\$ 242,963	
Excess (Deficiency) of Revenues Over Expenditures	\$ 175,062	\$ 4,766	\$ (3,500)	\$ 176,328	\$ (192,530)	\$ (192,530)	\$ 368,858	
<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, 2011	\$ 205,062	\$ 4,766	\$ (3,500)	\$ 206,328	\$ (162,530)	\$ (162,530)	\$ 368,858	
	492,822	(4,766)	0	488,056	490,125	490,125	(2,069)	
Fund Balance, June 30, 2012	\$ 697,884	\$ 0	\$ (3,500)	\$ 694,384	\$ 327,595	\$ 327,595	\$ 366,789	

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 825,990	\$ 0	\$ 0	\$ 825,990	\$ 856,912	\$ 856,912	\$ (30,922)
Charges for Current Services	395,386	0	0	395,386	287,000	368,000	27,386
Other Local Revenues	68,027	0	0	68,027	0	69,794	(1,767)
State of Tennessee	2,200,633	0	0	2,200,633	2,568,574	2,886,405	(685,772)
Federal Government	233,795	0	0	233,795	155,916	285,595	(51,800)
Total Revenues	\$ 3,723,831	\$ 0	\$ 0	\$ 3,723,831	\$ 3,868,402	\$ 4,466,706	\$ (742,875)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 232,828	(23,910)	25	208,943	224,162	226,031	17,088
Highway and Bridge Maintenance	1,830,372	(3,000)	305,775	2,133,147	2,346,316	2,403,953	270,806
Operation and Maintenance of Equipment	749,995	(3,411)	28,469	775,053	666,617	864,592	89,539
Other Charges	218,988	0	0	218,988	231,500	228,900	9,912
Employee Benefits	28,591	0	0	28,591	31,000	40,669	12,078
Capital Outlay	404,631	0	420,000	824,631	801,384	1,235,893	411,262
Total Expenditures	\$ 3,465,405	\$ (30,321)	\$ 754,269	\$ 4,189,353	\$ 4,300,979	\$ 5,000,038	\$ 810,685
Excess (Deficiency) of Revenues Over Expenditures	\$ 258,426	\$ 30,321	\$ (754,269)	\$ (465,522)	\$ (432,577)	\$ (533,332)	\$ 67,810
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 12,439	\$ 0	\$ 0	\$ 12,439	\$ 0	\$ 12,439	\$ 0
Total Other Financing Sources (Uses)	\$ 12,439	\$ 0	\$ 0	\$ 12,439	\$ 0	\$ 12,439	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 270,865	\$ 30,321	\$ (754,269)	\$ (453,083)	\$ (432,577)	\$ (520,893)	\$ 67,810
	1,116,106	(30,321)	0	1,085,785	1,110,440	1,110,440	(24,655)
Fund Balance, June 30, 2012	\$ 1,386,971	\$ 0	\$ (754,269)	\$ 632,702	\$ 677,863	\$ 589,547	\$ 43,155

Exhibit F-4

Monroe County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Monroe County School Department
June 30, 2012

(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)
7-1-11	\$ 29,123	\$ 29,939	\$ 816	97.28 %	\$ 11,972	6.81 %
7-1-09	23,376	23,376	0	100	11,816	0
7-1-07	21,466	21,466	0	100	10,687	0

Exhibit F-5

Monroe County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Monroe County School Department
June 30, 2012

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Medicare Supplement	7-1-09	\$ 0	\$ 545	\$ 545	0 %	N/A	N/A
"	7-1-10	0	545	545	0	N/A	N/A
"	7-1-11	0	595	595	0	N/A	N/A
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	9,345	9,345	0	22,433	42
"	7-1-10	0	9,394	9,394	0	23,306	40
"	7-1-11	0	9,321	9,321	0	23,889	39
Medicare Supplement	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
"	7-1-11	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, 2012

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, 2012

	<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	334,410	0	334,410
Accounts Receivable	0	96	96
Total Assets	<u>\$ 334,410</u>	<u>\$ 2,288</u>	<u>\$ 336,698</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Payroll Deductions Payable	\$ 786	\$ 0	\$ 786
Due to Other Funds	0	2,288	2,288
Total Liabilities	<u>\$ 786</u>	<u>\$ 2,288</u>	<u>\$ 3,074</u>
<u>Fund Balances</u>			
Restricted:			
Restricted for Public Safety	\$ 333,624	\$ 0	\$ 333,624
Total Fund Balances	<u>\$ 333,624</u>	<u>\$ 0</u>	<u>\$ 333,624</u>
Total Liabilities and Fund Balances	<u>\$ 334,410</u>	<u>\$ 2,288</u>	<u>\$ 336,698</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, 2012

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu- tional Officers - Fees	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 235,132	\$ 0	\$ 235,132
Charges for Current Services	0	11,455	11,455
Other Governments and Citizens Groups	1,695	0	1,695
Total Revenues	<u>\$ 236,827</u>	<u>\$ 11,455</u>	<u>\$ 248,282</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 424	\$ 424
Administration of Justice	0	11,031	11,031
Public Safety	204,428	0	204,428
Total Expenditures	<u>\$ 204,428</u>	<u>\$ 11,455</u>	<u>\$ 215,883</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 32,399</u>	<u>\$ 0</u>	<u>\$ 32,399</u>
Net Change in Fund Balances	\$ 32,399	\$ 0	\$ 32,399
Fund Balance, July 1, 2011	<u>301,225</u>	<u>0</u>	<u>301,225</u>
Fund Balance, June 30, 2012	<u><u>\$ 333,624</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 333,624</u></u>

Exhibit G-3

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 235,132 \$	0 \$	235,132 \$	235,000 \$	235,000 \$	132
Other Governments and Citizens Groups	1,695	0	1,695	7,500	7,500	(5,805)
Total Revenues	\$ 236,827 \$	0 \$	236,827 \$	242,500 \$	242,500 \$	(5,673)
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 204,428 \$	(375) \$	204,053 \$	241,483 \$	241,483 \$	37,430
Total Expenditures	\$ 204,428 \$	(375) \$	204,053 \$	241,483 \$	241,483 \$	37,430
Excess (Deficiency) of Revenues Over Expenditures	\$ 32,399 \$	375 \$	32,774 \$	1,017 \$	1,017 \$	31,757
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 32,399 \$	375 \$	32,774 \$	1,017 \$	1,017 \$	31,757
	301,225	(375)	300,850	301,225	301,225	(375)
Fund Balance, June 30, 2012	\$ 333,624 \$	0 \$	333,624 \$	302,242 \$	302,242 \$	31,382

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,504,951	\$ 4,308,363	\$ 4,308,363	\$ 196,588
Charges for Current Services	61,179	60,000	60,000	1,179
Other Local Revenues	13,121	45,000	45,000	(31,879)
State of Tennessee	27,575	22,940	22,940	4,635
Other Governments and Citizens Groups	570,923	586,291	586,291	(15,368)
Total Revenues	<u>\$ 5,177,749</u>	<u>\$ 5,022,594</u>	<u>\$ 5,022,594</u>	<u>\$ 155,155</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 2,262,864	\$ 2,164,456	\$ 2,262,866	\$ 2
<u>Interest on Debt</u>				
General Government	1,967,613	2,064,297	2,636,211	668,598
<u>Other Debt Service</u>				
General Government	206,006	270,604	270,604	64,598
Total Expenditures	<u>\$ 4,436,483</u>	<u>\$ 4,499,357</u>	<u>\$ 5,169,681</u>	<u>\$ 733,198</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 741,266</u>	<u>\$ 523,237</u>	<u>\$ (147,087)</u>	<u>\$ 888,353</u>
Net Change in Fund Balance	\$ 741,266	\$ 523,237	\$ (147,087)	\$ 888,353
Fund Balance, July 1, 2011	6,311,487	6,311,496	6,311,496	(9)
Fund Balance, June 30, 2012	<u>\$ 7,052,753</u>	<u>\$ 6,834,733</u>	<u>\$ 6,164,409</u>	<u>\$ 888,344</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, 2012

	<u>Agency Funds</u>			
	Cities - Sales Tax	City School ADA - Sweetwater	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,444,902	\$ 1,444,902
Taxes Receivable	0	1,310,954	0	1,310,954
Allowance for Uncollectible Taxes	0	(66,098)	0	(66,098)
Due from Other Governments	588,468	159,412	0	747,880
Due from Other Funds	0	2,650	0	2,650
Cash Shortage	0	0	22,574	22,574
Total Assets	<u>\$ 588,468</u>	<u>\$ 1,406,918</u>	<u>\$ 1,467,476</u>	<u>\$ 3,462,862</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 588,468	\$ 1,406,918	\$ 0	\$ 1,995,386
Due to Litigants, Heirs, and Others	0	0	1,467,476	1,467,476
Total Liabilities	<u>\$ 588,468</u>	<u>\$ 1,406,918</u>	<u>\$ 1,467,476</u>	<u>\$ 3,462,862</u>

Exhibit I-2

Monroe County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,363,180	\$ 3,363,180	\$ 0
Due from Other Governments	529,566	588,468	529,566	588,468
Total Assets	\$ 529,566	\$ 3,951,648	\$ 3,892,746	\$ 588,468
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 529,566	\$ 3,951,648	\$ 3,892,746	\$ 588,468
Total Liabilities	\$ 529,566	\$ 3,951,648	\$ 3,892,746	\$ 588,468
<u>City School ADA - Sweetwater Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,503,725	\$ 4,503,725	\$ 0
Due from Other Governments	138,487	159,412	138,487	159,412
Due from Other Funds	0	2,650	0	2,650
Taxes Receivable	1,281,821	1,310,954	1,281,821	1,310,954
Allowance for Uncollectible Taxes	(74,619)	(66,098)	(74,619)	(66,098)
Total Assets	\$ 1,345,689	\$ 5,910,643	\$ 5,849,414	\$ 1,406,918
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,345,689	\$ 5,910,643	\$ 5,849,414	\$ 1,406,918
Total Liabilities	\$ 1,345,689	\$ 5,910,643	\$ 5,849,414	\$ 1,406,918
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,613,214	\$ 7,589,799	\$ 7,758,111	\$ 1,444,902
Cash Shortage	20,651	1,923	0	22,574
Total Assets	\$ 1,633,865	\$ 7,591,722	\$ 7,758,111	\$ 1,467,476
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,633,865	\$ 7,591,722	\$ 7,758,111	\$ 1,467,476
Total Liabilities	\$ 1,633,865	\$ 7,591,722	\$ 7,758,111	\$ 1,467,476

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,613,214	\$ 7,589,799	\$ 7,758,111	\$ 1,444,902
Equity in Pooled Cash and Investments	0	7,866,905	7,866,905	0
Cash Shortage	20,651	1,923	0	22,574
Due from Other Governments	668,053	747,880	668,053	747,880
Due from Other Funds	0	2,650	0	2,650
Taxes Receivable	1,281,821	1,310,954	1,281,821	1,310,954
Allowance for Uncollectible Taxes	(74,619)	(66,098)	(74,619)	(66,098)
Total Assets	<u>\$ 3,509,120</u>	<u>\$ 17,454,013</u>	<u>\$ 17,500,271</u>	<u>\$ 3,462,862</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,875,255	\$ 9,862,291	\$ 9,742,160	\$ 1,995,386
Due to Litigants, Heirs, and Others	1,633,865	7,591,722	7,758,111	1,467,476
Total Liabilities	<u>\$ 3,509,120</u>	<u>\$ 17,454,013</u>	<u>\$ 17,500,271</u>	<u>\$ 3,462,862</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, 2012

Functions/Programs	Program Revenues			Charges for Services	Capital		Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Operating Grants and Contributions	Grants and Contributions		Grants and Contributions		
Governmental Activities:							
Instruction	\$ 25,703,731	\$ 450	\$ 3,833,750	\$ 0	\$ 0	\$ (21,869,531)	
Support Services	15,951,167	610,988	675,377	8,501,309		(6,163,493)	
Operation of Non-Instructional Services	3,468,204	811,220	2,225,489	0		(431,495)	
Other Debt Service	511,686	0	0	0		(511,686)	
Total Governmental Activities	\$ 45,634,788	\$ 1,422,658	\$ 6,734,616	\$ 8,501,309	\$ (28,976,205)		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 4,585,250		
Local Option Sales Taxes					3,323,256		
Other Local Taxes					121,518		
Grants and Contributions Not Restricted for Specific Programs					28,292,043		
Unrestricted Investment Income					265		
Miscellaneous					17,010		
Total General Revenues					\$ 36,339,342		
Change in Net Assets					\$ 7,363,137		
Net Assets, July 1, 2011					47,550,163		
Net Assets, June 30, 2012					\$ 54,913,300		

Exhibit J-2

Monroe County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2012

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 257	\$ 257
Equity in Pooled Cash and Investments	6,438,326	7,967,417	292,404	14,698,147
Accounts Receivable	59,383	0	3,258	62,641
Due from Other Governments	772,458	0	559,826	1,332,284
Due from Other Funds	94,079	0	0	94,079
Property Taxes Receivable	5,094,253	0	0	5,094,253
Allowance for Uncollectible Property Taxes	(256,850)	0	0	(256,850)
Total Assets	\$ 12,201,649	\$ 7,967,417	\$ 855,745	\$ 21,024,811
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 148,370	\$ 10,214	\$ 28,749	\$ 187,333
Accrued Payroll	98,925	0	3,895	102,820
Payroll Deductions Payable	1,852,560	0	265,273	2,117,833
Contracts Payable	0	647,847	0	647,847
Retainage Payable	0	34,097	0	34,097
Due to Other Funds	0	0	94,079	94,079
Deferred Revenue - Current Property Taxes	4,617,586	0	0	4,617,586
Deferred Revenue - Delinquent Property Taxes	200,417	0	0	200,417
Other Deferred Revenues	300,467	0	0	300,467
Total Liabilities	\$ 7,218,325	\$ 692,158	\$ 391,996	\$ 8,302,479
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 117,877	\$ 0	\$ 320,461	\$ 438,338
Restricted for Capital Projects	0	7,060,259	0	7,060,259
Committed:				
Committed for Education	450	0	143,288	143,738
Committed for Capital Projects	0	215,000	0	215,000
Assigned:				
Assigned for Education	205,596	0	0	205,596
Unassigned	4,659,401	0	0	4,659,401
Total Fund Balances	\$ 4,983,324	\$ 7,275,259	\$ 463,749	\$ 12,722,332
Total Liabilities and Fund Balances	\$ 12,201,649	\$ 7,967,417	\$ 855,745	\$ 21,024,811

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, 2012

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)		\$ 12,722,332
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 666,112	
Add: construction in progress	1,402,903	
Add: buildings and improvements net of accumulated depreciation	43,278,545	
Add: other capital assets net of accumulated depreciation	<u>465,609</u>	45,813,169
(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		(4,123,085)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>500,884</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 54,913,300</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, 2012

	Major Funds		Nonmajor	Total
	General Purpose School	Education Capital Projects	Funds Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 8,342,449	\$ 0	\$ 0	\$ 8,342,449
Licenses and Permits	3,415	0	0	3,415
Charges for Current Services	601,438	0	811,220	1,412,658
Other Local Revenues	312,502	238,081	301	550,884
State of Tennessee	27,135,536	0	0	27,135,536
Federal Government	476,038	0	6,535,602	7,011,640
Other Governments and Citizens Groups	0	8,501,309	0	8,501,309
Total Revenues	\$ 36,871,378	\$ 8,739,390	\$ 7,347,123	\$ 52,957,891
<u>Expenditures</u>				
Current:				
Instruction	\$ 22,311,916	\$ 0	\$ 2,777,593	\$ 25,089,509
Support Services	12,779,898	0	1,603,977	14,383,875
Operation of Non-Instructional Services	615,020	0	2,843,522	3,458,542
Debt Service:				
Other Debt Service	511,686	0	0	511,686
Capital Projects	0	1,464,131	0	1,464,131
Total Expenditures	\$ 36,218,520	\$ 1,464,131	\$ 7,225,092	\$ 44,907,743
Excess (Deficiency) of Revenues Over Expenditures	\$ 652,858	\$ 7,275,259	\$ 122,031	\$ 8,050,148
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 0	\$ 250,000	\$ 250,000
Transfers Out	(250,000)	0	0	(250,000)
Total Other Financing Sources (Uses)	\$ (250,000)	\$ 0	\$ 250,000	\$ 0
Net Change in Fund Balances	\$ 402,858	\$ 7,275,259	\$ 372,031	\$ 8,050,148
Fund Balance, July 1, 2011	4,580,466	0	91,718	4,672,184
Fund Balance, June 30, 2012	\$ 4,983,324	\$ 7,275,259	\$ 463,749	\$ 12,722,332

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, 2012

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)		\$ 8,050,148
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 1,534,058	
Less: current-year depreciation expense	<u>(1,638,921)</u>	(104,863)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 500,884	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(459,149)</u>	41,735
<p>(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liability		<u>(623,883)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 7,363,137</u>

Exhibit J-6

Monroe County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
June 30, 2012

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 257	\$ 257
Equity in Pooled Cash and Investments	112,164	180,240	292,404
Accounts Receivable	3,258	0	3,258
Due from Other Governments	559,826	0	559,826
Total Assets	<u>\$ 675,248</u>	<u>\$ 180,497</u>	<u>\$ 855,745</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 28,394	\$ 355	\$ 28,749
Accrued Payroll	3,895	0	3,895
Payroll Deductions Payable	213,193	52,080	265,273
Due to Other Funds	94,079	0	94,079
Total Liabilities	<u>\$ 339,561</u>	<u>\$ 52,435</u>	<u>\$ 391,996</u>
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	\$ 192,399	\$ 128,062	\$ 320,461
Committed:			
Committed for Education	143,288	0	143,288
Total Fund Balances	<u>\$ 335,687</u>	<u>\$ 128,062</u>	<u>\$ 463,749</u>
Total Liabilities and Fund Balances	<u>\$ 675,248</u>	<u>\$ 180,497</u>	<u>\$ 855,745</u>

Exhibit J-7

Monroe County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Monroe County School Department
For the Year Ended June 30, 2012

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 811,220	\$ 811,220
Other Local Revenues	0	301	301
Federal Government	4,568,572	1,967,030	6,535,602
Total Revenues	<u>\$ 4,568,572</u>	<u>\$ 2,778,551</u>	<u>\$ 7,347,123</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,777,593	\$ 0	\$ 2,777,593
Support Services	1,603,977	0	1,603,977
Operation of Non-Instructional Services	39,916	2,803,606	2,843,522
Total Expenditures	<u>\$ 4,421,486</u>	<u>\$ 2,803,606</u>	<u>\$ 7,225,092</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 147,086</u>	<u>\$ (25,055)</u>	<u>\$ 122,031</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 100,000	\$ 150,000	\$ 250,000
Total Other Financing Sources (Uses)	<u>\$ 100,000</u>	<u>\$ 150,000</u>	<u>\$ 250,000</u>
Net Change in Fund Balances	\$ 247,086	\$ 124,945	\$ 372,031
Fund Balance, July 1, 2011	88,601	3,117	91,718
Fund Balance, June 30, 2012	<u>\$ 335,687</u>	<u>\$ 128,062</u>	<u>\$ 463,749</u>

Exhibit J-8

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
General Purpose School Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 8,342,449	\$ 0	\$ 0	\$ 8,342,449	\$ 7,842,596	\$ 7,978,596	\$ 363,853
Licenses and Permits	3,415	0	0	3,415	2,500	2,500	915
Charges for Current Services	601,438	0	0	601,438	494,280	494,280	107,158
Other Local Revenues	312,502	0	0	312,502	226,809	521,220	(208,718)
State of Tennessee	27,135,536	0	0	27,135,536	26,880,255	27,023,515	112,021
Federal Government	476,038	0	0	476,038	298,179	563,563	(87,525)
Total Revenues	\$ 36,871,378	\$ 0	\$ 0	\$ 36,871,378	\$ 35,744,619	\$ 36,583,674	\$ 287,704
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 17,530,272	\$ (25,283)	\$ 34,250	\$ 17,539,239	\$ 18,303,649	\$ 18,597,069	\$ 1,057,830
Alternative Instruction Program	67,277	0	0	67,277	68,399	68,399	1,122
Special Education Program	3,279,769	(2,745)	44,121	3,321,145	3,356,237	3,407,596	86,451
Vocational Education Program	1,380,292	(2,330)	0	1,377,962	1,445,603	1,445,603	67,641
Adult Education Program	54,306	0	0	54,306	63,408	63,290	8,984
<u>Support Services</u>							
Attendance	31,695	0	0	31,695	31,815	32,215	520
Health Services	1,209,028	(176)	40,599	1,249,451	1,324,734	1,327,735	78,284
Other Student Support	897,717	0	0	897,717	976,572	1,031,072	133,355
Regular Instruction Program	1,242,831	0	0	1,242,831	1,397,280	1,397,436	154,605
Special Education Program	413,808	(17,500)	2,020	398,328	414,525	429,525	31,197
Vocational Education Program	3,577	0	0	3,577	11,521	11,521	7,944
Adult Programs	107,341	0	0	107,341	109,112	109,230	1,889
Other Programs	181,365	0	0	181,365	0	181,365	0

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 510,792	\$ (2,573)	\$ 232	\$ 508,451	\$ 534,878	\$ 534,878	\$ 26,427
Director of Schools	309,775	(729)	1,216	310,262	314,268	316,828	6,566
Office of the Principal	1,678,831	0	0	1,678,831	1,736,083	1,737,978	59,147
Fiscal Services	20,493	0	0	20,493	20,493	20,493	0
Operation of Plant	2,898,996	0	14,300	2,913,296	3,258,763	3,258,763	345,467
Maintenance of Plant	918,241	(29,600)	78,575	967,216	1,004,066	1,004,622	37,406
Transportation	2,355,408	(103,107)	500	2,252,801	2,306,489	2,312,845	60,044
<u>Operation of Non-Instructional Services</u>							
Food Service	229,613	0	0	229,613	248,185	248,316	18,703
Community Services	107,337	(400)	0	106,937	116,240	116,241	9,304
Early Childhood Education	278,070	(681)	11,966	289,355	289,354	289,355	0
Capital Outlay	0	0	0	0	0	35,985	35,985
Regular Capital Outlay							
Other Debt Service							
Education	511,686	0	0	511,686	311,687	511,687	1
Total Expenditures	\$ 36,218,520	\$ (185,124)	\$ 227,779	\$ 36,261,175	\$ 37,643,361	\$ 38,490,047	\$ 2,228,872
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 652,858	\$ 185,124	\$ (227,779)	\$ 610,203	\$ (1,898,742)	\$ (1,906,373)	\$ 2,516,576
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (250,000)	\$ 0	\$ 0	\$ (250,000)	\$ (150,000)	\$ (250,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (250,000)	\$ 0	\$ 0	\$ (250,000)	\$ (150,000)	\$ (250,000)	\$ 0
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2011	\$ 402,858	\$ 185,124	\$ (227,779)	\$ 360,203	\$ (2,048,742)	\$ (2,156,373)	\$ 2,516,576
	4,580,466	(185,124)	0	4,395,342	3,992,054	3,992,054	403,288
Fund Balance, June 30, 2012	\$ 4,983,324	\$ 0	\$ (227,779)	\$ 4,755,545	\$ 1,943,312	\$ 1,835,681	\$ 2,919,864

Exhibit J-9

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
School Federal Projects Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,568,572	\$ 0	\$ 0	\$ 4,568,572	\$ 5,420,449	\$ 5,733,804	\$ (1,165,232)
Total Revenues	\$ 4,568,572	\$ 0	\$ 0	\$ 4,568,572	\$ 5,420,449	\$ 5,733,804	\$ (1,165,232)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,824,714	\$ (33,075)	\$ 133,331	\$ 1,924,970	\$ 2,032,685	\$ 2,136,295	\$ 211,325
Special Education Program	877,208	(9,998)	84,774	951,984	1,089,802	1,177,486	225,502
Vocational Education Program	75,671	0	16,259	91,930	92,406	92,407	477
<u>Support Services</u>							
Health Services	98,486	0	0	98,486	98,486	98,486	0
Other Student Support	127,797	(2,439)	1,620	126,978	178,305	178,305	51,327
Regular Instruction Program	981,984	(95)	59,656	1,041,545	1,387,509	1,478,357	436,812
Special Education Program	257,239	(15,770)	2,503	243,972	294,240	297,044	53,072
Vocational Education Program	5,865	0	0	5,865	6,039	6,039	174
Office of the Principal	130,389	0	0	130,389	130,389	130,389	0
Transportation	2,217	0	0	2,217	135,078	139,078	136,861
<u>Operation of Non-Instructional Services</u>							
Food Service	39,916	0	0	39,916	38,903	39,916	0
Total Expenditures	\$ 4,421,486	\$ (61,377)	\$ 298,143	\$ 4,658,252	\$ 5,483,842	\$ 5,773,802	\$ 1,115,550
Excess (Deficiency) of Revenues Over Expenditures	\$ 147,086	\$ 61,377	\$ (298,143)	\$ (89,680)	\$ (63,393)	\$ (39,998)	\$ (49,682)

(Continued)

Exhibit J-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 100,000	\$ 0	\$ 0	\$ 100,000	\$ 255,668	\$ 0	\$ 100,000
Transfers Out	0	0	0	0	(255,668)	0	0
Total Other Financing Sources (Uses)	\$ 100,000	\$ 0	\$ 0	\$ 100,000	\$ 0	\$ 0	\$ 100,000
Net Change in Fund Balance	\$ 247,086	\$ 61,377	\$ (298,143)	\$ 10,320	\$ (63,393)	\$ (39,998)	\$ 50,318
Fund Balance, July 1, 2011	88,601	(61,377)	0	27,224	63,393	88,601	(61,377)
Fund Balance, June 30, 2012	\$ 335,687	\$ 0	\$ (298,143)	\$ 37,544	\$ 0	\$ 48,603	\$ (11,059)

Exhibit J-10

Monroe County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Monroe County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 811,220	\$ 0	\$ 811,220	\$ 816,000	\$ 816,000	\$ (4,780)
Other Local Revenues	301	0	301	2,000	2,000	(1,699)
Federal Government	1,967,030	0	1,967,030	2,057,891	2,057,891	(90,861)
Total Revenues	\$ 2,778,551	\$ 0	\$ 2,778,551	\$ 2,875,891	\$ 2,875,891	\$ (97,340)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,803,606	\$ 54,476	\$ 2,858,082	\$ 2,878,541	\$ 2,878,541	\$ 20,459
Total Expenditures	\$ 2,803,606	\$ 54,476	\$ 2,858,082	\$ 2,878,541	\$ 2,878,541	\$ 20,459
Excess (Deficiency) of Revenues Over Expenditures	\$ (25,055)	\$ (54,476)	\$ (79,531)	\$ (2,650)	\$ (2,650)	\$ (76,881)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 150,000	\$ 0	\$ 150,000	\$ 150,000	\$ 150,000	\$ 0
Total Other Financing Sources (Uses)	\$ 150,000	\$ 0	\$ 150,000	\$ 150,000	\$ 150,000	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 124,945	\$ (54,476)	\$ 70,469	\$ 147,350	\$ 147,350	\$ (76,881)
	3,117	0	3,117	3,116	3,116	1
Fund Balance, June 30, 2012	\$ 128,062	\$ (54,476)	\$ 73,586	\$ 150,466	\$ 150,466	\$ (76,880)

MISCELLANEOUS SCHEDULES

Exhibit K-1

Monroe County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Various Projects	\$ 450,000	4.59 %	10-11-01	10-11-13	\$ 136,129	\$ 0	\$ 43,356	\$ 92,773
Ambulance, Sheriff Vehicles, Election Commission Bldg.	700,000	3.79	5-1-07	5-1-13	255,000	0	125,000	130,000
School Bleachers	432,000	3.73	2-1-07	2-1-13	154,666	0	75,917	78,749
Energy Efficiency	156,500	0	4-18-08	6-15-15	89,429	0	22,357	67,072
Ambulance, Sheriff Vehicles, HVAC, and Landscaping	380,000	3.65	7-16-08	7-16-11	131,234	0	131,234	0
Highway, Ambulance, Sheriff Vehicles, and Phone System	1,650,000	1.73	10-25-11	11-1-15	0	1,650,000	0	1,650,000
Total Notes Payable					\$ 766,458	\$ 1,650,000	\$ 397,864	\$ 2,018,594
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
F.H.A. - Office Building	600,000	5	10-27-1978	1-1-18	\$ 210,000	\$ 0	\$ 25,000	\$ 185,000
High School Refunding, Series 1998	10,205,000	4.25 to 5.25	8-1-1998	5-1-13	2,210,000	0	1,075,000	1,135,000
Public Improvement, Series 1999	999,236	4.6 to 4.95	4-1-1999	4-1-18	999,236	0	0	999,236
General Obligation School Bonds, Series 2007	8,500,000	5	6-7-07	6-1-35	8,100,000	0	100,000	8,000,000
General Obligation School Bonds, Series 2008	9,850,000	4.05 to 5	4-15-08	6-1-38	9,850,000	0	0	9,850,000
Total Bonds Payable					\$ 21,369,236	\$ 0	\$ 1,200,000	\$ 20,169,236
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Public Improvement and Refunding, Series E-7-A	31,965,000	Variable (1)	2-19-09	6-1-39	\$ 31,525,000	\$ 0	\$ 135,000	\$ 31,390,000
Local Government Loan Program, Series 2011	8,300,000	2.45	10-27-11	6-1-31	0	8,300,000	415,000	7,885,000
Local Government Loan Program, Series 2012	2,300,000	2.45	5-1-12	6-1-31	0	2,300,000	115,000	2,185,000
Total Other Loans Payable					\$ 31,525,000	\$ 10,600,000	\$ 665,000	\$ 41,460,000

(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
2013	\$ 678,452	\$ 37,190	\$ 715,642
2014	478,784	19,448	498,232
2015	438,358	10,916	449,274
2016	423,000	3,659	426,659
Total	\$ 2,018,594	\$ 71,213	\$ 2,089,807

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 20,169,236	\$ 16,042,671	\$ 36,211,907

(Continued)

Exhibit K-2

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

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 675,000	\$ 834,491	\$ 486,322	\$ 1,995,813
2014	1,275,000	821,231	484,076	2,580,307
2015	1,320,000	785,236	472,531	2,577,767
2016	1,365,000	747,692	460,288	2,572,980
2017	1,410,000	708,599	447,348	2,565,947
2018	1,505,000	668,138	433,711	2,606,849
2019	1,990,000	624,204	418,601	3,032,805
2020	2,065,000	561,963	395,974	3,022,937
2021	1,615,000	497,018	372,184	2,484,202
2022	1,685,000	481,971	355,382	2,522,353
2023	1,685,000	466,792	337,497	2,489,289
2024	1,660,000	451,612	319,611	2,431,223
2025	1,680,000	411,919	302,101	2,394,020
2026	1,825,000	372,190	284,281	2,481,471
2027	1,840,000	329,115	264,214	2,433,329
2028	1,950,000	286,011	243,915	2,479,926
2029	1,975,000	239,628	221,911	2,436,539
2030	2,120,000	193,197	199,520	2,512,717
2031	1,975,000	143,420	174,882	2,293,302
2032	1,580,000	93,921	152,490	1,826,411
2033	1,645,000	54,078	128,005	1,827,083
2034	865,000	12,577	102,514	980,091
2035	960,000	10,935	89,119	1,060,054
2036	1,465,000	9,111	74,253	1,548,364
2037	1,395,000	6,326	51,567	1,452,893
2038	1,535,000	3,677	29,964	1,568,641
2039	400,000	760	6,194	406,954
Total	\$ 41,460,000	\$ 9,815,812	\$ 7,308,455	\$ 58,584,267

Exhibit K-3

Monroe County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Monroe County School Department
For the Year Ended June 30, 2012

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ 30,000
General Capital Projects	General	Capital projects	<u>39,461</u>
Total Transfers Primary Government			<u>\$ 69,461</u>
<u>DISCRETELY PRESENTED MONROE COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ 100,000
"	Central Cafeteria	Cafeteria expenditures	<u>150,000</u>
Total Transfers Discretely Presented Monroe County School Department			<u>\$ 250,000</u>

Exhibit K-4

Monroe County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Monroe County School Department
For the Year Ended June 30, 2012

Official	Authorization for Salary	\$	Salary Paid During Period	\$	Bond	Surety
County Mayor	Section 8-24-102, TCA		79,544		50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, TCA		70,350		100,000	"
Director of Schools	Board of Education		89,011 (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		64,889 (2)		10,000	"
Director of Finance	County Commission		70,000		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 (4)		50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge		63,954 (3)		25,000	"
Register	Section 8-24-102, TCA		63,954		25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission		75,350 (5)		25,000	"
Employee Blanket Bond Coverage: Monroe County and Monroe County School Department: Public Employee Dishonesty					500,000	Gulf Insurance Company

(1) Includes a chief executive officer training supplement of \$1,000.

(2) Includes a salary supplement of \$935.

(3) Does not include special commissioner fees of \$7,156.

(4) Does not include special commissioner fees of \$3,875.

(5) Includes a \$5,000 supplement for serving as a workhouse superintendent. Does not include a law enforcement training supplement of \$600 and a \$325 clothing allowance.

Exhibit K-5

Monroe County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2012

	Special Revenue Funds					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	\$ 7,150,380	\$ 1,161,722	\$ 0	\$ 0	\$ 715,426	\$ 3,128,858
Trustee's Collections - Prior Year	261,046	52,208	0	0	13,053	104,421
Circuit/Clerk & Master Collections - Prior Years	172,027	32,253	0	0	11,471	70,965
Interest and Penalty	46,774	8,521	0	0	2,815	19,070
Pick-up Taxes	17,546	3,533	0	0	1,476	7,468
Payments in-Lieu-of Taxes - T.V.A.	63,452	12,337	0	0	3,425	25,128
Payments in-Lieu-of Taxes - Local Utilities	379,840	61,753	0	0	37,950	166,170
Payments in-Lieu-of Taxes - Other	52,149	209	0	0	52	417
<u>County Local Option Taxes</u>						
Local Option Sales Tax	761,414	0	0	0	0	0
Hotel/Motel Tax	168,590	0	0	0	0	0
Wheel Tax	0	0	0	0	0	897,282
Litigation Tax - General	29,791	0	0	0	0	32,617
Litigation Tax - Special Purpose	30,696	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	154,254	0	0	0	0	0
Business Tax	137,900	0	0	0	6,414	44,898
Mineral Severance Tax	0	0	0	0	32,941	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	18,384	3,677	0	0	919	7,353
Wholesale Beer Tax	97,122	0	0	0	0	0
Interstate Telecommunications Tax	880	139	0	0	48	304
Total Local Taxes	\$ 9,542,245	\$ 1,336,352	\$ 0	\$ 0	\$ 825,990	\$ 4,504,951
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Vaccination	\$ 42,108	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	48,075	0	0	0	0	0
<u>Permits</u>						
Building Permits	6,923	0	0	0	0	0
Total Licenses and Permits	\$ 97,106	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works		
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 18,066	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	18,066
Officers Costs	23,889	0	0	0	0	0	23,889
DUI Treatment Fines	1,341	0	0	0	0	0	1,341
Data Entry Fee - Circuit Court	1,923	0	0	0	0	0	1,923
Courtroom Security Fee	487	0	0	0	0	0	487
<u>General Sessions Court</u>							
Fines	29,081	0	0	0	0	0	29,081
Officers Costs	31,186	0	0	0	0	0	31,186
Jail Fees	12,833	0	0	0	0	0	12,833
DUI Treatment Fines	9,235	0	0	0	0	0	9,235
Data Entry Fee - General Sessions Court	6,272	0	0	0	0	0	6,272
Courtroom Security Fee	869	0	0	0	0	0	869
<u>Chancery Court</u>							
Officers Costs	2,622	0	0	0	0	0	2,622
<u>Other Courts - In-county</u>							
Fines	1,059	0	0	0	0	0	1,059
Drug Control Fines	546	0	17,636	0	0	0	18,182
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	8	0	0	0	0	0	8
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	217,496	0	0	0	217,496
Other Fines, Forfeitures, and Penalties	14	0	0	0	0	0	14
Total Fines, Forfeitures, and Penalties	\$ 139,431	\$ 0	\$ 235,132	\$ 0	\$ 0	\$ 0	\$ 374,563
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tipping Fees	\$ 0	\$ 690,537	\$ 0	\$ 0	\$ 0	\$ 0	690,537
Patient Charges	2,151,519	0	0	0	0	0	2,151,519
Other General Service Charges	378,251	0	0	0	395,386	61,179	834,816
Service Charges	3,592	0	0	0	0	0	3,592

(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	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Airport Fees	\$ 17,472	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,472
Engineer Review Fees	6,300	0	0	0	0	6,300
Copy Fees	2,344	0	0	0	0	2,344
Telephone Commissions	36,674	0	0	0	0	36,674
Vending Machine Collections	121	0	0	0	0	121
Tourism Fees	52,542	0	0	0	0	52,542
Constitutional Officers' Fees and Commissions	0	0	0	424	0	424
Special Commissioner Fees/Special Master Fees	0	0	0	11,031	0	11,031
Data Processing Fee - Register	14,716	0	0	0	0	14,716
Data Processing Fee - Sheriff	4,234	0	0	0	0	4,234
Sexual Offender Registration Fees - Sheriff	4,800	0	0	0	0	4,800
Data Processing Fee - County Clerk	2,836	0	0	0	0	2,836
<u>Other Charges for Services</u>	9,729	0	0	0	0	9,729
Other Charges for Services	\$ 2,685,130	\$ 690,537	\$ 0	\$ 11,455	\$ 395,386	\$ 3,843,687
Total Charges for Current Services						
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,121
Lease/Rentals	2,200	0	0	0	0	2,200
Sale of Materials and Supplies	120	0	0	0	0	120
Commissary Sales	177,617	0	0	0	0	177,617
Sale of Recycled Materials	0	14,181	0	0	0	14,181
Cobra Insurance Payments	274	0	0	0	0	274
Miscellaneous Refunds	19,602	1,420	0	0	0	21,022
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	68,027	68,027
Contributions and Gifts	8,615	0	0	0	0	8,615
Total Other Local Revenues	\$ 208,428	\$ 15,601	\$ 0	\$ 0	\$ 68,027	\$ 305,177

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
						Debt Service Fund
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of-Salary</u>						
County Clerk	\$ 391,905	\$ 0	\$ 0	\$ 0	\$ 0	\$ 391,905
Circuit Court Clerk	313,513	0	0	0	0	313,513
General Sessions Court Clerk	206,286	0	0	0	0	206,286
Clerk and Master	176,035	0	0	0	0	176,035
Register	169,029	0	0	0	0	169,029
Sheriff	36,205	0	0	0	0	36,205
Trustee	636,222	0	0	0	0	636,222
Total Fees Received from County Officials	\$ 1,929,195	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,929,195
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	3,690	0	0	0	0	3,690
Solid Waste Grants	0	19,935	0	0	0	19,935
On-Behalf Contributions for OPEB	7,195	0	0	0	0	7,195
Other General Government Grants	17,838	0	0	0	0	17,838
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	21,000	0	0	0	0	21,000
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	126,254	126,254
Litter Program	0	50,452	0	0	0	50,452
<u>Other State Revenues</u>						
Income Tax	63,032	10,247	0	0	6,299	107,153
Beer Tax	18,421	0	0	0	0	18,421
Alcoholic Beverage Tax	77,055	0	0	0	0	77,055
Mixed Drink Tax	5,472	0	0	0	0	5,472
State Revenue Sharing - T.V.A.	150,000	0	0	0	21,000	171,000
Contracted Prisoner Boarding	857,290	0	0	0	0	857,290
Gasoline and Motor Fuel Tax	0	0	0	0	2,000,369	2,000,369
Petroleum Special Tax	0	0	0	0	32,122	32,122

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works		
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Reappraisal Program Reimbursement	\$ 935	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 935
Registrar's Salary Supplement	15,164	0	0	0	0	0	15,164
Other State Grants	234,834	0	0	0	14,589	0	249,423
Other State Revenues	30,971	0	0	0	0	0	30,971
Total State of Tennessee	\$ 1,511,897	\$ 80,634	\$ 0	\$ 0	\$ 2,200,633	\$ 27,575	\$ 3,820,739
<u>Federal Government</u>							
<u>Federal Through State</u>							
Disaster Relief	\$ 23,916	\$ 0	\$ 0	\$ 0	\$ 82,670	\$ 0	\$ 106,586
Law Enforcement Grants	54,999	0	0	0	0	0	54,999
Other Federal through State	552,962	0	0	0	0	0	552,962
<u>Direct Federal Revenue</u>							
Forest Service	13,098	0	0	0	151,125	0	164,223
Other Direct Federal Revenue	34,091	0	0	0	0	0	34,091
Total Federal Government	\$ 679,066	\$ 0	\$ 0	\$ 0	\$ 233,795	\$ 0	\$ 912,861
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 143,209	\$ 0	\$ 0	\$ 0	\$ 0	\$ 512,078	\$ 655,287
<u>Citizens Groups</u>							
Donations	13,480	0	445	0	0	0	13,925
<u>Other</u>							
Other	0	0	1,250	0	0	58,845	60,095
Total Other Governments and Citizens Groups	\$ 156,689	\$ 0	\$ 1,695	\$ 0	\$ 0	\$ 570,923	\$ 729,307
Total	\$ 16,949,187	\$ 2,123,124	\$ 236,827	\$ 11,455	\$ 3,723,831	\$ 5,177,749	\$ 28,222,173

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, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,189,183	\$ 0	\$ 0	\$ 0	\$ 4,189,183
Trustee's Collections - Prior Year	204,164	0	0	0	204,164
Circuit/Clerk & Master Collections - Prior Years	134,579	0	0	0	134,579
Interest and Penalty	34,717	0	0	0	34,717
Pick-up Taxes	11,374	0	0	0	11,374
Payments in-Lieu-of Taxes - T.V.A.	48,043	0	0	0	48,043
Payments in-Lieu-of Taxes - Local Utilities	222,750	0	0	0	222,750
Payments in-Lieu-of Taxes - Other	61,540	0	0	0	61,540
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,300,368	0	0	0	3,300,368
Business Tax	118,336	0	0	0	118,336
Other County Local Option Taxes	370	0	0	0	370
<u>Statutory Local Taxes</u>					
Bank Excise Tax	14,377	0	0	0	14,377
Interstate Telecommunications Tax	2,648	0	0	0	2,648
Total Local Taxes	\$ 8,342,449	\$ 0	\$ 0	\$ 0	\$ 8,342,449
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 3,415	\$ 0	\$ 0	\$ 0	\$ 3,415
Total Licenses and Permits	\$ 3,415	\$ 0	\$ 0	\$ 0	\$ 3,415
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 450	\$ 0	\$ 0	\$ 0	\$ 450
Lunch Payments - Children	0	0	355,139	0	355,139
Lunch Payments - Adults	0	0	109,873	0	109,873
Income from Breakfast	0	0	207,487	0	207,487
Transportation - Other State Systems	274,908	0	0	0	274,908
School Based Health Services - FFS	247,131	0	0	0	247,131
Receipts from Individual Schools	78,949	0	138,721	0	217,670
Total Charges for Current Services	\$ 601,438	\$ 0	\$ 811,220	\$ 0	\$ 1,412,658
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 137	\$ 0	\$ 128	\$ 0	\$ 265
Lease/Rentals	10,000	0	0	0	10,000
Refund of Telecommunication and Internet Fees (E-Rate)	43,794	0	0	0	43,794
Miscellaneous Refunds	9,254	0	0	0	9,254
<u>Nonrecurring Items</u>					
Sale of Equipment	9,457	0	0	0	9,457
Sale of Property	0	0	0	215,000	215,000
Contributions and Gifts	16,435	0	0	23,081	39,516
<u>Other Local Revenues</u>					
Other Local Revenues	223,425	0	173	0	223,598
Total Other Local Revenues	\$ 312,502	\$ 0	\$ 301	\$ 238,081	\$ 550,884

(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	\$ 181,365	\$ 0	\$ 0	\$ 0	\$ 181,365
<u>State Education Funds</u>					
Basic Education Program	24,769,001	0	0	0	24,769,001
Early Childhood Education	230,276	0	0	0	230,276
School Food Service	28,183	0	0	0	28,183
Driver Education	26,327	0	0	0	26,327
Other State Education Funds	248,378	0	0	0	248,378
Career Ladder Program	183,430	0	0	0	183,430
Career Ladder - Extended Contract	70,800	0	0	0	70,800
<u>Other State Revenues</u>					
Income Tax	36,856	0	0	0	36,856
Mixed Drink Tax	4,690	0	0	0	4,690
State Revenue Sharing - T.V.A.	1,325,657	0	0	0	1,325,657
Other State Grants	1,895	0	0	0	1,895
Safe Schools - ARRA	27,900	0	0	0	27,900
Other State Revenues	778	0	0	0	778
Total State of Tennessee	\$ 27,135,536	\$ 0	\$ 0	\$ 0	\$ 27,135,536
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,391,782	\$ 0	\$ 1,391,782
USDA - Commodities	0	0	72,372	0	72,372
Breakfast	0	0	491,876	0	491,876
USDA - Other	0	0	11,000	0	11,000
Adult Education State Grant Program	75,351	0	0	0	75,351
Vocational Education - Basic Grants to States	0	118,823	0	0	118,823
Title I Grants to Local Education Agencies	0	1,800,039	0	0	1,800,039
Special Education - Grants to States	86,359	1,180,849	0	0	1,267,208
Special Education Preschool Grants	0	27,449	0	0	27,449
English Language Acquisition Grants	0	3,015	0	0	3,015
Rural Education	0	74,773	0	0	74,773
Eisenhower Professional Development State Grants	0	226,262	0	0	226,262
Race-to-the-Top - ARRA	0	500,146	0	0	500,146
Other Federal through State	163,203	637,216	0	0	800,419
<u>Direct Federal Revenue</u>					
Forest Service	151,125	0	0	0	151,125
Total Federal Government	\$ 476,038	\$ 4,568,572	\$ 1,967,030	\$ 0	\$ 7,011,640
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 8,501,309	\$ 8,501,309
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 8,501,309	\$ 8,501,309
Total	\$ 36,871,378	\$ 4,568,572	\$ 2,778,551	\$ 8,739,390	\$ 52,957,891

Exhibit K-7

Monroe County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Secretary to Board	\$	2,500	
Board and Committee Members Fees		47,699	
Social Security		3,185	
State Retirement		177	
Employer Medicare		745	
Audit Services		13,356	
Contracts with Private Agencies		28,450	
Dues and Memberships		1,900	
Postal Charges		25	
Building and Contents Insurance		125,532	
Indirect Cost		20,000	
Workers' Compensation Insurance		4,217	
Tax Relief Program		48,383	
Other Charges		14,136	
Total County Commission			\$ 310,305

Board of Equalization

Board and Committee Members Fees	\$	1,050	
Legal Notices, Recording, and Court Costs		148	
Total Board of Equalization			1,198

County Mayor/Executive

County Official/Administrative Officer	\$	79,544	
Assistant(s)		27,081	
Deputy(ies)		24,828	
Social Security		8,085	
State Retirement		9,286	
Employee and Dependent Insurance		24,142	
Life Insurance		166	
Employer Medicare		1,875	
Communication		5,591	
Dues and Memberships		950	
Operating Lease Payments		1,319	
Maintenance and Repair Services - Office Equipment		85	
Travel		2,479	
Office Supplies		2,016	
Workers' Compensation Insurance		1,447	
Other Charges		835	
Office Equipment		1,029	
Total County Mayor/Executive			190,758

(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)	\$	52,306	
Longevity Pay		1,200	
Social Security		3,017	
Handling Charges and Administrative Costs		22,491	
State Retirement		3,694	
Employee and Dependent Insurance		13,419	
Life Insurance		95	
Employer Medicare		706	
Dues and Memberships		60	
Operating Lease Payments		2,243	
Maintenance Agreements		561	
Travel		143	
Other Charges		5,483	
Office Equipment		3,593	
Total Personnel Office			\$ 109,011

County Attorney

Legal Services	\$	42,417	
Total County Attorney			42,417

Election Commission

Supervisor/Director	\$	57,559	
Deputy(ies)		28,713	
Clerical Personnel		12,312	
Longevity Pay		800	
Election Commission		18,000	
Election Workers		20,550	
Social Security		7,257	
State Retirement		6,173	
Employee and Dependent Insurance		16,103	
Life Insurance		114	
Employer Medicare		1,697	
Communication		2,583	
Data Processing Services		255	
Legal Notices, Recording, and Court Costs		1,366	
Maintenance Agreements		21,919	
Postal Charges		14,333	
Travel		3,146	
Data Processing Supplies		4,381	
Office Supplies		7,715	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Workers' Compensation Insurance	\$	1,422	
Other Charges		480	
Other Equipment		5,861	
Total Election Commission			\$ 232,739

Register of Deeds

County Official/Administrative Officer	\$	63,954	
Assistant(s)		27,081	
Deputy(ies)		103,247	
Part-time Personnel		4,500	
Longevity Pay		9,200	
Social Security		12,560	
State Retirement		14,427	
Employee and Dependent Insurance		39,775	
Life Insurance		342	
Employer Medicare		2,937	
Communication		4,532	
Dues and Memberships		647	
Operating Lease Payments		6,143	
Maintenance Agreements		19,212	
Postal Charges		3,500	
Travel		102	
Office Supplies		7,421	
Workers' Compensation Insurance		1,379	
Office Equipment		3,441	
Total Register of Deeds			324,400

Codes Compliance

County Official/Administrative Officer	\$	15,605
Clerical Personnel		2,086
Part-time Personnel		11,248
Other Salaries and Wages		30,562
Board and Committee Members Fees		2,400
Social Security		3,538
State Retirement		3,421
Employee and Dependent Insurance		5,368
Life Insurance		38
Employer Medicare		816
Communication		1,310
Maintenance Agreements		1,340

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance (Cont.)

Postal Charges	\$	800	
Travel		917	
Office Supplies		988	
Workers' Compensation Insurance		100	
Other Charges		937	
Office Equipment		<u>3,516</u>	
Total Codes Compliance	\$		84,990

Geographical Information Systems

Supervisor/Director	\$	35,720	
Social Security		1,871	
State Retirement		2,533	
Employee and Dependent Insurance		8,051	
Life Insurance		57	
Employer Medicare		438	
Communication		3,312	
Dues and Memberships		200	
Licenses		8,500	
Maintenance Agreements		9,049	
Maintenance and Repair Services - Office Equipment		75	
Travel		361	
Office Supplies		2,096	
Workers' Compensation Insurance		100	
Other Charges		994	
Office Equipment		<u>6,855</u>	
Total Geographical Information Systems			80,212

County Buildings

Assistant(s)	\$	23,998	
Supervisor/Director		30,849	
Attendants		4,221	
Custodial Personnel		17,660	
Longevity Pay		4,500	
Other Salaries and Wages		19,330	
Social Security		6,458	
State Retirement		5,998	
Employee and Dependent Insurance		32,686	
Life Insurance		228	
Employer Medicare		1,535	
Communication		6,767	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance Agreements	\$	16,686	
Maintenance and Repair Services - Buildings		151,322	
Other Contracted Services		120,064	
Custodial Supplies		12,680	
Electricity		92,403	
Natural Gas		4,790	
Water and Sewer		10,291	
Workers' Compensation Insurance		2,000	
Other Charges		2,356	
Building Improvements		29,238	
Maintenance Equipment		3,709	
Total County Buildings			\$ 599,769

Other General Administration

Legal Notices, Recording, and Court Costs	\$	2,190	
Maintenance and Repair Services - Vehicles		31	
Duplicating Supplies		1,093	
Gasoline		10,034	
Trustee's Commission		218,875	
Other Charges		600	
Administration Equipment		16,680	
Total Other General Administration			249,503

Preservation of Records

Supervisor/Director	\$	10,400	
Social Security		645	
Employer Medicare		151	
Communication		764	
Operating Lease Payments		1,765	
Other Supplies and Materials		2,132	
Total Preservation of Records			15,857

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	70,000	
Accountants/Bookkeepers		258,686	
Longevity Pay		4,500	
Social Security		17,517	
State Retirement		19,914	
Employee and Dependent Insurance		65,566	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Life Insurance	\$	466	
Employer Medicare		4,434	
Communication		13,156	
Contracts with Private Agencies		105	
Data Processing Services		15,035	
Operating Lease Payments		1,463	
Maintenance and Repair Services - Equipment		298	
Postal Charges		5,714	
Travel		4,008	
Office Supplies		14,046	
Workers' Compensation Insurance		1,750	
Other Charges		7,226	
Administration Equipment		1,544	
Office Equipment		15,544	
Total Accounting and Budgeting			\$ 520,972

Property Assessor's Office

County Official/Administrative Officer	\$	63,954
Deputy(ies)		27,032
Salary Supplements		935
Secretary(ies)		25,477
Clerical Personnel		52,482
Longevity Pay		6,300
Social Security		10,812
State Retirement		12,381
Employee and Dependent Insurance		38,720
Life Insurance		276
Employer Medicare		2,529
Communication		5,871
Data Processing Services		7,692
Dues and Memberships		1,935
Operating Lease Payments		1,764
Maintenance Agreements		151
Maintenance and Repair Services - Vehicles		206
Postal Charges		3,000
Travel		1,550
Gasoline		2,954
Office Supplies		1,913
Workers' Compensation Insurance		1,500
Other Charges		450

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Office Equipment	\$ 4,322	
Total Property Assessor's Office		\$ 274,206

Reappraisal Program

Clerical Personnel	\$ 51,694	
Longevity Pay	1,200	
Social Security	2,956	
State Retirement	3,750	
Employee and Dependent Insurance	15,921	
Life Insurance	114	
Employer Medicare	691	
Data Processing Services	5,530	
Postal Charges	388	
Office Supplies	802	
Workers' Compensation Insurance	60	
Office Equipment	2,608	
Total Reappraisal Program		85,714

County Trustee's Office

County Official/Administrative Officer	\$ 63,954
Assistant(s)	28,550
Deputy(ies)	64,505
Part-time Personnel	8,164
Longevity Pay	2,500
Social Security	9,904
State Retirement	10,776
Employee and Dependent Insurance	35,444
Life Insurance	252
Employer Medicare	2,341
Communication	3,962
Dues and Memberships	647
Operating Lease Payments	1,143
Legal Notices, Recording, and Court Costs	444
Maintenance Agreements	8,147
Postal Charges	2,000
Travel	1,609
Other Contracted Services	21,876
Office Supplies	4,688
Workers' Compensation Insurance	1,800
Other Charges	1,031

(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.)

Office Equipment	\$ 7,079	
Total County Trustee's Office		\$ 280,816

County Clerk's Office

County Official/Administrative Officer	\$ 63,954	
Assistant(s)	27,081	
Deputy(ies)	167,855	
Part-time Personnel	12,000	
Longevity Pay	9,350	
Social Security	16,585	
State Retirement	19,018	
Employee and Dependent Insurance	71,497	
Life Insurance	508	
Employer Medicare	4,049	
Communication	5,962	
Dues and Memberships	662	
Operating Lease Payments	3,030	
Legal Notices, Recording, and Court Costs	126	
Maintenance and Repair Services - Office Equipment	12,269	
Postal Charges	12,457	
Travel	1,656	
Office Supplies	3,885	
Workers' Compensation Insurance	1,936	
Office Equipment	8,324	
Total County Clerk's Office		442,204

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 63,954
Assistant(s)	54,159
Deputy(ies)	311,956
Part-time Personnel	25,368
Longevity Pay	17,400
Other Salaries and Wages	32,400
Jury and Witness Expense	16,981
In-Service Training	315
Social Security	30,803
State Retirement	34,023
Employee and Dependent Insurance	120,158
Life Insurance	855

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Employer Medicare	\$	7,264	
Communication		13,383	
Operating Lease Payments		8,274	
Legal Notices, Recording, and Court Costs		223	
Maintenance Agreements		32,010	
Maintenance and Repair Services - Office Equipment		303	
Postal Charges		7,972	
Printing, Stationery, and Forms		3,605	
Travel		2,123	
Office Supplies		22,763	
Workers' Compensation Insurance		1,993	
Other Charges		2,121	
Data Processing Equipment		18,173	
Office Equipment		2,379	
Total Circuit Court			\$ 830,958

General Sessions Judge

Judge(s)	\$	140,894	
Secretary(ies)		27,081	
Part-time Personnel		200	
Longevity Pay		1,400	
Social Security		8,387	
State Retirement		12,009	
Employee and Dependent Insurance		16,086	
Life Insurance		114	
Employer Medicare		2,425	
Communication		4,286	
Operating Lease Payments		2,163	
Maintenance Agreements		33	
Postal Charges		180	
Travel		1,838	
Other Contracted Services		1,825	
Library Books/Media		96	
Office Supplies		1,792	
Workers' Compensation Insurance		2,900	
Other Charges		62	
Total General Sessions Judge			223,771

Chancery Court

County Official/Administrative Officer	\$	63,954	
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(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Deputy(ies)	\$	53,682	
Longevity Pay		3,083	
Social Security		7,350	
State Retirement		8,559	
Employee and Dependent Insurance		23,857	
Life Insurance		171	
Employer Medicare		1,719	
Communication		6,204	
Dues and Memberships		612	
Operating Lease Payments		2,700	
Maintenance Agreements		12,221	
Postal Charges		3,000	
Travel		378	
Office Supplies		7,014	
Workers' Compensation Insurance		1,878	
Office Equipment		1,323	
Total Chancery Court			\$ 197,705

Probate Court

Deputy(ies)	\$	25,566	
Longevity Pay		1,900	
Social Security		1,402	
State Retirement		1,947	
Employee and Dependent Insurance		8,051	
Life Insurance		57	
Employer Medicare		328	
Communication		662	
Postal Charges		30	
Office Supplies		1,215	
Workers' Compensation Insurance		55	
Total Probate Court			41,213

Other Administration of Justice

Other Salaries and Wages	\$	2,891	
Travel		121	
Total Other Administration of Justice			3,012

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	75,350	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Assistant(s)	\$	43,298	
Supervisor/Director		36,234	
Deputy(ies)		391,586	
Investigator(s)		182,657	
Captain(s)		188,909	
Sergeant(s)		139,037	
Accountants/Bookkeepers		27,081	
Secretary(ies)		27,081	
Clerical Personnel		50,992	
Part-time Personnel		15,137	
School Resource Officer		106,507	
Longevity Pay		12,233	
Overtime Pay		61,123	
Other Salaries and Wages		69,331	
In-Service Training		21,000	
Social Security		86,040	
State Retirement		98,042	
Employee and Dependent Insurance		288,542	
Life Insurance		2,068	
Employer Medicare		20,309	
Communication		29,647	
Dues and Memberships		3,288	
Forest Resource Services		9,576	
Operating Lease Payments		7,872	
Maintenance Agreements		8,628	
Maintenance and Repair Services - Equipment		1,172	
Maintenance and Repair Services - Vehicles		70,375	
Postal Charges		2,688	
Travel		4,404	
Tuition		1,030	
Animal Food and Supplies		607	
Gasoline		183,739	
Office Supplies		10,341	
Tires and Tubes		12,654	
Uniforms		23,702	
Workers' Compensation Insurance		21,735	
Other Charges		13,236	
Communication Equipment		416	
Law Enforcement Equipment		25,712	
Office Equipment		7,383	
Total Sheriff's Department			\$ 2,380,762

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Office Supplies	\$	1,108	
Other Charges		1,050	
Total Administration of the Sexual Offender Registry			\$ 2,158

Jail

Assistant(s)	\$	43,296	
Captain(s)		36,766	
Lieutenant(s)		87,349	
Sergeant(s)		127,082	
Accountants/Bookkeepers		27,081	
Guards		467,737	
Cafeteria Personnel		37,878	
Part-time Personnel		56,050	
Longevity Pay		6,333	
Overtime Pay		55,904	
Social Security		57,722	
State Retirement		59,281	
Employee and Dependent Insurance		196,583	
Life Insurance		1,513	
Employer Medicare		13,500	
Communication		680	
Maintenance Agreements		2,156	
Maintenance and Repair Services - Buildings		2,350	
Maintenance and Repair Services - Equipment		740	
Travel		7,113	
Custodial Supplies		44,305	
Drugs and Medical Supplies		352,666	
Electricity		59,799	
Food Supplies		280,794	
Natural Gas		20,064	
Office Supplies		2,025	
Prisoners Clothing		6,912	
Water and Sewer		42,715	
Workers' Compensation Insurance		18,188	
Other Charges		15,679	
Building Improvements		7,074	
Office Equipment		2,794	
Other Equipment		3,203	
Total Jail			2,143,332

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services

Supervisor/Director	\$	28,791	
Youth Service Officer(s)		25,478	
Longevity Pay		1,500	
Social Security		3,307	
State Retirement		3,954	
Employee and Dependent Insurance		16,086	
Life Insurance		114	
Employer Medicare		774	
Communication		1,561	
Dues and Memberships		70	
Maintenance and Repair Services - Office Equipment		65	
Postal Charges		270	
Travel		2,752	
Other Contracted Services		2,640	
Office Supplies		1,394	
Workers' Compensation Insurance		116	
Other Charges		1,522	
Office Equipment		1,413	
Total Juvenile Services			\$ 91,807

Commissary

Communication	\$	1,707	
Food Supplies		93,568	
Office Supplies		944	
Uniforms		831	
Other Charges		457	
Motor Vehicles		17,387	
Office Equipment		1,042	
Total Commissary			115,936

Fire Prevention and Control

Contributions	\$	42,921	
Other Contracted Services		8,650	
Workers' Compensation Insurance		16,159	
Other Charges		139,825	
Motor Vehicles		24,875	
Total Fire Prevention and Control			232,430

Rescue Squad

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

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Other Salaries and Wages	\$	11,124	
Social Security		615	
State Retirement		787	
Employer Medicare		144	
Communication		9,414	
Maintenance and Repair Services - Vehicles		1,980	
Office Supplies		376	
Uniforms		613	
Other Charges		<u>104,047</u>	
Total Other Emergency Management	\$		129,100

County Coroner/Medical Examiner

Assistant(s)	\$	1,200	
Medical Personnel		5,000	
Other Charges		<u>20,534</u>	
Total County Coroner/Medical Examiner			26,734

Other Public Safety

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

Public Health and Welfare

Local Health Center

Communication	\$	8,701	
Dues and Memberships		346	
Operating Lease Payments		7,601	
Postal Charges		4,521	
Other Contracted Services		6,271	
Custodial Supplies		228	
Drugs and Medical Supplies		2,360	
Office Supplies		5,765	
Other Charges		<u>4,802</u>	
Total Local Health Center			40,595

Rabies and Animal Control

Assistant(s)	\$	18,000	
Supervisor/Director		27,053	
Social Security		2,743	
State Retirement		1,918	
Employee and Dependent Insurance		8,051	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Life Insurance	\$	57	
Employer Medicare		641	
Communication		4,368	
Licenses		551	
Maintenance and Repair Services - Vehicles		399	
Rentals		2,400	
Travel		500	
Veterinary Services		62,411	
Other Contracted Services		420	
Custodial Supplies		2,524	
Electricity		5,548	
Gasoline		4,424	
Natural Gas		326	
Office Supplies		1,543	
Water and Sewer		4,157	
Workers' Compensation Insurance		1,808	
Other Charges		758	
Total Rabies and Animal Control			\$ 150,600

Ambulance/Emergency Medical Services

Supervisor/Director	\$	50,156
Paraprofessionals		1,251,640
Secretary(ies)		72,279
Longevity Pay		21,167
Social Security		84,569
State Retirement		87,381
Employee and Dependent Insurance		229,179
Life Insurance		1,672
Employer Medicare		19,813
Architects		7,836
Communication		15,878
Contracts with Private Agencies		17,179
Evaluation and Testing		225
Operating Lease Payments		2,107
Licenses		3,035
Maintenance Agreements		749
Maintenance and Repair Services - Equipment		4,465
Maintenance and Repair Services - Vehicles		24,941
Postal Charges		1,030
Travel		462

(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.)

Tuition	\$	3,029	
Other Contracted Services		148,395	
Custodial Supplies		2,534	
Diesel Fuel		115,856	
Drugs and Medical Supplies		86,120	
Electricity		7,240	
Natural Gas		3	
Office Supplies		3,527	
Tires and Tubes		10,715	
Uniforms		11,629	
Water and Sewer		723	
Workers' Compensation Insurance		45,457	
Other Charges		23,346	
Attendance Equipment		2,618	
Communication Equipment		2,065	
Office Equipment		3,924	
Transportation Equipment		1,500	
Total Ambulance/Emergency Medical Services			\$ 2,364,444

Maternal and Child Health Services

Other Charges	\$	7,216	
Total Maternal and Child Health Services			7,216

Dental Health Program

Assistant(s)	\$	90,453
Deputy(ies)		37,000
Medical Personnel		140,760
Clerical Personnel		14,577
Longevity Pay		1,408
In-Service Training		220
Social Security		17,020
State Retirement		11,462
Employee and Dependent Insurance		33,809
Life Insurance		285
Employer Medicare		3,980
Communication		4,944
Contracts with Private Agencies		82
Dues and Memberships		1,332
Maintenance and Repair Services - Equipment		2,587
Postal Charges		383

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Travel	\$	1,577	
Other Contracted Services		5,700	
Drugs and Medical Supplies		54,260	
Gasoline		263	
Office Supplies		3,405	
Uniforms		479	
Liability Insurance		5,728	
Workers' Compensation Insurance		1,644	
Other Charges		2,189	
Office Equipment		2,598	
Other Equipment		3,635	
Total Dental Health Program			\$ 441,780

Alcohol and Drug Programs

Other Charges	\$	21,527	
Total Alcohol and Drug Programs			21,527

Crippled Children Services

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

Other Local Health Services

Assistant(s)	\$	12,092	
Deputy(ies)		31,361	
Teachers		29,261	
Guidance Personnel		10,354	
Social Workers		28,828	
Secretary(ies)		21,028	
Educational Assistants		24,729	
Attendants		27,300	
Longevity Pay		3,100	
Other Salaries and Wages		21,032	
Social Security		12,549	
State Retirement		11,474	
Employee and Dependent Insurance		50,339	
Life Insurance		356	
Unemployment Compensation		1,835	
Employer Medicare		2,935	
Travel		16,067	
Liability Insurance		1,561	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Workers' Compensation Insurance	\$ 500	
Total Other Local Health Services		\$ 306,701

General Welfare Assistance

Social Workers	\$ 25,249	
Longevity Pay	2,000	
Social Security	1,664	
State Retirement	1,932	
Employee and Dependent Insurance	8,051	
Life Insurance	57	
Employer Medicare	389	
Pauper Burials	1,469	
Workers' Compensation Insurance	55	
Total General Welfare Assistance		40,866

Aid to Dependent Children

Contracts with Private Agencies	\$ 1,000	
Total Aid to Dependent Children		1,000

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	8,617	
Total Libraries		121,991

Other Social, Cultural, and Recreational

Contributions	\$ 187,765	
Total Other Social, Cultural, and Recreational		187,765

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$ 12,566	
Assistant(s)	13,348	
Supervisor/Director	10,498	
Clerical Personnel	3,042	

(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.)

Other Salaries and Wages	\$	9,461	
Social Security		2,979	
State Retirement		7,677	
Employer Medicare		697	
Communication		5,253	
Operating Lease Payments		1,114	
Office Supplies		786	
Total Agriculture Extension Service			\$ 67,421

Soil Conservation

Secretary(ies)	\$	24,425	
Social Security		1,936	
State Retirement		1,732	
Employee and Dependent Insurance		8,051	
Life Insurance		57	
Employer Medicare		453	
Contributions		2,042	
Dues and Memberships		525	
Other Contracted Services		7,113	
Instructional Supplies and Materials		60	
Office Supplies		135	
Workers' Compensation Insurance		44	
Total Soil Conservation			46,573

Flood Control

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

Other Operations

Tourism

Supervisor/Director	\$	40,039	
Custodial Personnel		2,933	
Part-time Personnel		31,361	
Longevity Pay		600	
Social Security		4,594	
State Retirement		2,881	
Employee and Dependent Insurance		8,051	
Life Insurance		57	
Employer Medicare		1,075	
Advertising		34,185	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Tourism (Cont.)

Communication	\$	9,128	
Dues and Memberships		2,582	
Operating Lease Payments		3,335	
Maintenance Agreements		2,443	
Postal Charges		1,999	
Travel		10,074	
Custodial Supplies		1,508	
Electricity		3,435	
Office Supplies		509	
Water and Sewer		1,186	
Other Supplies and Materials		29,458	
Workers' Compensation Insurance		100	
Other Charges		29,762	
Office Equipment		600	
Total Tourism			\$ 221,895

Industrial Development

Supervisor/Director	\$	59,025	
Secretary(ies)		26,292	
Longevity Pay		700	
Social Security		5,184	
State Retirement		6,099	
Employee and Dependent Insurance		15,989	
Life Insurance		157	
Employer Medicare		1,212	
Advertising		9,083	
Communication		6,544	
Dues and Memberships		3,945	
Legal Services		714	
Maintenance and Repair Services - Equipment		545	
Maintenance and Repair Services - Vehicles		272	
Postal Charges		307	
Travel		16,629	
Gasoline		234	
Office Supplies		2,598	
Tires and Tubes		436	
Workers' Compensation Insurance		1,388	
Other Charges		29,456	
Office Equipment		3,034	
Total Industrial Development			189,843

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development

Other Contracted Services	\$	222,363	
Other Charges		235,542	
Total Other Economic and Community Development			\$ 457,905

Airport

Communication	\$	2,355	
Maintenance Agreements		260	
Maintenance and Repair Services - Equipment		450	
Travel		225	
Other Contracted Services		10,548	
Electricity		6,433	
Other Charges		5,584	
Total Airport			25,855

Veterans' Services

Supervisor/Director	\$	18,980	
Social Security		1,177	
Employer Medicare		275	
Communication		693	
Dues and Memberships		25	
Postal Charges		113	
Travel		774	
Office Supplies		528	
Office Equipment		1,191	
Total Veterans' Services			23,756

Contributions to Other Agencies

Contributions	\$	6,659	
Total Contributions to Other Agencies			6,659

Employee Benefits

Other Salaries and Wages	\$	4,650	
Social Security		286	
State Retirement		24	
Employee and Dependent Insurance		3,434	
Medical Insurance		2,538	
Unemployment Compensation		33,579	
Employer Medicare		67	
Total Employee Benefits			44,578

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

On-Behalf Payments to OPEB	\$ 7,195	
Total Miscellaneous		\$ 7,195

Capital Projects

Public Safety Projects

Other Charges	\$ 2,130	
Total Public Safety Projects		<u>2,130</u>

Total General Fund \$ 15,244,279

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Supervisor/Director	\$ 43,273	
Laborers	31,234	
Clerical Personnel	24,995	
Longevity Pay	2,400	
Social Security	6,014	
State Retirement	7,218	
Employee and Dependent Insurance	28,080	
Life Insurance	200	
Unemployment Compensation	2,893	
Employer Medicare	1,407	
Advertising	1,154	
Communication	6,168	
Contracts with Private Agencies	876,743	
Dues and Memberships	428	
Operating Lease Payments	4,140	
Maintenance and Repair Services - Equipment	2,134	
Postal Charges	500	
Travel	1,568	
Gasoline	22,133	
Office Supplies	874	
Tires and Tubes	850	
Utilities	5,673	
Other Supplies and Materials	1,220	
Trustee's Commission	33,069	
Other Charges	7,578	
Office Equipment	<u>1,981</u>	
Total Sanitation Education/Information		\$ 1,113,927

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers

Attendants	\$	159,243	
Longevity Pay		4,558	
Social Security		9,988	
State Retirement		7,090	
Employee and Dependent Insurance		36,214	
Life Insurance		256	
Employer Medicare		2,348	
Communication		1,595	
Contracts with Private Agencies		84,551	
Maintenance and Repair Services - Equipment		3,069	
Other Contracted Services		387,697	
Crushed Stone		186	
Office Supplies		294	
Pipe - Concrete		888	
Small Tools		455	
Utilities		3,709	
Other Supplies and Materials		6,962	
Liability Insurance		27,694	
Workers' Compensation Insurance		8,225	
Other Charges		6,706	
Solid Waste Equipment		13,200	
Total Convenience Centers			\$ 764,928

Postclosure Care Costs

Testing	\$	18,000	
Other Charges		1,592	
Total Postclosure Care Costs			19,592

Highways

Litter and Trash Collection

Laborers	\$	22,778	
Social Security		1,392	
State Retirement		1,610	
Employee and Dependent Insurance		6,038	
Life Insurance		43	
Employer Medicare		326	
Advertising		12,856	
Other Supplies and Materials		4,572	
Total Litter and Trash Collection			49,615

Total Solid Waste/Sanitation Fund \$ 1,948,062

(Continued)

Exhibit K-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	71,400	
Social Security		4,396	
State Retirement		5,062	
Employee and Dependent Insurance		15,904	
Life Insurance		114	
Employer Medicare		1,028	
Advertising		1,948	
Communication		1,127	
Confidential Drug Enforcement Payments		17,500	
Dues and Memberships		2,230	
Travel		1,093	
Gasoline		4,129	
Office Supplies		433	
Other Supplies and Materials		865	
Trustee's Commission		176	
Other Charges		6,747	
Motor Vehicles		69,185	
Office Equipment		1,091	
Total Drug Enforcement		<u>204,428</u>	\$ 204,428

Total Drug Control Fund \$ 204,428

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	<u>424</u>	
Total County Trustee's Office			\$ 424

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	<u>7,156</u>	
Total Chancery Court			<u>7,156</u>

Total Constitutional Officers - Fees Fund

Circuit Court

Special Commissioner Fees/Special Master Fees	\$	<u>3,875</u>	
Total Chancery Court			<u>3,875</u>

Total Constitutional Officers - Fees Fund 11,455

(Continued)

Exhibit K-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	70,350	
Accountants/Bookkeepers		28,806	
Secretary(ies)		28,806	
Social Security		7,160	
State Retirement		9,073	
Employee and Dependent Insurance		24,140	
Life Insurance		171	
Employer Medicare		1,675	
Communication		8,582	
Dues and Memberships		3,294	
Legal Services		808	
Maintenance and Repair Services - Office Equipment		524	
Postal Charges		264	
Travel		506	
Other Contracted Services		1,011	
Electricity		13,110	
Gasoline		23,700	
Natural Gas		2,967	
Office Supplies		1,436	
Water and Sewer		4,782	
Other Charges		1,663	
Total Administration			\$ 232,828

Highway and Bridge Maintenance

Foremen	\$	36,516
Laborers		589,926
Longevity Pay		18,100
Social Security		38,606
State Retirement		39,121
Employee and Dependent Insurance		184,818
Life Insurance		3,338
Medical Insurance		2,646
Employer Medicare		9,029
Other Contracted Services		15,836
Asphalt - Hot Mix		449,900
Asphalt - Liquid		94,972
Crushed Stone		180,298
Other Road Supplies		19,758
Pipe - Metal		41,005
Road Signs		7,957
Salt		21,150
Uniforms		3,944

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Motor Vehicles	\$ 73,452	
Total Highway and Bridge Maintenance		\$ 1,830,372

Operation and Maintenance of Equipment

Foremen	\$ 36,516	
Mechanic(s)	29,894	
Longevity Pay	2,600	
Social Security	4,216	
State Retirement	4,887	
Employee and Dependent Insurance	15,989	
Life Insurance	114	
Employer Medicare	986	
Travel	241	
Diesel Fuel	220,138	
Equipment and Machinery Parts	112,124	
Garage Supplies	8,714	
Gasoline	266,788	
Lubricants	8,234	
Propane Gas	63	
Tires and Tubes	36,872	
Other Supplies and Materials	1,619	
Total Operation and Maintenance of Equipment		749,995

Other Charges

Building and Contents Insurance	\$ 50,000	
Liability Insurance	18,769	
Trustee's Commission	42,615	
Vehicle and Equipment Insurance	68,125	
Workers' Compensation Insurance	39,479	
Total Other Charges		218,988

Employee Benefits

Unemployment Compensation	\$ 28,591	
Total Employee Benefits		28,591

Capital Outlay

Bridge Construction	\$ 157,913	
Communication Equipment	1,649	
Highway Equipment	241,192	
Site Development	3,877	
Total Capital Outlay		404,631

Total Highway/Public Works Fund		\$ 3,465,405
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(Continued)

Exhibit K-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 1,200,000	
Principal on Notes	397,864	
Principal on Other Loans	665,000	
Total General Government		\$ 2,262,864

Interest on Debt

General Government

Interest on Bonds	\$ 893,163	
Interest on Notes	41,220	
Interest on Other Loans	1,033,230	
Total General Government		1,967,613

Other Debt Service

General Government

Trustee's Commission	\$ 79,063	
Other Debt Service	126,943	
Total General Government		206,006

Total General Debt Service Fund \$ 4,436,483

General Capital Projects Fund

Public Safety

Sheriff's Department

Law Enforcement Equipment	\$ 5,256	
Motor Vehicles	246,143	
Traffic Control Equipment	27,180	
Total Sheriff's Department		\$ 278,579

Public Health and Welfare

Ambulance/Emergency Medical Services

Motor Vehicles	\$ 195,550	
Health Equipment	170,789	
Other Equipment	72,316	
Total Ambulance/Emergency Medical Services		438,655

Other Operations

Payments to Cities

Payments to Schools - Other	\$ 2,261,340	
Total Payments to Cities		2,261,340

(Continued)

Exhibit K-7

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

General Capital Projects Fund (Cont.)

Highways

Administration

Highway Equipment	\$ 186,462	
Motor Vehicles	41,010	
Other Equipment	<u>15,700</u>	
Total Administration		\$ 243,172

Other Debt Service

General Government

Other Debt Issuance Charges	\$ <u>2,750</u>	
Total General Government		2,750

Education

Other Debt Issuance Charges	\$ <u>67,850</u>	
Total Education		67,850

Capital Projects

Education Capital Projects

Contributions	\$ <u>8,501,309</u>	
Total Education Capital Projects		<u>8,501,309</u>

Total General Capital Projects Fund \$ 11,793,655

Total Governmental Funds - Primary Government \$ 37,103,767

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, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 11,045,501	
Career Ladder Program	102,448	
Career Ladder Extended Contracts	47,500	
Homebound Teachers	64,928	
Clerical Personnel	325	
Educational Assistants	517,329	
Other Salaries and Wages	203,163	
Certified Substitute Teachers	22,375	
Non-certified Substitute Teachers	151,047	
Social Security	718,926	
State Retirement	1,048,987	
Life Insurance	16,764	
Medical Insurance	2,498,812	
Employer Medicare	170,463	
Other Contracted Services	97,099	
Instructional Supplies and Materials	176,439	
Textbooks	397,983	
Other Supplies and Materials	48,690	
Workers' Compensation Insurance	37,945	
Fee Waivers	55,271	
Regular Instruction Equipment	108,277	
Total Regular Instruction Program		\$ 17,530,272

Alternative Instruction Program

Teachers	\$ 37,235	
Educational Assistants	15,354	
Social Security	3,192	
State Retirement	4,458	
Life Insurance	114	
Medical Insurance	5,972	
Employer Medicare	746	
Workers' Compensation Insurance	206	
Total Alternative Instruction Program		67,277

Special Education Program

Teachers	\$ 1,302,281
Career Ladder Program	12,500
Homebound Teachers	18,513
Educational Assistants	483,597

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Speech Pathologist	\$	178,802	
Other Salaries and Wages		38,529	
Certified Substitute Teachers		6,217	
Non-certified Substitute Teachers		65,624	
Social Security		125,076	
State Retirement		167,362	
Life Insurance		3,329	
Medical Insurance		372,493	
Employer Medicare		28,263	
Contracts with Other Public Agencies		240,596	
Other Contracted Services		34,927	
Instructional Supplies and Materials		106,059	
Other Supplies and Materials		26,937	
Workers' Compensation Insurance		12,000	
Special Education Equipment		56,664	
Total Special Education Program			\$ 3,279,769

Vocational Education Program

Teachers	\$	963,652	
Career Ladder Program		8,500	
Certified Substitute Teachers		2,050	
Non-certified Substitute Teachers		15,375	
Social Security		59,674	
State Retirement		87,709	
Life Insurance		1,263	
Medical Insurance		197,104	
Employer Medicare		13,964	
Instructional Supplies and Materials		21,298	
Other Supplies and Materials		3,451	
Workers' Compensation Insurance		3,922	
Vocational Instruction Equipment		2,330	
Total Vocational Education Program			1,380,292

Adult Education Program

Teachers	\$	37,684	
Social Security		2,333	
State Retirement		2,850	
Employer Medicare		546	
Instructional Supplies and Materials		7,756	

(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.)

Workers' Compensation Insurance	\$	175	
Other Equipment		2,962	
Total Adult Education Program			\$ 54,306

Support Services

Attendance

Supervisor/Director	\$	28,481	
Career Ladder Program		600	
Employer Medicare		422	
Travel		1,973	
Workers' Compensation Insurance		112	
Attendance Equipment		107	
Total Attendance			31,695

Health Services

Supervisor/Director	\$	42,529	
Data Processing Personnel		7,670	
Social Workers		41,103	
Medical Personnel		111,512	
Paraprofessionals		334,013	
Clerical Personnel		40,431	
Other Salaries and Wages		24,465	
Social Security		34,917	
State Retirement		43,493	
Life Insurance		966	
Medical Insurance		137,033	
Employer Medicare		8,166	
Travel		7,262	
Other Contracted Services		6,096	
Drugs and Medical Supplies		14,108	
Other Supplies and Materials		32,091	
Workers' Compensation Insurance		805	
In Service/Staff Development		984	
Other Charges		158,181	
Health Equipment		163,203	
Total Health Services			1,209,028

Other Student Support

Career Ladder Program	\$	4,000	
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(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Guidance Personnel	\$	465,000	
Psychological Personnel		12,819	
School Resource Officer		84,506	
Longevity Pay		1,800	
Other Salaries and Wages		6,750	
Social Security		34,230	
State Retirement		49,849	
Life Insurance		718	
Medical Insurance		125,241	
Employer Medicare		7,491	
Evaluation and Testing		21,320	
Travel		4,938	
Other Contracted Services		63,873	
Other Supplies and Materials		5,969	
Workers' Compensation Insurance		4,744	
In Service/Staff Development		4,469	
Total Other Student Support			\$ 897,717

Regular Instruction Program

Supervisor/Director	\$	204,437	
Career Ladder Program		13,625	
Librarians		464,277	
Instructional Computer Personnel		103,851	
Other Salaries and Wages		10,690	
In-Service Training		7,840	
Social Security		51,315	
State Retirement		74,399	
Life Insurance		992	
Medical Insurance		146,012	
Employer Medicare		11,270	
Dues and Memberships		60	
Travel		30,925	
Other Contracted Services		2,763	
Library Books/Media		43,506	
Other Supplies and Materials		608	
Workers' Compensation Insurance		3,265	
In Service/Staff Development		1,405	
Other Charges		219	
Other Equipment		71,372	
Total Regular Instruction Program			1,242,831

(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	\$	67,195	
Career Ladder Program		3,000	
Psychological Personnel		108,094	
Assessment Personnel		46,950	
Secretary(ies)		25,665	
Longevity Pay		500	
Social Security		15,358	
State Retirement		22,554	
Life Insurance		261	
Medical Insurance		41,284	
Employer Medicare		4,106	
Maintenance and Repair Services - Equipment		2,995	
Travel		32,364	
Other Contracted Services		10,701	
Other Supplies and Materials		27,160	
Workers' Compensation Insurance		1,189	
In Service/Staff Development		4,432	
Total Special Education Program			\$ 413,808

Vocational Education Program

Career Ladder Program	\$	1,200	
Employer Medicare		17	
Travel		1,288	
Other Contracted Services		500	
Workers' Compensation Insurance		4	
Other Charges		568	
Total Vocational Education Program			3,577

Adult Programs

Supervisor/Director	\$	65,584
Career Ladder Program		1,000
Other Salaries and Wages		14,700
Social Security		5,013
State Retirement		6,026
Life Insurance		46
Medical Insurance		5,700
Employer Medicare		1,172
Travel		3,486
Workers' Compensation Insurance		319

(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.)

Adult Programs (Cont.)

In Service/Staff Development	\$ 4,295	
Total Adult Programs		\$ 107,341

Other Programs

On-Behalf Payments to OPEB	\$ 181,365	
Total Other Programs		181,365

Board of Education

Secretary to Board	\$ 4,206	
Board and Committee Members Fees	39,500	
Social Security	2,694	
State Retirement	297	
Life Insurance	513	
Unemployment Compensation	27,603	
Employer Medicare	630	
Other Fringe Benefits	144,193	
Audit Services	12,000	
Dues and Memberships	9,922	
Legal Services	34,877	
Travel	15,895	
Other Supplies and Materials	5,000	
Liability Insurance	890	
Trustee's Commission	194,566	
Workers' Compensation Insurance	2,520	
Other Charges	15,486	
Total Board of Education		510,792

Director of Schools

County Official/Administrative Officer	\$ 88,011
Career Ladder Program	1,000
Secretary(ies)	36,291
Clerical Personnel	56,867
Longevity Pay	1,200
Social Security	11,040
State Retirement	14,710
Life Insurance	228
Medical Insurance	24,005
Employer Medicare	2,582
Communication	39,478

(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.)

Dues and Memberships	\$	3,375	
Postal Charges		351	
Travel		7,015	
Other Contracted Services		13,591	
Office Supplies		6,116	
Workers' Compensation Insurance		695	
Other Charges		2,828	
Other Debt Service		392	
Total Director of Schools			\$ 309,775

Office of the Principal

Principals	\$	711,254	
Career Ladder Program		15,000	
Assistant Principals		207,433	
Secretary(ies)		284,250	
Longevity Pay		4,550	
Social Security		71,983	
State Retirement		104,989	
Life Insurance		1,715	
Medical Insurance		201,970	
Employer Medicare		16,833	
Communication		30,217	
Postal Charges		6,000	
Workers' Compensation Insurance		4,809	
Other Charges		1,630	
Administration Equipment		16,198	
Total Office of the Principal			1,678,831

Fiscal Services

Longevity Pay	\$	700	
Other Salaries and Wages		13,256	
Social Security		839	
State Retirement		1,009	
Life Insurance		28	
Medical Insurance		4,455	
Employer Medicare		206	
Total Fiscal Services			20,493

(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

Custodial Personnel	\$	700,145	
Longevity Pay		7,030	
Other Salaries and Wages		24,894	
Social Security		43,139	
State Retirement		47,480	
Life Insurance		1,710	
Medical Insurance		195,472	
Employer Medicare		10,128	
Other Contracted Services		76,411	
Custodial Supplies		162,718	
Electricity		1,057,765	
Natural Gas		175,502	
Water and Sewer		138,262	
Building and Contents Insurance		233,048	
Workers' Compensation Insurance		17,795	
Other Charges		56	
Plant Operation Equipment		7,441	
Total Operation of Plant			\$ 2,898,996

Maintenance of Plant

Supervisor/Director	\$	48,378	
Secretary(ies)		25,421	
Maintenance Personnel		217,319	
Longevity Pay		3,110	
Overtime Pay		6,407	
Other Salaries and Wages		30,943	
Social Security		19,262	
State Retirement		22,908	
Life Insurance		627	
Medical Insurance		74,735	
Employer Medicare		4,541	
Maintenance and Repair Services - Buildings		27,172	
Maintenance and Repair Services - Equipment		31,705	
Other Contracted Services		15,581	
Other Supplies and Materials		339,261	
Workers' Compensation Insurance		8,013	
Other Charges		4	
Maintenance Equipment		42,854	
Total Maintenance of Plant			918,241

(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

Supervisor/Director	\$	41,221	
Bus Drivers		41,041	
Social Security		5,066	
State Retirement		5,433	
Life Insurance		165	
Medical Insurance		16,334	
Employer Medicare		1,185	
Communication		438	
Contracts with Parents		11,232	
Contracts with Vehicle Owners		2,039,945	
Maintenance and Repair Services - Vehicles		62,796	
Travel		3,924	
Other Contracted Services		1,750	
Other Supplies and Materials		25,425	
Workers' Compensation Insurance		141	
Other Charges		5,030	
Transportation Equipment		94,282	
Total Transportation			\$ 2,355,408

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	62,514	
Other Salaries and Wages		714	
Social Security		3,800	
State Retirement		5,686	
Life Insurance		57	
Medical Insurance		132,931	
Employer Medicare		893	
Communication		711	
Travel		1,212	
Other Contracted Services		438	
Workers' Compensation Insurance		20,657	
Total Food Service			229,613

Community Services

Supervisor/Director	\$	36,766
Social Security		2,464
State Retirement		2,851
Life Insurance		57

(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.)

Medical Insurance	\$	5,748	
Employer Medicare		576	
Communication		1,145	
Travel		499	
Other Contracted Services		52,859	
Instructional Supplies and Materials		2,132	
Other Supplies and Materials		2,116	
Workers' Compensation Insurance		124	
Total Community Services			\$ 107,337

Early Childhood Education

Teachers	\$	120,426	
Educational Assistants		45,700	
Other Salaries and Wages		21,901	
Certified Substitute Teachers		220	
Non-certified Substitute Teachers		4,033	
Social Security		11,715	
State Retirement		13,933	
Life Insurance		342	
Medical Insurance		27,746	
Employer Medicare		2,740	
Travel		600	
Instructional Supplies and Materials		24,563	
Workers' Compensation Insurance		759	
In Service/Staff Development		3,392	
Total Early Childhood Education			278,070

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	511,686	
Total Education			511,686

Total General Purpose School Fund \$ 36,218,520

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	609,319
Educational Assistants		434,905

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	19,061	
Certified Substitute Teachers		850	
Non-certified Substitute Teachers		23,075	
Social Security		63,123	
State Retirement		80,298	
Life Insurance		2,035	
Medical Insurance		235,153	
Employer Medicare		14,646	
Other Fringe Benefits		5,187	
Other Contracted Services		30,868	
Instructional Supplies and Materials		35,630	
Other Supplies and Materials		38,453	
Other Charges		1,377	
Regular Instruction Equipment		230,734	
Total Regular Instruction Program			\$ 1,824,714

Special Education Program

Teachers	\$	104,323	
Educational Assistants		449,832	
Other Salaries and Wages		4,378	
Social Security		32,709	
State Retirement		32,270	
Life Insurance		1,195	
Medical Insurance		116,561	
Employer Medicare		8,925	
Other Fringe Benefits		1,026	
Maintenance and Repair Services - Equipment		98	
Instructional Supplies and Materials		74,783	
Other Supplies and Materials		6,701	
Special Education Equipment		44,407	
Total Special Education Program			877,208

Vocational Education Program

Educational Assistants	\$	26,363
Longevity Pay		400
Social Security		1,456
State Retirement		1,576
Life Insurance		63
Medical Insurance		8,252

(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.)

Employer Medicare	\$	340	
Other Fringe Benefits		89	
Other Supplies and Materials		9,317	
Vocational Instruction Equipment		27,815	
Total Vocational Education Program			\$ 75,671

Support Services

Health Services

Paraprofessionals	\$	67,432	
Social Security		4,181	
State Retirement		4,783	
Life Insurance		114	
Medical Insurance		20,735	
Employer Medicare		978	
Other Fringe Benefits		263	
Total Health Services			98,486

Other Student Support

Guidance Personnel	\$	12,082	
Other Salaries and Wages		50,854	
Social Security		3,575	
State Retirement		4,627	
Life Insurance		71	
Medical Insurance		9,667	
Employer Medicare		874	
Other Fringe Benefits		343	
Evaluation and Testing		6,939	
Travel		17,156	
Other Contracted Services		2,800	
Other Supplies and Materials		4,986	
In Service/Staff Development		2,337	
Other Charges		11,103	
Other Equipment		383	
Total Other Student Support			127,797

Regular Instruction Program

Supervisor/Director	\$	75,871	
Librarians		23,136	
Secretary(ies)		28,205	

(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		508,794	
In-Service Training		1,184	
Social Security		28,910	
State Retirement		40,951	
Life Insurance		351	
Medical Insurance		50,756	
Employer Medicare		8,825	
Other Fringe Benefits		1,784	
Communication		1,500	
Operating Lease Payments		4,395	
Travel		44,550	
Other Contracted Services		35,622	
Other Supplies and Materials		4,953	
In Service/Staff Development		53,709	
Other Charges		5,460	
Other Equipment		62,528	
Total Regular Instruction Program			\$ 981,984

Special Education Program

Psychological Personnel	\$	126,000	
Clerical Personnel		1,000	
Other Salaries and Wages		6,290	
Social Security		8,033	
State Retirement		11,529	
Life Insurance		114	
Medical Insurance		15,763	
Employer Medicare		1,879	
Communication		1,751	
Travel		18,912	
Other Contracted Services		13,891	
Other Supplies and Materials		3,261	
In Service/Staff Development		23,356	
Other Equipment		25,460	
Total Special Education Program			257,239

Vocational Education Program

Supervisor/Director	\$	3,700	
Employer Medicare		54	

(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.)

Vocational Education Program (Cont.)

Travel	\$ 2,111	
Total Vocational Education Program		\$ 5,865

Office of the Principal

Principals	\$ 59,413	
Assistant Principals	43,837	
Social Security	6,402	
State Retirement	9,345	
Life Insurance	57	
Medical Insurance	9,837	
Employer Medicare	1,498	
Total Office of the Principal		130,389

Transportation

Contracts with Parents	\$ 1,767	
Contracts with Vehicle Owners	450	
Total Transportation		2,217

Operation of Non-Instructional Services

Food Service

Other Salaries and Wages	\$ 36,184	
Social Security	2,144	
State Retirement	240	
Life Insurance	9	
Medical Insurance	794	
Employer Medicare	545	
Total Food Service		39,916

Total School Federal Projects Fund \$ 4,421,486

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Clerical Personnel	\$ 42,333
Cafeteria Personnel	812,561
Longevity Pay	14,200
Other Salaries and Wages	56,000
Social Security	53,727
State Retirement	47,889

(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.)

Life Insurance	\$	2,787	
Medical Insurance		176,000	
Employer Medicare		12,622	
Communication		8,866	
Maintenance and Repair Services - Equipment		13,299	
Other Contracted Services		35,008	
Food Supplies		1,330,860	
USDA - Commodities		72,372	
Other Supplies and Materials		116,774	
In Service/Staff Development		1,974	
Other Charges		2,257	
Food Service Equipment		4,077	
Total Food Service			\$ 2,803,606

Total Central Cafeteria Fund \$ 2,803,606

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	115,745	
Building Construction		1,307,686	
Building Improvements		40,700	
Total Education Capital Projects			\$ 1,464,131

Total Education Capital Projects Fund 1,464,131

Total Governmental Funds - Monroe County School Department \$ 44,907,743

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, 2012

	Cities - Sales Tax Fund	City School ADA - Sweetwater Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 1,076,698	\$ 1,076,698
Trustee's Collections - Prior Years	0	52,539	52,539
Circuit/Clerk and Master Collections - Prior Years	0	32,776	32,776
Interest and Penalty	0	8,495	8,495
Pick-up Taxes	0	2,927	2,927
Payments in-Lieu-of Taxes - T.V.A.	0	12,363	12,363
Payments in-Lieu-of Taxes - Local Utilities	0	57,323	57,323
Payments in-Lieu-of Taxes - Other	0	15,837	15,837
Local Option Sales Tax	3,363,180	843,431	4,206,611
Business Tax	0	27,998	27,998
Other Local Option Taxes	0	96	96
Bank Excise Tax	0	3,700	3,700
Interstate Telecommunications Tax	0	638	638
Marriage Licenses	0	794	794
Income Tax	0	5,650	5,650
Mixed Drink Tax	0	1,120	1,120
State Revenue Sharing - T.V.A.	0	100,000	100,000
Contributions (Loan Proceeds)	0	2,261,340	2,261,340
Total Cash Receipts	<u>\$ 3,363,180</u>	<u>\$ 4,503,725</u>	<u>\$ 7,866,905</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,329,548	\$ 4,469,400	\$ 7,798,948
Trustee's Commission	33,632	34,325	67,957
Total Cash Disbursements	<u>\$ 3,363,180</u>	<u>\$ 4,503,725</u>	<u>\$ 7,866,905</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 0
Cash Balance, July 1, 2011	0	0	0
Cash Balance, June 30, 2012	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

SINGLE AUDIT SECTION



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

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

January 29, 2013

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, 2012, which collectively comprise Monroe County's basic financial statements and have issued our report thereon dated January 29, 2013. 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

The management of Monroe County is responsible for establishing and maintaining effective 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: 12.02 and 12.03. 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 12.01.

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

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

This report is intended solely for the information and use of management, the county mayor, 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/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT 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

Independent Auditor's Report

January 29, 2013

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Monroe County's compliance 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, 2012. 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, 2012.

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 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, 2012, and have issued our report thereon dated January 29, 2013. 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.

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

This report is intended solely for the information and use of management, the county mayor, 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 prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Monroe County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

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	\$ 72,372 (3)
School and Roads - Grants to States	10.665	N/A	340,239
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	491,876
National School Lunch Program	10.555	N/A	1,391,782 (3)
Direct Program:			
Rural Business Enterprise Grants	10.769	N/A	50,000
Total U.S. Department of Agriculture			\$ 2,346,269
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program	14.228	GG-11-35590	\$ 185,381
Total U.S. Department of Housing and Urban Development			\$ 185,381
Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 51,106
Historic Preservation Fund Grants - In-Aid	15.904	N/A	16,986
Total Bureau of Land Management, Department of the Interior			\$ 68,092
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1104	\$ 54,158
Total U.S. Department of Justice			\$ 54,158
U.S. Department of Highway Administration:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	(2)	\$ 4,970
Total U.S. Department of Highway Administration			\$ 4,970
U.S. Department of Energy:			
Direct Program:			
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	GG-11-33781	\$ 77,546
Total U.S. Department of Energy			\$ 77,546
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 75,351
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	(2)	1,458,974
Title I Grants to Local Educational Agencies, Recovery Act	84.389	(2)	2,086
Special Education Cluster:			
Special Education - Grants to States	84.027	(2)	1,135,121
Special Education - Grants to States, Recovery Act	84.391	(2)	35,354
Special Education - Preschool Grants	84.173	(2)	26,207
Career and Technical Education - Basic Grants to States	84.048	(2)	101,492

(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.):			
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	N/A	\$ 1,629
Education Technology State Grants, Recovery Act	84.386	N/A	2,784
English Language Acquisition Grants	84.365	N/A	309
School Improvement Grants	84.377	N/A	292,743
Rural Education	84.358	N/A	60,162
Improving Teacher Quality State Grants	84.367	N/A	181,119
Education Jobs Fund	84.410	N/A	634,241
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	41,972
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	512,773
Total U.S. Department of Education			<u>\$ 4,562,317</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501	(2)	\$ 163,203
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	Z-10-219812-00	114,543
Total U.S. Department of Health and Human Services			<u>\$ 277,746</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	(2)	\$ 106,586
Homeland Security Grant Program	97.067	(2)	97,997
Total U.S. Department of Homeland Security			<u>\$ 204,583</u>
Total Expenditures of Federal Awards			<u>\$ 7,781,062</u>

State Grants

		Contract Number	
Litter Program - State Department of Transportation	N/A	(2)	\$ 50,452
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	19,935
Law Enforcement Training - State Department of Safety	N/A	(2)	21,000
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	25,117
Airport Maintenance - State Department of Transportation	N/A	(2)	3,690
Juvenile Services Program - State Children's Services Commission	N/A	(2)	9,000
Early Childhood Education - Lottery - State Department of Education	N/A	(2)	230,276
Driver's Education - State Department of Education	N/A	(2)	26,327
Local Health Services - State Department of Health	N/A	Z-10-219812-00	326,752
Archives Development - Tennessee Secretary of State	N/A	(2)	1,661
Public Assistance Grants - State Department of Military	N/A	(2)	17,578
Total State Grants			<u>\$ 731,788</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 \$1,464,154.

Monroe County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

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, 2011, which has not been corrected.

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.03	185	Duties were not segregated adequately

MONROE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

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, and the Special Education – Preschool Grants (CFDA Nos. 84.027, 84.391, and 84.173); the State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and the Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Monroe County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The circuit and general sessions courts clerk provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 12.01 **A CASH SHORTAGE OF \$3,476.24 EXISTED IN THE OFFICE AT SEPTEMBER 13, 2012**
(Noncompliance Under *Government Auditing Standards*)

During our annual audit of the Office of Circuit and General Sessions Courts Clerk for the year ended June 30, 2012, we discovered discrepancies related to bank deposits; therefore, we extended our procedures to include transactions through September 13, 2012. Our extended procedures identified a cash shortage of \$3,476.24 (\$3,055.24 in General Sessions Court and \$421 in Circuit Court) at September 13, 2012.

The bookkeeper for the Office of Circuit and General Sessions Courts Clerk reconciled the office bank accounts and on occasion took deposits to the bank. This lack of segregation of duties provided the bookkeeper with the opportunity to conceal that he had failed to deposit all collections. We performed a cash count on September 13, 2012, and compared the cash on hand with amounts that the records indicated should be on hand. This comparison revealed that collections totaling \$3,055.24 from General Sessions Court for September 4, 2012 (\$1,989.91) and September 10, 2012 (\$1,065.33) had not been deposited and were not in the office as cash on hand.

In addition to the cash diverted from General Sessions Court, we found that a deposit dated August 31, 2012, in the Circuit Court bank account contained a check totaling \$421 that was drawn on the same Circuit Court bank account. This check was payable to an attorney and dated November 10, 2011. It appears that the check had not been claimed by the attorney, and the bookkeeper had deposited the check back into the office bank account and removed an equal amount of cash from court collections. Consequently, the amount of the check (\$421) has been included as part of the cash shortage.

When we discovered discrepancies related to bank deposits in General Sessions Court, we questioned the bookkeeper regarding a reconciling item for \$1,000, which appeared on the June 30, 2012, bank reconciliation. The bookkeeper claimed that the reconciling item related to funds had been "lost" from his vehicle when he was taking a deposit to the bank. We then accompanied the bookkeeper to inform the circuit and general sessions courts clerk of the funds that the bookkeeper claimed to have lost. When asked, the bookkeeper could not remember when the loss occurred. The circuit and general sessions courts clerk immediately placed the bookkeeper on leave pending the investigation of the missing funds. The clerk also notified the District Attorney General's Office and the Tennessee Bureau of Investigation.

Our examination of the records indicated that the bookkeeper had diverted funds from both General Sessions Court and Circuit Court at various times during the period under audit; however, a portion of these funds had been subsequently restored. The following table reflects the dates when deposits did not equal daily collections. The last column reflects the cumulative balance of collections that were unaccounted as of each of those dates.

Date	Court	Deposits		Cumulative
		Over (Under)	Receipt	
		Amounts	Adjustments	
2-6-12	General Sessions	\$ (1,000.00)	\$ 0.00	\$ (1,000.00)
3-30-12	General Sessions	1,000.00	0.00	0.00
6-1-12	General Sessions	(1,000.00)	0.00	(1,000.00)
6-1-12	Circuit	(923.40)	0.00	(1,923.40)
7-2-12	Circuit	923.40	0.00	(1,000.00)
7-2-12	General Sessions	(984.60)	0.00	(1,984.60)
7-25-12	Circuit	(723.00)	0.00	(2,707.60)
8-31-12	Circuit	723.00	(421.00) (1)	(2,405.60)
8-31-12	General Sessions	1,984.60	(1,984.60) (2)	(2,405.60)
9-4-12	General Sessions	(1,989.91)	1,984.60 (2)	(2,410.91)
9-10-12	General Sessions	(1,065.33)	0.00	(3,476.24)
Total		\$ (3,055.24)	\$ (421.00)	\$ (3,476.24)

- (1) This day's deposit included a check for \$421 dated 11-10-11 that was drawn on the Circuit Court bank account and payable to an attorney.
- (2) As discussed below, the deposit dated 8-31-12 included funds that were recorded as September receipts.

As shown in the table, the bookkeeper attempted to conceal the diverted collections in multiple ways. For instance, on the same day (7-2-12) that collections of \$923.40 were restored to Circuit Court, collections of \$984.60 were diverted from General Sessions Court. During the afternoon of August 31, 2012, the clerk's office closed out collections for the day and began dating receipts the following business day (9-4-12). After the final deposit for August receipts was made, the bookkeeper made a separate deposit of \$1,984.60, also dated August 31, 2012, which appeared to restore the balance of collections that had been previously diverted. However, that deposit consisted of collections received after the month-end cutoff, and the associated receipts for the deposit were dated in September. This allowed the bookkeeper to temporarily conceal the shortage at the end of August 2012. Also, on August 31, 2012, an attempt was made to conceal a portion of the shortage in Circuit Court by depositing the \$421 unclaimed check drawn on the Circuit Court bank account as previously discussed.

Subsequent to being placed on leave, the bookkeeper made cash deposits on September 17, 2012, into the General Sessions Court bank account to liquidate \$3,055.24 of

the cash shortage. The portion of the cash shortage related to the diverted Circuit Court check (\$421) was collected by the circuit and general sessions courts clerk from the bookkeeper in November 2012 after we informed the clerk of the discrepancy.

This finding has been discussed with the district attorney general.

RECOMMENDATION

All funds should be deposited within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*. Duties should be segregated adequately among employees of the office. Receipts for collections should be dated the actual date received.

MANAGEMENT'S RESPONSE – CIRCUIT COURT CLERK

There were internal controls in place in the office where the bookkeeper was not to take the deposit to the banks. He only did so on the few days that the deputy clerk who was assigned to take the deposit to the bank had sustained an injury. The office was extremely busy, and he volunteered to go to the bank. That is the only time that he had access to the collections and deposit for the courts. Since this occurrence, measures have been taken to insure that this can never happen in the future. We have always abided by the three-day deposit rule, and it is our procedure that we do daily deposits.

FINDING 12.02 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWERS**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawers in the Office of Circuit and General Sessions Courts Clerk. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to that employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. This deficiency has been a management decision by the official resulting in a loss of control over assets.

RECOMMENDATION

The clerk should assign each employee their own cash drawer.

MANAGEMENT’S RESPONSE – CIRCUIT COURT CLERK

I have assigned each employee their own cash drawer and have implemented internal controls, which insures that each person balances daily with the receipts they have receipted, and each person has the correct amount in their drawer. In the event of a shortage, I will know immediately who is responsible.

OFFICE OF SHERIFF

FINDING 12.03 **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 Local Government 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, 2012

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