
ANNUAL FINANCIAL REPORT MARION COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2008



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

DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury

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

JAMES R. ARNETTE
Director

CARL LOWE, CGFM
Audit Manager

ANITA SCARLETT, CPA
Auditor 4

KATHY CLEMENTS, CGFM
JESSICA COX, CPA, CGFM
AMY HEWITT, CPA, CFE
JENI PALADENI
State Auditors

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Audit Highlights

Annual Financial Report
Marion County, Tennessee
For the Year Ended June 30, 2008

Scope

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

Results

Our report on the business-type activities is adverse. Our report on the aggregate fund information and the aggregate discretely presented component units is qualified. Our report on the governmental activities and each major fund is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The office failed to comply with state statutes when entering into a lease-purchase agreement.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Independent bus contractors were allowed to purchase fuel utilizing the School Department's tax-exempt status.
- ◆ The extended school and summer camp programs did not deposit funds within three days of collection as required by state statute.
- ◆ The office did not implement adequate controls to protect its information resources.

OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND SHERIFF

- ◆ The offices did not implement adequate controls to protect their information resources.
-

OFFICES OF TRUSTEE AND COUNTY CLERK

- ◆ The offices did not review software audit logs.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The court software did not have adequate application controls.
-

OFFICE OF SHERIFF

- ◆ Some funds were not deposited to the office bank account within three days of collection as required by state statute.
-

OTHER FINDINGS

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately in the Offices of County Mayor, Highway Supervisor, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

INTRODUCTORY SECTION

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Marion County Officials

June 30, 2008

Officials

Howell Moss, County Mayor
John Graham, Highway Supervisor
Mark Griffith, Director of Schools
David Kirk, Trustee
Judy Brewer, Assessor of Property
Dwight Minter, County Clerk
Evelyn Griffith, Circuit and General Sessions Courts Clerk
Levoy Gudger, Clerk and Master
Winfred Haggard, Register
Ronnie Burnett, Sheriff

Board of County Commissioners

Robert Eugene Hargis, Chairman	Marshall Raines, Sr.
Donald Blansett	Jody Rollins
Louin Campbell	Keith Smith
James Easterly	Thomas Thompson
Doug Fitz-Gerald	Melvin Turner
Delmer McNabb	Glenn White
Ralph Pickett	Wayne Willis
Les Price	

Board of Education

James Poston, Chairman
Bedford Allison
Terry Case
Russ Hood
Ola Mae Reeves

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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

March 23, 2009

Marion County Mayor and
Board of County Commissioners
Marion 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 Marion County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Marion County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Marion County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of the Marion County Conservation Commission, the county's sole business-type activity and a nonmajor enterprise fund, had not been made available by other auditors as of the date of this report. Accordingly, the financial statements do not

include financial data for the business-type activities of Marion County, Tennessee, and the respective changes in financial position and cash flows for the Marion County Conservation Commission, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the business-type activities and aggregate remaining fund information are not reasonable determinable.

In our opinion, because of the omission of the financial statements of the Marion County Conservation Commission, as discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the business-type activities of Marion County, Tennessee, as of June 30, 2008, or the changes in financial position and cash flows, where applicable, thereof for the year ended.

Also, in our opinion, except for the effects of the omission of the financial statements of the Marion County Conservation Commission as discussed in the third paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of Marion County, Tennessee, as of June 30, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Marion County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units' financial statements referred to above do not include amounts for the Marion County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

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

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Marion County, Tennessee, as of June 30, 2008, and the respective changes in financial position, 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 March 23, 2009, on our consideration of Marion County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Marion County has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include the government-wide financial statements. Also, as described in Note V.B., Marion County has adopted the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and GASB Statement No. 50, Pension Disclosures.

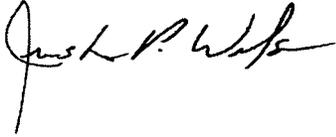
The management of Marion County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison, pension, and other postemployment benefits information on pages 69 through 75 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of the nonmajor governmental funds, General Debt Service Fund, Rural Debt Service Fund, combining and individual fund financial statements of the Marion County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of the nonmajor governmental funds, General Debt Service Fund, Rural Debt Service Fund, combining and individual fund financial statements of the Marion County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the

basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Marion County School Department</u>
<u>ASSETS</u>		
Cash	\$ 103,799	\$ 4,394
Equity in Pooled Cash and Investments	6,940,611	3,280,704
Accounts Receivable	115,049	26,174
Due from Other Governments	1,159,752	725,064
Property Taxes Receivable	6,069,565	5,043,451
Allowance for Uncollectible Property Taxes	(294,552)	(244,756)
Assets Not Depreciated:		
Land	937,359	1,135,336
Construction in Progress	682,336	4,127,805
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	6,397,743	42,256,849
Infrastructure	6,921,756	0
Other Capital Assets	752,910	77,411
Total Assets	<u>\$ 29,786,328</u>	<u>\$ 56,432,432</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 100,764
Accrued Payroll	0	47,523
Payroll Deductions Payable	3,067	0
Contracts Payable	0	449,224
Accrued Interest Payable	376,399	0
Deferred Revenue - Current Property Taxes	5,417,277	4,501,436
Noncurrent Liabilities:		
Due Within One Year	1,539,036	46,161
Due in More Than One Year (net of deferred amount on refunding and unamortized premiums on debt)	42,964,604	569,115
Total Liabilities	<u>\$ 50,300,383</u>	<u>\$ 5,714,223</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 10,873,159	\$ 47,179,654
Restricted for:		
Courthouse and Jail Maintenance	33,277	0
Solid Waste/Sanitation	69,498	0
Health Department	1,199	0
Drug Control	171,796	0
Highway/Public Works	851,597	0
School Federal Projects	0	40,934
Central Cafeteria	0	882,491
Debt Service	4,789,450	0
Education Capital Projects	0	669,475
Other Purposes	249,694	118,855
Unrestricted	<u>(37,553,725)</u>	<u>1,826,800</u>
Total Net Assets	<u>\$ (20,514,055)</u>	<u>\$ 50,718,209</u>

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

Exhibit B

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Component Unit Marion County School Department
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Total Governmental Activities	Marion County School Department	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,501,317	\$ 483,173	\$ 88,099	\$ 0	\$ (930,045)	\$ 0	0
Finance	626,623	667,249	11,957	0	52,583	0	0
Administration of Justice	891,083	785,311	9,000	6,885	(89,887)	0	0
Public Safety	3,337,375	426,393	104,577	23,625	(2,782,780)	0	0
Public Health and Welfare	1,070,140	5,591	158,345	0	(906,204)	0	0
Social, Cultural, and Recreational Services	181,583	21,845	0	0	(159,738)	0	0
Agriculture and Natural Resources	80,457	0	0	13,661	(66,796)	0	0
Other Operations	430,144	50,682	8,005	280,797	(90,660)	0	0
Highways/Public Works	2,227,221	86,877	1,815,740	82,797	(241,807)	0	0
Interest on Long-term Debt	2,013,553	0	841,885	0	(1,171,668)	0	0
Other Debt Service	29,471	0	0	0	(29,471)	0	0
Total Primary Government	\$ 12,388,967	\$ 2,527,121	\$ 3,037,608	\$ 407,765	\$ (6,416,473)	\$ 0	0
Component Unit:							
Marion County School Department	\$ 28,095,338	\$ 1,053,475	\$ 3,659,647	\$ 0	\$ 0	\$ (23,382,216)	0

(Continued)

Exhibit B

Marion County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component	
				Primary Government Total Governmental Activities	Marion County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 3,669,625	\$ 4,604,968
Property Taxes Levied for Debt Service				1,812,109	0
Local Option Sales Taxes				1,664,573	2,902,672
Other Local Taxes				394,386	143,506
Grants and Contributions Not Restricted to Specific Programs				627,286	18,634,430
Unrestricted Investment Earnings				260,805	376,338
Miscellaneous				153,337	28,205
Total General Revenues				\$ 8,582,121	\$ 26,690,119
Insurance Recovery				0	35,466
Change in Net Assets				\$ 2,165,648	\$ 3,343,369
Net Assets, July 1, 2007				(22,679,703)	47,374,840
Net Assets, June 30, 2008				\$ (20,514,055)	\$ 50,718,209

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

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other	Governmental Funds	
\$ 200 \$	0 \$	0 \$	0 \$	0 \$	103,599 \$	0	103,799
1,418,656	512,481	1,358,699	2,544,648	1,106,127	6,940,611		
103,364	7,700	0	0	3,985	115,049		
518,923	331,416	669	1,779	306,965	1,159,752		
670	0	0	0	0	670		
4,045,963	0	553,134	1,470,468	0	6,069,965		
(196,348)	0	(26,843)	(71,361)	0	(294,552)		
\$ 5,891,428 \$	851,597 \$	1,885,659 \$	3,945,534 \$	1,520,676 \$	14,094,894		

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities							
Payroll Deductions Payable	3,067 \$	0 \$	0 \$	0 \$	0 \$	0 \$	3,067
Due to Other Funds	0	0	0	0	670	0	670
Deferred Revenue - Current Property Taxes	3,611,148	0	493,690	1,312,439	0	0	5,417,277
Deferred Revenue - Delinquent Property Taxes	208,190	0	28,462	75,665	0	0	312,317
Other Deferred Revenues	154,016	149,632	0	0	160,133	0	463,781
Total Liabilities	3,976,421 \$	149,632 \$	522,152 \$	1,388,104 \$	160,803 \$	0	6,197,112
Fund Balances							
Reserved for Encumbrances	114,575 \$	0 \$	0 \$	0 \$	0 \$	0 \$	114,575
Reserved for Alcohol and Drug Treatment	131,924	0	0	0	0	0	131,924
Reserved for Drug Court	7,299	0	0	0	0	0	7,299
Reserved for Sexual Offender Registration	4,065	0	0	0	0	0	4,065
Reserved for Computer System - Register	53,363	0	0	0	0	0	53,363
Reserved for Automation Purposes - Circuit Court	2,488	0	0	0	0	0	2,488
Reserved for Automation Purposes - General Sessions Court	37,620	0	0	0	0	0	37,620
Reserved for Automation Purposes - Sheriff	12,935	0	0	0	0	0	12,935
Unreserved, Reported In:							
General Fund	1,550,738	0	0	0	0	0	1,550,738
Special Revenue Funds	0	701,965	0	0	0	347,894	1,049,859
Debt Service Funds	0	0	1,363,507	2,557,430	1,011,979	4,932,916	
Total Fund Balances	1,915,007 \$	701,965 \$	1,363,507 \$	2,557,430 \$	1,359,873 \$	7,897,782	
Total Liabilities and Fund Balances	5,891,428 \$	851,597 \$	1,885,659 \$	3,945,534 \$	1,520,676 \$	14,094,894	

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

Exhibit C-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	7,897,782
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	937,359	
Add: construction in progress		682,336	
Add: buildings and improvements net of accumulated depreciation		6,397,743	
Add: infrastructure net of accumulated depreciation		6,921,756	
Add: other capital assets net of accumulated depreciation		<u>752,910</u>	15,692,104
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(224,142)	
Less: bonds payable		(43,795,000)	
Less: capital leases payable		(89,803)	
Less: compensated absences payable		(49,947)	
Less: other postemployment benefits liability		(10,112)	
Less: landfill postclosure care costs liability		(334,636)	
Less: accrued interest on bonds		(371,227)	
Less: accrued interest on notes		<u>(5,172)</u>	(44,880,039)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>776,098</u>
Net assets of governmental activities (Exhibit A)			<u>\$ (20,514,055)</u>

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

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other		
					Governmental Funds	Governmental Funds	
Revenues							
Local Taxes	\$ 4,077,771	\$ 17,244	\$ 504,114	\$ 1,315,757	\$ 1,674,078	\$ 7,588,964	\$ 127,020
Licenses and Permits	127,020	0	0	0	0	0	0
Fines, Forfeitures, and Penalties	169,735	0	0	0	87,089	256,824	0
Charges for Current Services	101,107	86,877	0	0	378,053	566,037	0
Other Local Revenues	577,117	15,280	0	0	50,772	643,169	0
Fees Received from County Officials	964,434	0	0	0	0	964,434	0
State of Tennessee	1,060,482	1,916,501	0	0	141,998	3,118,981	0
Federal Government	245,447	0	0	0	0	245,447	0
Other Governments and Citizens Groups	145,929	0	0	841,885	14,558	1,002,372	0
Total Revenues	\$ 7,469,042	\$ 2,035,902	\$ 504,114	\$ 2,157,642	\$ 2,346,548	\$ 14,513,248	\$ 14,513,248
Expenditures							
Current:							
General Government	\$ 1,346,570	0	0	0	24,739	1,371,309	0
Finance	198,106	0	0	0	352,300	550,406	0
Administration of Justice	731,170	0	0	0	0	731,170	0
Public Safety	2,731,712	0	0	0	90,217	2,821,929	0
Public Health and Welfare	1,151,083	0	0	0	479,190	1,630,273	0
Social, Cultural, and Recreational Services	169,735	0	0	0	0	169,735	0
Agriculture and Natural Resources	67,437	0	0	0	0	67,437	0
Other Operations	1,513,274	0	10,021	0	18,936	1,542,231	0
Highways	0	1,921,718	0	0	0	1,921,718	0
Debt Service:							
Principal on Debt	0	0	140,000	820,000	100,000	1,060,000	0
Interest on Debt	0	0	184,662	957,350	878,450	2,020,462	0
Other Debt Service	0	0	642	28,829	0	29,471	0
Total Expenditures	\$ 7,909,087	\$ 1,921,718	\$ 335,325	\$ 1,806,179	\$ 1,943,832	\$ 13,916,141	\$ 13,916,141
Excess (Deficiency) of Revenues Over Expenditures	\$ (440,045)	\$ 114,184	\$ 168,789	\$ 351,463	\$ 402,716	\$ 597,107	\$ 597,107
Other Financing Sources (Uses)	\$ 200,000	0	0	0	0	200,000	0

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Governmental Funds		
<u>Other Financing Sources (Uses) (Cont.)</u>							
Capital Leases Issued	\$ 63,350	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,350
Transfers In	69,026	10,000	0	0	60,000	0	139,026
Transfers Out	(70,000)	0	0	0	(69,026)	0	(139,026)
Total Other Financing Sources (Uses)	\$ 262,376	\$ 10,000	\$ 0	\$ 0	\$ (9,026)	\$ 0	\$ 263,350
Net Change in Fund Balances	\$ (177,669)	\$ 124,184	\$ 168,789	\$ 351,463	\$ 393,690	\$ 860,457	\$ 860,457
Fund Balance, July 1, 2007	2,092,676	577,781	1,194,718	2,205,967	966,183	7,037,325	7,037,325
Fund Balance, June 30, 2008	\$ 1,915,007	\$ 701,965	\$ 1,363,507	\$ 2,557,430	\$ 1,359,873	\$ 7,897,782	\$ 7,897,782

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

Exhibit C-4

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

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 860,457
<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	\$ 1,177,232	
Less: current year depreciation expense	<u>(845,049)</u>	332,183
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 776,098	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(734,731)</u>	41,367
<p>(3) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Less: capital lease proceeds	\$ (63,350)	
Less: note proceeds	(200,000)	
Add: principal payments on notes	86,507	
Add: principal payments on bonds	1,060,000	
Add: principal payments on capital leases	<u>78,335</u>	961,492
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in accrued interest payable	\$ 6,909	
Change in compensated absences payable	(14,931)	
Change in landfill postclosure care costs liability	(11,717)	
Change in other postemployment benefits liability	<u>(10,112)</u>	<u>(29,851)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 2,165,648</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,111,096
Equity in Pooled Cash and Investments	22,455
Accounts Receivable	258
Due from Other Governments	550,501
Due from Other Funds	824
Property Taxes Receivable	407,790
Allowance for Uncollectible Property Taxes	<u>(19,884)</u>
Total Assets	<u>\$ 2,073,040</u>
<u>LIABILITIES</u>	
Cash Overdraft	\$ 47,453
Due to Other Taxing Units	892,924
Due to Litigants, Heirs, and Others	1,111,096
Due to Joint Ventures	<u>21,567</u>
Total Liabilities	<u>\$ 2,073,040</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marion 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 Marion County:

A. Reporting Entity

Marion County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Marion 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. Although required by GAAP, the financial statements of the Marion County Conservation Commission, a nonmajor enterprise fund, were not available from other auditors in time for inclusion in this report.

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

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

The Marion County School Department operates the public school system in the county, and the voters of Marion 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 Marion County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Marion County, and the Marion County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Marion County

Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Marion County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Marion County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Marion County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Marion County Emergency Communications District
P.O. Box 818
Kimball, Tennessee 37347

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 business-type activities of the primary government of Marion County consist of the Marion County Conservation Commission whose financial statements were not available from other auditors in time for inclusion in this report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Marion 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.

Marion County issues debt for the discretely presented Marion County School Department. No debt issues were contributed by the county to the School Department during the year ended June 30, 2008.

Separate financial statements are provided for governmental funds and fiduciary funds. 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 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 Marion 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. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds 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 fiduciary funds in total are reported in a single column.

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. Marion 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 debt service funds 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.

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.

Marion 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.

Highway/Public Works Fund – This fund is used to account for transactions of the county’s Highway Department.

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

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

Additionally, Marion County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, property taxes levied on residents of Richard City, local sales taxes received by the state to be forwarded to the various cities in Marion County, and state grants and other restricted revenues held for the benefit of the Twelfth Judicial District Drug Task Force. 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 Marion County School Department reports the following major governmental funds:

General Purpose School Fund – This 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 transactions relating to the construction and renovation of school buildings in Marion County.

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

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

Private Purpose Trust Fund – The Other Trust Fund is used to account for two scholarships. One scholarship is to be used for graduates of Whitwell Middle School who become graduates of Whitwell High School and plan to pursue a post-secondary education. The other scholarship is to be used for graduating seniors of Marion County who plan to attend college and major in education. Scholarships are to be disbursed from the interest earned on these funds. Money for these scholarships was provided by private citizens.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide 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.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies;

bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Marion 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 Fund and the School Department's Education Capital Projects Fund. Marion 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. All other investments are reported at fair value.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.78 percent of total taxes levied.

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

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

an estimated allowance for uncollectible taxes is reported as deferred revenue as of June 30.

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than three 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	25-40
Other Capital Assets	5-15
Infrastructure:	
Roads	5-20
Bridges	40

4. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since Marion County does not have a policy to pay any amounts when employees separate from service with the government. Vacation pay is accrued when incurred in the county's government-wide financial statements. 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. It is Marion County's policy not to pay a separated employee for more than ten days accrued vacation leave.

The general policy of the discretely presented Marion County School Department does not allow for the accumulation of vacation days beyond year-end. All professional personnel of the School Department are allowed to accumulate unlimited sick leave days. All other employees are allowed to accumulate sick leave days up to the amount they would earn in two years. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

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 landfill closure and 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, 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.

On the government-wide statement of net assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$249,694, with the primary restrictions being for: (1) alcohol and drug treatment (\$131,924); (2) computer systems for various offices (\$106,406); (3) sexual offender registration (\$4,065); and (4) drug court (\$7,299). For the discretely presented School Department, the account balance in Restricted for Other Purposes (\$118,855) consists primarily of restrictions for technology (\$75,786) and the daycare program (\$35,076).

As of June 30, 2008, Marion County had \$39,290,000 in outstanding debt for capital purposes for the discretely presented Marion County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (Richard City School System) based on an average daily attendance proration. This debt is a liability of Marion County, but the capital assets acquired are reported in the financial statements of

the School Department and the Richard City School System. Therefore, Marion County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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 Marion County School Department

Exhibit I-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 Marion County School Department

Exhibit I-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 Education Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, 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 Overdraft

The City School ADA – Richard City Fund, a fiduciary fund, had a cash overdraft of \$47,453 at June 30, 2008. This cash overdraft resulted from the trustee disbursing more funds to Richard City than were collected. The cash overdraft was liquidated subsequent to June 30, 2008.

C. The Discretely Presented Marion County School Department Had Deposits That Were Exposed to Custodial Credit Risk

At June 30, 2008, the trustee was holding investments of \$301,265 for the Discretely Presented Marion County School Department's Private Purpose Trust Fund, which were exposed to custodial credit risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments.

D. The County Failed to Comply with State Statutes When Entering into a Lease-purchase Agreement

On November 15, 2007, the county entered into a three-year lease-purchase agreement for patrol cars (\$63,350) without the approval of the County Commission. Section 7-51-904, Tennessee Code Annotate, requires lease-purchase agreements to be approved by resolution of the County Commission.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Marion County and the Marion 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, depositing, 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 and investments reflected in the balance sheets or statements of net assets represent nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations

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

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

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 1,161,633

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
School Private-Purpose Trust Fund:		
Nonpooled Investments:		
Corporate Bonds - Countrywide Home Loans	9-15-09	\$ 57,305
Corporate Bonds - Bellsouth	11-15-12	58,963
Corporate Bonds - Public Service Co.	3-1-13	60,217
Corporate Bonds - JP Morgan Chase & Co.	3-1-15	56,597
Corporate Bonds - Verizon Communications	2-15-16	<u>68,183</u>
Total		<u>\$ 301,265</u>

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. Marion 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. Marion County has no investment policy that would further limit its investment choices. As of June 30, 2008, Marion County's investment in the State Treasurer's Investment Pool was unrated. The following is the rating given each nonpooled investment by Moody's Investor's Service and Standard and Poor's Ratings:

Investment	Moody's Investor's Service	Standard & Poor's Rating
Corporate Bonds - Countrywide Homes	Baa3	BB+
Corporate Bonds - Bellsouth	A2	A
Corporate Bonds - Public Service Co.	A3	A
Corporate Bonds - JP Morgan Chase and Co.	Aa2	AA-
Corporate Bonds - Verizon	A3	A

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Marion County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the State Treasurer's Investment Pool. These investments are 79 percent of the county's total investments and the entire investment of the Education Capital Project Fund.

The nonpooled investments (\$301,265) represent the entire investments of the School Department's Private Purpose Trust Fund. These investments are as follows: Corporate Bonds - Countrywide Homes (19%), Corporate Bonds - Bellsouth (20%), Corporate Bonds - Public Service Co. (20%), Corporate Bonds - JP Morgan Chase and Co. (19%), and Corporate Bonds - Verizon (22%).

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School Department has a custodial credit risk exposure of \$301,265 for all of the investments in corporate bonds because the related securities are uninsured, unregistered, and held by the government's brokerage firm, which is also the counterparty for these particular securities. The School Department does not have a formal policy that limits custodial credit risk for investments.

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	\$ 890,359	\$ 47,000	\$ 937,359
Construction in Progress	0	682,336	682,336
Total Capital Assets Not Depreciated	<u>\$ 890,359</u>	<u>\$ 729,336</u>	<u>\$ 1,619,695</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 9,003,258	\$ 153,000	\$ 9,156,258
Roads and Bridges	24,593,862	169,436	24,763,298
Other Capital Assets	2,873,030	125,460	2,998,490
Total Capital Assets Depreciated	<u>\$ 36,470,150</u>	<u>\$ 447,896</u>	<u>\$ 36,918,046</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 2,539,301	\$ 219,214	\$ 2,758,515
Roads and Bridges	17,394,997	446,545	17,841,542
Other Capital Assets	2,066,290	179,290	2,245,580
Total Accumulated Depreciation	<u>\$ 22,000,588</u>	<u>\$ 845,049</u>	<u>\$ 22,845,637</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,469,562</u>	<u>\$ (397,153)</u>	<u>\$ 14,072,409</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,359,921</u>	<u>\$ 332,183</u>	<u>\$ 15,692,104</u>

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

Governmental Activities:

General Government	\$ 59,636
Public Safety	244,232
Public Health and Welfare	3,056
Highways/Public Works	<u>538,125</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 845,049</u>

Discretely Presented Marion County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	\$ 1,135,336	\$ 0	\$ 1,135,336
Construction in Progress	0	4,127,805	4,127,805
Total Capital Assets Not Depreciated	\$ 1,135,336	\$ 4,127,805	\$ 5,263,141
Capital Assets Depreciated:			
Buildings and Improvements	\$ 40,589,518	\$ 13,484,204	\$ 54,073,722
Other Capital Assets	160,821	62,842	223,663
Total Capital Assets Depreciated	\$ 40,750,339	\$ 13,547,046	\$ 54,297,385
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 10,736,576	\$ 1,080,297	\$ 11,816,873
Other Capital Assets	136,695	9,557	146,252
Total Accumulated Depreciation	\$ 10,873,271	\$ 1,089,854	\$ 11,963,125
Total Capital Assets Depreciated, Net	\$ 29,877,068	\$ 12,457,192	\$ 42,334,260
Governmental Activities Capital Assets, Net	\$ 31,012,404	\$ 16,584,997	\$ 47,597,401

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

Governmental Activities:

Instruction	\$ 1,087,729
Operation of Non-Instructional Services	<u>2,125</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,089,854</u>

C. Construction Commitments

At June 30, 2008, the county had uncompleted construction contracts of approximately \$114,575 for health department construction (\$37,781) and airport projects (\$76,794). Funding has been received for the health department construction. Funding for the airport projects is expected to be received from state grants.

At June 30, 2008, the discretely presented Marion County School Department had uncompleted construction contracts of approximately \$578,282 for school construction and renovation projects. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government: General	Nonmajor governmental	\$ 670
Discretely Presented Marion County School Department: General Purpose School	Nonmajor governmental	22,466

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, 2008, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	Highway/ Public Works Fund	Nonmajor Govern- mental Fund
General Fund	\$ 0	\$ 10,000	\$ 60,000
Nonmajor governmental fund	69,026	0	0
Total	\$ 69,026	\$ 10,000	\$ 60,000

Discretely Presented Marion County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 21,430

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

The county made a one-time transfer of \$69,026 from the Health Department Fund to the General Fund for construction of the new health department.

E. Capital Lease

On February 17, 2006, Marion County entered into a three-year lease-purchase agreement for sheriff's vehicles. The terms of the agreement require total lease payments of \$191,218 plus interest of 6.2 percent. Title to the vehicles transfers to Marion County at the end of the lease period. The lease payments are made by the General Fund.

On November 15, 2007, Marion County entered into a three-year lease-purchase agreement for sheriff's vehicles. The terms of the agreement require total lease payments of \$63,350 plus interest of 6.1 percent. Title to the vehicles transfers to Marion County at the end of the lease period. The lease payments are made by the General Fund. This lease-purchase was not approved by the County Commission in compliance with state statutes.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

Year Ending June 30	Governmental Funds
2009	\$ 63,674
2010	23,043
2011	7,681
Total Minimum Lease Payments	\$ 94,398
Amount Representing Interest	(4,595)
Present Value of Minimum Lease Payments	\$ 89,803

F. Long-term Debt

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 25 years for bonds and up to five years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2008, will be retired from the General Debt Service, Education Debt Service, and Rural Debt Service funds. All capital outlay notes included in long-term debt as of June 30, 2008, will be retired from the General and Highway/Public Works funds.

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

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-08</u>
General Obligation Bonds	1.2 to 6%	\$ 48,115,000	\$ 22,245,000
General Obligation Bonds - Refunding	3.5 to 5	22,405,000	21,550,000
Capital Outlay Notes	3.25 to 3.5	516,370	224,142
Capital Leases	6.1 to 6.2	245,568	89,803

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 61,424	\$ 7,864	\$ 69,288
2010	38,606	5,695	44,301
2011	39,957	4,344	44,301
2012	41,356	2,945	44,301
2013	42,799	1,502	44,301
Total	\$ 224,142	\$ 22,350	\$ 246,492

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 1,360,000	\$ 1,956,695	\$ 3,316,695
2010	1,535,000	1,911,061	3,446,061
2011	1,615,000	1,844,966	3,459,966
2012	1,695,000	1,769,456	3,464,456
2013	1,760,000	1,696,072	3,456,072
2014-2018	9,990,000	7,264,871	17,254,871
2019-2023	12,635,000	4,836,037	17,471,037
2024-2028	8,750,000	2,077,354	10,827,354
2029-2031	4,455,000	392,393	4,847,393
Total	\$ 43,795,000	\$ 23,748,905	\$ 67,543,905

There is \$4,932,916 available in the debt service funds to service general long-term debt. Bonded debt per capita totaled \$1,577, based on the 2000 federal census. Debt per capita, including bonds, notes, and capital leases totaled \$1,588, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Notes	Capital Leases
Balance, July 1, 2007	\$ 44,855,000	\$ 110,649	\$ 104,788
Additions	0	200,000	63,350
Deductions	(1,060,000)	(86,507)	(78,335)
Balance, June 30, 2008	<u>\$ 43,795,000</u>	<u>\$ 224,142</u>	<u>\$ 89,803</u>
Balance Due Within One Year	<u>\$ 1,360,000</u>	<u>\$ 61,424</u>	<u>\$ 60,366</u>

	Landfill Postclosure Care Costs	Compen- sated Absences	Other Postem- ployment Benefits
Balance, July 1, 2007	\$ 322,919	\$ 35,016	\$ 0
Additions	19,017	122,268	21,306
Deductions	(7,300)	(107,338)	(11,194)
Balance, June 30, 2008	<u>\$ 334,636</u>	<u>\$ 49,946</u>	<u>\$ 10,112</u>
Balance Due Within One Year	<u>\$ 7,300</u>	<u>\$ 49,946</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 44,503,640
Less: Balance Due Within One Year	<u>(1,539,036)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 42,964,604</u>

Defeasance of Prior Debt

In prior years, Marion County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2008, the following outstanding bonds are considered defeased:

	<u>Amount</u>
1999 Rural School	\$ 13,945,000
1999 General Obligation	4,175,000
2001 Rural School	2,390,000

Discretely Presented Marion County School Department

Capital Outlay Notes

Capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for original terms of up to 12 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Outstanding capital outlay notes will be retired from the General Purpose School Fund.

Capital outlay notes outstanding as of June 30, 2008, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-08</u>
Capital Outlay Notes	0 to 4.55%	\$ 590,000	\$ 417,747

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

<u>Year Ending June 30</u>	<u>Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 46,161	\$ 16,987	\$ 63,148
2010	47,888	15,261	63,149
2011	49,694	13,454	63,148
2012	42,585	11,564	54,149
2013	44,564	9,585	54,149
2014-2017	186,855	16,703	203,558
Total	\$ 417,747	\$ 83,554	\$ 501,301

Debt per capita totaled \$17, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Notes	Other Postem- ployment Benefits
Balance, July 1, 2007	\$ 462,258	\$ 0
Additions	0	407,612
Deductions	(44,511)	(210,083)
Balance, June 30, 2008	<u>\$ 417,747</u>	<u>\$ 197,529</u>
Balance Due Within One Year	<u>\$ 46,161</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 615,276
Less: Balance Due Within One Year	<u>(46,161)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 569,115</u>

G. On-Behalf Payments – Discretely Presented Marion County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Marion County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$110,694 and \$28,450, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. **OTHER INFORMATION**

A. **Risk Management**

Primary Government

The county is exposed to various risks related to general liability, property, and casualty losses. The county decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, and casualty coverage. The county joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

The county also participates in 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 pays an annual premium to the TN-RMT for workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Marion County Highway Department's risks of loss relating to general liability, property, casualty, and workers' compensation are covered by commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three years.

Marion County participates in the Local Government Group Insurance (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated (TCA), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Marion County School Department

The School Department carries commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, casualty, and workers' compensation. Settle claims have not exceeded this commercial coverage in the past two years.

The 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, 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.

B. Accounting Changes

At the beginning of the year, Marion County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. In the prior year, Marion County had elected only to implement the provisions of Statement No. 34 that related to the fund financial statements. Also, provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008.

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

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

reasonably expected that Marion County may pledge a future revenue stream toward the payment of debt in subsequent years.

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

C. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

D. Landfill Closure/Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Marion County has contracted with Solid Waste Disposal, Inc., a nonprofit corporation, to operate the county's landfill. The corporation has agreed to pay landfill closure costs estimated at \$650,000 for Area I and \$1,271,667 for Area II – Phase I and is currently setting aside a portion of its revenues for that purpose. However, Marion County is contingently liable for these costs. The contingent liability is based on the use of 100 percent of Area I and approximately 24 percent of the estimated capacity of Area II – Phase I. As of the balance sheet date, the contingent liability would be estimated at \$650,000 for Area I and \$305,200 (\$1,271,667 x 24 percent) for Area II – Phase I. Marion County is responsible for all landfill postclosure care costs, which are estimated at \$182,500 for Area I and \$152,136 for Area II – Phase I. Postclosure care costs will be paid only after the date the landfill stops accepting waste. The \$334,636 reported as landfill postclosure care liability at June 30, 2008, represents the cumulative amount reported to date based on 100 percent use of Area I (\$182,500) and approximately 24 percent of the estimated capacity of Area II – Phase I (\$152,136). The county will recognize the remaining estimated cost of postclosure care of \$481,764 for Area II – Phase I as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. Actual costs may vary from these estimates due to inflation, changes in technology, or changes in regulations.

E. Joint Venture

The Twelfth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twelfth Judicial District; Bledsoe, Franklin, Grundy, Marion, Rhea, and

Sequatchie 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, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Marion County made no contributions to the DTF for the year ended June 30, 2008, and does not have any equity interest in the joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of the District Attorney General
Twelfth Judicial District
375 Church Street, Suite 300
Dayton, Tennessee 37321

F. Jointly Governed Organization

The Marion County Railroad Authority is jointly operated by the county and the cities of Jasper, Kimball, and South Pittsburg. The Marion County Railroad Authority's board comprises the Marion County Mayor, Marion County Highway Supervisor, and the mayors of the three cities; however, the county and cities do not have any ongoing financial interest in or responsibility for the entity.

G. Retirement Commitments

Employees

Plan Description

Employees of Marion 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 Marion County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Marion County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 4.77 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Marion County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2008, Marion County's annual pension cost of \$369,949 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Marion County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$369,949	100%	\$0
6-30-07	346,961	100	0
6-30-06	203,306	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 97.70 percent funded. The actuarial accrued liability for benefits was \$16.68 million, and the actuarial value of assets was \$16.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.38 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7.31 million, and the ratio of the UAAL to the covered payroll was 5.23 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

School Teachers

Plan Description

The Marion 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. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for Marion County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 percent of annual covered payroll. The employer contribution requirement for Marion County 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, 2008, 2007, and 2006 were \$890,581, \$821,047, and \$698,334, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

Marion County and the Marion County School Department participate in the state-administered Local Government Group Insurance Plan and the 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 8-27-207, Tennessee Code Annotated (TCA), for local governments and Section 8-27-302, TCA, for teachers. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report

(CAFR). The CAFR is available on the state's website at <http://www.tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is 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 employer in the plan develops 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 retirees ranges from ten to 55 percent based on the years of service. During the year ended June 30, 2008, the county and the discretely presented Marion County School Department contributed \$11,194 and \$210,083, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 21,306	\$ 407,612
Interest on the NPO	0	0
Adjustment to the ARC	0	0
Annual OPEB cost	\$ 21,306	\$ 407,612
Amount of contribution	(11,194)	(210,083)
Increase/decrease in NPO	\$ 10,112	\$ 197,529
Net OPEB obligation, 7-1-07	0	0
Net OPEB obligation, 6-30-08	\$ 10,112	\$ 197,529

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Government Group	\$ 21,306	53 %	\$ 10,112
6-30-08	Local Education Group	407,612	52	197,529

* Data not available for two preceding years.

Funded Status and Funding Progress

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	6-30-07	6-30-07
Actuarial accrued liability (AAL)	\$ 158,974	\$ 3,691,912
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 158,974	\$ 3,691,912
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 1,906,663	\$ 14,473,996
UAAL as a % of covered payroll	8%	26%

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 June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), which provide for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids. The County Commission has adopted a resolution that requires the county mayor to approve all purchases exceeding \$500.

Office of Highway Supervisor

Purchasing procedures for the Highway Department are governed by Chapter 24, Private Acts of 1933, and provisions of the Uniform Road Law, Section 54-7-133, TCA. Provisions of the Private Act provide for the highway supervisor and county mayor to jointly approve all machinery purchases. Provisions of the County Uniform Road Law require that competitive bids be solicited through public advertisement on all purchases exceeding \$10,000.

Office of Director of Schools

Purchasing procedures for the School Department are governed by purchasing laws applicable to the schools as set forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and the chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$10,000.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 4,077,771	\$ 0	\$ 0	\$ 4,077,771	\$ 3,885,350	\$ 3,885,350	\$ 192,421
Licenses and Permits	127,020	0	0	127,020	102,500	102,500	24,520
Fines, Forfeitures, and Penalties	169,735	0	0	169,735	170,300	170,300	(565)
Charges for Current Services	101,107	0	0	101,107	113,200	113,200	(12,093)
Other Local Revenues	577,117	0	0	577,117	439,900	451,900	125,217
Fees Received from County Officials	964,434	0	0	964,434	1,063,000	1,063,000	(98,566)
State of Tennessee	1,060,482	0	0	1,060,482	1,788,215	1,833,862	(773,380)
Federal Government	245,447	0	0	245,447	548,750	548,750	(303,303)
Other Governments and Citizens Groups	145,929	0	0	145,929	151,947	151,947	(6,018)
Total Revenues	\$ 7,469,042	\$ 0	\$ 0	\$ 7,469,042	\$ 8,263,162	\$ 8,320,809	\$ (851,767)
Expenditures							
General Government							
County Commission	\$ 74,655	\$ 0	\$ 0	\$ 74,655	\$ 100,500	\$ 100,500	\$ 25,845
Board of Equalization	1,360	0	0	1,360	3,000	3,000	1,640
Beer Board	2,700	0	0	2,700	2,700	2,700	0
Budget and Finance Committee	3,600	0	0	3,600	4,000	4,000	400
County Mayor/Executive	142,431	0	0	142,431	143,603	143,603	1,172
Election Commission	201,979	0	0	201,979	167,152	214,075	12,096
Register of Deeds	167,116	0	0	167,116	155,904	188,404	21,288
Development	20,000	0	0	20,000	20,000	20,000	0
Building	106,698	0	0	106,698	105,289	106,810	112
County Buildings	586,744	0	0	586,744	470,775	676,025	89,281
Other General Administration	39,287	0	0	39,287	36,390	40,235	948

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Expenditures (Cont.)							
<u>Finance</u>							
Property Assessor's Office	\$ 147,538	\$ 0	\$ 0	\$ 147,538	\$ 177,923	\$ 177,923	\$ 30,385
Reappraisal Program	50,568	0	0	50,568	55,400	55,400	4,832
<u>Administration of Justice</u>							
Circuit Court	385,630	0	0	385,630	392,209	394,609	8,979
General Sessions Court	85,748	0	0	85,748	86,044	86,044	296
Chancery Court	116,392	0	0	116,392	121,035	121,035	4,643
Juvenile Court	143,400	0	0	143,400	153,818	153,818	10,418
<u>Public Safety</u>							
Sheriff's Department	1,560,658	0	0	1,560,658	1,522,911	1,574,382	13,724
Jail	875,177	0	0	875,177	912,572	912,572	37,395
Fire Prevention and Control	230,862	0	0	230,862	193,863	230,863	1
Civil Defense	55,015	0	0	55,015	57,000	57,000	1,985
Rescue Squad	10,000	0	0	10,000	10,000	10,000	0
<u>Public Health and Welfare</u>							
Local Health Center	783,343	(457,804)	37,781	363,320	800,973	820,642	457,322
Ambulance/Emergency Medical Services	181,420	0	0	181,420	180,000	181,421	1
Alcohol and Drug Programs	6,214	0	0	6,214	6,400	6,400	186
Other Local Health Services	96,215	0	0	96,215	113,515	113,515	17,300
Regional Mental Health Center	12,430	0	0	12,430	12,430	12,430	0
General Welfare Assistance	2,500	0	0	2,500	2,500	2,500	0
Sanitation Education/Information	68,961	0	0	68,961	46,264	70,584	1,623
<u>Social, Cultural, and Recreational Services</u>							
Libraries	131,730	0	0	131,730	125,730	131,730	0
Parks and Fair Boards	23,505	0	0	23,505	23,505	23,505	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Expenditures (Cont.)							
<u>Social, Cultural, and Recreational Services (Cont.)</u>							
Other Social, Cultural, and Recreational	\$ 14,500	\$ 0	\$ 0	\$ 14,500	\$ 10,500	\$ 14,500	\$ 0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	40,432	0	0	40,432	48,145	48,145	7,713
Soil Conservation	27,005	0	0	27,005	29,337	29,337	2,332
<u>Other Operations</u>							
Industrial Development	8,616	0	0	8,616	8,583	8,617	1
Other Economic and Community Development	6,134	0	0	6,134	0	12,000	5,866
Airport	225,305	0	76,794	302,099	1,102,415	1,102,415	800,316
Veterans' Services	5,286	0	0	5,286	6,128	6,128	842
Other Charges	636,924	0	0	636,924	860,000	865,850	228,926
Employee Benefits	597,230	0	0	597,230	591,000	650,500	53,270
Payments to Cities	19,941	0	0	19,941	934	19,941	0
Miscellaneous	13,838	0	0	13,838	25,464	18,138	4,300
Total Expenditures	\$ 7,909,087	\$ (457,804)	\$ 114,575	\$ 7,565,858	\$ 8,885,911	\$ 9,411,296	\$ 1,845,438
Excess (Deficiency) of Revenues Over Expenditures	\$ (440,045)	\$ 457,804	\$ (114,575)	\$ (96,816)	\$ (622,749)	\$ (1,090,487)	\$ 993,671
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 200,000	\$ 0	\$ 0	\$ 200,000	\$ 99,667	\$ 299,667	\$ (99,667)
Capital Leases Issued	63,350	0	0	63,350	0	0	63,350
Transfers In	69,026	0	0	69,026	68,792	68,792	234
Transfers Out	(70,000)	0	0	(70,000)	(275,000)	(275,000)	205,000
Total Other Financing Sources (Uses)	\$ 262,376	\$ 0	\$ 0	\$ 262,376	\$ (106,541)	\$ 93,459	\$ 168,917
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (177,669)	\$ 457,804	\$ (114,575)	\$ 165,560	\$ (729,290)	\$ (997,028)	\$ 1,162,588
Fund Balance, July 1, 2007	2,092,676	(457,804)	0	1,634,872	2,136,832	1,869,094	(234,222)
Fund Balance, June 30, 2008	\$ 1,915,007	\$ 0	\$ (114,575)	\$ 1,800,432	\$ 1,407,542	\$ 872,066	\$ 928,366

Exhibit E-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 17,244	\$ 27,500	\$ 19,507	\$ (2,263)
Charges for Current Services	86,877	125,000	81,505	5,372
Other Local Revenues	15,280	5,000	15,280	0
State of Tennessee	1,916,501	2,409,467	1,886,994	29,507
Total Revenues	<u>\$ 2,035,902</u>	<u>\$ 2,566,967</u>	<u>\$ 2,003,286</u>	<u>\$ 32,616</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 247,893	\$ 234,854	\$ 251,583	\$ 3,690
Highway and Bridge Maintenance	801,170	971,000	1,007,359	206,189
Operation and Maintenance of Equipment	311,456	295,000	336,317	24,861
Other Charges	66,861	67,334	67,484	623
Employee Benefits	322,598	358,282	358,282	35,684
Capital Outlay	171,740	949,621	291,385	119,645
Total Expenditures	<u>\$ 1,921,718</u>	<u>\$ 2,876,091</u>	<u>\$ 2,312,410</u>	<u>\$ 390,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 114,184</u>	<u>\$ (309,124)</u>	<u>\$ (309,124)</u>	<u>\$ 423,308</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 124,184	\$ (299,124)	\$ (299,124)	\$ 423,308
Fund Balance, July 1, 2007	<u>577,781</u>	<u>542,705</u>	<u>542,705</u>	<u>35,076</u>
Fund Balance, June 30, 2008	<u>\$ 701,965</u>	<u>\$ 243,581</u>	<u>\$ 243,581</u>	<u>\$ 458,384</u>

Exhibit E-3

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 16,300	\$ 16,683	\$ 383	97.7 %	\$ 7,318	5.23 %

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

Exhibit E-4

Marion County, Tennessee
Schedule of Funding Progress - Other Postemployment Benefits Plans
Primary Government and the Discretely Presented Marion County School Department
June 30, 2008

(Dollar amounts in thousands)

	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group Plan	6-30-07	\$ 0	159 \$	159	0 %	\$ 1,907	8 %
<u>DISCRETELY PRESENTED MARION COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group Plan	6-30-07	0	3,692	3,692	0	14,474	26

*Data not available for two preceding years.

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

BUDGETARY INFORMATION

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

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

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

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

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Nonmajor Governmental Funds

Special Revenue Funds

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

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

Health Department Fund – The Health Department Fund is used to account for savings realized through contracted services with the state. These funds will be used in local health department programs.

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.

Debt Service Fund

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Education Debt Service Fund – The Education Debt Service fund is used to account for the retirement of bonds issued for the construction and renovation of schools.

Exhibit F-1

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

	Special Revenue Funds						Total	Debt Service Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Constitutional Officers - Fees	Education Debt Service			
\$	0	0	0	0	0	103,599	0	103,599	
	33,277	9,564	1,199	171,998	0	216,038	890,089	1,106,127	
	0	3,665	0	0	320	3,985	0	3,985	
	0	56,269	0	0	0	56,269	250,696	306,965	
\$	33,277	69,498	1,199	171,998	103,919	379,891	1,140,785	1,520,676	

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments
 Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Due to Other Funds
 Other Deferred Revenues
 Total Liabilities

\$	0	0	0	202	468	670	0	670
	0	31,327	0	0	0	31,327	128,806	160,133
\$	0	31,327	0	202	468	31,997	128,806	160,803

Fund Balances

Unreserved
 Total Fund Balances
 Total Liabilities and Fund Balances

\$	33,277	38,171	1,199	171,796	103,451	347,894	1,011,979	1,359,873
\$	33,277	38,171	1,199	171,796	103,451	347,894	1,011,979	1,359,873
\$	33,277	69,498	1,199	171,998	103,919	379,891	1,140,785	1,520,676

Exhibit F-2

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

	Special Revenue Funds						Debt		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	Constitu- tional Officers - Fees	Total	Education Debt Service	Service	
Revenues									
Local Taxes	\$ 9,324	\$ 279,598	\$ 0	\$ 0	\$ 0	\$ 288,922	\$ 1,385,156	\$ 0	\$ 1,674,078
Fines, Forfeitures, and Penalties	0	0	0	87,089	0	87,089	0	0	87,089
Charges for Current Services	0	4,604	0	0	373,449	378,053	0	0	378,053
Other Local Revenues	1,500	2,040	2,415	26,950	0	32,905	17,867	0	50,772
State of Tennessee	0	141,998	0	0	0	141,998	0	0	141,998
Other Governments and Citizens Groups	0	0	0	14,558	0	14,558	0	0	14,558
Total Revenues	\$ 10,824	\$ 428,240	\$ 2,415	\$ 128,597	\$ 373,449	\$ 943,525	\$ 1,403,023	\$ 0	\$ 2,346,548
Expenditures									
Current:									
General Government	\$ 24,739	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,739	\$ 0	\$ 0	\$ 24,739
Finance	0	0	0	0	352,300	352,300	0	0	352,300
Public Safety	0	0	0	90,217	0	90,217	0	0	90,217
Public Health and Welfare	0	479,190	0	0	0	479,190	0	0	479,190
Other Operations	95	4,094	12	781	0	4,982	13,954	0	18,936
Debt Service:									
Principal on Debt	0	0	0	0	0	0	100,000	0	100,000
Interest on Debt	0	0	0	0	0	0	878,450	0	878,450
Total Expenditures	\$ 24,834	\$ 483,284	\$ 12	\$ 90,998	\$ 352,300	\$ 951,428	\$ 992,404	\$ 0	\$ 1,943,832
Excess (Deficiency) of Revenues Over Expenditures	\$ (14,010)	\$ (55,044)	\$ 2,403	\$ 37,599	\$ 21,149	\$ (7,903)	\$ 410,619	\$ 0	\$ 402,716
Other Financing Sources (Uses)									
Transfers In	\$ 0	\$ 60,000	\$ 0	\$ 0	\$ 0	\$ 60,000	\$ 0	\$ 0	\$ 60,000
Transfers Out	0	0	(69,026)	0	0	(69,026)	0	0	(69,026)
Total Other Financing Sources (Uses)	\$ 0	\$ 60,000	\$ (69,026)	\$ 0	\$ 0	\$ (9,026)	\$ 0	\$ 0	\$ (9,026)
Net Change in Fund Balances	\$ (14,010)	\$ 4,956	\$ (66,623)	\$ 37,599	\$ 21,149	\$ (16,929)	\$ 410,619	\$ 0	\$ 393,690
Fund Balance, July 1, 2007	47,287	33,215	67,822	134,197	82,302	364,823	601,360	0	966,183
Fund Balance, June 30, 2008	\$ 33,277	\$ 38,171	\$ 1,199	\$ 171,796	\$ 103,451	\$ 347,894	\$ 1,011,979	\$ 0	\$ 1,359,873

Exhibit F-3

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,324	\$ 12,000	\$ 12,000	\$ (2,676)
Other Local Revenues	1,500	0	0	1,500
Total Revenues	<u>\$ 10,824</u>	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ (1,176)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 24,739	\$ 30,000	\$ 30,000	\$ 5,261
<u>Other Operations</u>				
Other Charges	95	200	200	105
Total Expenditures	<u>\$ 24,834</u>	<u>\$ 30,200</u>	<u>\$ 30,200</u>	<u>\$ 5,366</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (14,010)</u>	<u>\$ (18,200)</u>	<u>\$ (18,200)</u>	<u>\$ 4,190</u>
Net Change in Fund Balance	\$ (14,010)	\$ (18,200)	\$ (18,200)	\$ 4,190
Fund Balance, July 1, 2007	<u>47,287</u>	<u>47,287</u>	<u>47,287</u>	<u>0</u>
Fund Balance, June 30, 2008	<u><u>\$ 33,277</u></u>	<u><u>\$ 29,087</u></u>	<u><u>\$ 29,087</u></u>	<u><u>\$ 4,190</u></u>

Exhibit F-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 279,598	\$ 260,000	\$ 260,000	\$ 19,598
Charges for Current Services	4,604	10,000	10,000	(5,396)
Other Local Revenues	2,040	0	0	2,040
State of Tennessee	141,998	131,145	138,445	3,553
Total Revenues	<u>\$ 428,240</u>	<u>\$ 401,145</u>	<u>\$ 408,445</u>	<u>\$ 19,795</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 458,905	\$ 531,756	\$ 535,406	\$ 76,501
Other Waste Collection	20,285	20,897	28,197	7,912
<u>Other Operations</u>				
Other Charges	4,094	4,500	4,500	406
Total Expenditures	<u>\$ 483,284</u>	<u>\$ 557,153</u>	<u>\$ 568,103</u>	<u>\$ 84,819</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (55,044)</u>	<u>\$ (156,008)</u>	<u>\$ (159,658)</u>	<u>\$ 104,614</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 60,000	\$ 265,000	\$ 265,000	\$ (205,000)
Total Other Financing Sources (Uses)	<u>\$ 60,000</u>	<u>\$ 265,000</u>	<u>\$ 265,000</u>	<u>\$ (205,000)</u>
Net Change in Fund Balance	\$ 4,956	\$ 108,992	\$ 105,342	\$ (100,386)
Fund Balance, July 1, 2007	33,215	41,365	37,715	(4,500)
Fund Balance, June 30, 2008	<u>\$ 38,171</u>	<u>\$ 150,357</u>	<u>\$ 143,057</u>	<u>\$ (104,886)</u>

Exhibit F-5

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Health Department Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 2,415	\$ 1,000	\$ 1,217	\$ 1,198
Total Revenues	\$ 2,415	\$ 1,000	\$ 1,217	\$ 1,198
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 12	\$ 30	\$ 12	\$ 0
Total Expenditures	\$ 12	\$ 30	\$ 12	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,403	\$ 970	\$ 1,205	\$ 1,198
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (69,026)	\$ (68,792)	\$ (69,027)	\$ 1
Total Other Financing Sources (Uses)	\$ (69,026)	\$ (68,792)	\$ (69,027)	\$ 1
Net Change in Fund Balance	\$ (66,623)	\$ (67,822)	\$ (67,822)	\$ 1,199
Fund Balance, July 1, 2007	67,822	67,822	67,822	0
Fund Balance, June 30, 2008	\$ 1,199	\$ 0	\$ 0	\$ 1,199

Exhibit F-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 87,089	\$ 30,000	\$ 56,000	\$ 31,089
Other Local Revenues	26,950	2,000	2,000	24,950
State of Tennessee	0	7,000	7,000	(7,000)
Other Governments and Citizens Groups	14,558	1,000	1,000	13,558
Total Revenues	<u>\$ 128,597</u>	<u>\$ 40,000</u>	<u>\$ 66,000</u>	<u>\$ 62,597</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 90,217	\$ 71,800	\$ 97,800	\$ 7,583
<u>Other Operations</u>				
Other Charges	781	1,000	1,000	219
Total Expenditures	<u>\$ 90,998</u>	<u>\$ 72,800</u>	<u>\$ 98,800</u>	<u>\$ 7,802</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 37,599</u>	<u>\$ (32,800)</u>	<u>\$ (32,800)</u>	<u>\$ 70,399</u>
Net Change in Fund Balance	\$ 37,599	\$ (32,800)	\$ (32,800)	\$ 70,399
Fund Balance, July 1, 2007	<u>134,197</u>	<u>134,197</u>	<u>134,197</u>	<u>0</u>
Fund Balance, June 30, 2008	<u>\$ 171,796</u>	<u>\$ 101,397</u>	<u>\$ 101,397</u>	<u>\$ 70,399</u>

Exhibit F-7

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,385,156	\$ 1,320,000	\$ 1,320,000	\$ 65,156
Other Local Revenues	17,867	12,000	13,000	4,867
Total Revenues	<u>\$ 1,403,023</u>	<u>\$ 1,332,000</u>	<u>\$ 1,333,000</u>	<u>\$ 70,023</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 13,954	\$ 14,000	\$ 15,000	\$ 1,046
<u>Principal on Debt</u>				
Education	100,000	100,000	100,000	0
<u>Interest on Debt</u>				
Education	878,450	978,450	978,450	100,000
Total Expenditures	<u>\$ 992,404</u>	<u>\$ 1,092,450</u>	<u>\$ 1,093,450</u>	<u>\$ 101,046</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 410,619</u>	<u>\$ 239,550</u>	<u>\$ 239,550</u>	<u>\$ 171,069</u>
Net Change in Fund Balance	\$ 410,619	\$ 239,550	\$ 239,550	\$ 171,069
Fund Balance, July 1, 2007	<u>601,360</u>	<u>601,359</u>	<u>601,359</u>	<u>1</u>
Fund Balance, June 30, 2008	<u>\$ 1,011,979</u>	<u>\$ 840,909</u>	<u>\$ 840,909</u>	<u>\$ 171,070</u>

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Major Governmental Funds

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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

Rural Debt Service Fund – The Rural Debt Service Fund is used to account for the retirement of bonds issued for the construction and renovation of the county's rural schools.

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Exhibit G-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 504,114	\$ 478,277	\$ 487,736	\$ 16,378
Total Revenues	\$ 504,114	\$ 478,277	\$ 487,736	\$ 16,378
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 10,021	\$ 9,500	\$ 13,959	\$ 3,938
<u>Principal on Debt</u>				
General Government	140,000	135,000	140,000	0
<u>Interest on Debt</u>				
General Government	184,662	184,663	184,663	1
<u>Other Debt Service</u>				
General Government	642	700	700	58
Total Expenditures	\$ 335,325	\$ 329,863	\$ 339,322	\$ 3,997
Excess (Deficiency) of Revenues Over Expenditures	\$ 168,789	\$ 148,414	\$ 148,414	\$ 20,375
Net Change in Fund Balance	\$ 168,789	\$ 148,414	\$ 148,414	\$ 20,375
Fund Balance, July 1, 2007	1,194,718	1,198,176	1,198,176	(3,458)
Fund Balance, June 30, 2008	\$ 1,363,507	\$ 1,346,590	\$ 1,346,590	\$ 16,917

Exhibit G-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,315,757	\$ 1,263,952	\$ 1,267,452	\$ 48,305
Other Governments and Citizens Groups	841,885	0	841,885	0
Total Revenues	<u>\$ 2,157,642</u>	<u>\$ 1,263,952</u>	<u>\$ 2,109,337</u>	<u>\$ 48,305</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 820,000	\$ 820,000	\$ 820,000	\$ 0
<u>Interest on Debt</u>				
Education	957,350	957,422	957,422	72
<u>Other Debt Service</u>				
Education	28,829	28,500	32,000	3,171
Total Expenditures	<u>\$ 1,806,179</u>	<u>\$ 1,805,922</u>	<u>\$ 1,809,422</u>	<u>\$ 3,243</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 351,463</u>	<u>\$ (541,970)</u>	<u>\$ 299,915</u>	<u>\$ 51,548</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 841,885	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 841,885</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 351,463	\$ 299,915	\$ 299,915	\$ 51,548
Fund Balance, July 1, 2007	<u>2,205,967</u>	<u>2,143,223</u>	<u>2,143,223</u>	<u>62,744</u>
Fund Balance, June 30, 2008	<u>\$ 2,557,430</u>	<u>\$ 2,443,138</u>	<u>\$ 2,443,138</u>	<u>\$ 114,292</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.

Special School District Fund – The Special School District Fund is used to account for the property tax levied on residents of Richard City. These property taxes are remitted to the Richard City Schools.

City School ADA - Richard City Fund – The City School ADA - Richard City Fund is used to account for the Richard City Schools' 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 Richard City Schools.

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.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues, which are held in trust for the benefit of the Judicial District Drug Fund.

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Exhibit H-1

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

	Agency Funds							Total
	Cities- Sales Tax	Special School District	City School ADA - Richard City	Constitutional Officers - Agency	Judicial District Drug			
ASSETS								
Cash	\$ 0	\$ 0	\$ 0	\$ 1,111,096	\$ 0	\$ 0	\$ 1,111,096	
Equity in Pooled Cash and Investments	0	42	1,670	0	20,743	0	22,455	
Accounts Receivable	0	0	258	0	0	0	258	
Due from Other Governments	507,796	0	42,705	0	0	0	550,501	
Due from Other Funds	0	0	0	0	824	0	824	
Property Taxes Receivable	0	23,062	384,728	0	0	0	407,790	
Allowance for Uncollectible Property Taxes	0	(1,213)	(18,671)	0	0	0	(19,884)	
Total Assets	\$ 507,796	\$ 21,891	\$ 410,690	\$ 1,111,096	\$ 21,567	\$ 0	\$ 2,073,040	
LIABILITIES								
Cash Overdraft	\$ 0	\$ 0	\$ 47,453	\$ 0	\$ 0	\$ 0	\$ 47,453	
Due to Other Taxing Units	507,796	21,891	363,237	0	0	0	892,924	
Due to Litigants, Heirs, and Others	0	0	0	1,111,096	0	0	1,111,096	
Due to Joint Ventures	0	0	0	0	21,567	0	21,567	
Total Liabilities	\$ 507,796	\$ 21,891	\$ 410,690	\$ 1,111,096	\$ 21,567	\$ 0	\$ 2,073,040	

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,822,883	\$ 2,822,883	\$ 0
Due from Other Governments	491,324	507,796	491,324	507,796
Total Assets	\$ 491,324	\$ 3,330,679	\$ 3,314,207	\$ 507,796
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 491,324	\$ 3,330,679	\$ 3,314,207	\$ 507,796
Total Liabilities	\$ 491,324	\$ 3,330,679	\$ 3,314,207	\$ 507,796
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 82	\$ 21,843	\$ 21,883	\$ 42
Taxes Receivable	22,783	23,062	22,783	23,062
Allowance for Uncollectible Taxes	(1,126)	(1,213)	(1,126)	(1,213)
Total Assets	\$ 21,739	\$ 43,692	\$ 43,540	\$ 21,891
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 21,739	\$ 43,692	\$ 43,540	\$ 21,891
Total Liabilities	\$ 21,739	\$ 43,692	\$ 43,540	\$ 21,891
<u>City School ADA - Richard City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 24,867	\$ 591,269	\$ 614,466	\$ 1,670
Accounts Receivable	384	258	384	258
Due from Other Governments	43,716	42,705	43,716	42,705
Taxes Receivable	421,391	384,728	421,391	384,728
Allowance for Uncollectible Taxes	(20,244)	(18,671)	(20,244)	(18,671)
Total Assets	\$ 470,114	\$ 1,000,289	\$ 1,059,713	\$ 410,690
<u>Liabilities</u>				
Cash Overdraft	\$ 0	\$ 47,453	\$ 0	\$ 47,453
Due to Other Taxing Units	470,114	1,000,289	1,107,166	363,237
Total Liabilities	\$ 470,114	\$ 1,047,742	\$ 1,107,166	\$ 410,690

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 907,513	\$ 6,142,381	\$ 5,938,798	\$ 1,111,096
Total Assets	<u>\$ 907,513</u>	<u>\$ 6,142,381</u>	<u>\$ 5,938,798</u>	<u>\$ 1,111,096</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 907,513	\$ 6,142,381	\$ 5,938,798	\$ 1,111,096
Total Liabilities	<u>\$ 907,513</u>	<u>\$ 6,142,381</u>	<u>\$ 5,938,798</u>	<u>\$ 1,111,096</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 42,766	\$ 110,786	\$ 132,809	\$ 20,743
Due from Other Funds	0	824	0	824
Total Assets	<u>\$ 42,766</u>	<u>\$ 111,610</u>	<u>\$ 132,809</u>	<u>\$ 21,567</u>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 42,766	\$ 111,610	\$ 132,809	\$ 21,567
Total Liabilities	<u>\$ 42,766</u>	<u>\$ 111,610</u>	<u>\$ 132,809</u>	<u>\$ 21,567</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 907,513	\$ 6,142,381	\$ 5,938,798	\$ 1,111,096
Equity in Pooled Cash and Investments	67,715	3,546,781	3,592,041	22,455
Accounts Receivable	384	258	384	258
Due from Other Governments	535,040	550,501	535,040	550,501
Due from Other Funds	0	824	0	824
Taxes Receivable	444,174	407,790	444,174	407,790
Allowance for Uncollectible Taxes	(21,370)	(19,884)	(21,370)	(19,884)
Total Assets	<u>\$ 1,933,456</u>	<u>\$ 10,628,651</u>	<u>\$ 10,489,067</u>	<u>\$ 2,073,040</u>
<u>Liabilities</u>				
Cash Overdraft	\$ 0	\$ 47,453	\$ 0	\$ 47,453
Due to Other Taxing Units	983,177	4,374,660	4,464,913	892,924
Due to Litigants, Heirs, and Others	907,513	6,142,381	5,938,798	1,111,096
Due to Joint Ventures	42,766	111,610	132,809	21,567
Total Liabilities	<u>\$ 1,933,456</u>	<u>\$ 10,676,104</u>	<u>\$ 10,536,520</u>	<u>\$ 2,073,040</u>

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Marion County School Department

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

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for two scholarships. One is for graduates of the Whitwell Middle School and one for graduating seniors planning to major in education.

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Exhibit I-1

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

Functions/Programs	Program Revenues		Net Expense (Revenue) and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	
Component Unit:			
Governmental Activities:			
Instruction	\$ 14,637,435	\$ 2,358,493	\$ (12,052,322)
Support Services	9,907,476	0	(9,907,051)
Operation of Non-Instructional Services	2,689,905	1,301,154	(562,321)
Interest on Long-term Debt	18,637	0	(18,637)
Other Debt Service	841,885	0	(841,885)
Total Governmental Activities	\$ 28,095,338	\$ 1,053,475	\$ (23,382,216)
General Revenues:			
Taxes:			
Property Taxes Levied for General Purposes			\$ 4,604,968
Local Option Sales Taxes			2,902,672
Other Local Taxes			143,506
Grants and Contributions Not Restricted to Specific Programs			18,634,430
Unrestricted Investment Earnings			376,338
Miscellaneous			28,205
Total General Revenues			\$ 26,690,119
Insurance Recovery			\$ 35,466
Change in Net Assets			\$ 3,343,369
Net Assets, July 1, 2007			47,374,840
Net Assets, June 30, 2008			\$ 50,718,209

Exhibit I-2

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

	Major Funds		Nonmajor	Total
	General Purpose School	Education Capital Projects	Funds Other Governmental Funds	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 4,394	\$ 4,394
Equity in Pooled Cash and Investments	1,345,487	1,118,699	816,518	3,280,704
Accounts Receivable	26,174	0	0	26,174
Due from Other Governments	600,085	0	124,979	725,064
Due from Other Funds	22,466	0	0	22,466
Property Taxes Receivable	5,043,451	0	0	5,043,451
Allowance for Uncollectible Property Taxes	(244,756)	0	0	(244,756)
Total Assets	\$ 6,792,907	\$ 1,118,699	\$ 945,891	\$ 8,857,497
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 100,764	\$ 0	\$ 0	\$ 100,764
Accrued Payroll	47,523	0	0	47,523
Contracts Payable	0	449,224	0	449,224
Due to Other Funds	0	0	22,466	22,466
Deferred Revenue - Current Property Taxes	4,501,436	0	0	4,501,436
Deferred Revenue - Delinquent Property Taxes	259,517	0	0	259,517
Other Deferred Revenues	269,273	0	0	269,273
Total Liabilities	\$ 5,178,513	\$ 449,224	\$ 22,466	\$ 5,650,203
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 16,875	\$ 578,282	\$ 0	\$ 595,157
Other Local Education Reserves	35,076	0	0	35,076
Reserved for Career Ladder - Extended Contract	747	0	0	747
Reserved for Career Ladder Program	3,694	0	0	3,694
Reserved for Technology	75,786	0	0	75,786
Other State Education Reserves	3,552	0	0	3,552
Reserved for Title I Grants to Local Education Agencies	0	0	2,352	2,352
Reserved for Special Education - Grants to States	0	0	38,361	38,361
Other Federal Reserves	0	0	221	221
Unreserved, Reported In:				
General Fund	1,478,664	0	0	1,478,664
Special Revenue Funds	0	0	882,491	882,491
Capital Projects Funds	0	91,193	0	91,193
Total Fund Balances	\$ 1,614,394	\$ 669,475	\$ 923,425	\$ 3,207,294
Total Liabilities and Fund Balances	\$ 6,792,907	\$ 1,118,699	\$ 945,891	\$ 8,857,497

Exhibit I-3

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

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 3,207,294
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,135,336	
Add: construction in progress	4,127,805	
Add: buildings and improvements net of accumulated depreciation	42,256,849	
Add: other capital assets net of accumulated depreciation	<u>77,411</u>	47,597,401
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (417,747)	
Less: other postemployment benefits liability	<u>(197,529)</u>	(615,276)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>528,790</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 50,718,209</u>

Exhibit I-4

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

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
Revenues				
Local Taxes	\$ 7,765,366	\$ 0	\$ 0	\$ 7,765,366
Licenses and Permits	2,366	0	0	2,366
Charges for Current Services	210,364	0	826,430	1,036,794
Other Local Revenues	47,936	343,530	32,808	424,274
State of Tennessee	18,523,125	0	23,088	18,546,213
Federal Government	129,008	0	3,345,097	3,474,105
Total Revenues	\$ 26,678,165	\$ 343,530	\$ 4,227,423	\$ 31,249,118
Expenditures				
Current:				
Instruction	\$ 15,812,300	\$ 0	\$ 1,235,631	\$ 17,047,931
Support Services	9,005,432	0	902,044	9,907,476
Operation of Non-Instructional Services	562,693	0	2,040,148	2,602,841
Capital Outlay	253,879	0	0	253,879
Debt Service:				
Principal on Debt	44,511	0	0	44,511
Interest on Debt	18,637	0	0	18,637
Other Debt Service	841,885	0	0	841,885
Capital Projects	0	13,691,218	0	13,691,218
Total Expenditures	\$ 26,539,337	\$ 13,691,218	\$ 4,177,823	\$ 44,408,378
Excess (Deficiency) of Revenues Over Expenditures				
	\$ 138,828	\$ (13,347,688)	\$ 49,600	\$ (13,159,260)
Other Financing Sources (Uses)				
Insurance Recovery	\$ 35,466	\$ 0	\$ 0	\$ 35,466
Transfers In	21,403	0	0	21,403
Transfers Out	0	0	(21,403)	(21,403)
Total Other Financing Sources (Uses)	\$ 56,869	\$ 0	\$ (21,403)	\$ 35,466
Net Change in Fund Balances				
Fund Balance, July 1, 2007	\$ 1,418,697	\$ (13,347,688)	\$ 28,197	\$ (13,123,794)
Fund Balance, June 30, 2008	\$ 1,614,394	\$ 669,475	\$ 923,425	\$ 3,207,294

Exhibit I-5

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

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ (13,123,794)
<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	\$ 17,674,851	
Less: current year depreciation expense	<u>(1,089,854)</u>	16,584,997
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 528,790	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(493,606)</u>	35,184
<p>(3) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Add: principal payments on notes		44,511
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liability		<u>(197,529)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 3,343,369</u>

Exhibit I-6

Marion County, Tennessee
Statement of Fiduciary Net Assets
Discretely Presented Marion County School Department
Fiduciary Fund
June 30, 2008

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash in Bank	\$ 237,016
Equity in Pooled Cash and Investments	32,809
Investments	301,265
Accrued Interest Receivable	<u>4,486</u>
Total Assets	<u>\$ 571,090</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Scholarships	<u>\$ 575,576</u>
Total Net Assets	<u><u>\$ 575,576</u></u>

Exhibit I-7

Marion County, Tennessee
Statement of Changes in Fiduciary Net Assets
Discretely Presented Marion County School Department
Fiduciary Fund
For the Year Ended June 30, 2008

	Other Trust Fund
	Private Purpose Trust Fund
<u>ADDITIONS</u>	
Contributions and Gifts	\$ 12,101
Investment Income	35,524
Total Additions	<u>\$ 47,625</u>
<u>DEDUCTIONS</u>	
Scholarship Disbursements	\$ 3,000
Trustee's Commission	38
Total Deductions	<u>\$ 3,038</u>
Change in Net Assets	\$ 44,587
Net Assets, July 1, 2007	<u>530,989</u>
Net Assets, June 30, 2008	<u><u>\$ 575,576</u></u>

Exhibit I-8

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

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 4,394	\$ 4,394
Equity in Pooled Cash and Investments	31,390	785,128	816,518
Due from Other Governments	32,010	92,969	124,979
Total Assets	\$ 63,400	\$ 882,491	\$ 945,891
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to Other Funds	\$ 22,466	\$ 0	\$ 22,466
Total Liabilities	\$ 22,466	\$ 0	\$ 22,466
<u>Fund Balances</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 2,352	\$ 0	\$ 2,352
Reserved for Special Education - Grants to States	38,361	0	38,361
Other Federal Reserves	221	0	221
Unreserved	0	882,491	882,491
Total Fund Balances	\$ 40,934	\$ 882,491	\$ 923,425
Total Liabilities and Fund Balances	\$ 63,400	\$ 882,491	\$ 945,891

Exhibit I-9

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

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 826,430	\$ 826,430
Other Local Revenues	0	32,808	32,808
State of Tennessee	0	23,088	23,088
Federal Government	2,185,970	1,159,127	3,345,097
Total Revenues	<u>\$ 2,185,970</u>	<u>\$ 2,041,453</u>	<u>\$ 4,227,423</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,235,631	\$ 0	\$ 1,235,631
Support Services	902,044	0	902,044
Operation of Non-Instructional Services	0	2,040,148	2,040,148
Total Expenditures	<u>\$ 2,137,675</u>	<u>\$ 2,040,148</u>	<u>\$ 4,177,823</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 48,295</u>	<u>\$ 1,305</u>	<u>\$ 49,600</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (21,403)	\$ 0	\$ (21,403)
Total Other Financing Sources (Uses)	<u>\$ (21,403)</u>	<u>\$ 0</u>	<u>\$ (21,403)</u>
Net Change in Fund Balances	\$ 26,892	\$ 1,305	\$ 28,197
Fund Balance, July 1, 2007	14,042	881,186	895,228
Fund Balance, June 30, 2008	<u>\$ 40,934</u>	<u>\$ 882,491</u>	<u>\$ 923,425</u>

Exhibit I-10

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 7,765,366	\$ 0	\$ 0	\$ 7,765,366	\$ 7,360,639	\$ 7,360,639	\$ 404,727
Licenses and Permits	2,366	0	0	2,366	2,300	2,300	66
Charges for Current Services	210,364	0	0	210,364	293,850	293,850	(83,486)
Other Local Revenues	47,936	0	0	47,936	81,854	81,854	(33,918)
State of Tennessee	18,523,125	0	0	18,523,125	18,475,755	18,624,899	(101,774)
Federal Government	129,008	0	0	129,008	156,272	156,272	(27,264)
Total Revenues	\$ 26,678,165	\$ 0	\$ 0	\$ 26,678,165	\$ 26,370,670	\$ 26,519,814	\$ 158,351
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 12,291,364	\$ 0	\$ 0	\$ 12,291,364	\$ 12,400,231	\$ 12,400,231	\$ 108,867
Alternative Instruction Program	114,768	0	0	114,768	114,930	114,930	162
Special Education Program	2,101,224	0	0	2,101,224	2,141,788	2,140,788	39,564
Vocational Education Program	1,115,618	0	0	1,115,618	1,122,185	1,122,185	6,567
Adult Education Program	189,326	0	0	189,326	205,036	205,036	15,710
<u>Support Services</u>							
Attendance	346,205	0	0	346,205	351,625	351,625	5,420
Health Services	295,580	0	0	295,580	308,670	319,170	23,590
Other Student Support	702,827	0	0	702,827	718,546	718,546	15,719
Regular Instruction Program	850,839	0	0	850,839	863,328	863,328	12,489
Special Education Program	161,120	0	0	161,120	167,560	168,560	7,440
Vocational Education Program	96,272	0	0	96,272	98,523	98,523	2,251
Adult Programs	108,440	0	0	108,440	112,007	112,007	3,567
Other Programs	139,144	0	0	139,144	0	139,144	0

(Continued)

Exhibit I-10

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 410,087	\$ 0	\$ 0	\$ 410,087	\$ 425,940	\$ 425,940	\$ 15,853
Director of Schools	270,561	0	0	270,561	276,440	276,440	5,879
Office of the Principal	1,422,806	0	0	1,422,806	1,435,508	1,435,508	12,702
Fiscal Services	251,358	0	0	251,358	262,450	262,450	11,092
Human Services/Personnel	116,932	0	0	116,932	118,942	118,942	2,010
Operation of Plant	2,212,258	0	0	2,212,258	2,325,994	2,325,994	113,736
Maintenance of Plant	453,202	0	0	453,202	523,886	523,886	70,684
Transportation	956,045	0	0	956,045	953,100	960,100	4,055
Central and Other	211,756	0	0	211,756	288,640	288,640	76,884
<u>Operation of Non-Instructional Services</u>							
Community Services	221,677	0	0	221,677	301,876	301,876	80,199
Early Childhood Education	341,016	0	0	341,016	349,902	349,902	8,886
<u>Capital Outlay</u>							
Regular Capital Outlay	253,879	(16,875)	16,875	253,879	295,978	288,978	35,099
<u>Principal on Debt</u>							
Education	44,511	0	0	44,511	414,729	44,511	0
<u>Interest on Debt</u>							
Education	18,637	0	0	18,637	490,306	18,638	1
<u>Other Debt Service</u>							
Education	841,885	0	0	841,885	0	841,886	1
Total Expenditures	\$ 26,539,337	\$ (16,875)	\$ 16,875	\$ 26,539,337	\$ 27,068,120	\$ 27,217,764	\$ 678,427
Excess (Deficiency) of Revenues Over Expenditures	\$ 138,828	\$ 16,875	\$ (16,875)	\$ 138,828	\$ (697,450)	\$ (697,950)	\$ 836,778

(Continued)

Exhibit I-10

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 35,466 \$	0 \$	0 \$	35,466 \$	40,000 \$	40,000 \$	(4,534)
Transfers In	21,403	0	0	21,403	40,480	40,480	(19,077)
Total Other Financing Sources (Uses)	\$ 56,869 \$	0 \$	0 \$	56,869 \$	80,480 \$	80,480 \$	(23,611)
Net Change in Fund Balance	\$ 195,697 \$	16,875 \$	(16,875) \$	195,697 \$	(616,970) \$	(617,470) \$	813,167
Fund Balance, July 1, 2007	1,418,697	(16,875)	0	1,401,822	1,375,007	1,375,007	26,815
Fund Balance, June 30, 2008	\$ 1,614,394 \$	0 \$	(16,875) \$	1,597,519 \$	758,037 \$	757,537 \$	839,982

Exhibit I-11

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,185,970	\$ 2,260,232	\$ 2,265,188	\$ (79,218)
Total Revenues	\$ 2,185,970	\$ 2,260,232	\$ 2,265,188	\$ (79,218)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 767,499	\$ 778,754	\$ 778,754	\$ 11,255
Special Education Program	405,547	441,545	441,545	35,998
Vocational Education Program	62,585	57,630	62,586	1
<u>Support Services</u>				
Health Services	43,122	43,166	43,166	44
Other Student Support	169,564	192,657	192,657	23,093
Regular Instruction Program	180,181	208,402	208,402	28,221
Special Education Program	356,518	356,518	356,518	0
Vocational Education Program	2,051	2,075	2,075	24
Office of the Principal	117,558	118,435	118,435	877
Transportation	33,050	34,615	34,615	1,565
Total Expenditures	\$ 2,137,675	\$ 2,233,797	\$ 2,238,753	\$ 101,078
Excess (Deficiency) of Revenues Over Expenditures	\$ 48,295	\$ 26,435	\$ 26,435	\$ 21,860
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (21,403)	\$ (40,479)	\$ (40,479)	\$ 19,076
Total Other Financing Sources (Uses)	\$ (21,403)	\$ (40,479)	\$ (40,479)	\$ 19,076
Net Change in Fund Balance	\$ 26,892	\$ (14,044)	\$ (14,044)	\$ 40,936
Fund Balance, July 1, 2007	14,042	14,044	14,044	(2)
Fund Balance, June 30, 2008	\$ 40,934	\$ 0	\$ 0	\$ 40,934

Exhibit I-12

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 826,430	\$ 775,000	\$ 775,000	\$ 51,430
Other Local Revenues	32,808	43,260	43,260	(10,452)
State of Tennessee	23,088	23,000	23,000	88
Federal Government	1,159,127	1,064,008	1,064,008	95,119
Total Revenues	\$ 2,041,453	\$ 1,905,268	\$ 1,905,268	\$ 136,185
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,040,148	\$ 2,143,427	\$ 2,143,427	\$ 103,279
Total Expenditures	\$ 2,040,148	\$ 2,143,427	\$ 2,143,427	\$ 103,279
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,305	\$ (238,159)	\$ (238,159)	\$ 239,464
Net Change in Fund Balance	\$ 1,305	\$ (238,159)	\$ (238,159)	\$ 239,464
Fund Balance, July 1, 2007	881,186	881,187	881,187	(1)
Fund Balance, June 30, 2008	\$ 882,491	\$ 643,028	\$ 643,028	\$ 239,463

MISCELLANEOUS SCHEDULES

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Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Fund</u>								
Health Department	\$ 70,000	3.5 %	3-17-06	3-14-09	\$ 47,463	\$ 0	\$ 23,321	\$ 24,142
Election Commission Building	200,000	3.5	2-11-08	2-20-13	0	200,000	0	200,000
<u>Payable through Highway/Public Works Fund</u>								
Excavator	246,370	3.25	11-30-05	12-16-07	63,186	0	63,186	0
Total Notes Payable					\$ 110,649	\$ 200,000	\$ 86,507	\$ 224,142
CAPITAL LEASES PAYABLE								
<u>Payable through General Fund</u>								
Sheriff's Vehicles	191,218	6.2	2-17-06	2-17-09	\$ 104,788	\$ 0	\$ 64,985	\$ 39,803
Sheriff's Vehicles	63,350	6.1	11-15-07	10-15-10	0	63,350	13,350	50,000
Total Capital Leases Payable					\$ 104,788	\$ 63,350	\$ 78,335	\$ 89,803
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
General Obligation Bonds	5,200,000	4.25 to 5	5-1-1999	4-1-09	\$ 235,000	\$ 0	\$ 115,000	\$ 120,000
General Obligation Refunding Bonds, 2005 Series	4,460,000	3.5 to 4.2	7-1-05	4-1-25	4,410,000	0	25,000	4,385,000
Total Payable through General Debt Service Fund					\$ 4,645,000	\$ 0	\$ 140,000	\$ 4,505,000
<u>Payable through Education Debt Service Fund</u>								
General Obligation Bonds, 2006 Series	19,500,000	4 to 4.5	5-31-06	6-1-31	\$ 19,500,000	\$ 0	\$ 100,000	\$ 19,400,000
<u>Payable through Rural Debt Service Fund</u>								
Rural School Bonds, Series 1999	18,000,000	5.25 to 6	11-9-1999	4-1-09	\$ 1,160,000	\$ 0	\$ 565,000	\$ 595,000
Rural School Bonds, Series 2001	3,250,000	4.35 to 5	7-1-01	4-1-11	410,000	0	95,000	315,000
Rural School Refunding Bonds, Series 2001	15,385,000	4 to 5	8-1-01	4-1-24	14,705,000	0	70,000	14,635,000
Rural School Bonds, Series 2003	2,165,000	1.2 to 4	7-16-03	5-1-23	1,895,000	0	80,000	1,815,000
Rural School Refunding Bonds, Series 2005	2,560,000	3.5 to 4.2	7-1-05	4-1-25	2,540,000	0	10,000	2,530,000
Total Payable through Rural Debt Service					\$ 20,710,000	\$ 0	\$ 820,000	\$ 19,890,000
Total Bonds Payable					\$ 44,855,000	\$ 0	\$ 1,060,000	\$ 43,795,000

(Continued)

Exhibit J-1

Marion County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
Primary Government and Discretely Presented Marion County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or	
							Matured During Period	Outstanding 6-30-08
<u>DISCRETELY PRESENTED MARION COUNTY</u>								
<u>SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Purpose School Fund								
School Improvement and Technology Enhancement	\$ 90,000	0%	1-10-01	1-10-11	\$ 36,000	\$ 0	\$ 9,000	\$ 27,000
South Pittsburg High School HVAC	500,000	4.55	5-16-05	3-16-17	426,258	0	35,511	390,747
Total Notes Payable					\$ 462,258	\$ 0	\$ 44,511	\$ 417,747

Exhibit J-2

Marion County, Tennessee

Schedule of Long-term Debt Requirements by Year

Primary Government and Discretely Presented Marion County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 61,424	\$ 7,864	\$ 69,288
2010	38,606	5,695	44,301
2011	39,957	4,344	44,301
2012	41,356	2,945	44,301
2013	42,799	1,502	44,301
Total	\$ 224,142	\$ 22,350	\$ 246,492

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 60,366	\$ 3,308	\$ 63,674
2010	21,852	1,191	23,043
2011	7,585	96	7,681
Total	\$ 89,803	\$ 4,595	\$ 94,398

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 1,360,000	\$ 1,956,695	\$ 3,316,695
2010	1,535,000	1,911,061	3,446,061
2011	1,615,000	1,844,966	3,459,966
2012	1,695,000	1,769,456	3,464,456
2013	1,760,000	1,696,072	3,456,072
2014	1,835,000	1,618,691	3,453,691
2015	1,905,000	1,537,076	3,442,076
2016	1,995,000	1,456,911	3,451,911
2017	2,075,000	1,371,094	3,446,094
2018	2,180,000	1,281,099	3,461,099
2019	2,265,000	1,183,909	3,448,909
2020	2,370,000	1,081,879	3,451,879
2021	2,485,000	973,744	3,458,744
2022	2,690,000	860,211	3,550,211
2023	2,825,000	736,294	3,561,294

(Continued)

Exhibit J-2

Marion County, Tennessee

Schedule of Long-term Debt Requirements by Year

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

PRIMARY GOVERNMENT (Cont.)

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2024	\$ 2,785,000	\$ 605,634	\$ 3,390,634
2025	1,545,000	470,520	2,015,520
2026	1,395,000	397,100	1,792,100
2027	1,480,000	335,000	1,815,000
2028	1,545,000	269,100	1,814,100
2029	1,630,000	200,018	1,830,018
2030	1,375,000	127,125	1,502,125
2031	1,450,000	65,250	1,515,250
Total	\$ 43,795,000	\$ 23,748,905	\$ 67,543,905

DISCRETELY PRESENTED MARION COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 46,161	\$ 16,987	\$ 63,148
2010	47,888	15,261	63,149
2011	49,694	13,454	63,148
2012	42,585	11,564	54,149
2013	44,564	9,585	54,149
2014	46,634	7,515	54,149
2015	48,801	5,348	54,149
2016	51,068	3,081	54,149
2017	40,352	759	41,111
Total	\$ 417,747	\$ 83,554	\$ 501,301

Exhibit J-3

Marion County, Tennessee
Schedule of Investments
Discretely Presented Marion County School Department
June 30, 2008

<u>Fund and Type</u>	<u>Amount</u>
<u>Private Purpose Trust Fund</u>	
Corporate Bonds - Countrywide Home Loans	\$ 57,305
Corporate Bonds - Bellsouth	58,963
Corporate Bonds - Public Service Co.	60,217
Corporate Bonds - JP Morgan Chase & Co.	56,597
Corporate Bonds - Verizon Communications	<u>68,183</u>
Total Investments	<u>\$ 301,265</u>

Exhibit J-4

Marion County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Marion County School Department
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Bridge construction	\$ 10,000
General	Solid Waste/Sanitation	Operating expenses	60,000
Health Department	General	Construction costs	69,026
Total Transfers Primary Government			<u>\$ 139,026</u>
<u>DISCRETELY PRESENTED MARION</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 21,403
Total			<u>\$ 21,403</u>

Exhibit J-5

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 77,269 (1)	50,000	RLI Insurance
Highway Supervisor	Section 8-24-102, <u>TCA</u> , and County Commission	66,560 (2)	100,000	"
Director of Schools	State Board of Education and Marion County Board of Education	75,000 (3)	50,000	RLI Insurance
Trustee	Section 8-24-102, <u>TCA</u>	58,872	921,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	58,872	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	58,872	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	58,872	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	58,872	50,000	"
Register	Section 8-24-102, <u>TCA</u>	58,872	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	64,760 (4)	25,000	"
Employee Blanket Bond Coverage:				
Public Employee Dishonesty - County Departments (excluding Highway Department)			150,000	Local Government Insurance Pool
Public Employee Dishonesty - Highway Department			10,000	C.N.A. Surety
Public Employee Dishonesty - School Department			1,000,000	Southern States Insurance Group

- (1) Includes local salary supplement of \$9,272.
- (2) Includes local salary supplement of \$1,800.
- (3) Includes chief executive officer training supplement of \$1,000.
- (4) Does not include law enforcement training supplement of \$600.

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,325,071	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	187,347	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	103,243	0	0	0	0
Interest and Penalty	33,735	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	31,811	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	6,407	0	0	0	0
Payments in-Lieu-of Taxes - Other	255	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	279,598	0	0
Litigation Tax - General	125,507	0	0	0	0
Litigation Tax - Special Purpose	4,720	9,324	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	24,840	0	0	0	0
Business Tax	210,746	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
Other County Local Option Taxes	22,111	0	0	0	0
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	1,978	0	0	0	0
Total Local Taxes	\$ 4,077,771	\$ 9,324	\$ 279,598	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 36,080	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	2,343	0	0	0	0
Building Permits	88,597	0	0	0	0
Total Licenses and Permits	\$ 127,020	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 15,985	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Officers Costs	\$ 8,176	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	0	25,973
Jail Fees	693	0	0	0	0
DUI Treatment Fines	2,470	0	0	0	0
<u>Criminal Court</u>					
Data Entry Fee - Criminal Court	803	0	0	0	0
<u>General Sessions Court</u>					
Fines	45,204	0	0	0	0
Officers Costs	41,314	0	0	0	0
Game and Fish Fines	1,424	0	0	0	0
Drug Court Fees	7,737	0	0	0	0
Jail Fees	24,278	0	0	0	0
DUI Treatment Fines	11,370	0	0	0	0
Data Entry Fee - General Sessions Court	9,450	0	0	0	0
<u>Juvenile Court</u>					
Fines	369	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	160	0	0	0	0
Data Entry Fee - Chancery Court	302	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	61,116
Total Fines, Forfeitures, and Penalties	\$ 169,735	\$ 0	\$ 0	\$ 0	\$ 87,089
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 987	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	4,230	0	0	0	0
Other General Service Charges	0	0	0	0	0
<u>Fees</u>					
Airport Fees	50,682	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Copy Fees	\$ 830	\$ 0	\$ 0	\$ 0	\$ 0
Telephone Commissions	13,600	0	0	0	0
Vending Machine Collections	9,508	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	12,872	0	0	0	0
Data Processing Fee - Sheriff	4,270	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,325	0	0	0	0
<u>Other Charges for Services</u>					
Other Charges for Services	1,803	0	4,604	0	0
Total Charges for Current Services	\$ 101,107	\$ 0	\$ 4,604	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 240,523	\$ 0	\$ 0	\$ 2,415	\$ 0
Lease/Rentals	37,467	0	0	0	0
Miscellaneous Refunds	134,517	1,500	2,040	0	0
<u>Nonrecurring Items</u>					
Sale of Property	10,395	0	0	0	26,950
Damages Recovered from Individuals	4,215	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	150,000	0	0	0	0
Total Other Local Revenues	\$ 577,117	\$ 1,500	\$ 2,040	\$ 2,415	\$ 26,950
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 73,800	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	220,000	0	0	0	0
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	153,615	0	0	0	0
General Sessions Court Clerk	263,812	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees in-Lieu-of Salary (Cont.)</u>					
Clerk and Master	\$ 88,949	\$ 0	\$ 0	\$ 0	\$ 0
Register	154,984	0	0	0	0
Sheriff	9,274	0	0	0	0
Total Fees Received from County Officials	\$ 964,434	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	7,694	0	0	0	0
State Reappraisal Grant	11,957	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	9,000	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	133,438	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	25,975	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	140,153	0	0	0	0
Beer Tax	19,312	0	0	0	0
Alcoholic Beverage Tax	47,516	0	0	0	0
Mixed Drink Tax	1,763	0	0	0	0
State Revenue Sharing - T.V.A.	256,707	0	128,353	0	0
Contracted Prisoner Boarding	229,400	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	82,241	0	13,645	0	0
Other State Revenues	69,946	0	0	0	0
Total State of Tennessee	\$ 1,060,482	\$ 0	\$ 141,998	\$ 0	\$ 0

(Continued)

Exhibit J-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Health Department	Drug Control	
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 14,625	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	228,212	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	2,610	0	0	0	0	0
Total Federal Government	\$ 245,447	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 13,661	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,558
Contracted Services	132,268	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 145,929	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,558
<u>Total</u>	\$ 7,469,042	\$ 10,824	\$ 428,240	\$ 2,415	\$ 128,597	

(Continued)

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

	Special Revenue Funds			Debt Service Funds			Total
	Constitutional Officers Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 0	\$ 454,578	\$ 1,185,705	\$ 0	\$ 0	\$ 4,965,354
Trustee's Collections - Prior Year	0	0	25,594	67,040	0	0	279,981
Circuit/Clerk & Master Collections - Prior Years	0	0	14,104	37,021	0	0	154,368
Interest and Penalty	0	0	4,609	12,087	0	0	50,431
Payments in-Lieu-of Taxes - T.V.A.	0	0	4,348	11,561	0	0	47,720
Payments in-Lieu-of Taxes - Local Utilities	0	0	875	2,328	0	0	9,610
Payments in-Lieu-of Taxes - Other	0	0	6	15	0	0	276
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	0	0	1,385,156	0	1,664,754
Litigation Tax - General	0	0	0	0	0	0	125,507
Litigation Tax - Special Purpose	0	0	0	0	0	0	14,044
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	24,840
Business Tax	0	0	0	0	0	0	210,746
Mineral Severance Tax	0	17,244	0	0	0	0	17,244
Other County Local Option Taxes	0	0	0	0	0	0	22,111
<u>Statutory Local Taxes</u>							
Interstate Telecommunications Tax	0	0	0	0	0	0	1,978
Total Local Taxes	\$ 0	\$ 17,244	\$ 504,114	\$ 1,315,757	\$ 1,385,156	\$ 0	\$ 7,588,964
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,080
<u>Permits</u>							
Beer Permits	0	0	0	0	0	0	2,343
Building Permits	0	0	0	0	0	0	88,597
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 127,020
<u>Fines, Forfeitures, and Penalties</u>							
Circuit Court	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,985
Fines							

(Continued)

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

	Special Revenue Funds			Debt Service Funds			Total
	Constitutional Officers Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	8,176
Drug Control Fines	0	0	0	0	0	0	25,973
Jail Fees	0	0	0	0	0	0	693
DUI Treatment Fines	0	0	0	0	0	0	2,470
<u>Criminal Court</u>							
Data Entry Fee - Criminal Court	0	0	0	0	0	0	803
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	45,204
Officers Costs	0	0	0	0	0	0	41,314
Game and Fish Fines	0	0	0	0	0	0	1,424
Drug Court Fees	0	0	0	0	0	0	7,737
Jail Fees	0	0	0	0	0	0	24,278
DUI Treatment Fines	0	0	0	0	0	0	11,370
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	9,450
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	369
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	160
Data Entry Fee - Chancery Court	0	0	0	0	0	0	302
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	61,116
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 256,824
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	987
Work Release Charges for Board	0	0	0	0	0	0	4,230
Other General Service Charges	0	86,877	0	0	0	0	86,877
<u>Fees</u>							
Airport Fees	0	0	0	0	0	0	50,682

(Continued)

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

	Special Revenue Funds			Debt Service Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service		
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Copy Fees	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	830
Telephone Commissions	0	0	0	0	0	0	13,600
Vending Machine Collections	0	0	0	0	0	0	9,508
Constitutional Officers' Fees and Commissions	373,449	0	0	0	0	0	373,449
Data Processing Fee - Register	0	0	0	0	0	0	12,872
Data Processing Fee - Sheriff	0	0	0	0	0	0	4,270
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	2,325
<u>Other Charges for Services</u>							
Other Charges for Services	0	0	0	0	0	0	6,407
Total Charges for Current Services	\$ 373,449	\$ 86,877	\$ 0	\$ 0	\$ 0	\$ 0	\$ 566,037
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	0 \$	0 \$	0 \$	0 \$	17,867 \$	0	260,805
Lease/Rentals	0	0	0	0	0	0	37,467
Miscellaneous Refunds	0	15,280	0	0	0	0	153,337
<u>Nonrecurring Items</u>							
Sale of Property	0	0	0	0	0	0	37,345
Damages Recovered from Individuals	0	0	0	0	0	0	4,215
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	0	0	0	0	150,000
Total Other Local Revenues	\$ 0	\$ 15,280	\$ 0	\$ 0	\$ 17,867	\$ 0	\$ 643,169
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	73,800
Trustee	0	0	0	0	0	0	220,000
<u>Fees in-Lieu-of Salary</u>							
Circuit Court Clerk	0	0	0	0	0	0	153,615
General Sessions Court Clerk	0	0	0	0	0	0	263,812

(Continued)

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

	Special Revenue Funds			Debt Service Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service		
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
Clerk and Master	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	88,949
Register	0	0	0	0	0	0	154,984
Sheriff	0	0	0	0	0	0	9,274
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	964,434
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	9,000
Airport Maintenance Program	0	0	0	0	0	0	7,694
State Reappraisal Grant	0	0	0	0	0	0	11,957
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	9,000
Health and Welfare Grants	0	0	0	0	0	0	133,438
Health Department Programs	0	0	0	0	0	0	
<u>Public Works Grants</u>							
State Aid Program	0	82,797	0	0	0	0	82,797
Litter Program	0	0	0	0	0	0	25,975
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	140,153
Beer Tax	0	0	0	0	0	0	19,312
Alcoholic Beverage Tax	0	0	0	0	0	0	47,516
Mixed Drink Tax	0	0	0	0	0	0	1,763
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	385,060
Contracted Prisoner Boarding	0	0	0	0	0	0	229,400
Gasoline and Motor Fuel Tax	0	1,811,397	0	0	0	0	1,811,397
Petroleum Special Tax	0	22,307	0	0	0	0	22,307
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	95,886
Other State Revenues	0	0	0	0	0	0	69,946
Total State of Tennessee	\$ 0 \$	1,916,501 \$	0 \$	0 \$	0 \$	0 \$	3,118,981

(Continued)

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

	Special Revenue Funds			Debt Service Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service		
Federal Government							
<u>Federal Through State</u>							
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,625
Other Federal through State	0	0	0	0	0	0	228,212
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	0	0	0	0	0	0	2,610
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 245,447
Other Governments and Citizens Groups							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 0	\$ 841,885	\$ 0	\$ 0	\$ 870,104
Contracted Services	0	0	0	0	0	0	132,268
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 841,885	\$ 0	\$ 0	\$ 1,002,372
Total	\$ 373,449	\$ 2,035,902	\$ 504,114	\$ 2,157,642	\$ 1,403,023	\$ 14,513,248	

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,144,828	\$ 0	\$ 0	\$ 0	\$ 4,144,828
Trustee's Collections - Prior Year	233,919	0	0	0	233,919
Circuit/Clerk & Master Collections - Prior Years	142,262	0	0	0	142,262
Interest and Penalty	45,116	0	0	0	45,116
Payments in-Lieu-of Taxes - T.V.A.	39,623	0	0	0	39,623
Payments in-Lieu-of Taxes - Local Utilities	7,986	0	0	0	7,986
Payments in-Lieu-of Taxes - Other	317	0	0	0	317
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,898,028	0	0	0	2,898,028
Hotel/Motel Tax	22,225	0	0	0	22,225
<u>Statutory Local Taxes</u>					
Bank Excise Tax	109,781	0	0	0	109,781
Wholesale Beer Tax	117,986	0	0	0	117,986
Interstate Telecommunications Tax	3,295	0	0	0	3,295
Total Local Taxes	\$ 7,765,366	\$ 0	\$ 0	\$ 0	\$ 7,765,366
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,366	\$ 0	\$ 0	\$ 0	\$ 2,366
Total Licenses and Permits	\$ 2,366	\$ 0	\$ 0	\$ 0	\$ 2,366
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 1,900	\$ 0	\$ 0	\$ 0	\$ 1,900
Lunch Payments - Children	0	0	397,239	0	397,239
Lunch Payments - Adults	0	0	45,125	0	45,125
Income from Breakfast	0	0	40,442	0	40,442
A la carte Sales	0	0	343,624	0	343,624
Receipts from Individual Schools	2,446	0	0	0	2,446
Community Service Fees - Children	200,228	0	0	0	200,228
TBI Criminal Background Fees	5,790	0	0	0	5,790
Total Charges for Current Services	\$ 210,364	\$ 0	\$ 826,430	\$ 0	\$ 1,036,794
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 32,808	\$ 343,530	\$ 376,338
Lease/Rentals	425	0	0	0	425
Refund of Telecommunication & Internet Fees (E-Rate)	16,256	0	0	0	16,256
Miscellaneous Refunds	27,375	0	0	0	27,375
<u>Nonrecurring Items</u>					
Sale of Property	315	0	0	0	315
Damages Recovered from Individuals	50	0	0	0	50
Contributions and Gifts	3,050	0	0	0	3,050
<u>Other Local Revenues</u>					
Other Local Revenues	465	0	0	0	465
Total Other Local Revenues	\$ 47,936	\$ 0	\$ 32,808	\$ 343,530	\$ 424,274

(Continued)

Exhibit J-7

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Marion 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	\$ 139,144	\$ 0	\$ 0	\$ 0	\$ 139,144
<u>State Education Funds</u>					
Basic Education Program	17,003,000	0	0	0	17,003,000
School Food Service	0	0	23,088	0	23,088
Driver Education	16,380	0	0	0	16,380
Other State Education Funds	484,285	0	0	0	484,285
Career Ladder Program	217,058	0	0	0	217,058
Career Ladder - Extended Contract	106,746	0	0	0	106,746
Other Vocational	24,762	0	0	0	24,762
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	531,750	0	0	0	531,750
Total State of Tennessee	\$ 18,523,125	\$ 0	\$ 23,088	\$ 0	\$ 18,546,213
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 893,700	\$ 0	\$ 893,700
Breakfast	0	0	265,427	0	265,427
Adult Education State Grant Program	69,316	0	0	0	69,316
Vocational Education - Basic Grants to States	0	86,598	0	0	86,598
Title I Grants to Local Education Agencies	0	938,088	0	0	938,088
Innovative Education Program Strategies	0	6,772	0	0	6,772
Special Education - Grants to States	59,692	854,570	0	0	914,262
Special Education Preschool Grants	0	36,601	0	0	36,601
Safe and Drug-Free Schools - State Grants	0	21,459	0	0	21,459
Eisenhower Professional Development State Grants	0	241,882	0	0	241,882
Total Federal Government	\$ 129,008	\$ 2,185,970	\$ 1,159,127	\$ 0	\$ 3,474,105
Total	\$ 26,678,165	\$ 2,185,970	\$ 2,041,453	\$ 343,530	\$ 31,249,118

Exhibit J-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 35,175	
Legal Services	39,427	
Travel	53	
Total County Commission		\$ 74,655

Board of Equalization

Board and Committee Members Fees	\$ 1,360	
Total Board of Equalization		1,360

Beer Board

Board and Committee Members Fees	\$ 2,700	
Total Beer Board		2,700

Budget and Finance Committee

Board and Committee Members Fees	\$ 3,600	
Total Budget and Finance Committee		3,600

County Mayor/Executive

County Official/Administrative Officer	\$ 77,269	
Accountants/Bookkeepers	26,417	
Secretary(ies)	26,417	
Other Salaries and Wages	9,999	
Maintenance and Repair Services - Vehicles	262	
Travel	1,155	
Gasoline	912	
Total County Mayor/Executive		142,431

Election Commission

County Official/Administrative Officer	\$ 52,985	
Deputy(ies)	26,417	
Election Commission	6,845	
Election Workers	48,921	
Contracts with Private Agencies	18,635	
Postal Charges	3,235	
Printing, Stationery, and Forms	5,933	
Travel	5,387	
Other Supplies and Materials	2,350	
Other Charges	4,510	
Data Processing Equipment	25,237	
Office Equipment	1,524	
Total Election Commission		201,979

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$ 58,872	
Deputy(ies)	27,498	
Clerical Personnel	26,417	
Other Salaries and Wages	26,417	
Operating Lease Payments	10,222	
Travel	25	
Other Charges	15,165	
Office Equipment	2,500	
Total Register of Deeds		\$ 167,116

Development

Contracts with Government Agencies	\$ 20,000	
Total Development		20,000

Building

Supervisor/Director	\$ 50,640	
Clerical Personnel	26,417	
Other Salaries and Wages	7,082	
In-Service Training	966	
Advertising	1,080	
Contracts with Government Agencies	9,250	
Travel	10,888	
Refunds	375	
Total Building		106,698

County Buildings

Custodial Personnel	\$ 37,103	
Other Salaries and Wages	2,287	
Other Contracted Services	20,545	
Utilities	246,927	
Other Supplies and Materials	72,794	
Office Equipment	1,838	
Building Purchases	200,000	
Other Equipment	5,250	
Total County Buildings		586,744

Other General Administration

Maintenance Personnel	\$ 33,983	
Overtime Pay	2,063	
Communication	1,314	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Travel	\$ 1,927	
Total Other General Administration		\$ 39,287

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 58,872	
Secretary(ies)	26,417	
Clerical Personnel	26,417	
Other Salaries and Wages	26,417	
Audit Services	6,735	
Travel	2,668	
Other Contracted Services	12	
Total Property Assessor's Office		147,538

Reappraisal Program

Clerical Personnel	\$ 11,849	
Part-time Personnel	7,000	
Other Salaries and Wages	25,335	
Data Processing Services	4,166	
Travel	2,218	
Total Reappraisal Program		50,568

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 58,872	
Deputy(ies)	212,880	
Other Salaries and Wages	23,598	
Jury and Witness Fees	16,895	
Operating Lease Payments	26,400	
Office Equipment	44,585	
Other Equipment	2,400	
Total Circuit Court		385,630

General Sessions Court

Judge(s)	\$ 80,644	
Travel	2,419	
Library Books/Media	2,685	
Total General Sessions Court		85,748

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$ 58,872	
Accountants/Bookkeepers	25,198	
Part-time Personnel	6,887	
Other Salaries and Wages	<u>25,435</u>	
Total Chancery Court		\$ 116,392

Juvenile Court

Judge(s)	\$ 48,386	
Assistant(s)	28,323	
Probation Officer(s)	26,417	
Clerical Personnel	8,981	
Overtime Pay	7,488	
Other Salaries and Wages	12,962	
In-Service Training	100	
Travel	3,622	
Other Contracted Services	3,871	
Drugs and Medical Supplies	839	
Office Supplies	<u>2,411</u>	
Total Juvenile Court		143,400

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 64,760	
Deputy(ies)	522,038	
Accountants/Bookkeepers	7,009	
Salary Supplements	9,000	
Dispatchers/Radio Operators	242,128	
Attendants	58,079	
Temporary Personnel	9,844	
Overtime Pay	155,874	
Other Salaries and Wages	50,274	
In-Service Training	12,511	
Operating Lease Payments	29,808	
Rentals	1,600	
Gasoline	109,983	
Instructional Supplies and Materials	59,108	
Tires and Tubes	5,001	
Uniforms	6,110	
Vehicle Parts	36,755	
Other Charges	5,534	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Principal on Capital Leases	\$ 78,335	
Interest on Capital Leases	6,684	
Communication Equipment	985	
Law Enforcement Equipment	23,507	
Motor Vehicles	63,350	
Office Equipment	<u>2,381</u>	
Total Sheriff's Department		\$ 1,560,658

Jail

Guards	\$ 370,398	
Cafeteria Personnel	42,128	
Overtime Pay	49,881	
Other Salaries and Wages	11,380	
In-Service Training	1,510	
Medical and Dental Services	244,008	
Transportation - Other than Students	764	
Food Supplies	112,296	
Prisoners Clothing	3,061	
Uniforms	2,011	
Other Charges	<u>37,740</u>	
Total Jail		875,177

Fire Prevention and Control

Contributions	\$ 2,000	
Other Contracted Services	191,862	
Other Charges	<u>37,000</u>	
Total Fire Prevention and Control		230,862

Civil Defense

Contributions	\$ 7,000	
Equipment and Machinery Parts	<u>48,015</u>	
Total Civil Defense		55,015

Rescue Squad

Contributions	\$ 10,000	
Total Rescue Squad		10,000

Public Health and Welfare

Local Health Center

Contributions	\$ 59,241	
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(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Other Contracted Services	\$ 113,054	
Instructional Supplies and Materials	15,789	
Principal on Notes	23,321	
Interest on Notes	1,666	
Building Construction	<u>570,272</u>	
Total Local Health Center		\$ 783,343

Ambulance/Emergency Medical Services

Ambulance Services	\$ 180,000	
Refunds	<u>1,420</u>	
Total Ambulance/Emergency Medical Services		181,420

Alcohol and Drug Programs

Other Salaries and Wages	\$ 2,400	
Other Supplies and Materials	<u>3,814</u>	
Total Alcohol and Drug Programs		6,214

Other Local Health Services

Contracts with Government Agencies	\$ 1,000	
Contracts with Other Public Agencies	75,015	
Pauper Burials	5,700	
Other Contracted Services	<u>14,500</u>	
Total Other Local Health Services		96,215

Regional Mental Health Center

Contracts with Government Agencies	\$ <u>12,430</u>	
Total Regional Mental Health Center		12,430

General Welfare Assistance

Contributions	\$ <u>2,500</u>	
Total General Welfare Assistance		2,500

Sanitation Education/Information

Guards	\$ 14,050	
Clerical Personnel	19,694	
Other Fringe Benefits	1,600	
Travel	2,000	
Gasoline	500	
Instructional Supplies and Materials	5,815	
Other Supplies and Materials	181	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Motor Vehicles	\$ 24,320	
Other Equipment	801	
Total Sanitation Education/Information		\$ 68,961

Social, Cultural, and Recreational Services

Libraries

Contributions	\$ 125,730	
Other Charges	6,000	
Total Libraries		131,730

Parks and Fair Boards

Custodial Personnel	\$ 18,000	
Contributions	5,505	
Total Parks and Fair Boards		23,505

Other Social, Cultural, and Recreational

Contributions	\$ 500	
Chemicals	10,000	
Other Charges	4,000	
Total Other Social, Cultural, and Recreational		14,500

Agriculture and Natural Resources

Agriculture Extension Service

Contributions	\$ 40,432	
Total Agriculture Extension Service		40,432

Soil Conservation

Clerical Personnel	\$ 26,417	
Travel	68	
Office Supplies	300	
Other Charges	220	
Total Soil Conservation		27,005

Other Operations

Industrial Development

Dues and Memberships	\$ 8,616	
Total Industrial Development		8,616

Other Economic and Community Development

Water and Sewer	\$ 6,134	
Total Other Economic and Community Development		6,134

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Airport

Supervisor/Director	\$ 27,598	
Temporary Personnel	7,958	
Other Fringe Benefits	4,461	
Travel	966	
Fuel Oil	26,768	
Office Supplies	672	
Utilities	8,683	
Liability Insurance	2,685	
Other Charges	2,103	
Airport Improvement	18,639	
Other Construction	124,772	
Total Airport		\$ 225,305

Veterans' Services

Supervisor/Director	\$ 5,128	
Other Charges	158	
Total Veterans' Services		5,286

Other Charges

Audit Services	\$ 6,410	
Dues and Memberships	10,730	
Legal Notices, Recording, and Court Costs	3,006	
Maintenance and Repair Services - Equipment	79,242	
Office Supplies	93,064	
Liability Insurance	110,970	
Premiums on Corporate Surety Bonds	100	
Trustee's Commission	101,136	
Vehicle and Equipment Insurance	36,900	
Workers' Compensation Insurance	96,046	
Other Charges	93,896	
Office Equipment	5,424	
Total Other Charges		636,924

Employee Benefits

Social Security	\$ 232,333	
State Retirement	154,533	
Employee and Dependent Insurance	204,583	
Unemployment Compensation	5,781	
Total Employee Benefits		597,230

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Payments to Cities

Contracts with Other Public Agencies	\$ 19,941	
Total Payments to Cities		\$ 19,941

Miscellaneous

Investigator(s)	\$ 13,838	
Total Miscellaneous		<u>13,838</u>

Total General Fund		\$ 7,909,087
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Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$ 24,739	
Total County Buildings		\$ 24,739

Other Operations

Other Charges

Trustee's Commission	\$ 95	
Total Other Charges		<u>95</u>

Total Courthouse and Jail Maintenance Fund		24,834
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Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$ 47,824	
Part-time Personnel	122,512	
Other Salaries and Wages	6,468	
Social Security	13,520	
Unemployment Compensation	906	
Maintenance and Repair Services - Equipment	3,597	
Matching Share	6,000	
Disposal Fees	207,818	
Diesel Fuel	12,404	
Tires and Tubes	6,145	
Uniforms	1,532	
Utilities	15,870	
Gravel and Chert	2,339	
Other Supplies and Materials	8,320	
Other Construction	<u>3,650</u>	
Total Convenience Centers		\$ 458,905

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Other Waste Collection

Tires and Tubes	\$ 12,985	
Other Charges	<u>7,300</u>	
Total Other Waste Collection		\$ 20,285

Other Operations

Other Charges

Trustee's Commission	\$ 4,094	
Total Other Charges		<u>4,094</u>

Total Solid Waste/Sanitation Fund \$ 483,284

Health Department Fund

Other Operations

Other Charges

Trustee's Commission	\$ 12	
Total Other Charges		\$ 12

Total Health Department Fund 12

Drug Control Fund

Public Safety

Drug Enforcement

Clerical Personnel	\$ 5,000	
Overtime Pay	18,642	
Social Security	1,809	
Confidential Drug Enforcement Payments	6,000	
Tow-in Services	200	
Veterinary Services	106	
Animal Food and Supplies	629	
Law Enforcement Supplies	2,809	
Utilities	499	
Refunds	16,329	
Law Enforcement Equipment	20	
Motor Vehicles	<u>38,174</u>	
Total Drug Enforcement		\$ 90,217

Other Operations

Other Charges

Trustee's Commission	\$ 781	
Total Other Charges		<u>781</u>

Total Drug Control Fund 90,998

(Continued)

Exhibit J-8

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 158,842	
Total County Trustee's Office		\$ 158,842

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 193,458	
Total County Clerk's Office		<u>193,458</u>

Total Constitutional Officers - Fees Fund		\$ 352,300
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 64,760	
Assistant(s)	81,851	
Accountants/Bookkeepers	65,367	
Salary Supplements	1,800	
Communication	9,539	
Data Processing Services	4,660	
Dues and Memberships	3,664	
Evaluation and Testing	1,575	
Legal Notices, Recording, and Court Costs	51	
Maintenance and Repair Services - Office Equipment	629	
Postal Charges	373	
Travel	1,011	
Other Contracted Services	2,760	
Office Supplies	1,339	
Other Charges	<u>8,514</u>	
Total Administration		\$ 247,893

Highway and Bridge Maintenance

Foremen	\$ 54,313
Equipment Operators	66,778
Truck Drivers	229,937
Laborers	166,898
Operating Lease Payments	1,000
Rentals	1,047
Asphalt - Cold Mix	6,477
Asphalt - Hot Mix	172,481
Asphalt - Liquid	24,187
Crushed Stone	48,055

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Pipe - Metal	\$ 12,026	
Road Signs	8,231	
Sand	1,285	
Other Supplies and Materials	8,455	
Total Highway and Bridge Maintenance		\$ 801,170

Operation and Maintenance of Equipment

Mechanic(s)	\$ 65,001	
Nightwatchmen	29,636	
Diesel Fuel	56,700	
Equipment and Machinery Parts	80,530	
Garage Supplies	10,564	
Gasoline	54,892	
Lubricants	873	
Propane Gas	1,697	
Tires and Tubes	11,563	
Total Operation and Maintenance of Equipment		311,456

Other Charges

Electricity	\$ 7,491	
Water and Sewer	137	
Building and Contents Insurance	1,461	
Liability Insurance	6,572	
Trustee's Commission	18,548	
Vehicle and Equipment Insurance	32,652	
Total Other Charges		66,861

Employee Benefits

Social Security	\$ 63,145	
State Retirement	38,690	
Employee and Dependent Insurance	170,302	
Unemployment Compensation	1,955	
Workers' Compensation Insurance	48,506	
Total Employee Benefits		322,598

Capital Outlay

Principal on Notes	\$ 63,186	
Interest on Notes	600	
Building Improvements	236	
Communication Equipment	1,251	

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Data Processing Equipment	\$ 1,375	
Office Equipment	1,052	
State Aid Projects	94,636	
Other Construction	<u>9,404</u>	
Total Capital Outlay		\$ <u>171,740</u>

Total Highway/Public Works Fund \$ 1,921,718

General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ <u>10,021</u>	
Total Other Charges		\$ 10,021

Principal on Debt

General Government

Principal on Bonds	\$ <u>140,000</u>	
Total General Government		140,000

Interest on Debt

General Government

Interest on Bonds	\$ <u>184,662</u>	
Total General Government		184,662

Other Debt Service

General Government

Other Charges	\$ <u>642</u>	
Total General Government		<u>642</u>

Total General Debt Service Fund 335,325

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ <u>820,000</u>	
Total Education		\$ 820,000

Interest on Debt

Education

Interest on Bonds	\$ <u>957,350</u>	
Total Education		957,350

(Continued)

Exhibit J-8

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

Rural Debt Service Fund (Cont.)

Other Debt Service

Education

Trustee's Commission

\$ 26,159

Other Charges

2,670

Total Education

\$ 28,829

Total Rural Debt Service Fund

\$ 1,806,179

Education Debt Service Fund

Other Operations

Other Charges

Trustee's Commission

\$ 13,954

Total Other Charges

\$ 13,954

Principal on Debt

Education

Principal on Bonds

\$ 100,000

Total Education

100,000

Interest on Debt

Education

Interest on Bonds

\$ 878,450

Total Education

878,450

Total Education Debt Service Fund

992,404

Total Governmental Funds - Primary Government

\$ 13,916,141

Exhibit J-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,490,796	
Career Ladder Program	124,220	
Career Ladder Extended Contracts	95,500	
Homebound Teachers	10,956	
Educational Assistants	281,749	
Certified Substitute Teachers	2,160	
Non-certified Substitute Teachers	168,388	
Social Security	541,233	
State Retirement	554,420	
Medical Insurance	1,336,093	
Employer Medicare	127,306	
Contracts with Other School Systems	2,865	
Other Contracted Services	4,729	
Instructional Supplies and Materials	46,600	
Textbooks	324,696	
Other Supplies and Materials	171,741	
Other Charges	7,912	
Total Regular Instruction Program		\$ 12,291,364

Alternative Instruction Program

Teachers	\$ 86,080	
Career Ladder Program	1,000	
Social Security	5,291	
State Retirement	5,434	
Medical Insurance	11,000	
Employer Medicare	1,237	
Other Contracted Services	276	
Instructional Supplies and Materials	391	
Other Supplies and Materials	3,100	
Other Equipment	959	
Total Alternative Instruction Program		114,768

Special Education Program

Teachers	\$ 1,091,208	
Career Ladder Program	15,600	
Homebound Teachers	8,608	
Educational Assistants	154,872	
Speech Pathologist	98,547	
Other Salaries and Wages	7,526	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Certified Substitute Teachers	\$	6,614	
Non-certified Substitute Teachers		29,173	
Social Security		81,361	
State Retirement		80,773	
Medical Insurance		296,709	
Employer Medicare		19,534	
Contracts with Private Agencies		22,875	
Other Contracted Services		115,774	
Instructional Supplies and Materials		6,000	
Other Supplies and Materials		57,536	
Special Education Equipment		8,514	
Total Special Education Program			\$ 2,101,224

Vocational Education Program

Teachers	\$	753,121	
Career Ladder Program		10,000	
Certified Substitute Teachers		725	
Non-certified Substitute Teachers		10,476	
Social Security		45,913	
State Retirement		47,383	
Medical Insurance		119,645	
Employer Medicare		10,738	
Maintenance and Repair Services - Equipment		1,447	
Other Contracted Services		3,954	
Instructional Supplies and Materials		26,689	
Textbooks		11,039	
Other Supplies and Materials		49,820	
Vocational Instruction Equipment		24,668	
Total Vocational Education Program			1,115,618

Adult Education Program

Teachers	\$	122,313	
Career Ladder Program		2,000	
Other Salaries and Wages		14,400	
Social Security		8,066	
State Retirement		7,675	
Medical Insurance		16,500	
Employer Medicare		2,008	
Other Contracted Services		2,114	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Instructional Supplies and Materials	\$	5,950	
Other Supplies and Materials		4,084	
Other Charges		221	
Other Equipment		3,995	
Total Adult Education Program			\$ 189,326

Support Services

Attendance

Supervisor/Director	\$	55,524	
Career Ladder Program		850	
Social Workers		16,366	
Clerical Personnel		22,596	
Other Salaries and Wages		169,189	
Social Security		15,842	
State Retirement		15,934	
Medical Insurance		37,313	
Employer Medicare		3,705	
Maintenance and Repair Services - Equipment		431	
Travel		4,119	
Other Supplies and Materials		4,336	
Total Attendance			346,205

Health Services

Medical Personnel	\$	74,680	
Other Salaries and Wages		121,353	
Social Security		11,599	
State Retirement		7,419	
Medical Insurance		33,718	
Employer Medicare		2,713	
Maintenance and Repair Services - Equipment		244	
Postal Charges		262	
Travel		10,005	
Other Contracted Services		6,134	
Drugs and Medical Supplies		5,278	
Other Supplies and Materials		21,108	
Other Charges		587	
Health Equipment		480	
Total Health Services			295,580

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$	4,000	
Guidance Personnel		421,355	
Clerical Personnel		19,785	
Other Salaries and Wages		23,185	
Social Security		27,105	
State Retirement		27,320	
Medical Insurance		68,222	
Employer Medicare		6,569	
Evaluation and Testing		78,983	
Travel		4,371	
Other Contracted Services		109	
Other Supplies and Materials		8,756	
In Service/Staff Development		13,067	
Total Other Student Support			\$ 702,827

Regular Instruction Program

Supervisor/Director	\$	132,042	
Career Ladder Program		9,000	
Librarians		395,760	
Secretary(ies)		25,812	
Social Security		32,966	
State Retirement		34,728	
Medical Insurance		75,413	
Employer Medicare		7,710	
Travel		3,712	
Other Contracted Services		4,823	
Library Books/Media		75,000	
Other Supplies and Materials		478	
In Service/Staff Development		26,455	
Other Charges		26,940	
Total Regular Instruction Program			850,839

Special Education Program

Supervisor/Director	\$	62,892
Career Ladder Program		5,000
Social Security		4,223
State Retirement		4,268
Medical Insurance		5,450
Employer Medicare		988

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Maintenance and Repair Services - Equipment	\$	252	
Travel		15,337	
Other Contracted Services		1,476	
Other Supplies and Materials		19,781	
In Service/Staff Development		26,362	
Other Equipment		15,091	
Total Special Education Program			\$ 161,120

Vocational Education Program

Supervisor/Director	\$	67,932	
Career Ladder Program		1,000	
In-Service Training		1,708	
Social Security		4,086	
State Retirement		4,408	
Medical Insurance		11,307	
Employer Medicare		955	
Travel		2,064	
Other Supplies and Materials		510	
Other Charges		2,302	
Total Vocational Education Program			96,272

Adult Programs

Supervisor/Director	\$	62,130	
Career Ladder Program		1,000	
Other Salaries and Wages		23,292	
Social Security		4,971	
State Retirement		5,050	
Medical Insurance		9,481	
Employer Medicare		1,163	
Travel		1,110	
In Service/Staff Development		243	
Total Adult Programs			108,440

Other Programs

On-Behalf Payments to OPEB	\$	139,144	
Total Other Programs			139,144

Board of Education

Board and Committee Members Fees	\$	14,700	
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(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Social Security	\$	911	
Unemployment Compensation		1,445	
Employer Medicare		213	
Audit Services		5,000	
Dues and Memberships		18,826	
Legal Services		37,701	
Travel		18,798	
Other Contracted Services		3,600	
Premiums on Corporate Surety Bonds		521	
Trustee's Commission		179,648	
Workers' Compensation Insurance		118,380	
Criminal Investigation of Applicants - TBI		6,252	
Other Charges		4,092	
Total Board of Education			\$ 410,087

Director of Schools

County Official/Administrative Officer	\$	74,000	
Career Ladder Program		1,000	
Secretary(ies)		31,956	
Clerical Personnel		25,020	
Social Security		8,155	
State Retirement		7,398	
Medical Insurance		19,016	
Employer Medicare		1,907	
Communication		47,260	
Dues and Memberships		4,796	
Maintenance and Repair Services - Equipment		10,926	
Postal Charges		2,699	
Travel		10,039	
Other Contracted Services		18,596	
Office Supplies		7,413	
Other Charges		380	
Total Director of Schools			270,561

Office of the Principal

Principals	\$	535,006	
Career Ladder Program		19,000	
Assistant Principals		183,671	
Secretary(ies)		330,466	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Other Salaries and Wages	\$	1,191	
Social Security		63,812	
State Retirement		61,845	
Medical Insurance		189,147	
Employer Medicare		14,924	
Other Contracted Services		23,744	
Total Office of the Principal			\$ 1,422,806

Fiscal Services

Supervisor/Director	\$	67,860	
Accountants/Bookkeepers		86,496	
Other Salaries and Wages		18,841	
Social Security		10,706	
State Retirement		8,262	
Medical Insurance		30,096	
Employer Medicare		2,504	
Data Processing Services		9,376	
Dues and Memberships		1,015	
Maintenance and Repair Services - Equipment		500	
Travel		3,522	
Data Processing Supplies		9,159	
Office Supplies		2,396	
Other Charges		625	
Total Fiscal Services			251,358

Human Services/Personnel

Supervisor/Director	\$	65,130	
Secretary(ies)		22,891	
Social Security		5,204	
State Retirement		5,156	
Medical Insurance		13,722	
Employer Medicare		1,217	
Travel		1,011	
Office Supplies		2,494	
Other Charges		107	
Total Human Services/Personnel			116,932

Operation of Plant

Custodial Personnel	\$	463,627	
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(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Social Security	\$	28,069	
State Retirement		20,391	
Medical Insurance		141,619	
Employer Medicare		6,564	
Disposal Fees		30,526	
Other Contracted Services		14,548	
Custodial Supplies		156,925	
Electricity		873,305	
Natural Gas		243,452	
Water and Sewer		100,153	
Other Supplies and Materials		17,423	
Building and Contents Insurance		114,546	
Other Charges		1,110	
Total Operation of Plant			\$ 2,212,258

Maintenance of Plant

Maintenance Personnel	\$	187,500	
Social Security		11,319	
State Retirement		8,944	
Medical Insurance		44,230	
Employer Medicare		2,647	
Maintenance and Repair Services - Buildings		10,207	
Maintenance and Repair Services - Equipment		22,406	
Maintenance and Repair Services - Vehicles		1,437	
Other Contracted Services		30,583	
Other Supplies and Materials		133,198	
Other Charges		731	
Total Maintenance of Plant			453,202

Transportation

Supervisor/Director	\$	9,798	
Social Security		587	
State Retirement		611	
Medical Insurance		818	
Employer Medicare		137	
Contracts with Parents		20,566	
Contracts with Vehicle Owners		801,453	
Travel		909	
Other Contracted Services		695	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Diesel Fuel	\$	120,145	
Other Charges		326	
Total Transportation			\$ 956,045

Central and Other

Supervisor/Director	\$	53,424	
Other Salaries and Wages		15,235	
Social Security		3,984	
State Retirement		3,115	
Medical Insurance		8,687	
Employer Medicare		932	
Travel		1,156	
Other Contracted Services		85,573	
Other Supplies and Materials		13,625	
Other Equipment		26,025	
Total Central and Other			211,756

Operation of Non-Instructional Services

Community Services

Part-time Personnel	\$	1,722	
Other Salaries and Wages		167,163	
Social Security		10,005	
State Retirement		8,705	
Medical Insurance		18,560	
Employer Medicare		2,340	
Travel		1,383	
Other Contracted Services		1,843	
Other Supplies and Materials		8,040	
Other Charges		1,916	
Total Community Services			221,677

Early Childhood Education

Teachers	\$	143,420	
Educational Assistants		71,337	
Non-certified Substitute Teachers		2,348	
Social Security		12,093	
State Retirement		12,352	
Medical Insurance		70,599	
Employer Medicare		2,828	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Other Contracted Services	\$	4,679	
Instructional Supplies and Materials		15,757	
In Service/Staff Development		5,603	
Total Early Childhood Education			\$ 341,016

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	8,140	
Building Construction		18,398	
Other Capital Outlay		227,341	
Total Regular Capital Outlay			253,879

Principal on Debt

Education

Principal on Notes	\$	44,511	
Total Education			44,511

Interest on Debt

Education

Interest on Notes	\$	18,637	
Total Education			18,637

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	841,885	
Total Education			841,885

Total General Purpose School Fund \$ 26,539,337

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	343,414	
Educational Assistants		105,590	
Non-certified Substitute Teachers		8,995	
Social Security		27,655	
State Retirement		26,237	
Medical Insurance		99,990	
Employer Medicare		6,468	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Other Fringe Benefits	\$	738	
Other Contracted Services		5,952	
Instructional Supplies and Materials		79,297	
Regular Instruction Equipment		63,163	
Total Regular Instruction Program			\$ 767,499

Special Education Program

Teachers	\$	5,010	
Educational Assistants		175,456	
Speech Pathologist		57,238	
Other Salaries and Wages		23,400	
Social Security		15,346	
State Retirement		13,370	
Medical Insurance		78,497	
Employer Medicare		3,589	
Other Fringe Benefits		7,034	
Other Contracted Services		2,360	
Other Supplies and Materials		24,247	
Total Special Education Program			405,547

Vocational Education Program

Other Contracted Services	\$	4,065	
Instructional Supplies and Materials		3,254	
Other Supplies and Materials		7,826	
Vocational Instruction Equipment		47,440	
Total Vocational Education Program			62,585

Support Services

Health Services

Medical Personnel	\$	32,834	
Social Security		2,036	
State Retirement		1,566	
Medical Insurance		5,303	
Employer Medicare		476	
Other Fringe Benefits		907	
Total Health Services			43,122

Other Student Support

Other Salaries and Wages	\$	101,032	
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(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Social Security	\$	6,193	
State Retirement		5,640	
Medical Insurance		150	
Employer Medicare		1,448	
Other Fringe Benefits		10	
Travel		4,086	
Other Contracted Services		1,191	
Other Supplies and Materials		13,755	
In Service/Staff Development		28,380	
Other Charges		7,679	
Total Other Student Support			\$ 169,564

Regular Instruction Program

Supervisor/Director	\$	65,100	
Secretary(ies)		21,168	
In-Service Training		4,200	
Social Security		4,989	
State Retirement		5,334	
Medical Insurance		18,702	
Employer Medicare		1,167	
Other Fringe Benefits		21	
Travel		1,900	
Other Contracted Services		6,621	
Other Supplies and Materials		5,161	
In Service/Staff Development		44,098	
Other Equipment		1,720	
Total Regular Instruction Program			180,181

Special Education Program

Psychological Personnel	\$	143,141	
Secretary(ies)		18,816	
Other Salaries and Wages		128,773	
Social Security		17,501	
State Retirement		17,865	
Medical Insurance		24,330	
Employer Medicare		4,093	
Other Fringe Benefits		280	
Travel		256	
Other Contracted Services		320	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

In Service/Staff Development	\$ 1,143	
Total Special Education Program		\$ 356,518

Vocational Education Program

In Service/Staff Development	\$ 1,561	
Other Charges	490	
Total Vocational Education Program		2,051

Office of the Principal

Assistant Principals	\$ 96,307	
Social Security	5,971	
State Retirement	6,010	
Medical Insurance	7,874	
Employer Medicare	1,396	
Total Office of the Principal		117,558

Transportation

Other Salaries and Wages	\$ 16,582	
Social Security	1,028	
State Retirement	791	
Medical Insurance	13,683	
Employer Medicare	240	
Other Fringe Benefits	464	
Maintenance and Repair Services - Vehicles	195	
Lubricants	67	
Total Transportation		<u>33,050</u>

Total School Federal Projects Fund		\$ 2,137,675
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Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 65,328
Accountants/Bookkeepers	28,762
Cafeteria Personnel	650,135
Other Salaries and Wages	25,332
Social Security	47,197
State Retirement	34,056
Medical Insurance	145,192

(Continued)

Exhibit J-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Employer Medicare	\$	11,038	
Other Fringe Benefits		19,706	
Communication		6,675	
Travel		3,641	
Other Contracted Services		63,489	
Food Preparation Supplies		56,622	
Food Supplies		816,203	
Other Supplies and Materials		8,331	
Trustee's Commission		327	
In Service/Staff Development		11,712	
Other Charges		8,926	
Food Service Equipment		37,476	
Total Food Service			<u>\$ 2,040,148</u>

Total Central Cafeteria Fund \$ 2,040,148

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Other Salaries and Wages	\$	8,004	
Architects		122,475	
Other Contracted Services		18,668	
Trustee's Commission		4,110	
Building Construction		13,137,161	
Building Improvements		41,915	
Food Service Equipment		34,000	
Furniture and Fixtures		219,906	
Plant Operation Equipment		104,979	
Total Education Capital Projects			<u>\$ 13,691,218</u>

Total Education Capital Projects Fund 13,691,218

Total Governmental Funds - Marion County School Department \$ 44,408,378

Exhibit J-10

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

	Cities Sales Tax Fund	Special School District Fund	City School ADA - Richard City Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 20,742	\$ 313,299	\$ 334,041
Trustee's Collections - Prior Years	0	954	20,948	21,902
Circuit/Clerk and Master Collections - Prior Years	0	0	10,013	10,013
Interest and Penalty	0	147	3,442	3,589
Payments in-Lieu-of Taxes - T.V.A.	0	0	2,792	2,792
Payments in-Lieu-of Taxes - Local Utilities	0	0	609	609
Payments in-Lieu-of Taxes - Other	0	0	24	24
Local Option Sales Tax	2,822,883	0	219,553	3,042,436
Hotel/Motel Tax	0	0	1,695	1,695
Bank Excise Tax	0	0	8,374	8,374
Wholesale Beer Tax	0	0	10,080	10,080
Interstate Telecommunications Tax	0	0	256	256
Marriage Licenses	0	0	184	184
Total Cash Receipts	\$ 2,822,883	\$ 21,843	\$ 591,269	\$ 3,435,995
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 2,794,654	\$ 21,448	\$ 651,392	\$ 3,467,494
Trustee's Commission	28,229	435	10,527	39,191
Total Cash Disbursements	\$ 2,822,883	\$ 21,883	\$ 661,919	\$ 3,506,685
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ (40)	\$ (70,650)	\$ (70,690)
Cash Balance, July 1, 2007	0	82	24,867	24,949
Cash Balance, June 30, 2008	\$ 0	\$ 42	\$ (45,783)	\$ (45,741)

SINGLE AUDIT SECTION

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

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

March 23, 2009

Marion County Mayor and
Board of County Commissioners
Marion 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 Marion County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise a portion of Marion County's basic financial statements and have issued our report thereon dated March 23, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Marion County Emergency Communications District, which were not available from other auditors as of the date of this report. Other auditors were engaged to audit the financial statements of the Marion County Conservation Commission (the county's sole business-type activity and a nonmajor fund), however, the financial statements of the Marion County Conservation Commission were not available as of the date of this report. Therefore, our report on the business-type activities expressed an adverse opinion and our opinion on the aggregate fund information was qualified due to not including the financial statements of the Marion County Conservation Commission. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Marion 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 Marion County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Marion County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 08.04, 08.05, 08.06, 08.07, and 08.10.

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

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

Compliance and Other Matters

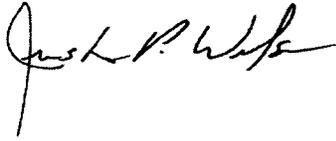
As part of obtaining reasonable assurance about whether Marion County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the

accompanying Schedule of Findings and Questioned Costs as items: 08.01, 08.02, 08.03, and 08.08.

We consider item 08.09 described in the accompanying Schedule of Findings and Questioned costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Marion County in separate communications.

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

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 end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

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

March 23, 2009

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Marion County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Marion 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 Marion County's management. Our responsibility is to express an opinion on Marion 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 Marion 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 Marion County's compliance with those requirements.

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

Internal Control Over Compliance

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

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

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

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

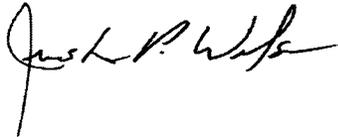
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise a portion of Marion County's basic financial statements and have issued our report thereon dated March 23, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Marion County Emergency Communications District, which were not available from other auditors as of the date of this report. Other auditors were engaged to audit the

financial statements of the Marion County Conservation Commission (the county's sole business-type activity and a nonmajor fund), however, the financial statements of the Marion County Conservation Commission were not available as of the date of this report. Therefore, our report on the business-type activities expressed an adverse opinion and our opinion on the aggregate fund information was qualified due to not including the financial statements of the Marion County Conservation Commission. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Marion County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

<u>Federal/Pass-through Agency/State Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 118,939 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	265,427
National School Lunch Program	10.555	N/A	893,700 (3)
Total U.S. Department of Agriculture			<u>\$ 1,278,066</u>
U.S. Department of Justice:			
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	Z-99-088467-00	\$ 15,315 (4)
Passed-through Hamilton County Sheriff's Department:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	(2)	3,905 (4)
Total U.S. Department of Justice			<u>\$ 19,220</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-08-02404-00	\$ 23,683
Total U.S. Department of Transportation			<u>\$ 23,683</u>
Appalachian Regional Commission:			
Passed-through Tennessee Valley Authority:			
Appalachian Area Development	23.002	(5)	\$ 208,992
Total Appalachian Regional Commission			<u>\$ 208,992</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 69,316
Passed-through State Department of Education:			
Title I Grants to Local Education Agencies	84.010	N/A	948,289
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	842,267
Special Education - Preschool Grants	84.173	N/A	36,601
Career and Technical Education - Basic Grants to States	84.048	N/A	86,598
Safe and Drug-Free Schools and Communities - State Grants	84.186	N/A	21,573
Assistive Technology	84.224	(2)	35,000
State Grants for Innovative Programs	84.298	(2)	6,772
Education Technology State Grants	84.318	(2)	10,759
Improving Teacher Quality State Grants	84.367	(2)	230,912
Total U.S. Department of Education			<u>\$ 2,288,087</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements	90.401	Z-07-034240-00	\$ 1,773
Total U.S. Election Assistance Commission			<u>\$ 1,773</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Office of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(6)	\$ 14,625
Total U.S. Office of Homeland Security			\$ 14,625
Total Expenditures of Federal Awards			\$ 3,834,446
<u>State Grants</u>		<u>Contract Number</u>	
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 11,957
Juvenile Services Program - State Department of Children's Services	N/A	(2)	9,000
Courtroom Security and Audio Visual Grant - State Administrative Office of the Courts	N/A	(2)	6,885
Waste Tire Storage and Disposal - State Department of Environment and Conservation	N/A	Z-07-037114-00	7,300
Optional Waste Tire - State Department of Environment and Conservation	N/A	Z-03-011346-04	6,345
Health Department Grant - State Department of Health	N/A	DG-08-020-368-00	133,438
Driver's Beware - State Department of Transportation	N/A	1584L-07-14	2,900
Litter Program - State Department of Transportation	N/A	Z-07-033861-00	25,975
Airport Maintenance Program - State Department of Transportation	N/A	(2)	7,694
Community Enhancement Grant - Tennessee Secretary of State	N/A	(2)	47,000
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	341,017
Adult Basic Education - State Department of Education	N/A	(2)	39,716
Coordinated School Health Program - State Department of Education	N/A	(2)	103,552
Jobs for Tennessee Graduates - State Department of Education	N/A	(2)	24,762
Total State Grants			\$ 767,541

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 \$1,012,639.
- (4) Total Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program (CFDA No. 16.580) passed-through state and local governments \$19,220.
- (5) TN-15216-1-302: \$19,007; TV-85105-V: \$189,985.
- (6) GG-07-22342-00: \$3,919; Z-05-021585-02: \$10,706.

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

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

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.05	16	The office did not implement adequate controls to protect its information resources

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.07	17	Collections were not deposited within three days

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.08	17	A central system of accounting, budgeting, and purchasing had not been adopted
07.09	18	Duties were not segregated adequately in the Offices of County Mayor, Highway Supervisor, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

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MARION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the business-type activities is adverse. Our report on the aggregate fund information and the aggregate discretely presented component units is qualified. Our report on the governmental activities and each major fund is unqualified.
2. The audit of the financial statements of Marion County disclosed significant deficiencies in internal control; however, none of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Marion 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. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF COUNTY MAYOR

FINDING 08.01 THE OFFICE FAILED TO COMPLY WITH STATE STATUTES WHEN ENTERING INTO A LEASE-PURCHASE AGREEMENT
(Noncompliance Under Government Auditing Standards)

On November 15, 2007, the office entered into a three-year lease-purchase agreement for patrol cars (\$63,350) without the approval of the County Commission. Section 7-51-904, Tennessee Code Annotated, requires lease-purchase agreements to be approved by resolution of the County Commission. County officials advised that they did not submit a resolution to the County Commission because the budget included appropriations for the current-year debt payments, and they believed this was sufficient approval for the lease-purchase agreement.

RECOMMENDATION

Lease-purchase agreements should be formally approved by the County Commission.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 08.02 INDEPENDENT BUS CONTRACTORS WERE ALLOWED TO PURCHASE FUEL UTILIZING THE SCHOOL DEPARTMENT'S TAX-EXEMPT STATUS
(Noncompliance Under Government Auditing Standards)

Independent bus contractors were allowed to purchase fuel through the Marion County Board of Education utilizing the School Department's tax-exempt status. According to contracts between the Marion County Board of Education and the bus contractors, Marion County supplied the bus contractors with fuel cards issued to the Board of Education. Fuel purchased with the cards was invoiced to the Board of Education who deducted the costs from the contractor's monthly payments. On December 12, 2008, the state Attorney General opined (Opinion No. 08-186) that the Marion County Board of Education could not use its governmental exemption to purchase fuel for use by independent contractors to provide school transportation services.

RECOMMENDATION

School officials should not allow independent bus contractors to use the School Department's tax-exempt status to purchase fuel.

FINDING 08.03 THE EXTENDED SCHOOL AND SUMMER CAMP PROGRAMS DID NOT DEPOSIT FUNDS WITHIN THREE DAYS OF COLLECTION
(Noncompliance Under Governmental Auditing Standards)

The extended school and summer camp programs did not deposit some funds to the bank account within three days of collection. Section 5-8-207, Tennessee Code Annotated, requires all public funds be deposited within three days of collection. During the period under examination, as many as 20 days lapsed between the date funds were received and the date funds were deposited to the bank. The delay in depositing funds not only violates state statute but also weakens internal controls over collections and increases the risks for fraud and misappropriation.

RECOMMENDATION

The extended school and summer camp programs should ensure that all funds are deposited to the bank within three days of collection as required by state statute.

FINDING 08.04 THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. The vulnerabilities noted were corrected after they were brought to the official's attention.

OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND SHERIFF

FINDING 08.05 THE OFFICES DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT THEIR INFORMATION RESOURCES
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, and Sheriff did not implement adequate controls to protect their information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the offices' information systems or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to

Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur.

RECOMMENDATION

The offices should ensure that adequate controls over information systems and the resources associated with those systems are implemented.

OFFICES OF TRUSTEE AND COUNTY CLERK

FINDING 08.06 **THE OFFICES DID NOT REVIEW SOFTWARE AUDIT LOGS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software applications used by the Offices of Trustee and County Clerk generated daily logs that displayed changes made by users. Since these logs provided the only audit trail of these changes, they should be reviewed daily for inappropriate activity. Because they were not aware of its importance, management did not begin reviewing these logs until several months into the fiscal year. Procedures for reviewing these logs are currently in place.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 08.07 **THE COURT SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The court software application did not provide a record of changes to previously issued receipts. Users had the capability to change information on receipts, leaving no evidence of the original receipt. Sound business practices dictate that proper application controls be implemented. Because the vendor did not design the system with these controls, inappropriate system activity could occur.

RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the court software application that would provide an audit trail for any changes to receipt information. These controls would help to ensure the reliability and integrity of the information maintained by the system.

OFFICE OF SHERIFF

FINDING 08.08 **COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS (Noncompliance Under Government Auditing Standards)**

The Sheriff's Department did not deposit some funds to the bank account within three days of collection. Section 5-8-207, Tennessee Code Annotated, requires all public funds be deposited within three days of collection. During the period under examination, as many as ten days lapsed between the date funds were received and the date funds were deposited to the office bank account. This deficiency can be attributed to the failure of management to correct the finding noted in the prior audit report. The delay in depositing funds not only violates state statute but also weakens internal controls over collections and increases the risks for fraud and misappropriation.

RECOMMENDATION

The Sheriff's Department should deposit all funds within three days of collection as required by state statute.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 08.09 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED (Internal Control – Control Deficiency Under Government Auditing Standards)**

County officials had not adopted a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing process. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

RECOMMENDATION

County officials should consider adopting the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

FINDING 08.10

DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY MAYOR, HIGHWAY SUPERVISOR, DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

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

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