

ANNUAL FINANCIAL REPORT
MARION COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2009



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

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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State Auditors

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

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Audit Highlights

Annual Financial Report
Marion County, Tennessee
For the Year Ended June 30, 2009

Scope

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

Results

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

Our audit resulted in eight 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

- ◆ Purchase orders were not issued in most required instances. Competitive bids were not solicited for a wiring project totaling \$35,000 for a county owned building.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The extended school and summer camp programs did not deposit some funds within three days of collection as required by state statute.

OFFICE OF TRUSTEE

- ◆ Excess fees were not reported and paid to the county in compliance with state statute.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

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

OFFICE OF SHERIFF

- ◆ Profits from commissary operations were not remitted to the county monthly.
 - ◆ Arrestee files did not include fingerprint acknowledgments from the Tennessee Bureau of Investigation.
-

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, 2009

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

Board of Education

James Poston, Chairman
Julie Bennett
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 4, 2010

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, 2009, 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. We did not audit the financial statements of the discretely presented Marion County Emergency Communications District, which represent 1.27 percent and 1.21 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Marion County Emergency Communications District is based on the report of other auditors.

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 and the report of other auditors provide 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 the aggregate remaining fund information are not reasonably 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, 2009, 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, 2009, 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 addition, in our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of Marion County, Tennessee, as of June 30, 2009, 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 4, 2010, 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.

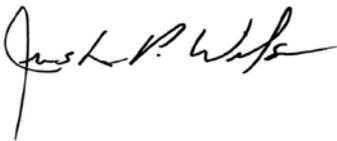
As described in Note V.B., Marion County has implemented the provisions of Governmental Accounting Standards Board Statement No. 49 Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

The management 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 75 through 81 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 and the General Debt Service and Rural Debt Service funds, 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 and the General Debt Service and Rural Debt Service funds, 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,



Justin P. Wilson
Comptroller of the Treasury

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Marion County, Tennessee
Statement of Net Assets
June 30, 2009

	Primary	Component Units	
		Marion	Marion
	Government	County	County
	Governmental	School	Emergency
	Activities	Department	Communications
			District
<u>ASSETS</u>			
Cash	\$ 116,150	\$ 2,905	\$ 436,531
Equity in Pooled Cash and Investments	7,260,997	2,815,585	0
Accounts Receivable	61,068	30,312	39,148
Due from Other Governments	908,918	919,213	0
Property Taxes Receivable	6,175,028	5,179,907	0
Allowance for Uncollectible Property Taxes	(305,326)	(256,122)	0
Prepaid Items	0	0	2,519
Assets Not Depreciated:			
Land	937,359	1,133,836	0
Construction in Progress	0	0	69,570
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,069,299	45,857,307	0
Infrastructure	6,853,305	0	0
Other Capital Assets	670,607	151,917	168,653
Total Assets	<u>\$ 29,747,405</u>	<u>\$ 55,834,860</u>	<u>\$ 716,421</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 23,307	\$ 119,712	\$ 0
Accrued Payroll	0	60,683	0
Payroll Deductions Payable	4,971	0	2,518
Accrued Interest Payable	195,247	0	0
Deferred Revenue - Current Property Taxes	5,479,864	4,596,770	0
Noncurrent Liabilities:			
Due Within One Year	1,656,778	47,888	0
Due in More Than One Year	41,136,143	725,079	0
Total Liabilities	<u>\$ 48,496,310</u>	<u>\$ 5,550,132</u>	<u>\$ 2,518</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 10,978,416	\$ 46,771,474	\$ 0
Invested in Capital Assets	0	0	238,223
Restricted for:			
General Purposes	301,759	74,933	
Courthouse and Jail Maintenance	9,504	0	0
Solid Waste/Sanitation	75,085	0	0
Drug Control	134,532	0	0
Highway/Public Works	903,205	0	0
School Federal Projects	0	21,019	0
Central Cafeteria	0	983,291	0
Debt Service	5,680,553	0	0
Unrestricted	<u>(36,831,959)</u>	<u>2,424,011</u>	<u>475,680</u>
Total Net Assets	<u>\$ (18,748,905)</u>	<u>\$ 50,274,728</u>	<u>\$ 713,903</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, 2009

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services			Operating Grants and Contributions		Capital Grants and Contributions	Primary Government		Component Units	
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Marion County School Department	Marion County Emergency Communications District				
Primary Government:										
Governmental Activities:										
General Government	\$ 1,499,784	\$ 300,654	\$ 16,161	\$ 0	\$ (1,182,969)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	746,641	651,228	12,277	0	(83,136)	0	0	0	0	0
Administration of Justice	905,348	670,435	6,750	0	(228,163)	0	0	0	0	0
Public Safety	3,337,496	272,602	0	176,096	(2,888,798)	0	0	0	0	0
Public Health and Welfare	1,270,731	14,073	43,415	161,541	(1,051,702)	0	0	0	0	0
Social, Cultural, and Recreational Services	166,757	19,986	0	0	(146,771)	0	0	0	0	0
Agriculture and Natural Resources	80,331	0	0	0	(80,331)	0	0	0	0	0
Other Operations	995,885	74,657	12,791	655,469	(252,968)	0	0	0	0	0
Highways/Public Works	2,238,942	155,054	1,743,639	236,227	(104,022)	0	0	0	0	0
Interest on Long-term Debt	1,791,162	0	0	0	(1,791,162)	0	0	0	0	0
Other Debt Service	29,004	0	845,148	0	816,144	0	0	0	0	0
Total Governmental Activities	\$ 13,062,081	\$ 2,158,689	\$ 2,680,181	\$ 1,229,333	\$ (6,993,878)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 13,062,081	\$ 2,158,689	\$ 2,680,181	\$ 1,229,333	\$ (6,993,878)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Marion County School Department	\$ 33,218,544	\$ 1,066,880	\$ 4,184,784	\$ 0	\$ 0	\$ (27,966,880)	\$ 0	\$ 0	\$ 0	\$ 0
Marion County Emergency Communications District	267,532	130,942	154,971	0	0	0	0	0	0	18,381
Total Component Units	\$ 33,486,076	\$ 1,197,822	\$ 4,339,755	\$ 0	\$ 0	\$ (27,966,880)	\$ 0	\$ 0	\$ 0	\$ 18,381

(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	Primary Government		Component Units	
				Total Governmental Activities	Marion County School Department	Marion County Emergency Communications District	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 3,741,564	\$ 4,727,602	\$ 0	0
Property Taxes Levied for Debt Service				1,830,638	0	0	0
Local Option Sales Taxes				1,670,577	2,905,017	0	0
Hotel/Motel Tax				0	17,397		
Litigation Tax - General				97,360	0	0	0
Litigation Tax - Special Purpose				11,295	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse				23,118	0	0	0
Business Tax				249,242	0	0	0
Mineral Severance Tax				10,283	0	0	0
Wholesale Beer Tax				0	113,574		
Other Local Taxes				2,208	3,064	0	0
Grants and Contributions Not Restricted to Specific Programs				589,751	19,599,104	109,132	109,132
Unrestricted Investment Earnings				227,479	27,707	7,980	7,980
Miscellaneous				50,095	57,669	0	0
Gain on Disposal of Capital Assets				0	82,265	0	0
Total General Revenues				\$ 8,503,610	\$ 27,533,399	\$ 117,112	117,112
Change in Net Assets				\$ 1,509,732	\$ (433,481)	\$ 135,493	135,493
Net Assets, July 1, 2008				(20,514,055)	50,718,209	578,410	578,410
Prior-period Adjustment				255,418	0	0	0
Net Assets, June 30, 2009				\$ (18,748,905)	\$ 50,284,728	\$ 713,903	713,903

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

Marion County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2009

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other	Governmental Funds	
Cash	\$ 200	\$ 0	\$ 0	\$ 0	\$ 115,950	\$ 116,150	
Equity in Pooled Cash and Investments	1,021,804	586,426	1,529,779	2,908,479	1,214,509	7,260,997	
Accounts Receivable	55,385	1,187	0	0	4,496	61,068	
Due from Other Governments	269,320	315,592	0	0	324,006	908,918	
Due from Other Funds	2,851	0	0	0	0	2,851	
Property Taxes Receivable	4,114,577	0	562,516	1,497,935	0	6,175,028	
Allowance for Uncollectible Property Taxes	(203,446)	0	(27,814)	(74,066)	0	(305,326)	
Total Assets	\$ 5,260,691	\$ 903,205	\$ 2,064,481	\$ 4,332,348	\$ 1,658,961	\$ 14,219,686	

ASSETS

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	\$ 9,582	\$ 0	\$ 0	\$ 0	\$ 13,725	\$ 23,307
Accounts Payable	4,971	0	0	0	0	4,971
Payroll Deductions Payable	0	0	0	0	2,851	2,851
Due to Other Funds	3,651,373	0	499,189	1,329,302	0	5,479,864
Deferred Revenue - Current Property Taxes	242,277	0	33,147	88,257	0	363,681
Deferred Revenue - Delinquent Property Taxes	102,691	154,630	0	0	168,668	425,989
Other Deferred Revenues	4,010,894	154,630	532,336	1,417,559	185,244	6,300,663
Total Liabilities	\$ 9,582	\$ 0				
<u>Fund Balances</u>	\$ 53,010	\$ 0	\$ 0	\$ 0	\$ 0	\$ 53,010
Reserved for Encumbrances	142,440	0	0	0	0	142,440
Reserved for Alcohol and Drug Treatment	12,598	0	0	0	0	12,598
Reserved for Drug Court	6,668	0	0	0	0	6,668
Reserved for Sexual Offender Registration	56,673	0	0	0	0	56,673
Reserved for Computer System - Register	3,190	0	0	0	0	3,190
Reserved for Automation Purposes - Circuit Court	45,236	0	0	0	0	45,236
Reserved for Automation Purposes - General Sessions Court	17,384	0	0	0	0	17,384

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Governmental Funds		
\$ 2,130	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,130
15,440	0	0	0	0	0	0	15,440
895,028	0	0	0	0	0	0	895,028
0	748,575	0	0	0	293,502	0	1,042,077
0	0	1,532,145	2,914,789	1,180,215	1,180,215	0	5,627,149
\$ 1,249,797	\$ 748,575	\$ 1,532,145	\$ 2,914,789	\$ 1,473,717	\$ 1,473,717	\$ 0	\$ 7,919,023
\$ 5,260,691	\$ 903,205	\$ 2,064,481	\$ 4,332,348	\$ 1,658,961	\$ 1,658,961	\$ 0	\$ 14,219,686

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)
Reserved for Automation Purposes - County Clerk
Reserved for Other General Purposes
Unreserved, Reported In:
General Fund
Special Revenue Funds
Debt Service Funds
Total Fund Balances
Total Liabilities and Fund Balances

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

Marion County, Tennessee
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 7,919,023
(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: buildings and improvements net of accumulated depreciation	7,069,299	
Add: infrastructure net of accumulated depreciation	6,853,305	
Add: other capital assets net of accumulated depreciation	<u>670,607</u>	15,530,570
(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	\$ (162,718)	
Less: bonds payable	(42,435,000)	
Less: capital leases payable	(29,436)	
Less: compensated absences payable	(64,545)	
Less: other postemployment benefits liability	(19,627)	
Less: landfill postclosure care costs liability	(81,595)	
Less: accrued interest on bonds	(193,349)	
Less: accrued interest on notes	<u>(1,898)</u>	(42,988,168)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>789,670</u>
Net assets of governmental activities (Exhibit A)		<u>\$ (18,748,905)</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, 2009

	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	\$ 4,111,665	\$ 10,283	\$ 503,373	\$ 1,324,389	\$ 1,670,590	\$ 7,620,300	
Licenses and Permits	109,653	0	0	0	0	109,653	
Fines, Forfeitures, and Penalties	123,791	0	0	0	37,083	160,874	
Charges for Current Services	110,109	155,054	0	0	396,364	661,527	
Other Local Revenues	349,846	3,673	0	0	33,141	386,660	
Fees Received from County Officials	868,495	0	0	0	0	868,495	
State of Tennessee	812,451	1,963,442	0	0	170,017	2,945,910	
Federal Government	779,961	0	0	0	0	779,961	
Other Governments and Citizens Groups	174,331	0	0	845,148	5,382	1,024,861	
Total Revenues	\$ 7,440,302	\$ 2,132,452	\$ 503,373	\$ 2,169,537	\$ 2,312,577	\$ 14,558,241	
Expenditures							
Current:							
General Government	\$ 1,437,629	\$ 0	\$ 0	\$ 0	\$ 32,275	\$ 1,469,904	
Finance	258,731	0	0	0	367,649	626,380	
Administration of Justice	748,681	0	0	0	2,500	751,181	
Public Safety	2,648,616	0	0	0	79,365	2,727,981	
Public Health and Welfare	676,715	0	0	0	546,784	1,223,499	
Social, Cultural, and Recreational Services	154,265	0	0	0	0	154,265	
Agriculture and Natural Resources	73,164	0	0	0	0	73,164	
Other Operations	2,024,534	0	10,045	0	18,887	2,053,466	
Highways	0	2,095,842	0	0	0	2,095,842	
Debt Service:							
Principal on Debt	0	0	145,000	865,000	350,000	1,360,000	
Interest on Debt	0	0	179,050	918,814	874,450	1,972,314	
Other Debt Service	0	0	640	28,364	0	29,004	
Total Expenditures	\$ 8,022,335	\$ 2,095,842	\$ 334,735	\$ 1,812,178	\$ 2,271,910	\$ 14,537,000	
Excess (Deficiency) of Revenues Over Expenditures	\$ (582,033)	\$ 36,610	\$ 168,638	\$ 357,359	\$ 40,667	\$ 21,241	
Other Financing Sources (Uses)							
Transfers In	\$ 1,823	\$ 10,000	\$ 0	\$ 0	\$ 75,000	\$ 86,823	

(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		Other		
			Debt Service	Rural Debt Service	Governmental Funds	Governmental Funds	
Other Financing Sources (Uses) (Cont.)							
Transfers Out	\$ (85,000)	\$ 0	\$ 0	\$ 0	\$ 0	(1,823)	\$ (86,823)
Total Other Financing Sources (Uses)	\$ (83,177)	\$ 10,000	\$ 0	\$ 0	\$ 0	73,177	\$ 0
Net Change in Fund Balances	\$ (665,210)	\$ 46,610	\$ 168,638	\$ 357,359	\$ 113,844	\$	\$ 21,241
Fund Balance, July 1, 2008	1,915,007	701,965	1,363,507	2,557,430	1,359,873		7,897,782
Fund Balance, June 30, 2009	\$ 1,249,797	\$ 748,575	\$ 1,532,145	\$ 2,914,789	\$ 1,473,717	\$	\$ 7,919,023

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, 2009

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 21,241
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 711,305	
Less: current year depreciation expense	<u>(870,017)</u>	(158,712)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: proceeds from the sale of capital assets	\$ (1,325)	
Less: loss on disposal of capital assets	<u>(1,497)</u>	(2,822)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 789,670	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(776,098)</u>	13,572
(4) 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:		
Add: principal payments on notes	\$ 61,424	
Add: principal payments on bonds	1,360,000	
Add: principal payments on capital leases	<u>60,367</u>	1,481,791
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 181,152	
Change in compensated absences payable	(14,598)	
Change in landfill postclosure care costs liability	(2,377)	
Change in other postemployment benefits liability	<u>(9,515)</u>	<u>154,662</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,509,732</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, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 921,161
Equity in Pooled Cash and Investments	79,497
Accounts Receivable	186
Due from Other Governments	512,149
Property Taxes Receivable	361,871
Allowance for Uncollectible Property Taxes	<u>(17,917)</u>
Total Assets	<u>\$ 1,856,947</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 878,478
Due to Litigants, Heirs, and Others	921,161
Due to Joint Ventures	<u>57,308</u>
Total Liabilities	<u>\$ 1,856,947</u>

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

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

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. 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. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The 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 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. 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 all 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, 2009.

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/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary; however, as previously mentioned, the proprietary fund was not available from other auditors at the date of this report. 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, the city school system’s share of educational revenues, 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.

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

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

Capital Projects Fund – The Education Capital Projects Fund is used to account for transactions relating to the construction and renovation of school buildings in Marion County.

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 donated 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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Marion County School Department funds (excluding the School Department's Private Purpose Trust Fund). 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. 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 2.72 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 to pay a separated employee a maximum of 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 compensated absences, other postemployment benefits, and 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 General Purposes for the primary government consists of various restrictions totaling \$301,759, with the primary restrictions being for: (1) alcohol and drug treatment (\$142,440); (2) computer systems for various offices (\$124,613); (3) sexual offender registration (\$6,668); and (4) drug court (\$12,598). For the discretely presented School Department, the account balance in Restricted for General Purposes (\$74,933) consists primarily of restrictions for technology (\$39,874) and the daycare program (\$16,147).

As of June 30, 2009, Marion County had \$38,075,000 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.

7. Prior-period Adjustment

Net assets were restated \$255,418 from the prior-year because the liability for postclosure costs on July 1, 2008, was recalculated due to more accurate data obtained by the county.

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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/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. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Other Waste Collection major appropriation category (the legal level of control) of the Solid Waste/Sanitation Fund by \$13,724. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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

At June 30, 2009, the School Department's brokerage firm was holding investments of \$528,653 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.

IV. **DETAILED NOTES ON ALL FUNDS**

A. **Deposits and Investments**

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

Investment Balances. As of June 30, 2009, Marion County had the following investments carried at fair value. All the investments are nonpooled investments held by the School Department's Private Purpose Trust Fund.

<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	\$ 60,195
Corporate Bonds - Bellsouth	11-15-12	62,120
Corporate Bonds - Public Service Co.	3-1-13	62,473
Corporate Bonds - JP Morgan Chase & Co.	3-1-15	60,430
Corporate Bonds - Verizon Communications	2-15-16	72,454
Corporate Bonds - General Electric	2-15-12	104,449
Corporate Bonds - Johnson & Johnson	7-15-18	<u>106,532</u>
Total		<u>\$ 528,653</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. 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	A2	A
Corporate Bonds - Bellsouth	A2	A
Corporate Bonds - Public Service Co.	A3	A
Corporate Bonds - JP Morgan Chase and Co.	Aa3	A+
Corporate Bonds - Verizon	A3	A
Corporate Bonds - General Electric	Aa2	AA+
Corporate Bonds - Johnson & Johnson	Aaa	AAA

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.

The nonpooled investments (\$528,653) represent the entire investments of the School Department's Private Purpose Trust Fund. These investments are as follows: Corporate Bonds - Countrywide Homes (11%), Corporate Bonds - Bellsouth (12%), Corporate Bonds - Public Service Co. (12%), Corporate Bonds - JP Morgan Chase and Co. (11%), Corporate Bonds - Verizon (14%), Corporate Bonds - General Electric (20%), and Corporate Bonds - Johnson & Johnson (20%).

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 \$528,653 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, 2009, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 937,359	\$ 0	\$ 0	\$ 937,359
Construction in Progress	682,336	0	(682,336)	0
Total Capital Assets Not Depreciated	<u>\$ 1,619,695</u>	<u>\$ 0</u>	<u>\$ (682,336)</u>	<u>\$ 937,359</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 9,156,258	\$ 910,836	\$ 0	\$ 10,067,094
Infrastructure	24,763,298	388,939	0	25,152,237
Other Capital Assets	2,998,490	93,866	(28,224)	3,064,132
Total Capital Assets Depreciated	<u>\$ 36,918,046</u>	<u>\$ 1,393,641</u>	<u>\$ (28,224)</u>	<u>\$ 38,283,463</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,758,515	\$ 239,280	\$ 0	\$ 2,997,795
Infrastructure	17,841,542	457,390	0	18,298,932
Other Capital Assets	2,245,580	173,347	(25,402)	2,393,525
Total Accumulated Depreciation	<u>\$ 22,845,637</u>	<u>\$ 870,017</u>	<u>\$ (25,402)</u>	<u>\$ 23,690,252</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,072,409</u>	<u>\$ 523,624</u>	<u>\$ (2,822)</u>	<u>\$ 14,593,211</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,692,104</u>	<u>\$ 523,624</u>	<u>\$ (685,158)</u>	<u>\$ 15,530,570</u>

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

Governmental Activities:

General Government	\$ 65,313
Public Safety	244,534
Public Health and Welfare	17,446
Highways/Public Works	<u>542,724</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 870,017</u></u>

Discretely Presented Marion County School Department

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 1,135,336	\$ 0	\$ (1,500)	\$ 1,133,836
Construction in Progress	<u>4,127,805</u>	<u>0</u>	<u>(4,127,805)</u>	<u>0</u>
Total Capital Assets Not Depreciated	<u>\$ 5,263,141</u>	<u>\$ 0</u>	<u>\$ (4,129,305)</u>	<u>\$ 1,133,836</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 54,073,722	\$ 5,129,136	\$ (286,177)	\$ 58,916,681
Other Capital Assets	<u>223,663</u>	<u>101,112</u>	<u>(17,855)</u>	<u>306,920</u>
Total Capital Assets Depreciated	<u>\$ 54,297,385</u>	<u>\$ 5,230,248</u>	<u>\$ (304,032)</u>	<u>\$ 59,223,601</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 11,816,873	\$ 1,528,678	\$ (286,177)	\$ 13,059,374
Other Capital Assets	<u>146,252</u>	<u>25,990</u>	<u>(17,239)</u>	<u>155,003</u>
Total Accumulated Depreciation	<u>\$ 11,963,125</u>	<u>\$ 1,554,668</u>	<u>\$ (303,416)</u>	<u>\$ 13,214,377</u>
Total Capital Assets Depreciated, Net	<u>\$ 42,334,260</u>	<u>\$ 3,675,580</u>	<u>\$ (616)</u>	<u>\$ 46,009,224</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 47,597,401</u></u>	<u><u>\$ 3,675,580</u></u>	<u><u>\$ (4,129,921)</u></u>	<u><u>\$ 47,143,060</u></u>

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

Governmental Activities:

Instruction	\$ 1,540,139
Support Services	11,696
Operation of Non-Instructional Services	<u>2,833</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,554,668</u></u>

C. Construction Commitments

At June 30, 2009, the county had uncompleted construction contracts of approximately \$53,010 for airport projects. Funding for the airport projects is expected to be received from state grants.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 2,851
Discretely Presented Marion County School Department:		
General Purpose School	Nonmajor governmental	20,519

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, 2009, 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	\$ 75,000
Nonmajor governmental fund	1,823	0	0
Total	<u>\$ 1,823</u>	<u>\$ 10,000</u>	<u>\$ 75,000</u>

Discretely Presented Marion County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental fund	\$ 171,581

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 \$1,823 from the Health Department Fund to the General Fund to close the Health Department Fund.

E. Capital Lease

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 from the General Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 23,043
2011	7,680
Total Minimum Lease Payments	\$ 30,723
Less: Amount Representing Interest	(1,287)
Present Value of Minimum Lease Payments	<u>\$ 29,436</u>

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, 2009, 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, 2009, will be retired from the General Fund.

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

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-09</u>
General Obligation Bonds	1.2 to 5%	\$ 24,915,000	\$ 21,000,000
General Obligation Bonds - Refunding	3.5 to 5	22,405,000	21,435,000
Capital Outlay Notes	3.5	270,000	162,718
Capital Leases	6.1	63,350	29,436

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2009, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 162,718	\$ 14,486	\$ 177,204

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2015-2019	10,420,000	6,830,089	17,250,089
2020-2024	13,155,000	4,257,762	17,412,762
2025-2029	7,595,000	1,671,738	9,266,738
2030-2031	2,825,000	192,375	3,017,375
Total	\$ 42,435,000	\$ 21,792,210	\$ 64,227,210

There is \$5,627,149 available in the debt service funds to service general long-term debt. Bonded debt per capita totaled \$1,528, based on the 2000 federal census. Debt per capita, including bonds, notes, and capital leases totaled \$1,535, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Acitivites:

	Bonds	Notes	Capital Leases
Balance, July 1, 2008	\$ 43,795,000	\$ 224,142	\$ 89,803
Deductions	(1,360,000)	(61,424)	(60,367)
Balance, June 30, 2009	<u>\$ 42,435,000</u>	<u>\$ 162,718</u>	<u>\$ 29,436</u>
Balance Due Within One Year	<u>\$ 1,535,000</u>	<u>\$ 38,606</u>	<u>\$ 21,853</u>

	Landfill Postclosure Care Costs	Compen- sated Absences	Other Post- employment Benefits
Balance, July 1, 2008	\$ 334,636	\$ 49,946	\$ 10,112
Prior-period Adjustment	(255,418)	0	0
Additions	2,457	100,064	20,568
Deductions	0	(85,465)	(11,053)
Balance, June 30, 2009	<u>\$ 81,675</u>	<u>\$ 64,545</u>	<u>\$ 19,627</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 61,319</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 42,792,921
Less: Balance Due Within One Year	<u>(1,656,778)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 41,136,143</u>
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Compensated absences will be paid from the employing funds, primarily the General Fund. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

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, 2009, the following outstanding bond is considered defeased:

	<u>Amount</u>
2001 Rural School	\$ 2,390,000

Discretely Presented Marion County School Department

Capital Outlay Notes

Marion County issues capital outlay notes for the School Department 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, 2009, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-09</u>
Capital Outlay Notes	0 to 4.55%	\$ 590,000	\$ 371,586

The annual requirements to amortize all notes outstanding as of June 30, 2009, 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>
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
2015-2017	140,221	9,188	149,409
Total	<u>\$ 371,586</u>	<u>\$ 66,567</u>	<u>\$ 438,153</u>

Debt per capita totaled \$13, based on the 2000 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Notes	Other Postemployment Benefits
	<u>Notes</u>	<u>Benefits</u>
Balance, July 1, 2008	\$ 417,747	\$ 197,529
Additions	0	381,055
Deductions	(46,161)	(177,203)
	<u>371,586</u>	<u>401,381</u>
Balance, June 30, 2009	\$ 371,586	\$ 401,381
	<u>47,888</u>	<u>0</u>
Balance Due Within One Year	\$ 47,888	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 772,967
Less: Balance Due Within One Year	<u>(47,888)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 725,079</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, 2009, were \$115,582 and \$28,959, 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 (excluding the Highway Department) 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 (excluding the Highway Department) 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 Financial 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 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 School Department pays an annual premium to the TN-RMT for its general liability, property, and casualty insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

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

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

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

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

C. Subsequent Events

On August 19, 2009, Marion County issued capital outlay notes totaling \$1,500,000 to purchase property for educational and vocational training purposes.

On October 3, 2009, Marion County issued capital outlay notes totaling \$550,000 for real property for a juvenile court facility, a County Commission meeting facility, and a maintenance/storage facility.

On October 29, 2009, Marion County issued capital outlay notes totaling \$236,000 for vehicles for the Sheriff's Department.

On October 30, 2009, the Rural Debt Service Fund issued a \$600,000 tax anticipation note to the General Fund for temporary operating funds.

On January 25, 2010, the County Commission approved the issuance of general obligation bonds not to exceed \$3,675,000 for site development and construction of an educational institution. This bond has not been issued as of the date of this report.

The Tennessee Bureau of Investigation is currently investigating the Office of the Administrator of Elections.

D. 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.

E. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require Marion County to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

Marion County contracted with Solid Waste Disposal, Inc., a private company, to operate the county's landfill. This contract requires Solid Waste Disposal, Inc., to be responsible for all closure costs of the landfill; therefore, the county's government-wide financial statements do not reflect amounts for estimated closure costs of the sanitary landfill. Marion County is contingently liable for all closure costs estimated to be \$255,498 based on the use of 30 percent of the estimated capacity of the landfill. Marion County is liable for all postclosure costs. The \$81,675 reported as postclosure care

liability at June 30, 2009, represents amounts based on what it would cost to perform all postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. 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 and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Marion County made no contributions to the DTF for the year ended June 30, 2009.

Marion County does not have an equity interest in the above-noted 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

G. 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.

H. 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, 2009, was 5.33 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, 2009, Marion County's annual pension cost of \$437,344 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected 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, 2007, was eight years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	\$437,344	100%	\$0
6-30-08	369,949	100	0
6-30-07	346,961	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 97.7 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Marion County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the 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, 2009, 2008, and 2007 were \$932,932, \$890,581, and \$821,047, respectively, equal to the required contributions for each year.

I. 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 local education employees. 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.tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The 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, 2009, the county and the discretely presented Marion County School Department contributed \$11,053 and \$177,203, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 20,556	\$ 380,817
Interest on the NPO	455	8,889
Adjustment to the ARC	(443)	(8,651)
Annual OPEB cost	\$ 20,568	\$ 381,055
Amount of contribution	(11,053)	(177,203)
Increase/decrease in NPO	\$ 9,515	\$ 203,852
Net OPEB obligation, 7-1-08	10,112	197,529
Net OPEB obligation, 6-30-09	\$ 19,627	\$ 401,381

Fiscal Year Ended*	Plans	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
6-30-09	"	20,568	54	19,627
6-30-08	Local Education Group	407,612	52	197,529
6-30-09	"	381,055	47	401,381

* Data only available for two years.

Funded Status and Funding Progress

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-07	7-1-07
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)	\$ 2,781,775	\$ 15,290,398
UAAL as a % of covered payroll	6%	24%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

J. 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.

VI. **OTHER NOTES – DISCRETELY PRESENTED MARION COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

A. **Summary of Significant Accounting Policies**

Organization

Marion County 9-1-1 Emergency Communications District is a governmental entity organized pursuant to Chapter 867 of the 1984 Tennessee Public Acts (“The Emergency Communications District Law”), which was enacted to establish local emergency telephone service and to provide for the funding of such services.

Financial Reporting Entity

The district is a component unit of Marion County, Tennessee. The Marion County Board of Commissioners appoints the district’s board of directors, appropriates funds for the operation and maintenance of the district, and approves long-term debt issued by the district.

Basis of Accounting

The district is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore, the district uses the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred. Operating revenues are those that result from the activities of the district, including telephone service charges and state allocations and operational funding. Revenue from other sources is considered nonoperating.

In addition to GASB pronouncements, the district is subject to all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The district does not follow FASB pronouncements issued subsequent to November 30, 1989.

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Accounts Receivable

Accounts receivable for telephone service charges are reported at the outstanding principal amount. All recorded amounts are considered to be collectible; therefore no allowance for uncollectibles is recorded.

Capital Assets

The district capitalizes significant purchases of capital assets, which are recorded at cost. Depreciation is provided over the estimated useful lives of the individual assets by the straight-line method.

Depreciation expense for the year ended June 30, 2009, was \$39,210.

Cash

For purposes of these financial statements, cash includes cash in banks and certificates of deposit with an original maturity date of 90 days or less.

B. Budgetary Control

The district's board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. Budgeted expenses may be amended, as needed, to meet changing needs.

C. Compensated Absences

The district has only one employee whose accrued vacation must be taken by the last day of the fiscal year; therefore, there is no unused vacation time available at June 30, 2009. The employee is provided 96 hours of annual sick time, which may be accumulated up to 90 hours; because unused sick time is nonvesting and is not paid upon termination, no liability is recorded.

D. Changes in Capital Assets

Changes in capital assets for the year ended June 30, 2009, are as follows:

	Balance 7-1-08	Additions	Balance 6-30-09
Assets:			
Furniture and Fixtures	\$ 7,924	\$ 2,122	\$ 10,046
Office Equipment	8,151	6,380	14,531
Vehicles	20,983	0	20,983
Communication Equipment	424,143	18,291	442,434
Projects in Progress	0	69,570	69,570
Total Assets	\$ 461,201	\$ 96,363	\$ 557,564
Accumulated Depreciation:			
Furniture and Fixtures	\$ 6,607	\$ 746	\$ 7,353
Office Equipment	4,715	1,603	6,318
Vehicles	2,448	4,197	6,645
Communication Equipment	266,361	32,664	299,025
Total Accumulated Depreciation	\$ 280,131	\$ 39,210	\$ 319,341
Net Capital Assets	\$ 181,070	\$ 57,153	\$ 238,223

E. Retirement Plan

The district provides a defined contribution money purchase pension plan for all full-time employees who have one year of continuous service. No employee contributions are required. The district contributes three percent of eligible compensation, subject to amendment to the plan as approved by the district's board. The "6-year graded" vesting schedule is used. Retirement expense included in salaries and benefits was \$1,470. Plan assets are maintained by an outside trustee. Each employee directs the investments of his individual account.

F. Commitment for Provider Services

In a five-year agreement beginning May 2009, BellSouth is the district's provider of certain public safety answering point equipment and software. The provider service fee is based on the number of access lines and is subject to change. For the year ended June 30, 2009, the expense related to this agreement was \$63,577.

The estimate of future commitments is as follows:

Year Ending June 30	Amount
2010	\$ 63,600
2011	63,600
2012	63,600
2013	<u>58,300</u>
Total	<u>\$ 249,100</u>

G. Operating Leases

The district leases its office facilities, including utilities, on a month-to-month basis from the Town of Kimball for \$200 per month. Rent expense for the year was \$2,400.

The district leases antenna and transmittal space for \$250 per month under a 20-year agreement expiring in July 2013. The agreement provides for annual, negotiated increases, based on increases in the lessor's costs of operating and maintaining the rental site. Rent expense was \$265.22 for July 2008, and \$289.07 per month beginning August 2008, for a total cost of \$3,445.

Future lease commitments, based on the increase for the year beginning August 2008, are as follows:

Year Ending June 30	Amount
2010	\$ 3,755
2011	4,292
2012	4,460
2013	4,861
2014	<u>410</u>
Total	<u>\$ 17,778</u>

H. Cash and Investments

The district reports its cash and investments in accordance with GASB Statement No. 40, "Deposit and Investment Risk Disclosures." This statement eliminated or modified portions of the disclosures previously required by GASB Statement No. 3. GASB Statement No. 40 is designed to improve financial reporting of deposit and investment risks.

At June 30, 2009, the district's cash and investments consisted of the following:

	Weighted Average Maturity (Years)	Cost Basis
Cash in Demand Deposit Accounts	\$ 0.00	\$ 69,851
Certificates of Deposit	0.37	366,680
Total	<u>\$ 0.25</u>	<u>\$ 436,531</u>

Interest Rate Risk – As a means of limiting its exposure to losses resulting from rising interest rates, the district’s usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The district’s investments experienced no significant fluctuations in fair value during the year.

Custodial Credit Risk – The district’s policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance or the Tennessee Bank Collateral Pool, by collateral held by the district’s agent in the district’s name, or by Federal Reserve Banks acting as third-party agents. State statutes also authorize the types of investments in which the district may participate. The district limits its investments to certificates of deposit with local banks.

Credit Risk – The district’s policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

At June 30, 2009, investments in certificates of deposit consisted of the following:

Financial Institution	Type of Instrument	Interest	Maturity Date	Amount
First Volunteer Bank	Certificate	2.1 %	8-5-09	\$ 101,352
First Jackson Bank	Certificate	2.03	5-12-10	103,250
Peoples State Bank	Certificate	2.75	2-12-10	100,000
Citizens Tri-County Bank	Certificate	2.44	7-6-09	62,078
Total				<u>\$ 366,680</u>

I. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The district is insured, subject to specified limits, for risks of these types of losses, including workers' compensation, general liability, personal property, and errors and omissions through the Tennessee Municipal League Risk Management Pool. Premiums are based on the district's individual claims history as well as the claims history of the entire pool.

There have been no settlements in excess of insurance coverage during the three most recent fiscal years.

J. Subsequent Events

Management has evaluated subsequent events through November 2, 2009.

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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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	Original	Final	
Revenues								
Local Taxes	\$ 4,111,665	\$ 0	\$ 0	\$ 4,111,665	\$ 3,992,998	\$ 3,992,998	\$ 118,667	
Licenses and Permits	109,653	0	0	109,653	117,500	117,500	(7,847)	
Fines, Forfeitures, and Penalties	123,791	0	0	123,791	173,100	173,100	(49,309)	
Charges for Current Services	110,109	0	0	110,109	104,700	104,700	5,409	
Other Local Revenues	349,846	0	0	349,846	314,100	347,993	1,853	
Fees Received from County Officials	868,495	0	0	868,495	1,030,000	1,030,000	(161,505)	
State of Tennessee	812,451	0	0	812,451	1,855,584	2,013,221	(1,200,770)	
Federal Government	779,961	0	0	779,961	1,391,940	1,512,145	(732,184)	
Other Governments and Citizens Groups	174,331	0	0	174,331	152,000	155,000	19,331	
Total Revenues	\$ 7,440,302	\$ 0	\$ 0	\$ 7,440,302	\$ 9,131,922	\$ 9,446,657	\$ (2,006,355)	
Expenditures								
General Government								
County Commission	\$ 81,944	\$ 0	\$ 0	\$ 81,944	\$ 110,500	\$ 110,500	\$ 28,556	
Board of Equalization	1,280	0	0	1,280	3,000	3,000	1,720	
Beer Board	2,700	0	0	2,700	2,700	2,700	0	
Budget and Finance Committee	3,675	0	0	3,675	5,000	5,000	1,325	
County Mayor/Executive	165,956	0	0	165,956	154,128	170,396	4,440	
Election Commission	225,072	0	0	225,072	229,615	239,565	14,493	
Register of Deeds	154,780	0	0	154,780	179,083	179,083	24,303	
Development	29,249	0	0	29,249	20,000	29,249	0	
Building	123,521	0	0	123,521	116,869	125,469	1,948	
County Buildings	604,752	0	0	604,752	778,000	717,106	112,354	
Other Facilities	0	0	0	0	50,000	50,000	50,000	
Other General Administration	44,700	0	0	44,700	48,140	49,282	4,582	

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures		Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
				(Budgetary Basis)				
<u>Expenditures (Cont.)</u>								
<u>Finance</u>								
Property Assessor's Office	\$ 177,669	\$ 0	\$ 0	\$ 177,669	\$ 186,802	\$ 186,802	\$ 9,133	
Reappraisal Program	56,269	0	0	56,269	57,200	59,362	3,093	
County Trustee's Office	10,983	0	0	10,983	13,000	13,526	2,543	
County Clerk's Office	13,810	0	0	13,810	18,000	18,000	4,190	
<u>Administration of Justice</u>								
Circuit Court	364,412	0	0	364,412	368,589	371,789	7,377	
General Sessions Court	89,133	0	0	89,133	89,303	89,303	170	
Chancery Court	134,538	0	0	134,538	130,085	144,907	10,369	
Juvenile Court	160,598	0	0	160,598	157,427	162,257	1,659	
<u>Public Safety</u>								
Sheriff's Department	1,554,741	0	0	1,554,741	1,583,517	1,624,509	69,768	
Jail	810,998	0	0	810,998	870,008	870,008	59,010	
Fire Prevention and Control	193,862	0	0	193,862	193,862	193,862	0	
Civil Defense	79,015	0	0	79,015	57,000	329,850	250,835	
Rescue Squad	10,000	0	0	10,000	10,000	10,000	0	
<u>Public Health and Welfare</u>								
Local Health Center	315,002	(37,781)	0	277,221	384,597	384,597	107,376	
Ambulance/Emergency Medical Services	189,255	0	0	189,255	180,000	189,255	0	
Alcohol and Drug Programs	6,324	0	0	6,324	6,400	6,400	76	
Other Local Health Services	105,200	0	0	105,200	123,900	123,900	18,700	
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	46,004	0	0	46,004	46,264	46,264	260	

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures		Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
				(Budgetary Basis)	(Budgetary Basis)			
<u>Expenditures (Cont.)</u>								
<u>Social, Cultural, and Recreational Services</u>								
Libraries	\$ 130,760	\$ 0	\$ 0	\$ 130,760	\$ 130,760	\$ 130,760	\$ 0	0
Parks and Fair Boards	23,505	0	0	23,505	23,505	23,505	0	0
Other Social, Cultural, and Recreational Agriculture and Natural Resources	0	0	0	0	10,500	10,500	10,500	10,500
Agriculture Extension Service	45,481	0	0	45,481	44,901	45,482	1	1
Soil Conservation	27,683	0	0	27,683	30,237	30,237	2,554	2,554
<u>Other Operations</u>								
Industrial Development	8,616	0	0	8,616	8,616	8,616	0	0
Other Economic and Community Development	344,221	0	0	344,221	1,054,865	1,068,758	724,537	724,537
Airport	162,448	(76,794)	53,010	138,664	989,478	1,014,478	875,814	875,814
Veterans' Services	8,597	0	0	8,597	9,128	9,528	931	931
Other Charges	519,178	0	0	519,178	942,000	908,854	389,676	389,676
Employee Benefits	655,915	0	0	655,915	695,000	695,000	39,085	39,085
Payments to Cities	324,682	0	0	324,682	352,160	352,160	27,478	27,478
Miscellaneous	877	0	0	877	0	878	1	1
Total Expenditures	\$ 8,022,335	\$ (114,575)	\$ 53,010	\$ 7,960,770	\$ 10,479,069	\$ 10,819,627	\$ 2,858,857	\$ 2,858,857
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ (582,033)	\$ 114,575	\$ (53,010)	\$ (520,468)	\$ (1,347,147)	\$ (1,372,970)	\$ 852,502	\$ 852,502
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,000	\$ 17,777	\$ (17,777)	\$ (17,777)
Transfers In	1,823	0	0	1,823	1,199	1,199	624	624
Transfers Out	(85,000)	0	0	(85,000)	(175,000)	(175,000)	90,000	90,000
Total Other Financing Sources (Uses)	\$ (83,177)	\$ 0	\$ 0	\$ (83,177)	\$ (153,801)	\$ (156,024)	\$ 72,847	\$ 72,847
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (665,210)	\$ 114,575	\$ (53,010)	\$ (603,645)	\$ (1,500,948)	\$ (1,528,994)	\$ 925,349	\$ 925,349
Fund Balance, July 1, 2008	1,915,007	(114,575)	0	1,800,432	1,692,570	1,664,524	135,908	135,908
Fund Balance, June 30, 2009	\$ 1,249,797	\$ 0	\$ (53,010)	\$ 1,196,787	\$ 191,622	\$ 135,530	\$ 1,061,257	\$ 1,061,257

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 10,283	\$ 22,050	\$ 9,438	\$ 845
Charges for Current Services	155,054	100,000	153,888	1,166
Other Local Revenues	3,673	10,000	3,673	0
State of Tennessee	1,963,442	2,581,908	1,947,828	15,614
Total Revenues	\$ 2,132,452	\$ 2,713,958	\$ 2,114,827	\$ 17,625
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 256,967	\$ 248,365	\$ 259,705	\$ 2,738
Highway and Bridge Maintenance	853,730	948,500	997,243	143,513
Operation and Maintenance of Equipment	269,175	322,000	329,886	60,711
Other Charges	41,118	66,762	67,668	26,550
Employee Benefits	337,663	352,238	355,151	17,488
Capital Outlay	337,189	1,149,405	478,486	141,297
Total Expenditures	\$ 2,095,842	\$ 3,087,270	\$ 2,488,139	\$ 392,297
Excess (Deficiency) of Revenues Over Expenditures	\$ 36,610	\$ (373,312)	\$ (373,312)	\$ 409,922
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Total Other Financing Sources (Uses)	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Net Change in Fund Balance	\$ 46,610	\$ (363,312)	\$ (363,312)	\$ 409,922
Fund Balance, July 1, 2008	701,965	670,329	670,329	31,636
Fund Balance, June 30, 2009	\$ 748,575	\$ 307,017	\$ 307,017	\$ 441,558

Exhibit E-3

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

(Dollar amounts in thousands)

Fiscal Year Ended	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)
6-30-09	7-1-07	\$ 16,300	\$ 16,683	\$ 383	97.7 %	\$ 7,318	5.23 %
6-30-08	7-1-07	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 2007-08 year; therefore, data is presented for two years.

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, 2009

(Dollar amounts in thousands)

Plans	Fiscal Year Ended*	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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
Local Government Group	6-30-08	7-1-07	\$ 0	\$ 159	\$ 159	0 %	\$ 1,907	8 %
"	6-30-09	7-1-07	0	159	159	0	1,907	8
Local Education Group	6-30-08	7-1-07	0	3,692	3,692	0	14,474	26
"	6-30-09	7-1-07	0	3,692	3,692	0	14,474	26

*Data available for only two years.

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

BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/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 were used in local health department programs. This fund closed during the year.

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.

Marion County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2009

Exhibit F-1

	Special Revenue Funds							Total	
	Courtthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	115,950 \$	0 \$	134,434		115,950 \$
\$	0 \$	0 \$	0 \$	115,950 \$	0 \$	134,434	115,950 \$	0 \$	115,950
	9,504	6,949	134,434	0	150,887	1,063,622	1,063,622	0	1,214,509
	0	1,518	0	187	1,705	2,791	2,791	0	4,496
	0	80,343	2,614	0	82,957	241,049	241,049	0	324,006
\$	9,504 \$	88,810 \$	137,048 \$	116,137 \$	351,499 \$	1,307,462 \$	1,307,462 \$	0 \$	1,658,961

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Due to Other Funds
 Other Deferred Revenues
 Total Liabilities

\$	0 \$	13,725 \$	0 \$	0 \$	0 \$	13,725 \$	0 \$	0 \$	13,725
	0	0	2,516	335	2,851	2,851	0	0	2,851
	0	41,421	0	0	41,421	127,247	127,247	0	168,668
\$	0 \$	55,146 \$	2,516 \$	335 \$	57,997 \$	127,247 \$	127,247 \$	0 \$	185,244

Fund Balances

Unreserved
 Total Fund Balances

\$	9,504 \$	33,664 \$	134,532 \$	115,802 \$	293,502 \$	1,180,215 \$	1,180,215 \$	0 \$	1,473,717
\$	9,504 \$	33,664 \$	134,532 \$	115,802 \$	293,502 \$	1,180,215 \$	1,180,215 \$	0 \$	1,473,717

Total Liabilities and Fund Balances

\$	9,504 \$	88,810 \$	137,048 \$	116,137 \$	351,499 \$	1,307,462 \$	1,307,462 \$	0 \$	1,658,961
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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, 2009

	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		Total		
Revenues											
Local Taxes	\$ 8,548	\$ 287,746	\$ 0	\$ 0	\$ 0	\$ 0	\$ 296,294	\$ 1,374,296	\$ 0	\$ 1,670,590	
Fines, Forfeitures, and Penalties	0	0	0	37,083	0	0	37,083	0	0	37,083	
Charges for Current Services	0	13,864	0	0	382,500	0	396,364	0	0	396,364	
Other Local Revenues	0	0	630	0	0	0	630	32,511	0	33,141	
State of Tennessee	0	170,017	0	0	0	0	170,017	0	0	170,017	
Other Governments and Citizens Groups	0	0	0	5,382	0	0	5,382	0	0	5,382	
Total Revenues	\$ 8,548	\$ 471,627	\$ 630	\$ 42,465	\$ 382,500	\$ 0	\$ 905,770	\$ 1,406,807	\$ 0	\$ 2,312,577	
Expenditures											
Current:											
General Government	\$ 32,275	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,275	\$ 0	\$ 0	\$ 32,275	
Finance	0	0	0	0	367,649	0	367,649	0	0	367,649	
Administration of Justice	0	0	0	0	2,500	0	2,500	0	0	2,500	
Public Safety	0	0	0	79,365	0	0	79,365	0	0	79,365	
Public Health and Welfare	0	546,784	0	0	0	0	546,784	0	0	546,784	
Other Operations	46	4,350	6	364	0	0	4,766	14,121	0	18,887	
Debt Service:											
Principal on Debt	0	0	0	0	0	0	0	350,000	0	350,000	
Interest on Debt	0	0	0	0	0	0	0	874,450	0	874,450	
Total Expenditures	\$ 32,321	\$ 551,134	\$ 6	\$ 79,729	\$ 370,149	\$ 0	\$ 1,033,339	\$ 1,238,571	\$ 0	\$ 2,271,910	
Excess (Deficiency) of Revenues Over Expenditures	\$ (23,773)	\$ (79,507)	\$ 624	\$ (37,264)	\$ 12,351	\$ 0	\$ (127,569)	\$ 168,236	\$ 0	\$ 40,667	
Other Financing Sources (Uses)											
Transfers In	\$ 0	\$ 75,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,000	\$ 0	\$ 0	\$ 75,000	
Transfers Out	0	0	(1,823)	0	0	0	(1,823)	0	0	(1,823)	
Total Other Financing Sources (Uses)	\$ 0	\$ 75,000	\$ (1,823)	\$ 0	\$ 0	\$ 0	\$ 73,177	\$ 0	\$ 0	\$ 73,177	
Net Change in Fund Balances	\$ (23,773)	\$ (4,507)	\$ (1,199)	\$ (37,264)	\$ 12,351	\$ 0	\$ (54,392)	\$ 168,236	\$ 0	\$ 113,844	
Fund Balance, July 1, 2008	33,277	38,171	1,199	171,796	103,451	0	347,894	1,011,979	0	1,359,873	
Fund Balance, June 30, 2009	\$ 9,504	\$ 33,664	\$ 0	\$ 134,532	\$ 115,802	\$ 0	\$ 293,502	\$ 1,180,215	\$ 0	\$ 1,473,717	

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,548	\$ 9,500	\$ 9,500	\$ (952)
Total Revenues	\$ 8,548	\$ 9,500	\$ 9,500	\$ (952)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 32,275	\$ 30,000	\$ 32,275	\$ 0
<u>Other Operations</u>				
Other Charges	46	200	200	154
Total Expenditures	\$ 32,321	\$ 30,200	\$ 32,475	\$ 154
Excess (Deficiency) of Revenues Over Expenditures	\$ (23,773)	\$ (20,700)	\$ (22,975)	\$ (798)
Net Change in Fund Balance	\$ (23,773)	\$ (20,700)	\$ (22,975)	\$ (798)
Fund Balance, July 1, 2008	33,277	33,277	33,277	0
Fund Balance, June 30, 2009	\$ 9,504	\$ 12,577	\$ 10,302	\$ (798)

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 287,746	\$ 280,000	\$ 280,000	\$ 7,746
Charges for Current Services	13,864	10,000	10,000	3,864
Other Local Revenues	0	6,000	6,000	(6,000)
State of Tennessee	170,017	151,145	151,145	18,872
Total Revenues	<u>\$ 471,627</u>	<u>\$ 447,145</u>	<u>\$ 447,145</u>	<u>\$ 24,482</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 510,433	\$ 568,268	\$ 568,268	\$ 57,835
Other Waste Collection	36,351	21,145	22,627	(13,724)
<u>Other Operations</u>				
Other Charges	4,350	5,000	5,000	650
Total Expenditures	<u>\$ 551,134</u>	<u>\$ 594,413</u>	<u>\$ 595,895</u>	<u>\$ 44,761</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (79,507)</u>	<u>\$ (147,268)</u>	<u>\$ (148,750)</u>	<u>\$ 69,243</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 75,000	\$ 165,000	\$ 165,000	\$ (90,000)
Total Other Financing Sources (Uses)	<u>\$ 75,000</u>	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>\$ (90,000)</u>
Net Change in Fund Balance	\$ (4,507)	\$ 17,732	\$ 16,250	\$ (20,757)
Fund Balance, July 1, 2008	<u>38,171</u>	<u>52,787</u>	<u>52,787</u>	<u>(14,616)</u>
Fund Balance, June 30, 2009	<u>\$ 33,664</u>	<u>\$ 70,519</u>	<u>\$ 69,037</u>	<u>\$ (35,373)</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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 630	\$ 0	\$ 630	\$ 0
Total Revenues	\$ 630	\$ 0	\$ 630	\$ 0
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Other Local Health Services	\$ 0	\$ 1,199	\$ 0	\$ 0
<u>Other Operations</u>				
Other Charges	6	0	6	0
Total Expenditures	\$ 6	\$ 1,199	\$ 6	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 624	\$ (1,199)	\$ 624	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (1,823)	\$ 0	\$ (1,823)	\$ 0
Total Other Financing Sources (Uses)	\$ (1,823)	\$ 0	\$ (1,823)	\$ 0
Net Change in Fund Balance	\$ (1,199)	\$ (1,199)	\$ (1,199)	\$ 0
Fund Balance, July 1, 2008	1,199	1,199	1,199	0
Fund Balance, June 30, 2009	\$ 0	\$ 0	\$ 0	\$ 0

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 37,083	\$ 46,500	\$ 46,500	\$ (9,417)
Other Local Revenues	0	3,000	3,000	(3,000)
State of Tennessee	0	2,000	2,000	(2,000)
Other Governments and Citizens Groups	5,382	1,000	1,000	4,382
Total Revenues	<u>\$ 42,465</u>	<u>\$ 52,500</u>	<u>\$ 52,500</u>	<u>\$ (10,035)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 79,365	\$ 73,800	\$ 85,800	\$ 6,435
<u>Other Operations</u>				
Other Charges	364	1,000	1,000	636
Total Expenditures	<u>\$ 79,729</u>	<u>\$ 74,800</u>	<u>\$ 86,800</u>	<u>\$ 7,071</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (37,264)</u>	<u>\$ (22,300)</u>	<u>\$ (34,300)</u>	<u>\$ (2,964)</u>
Net Change in Fund Balance	\$ (37,264)	\$ (22,300)	\$ (34,300)	\$ (2,964)
Fund Balance, July 1, 2008	<u>171,796</u>	<u>171,999</u>	<u>171,999</u>	<u>(203)</u>
Fund Balance, June 30, 2009	<u>\$ 134,532</u>	<u>\$ 149,699</u>	<u>\$ 137,699</u>	<u>\$ (3,167)</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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,374,296	\$ 1,400,000	\$ 1,400,000	\$ (25,704)
Other Local Revenues	32,511	15,000	15,000	17,511
Total Revenues	<u>\$ 1,406,807</u>	<u>\$ 1,415,000</u>	<u>\$ 1,415,000</u>	<u>\$ (8,193)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 14,121	\$ 15,000	\$ 15,000	\$ 879
<u>Principal on Debt</u>				
Education	350,000	350,000	350,000	0
<u>Interest on Debt</u>				
Education	874,450	874,450	874,450	0
Total Expenditures	<u>\$ 1,238,571</u>	<u>\$ 1,239,450</u>	<u>\$ 1,239,450</u>	<u>\$ 879</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 168,236</u>	<u>\$ 175,550</u>	<u>\$ 175,550</u>	<u>\$ (7,314)</u>
Net Change in Fund Balance	\$ 168,236	\$ 175,550	\$ 175,550	\$ (7,314)
Fund Balance, July 1, 2008	<u>1,011,979</u>	<u>1,011,978</u>	<u>1,011,978</u>	<u>1</u>
Fund Balance, June 30, 2009	<u>\$ 1,180,215</u>	<u>\$ 1,187,528</u>	<u>\$ 1,187,528</u>	<u>\$ (7,313)</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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 503,373	\$ 493,094	\$ 493,094	\$ 10,279
Total Revenues	\$ 503,373	\$ 493,094	\$ 493,094	\$ 10,279
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 10,045	\$ 11,000	\$ 11,000	\$ 955
<u>Principal on Debt</u>				
General Government	145,000	145,000	145,000	0
<u>Interest on Debt</u>				
General Government	179,050	179,050	179,050	0
<u>Other Debt Service</u>				
General Government	640	1,000	1,000	360
Total Expenditures	\$ 334,735	\$ 336,050	\$ 336,050	\$ 1,315
Excess (Deficiency) of Revenues Over Expenditures	\$ 168,638	\$ 157,044	\$ 157,044	\$ 11,594
Net Change in Fund Balance	\$ 168,638	\$ 157,044	\$ 157,044	\$ 11,594
Fund Balance, July 1, 2008	1,363,507	1,357,405	1,357,405	6,102
Fund Balance, June 30, 2009	\$ 1,532,145	\$ 1,514,449	\$ 1,514,449	\$ 17,696

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,324,389	\$ 1,288,374	\$ 1,288,374	\$ 36,015
Other Governments and Citizens Groups	845,148	0	845,148	0
Total Revenues	<u>\$ 2,169,537</u>	<u>\$ 1,288,374</u>	<u>\$ 2,133,522</u>	<u>\$ 36,015</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 865,000	\$ 865,000	\$ 865,000	\$ 0
<u>Interest on Debt</u>				
Education	918,814	918,814	918,814	0
<u>Other Debt Service</u>				
Education	28,364	33,500	33,500	5,136
Total Expenditures	<u>\$ 1,812,178</u>	<u>\$ 1,817,314</u>	<u>\$ 1,817,314</u>	<u>\$ 5,136</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 357,359</u>	<u>\$ (528,940)</u>	<u>\$ 316,208</u>	<u>\$ 41,151</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 845,148	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 845,148</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 357,359	\$ 316,208	\$ 316,208	\$ 41,151
Fund Balance, July 1, 2008	<u>2,557,430</u>	<u>2,415,737</u>	<u>2,415,737</u>	<u>141,693</u>
Fund Balance, June 30, 2009	<u><u>\$ 2,914,789</u></u>	<u><u>\$ 2,731,945</u></u>	<u><u>\$ 2,731,945</u></u>	<u><u>\$ 182,844</u></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, 2009

	Agency Funds							Total
	Cities- Sales Tax	Special School District	City School ADA - Richard City	Constitutional Officers - Agency	Judicial District Drug			
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 0	\$ 921,161	\$ 0	\$ 0	\$ 921,161	\$ 921,161
Equity in Pooled Cash and Investments	0	18	22,171	0	57,308	0	79,497	79,497
Accounts Receivable	0	0	186	0	0	0	186	186
Due from Other Governments	478,524	0	33,625	0	0	0	512,149	512,149
Property Taxes Receivable	0	24,071	337,800	0	0	0	361,871	361,871
Allowance for Uncollectible Property Taxes	0	(1,214)	(16,703)	0	0	0	(17,917)	(17,917)
Total Assets	\$ 478,524	\$ 22,875	\$ 377,079	\$ 921,161	\$ 57,308	\$ 0	\$ 1,856,947	\$ 1,856,947
<u>LIABILITIES</u>								
Due to Other Taxing Units	\$ 478,524	\$ 22,875	\$ 377,079	\$ 0	\$ 0	\$ 0	\$ 878,478	\$ 878,478
Due to Litigants, Heirs, and Others	0	0	0	921,161	0	0	921,161	921,161
Due to Joint Ventures	0	0	0	0	57,308	0	57,308	57,308
Total Liabilities	\$ 478,524	\$ 22,875	\$ 377,079	\$ 921,161	\$ 57,308	\$ 0	\$ 1,856,947	\$ 1,856,947

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,820,094	\$ 2,820,094	\$ 0
Due from Other Governments	507,796	478,524	507,796	478,524
Total Assets	\$ 507,796	\$ 3,298,618	\$ 3,327,890	\$ 478,524
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 507,796	\$ 3,298,618	\$ 3,327,890	\$ 478,524
Total Liabilities	\$ 507,796	\$ 3,298,618	\$ 3,327,890	\$ 478,524
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 42	\$ 22,235	\$ 22,259	\$ 18
Taxes Receivable	23,062	24,071	23,062	24,071
Allowance for Uncollectible Taxes	(1,213)	(1,214)	(1,213)	(1,214)
Total Assets	\$ 21,891	\$ 45,092	\$ 44,108	\$ 22,875
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 21,891	\$ 45,092	\$ 44,108	\$ 22,875
Total Liabilities	\$ 21,891	\$ 45,092	\$ 44,108	\$ 22,875
<u>City School ADA - Richard City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,670	\$ 516,156	\$ 495,655	\$ 22,171
Accounts Receivable	258	186	258	186
Due from Other Governments	42,705	33,625	42,705	33,625
Taxes Receivable	384,728	337,800	384,728	337,800
Allowance for Uncollectible Taxes	(18,671)	(16,703)	(18,671)	(16,703)
Total Assets	\$ 410,690	\$ 871,064	\$ 904,675	\$ 377,079
<u>Liabilities</u>				
Cash Overdraft	\$ 47,453	\$ 0	\$ 47,453	\$ 0
Due to Other Taxing Units	363,237	871,064	857,222	377,079
Total Liabilities	\$ 410,690	\$ 871,064	\$ 904,675	\$ 377,079

(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	\$ 1,111,096	\$ 5,694,110	\$ 5,884,045	\$ 921,161
Total Assets	\$ 1,111,096	\$ 5,694,110	\$ 5,884,045	\$ 921,161
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,111,096	\$ 5,694,110	\$ 5,884,045	\$ 921,161
Total Liabilities	\$ 1,111,096	\$ 5,694,110	\$ 5,884,045	\$ 921,161
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 20,743	\$ 132,460	\$ 95,895	\$ 57,308
Due from Other Funds	824	0	824	0
Total Assets	\$ 21,567	\$ 132,460	\$ 96,719	\$ 57,308
<u>Liabilities</u>				
Due to Joint Ventures	\$ 21,567	\$ 132,460	\$ 96,719	\$ 57,308
Total Liabilities	\$ 21,567	\$ 132,460	\$ 96,719	\$ 57,308
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,111,096	\$ 5,694,110	\$ 5,884,045	\$ 921,161
Equity in Pooled Cash and Investments	22,455	3,490,945	3,433,903	79,497
Accounts Receivable	258	186	258	186
Due from Other Governments	550,501	512,149	550,501	512,149
Due from Other Funds	824	0	824	0
Taxes Receivable	407,790	361,871	407,790	361,871
Allowance for Uncollectible Taxes	(19,884)	(17,917)	(19,884)	(17,917)
Total Assets	\$ 2,073,040	\$ 10,041,344	\$ 10,257,437	\$ 1,856,947
<u>Liabilities</u>				
Cash Overdraft	\$ 47,453	\$ 0	\$ 47,453	\$ 0
Due to Other Taxing Units	892,924	4,214,774	4,229,220	878,478
Due to Litigants, Heirs, and Others	1,111,096	5,694,110	5,884,045	921,161
Due to Joint Ventures	21,567	132,460	96,719	57,308
Total Liabilities	\$ 2,073,040	\$ 10,041,344	\$ 10,257,437	\$ 1,856,947

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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 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, 2009

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	
Governmental Activities:			
Instruction	\$ 19,052,306	\$ 194,755	\$ 2,770,217
Support Services	10,413,177	1,050	0
Operation of Non-Instructional Services	2,890,925	871,075	1,414,567
Interest on Long-term Debt	16,988	0	0
Other Debt Service	845,148	0	0
Total Governmental Activities	\$ 33,218,544	\$ 1,066,880	\$ 4,184,784
General Revenues:			
Taxes:			
Property Taxes Levied for General Purposes			\$ 4,727,602
Local Option Sales Taxes			2,905,017
Hotel/Motel Tax			17,397
Wholesale Beer Tax			113,574
Other Local Taxes			3,064
Grants and Contributions Not Restricted to Specific Programs			19,599,104
Unrestricted Investment Earnings			27,707
Miscellaneous			57,669
Gain on Disposal of Capital Assets			82,265
Total General Revenues			\$ 27,533,399
Change in Net Assets			\$ (433,481)
Net Assets, July 1, 2008			50,718,209
Net Assets, June 30, 2009			\$ 50,284,728

Exhibit I-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>	
	<u>General</u>	<u>Central</u>	<u>Fund</u>		<u>Governmental</u>
	<u>Purpose</u>		<u>School</u>		
	<u>School</u>	<u>Cafeteria</u>	<u>Projects</u>	<u>Funds</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 2,905	\$ 0	\$ 2,905	
Equity in Pooled Cash and Investments	1,810,438	980,386	24,761	2,815,585	
Accounts Receivable	30,312	0	0	30,312	
Due from Other Governments	902,436	0	16,777	919,213	
Due from Other Funds	20,519	0	0	20,519	
Property Taxes Receivable	5,179,907	0	0	5,179,907	
Allowance for Uncollectible Property Taxes	(256,122)	0	0	(256,122)	
Total Assets	\$ 7,687,490	\$ 983,291	\$ 41,538	\$ 8,712,319	
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 119,712	\$ 0	\$ 0	\$ 119,712	
Accrued Payroll	60,683	0	0	60,683	
Due to Other Funds	0	0	20,519	20,519	
Deferred Revenue - Current Property Taxes	4,596,770	0	0	4,596,770	
Deferred Revenue - Delinquent Property Taxes	305,447	0	0	305,447	
Other Deferred Revenues	268,777	0	0	268,777	
Total Liabilities	\$ 5,351,389	\$ 0	\$ 20,519	\$ 5,371,908	
<u>Fund Balances</u>					
Other Local Education Reserves	\$ 16,147	\$ 0	\$ 0	\$ 16,147	
Reserved for Career Ladder - Extended Contract	6,058	0	0	6,058	
Reserved for Career Ladder Program	4,017	0	0	4,017	
Reserved for Technology	39,874	0	0	39,874	
Other State Education Reserves	8,837	0	0	8,837	
Reserved for Title I Grants to Local Education Agencies	0	0	20,167	20,167	
Other Federal Reserves	0	0	852	852	
Unreserved, Reported In:					
General Fund	2,261,168	0	0	2,261,168	
Special Revenue Funds	0	983,291	0	983,291	
Total Fund Balances	\$ 2,336,101	\$ 983,291	\$ 21,019	\$ 3,340,411	
Total Liabilities and Fund Balances	\$ 7,687,490	\$ 983,291	\$ 41,538	\$ 8,712,319	

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, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 3,340,411	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 1,133,836		
Add: buildings and improvements net of accumulated depreciation	45,857,307		
Add: other capital assets net of accumulated depreciation	<u>151,917</u>	47,143,060	
(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	\$ (371,586)		
Less: other postemployment benefits liability	<u>(401,381)</u>	(772,967)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>574,224</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 50,284,728</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, 2009

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>		<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 7,846,834	\$ 0	\$ 0	\$ 7,846,834
Licenses and Permits	2,503	0	0	2,503
Charges for Current Services	194,755	871,075	0	1,065,830
Other Local Revenues	150,570	24,890	68,706	244,166
State of Tennessee	19,554,848	22,877	0	19,577,725
Federal Government	315,311	1,245,536	2,197,977	3,758,824
Other Governments and Citizens Groups	0	0	19,709	19,709
Total Revenues	\$ 28,064,821	\$ 2,164,378	\$ 2,286,392	\$ 32,515,591
<u>Expenditures</u>				
Current:				
Instruction	\$ 16,342,581	\$ 0	\$ 1,188,877	\$ 17,531,458
Support Services	9,602,159	0	857,434	10,459,593
Operation of Non-Instructional Services	678,360	2,063,578	0	2,741,938
Capital Outlay	63,298	0	0	63,298
Debt Service:				
Principal on Debt	46,161	0	0	46,161
Interest on Debt	16,988	0	0	16,988
Other Debt Service	845,148	0	0	845,148
Capital Projects	0	0	757,890	757,890
Total Expenditures	\$ 27,594,695	\$ 2,063,578	\$ 2,804,201	\$ 32,462,474
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 470,126	\$ 100,800	\$ (517,809)	\$ 53,117
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 80,000	\$ 0	\$ 0	\$ 80,000
Transfers In	171,581	0	0	171,581
Transfers Out	0	0	(171,581)	(171,581)
Total Other Financing Sources (Uses)	\$ 251,581	\$ 0	\$ (171,581)	\$ 80,000
Net Change in Fund Balances				
Fund Balance, July 1, 2008	\$ 721,707	\$ 100,800	\$ (689,390)	\$ 133,117
	1,614,394	882,491	710,409	3,207,294
Fund Balance, June 30, 2009				
	\$ 2,336,101	\$ 983,291	\$ 21,019	\$ 3,340,411

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, 2009

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

Net change in fund balances - total governmental funds (Exhibit I-4)	\$	133,117
<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	\$	1,102,443
Less: current year depreciation expense		<u>(1,554,668)</u>
		(452,225)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Less: proceeds from the sale of capital assets	\$	(84,381)
Add: gain on disposal of capital assets		<u>82,265</u>
		(2,116)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$	574,224
Less: deferred delinquent property taxes and other deferred June 30, 2008		<u>(528,790)</u>
		45,434
<p>(4) 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		46,161
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liability		<u>(203,852)</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u><u>(433,481)</u></u>

Exhibit I-6

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, 2009

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>Revenues</u>			
Other Local Revenues	\$ 0	\$ 68,706	\$ 68,706
Federal Government	2,197,977	0	2,197,977
Other Governments and Citizens Groups	0	19,709	19,709
Total Revenues	<u>\$ 2,197,977</u>	<u>\$ 88,415</u>	<u>\$ 2,286,392</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,188,877	\$ 0	\$ 1,188,877
Support Services	857,434	0	857,434
Capital Projects	0	757,890	757,890
Total Expenditures	<u>\$ 2,046,311</u>	<u>\$ 757,890</u>	<u>\$ 2,804,201</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 151,666</u>	<u>\$ (669,475)</u>	<u>\$ (517,809)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (171,581)	\$ 0	\$ (171,581)
Total Other Financing Sources (Uses)	<u>\$ (171,581)</u>	<u>\$ 0</u>	<u>\$ (171,581)</u>
Net Change in Fund Balances	\$ (19,915)	\$ (669,475)	\$ (689,390)
Fund Balance, July 1, 2008	40,934	669,475	710,409
Fund Balance, June 30, 2009	<u>\$ 21,019</u>	<u>\$ 0</u>	<u>\$ 21,019</u>

Exhibit I-7

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 7,846,834	\$ 0	\$ 7,846,834	\$ 7,648,695	\$ 7,648,695	\$ 198,139
Licenses and Permits	2,503	0	2,503	2,365	2,365	138
Charges for Current Services	194,755	0	194,755	313,122	313,122	(118,367)
Other Local Revenues	150,570	0	150,570	132,115	220,269	(69,699)
State of Tennessee	19,554,848	0	19,554,848	19,105,071	19,249,612	305,236
Federal Government	315,311	0	315,311	346,648	372,669	(57,358)
<u>Total Revenues</u>	<u>\$ 28,064,821</u>	<u>\$ 0</u>	<u>\$ 28,064,821</u>	<u>\$ 27,548,016</u>	<u>\$ 27,806,732</u>	<u>\$ 258,089</u>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 12,545,310	\$ 0	\$ 12,545,310	\$ 12,563,748	\$ 12,650,377	\$ 105,067
Alternative Instruction Program	98,888	0	98,888	100,335	100,335	1,447
Special Education Program	2,260,505	0	2,260,505	2,348,220	2,365,241	104,736
Vocational Education Program	1,240,668	0	1,240,668	1,258,531	1,258,531	17,863
Adult Education Program	197,210	0	197,210	245,477	247,002	49,792
<u>Support Services</u>						
Attendance	358,639	0	358,639	374,818	374,818	16,179
Health Services	312,123	0	312,123	333,187	333,187	21,064
Other Student Support	635,710	0	635,710	690,575	690,575	54,865
Regular Instruction Program	859,468	0	859,468	875,680	875,680	16,212
Special Education Program	138,330	0	138,330	134,868	143,868	5,538
Vocational Education Program	93,917	0	93,917	96,499	96,499	2,582
Adult Programs	113,348	0	113,348	115,357	115,357	2,009
Other Programs	144,541	0	144,541	0	144,541	0

(Continued)

Exhibit I-7

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 7/1/2008	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	\$ 368,026	\$ 0	\$ 368,026	\$ 414,535	\$ 46,509	
Director of Schools	278,541	0	278,541	299,375	20,834	
Office of the Principal	1,502,734	0	1,502,734	1,524,722	21,988	
Fiscal Services	275,549	0	275,549	279,100	3,551	
Human Services/Personnel	119,910	0	119,910	123,646	3,736	
Operation of Plant	2,527,939	0	2,527,939	2,889,835	361,896	
Maintenance of Plant	559,760	0	559,760	630,992	71,232	
Transportation	1,004,758	0	1,004,758	1,037,748	32,990	
Central and Other	308,866	0	308,866	348,740	39,874	
<u>Operation of Non-Instructional Services</u>						
Community Services	320,144	0	320,144	461,398	141,254	
Early Childhood Education	358,216	0	358,216	367,232	9,016	
<u>Capital Outlay</u>						
Regular Capital Outlay	63,298	(16,875)	46,423	34,211	67,788	
<u>Principal on Debt</u>						
Education	46,161	0	46,161	660,666	0	
Interest on Debt						
Education	16,988	0	16,988	247,631	0	
<u>Other Debt Service</u>						
Education	845,148	0	845,148	0	845,148	
Total Expenditures	\$ 27,594,695	\$ (16,875)	\$ 27,577,820	\$ 28,457,126	\$ 1,218,022	
Excess (Deficiency) of Revenues Over Expenditures	\$ 470,126	\$ 16,875	\$ 487,001	\$ (909,110)	\$ 1,476,111	

(Continued)

Exhibit I-7

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 7/1/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Proceeds from Sale of Capital Assets	\$ 80,000	0	\$ 80,000	0	\$ 80,000	\$ 0
Transfers In	171,581	0	171,581	172,804	172,804	(1,223)
Total Other Financing Sources (Uses)	\$ 251,581	0	\$ 251,581	\$ 172,804	\$ 252,804	\$ (1,223)
Net Change in Fund Balance	\$ 721,707	16,875	\$ 738,582	\$ (736,306)	\$ (736,306)	\$ 1,474,888
Fund Balance, July 1, 2008	1,614,394	(16,875)	1,597,519	1,520,011	1,520,011	77,508
Fund Balance, June 30, 2009	\$ 2,336,101	0	\$ 2,336,101	\$ 783,705	\$ 783,705	\$ 1,552,396

Exhibit I-8

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,197,977	\$ 2,245,211	\$ 2,248,866	\$ (50,889)
Total Revenues	\$ 2,197,977	\$ 2,245,211	\$ 2,248,866	\$ (50,889)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 745,400	\$ 747,287	\$ 764,172	\$ 18,772
Special Education Program	327,631	330,775	330,775	3,144
Vocational Education Program	115,846	114,736	115,846	0
<u>Support Services</u>				
Other Student Support	160,336	169,334	172,082	11,746
Regular Instruction Program	171,656	205,195	205,195	33,539
Special Education Program	379,593	381,251	381,251	1,658
Vocational Education Program	2,671	2,874	2,671	0
Office of the Principal	110,406	127,291	110,406	0
Transportation	32,772	34,598	34,598	1,826
Total Expenditures	\$ 2,046,311	\$ 2,113,341	\$ 2,116,996	\$ 70,685
Excess (Deficiency) of Revenues Over Expenditures	\$ 151,666	\$ 131,870	\$ 131,870	\$ 19,796
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (171,581)	\$ (172,804)	\$ (172,804)	\$ 1,223
Total Other Financing Sources (Uses)	\$ (171,581)	\$ (172,804)	\$ (172,804)	\$ 1,223
Net Change in Fund Balance	\$ (19,915)	\$ (40,934)	\$ (40,934)	\$ 21,019
Fund Balance, July 1, 2008	40,934	40,934	40,934	0
Fund Balance, June 30, 2009	\$ 21,019	\$ 0	\$ 0	\$ 21,019

Exhibit I-9

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, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 871,075	\$ 882,000	\$ 882,000	\$ (10,925)
Other Local Revenues	24,890	33,000	33,000	(8,110)
State of Tennessee	22,877	23,100	23,100	(223)
Federal Government	1,245,536	1,162,000	1,162,000	83,536
Total Revenues	<u>\$ 2,164,378</u>	<u>\$ 2,100,100</u>	<u>\$ 2,100,100</u>	<u>\$ 64,278</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,063,578	\$ 2,294,301	\$ 2,294,301	\$ 230,723
Total Expenditures	<u>\$ 2,063,578</u>	<u>\$ 2,294,301</u>	<u>\$ 2,294,301</u>	<u>\$ 230,723</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 100,800</u>	<u>\$ (194,201)</u>	<u>\$ (194,201)</u>	<u>\$ 295,001</u>
Net Change in Fund Balance	\$ 100,800	\$ (194,201)	\$ (194,201)	\$ 295,001
Fund Balance, July 1, 2008	<u>882,491</u>	<u>882,491</u>	<u>882,491</u>	<u>0</u>
Fund Balance, June 30, 2009	<u><u>\$ 983,291</u></u>	<u><u>\$ 688,290</u></u>	<u><u>\$ 688,290</u></u>	<u><u>\$ 295,001</u></u>

Exhibit I-10

Marion County, Tennessee
Statement of Fiduciary Net Assets
Discretely Presented Marion County School Department
Fiduciary Fund
June 30, 2009

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash in Bank	\$ 52,519
Equity in Pooled Cash and Investments	8,693
Investments	528,653
Accrued Interest Receivable	<u>9,080</u>
Total Assets	<u>\$ 598,945</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Scholarships	<u>\$ 598,945</u>
Total Net Assets	<u><u>\$ 598,945</u></u>

Exhibit I-11

Marion County, Tennessee
Statement of Changes in Fiduciary Net Assets
Discretely Presented Marion County School Department
Fiduciary Fund
For the Year Ended June 30, 2009

	Other Trust Fund
	<hr/>
	Private Purpose Trust Fund
	<hr/>
<u>ADDITIONS</u>	
Contributions and Gifts	\$ 1,100
Investment Income	40,437
Total Additions	<hr/> \$ 41,537 <hr/>
<u>DEDUCTIONS</u>	
Scholarship Disbursements	\$ 17,750
Trustee's Commission	418
Total Deductions	<hr/> \$ 18,168 <hr/>
Change in Net Assets	\$ 23,369
Net Assets, July 1, 2008	<hr/> 575,576 <hr/>
Net Assets, June 30, 2009	<hr/> \$ 598,945 <hr/> <hr/>

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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, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Paid and/or Matured During Period	Outstanding 6-30-09
<u>PRIMARY GOVERNMENT</u>							
<u>NOTES PAYABLE</u>							
<u>Payable through General Fund</u>							
Health Department	\$ 70,000	3.5 %	3-17-06	3-14-09	\$ 24,142	\$ 24,142	\$ 0
Election Commission Building	200,000	3.5	2-11-08	2-20-13	200,000	37,282	162,718
Total Notes Payable					\$ 224,142	\$ 61,424	\$ 162,718
<u>CAPITAL LEASES PAYABLE</u>							
<u>Payable through General Fund</u>							
Sheriff's Vehicles	191,218	6.2	2-17-06	7-17-09	\$ 39,803	\$ 39,803	\$ 0
Sheriff's Vehicles	63,350	6.1	11-15-07	10-15-10	50,000	20,564	29,436
Total Capital Leases Payable					\$ 89,803	\$ 60,367	\$ 29,436
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation Bonds	5,200,000	4.25 to 5	5-1-1999	4-1-09	\$ 120,000	\$ 120,000	\$ 0
General Obligation Refunding Bonds, 2005 Series	4,460,000	3.5 to 4.2	7-1-05	4-1-29	4,385,000	25,000	4,360,000
Total Payable through General Debt Service Fund					\$ 4,505,000	\$ 145,000	\$ 4,360,000
<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	\$ 19,400,000	\$ 350,000	\$ 19,050,000

(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 7-1-08	Paid and/or Matured During Period	Outstanding 6-30-09
<u>BONDS PAYABLE (Cont.)</u>							
<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	\$ 595,000	\$ 595,000	0
Rural School Bonds, Series 2001	3,250,000	4.35 to 5	7-1-01	4-1-11	315,000	100,000	215,000
Rural School Refunding Bonds, Series 2001	15,385,000	4 to 5	8-1-01	4-1-24	14,635,000	75,000	14,560,000
Rural School Bonds, Series 2003	2,165,000	1.2 to 4	7-16-03	5-1-23	1,815,000	80,000	1,735,000
Rural School Refunding Bonds, Series 2005	2,560,000	3.5 to 4.2	7-1-05	4-1-25	2,530,000	15,000	2,515,000
Total Payable through Rural Debt Service					\$ 19,890,000	\$ 865,000	\$ 19,025,000
Total Bonds Payable					\$ 43,795,000	\$ 1,360,000	\$ 42,435,000
<u>DISCRETELY PRESENTED MARION COUNTY</u>							
<u>SCHOOL DEPARTMENT</u>							
<u>NOTES PAYABLE</u>							
<u>Payable through General Purpose School Fund</u>							
School Improvement and Technology Enhancement	90,000	0	1-10-01	1-10-11	\$ 27,000	\$ 9,000	18,000
South Pittsburg High School HVAC	500,000	4.55	5-16-05	3-16-17	390,747	37,161	353,586
Total Notes Payable					\$ 417,747	\$ 46,161	\$ 371,586

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	Notes		Total
	Principal	Interest	
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	\$ 162,718	\$ 14,486	\$ 177,204

Year Ending June 30	Capital Leases		Total
	Principal	Interest	
2010	\$ 21,853	\$ 1,191	\$ 23,044
2011	7,583	96	7,679
Total	\$ 29,436	\$ 1,287	\$ 30,723

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	Bonds (Cont.)		
	Principal	Interest	Total
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	\$ 42,435,000	\$ 21,792,210	\$ 64,227,210

DISCRETELY PRESENTED MARION
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 371,586	\$ 66,567	\$ 438,153

Exhibit J-3

Marion County, Tennessee
Schedule of Investments
Discretely Presented Marion County School Department
June 30, 2009

<u>Fund and Type</u>	<u>Amount</u>
<u>Private Purpose Trust Fund</u>	
Corporate Bonds - Countrywide Home Loans	\$ 60,195
Corporate Bonds - Bellsouth	62,120
Corporate Bonds - Public Service Co.	62,473
Corporate Bonds - JP Morgan Chase & Co.	60,430
Corporate Bonds - Verizon Communications	72,454
Corporate Bonds - General Electric	104,449
Corporate Bonds - Johnson & Johnson	<u>106,532</u>
 Total Investments	 <u><u>\$ 528,653</u></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, 2009

<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	Operations	75,000
Health Department	General	To close fund	<u>1,823</u>
Total Transfers Primary Government			<u>\$ 86,823</u>
<u>DISCRETELY PRESENTED MARION</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 49,277
School Federal Projects	General Purpose School	Salary reimbursements	<u>122,304</u>
Total Transfers Discretely Presented Marion County School Department			<u>\$ 171,581</u>

Marion County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Marion County School Department
For the Year Ended June 30, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 80,594 (1)	\$ 50,000	RLI Insurance
Highway Supervisor	Section 8-24-102, <u>TCA</u> , and County Commission	69,727 (2)	100,000	"
Director of Schools	State Board of Education and County Board of Education	75,769 (3)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	61,751	921,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	61,751	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	61,751	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	61,751	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	61,751 (4)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	61,751	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	67,927 (5)	25,000	"
Employee Blanket Bond Coverage:				
Public Employee Dishonesty - County Departments (excluding Highway Department)			150,000	Local Government Property & Casualty Fund
Public Employee Dishonesty - Highway Department			10,000	C.N.A. Surety
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

- (1) Includes local salary supplement of \$9,272.
- (2) Includes local salary supplement of \$1,800.
- (3) Does not include chief executive officer training supplement of \$1,000.
- (4) Does not include special commissioner fee of \$2,500.
- (5) Does not include a law enforcement training supplement of \$600.

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

	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	\$ 3,385,445	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	187,385	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	91,364	0	0	0	0
Interest and Penalty	39,093	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	23,751	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	7,069	0	0	0	0
Payments in-Lieu-of Taxes - Other	425	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	287,746	0	0
Litigation Tax - General	97,360	0	0	0	0
Litigation Tax - Special Purpose	2,747	8,548	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	23,118	0	0	0	0
Business Tax	249,242	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
Other County Local Option Taxes	2,458	0	0	0	0
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	2,208	0	0	0	0
<u>Total Local Taxes</u>	\$ 4,111,665	\$ 8,548	\$ 287,746	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 44,637	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	2,669	0	0	0	0
Building Permits	62,347	0	0	0	0
<u>Total Licenses and Permits</u>	\$ 109,653	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>	\$ 17,227	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines</u>					

(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	\$ 10,070	\$ 0	\$ 0	\$ 0	\$ 0	0
Game and Fish Fines	27	0	0	0	0	0
Drug Control Fines	0	0	0	0	17,323	0
Jail Fees	511	0	0	0	0	0
DUI Treatment Fines	1,391	0	0	0	0	0
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	702	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	28,060	0	0	0	0	0
Officers Costs	36,109	0	0	0	0	0
Game and Fish Fines	1,940	0	0	0	0	0
Drug Court Fees	5,298	0	0	0	0	0
Jail Fees	4,764	0	0	0	0	0
DUI Treatment Fines	9,125	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,616	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	566	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	57	0	0	0	0	0
Data Entry Fee - Chancery Court	328	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	0	5,117	0
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	0	0	0	0	14,643	0
Total Fines, Forfeitures, and Penalties	\$ 123,791	\$ 0	\$ 0	\$ 0	\$ 37,083	0
<u>Charges for Current Services</u>						
General Service Charges	\$ 209	\$ 0	\$ 0	\$ 0	\$ 0	0
Patient Charges	2,829	0	0	0	0	0
Work Release Charges for Board						

(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>General Service Charges (Cont.)</u>					
Other General Service Charges	\$ 0 \$	0 \$	0 \$	0 \$	0
<u>Fees</u>					
Airport Fees	62,157	0	0	0	0
Copy Fees	754	0	0	0	0
Telephone Commissions	13,610	0	0	0	0
Vending Machine Collections	8,280	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	11,964	0	0	0	0
Data Processing Fee - Sheriff	4,449	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,602	0	0	0	0
Data Processing Fee - County Clerk	2,130	0	0	0	0
<u>Other Charges for Services</u>					
Other Charges for Services	1,125	0	13,864	0	0
<u>Total Charges for Current Services</u>	\$ 110,109 \$	0 \$	13,864 \$	0 \$	0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 194,338 \$	0 \$	0 \$	630 \$	0
Lease/Rentals	47,413	0	0	0	0
Miscellaneous Refunds	42,572	0	0	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	0
Sale of Property	3,850	0	0	0	0
Damages Recovered from Individuals	2,280	0	0	0	0
Performance Bond Forfeitures	46,893	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	12,500	0	0	0	0
<u>Total Other Local Revenues</u>	\$ 349,846 \$	0 \$	0 \$	630 \$	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</u>						
<u>Excess Fees</u>						
County Clerk	\$ 50,098	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee	219,000	0	0	0	0	0
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	148,476	0	0	0	0	0
General Sessions Court Clerk	210,160	0	0	0	0	0
Clerk and Master	99,074	0	0	0	0	0
Register	130,870	0	0	0	0	0
Sheriff	10,817	0	0	0	0	0
Total Fees Received from County Officials	\$ 868,495	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	6,750	0	0	0	0	0
Airport Maintenance Program	14,497	0	0	0	0	0
State Reappraisal Grant	12,277	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	9,000	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	161,541	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	29,766	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	43,075	0	0	0	0	0
Beer Tax	18,701	0	0	0	0	0
Alcoholic Beverage Tax	49,243	0	0	0	0	0
Mixed Drink Tax	1,937	0	0	0	0	0
State Revenue Sharing - T.V.A.	267,332	0	133,666	0	0	0
Contracted Prisoner Boarding	125,265	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	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>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Petroleum Special Tax	0 \$	0 \$	0 \$	0 \$	0
Registrar's Salary Supplement	14,912	0	0	0	0
Other State Grants	58,155	0	36,351	0	0
Total State of Tennessee	\$ 812,451	\$ 0	\$ 170,017	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	102,096 \$	0 \$	0 \$	0 \$	0
Law Enforcement Grants	10,256	0	0	0	0
Other Federal through State	649,794	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	17,815	0	0	0	0
Total Federal Government	\$ 779,961	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	53,000 \$	0 \$	0 \$	0 \$	5,382
Contracted Services	121,331	0	0	0	0
Total Other Governments and Citizens Groups	\$ 174,331	\$ 0	\$ 0	\$ 0	\$ 5,382
Total	\$ 7,440,302	\$ 8,548	\$ 471,627	\$ 630	\$ 42,465

(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	\$ 457,097	\$ 1,202,877	\$ 0	\$ 0	\$ 5,045,419	
Trustee's Collections - Prior Year	0	0	25,647	66,976	0	0	280,008	
Circuit/Clerk & Master Collections - Prior Years	0	0	11,524	30,579	0	0	133,467	
Interest and Penalty	0	0	5,169	13,492	0	0	57,754	
Payments in-Lieu-of Taxes - T.V.A.	0	0	2,912	7,742	0	0	34,405	
Payments in-Lieu-of Taxes - Local Utilities	0	0	966	2,569	0	0	10,604	
Payments in-Lieu-of Taxes - Other	0	0	58	154	0	0	637	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	0	0	0	1,374,296	0	1,662,042	
Litigation Tax - General	0	0	0	0	0	0	97,360	
Litigation Tax - Special Purpose	0	0	0	0	0	0	11,295	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	23,118	
Business Tax	0	0	0	0	0	0	249,242	
Mineral Severance Tax	0	10,283	0	0	0	0	10,283	
Other County Local Option Taxes	0	0	0	0	0	0	2,458	
<u>Statutory Local Taxes</u>								
Interstate Telecommunications Tax	0	0	0	0	0	0	2,208	
Total Local Taxes	\$ 0	\$ 10,283	\$ 503,373	\$ 1,324,389	\$ 1,374,296	\$ 0	\$ 7,620,300	
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,637	
Permits	0	0	0	0	0	0	2,669	
Beer Permits	0	0	0	0	0	0	62,347	
Building Permits	0	0	0	0	0	0	109,653	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 109,653	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,227	

(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	10,070
Game and Fish Fines	0	0	0	0	0	0	27
Drug Control Fines	0	0	0	0	0	0	17,323
Jail Fees	0	0	0	0	0	0	511
DUI Treatment Fines	0	0	0	0	0	0	1,391
<u>Criminal Court</u>							
Data Entry Fee - Criminal Court	0	0	0	0	0	0	702
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	28,060
Officers Costs	0	0	0	0	0	0	36,109
Game and Fish Fines	0	0	0	0	0	0	1,940
Drug Court Fees	0	0	0	0	0	0	5,298
Jail Fees	0	0	0	0	0	0	4,764
DUI Treatment Fines	0	0	0	0	0	0	9,125
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	7,616
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	566
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	57
Data Entry Fee - Chancery Court	0	0	0	0	0	0	328
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	5,117
Other Fines, Forfeitures, and Penalties							
Proceeds from Confiscated Property	0	0	0	0	0	0	14,643
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 160,874
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	209
Work Release Charges for Board	0	0	0	0	0	0	2,829

(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	General Debt Service	Rural Debt Service	Education Debt Service	
<u>Charges for Current Services (Cont.)</u>							
<u>General Service Charges (Cont.)</u>							
Other General Service Charges	\$ 0	\$ 155,054	\$ 0	\$ 0	\$ 0	\$ 0	\$ 155,054
<u>Fees</u>							
Airport Fees	0	0	0	0	0	0	62,157
Copy Fees	0	0	0	0	0	0	754
Telephone Commissions	0	0	0	0	0	0	13,610
Vending Machine Collections	0	0	0	0	0	0	8,280
Constitutional Officers' Fees and Commissions	380,000	0	0	0	0	0	380,000
Special Commissioner Fees/Special Master Fees	2,500	0	0	0	0	0	2,500
Data Processing Fee - Register	0	0	0	0	0	0	11,964
Data Processing Fee - Sheriff	0	0	0	0	0	0	4,449
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	2,602
Data Processing Fee - County Clerk	0	0	0	0	0	0	2,130
<u>Other Charges for Services</u>							
Other Charges for Services	0	0	0	0	0	0	14,989
<u>Total Charges for Current Services</u>	\$ 382,500	\$ 155,054	\$ 0	\$ 0	\$ 0	\$ 0	\$ 661,527
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	0	0	0	0	0	\$ 32,511	\$ 227,479
Lease/Rentals	0	0	0	0	0	0	47,413
Miscellaneous Refunds	0	1,667	0	0	0	0	44,239
<u>Nonrecurring Items</u>							
Sale of Equipment	0	2,006	0	0	0	0	2,006
Sale of Property	0	0	0	0	0	0	3,850
Damages Recovered from Individuals	0	0	0	0	0	0	2,280
Performance Bond Forfeitures	0	0	0	0	0	0	46,893
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	0	0	0	0	12,500
<u>Total Other Local Revenues</u>	\$ 0	\$ 3,673	\$ 0	\$ 0	\$ 0	\$ 32,511	\$ 386,660

(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</u>							
<u>Excess Fees</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	50,098
Trustee	0	0	0	0	0	0	219,000
<u>Fees in-Lieu-of-Salary</u>							
Circuit Court Clerk	0	0	0	0	0	0	148,476
General Sessions Court Clerk	0	0	0	0	0	0	210,160
Clerk and Master	0	0	0	0	0	0	99,074
Register	0	0	0	0	0	0	130,870
Sheriff	0	0	0	0	0	0	10,817
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 868,495
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,750
Airport Maintenance Program	0	0	0	0	0	0	14,497
State Reappraisal Grant	0	0	0	0	0	0	12,277
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	9,000
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	161,541
<u>Public Works Grants</u>							
State Aid Program	0	236,227	0	0	0	0	236,227
Litter Program	0	0	0	0	0	0	29,766
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	43,075
Beer Tax	0	0	0	0	0	0	18,701
Alcoholic Beverage Tax	0	0	0	0	0	0	49,243
Mixed Drink Tax	0	0	0	0	0	0	1,937
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	400,398
Contracted Prisoner Boarding	0	0	0	0	0	0	125,265
Gasoline and Motor Fuel Tax	0	1,704,908	0	0	0	0	1,704,908

(Continued)

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

	Special Revenue Funds				Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Petroleum Special Tax	\$ 0	\$ 22,307	\$ 0	\$ 0	\$ 22,307
Registrar's Salary Supplement	0	0	0	0	14,912
Other State Grants	0	0	0	0	94,506
Total State of Tennessee	\$ 0	\$ 1,963,442	\$ 0	\$ 0	\$ 2,945,910
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 102,096
Law Enforcement Grants	0	0	0	0	10,256
Other Federal through State	0	0	0	0	649,794
Direct Federal Revenue	0	0	0	0	17,815
Other Direct Federal Revenue	0	0	0	0	0
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 779,961
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 845,148	\$ 903,530
Contracted Services	0	0	0	0	121,331
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 845,148	\$ 1,024,861
<u>Total</u>	\$ 382,500	\$ 2,132,452	\$ 503,373	\$ 2,169,537	\$ 1,406,807
					\$ 14,558,241

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, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,274,024	\$ 0	\$ 0	\$ 0	\$ 4,274,024
Trustee's Collections - Prior Year	236,002	0	0	0	236,002
Circuit/Clerk & Master Collections - Prior Years	114,578	0	0	0	114,578
Interest and Penalty	47,630	0	0	0	47,630
Payments in-Lieu-of Taxes - T.V.A.	32,969	0	0	0	32,969
Payments in-Lieu-of Taxes - Local Utilities	8,903	0	0	0	8,903
Payments in-Lieu-of Taxes - Other	535	0	0	0	535
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,905,513	0	0	0	2,905,513
Hotel/Motel Tax	17,397	0	0	0	17,397
<u>Statutory Local Taxes</u>					
Bank Excise Tax	92,645	0	0	0	92,645
Wholesale Beer Tax	113,574	0	0	0	113,574
Interstate Telecommunications Tax	3,064	0	0	0	3,064
Total Local Taxes	\$ 7,846,834	\$ 0	\$ 0	\$ 0	\$ 7,846,834
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,503	\$ 0	\$ 0	\$ 0	\$ 2,503
Total Licenses and Permits	\$ 2,503	\$ 0	\$ 0	\$ 0	\$ 2,503
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 2,090	\$ 0	\$ 0	\$ 0	\$ 2,090
Tuition - Out-of-State Systems	2,800	0	0	0	2,800
Lunch Payments - Children	0	0	419,786	0	419,786
Lunch Payments - Adults	0	0	49,069	0	49,069
Income from Breakfast	0	0	40,465	0	40,465
A la carte Sales	0	0	361,755	0	361,755
Receipts from Individual Schools	4,083	0	0	0	4,083
Community Service Fees - Children	179,452	0	0	0	179,452
TBI Criminal Background Fees	6,330	0	0	0	6,330
Total Charges for Current Services	\$ 194,755	\$ 0	\$ 871,075	\$ 0	\$ 1,065,830
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 24,890	\$ 2,817	\$ 27,707
Lease/Rentals	1,050	0	0	0	1,050
Miscellaneous Refunds	60,449	0	0	0	60,449
<u>Nonrecurring Items</u>					
Sale of Property	1,275	0	0	0	1,275
Damages Recovered from Individuals	16	0	0	0	16
Contributions and Gifts	87,470	0	0	65,889	153,359
<u>Other Local Revenues</u>					
Other Local Revenues	310	0	0	0	310
Total Other Local Revenues	\$ 150,570	\$ 0	\$ 24,890	\$ 68,706	\$ 244,166

(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	\$ 144,541	\$ 0	\$ 0	\$ 0	\$ 144,541
<u>State Education Funds</u>					
Basic Education Program	17,624,057	0	0	0	17,624,057
Basic Education Program - ARRA	212,000	0	0	0	212,000
School Food Service	0	0	22,877	0	22,877
Driver Education	8,412	0	0	0	8,412
Other State Education Funds	649,908	0	0	0	649,908
Career Ladder Program	210,057	0	0	0	210,057
Career Ladder - Extended Contract	92,900	0	0	0	92,900
Other Vocational	24,716	0	0	0	24,716
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	553,759	0	0	0	553,759
Other State Revenues	34,498	0	0	0	34,498
Total State of Tennessee	\$ 19,554,848	\$ 0	\$ 22,877	\$ 0	\$ 19,577,725
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 959,413	\$ 0	\$ 959,413
Breakfast	0	0	286,123	0	286,123
Adult Education State Grant Program	94,997	0	0	0	94,997
Vocational Education - Basic Grants to States	0	135,967	0	0	135,967
Title I Grants to Local Education Agencies	0	960,234	0	0	960,234
Special Education - Grants to States	109,109	808,697	0	0	917,806
Special Education Preschool Grants	0	36,118	0	0	36,118
Safe and Drug-Free Schools - State Grants	0	16,949	0	0	16,949
Eisenhower Professional Development State Grants	0	240,012	0	0	240,012
Other Federal through State	111,205	0	0	0	111,205
Total Federal Government	\$ 315,311	\$ 2,197,977	\$ 1,245,536	\$ 0	\$ 3,758,824
<u>Other Governments and Citizens Groups</u>					
<u>Citizens Groups</u>					
Donations	\$ 0	\$ 0	\$ 0	\$ 19,709	\$ 19,709
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 19,709	\$ 19,709
Total	\$ 28,064,821	\$ 2,197,977	\$ 2,164,378	\$ 88,415	\$ 32,515,591

Exhibit J-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	32,100	
Legal Services		49,844	
Total County Commission			\$ 81,944

Board of Equalization

Board and Committee Members Fees	\$	1,280	
Total Board of Equalization			1,280

Beer Board

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

Budget and Finance Committee

Board and Committee Members Fees	\$	3,675	
Total Budget and Finance Committee			3,675

County Mayor/Executive

County Official/Administrative Officer	\$	80,594	
Accountants/Bookkeepers		27,417	
Secretary(ies)		27,417	
Other Salaries and Wages		7,723	
Maintenance and Repair Services - Equipment		5,348	
Maintenance and Repair Services - Vehicles		466	
Travel		9,905	
Gasoline		681	
Office Supplies		4,486	
Office Equipment		1,919	
Total County Mayor/Executive			165,956

Election Commission

County Official/Administrative Officer	\$	55,576	
Deputy(ies)		27,417	
Part-time Personnel		13,351	
Election Commission		6,500	
Election Workers		31,947	
Contracts with Private Agencies		20,912	
Postal Charges		2,712	
Printing, Stationery, and Forms		12,393	
Travel		9,330	
Other Supplies and Materials		24	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Other Charges	\$	609	
Principal on Notes		37,282	
Interest on Notes		7,019	
Total Election Commission			\$ 225,072

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		28,498	
Clerical Personnel		27,417	
Other Salaries and Wages		27,417	
Operating Lease Payments		8,654	
Maintenance and Repair Services - Equipment		412	
Office Supplies		631	
Total Register of Deeds			154,780

Development

Contracts with Government Agencies	\$	20,000	
Refunds		1,249	
Land		8,000	
Total Development			29,249

Building

Supervisor/Director	\$	51,640	
Clerical Personnel		26,488	
Part-time Personnel		6,170	
Other Salaries and Wages		7,082	
In-Service Training		640	
Advertising		1,080	
Contracts with Government Agencies		9,250	
Travel		11,841	
Office Supplies		2,901	
Office Equipment		6,429	
Total Building			123,521

County Buildings

Custodial Personnel	\$	38,179	
Other Salaries and Wages		2,244	
Other Contracted Services		23,939	
Utilities		240,568	
Other Supplies and Materials		69,108	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Heating and Air Conditioning Equipment	\$ 229,900	
Office Equipment	814	
Total County Buildings		\$ 604,752

Other General Administration

Maintenance Personnel	\$ 34,782	
Overtime Pay	8,946	
Communication	972	
Total Other General Administration		44,700

Finance

Property Assessor's Office

County Official/Administrative Officer	\$ 61,751	
Secretary(ies)	27,417	
Clerical Personnel	27,417	
Other Salaries and Wages	27,417	
Audit Services	29,085	
Legal Notices, Recording, and Court Costs	60	
Travel	2,441	
Office Supplies	2,081	
Total Property Assessor's Office		177,669

Reappraisal Program

Clerical Personnel	\$ 13,510	
Part-time Personnel	8,862	
Overtime Pay	949	
Other Salaries and Wages	27,324	
Data Processing Services	3,459	
Travel	2,165	
Total Reappraisal Program		56,269

County Trustee's Office

Legal Notices, Recording, and Court Costs	\$ 226	
Maintenance and Repair Services - Equipment	7,376	
Office Supplies	3,381	
Total County Trustee's Office		10,983

County Clerk's Office

Maintenance and Repair Services - Equipment	\$ 11,050	
Office Supplies	2,760	
Total County Clerk's Office		13,810

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		221,231	
Other Salaries and Wages		24,598	
Jury and Witness Fees		9,128	
Operating Lease Payments		26,400	
Maintenance and Repair Services - Equipment		5,465	
Office Supplies		6,958	
Other Charges		800	
Furniture and Fixtures		8,081	
Total Circuit Court			\$ 364,412

General Sessions Court

Judge(s)	\$	82,903	
Travel		3,377	
Library Books/Media		2,553	
Uniforms		300	
Total General Sessions Court			89,133

Chancery Court

County Official/Administrative Officer	\$	61,751	
Accountants/Bookkeepers		27,417	
Part-time Personnel		6,954	
Other Salaries and Wages		26,609	
Maintenance and Repair Services - Equipment		8,821	
Office Supplies		2,986	
Total Chancery Court			134,538

Juvenile Court

Judge(s)	\$	49,742	
Assistant(s)		29,535	
Probation Officer(s)		27,417	
Clerical Personnel		12,023	
Overtime Pay		10,851	
Other Salaries and Wages		13,576	
Architects		4,830	
Travel		3,699	
Other Contracted Services		2,850	
Office Supplies		6,075	
Total Juvenile Court			160,598

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927	
Deputy(ies)		539,623	
Investigator(s)		32,102	
Accountants/Bookkeepers		7,009	
Salary Supplements		9,000	
Dispatchers/Radio Operators		252,874	
Attendants		71,566	
Overtime Pay		165,377	
Other Salaries and Wages		84,955	
In-Service Training		11,898	
Dues and Memberships		2,000	
Operating Lease Payments		29,808	
Rentals		1,600	
Gasoline		90,515	
Instructional Supplies and Materials		4,652	
Office Supplies		11,899	
Tires and Tubes		8,932	
Uniforms		4,595	
Vehicle Parts		32,226	
Other Charges		6,014	
Principal on Capital Leases		60,367	
Interest on Capital Leases		3,308	
Communication Equipment		31,755	
Law Enforcement Equipment		24,739	
Total Sheriff's Department			\$ 1,554,741

Jail

Guards	\$	359,958	
Cafeteria Personnel		45,890	
Overtime Pay		43,508	
Other Salaries and Wages		10,163	
In-Service Training		1,308	
Medical and Dental Services		180,754	
Transportation - Other than Students		1,471	
Food Supplies		87,802	
Office Supplies		4,799	
Prisoners Clothing		4,590	
Uniforms		2,740	
Other Charges		32,945	
Administration Equipment		35,070	
Total Jail			810,998

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

Contributions	\$	2,000	
Other Contracted Services		191,862	
Total Fire Prevention and Control			\$ 193,862

Civil Defense

Contributions	\$	7,000	
Equipment and Machinery Parts		72,015	
Total Civil Defense			79,015

Rescue Squad

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

Public Health and Welfare

Local Health Center

Contributions	\$	72,184	
Other Contracted Services		150,212	
Principal on Notes		24,142	
Interest on Notes		840	
Building Construction		66,724	
Building Improvements		900	
Total Local Health Center			315,002

Ambulance/Emergency Medical Services

Ambulance Services	\$	180,000	
Building Purchases		9,255	
Total Ambulance/Emergency Medical Services			189,255

Alcohol and Drug Programs

Other Salaries and Wages	\$	2,400	
Other Supplies and Materials		3,924	
Total Alcohol and Drug Programs			6,324

Other Local Health Services

Contracts with Government Agencies	\$	1,000	
Contracts with Other Public Agencies		85,400	
Pauper Burials		4,800	
Other Contracted Services		14,000	
Total Other Local Health Services			105,200

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Regional Mental Health Center

Contracts with Government Agencies	\$ 12,430	
Total Regional Mental Health Center		\$ 12,430

General Welfare Assistance

Contributions	\$ 2,500	
Total General Welfare Assistance		2,500

Sanitation Education/Information

Guards	\$ 14,050	
Clerical Personnel	19,694	
Other Fringe Benefits	1,600	
Travel	2,000	
Instructional Supplies and Materials	6,347	
Library Books/Media	1,623	
Other Supplies and Materials	515	
Other Equipment	175	
Total Sanitation Education/Information		46,004

Social, Cultural, and Recreational Services

Libraries

Contributions	\$ 130,760	
Total Libraries		130,760

Parks and Fair Boards

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

Agriculture and Natural Resources

Agriculture Extension Service

Contributions	\$ 44,781	
Maintenance and Repair Services - Equipment	700	
Total Agriculture Extension Service		45,481

Soil Conservation

Clerical Personnel	\$ 27,417	
Office Supplies	266	
Total Soil Conservation		27,683

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations

Industrial Development

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

Other Economic and Community Development

Other Contracted Services	\$ 4,293	
Water and Sewer	32,925	
Other Charges	307,003	
Total Other Economic and Community Development		344,221

Airport

Supervisor/Director	\$ 28,598	
Temporary Personnel	9,998	
Other Fringe Benefits	4,647	
Travel	962	
Fuel Oil	54,779	
Office Supplies	611	
Utilities	8,973	
Liability Insurance	2,685	
Other Charges	1,545	
Airport Improvement	25,865	
Other Construction	23,785	
Total Airport		162,448

Veterans' Services

Supervisor/Director	\$ 5,528	
Contributions	3,000	
Other Charges	69	
Total Veterans' Services		8,597

Other Charges

Audit Services	\$ 8,333
Contracts with Government Agencies	10,714
Dues and Memberships	12,378
Legal Notices, Recording, and Court Costs	2,571
Maintenance and Repair Services - Equipment	50,921
Postal Charges	31,503
Office Supplies	13,032
Building and Contents Insurance	21,115
Liability Insurance	93,539
Premiums on Corporate Surety Bonds	617

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Trustee's Commission	\$	97,035	
Vehicle and Equipment Insurance		33,000	
Workers' Compensation Insurance		94,284	
Other Charges		47,842	
Office Equipment		<u>2,294</u>	
Total Other Charges			\$ 519,178

Employee Benefits

Social Security	\$	242,872	
State Retirement		202,302	
Employee and Dependent Insurance		205,355	
Unemployment Compensation		<u>5,386</u>	
Total Employee Benefits			655,915

Payments to Cities

Contracts with Other Public Agencies	\$	<u>324,682</u>	
Total Payments to Cities			324,682

Miscellaneous

Refunds	\$	<u>877</u>	
Total Miscellaneous			<u>877</u>

Total General Fund \$ 8,022,335

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	<u>32,275</u>	
Total County Buildings			\$ 32,275

Other Operations

Other Charges

Trustee's Commission	\$	<u>46</u>	
Total Other Charges			<u>46</u>

Total Courthouse and Jail Maintenance Fund 32,321

(Continued)

Exhibit J-8

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

<u>Solid Waste/Sanitation Fund</u>			
<u>Public Health and Welfare</u>			
<u>Convenience Centers</u>			
Truck Drivers	\$	49,663	
Part-time Personnel		126,868	
Other Salaries and Wages		6,468	
Social Security		14,022	
Unemployment Compensation		594	
Maintenance and Repair Services - Equipment		8,608	
Disposal Fees		184,273	
Diesel Fuel		17,782	
Tires and Tubes		3,923	
Uniforms		2,246	
Utilities		16,052	
Gravel and Chert		162	
Other Supplies and Materials		1,473	
Other Charges		18,971	
Other Construction		59,328	
Total Convenience Centers		<u>510,433</u>	\$ 510,433
<u>Other Waste Collection</u>			
Tires and Tubes	\$	<u>36,351</u>	
Total Other Waste Collection			36,351
<u>Other Operations</u>			
<u>Other Charges</u>			
Trustee's Commission	\$	<u>4,350</u>	
Total Other Charges			<u>4,350</u>
Total Solid Waste/Sanitation Fund			\$ 551,134
<u>Health Department Fund</u>			
<u>Other Operations</u>			
<u>Other Charges</u>			
Trustee's Commission	\$	<u>6</u>	
Total Other Charges			<u>\$ 6</u>
Total Health Department Fund			6
<u>Drug Control Fund</u>			
<u>Public Safety</u>			
<u>Drug Enforcement</u>			
Deputy(ies)	\$	926	

(Continued)

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Clerical Personnel	\$	5,000	
Overtime Pay		18,672	
Social Security		1,882	
Confidential Drug Enforcement Payments		22,000	
Tow-in Services		200	
Veterinary Services		351	
Animal Food and Supplies		688	
Refunds		9,492	
Law Enforcement Equipment		1,417	
Motor Vehicles		18,737	
Total Drug Enforcement			\$ 79,365

Other Operations

Other Charges

Trustee's Commission	\$	364	
Total Other Charges			364

Total Drug Control Fund \$ 79,729

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	164,859	
Total County Trustee's Office			\$ 164,859

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	202,790	
Total County Clerk's Office			202,790

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	2,500	
Total Chancery Court			2,500

Total Constitutional Officers - Fees Fund 370,149

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,927	
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(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Assistant(s)	\$	86,127	
Accountants/Bookkeepers		65,981	
Salary Supplements		1,800	
Communication		9,535	
Data Processing Services		4,751	
Dues and Memberships		3,665	
Evaluation and Testing		1,655	
Legal Notices, Recording, and Court Costs		152	
Maintenance and Repair Services - Office Equipment		755	
Postal Charges		380	
Travel		1,632	
Other Contracted Services		3,213	
Office Supplies		668	
Other Charges		8,726	
Total Administration			\$ 256,967

Highway and Bridge Maintenance

Foremen	\$	56,947	
Equipment Operators		66,624	
Truck Drivers		224,685	
Laborers		195,460	
Operating Lease Payments		1,000	
Rentals		1,066	
Asphalt - Hot Mix		199,906	
Asphalt - Liquid		34,099	
Crushed Stone		40,962	
Pipe - Metal		12,137	
Road Signs		7,456	
Sand		137	
Other Supplies and Materials		13,251	
Total Highway and Bridge Maintenance			853,730

Operation and Maintenance of Equipment

Mechanic(s)	\$	65,141	
Nightwatchmen		32,532	
Diesel Fuel		39,716	
Equipment and Machinery Parts		64,951	
Garage Supplies		8,367	
Gasoline		43,739	
Lubricants		3,017	

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Propane Gas	\$	1,412	
Tires and Tubes		10,300	
Total Operation and Maintenance of Equipment			\$ 269,175

Other Charges

Electricity	\$	8,343	
Water and Sewer		137	
Building and Contents Insurance		566	
Liability Insurance		1,990	
Trustee's Commission		17,357	
Vehicle and Equipment Insurance		12,725	
Total Other Charges			41,118

Employee Benefits

Social Security	\$	65,833	
State Retirement		44,168	
Employee and Dependent Insurance		177,513	
Unemployment Compensation		351	
Workers' Compensation Insurance		49,798	
Total Employee Benefits			337,663

Capital Outlay

Building Improvements	\$	1,870	
Communication Equipment		4,333	
Motor Vehicles		13,507	
State Aid Projects		317,468	
Other Construction		11	
Total Capital Outlay			337,189

Total Highway/Public Works Fund \$ 2,095,842

General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$	10,045	
Total Other Charges			\$ 10,045

Principal on Debt

General Government

Principal on Bonds	\$	145,000	
Total General Government			145,000

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds

\$ 179,050

Total General Government

\$ 179,050

Other Debt Service

General Government

Other Charges

\$ 640

Total General Government

640

Total General Debt Service Fund

\$ 334,735

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds

\$ 865,000

Total Education

\$ 865,000

Interest on Debt

Education

Interest on Bonds

\$ 918,814

Total Education

918,814

Other Debt Service

Education

Trustee's Commission

\$ 26,422

Other Charges

1,942

Total Education

28,364

Total Rural Debt Service Fund

1,812,178

Education Debt Service Fund

Other Operations

Other Charges

Trustee's Commission

\$ 14,121

Total Other Charges

\$ 14,121

Principal on Debt

Education

Principal on Bonds

\$ 350,000

Total Education

350,000

(Continued)

Exhibit J-8

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

<u>Education Debt Service Fund (Cont.)</u>			
<u>Interest on Debt</u>			
<u>Education</u>			
Interest on Bonds	\$	<u>874,450</u>	
Total Education			\$ <u>874,450</u>
Total Education Debt Service Fund			\$ <u>1,238,571</u>
Total Governmental Funds - Primary Government			\$ <u><u>14,537,000</u></u>

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, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	8,526,521	
Career Ladder Program		114,180	
Career Ladder Extended Contracts		76,785	
Homebound Teachers		9,967	
Educational Assistants		295,600	
Other Salaries and Wages		92,750	
Certified Substitute Teachers		22,650	
Non-certified Substitute Teachers		170,834	
Social Security		550,569	
State Retirement		579,094	
Medical Insurance		1,342,456	
Employer Medicare		129,558	
Contracts with Other School Systems		5,912	
Other Contracted Services		62,104	
Instructional Supplies and Materials		48,907	
Textbooks		312,750	
Other Supplies and Materials		152,842	
Other Charges		17,357	
Regular Instruction Equipment		34,474	
Total Regular Instruction Program			\$ 12,545,310

Alternative Instruction Program

Teachers	\$	73,173	
Social Security		4,450	
State Retirement		4,698	
Medical Insurance		10,556	
Employer Medicare		1,041	
Other Contracted Services		165	
Instructional Supplies and Materials		400	
Other Supplies and Materials		3,424	
Other Equipment		981	
Total Alternative Instruction Program			98,888

Special Education Program

Teachers	\$	1,122,654
Career Ladder Program		15,000
Homebound Teachers		10,348
Educational Assistants		188,763
Speech Pathologist		103,400

(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.)

Other Salaries and Wages	\$	21,888	
Certified Substitute Teachers		3,500	
Non-certified Substitute Teachers		28,700	
Social Security		86,938	
State Retirement		89,376	
Medical Insurance		300,589	
Employer Medicare		20,677	
Contracts with Private Agencies		26,300	
Other Contracted Services		155,987	
Instructional Supplies and Materials		5,600	
Other Supplies and Materials		71,512	
Special Education Equipment		9,273	
Total Special Education Program			\$ 2,260,505

Vocational Education Program

Teachers	\$	847,868	
Career Ladder Program		11,000	
Certified Substitute Teachers		450	
Non-certified Substitute Teachers		9,525	
Social Security		51,352	
State Retirement		55,139	
Medical Insurance		125,252	
Employer Medicare		12,010	
Maintenance and Repair Services - Equipment		1,571	
Other Contracted Services		7,322	
Instructional Supplies and Materials		7,642	
Textbooks		5,638	
Other Supplies and Materials		43,863	
Other Charges		9,159	
Vocational Instruction Equipment		52,877	
Total Vocational Education Program			1,240,668

Adult Education Program

Teachers	\$	125,240
Career Ladder Program		2,000
Other Salaries and Wages		13,750
Social Security		8,124
State Retirement		7,928
Medical Insurance		11,080

(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.)

Employer Medicare	\$	2,042	
Other Contracted Services		2,545	
Instructional Supplies and Materials		19,290	
Other Supplies and Materials		4,060	
Other Charges		254	
Other Equipment		897	
Total Adult Education Program			\$ 197,210

Support Services

Attendance

Supervisor/Director	\$	57,159	
Career Ladder Program		850	
Social Workers		24,398	
Clerical Personnel		23,196	
Other Salaries and Wages		172,608	
Social Security		16,827	
State Retirement		17,339	
Medical Insurance		38,510	
Employer Medicare		3,934	
Travel		3,818	
Total Attendance			358,639

Health Services

Medical Personnel	\$	109,571	
Other Salaries and Wages		113,877	
Social Security		13,231	
State Retirement		10,237	
Medical Insurance		29,537	
Employer Medicare		3,094	
Postal Charges		104	
Travel		5,114	
Other Contracted Services		6,366	
Drugs and Medical Supplies		3,527	
Other Supplies and Materials		5,667	
In Service/Staff Development		7,344	
Other Charges		902	
Health Equipment		3,552	
Total Health Services			312,123

(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		385,913	
Clerical Personnel		20,312	
Other Salaries and Wages		13,980	
Social Security		25,152	
State Retirement		26,828	
Medical Insurance		63,784	
Employer Medicare		5,882	
Evaluation and Testing		80,485	
Travel		3,080	
Other Contracted Services		64	
Other Supplies and Materials		1,926	
In Service/Staff Development		4,304	
Total Other Student Support			\$ 635,710

Regular Instruction Program

Supervisor/Director	\$	136,727	
Career Ladder Program		10,000	
Librarians		407,460	
Secretary(ies)		26,412	
Social Security		34,031	
State Retirement		36,987	
Medical Insurance		70,047	
Employer Medicare		7,959	
Travel		5,430	
Other Contracted Services		3,824	
Library Books/Media		75,000	
Other Supplies and Materials		665	
In Service/Staff Development		27,690	
Other Charges		17,236	
Total Regular Instruction Program			859,468

Special Education Program

Supervisor/Director	\$	64,465	
Career Ladder Program		5,000	
Social Security		4,290	
State Retirement		4,460	
Medical Insurance		5,540	
Employer Medicare		1,003	

(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.)

Travel	\$	14,699	
Other Contracted Services		3,183	
Other Supplies and Materials		9,016	
In Service/Staff Development		18,249	
Other Equipment		8,425	
Total Special Education Program			\$ 138,330

Vocational Education Program

Supervisor/Director	\$	69,763	
Career Ladder Program		1,000	
Social Security		4,085	
State Retirement		4,543	
Medical Insurance		9,670	
Employer Medicare		955	
Travel		1,761	
Other Supplies and Materials		399	
Other Charges		1,741	
Total Vocational Education Program			93,917

Adult Programs

Supervisor/Director	\$	63,547	
Career Ladder Program		1,000	
Other Salaries and Wages		25,068	
Social Security		5,147	
State Retirement		5,480	
Medical Insurance		9,670	
Employer Medicare		1,204	
Travel		1,796	
In Service/Staff Development		436	
Total Adult Programs			113,348

Other Programs

On-Behalf Payments to OPEB	\$	144,541	
Total Other Programs			144,541

Board of Education

Board and Committee Members Fees	\$	14,700	
Social Security		911	
Unemployment Compensation		11,813	

(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.)

Employer Medicare	\$	213	
Audit Services		5,300	
Dues and Memberships		10,089	
Legal Services		47,428	
Travel		13,485	
Other Contracted Services		1,000	
Trustee's Commission		182,282	
Workers' Compensation Insurance		72,201	
Criminal Investigation of Applicants - TBI		6,120	
Other Charges		2,484	
Total Board of Education			\$ 368,026

Director of Schools

County Official/Administrative Officer	\$	75,769	
Career Ladder Program		1,000	
Secretary(ies)		32,593	
Clerical Personnel		25,620	
Social Security		8,236	
State Retirement		8,031	
Medical Insurance		19,088	
Employer Medicare		1,926	
Communication		50,377	
Dues and Memberships		3,618	
Maintenance and Repair Services - Equipment		13,025	
Postal Charges		4,599	
Travel		12,938	
Other Contracted Services		15,849	
Office Supplies		5,854	
Other Charges		18	
Total Director of Schools			278,541

Office of the Principal

Principals	\$	573,808
Career Ladder Program		19,000
Assistant Principals		197,457
Secretary(ies)		340,726
Other Salaries and Wages		2,496
Social Security		67,524
State Retirement		69,053

(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.)

Medical Insurance	\$	192,694	
Employer Medicare		15,791	
Other Contracted Services		24,185	
Total Office of the Principal			\$ 1,502,734

Fiscal Services

Supervisor/Director	\$	69,558	
Accountants/Bookkeepers		112,770	
Other Salaries and Wages		5,805	
Social Security		11,621	
State Retirement		10,031	
Medical Insurance		25,860	
Employer Medicare		2,718	
Data Processing Services		21,916	
Dues and Memberships		485	
Maintenance and Repair Services - Equipment		378	
Travel		2,227	
Data Processing Supplies		3,014	
Office Supplies		3,813	
Other Charges		937	
Administration Equipment		4,416	
Total Fiscal Services			275,549

Human Services/Personnel

Supervisor/Director	\$	66,781	
Secretary(ies)		23,196	
Social Security		5,237	
State Retirement		5,524	
Medical Insurance		13,950	
Employer Medicare		1,225	
Travel		1,001	
Office Supplies		2,996	
Total Human Services/Personnel			119,910

Operation of Plant

Custodial Personnel	\$	485,635	
Social Security		29,446	
State Retirement		23,714	
Medical Insurance		137,031	

(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.)

Employer Medicare	\$	6,886	
Disposal Fees		32,103	
Other Contracted Services		15,206	
Custodial Supplies		183,035	
Electricity		1,075,266	
Natural Gas		269,283	
Water and Sewer		89,840	
Other Supplies and Materials		15,277	
Building and Contents Insurance		162,842	
Other Charges		2,375	
Total Operation of Plant			\$ 2,527,939

Maintenance of Plant

Maintenance Personnel	\$	193,765	
Social Security		11,782	
State Retirement		10,235	
Medical Insurance		32,020	
Employer Medicare		2,756	
Maintenance and Repair Services - Buildings		32,883	
Maintenance and Repair Services - Equipment		41,948	
Maintenance and Repair Services - Vehicles		4,074	
Other Contracted Services		52,559	
Other Supplies and Materials		119,510	
Other Charges		749	
Administration Equipment		48,962	
Maintenance Equipment		8,517	
Total Maintenance of Plant			559,760

Transportation

Supervisor/Director	\$	10,036	
Bus Drivers		23,760	
Social Security		2,071	
State Retirement		644	
Medical Insurance		831	
Employer Medicare		484	
Contracts with Parents		23,231	
Contracts with Vehicle Owners		811,110	
Maintenance and Repair Services - Vehicles		8,458	
Travel		2,548	

(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.)

Other Contracted Services	\$	870	
Diesel Fuel		75,524	
Other Charges		2,656	
Transportation Equipment		42,535	
Total Transportation			\$ 1,004,758

Central and Other

Supervisor/Director	\$	55,969	
Other Salaries and Wages		22,750	
Social Security		4,573	
State Retirement		3,983	
Medical Insurance		8,870	
Employer Medicare		1,070	
Other Contracted Services		111,449	
Other Supplies and Materials		41,823	
In Service/Staff Development		8,495	
Other Charges		34,496	
Other Equipment		15,388	
Total Central and Other			308,866

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	11,175	
Teachers		17,220	
Educational Assistants		4,910	
Part-time Personnel		2,938	
Other Salaries and Wages		179,422	
Social Security		12,420	
State Retirement		11,730	
Medical Insurance		7,930	
Employer Medicare		3,067	
Travel		3,076	
Other Contracted Services		4,000	
Food Supplies		2,551	
Instructional Supplies and Materials		49,682	
Other Supplies and Materials		5,971	
In Service/Staff Development		977	
Other Charges		3,075	
Total Community Services			320,144

(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

Teachers	\$	147,545	
Educational Assistants		75,564	
Non-certified Substitute Teachers		4,325	
Social Security		12,775	
State Retirement		13,500	
Medical Insurance		70,369	
Employer Medicare		2,988	
Other Fringe Benefits		821	
Other Contracted Services		6,379	
Instructional Supplies and Materials		15,180	
In Service/Staff Development		3,055	
Other Equipment		5,715	
Total Early Childhood Education			\$ 358,216

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	63,298	
Total Regular Capital Outlay			63,298

Principal on Debt

Education

Principal on Notes	\$	46,161	
Total Education			46,161

Interest on Debt

Education

Interest on Notes	\$	16,988	
Total Education			16,988

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	845,148	
Total Education			845,148

Total General Purpose School Fund \$ 27,594,695

(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

Instruction

Regular Instruction Program

Teachers	\$	344,179	
Educational Assistants		115,188	
Non-certified Substitute Teachers		4,200	
Social Security		27,522	
State Retirement		28,236	
Medical Insurance		102,090	
Employer Medicare		6,437	
Other Fringe Benefits		1,657	
Other Contracted Services		3,227	
Instructional Supplies and Materials		70,442	
Regular Instruction Equipment		42,222	
Total Regular Instruction Program			\$ 745,400

Special Education Program

Teachers	\$	211	
Educational Assistants		190,188	
Speech Pathologist		196	
Other Salaries and Wages		23,900	
Social Security		12,427	
State Retirement		11,437	
Medical Insurance		82,819	
Employer Medicare		2,906	
Other Fringe Benefits		2,617	
Other Contracted Services		510	
Other Supplies and Materials		420	
Total Special Education Program			327,631

Vocational Education Program

Other Contracted Services	\$	7,990	
Instructional Supplies and Materials		10,474	
Other Supplies and Materials		729	
Vocational Instruction Equipment		96,653	
Total Vocational Education Program			115,846

Support Services

Other Student Support

Other Salaries and Wages	\$	103,870	
Social Security		6,366	
State Retirement		6,166	

(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.)

Medical Insurance	\$	150	
Employer Medicare		1,489	
Other Fringe Benefits		374	
Travel		3,640	
In Service/Staff Development		22,227	
Other Charges		16,054	
Total Other Student Support			\$ 160,336

Regular Instruction Program

Supervisor/Director	\$	66,540	
Secretary(ies)		21,768	
In-Service Training		3,640	
Social Security		5,058	
State Retirement		5,666	
Medical Insurance		19,080	
Employer Medicare		1,183	
Other Fringe Benefits		336	
Travel		422	
Other Contracted Services		5,632	
Other Supplies and Materials		4,872	
In Service/Staff Development		37,249	
Other Equipment		210	
Total Regular Instruction Program			171,656

Special Education Program

Psychological Personnel	\$	151,934	
Secretary(ies)		19,416	
Other Salaries and Wages		132,221	
Social Security		18,267	
State Retirement		18,771	
Medical Insurance		27,248	
Employer Medicare		4,272	
Other Fringe Benefits		7,464	
Total Special Education Program			379,593

Vocational Education Program

Travel	\$	269	
In Service/Staff Development		815	
Other Charges		1,587	
Total Vocational Education Program			2,671

(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.)

Office of the Principal

Assistant Principals	\$	89,376	
Social Security		5,543	
State Retirement		5,740	
Medical Insurance		8,127	
Employer Medicare		1,298	
Other Fringe Benefits		322	
Total Office of the Principal			\$ 110,406

Transportation

Other Salaries and Wages	\$	15,996	
Social Security		992	
State Retirement		853	
Medical Insurance		13,950	
Employer Medicare		232	
Other Fringe Benefits		749	
Total Transportation			<u>32,772</u>

Total School Federal Projects Fund \$ 2,046,311

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	67,045
Accountants/Bookkeepers		31,293
Cafeteria Personnel		633,484
Other Salaries and Wages		25,932
Social Security		46,244
State Retirement		37,311
Medical Insurance		155,625
Employer Medicare		10,815
Other Fringe Benefits		16,640
Communication		7,722
Travel		4,071
Other Contracted Services		52,653
Food Preparation Supplies		68,477
Food Supplies		843,946
Other Supplies and Materials		7,503
Trustee's Commission		248
In Service/Staff Development		9,980

(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.)

Other Charges	\$	11,790	
Food Service Equipment		32,799	
Total Food Service			\$ 2,063,578

Total Central Cafeteria Fund \$ 2,063,578

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	13,811	
Other Contracted Services		93,643	
Trustee's Commission		56	
Building Construction		643,370	
Building Improvements		2,286	
Furniture and Fixtures		4,724	
Total Education Capital Projects			\$ 757,890

Total Education Capital Projects Fund 757,890

Total Governmental Funds - Marion County School Department \$ 32,462,474

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, 2009

	Cities Sales Tax Fund	Special School District Fund	City School ADA - Richard City Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 20,566	\$ 278,658	\$ 299,224
Trustee's Collections - Prior Years	0	1,448	17,852	19,300
Circuit/Clerk and Master Collections - Prior Years	0	0	7,990	7,990
Interest and Penalty	0	221	3,124	3,345
Payments in-Lieu-of Taxes - T.V.A.	0	0	2,407	2,407
Payments in-Lieu-of Taxes - Local Utilities	0	0	581	581
Payments in-Lieu-of Taxes - Other	0	0	35	35
Local Option Sales Tax	2,820,094	0	190,420	3,010,514
Hotel/Motel Tax	0	0	1,160	1,160
Bank Excise Tax	0	0	6,042	6,042
Wholesale Beer Tax	0	0	7,521	7,521
Interstate Telecommunications Tax	0	0	200	200
Marriage Licenses	0	0	166	166
Total Cash Receipts	<u>\$ 2,820,094</u>	<u>\$ 22,235</u>	<u>\$ 516,156</u>	<u>\$ 3,358,485</u>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 2,791,893	\$ 21,816	\$ 438,707	\$ 3,252,416
Trustee's Commission	28,201	443	9,495	38,139
Total Cash Disbursements	<u>\$ 2,820,094</u>	<u>\$ 22,259</u>	<u>\$ 448,202</u>	<u>\$ 3,290,555</u>
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ (24)	\$ 67,954	\$ 67,930
Cash Balance, July 1, 2008	0	42	(45,783)	(45,741)
Cash Balance, June 30, 2009	<u>\$ 0</u>	<u>\$ 18</u>	<u>\$ 22,171</u>	<u>\$ 22,189</u>

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SINGLE AUDIT SECTION

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

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

March 4, 2010

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, 2009, which collectively comprise a portion of Marion County's basic financial statements and have issued our report thereon dated March 4, 2010. 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 expresses 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 report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Marion County Emergency Communications District as described in our report on Marion County's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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: 09.01(A), 09.04, and 09.08.

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

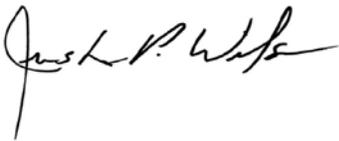
As part of obtaining reasonable assurance about whether Marion County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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: 09.01(B), 09.02, 09.03, 09.05, and 09.06.

We consider item 09.07 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, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical line extending downwards from 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 4, 2010

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, 2009. 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, 2009.

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.

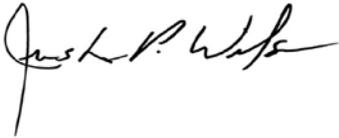
Schedule of Expenditures of Federal Awards

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, 2009, which collectively comprise a portion of Marion County's basic financial statements and have issued our report thereon dated March 4, 2010. 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 expresses an adverse opinion and our opinion on the aggregate fund information is 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, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

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

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, 2009

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 146,154 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	286,123
National School Lunch Program	10.555	N/A	959,413 (3)
Total U.S. Department of Agriculture			<u>\$ 1,391,690</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-08-25665-00	\$ 307,003
Total U.S. Department of Housing and Urban Development			<u>\$ 307,003</u>
U.S. Department of Justice:			
Passed-through Tennessee Bureau of Investigation:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	(2)	\$ 5,518 (4)
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	Z-06-027486-02	65,306 (4)
Passed-through Hamilton County Sheriff's Department:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	(2)	4,738 (4)
Total U.S. Department of Justice			<u>\$ 75,562</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-08-20-0634-00	\$ 18,109
Total U.S. Department of Transportation			<u>\$ 18,109</u>
Appalachian Regional Commission:			
Passed-through Tennessee Valley Authority:			
Appalachian Area Development	23.002	TN-15216-1-302	\$ 324,682
Total Appalachian Regional Commission			<u>\$ 324,682</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(2)	\$ 94,997
Passed-through State Department of Education:			
Title I Grants to Local Education Agencies	84.010	N/A	942,420
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	956,167
Special Education - Preschool Grants	84.173	N/A	36,118
Career and Technical Education - Basic Grants to States	84.048	N/A	135,967
Safe and Drug-free Schools and Communities - State Grants	84.186	N/A	16,948
Twenty-first Century Community Learning Centers	84.287	N/A	111,205
Education Technology State Grants	84.318	(2)	9,119
Improving Teacher Quality State Grants	84.367	(2)	230,262
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	(2)	212,000
Total U.S. Department of Education			<u>\$ 2,745,203</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	(5)	\$ 102,096
Total U.S. Office of Homeland Security			\$ 102,096
Total Expenditures of Federal Awards			\$ 4,964,345
<u>State Grants</u>		<u>Contract Number</u>	
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 12,277
Juvenile Services Program - State Department of Children's Services	N/A	(2)	6,750
Waste Tire Storage and Disposal - State Department of Environment and Conservation	N/A	Z-08-213002-02	18,035
Optional Waste Tire - State Department of Environment and Conservation	N/A	Z-03-011346-04	18,316
Governor's Highway Safety - State Department of Transportation	N/A	PT-09-104/K8-09-74	2,801
Highway Safety Grant - State Department of Transportation	N/A	Z-08024040	8,625
Health Department Grant - State Department of Health	N/A	Z-09-213749-01	161,541
Litter Program - State Department of Transportation	N/A	Z-07-033861-00	29,766
Airport Maintenance Program - State Department of Transportation	N/A	(2)	14,497
Apron Taxilane Project - State Department of Transportation	N/A	Z-08-20-0619-00	30,480
Fingerprint Grant - Office of Criminal Justice Programs	N/A	Z-06-027086-00	15,000
Three Star Program - State Department of Economic and Community Development	N/A	(2)	1,249
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	358,216
Adult Basic Education - State Department of Education	N/A	(2)	29,125
Coordinated School Health Program - State Department of Education	N/A	(2)	100,000
School Safety - State Department of Education	N/A	(2)	49,000
Jobs for Tennessee Graduates - State Department of Education	N/A	(2)	24,716
Total State Grants			\$ 880,394

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 \$1,105,567.
- (4) Total for CFDA No. 16.580 is \$75,562.
- (5) GG-07-22342-00: \$31,082; Z-05-021585-02: \$33,700; GG-08-24143-00: \$37,314.

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

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

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.03	181	The extended school and summer camp programs did not deposit funds within three days of collection

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.07	182	The courts software did not have adequate application controls

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.09	183	A central system of accounting, budgeting, and purchasing had not been adopted
08.10	184	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, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the business-type activities is adverse. Our report on the aggregate fund information is qualified. Our report on the governmental activities, the aggregate discretely presented component units, and each major fund is unqualified.
2. The audit of the financial statements of Marion County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that 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 Community Development Block Grants/State's Program (CFDA No. 14.228), the Appalachian Area Development (CFDA No. 23.002), 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; however, management did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

**FINDING 09.01 THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES
(A. – Internal Control – Significant Deficiency Under Government Auditing Standards; B. – Noncompliance Under Government Auditing Standards)**

Our examination of purchasing procedures noted the following deficiencies. These deficiencies can be attributed to the lack of management oversight.

- A. Purchase orders were not issued in most required instances. Purchase orders are necessary to control who has purchasing authority for the office and to document purchasing commitments. The failure to issue purchase orders increases the risks of unauthorized purchases.
- B. Competitive bids were not solicited for a wiring project totaling \$35,000 for a county owned building. Section 5-14-204, Tennessee Code Annotated provides for all purchases exceeding \$10,000 to be made after public advertising and solicitation of competitive bids. The failure to solicit competitive bids could result in the county paying more than the most competitive price.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before making purchases. Furthermore, competitive bids should be solicited for purchases exceeding \$10,000 as required by state statute.

OFFICE OF DIRECTOR OF SCHOOLS

**FINDING 09.02 THE EXTENDED SCHOOL AND SUMMER CAMP PROGRAMS DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION
(Noncompliance Under Government Auditing Standards)**

The extended school and summer camp programs did not deposit some funds to the bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. During the period under examination, as many as 18 days lapsed between the date funds were received and the date funds were deposited to the bank. This deficiency exists due to the failure of management to correct the finding noted in the prior-year 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 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.

OFFICE OF TRUSTEE

FINDING 09.03 EXCESS FEES WERE NOT REPORTED AND PAID TO THE COUNTY IN COMPLIANCE WITH STATE STATUTE
(Noncompliance Under Government Auditing Standards)

The trustee did not report and pay excess fees to the county in compliance with Section 8-22-104, Tennessee Code Annotated. This statute requires excess fees to be reported and paid to the county quarterly and permits the trustee to retain sufficient fees to operate the office for three months. During the year, excess fees totaling \$219,000 were reported and paid to the county. However, excess fees retained exceeded three months operating expenses by amounts ranging from \$12,152 to \$134,176 at the end of the four reporting periods.

RECOMMENDATION

The trustee should report and pay excess fees to the county in compliance with state statute.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 09.04 THE COURTS SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The courts 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. Since the vendor did not design the system with these controls, inappropriate system activity could occur. This deficiency can also be attributed to the failure of management to correct the finding noted in the prior-year audit report.

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 09.05 **PROFITS FROM COMMISSARY OPERATIONS WERE NOT REMITTED TO THE COUNTY MONTHLY**
(Noncompliance Under Government Auditing Standards)

Profits from commissary operations were not remitted to the county trustee monthly. The state attorney general opined in November 1989 (Attorney General Opinion U89-143) that profits earned from commissary operations are local revenue and should be administered as any other local revenue. Section 8-24-103, Tennessee Code Annotated provides that all funds earned by the Sheriff's Department should be reported to the county monthly.

RECOMMENDATION

The sheriff should remit commissions earned on the commissary operations to the county trustee monthly.

FINDING 09.06 **ARRESTEE FILES DID NOT INCLUDE FINGERPRINT ACKNOWLEDGMENTS FROM THE TENNESSEE BUREAU OF INVESTIGATION**
(Noncompliance Under Government Auditing Standards)

The Sheriff's Department uses an electronic imaging fingerprint machine to fingerprint arrestees at the time of their arrest. This machine is designed to electronically store the fingerprint images, generate records of the images taken, and transmit the images to the Tennessee Bureau of Investigation (TBI). Section 8-4-115, Tennessee Code Annotated, states that "If fingerprints are transmitted to the TBI electronically, the booking agency shall maintain with the arrest report one (1) hard copy of the fingerprints along with an acknowledgment from the TBI that a copy of the fingerprints has been received and accepted." During our examination of arrestee files, we found several instances where there was no acknowledgment on hand from the TBI that a copy of the fingerprints had been received and accepted was not on hand. This deficiency can be attributed to a lack of management oversight.

RECOMMENDATION

An acknowledgment from the TBI that a copy of the fingerprints has been received and accepted should be maintained for all arrestees as required by state statute.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 09.07 **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. This deficiency exists because management failed to correct the finding noted in the prior-year audit report. 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 09.08 **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. Also, this deficiency exists because management failed to correct the finding noted in the prior-year audit report.

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.

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

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