
ANNUAL FINANCIAL REPORT MARION COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



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

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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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, 2011

Scope

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

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in 13 findings and recommendations, which we have reviewed with Marion County management. Detailed findings, recommendations, and management's response are included in the Single Audit section of this report.

Findings and Best Practices

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

OFFICE OF COUNTY MAYOR

- ◆ General Fund appropriations exceeded estimated available funds.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ The airport had operating deficiencies.
- ◆ Payments made to a county employee for cleaning services at the Health Department were not made through the payroll system.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office did not document some charges for credit card transactions.
- ◆ The Food Service Department issued some purchase orders after purchases were made.

OFFICE OF TRUSTEE

- ◆ Time and attendance records were not maintained.
-

OFFICES OF COUNTY CLERK, CLERK AND MASTER, AND REGISTER

- ◆ Multiple employees operated from the same cash drawer.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

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

OFFICE OF CLERK AND MASTER

- ◆ Improper procedures were used to disburse funds.
-

OFFICE OF SHERIFF

- ◆ Profits earned from commissary operations were not remitted to the county monthly.
 - ◆ The office did not deposit some funds within three days of collection.
-

OTHER FINDING

- ◆ Duties were not segregated adequately in the School Food Service Department, Airport, and in the Offices of County Mayor, Highway Supervisor, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.
-

BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices that should be considered by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens in Marion County.

- Marion County should adopt a central system of accounting, budgeting, and purchasing.
- Marion County should establish an Audit Committee.

INTRODUCTORY SECTION

Marion County Officials
June 30, 2011

Officials

John Graham, County Mayor
Neil Webb, Highway Supervisor
Mark Griffith, Director of Schools
Sue Blevins, Trustee
Judy Brewer, Assessor of Property
Dwight Minter, County Clerk
Lonna Henderson, 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	
Don Adkins	Mack Reeves
Donald Blansett	Jody Rollins
Louin Campbell	Donnie Sartin
Jane Dawkins	Thomas Thompson
Ralph Pickett	David West
Les Price	Glenn White
Marshall Raines, Sr.	Wayne Willis

Board of Education

James Poston, Chairman
Julie Bennett
Terry Case
Ryan Phillips
Ola Mae Reeves

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

September 22, 2011

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 business-type 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, 2011, 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 Marion County Conservation Commission (an enterprise fund), which represent 100 percent of the assets and revenues of the business-type activities. Those 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 Conservation Commission, is based on the report of other auditors.

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

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

In our opinion, except for the effects of not including the financial statements of the Marion County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Marion County, Tennessee, as of June 30, 2011, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, based on our report 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 business-type activities, each major fund, and the aggregate remaining fund information of Marion County, Tennessee, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2011, 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.

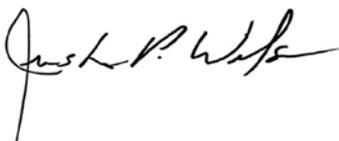
As described in Note V.C., Marion County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 68 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion County's financial statements as a whole. The introductory section, combining an individual nonmajor fund financial statements, budgetary comparison schedules of 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 financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Unit
	Governmental	Business-type	Total	Marion
	Activities	Activities		County School Department
<u>ASSETS</u>				
Cash	\$ 94,957	\$ 48,824	\$ 143,781	\$ 2,528
Equity in Pooled Cash and Investments	9,028,189	0	9,028,189	2,519,505
Inventories	0	0	0	93,990
Accounts Receivable	45,832	0	45,832	49,855
Due from Other Governments	884,645	0	884,645	1,069,272
Property Taxes Receivable	6,216,453	0	6,216,453	5,173,227
Allowance for Uncollectible Property Taxes	(401,099)	0	(401,099)	(333,788)
Prepaid Items	0	64	64	0
Deferred Charges - Debt Issuance Costs	231,233	0	231,233	0
Assets Not Depreciated:				
Land	2,599,981	0	2,599,981	1,133,836
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	7,975,301	63,756	8,039,057	43,161,504
Infrastructure	6,605,939	0	6,605,939	0
Other Capital Assets	692,206	0	692,206	173,850
Total Assets	<u>\$ 33,973,637</u>	<u>\$ 112,644</u>	<u>\$ 34,086,281</u>	<u>\$ 53,043,779</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 42,828	\$ 1,312	\$ 44,140	\$ 127,003
Accrued Payroll	0	0	0	38,791
Payroll Deductions Payable	14,878	0	14,878	0
Contracts Payable	0	0	0	39,332
Due to State of Tennessee	16,350	0	16,350	7,201
Accrued Interest Payable	68,026	0	68,026	0
Deferred Revenue - Current Property Taxes	5,474,425	0	5,474,425	4,555,725
Other Deferred Revenue	0	30	30	0
Noncurrent Liabilities:				
Due Within One Year	2,027,417	0	2,027,417	42,585
Due in More Than One Year (net of unamortized premium on debt)	41,480,988	0	41,480,988	569,763
Total Liabilities	<u>\$ 49,124,912</u>	<u>\$ 1,342</u>	<u>\$ 49,126,254</u>	<u>\$ 5,380,400</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 10,116,854	\$ 0	\$ 10,116,854	\$ 44,195,186
Invested in Capital Assets	0	63,756	63,756	0
Restricted for:				
General Purposes	327,432	0	327,432	78,693
Courthouse and Jail Maintenance	15,082	0	15,082	0
Solid Waste/Sanitation	69,535	0	69,535	0
Drug Control	138,736	0	138,736	0
Highway/Public Works	847,163	0	847,163	0
School Federal Projects	0	0	0	3,331
Central Cafeteria	0	0	0	989,120
Debt Service	6,766,933	0	6,766,933	0
Capital Projects	1,518,620	0	1,518,620	0
Unrestricted	<u>(34,951,630)</u>	<u>47,546</u>	<u>(34,904,084)</u>	<u>2,397,049</u>
Total Net Assets (Deficit)	<u>\$ (15,151,275)</u>	<u>\$ 111,302</u>	<u>\$ (15,039,973)</u>	<u>\$ 47,663,379</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, 2011

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets			Component Unit Marion County School Department
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total		
			Grants and Contributions	Contributions						
Primary Government:										
Governmental Activities:										
General Government	\$ 1,558,200	\$ 365,411	\$ 15,164	\$ 0	\$ 0	\$ (1,177,625)	\$ 0	\$ (1,177,625)	\$ 0	0
Finance	745,952	671,447	0	0	0	(74,505)	0	(74,505)	0	0
Administration of Justice	959,884	543,587	11,500	12,997	12,997	(391,800)	0	(391,800)	0	0
Public Safety	3,673,660	265,691	298,389	151,006	151,006	(2,958,574)	0	(2,958,574)	0	0
Public Health and Welfare	1,063,362	9,845	133,613	0	0	(919,904)	0	(919,904)	0	0
Social, Cultural, and Recreational Services	154,186	0	0	0	0	(154,186)	0	(154,186)	0	0
Agriculture and Natural Resources	81,224	0	0	0	0	(81,224)	0	(81,224)	0	0
Other Operations	842,111	122,792	42,244	673,450	673,450	(3,625)	0	(3,625)	0	0
Highways/Public Works	2,070,928	95,266	1,767,200	101,934	101,934	(106,528)	0	(106,528)	0	0
Interest on Long-term Debt	1,837,156	0	0	0	0	(1,837,156)	0	(1,837,156)	0	0
Other Debt Service	37,446	0	836,610	0	799,164	0	0	799,164	0	0
Total Governmental Activities	\$ 13,024,109	\$ 2,074,039	\$ 3,104,720	\$ 939,387	\$ 939,387	\$ (6,905,963)	\$ 0	\$ (6,905,963)	\$ 0	0
Business-type Activities:										
Marion County Conservation Commission	\$ 91,312	\$ 83,461	\$ 0	\$ 0	\$ 0	(7,851)	\$ (7,851)	\$ (7,851)	\$ 0	0
Total Primary Government	\$ 13,115,421	\$ 2,157,500	\$ 3,104,720	\$ 939,387	\$ 939,387	\$ (6,913,814)	\$ (7,851)	\$ (6,913,814)	\$ 0	0
Component Unit:										
Marion County School Department	\$ 35,966,143	\$ 1,019,557	\$ 5,058,729	\$ 0	\$ 0	0	0	0	\$ (29,887,857)	0
Total Component Unit	\$ 35,966,143	\$ 1,019,557	\$ 5,058,729	\$ 0	\$ 0	0	0	0	\$ (29,887,857)	0

(Continued)

Exhibit B

Marion County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					Component Unit Marion County School Department
	Program Revenues		Primary Government		Total	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 3,831,727	\$ 0	\$ 3,831,727
Property Taxes Levied for Debt Service				1,895,033	0	1,895,033
Local Option Sales Taxes				1,669,658	0	1,669,658
Hotel/Motel Tax				0	0	0
Litigation Tax - General				71,593	0	71,593
Litigation Tax - Special Purpose				9,429	0	9,429
Litigation Tax - Jail, Workhouse, or Courthouse				19,758	0	19,758
Business Tax				218,715	0	218,715
Mineral Severance Tax				6,989	0	6,989
Wholesale Beer Tax				0	0	0
Other Local Taxes				1,690	0	1,690
Grants and Contributions Not Restricted to Specific Programs				622,542	0	622,542
Unrestricted Investment Earnings				197,463	0	197,463
Miscellaneous				37,595	0	37,595
Total General Revenues				\$ 8,582,192	\$ 0	\$ 8,582,192
Change in Net Assets				\$ 1,676,229	\$ (7,851)	\$ 1,668,378
Net Assets (Deficit), July 1, 2010				(16,827,504)	119,153	(16,708,351)
Net Assets (Deficit), June 30, 2011				\$ (15,151,275)	\$ 111,302	\$ (15,039,973)

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

Exhibit C-1

Marion County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2011

	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	\$ 94,757	\$ 94,957
Equity in Pooled Cash and Investments	317,971	552,407	1,693,898	3,654,306	2,809,607	9,028,189
Accounts Receivable	43,073	796	0	0	1,963	45,832
Due from Other Governments	286,956	293,960	0	0	303,729	884,645
Due from Other Funds	471	0	0	0	0	471
Property Taxes Receivable	4,143,126	0	636,535	1,436,792	0	6,216,453
Allowance for Uncollectible Property Taxes	(267,323)	0	(41,071)	(92,705)	0	(401,099)
Total Assets	\$ 4,524,474	\$ 847,163	\$ 2,289,362	\$ 4,998,393	\$ 3,210,056	\$ 15,869,448

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities	\$ 42,828	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,828
Accounts Payable	14,831	0	0	0	47	14,878
Payroll Deductions Payable	0	0	0	0	471	471
Due to Other Funds	16,350	0	0	0	0	16,350
Due to State of Tennessee	3,648,581	0	560,555	1,265,289	0	5,474,425
Deferred Revenue - Current Property Taxes	218,030	0	33,497	75,684	0	327,211
Deferred Revenue - Delinquent Property Taxes	0	145,359	0	0	146,000	291,359
Other Deferred Revenues	0	145,359	0	0	146,000	291,359
Total Liabilities	\$ 3,940,620	\$ 145,359	\$ 594,052	\$ 1,340,973	\$ 146,518	\$ 6,167,522

Fund Balances

Restricted:
Restricted for General Government
Restricted for Finance
Restricted for Administration of Justice
Restricted for Public Safety
Restricted for Public Health and Welfare
Restricted for Highways/Public Works
Restricted for Capital Projects
Restricted for Debt Service

	\$ 60,852	\$ 0	\$ 0	\$ 0	\$ 15,082	\$ 75,934
	3,564	0	0	0	94,518	98,082
	224,282	0	0	0	0	224,282
	37,359	0	0	0	138,736	176,095
	1,375	0	0	0	43,535	44,910
	0	701,804	0	0	0	701,804
	0	0	0	0	1,500,970	1,500,970
	0	0	1,695,310	3,657,420	0	5,352,730

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	Highway / Public Works	General Debt Service	Rural Debt Service	Other Governmental Funds		
General	0 \$	0 \$	0 \$	0 \$	1,253,047 \$	1,253,047
	0	0	0	17,650		17,650
	256,422	0	0	0	256,422	256,422
	583,854 \$	701,804 \$	1,695,310 \$	3,657,420 \$	3,063,538 \$	9,701,926
	4,524,474 \$	847,163 \$	2,289,362 \$	4,998,393 \$	3,210,056 \$	15,869,448

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances (Cont.)</u>	
Committed for Debt Service	
Assigned:	
Assigned for Capital Projects	
Unassigned	
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, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	9,701,926
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,599,981	
Add: buildings and improvements net of accumulated depreciation		7,975,301	
Add: infrastructure net of accumulated depreciation		6,605,939	
Add: other capital assets net of accumulated depreciation		<u>692,206</u>	17,873,427
(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	\$	(223,301)	
Less: bonds payable		(42,725,000)	
Add: deferred charges - debt issuance costs		231,233	
Less: compensated absences payable		(64,833)	
Less: other postemployment benefits liability		(145,402)	
Less: landfill postclosure care costs liability		(80,620)	
Less: accrued interest on bonds		(67,043)	
Less: accrued interest on notes		(983)	
Less: other deferred revenue - premium on debt		<u>(269,249)</u>	(43,345,198)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>618,570</u>
Net assets (deficit) of governmental activities (Exhibit A)		\$	<u>(15,151,275)</u>

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

Exhibit C-3

Marion County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service		Rural Debt Service	Other		
			General Debt Service	General Debt Service		Governmental Funds	Other	
<u>Revenues</u>								
Local Taxes	\$ 4,164,490	\$ 6,989	\$ 584,511	\$ 1,319,643	\$ 1,693,180	\$ 7,768,813		
Licenses and Permits	127,579	0	0	0	0	127,579		
Fines, Forfeitures, and Penalties	102,235	0	0	0	25,139	127,374		
Charges for Current Services	160,989	95,266	0	0	369,525	625,780		
Other Local Revenues	307,279	3,610	0	0	34,673	345,562		
Fees Received from County Officials	831,261	0	0	0	0	831,261		
State of Tennessee	1,065,659	1,877,293	0	0	162,691	3,105,643		
Federal Government	719,752	0	0	0	0	719,752		
Other Governments and Citizens Groups	196,973	0	0	836,610	0	1,033,583		
<u>Total Revenues</u>	<u>\$ 7,676,217</u>	<u>\$ 1,983,158</u>	<u>\$ 584,511</u>	<u>\$ 2,156,253</u>	<u>\$ 2,285,208</u>	<u>\$ 14,685,347</u>		
<u>Expenditures</u>								
Current:								
General Government	\$ 1,442,393	\$ 0	\$ 0	\$ 0	\$ 3,962	\$ 1,446,355		
Finance	363,952	0	0	0	369,565	733,517		
Administration of Justice	960,277	0	0	0	0	960,277		
Public Safety	3,431,242	0	0	0	46,392	3,477,634		
Public Health and Welfare	496,667	0	0	0	537,260	1,033,927		
Social, Cultural, and Recreational Services	153,361	0	0	0	0	153,361		
Agriculture and Natural Resources	79,446	0	0	0	0	79,446		
Other Operations	1,143,090	0	11,619	0	19,140	1,173,849		
Highways	0	1,894,827	0	0	0	1,894,827		
Debt Service:								
Principal on Debt	0	0	305,000	945,000	515,000	1,765,000		
Interest on Debt	0	0	286,490	831,509	841,450	1,959,449		
Other Debt Service	0	0	850	207,001	0	207,851		
Capital Projects	0	0	0	0	69,030	69,030		
<u>Total Expenditures</u>	<u>\$ 8,070,428</u>	<u>\$ 1,894,827</u>	<u>\$ 603,959</u>	<u>\$ 1,983,510</u>	<u>\$ 2,401,799</u>	<u>\$ 14,954,523</u>		

(Continued)

Exhibit C-3

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

	Major Funds				Normajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other	Governmental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ (394,211) \$	88,331 \$	(19,448) \$	172,743 \$	(116,591) \$		(269,176)
Other Financing Sources (Uses)							
Notes Issued	\$ 25,817 \$	0 \$	0 \$	0 \$	0 \$	0 \$	25,817
Refunding Debt Issued	0	0	0	13,045,000	0	0	13,045,000
Premiums on Debt Issued	0	0	0	263,208	0	0	263,208
Insurance Recovery	20,110	0	0	0	0	0	20,110
Transfers In	0	10,000	0	0	0	50,000	60,000
Transfers Out	(60,000)	0	0	0	0	0	(60,000)
Payments to Refunded Debt Escrow Agent	0	0	0	(13,130,000)	0	0	(13,130,000)
Total Other Financing Sources (Uses)	\$ (14,073) \$	10,000 \$	0 \$	178,208 \$	50,000 \$		224,135
Net Change in Fund Balances	\$ (408,284) \$	98,331 \$	(19,448) \$	350,951 \$	(66,591) \$		(45,041)
Fund Balance, July 1, 2010	992,138	603,473	1,714,758	3,306,469	3,130,129		9,746,967
Fund Balance, June 30, 2011	\$ 583,854 \$	701,804 \$	1,695,310 \$	3,657,420 \$	3,063,538 \$		9,701,926

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, 2011

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (45,041)
<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	\$ 759,417	
Less: current-year depreciation expense	<u>(940,500)</u>	(181,083)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Less: loss on disposal of capital assets		(11,777)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2011	\$ 618,570	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(634,515)</u>	(15,945)
<p>(4) The issuance of long-term debt (e.g., bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Less: note proceeds	\$ (25,817)	
Less: bond proceeds	(13,045,000)	
Less: changes in premium on debt issuance	(252,382)	
Add: payments to refunding agent	13,130,000	
Add: principal payments on notes	1,765,000	
Add: principal payments on bonds	117,901	
Add: principal payments on capital leases	7,583	
Add: change in deferred issuance cost	<u>170,405</u>	1,867,690
<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 accrued interest payable	\$ 122,293	
Change in compensated absences payable	(3,200)	
Change in landfill postclosure care costs liability	7,460	
Change in other postemployment benefits liability	<u>(64,168)</u>	<u>62,385</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,676,229</u>

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

Exhibit D-1

Marion County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2011

	Major Enterprise Fund
	<u>Marion County Conservation Commission</u>
<u>ASSETS</u>	
Cash	\$ 48,824
Prepaid Items	64
Assets Net of Accumulated Depreciation: Buildings and Improvements	<u>63,756</u>
Total Assets	<u>\$ 112,644</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 1,312
Other Deferred Revenue	<u>30</u>
Total Liabilities	<u>\$ 1,342</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 63,756
Unrestricted	<u>47,546</u>
Total Net Assets	<u><u>\$ 111,302</u></u>

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

Exhibit D-2

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

	Major Enterprise Fund <hr/> Marion County Conservation Commission <hr/>
<u>Operating Revenues</u>	
User Fees/Vending	\$ 83,461
Total Operating Revenues	<u>\$ 83,461</u>
<u>Operating Expenses</u>	
Supplies	\$ 13,386
Utilities	25,803
Repairs and Maintenance	6,388
Administrative Services	3,000
Depreciation	8,269
Professional Fees	2,150
Insurance	1,137
Office	810
Salaries and Benefits	18,513
Equipment Rental	4,380
Miscellaneous	7,476
Total Operating Expenses	<u>\$ 91,312</u>
Operating Loss	<u>\$ (7,851)</u>
Changes in Net Assets	\$ (7,851)
Net Assets, July 1, 2010	<u>119,153</u>
Net Assets, June 30, 2011	<u><u>\$ 111,302</u></u>

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

Exhibit D-3

Marion County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2011

	Major Enterprise Fund
	<u>Marion County Conservation Commission</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 82,424
Utilities	(25,803)
Salaries and Benefits	(18,513)
Supplies	(14,196)
Gasoline/Fuel	(2,069)
Equipment Rent	(4,380)
Other Receipts (Payments)	(19,283)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,820)</u>
Net Increase (Decrease) in Cash	\$ (1,820)
Cash, July 1, 2010	<u>50,644</u>
Cash, June 30, 2011	<u><u>\$ 48,824</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (7,851)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	8,269
Changes in Assets and Liabilities:	
(Increase) Decrease in Prepaid Items	138
Increase (Decrease) in Accounts Payable	(1,339)
Increase (Decrease) in Deferred Revenue	(1,037)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (1,820)</u></u>

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

Exhibit E

Marion County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,019,825
Equity in Pooled Cash and Investments	87,374
Accounts Receivable	100
Due from Other Governments	541,789
Property Taxes Receivable	410,017
Allowance for Uncollectible Property Taxes	<u>(26,470)</u>
Total Assets	<u><u>\$ 2,032,635</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 993,609
Due to Litigants, Heirs, and Others	1,019,825
Due to Joint Ventures	<u>19,201</u>
Total Liabilities	<u><u>\$ 2,032,635</u></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, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marion County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Marion County:

A. Reporting Entity

Marion County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Marion County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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 financial statements of the Marion County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Marion County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Marion

County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Marion County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Marion County Emergency
Communications District
P.O. Box 818
Kimball, TN 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. 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, 2011.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of 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. An emphasis is placed on major funds within the governmental and proprietary categories. Marion County only reports one proprietary fund, an enterprise fund. It has no internal service funds to report.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major enterprise fund 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 special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

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.

Marion County reports the following major proprietary fund:

Marion County Conservation Commission Fund – This fund accounts for managing the Marion County Park located on Nickajack Lake.

Additionally, Marion County reports the following fund types:

Capital Projects Fund – The Education Capital Projects Fund accounts for building projects for a higher education facility for use by the citizens of Marion County and the surrounding area.

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 special revenue fund is used to account for the cafeteria operations in each of the schools. USDA School Lunch and Breakfast Programs and payments received for the sale of meals are the foundational revenues of this fund.

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

Private Purpose Trust Fund – The Other Trust Fund is used to account for resources legally held in trust to fund two scholarships. One scholarship is 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 for graduating seniors of Marion County who plan to attend college and major in education. Earnings on invested resources may be used to fund the scholarship, but the principal is required to be maintained intact.

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.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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 (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.

All property taxes receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.54 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.

Most payables are disaggregated on the face of the financial statements.

3. Inventories

Inventories of the discretely presented Marion County School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

4. 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 and business-type columns 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

5. 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 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. Any accumulated vacation days at the end of the school year are converted to sick leave. All professional personnel of the School Department are allowed to accumulate unlimited sick leave days. All other employees are allowed to accumulate one day of sick

leave for each month employed during the school year. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

6. 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.

7. 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 \$327,432, with the primary restrictions being for: (1) alcohol and drug treatment (\$139,223); (2) computer systems for various offices (\$152,180); (3) sexual offender registration (\$12,786); and (4) drug court (\$21,868). For the discretely presented School Department, the account balance in Restricted for General Purposes (\$78,693) consists primarily of restrictions for technology (\$55,455) and the daycare program (\$23,238).

As of June 30, 2011, Marion County had \$35,150,000 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Education, the School Department's highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county's Budget/Finance Committee and the Board of Education are authorized bodies to make assignments.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. **Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Assets**

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

Discretely Presented Marion County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

B. **Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities**

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Marion County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the 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. Appropriations Exceeded Estimated Available Funds

The budget and subsequent amendments submitted to and approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funding by \$78,650.

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

At June 30, 2011, the School Department's brokerage firm was holding investments of \$539,796 for the discretely presented Marion County School Department's Private Purpose Trust Fund, which were exposed to custodial credit risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments.

D. **Cash Shortages – Prior Year**

A special report dated August 25, 2010, for the period July 1, 2003, through March 31, 2010, reported that a cash shortage of \$27,170.93 existed in the Marion County Election Office. This cash shortage resulted from 107 warrants being improperly issued to 34 individuals for work that was not performed for the Election Office. Ms. Holly Henegar, administrator of elections, was indicted by the Grand Jury on October 4, 2010, and a plea assignment was scheduled for October 6, 2011.

A special report dated October 20, 2010, for the period January 1, 2005, through April 12, 2010, reported that a cash shortage of at least \$94,823.91 existed in the Halletown Volunteer Fire Department (HVFD). This cash shortage resulted from checks written on HVFD bank accounts to pay personal expenses of Mr. B.J. Henegar, the secretary/treasurer (\$92,620.25), together with \$2,203.66 cash withheld from bank deposits of private donations and a county contribution. Mr. Henegar remitted personal funds totaling \$7,800 to the HVFD, leaving a cash shortage balance of \$87,023.91 at April 12, 2010. Mr. Henegar was indicted by the Grand Jury on October 4, 2010, and is awaiting trial.

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 Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2011, 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.

Investment	Maturities	Fair Value
School Private Purpose Trust Fund:		
Nonpooled Investments:		
SunTrust Bank - U.S. Certificates of Deposit	3-20-15	\$ 53,238
Corporate Bonds - Bellsouth	11-15-12	63,073
Corporate Bonds - Public Service Co.	3-1-13	63,960
Corporate Bonds - JP Morgan Chase & Co.	3-1-15	64,148
Corporate Bonds - Verizon Communications	2-15-16	78,856
Corporate Bonds - General Electric	2-15-12	103,387
Corporate Bonds - Johnson & Johnson	7-15-18	<u>113,134</u>
Total		<u>\$ 539,796</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 & Poor's Ratings:

Investment	Moody's Investor's Service	Standard & Poor's Rating
SunTrust Bank - U.S. Certificates of Deposit	A2	BBB+
Corporate Bonds - Bellsouth	A2	A-
Corporate Bonds - Public Service Co.	A2	A
Corporate Bonds - JP Morgan Chase & Co.	Aa3	A+
Corporate Bonds - Verizon Communications	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 (\$539,796) represent the entire investments of the School Department's Private Purpose Trust Fund. These investments are

as follows: SunTrust Bank – U.S. Certificates of Deposit (nine percent), Corporate Bonds - Bellsouth (12 percent), Corporate Bonds - Public Service Co. (12 percent), Corporate Bonds - JP Morgan Chase and Co. (12 percent), Corporate Bonds - Verizon (15 percent), Corporate Bonds - General Electric (19 percent), and Corporate Bonds - Johnson & Johnson (21 percent).

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 \$539,796 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, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 2,575,833	\$ 24,148	\$ 0	\$ 2,599,981
Construction in Progress	502,122	0	(502,122)	0
Total Capital Assets Not Depreciated	\$ 3,077,955	\$ 24,148	\$ (502,122)	\$ 2,599,981
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,770,703	\$ 746,315	\$ (177,000)	\$ 11,340,018
Infrastructure	25,522,875	354,502	0	25,877,377
Other Capital Assets	3,017,604	136,574	0	3,154,178
Total Capital Assets Depreciated	\$ 39,311,182	\$ 1,237,391	\$ (177,000)	\$ 40,371,573

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,255,881	\$ 274,059	\$ (165,223)	\$ 3,364,717
Infrastructure	18,776,848	494,590	0	19,271,438
Other Capital Assets	2,290,121	171,851	0	2,461,972
Total Accumulated Depreciation	\$ 24,322,850	\$ 940,500	\$ (165,223)	\$ 25,098,127
Total Capital Assets Depreciated, Net	\$ 14,988,332	\$ 296,891	\$ (11,777)	\$ 15,273,446
Governmental Activities Capital Assets, Net	\$ 18,066,287	\$ 321,039	\$ (513,899)	\$ 17,873,427

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

Governmental Activities:

General Government	\$ 88,718
Public Safety	281,969
Public Health and Welfare	22,682
Other Operations	16,528
Highways/Public Works	530,603
Total Depreciation Expense - Governmental Activities	\$ 940,500

Discretely Presented Marion County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 1,133,836	\$ 0	\$ 0	\$ 1,133,836
Total Capital Assets Not Depreciated	\$ 1,133,836	\$ 0	\$ 0	\$ 1,133,836

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets				
Depreciated:				
Buildings and				
Improvements	\$ 58,916,681	\$ 196,185	\$ 0	\$ 59,112,866
Other Capital Assets	357,512	10,939	(14,262)	354,189
Total Capital Assets	<u>59,274,193</u>	<u>207,124</u>	<u>(14,262)</u>	<u>59,467,055</u>
Depreciated	<u>\$ 59,274,193</u>	<u>\$ 207,124</u>	<u>\$ (14,262)</u>	<u>\$ 59,467,055</u>
Less Accumulated				
Depreciated For:				
Buildings and				
Improvements	\$ 14,459,823	\$ 1,491,539	\$ 0	\$ 15,951,362
Other Capital Assets	167,064	27,045	(13,770)	180,339
Total Accumulated	<u>14,626,887</u>	<u>1,518,584</u>	<u>(13,770)</u>	<u>16,131,701</u>
Depreciation	<u>\$ 14,626,887</u>	<u>\$ 1,518,584</u>	<u>\$ (13,770)</u>	<u>\$ 16,131,701</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 44,647,306</u>	<u>\$ (1,311,460)</u>	<u>\$ (492)</u>	<u>\$ 43,335,354</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 45,781,142</u>	<u>\$ (1,311,460)</u>	<u>\$ (492)</u>	<u>\$ 44,469,190</u>

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

Governmental Activities:

Instruction	\$ 1,503,180
Support Services	4,938
Operation of Non-Instructional Services	<u>10,466</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,518,584</u></u>

C. Insurance Recoveries

During the year, Marion County had water damage at the courthouse, damage to dispatch equipment, and damage to two vehicles. Insurance recovery of \$20,110 was used to repair the damages.

D. Construction Commitments

At June 30, 2011, the county had uncompleted construction contracts of approximately \$178,532 for higher education projects. Funding has been received for these future expenditures.

E. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 471
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	91,158
Nonmajor governmental	General Purpose School	768

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

Interfund Transfers:

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

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	Highway/ Public Works Fund	Nonmajor Governmental Fund
General Fund	\$ 10,000	\$ 50,000

Discretely Presented Marion County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 203,158

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

F. Long-term Debt

Primary Government

General Obligation Bonds 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, 2011, 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, 2011, will be retired from the General Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	1.2 to 4.5%	\$ 25,340,000	\$ 23,145,000
General Obligation Bonds - Refunding	3 to 4.5	20,150,000	19,580,000
Capital Outlay Notes	2.125 to 3.5	461,817	223,301

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2011, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 125,827	\$ 5,391	\$ 131,218
2013	81,485	2,306	83,791
2014	5,158	457	5,615
2015	5,328	288	5,616
2016	5,503	113	5,616
Total	\$ 223,301	\$ 8,555	\$ 231,856

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 1,840,000	\$ 1,846,419	\$ 3,686,419
2013	2,005,000	1,665,448	3,670,448
2014	2,075,000	1,593,616	3,668,616
2015	2,135,000	1,519,087	3,654,087
2016	2,220,000	1,447,762	3,667,762
2017-2021	12,310,000	5,970,976	18,280,976
2022-2026	11,810,000	3,263,684	15,073,684
2027-2031	8,330,000	1,086,692	9,416,692
Total	\$ 42,725,000	\$ 18,393,684	\$ 61,118,684

There is \$6,605,777 available in the debt service funds to service general long-term debt. Bonded debt per capita totaled \$1,513, based on the 2010 federal census. Debt per capita, including bonds and notes, totaled \$1,521, based on the 2010 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Notes	Capital Lease
Balance, July 1, 2010	\$ 44,575,000	\$ 315,386	\$ 7,583
Additions	13,045,000	25,817	0
Deductions	(1,765,000)	(117,902)	(7,583)
Debt Refunded	(13,130,000)	0	0
Balance, June 30, 2011	<u>\$ 42,725,000</u>	<u>\$ 223,301</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 1,840,000</u>	<u>\$ 125,827</u>	<u>\$ 0</u>

	Landfill Postclosure Care Costs	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2010	\$ 88,080	\$ 61,633	\$ 81,234
Additions	0	113,191	73,193
Deductions	(7,460)	(109,991)	(9,025)
Balance, June 30, 2011	<u>\$ 80,620</u>	<u>\$ 64,833</u>	<u>\$ 145,402</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 61,590</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 43,239,156
Less: Balance Due Within One Year	(2,027,417)
Add: Unamortized Premium on Debt	<u>269,249</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 41,480,988</u>

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

Advance Refunding

On January 6, 2011, Marion County advance refunded a general obligation bond issue with a separate general obligation bond issue. The county issued \$13,045,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 13 years will be reduced by \$988,841, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$757,419 was obtained.

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.

The capital outlay note outstanding as of June 30, 2011, for governmental activities is as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Capital Outlay Note	4.55%	\$ 500,000	\$ 274,004

The annual requirements to amortize the note outstanding as of June 30, 2011, including interest payments, is presented in the following table:

Year Ending June 30	Note		
	Principal	Interest	Total
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	\$ 274,004	\$ 37,852	\$ 311,856

Debt per capita totaled \$10, based on the 2010 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Notes	Other Postemployment Benefits
Balance, July 1, 2010	\$ 323,698	\$ 375,503
Additions	0	271,893
Deductions	(49,694)	(309,052)
Balance, June 30, 2011	\$ 274,004	\$ 338,344
Balance Due Within One Year	\$ 42,585	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 612,348
Less: Balance Due Within One Year	(42,585)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 569,763

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

G. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Marion County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2011, were \$862. Marion County has recognized these on-behalf payments as revenues and expenditures in the General Fund.

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, 2011, were \$83,561 and \$32,918, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Marion County issued tax anticipation notes of \$1,000,000 from the Rural Debt Service Fund in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2011, was as follows:

	Balance			Balance
	7-1-10	Issued	Paid	6-30-11
Tax Anticipation Note	\$ 0	\$ 1,000,000	\$ (1,000,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

The county (excluding the Highway Department) participates in 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 Fund (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 Government 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. Risk Financing Activities

Marion County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for workers' compensation insurance for one or more policy years in 1996-97, 1997-98, and 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded specific amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance Insurance Company has left the LOGIC members exposed to significant claim liabilities for their policy years. In 2003, the LOGIC board of directors assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. In 2010, the LOGIC board of directors made a second assessment of its members. Marion County's share of this second assessment totaled \$21,684.

C. Accounting Change

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

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

D. Subsequent Events

On July 20, 2011, the Education Debt Service Fund issued a \$500,000 tax anticipation note to the General Fund for temporary operating funds.

On August 31, 2011, the Education Debt Service Fund issued a \$500,000 tax anticipation note to the General Fund for temporary operating funds.

E. 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.

F. Changes in Administration

On August 31, 2010, Howell Moss left the Office of County Mayor and was succeeded by David Kirk, David Kirk left the Office of Trustee and was succeeded by Sue Blevins, and Evelyn Griffith left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Lonna Henderson.

On November 10, 2010, County Mayor David Kirk died. Robert Eugene Hargis, chairman of the County Commission, served as interim county mayor from November 11, 2010, until December 20, 2010. On December 20, 2010, the County Commission appointed Highway Supervisor John Graham as county mayor. Therefore, on December 20, 2010, John Graham left the Office of Highway Supervisor, and the County Commission appointed Neil Webb as highway supervisor.

G. 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. Modifications to the landfill, during the year, and use of a new compactor increased capacity of the landfill by at least three percent. Marion County is contingently liable for all closure costs estimated to be \$252,444 based on the use of 29 percent of the estimated capacity of the landfill. Marion County is liable for all postclosure costs. The \$80,620 reported as postclosure care liability at June 30, 2011, represents amounts based on what it would cost to perform all postclosure care in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

H. 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, 2011.

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, TN 37321

I. 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.

J. Retirement Commitments

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 <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Marion County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 6.6 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county's annual pension cost of \$569,760 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (c) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$569,760	100%	\$0
6-30-10	461,389	100	0
6-30-09	437,344	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 91.25 percent funded. The actuarial accrued liability for benefits was \$19 million, and the actuarial value of assets was \$17 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8 million, and the ratio of the UAAL to the covered payroll was 20.2 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009, were \$1,370,625, \$960,728, and \$932,932, respectively, equal to the required contributions for each year.

K. 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 8-27-302, *Tennessee Code Annotated (TCA)* for teachers, Section 8-27-207, *TCA* for local governments, and Section 8-27-701, *TCA* for the Medicare Supplement. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed and as a result all members now have the option

of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants, however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. Marion County retirees' contributions vary depending on the insurance options they select, ranging from \$371 to \$604 per month. School Department retirees' contributions vary depending on the insurance options they select, ranging from \$561 to \$1,102 per month. During the year ended June 30, 2011, the county and the discretely presented School Department contributed \$9,025 and \$309,052, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
	<hr/>	<hr/>
ARC	\$ 73,000	\$ 271,000
Interest on the NPO	3,656	16,898
Adjustment to the ARC	(3,463)	(16,005)
Annual OPEB cost	<hr/> \$ 73,193	<hr/> \$ 271,893
Amount of contribution	(9,025)	(309,052)
Increase/decrease in NPO	<hr/> \$ 64,168	<hr/> \$ (37,159)
Net OPEB obligation, 7-1-10	<hr/> 81,234	<hr/> 375,503
Net OPEB obligation, 6-30-11	<hr/> <hr/> \$ 145,402	<hr/> <hr/> \$ 338,344

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Government Group	\$ 20,568	54%	\$ 19,627
6-30-10	"	71,046	13	81,234
6-30-11	"	73,193	12	145,402
6-30-09	Local Education Group	381,055	47	397,348
6-30-10	"	260,944	108	375,503
6-30-11	"	271,893	114	338,344

Funded Status and Funding Progress

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 572,000	\$ 2,469,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 572,000	\$ 2,469,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 3,461,849	\$ 16,902,714
UAAL as a % of covered payroll	16.52%	14.61%

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

Actuarial Methods and Assumptions

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

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

In the July 1, 2010, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

L. 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 – MARION COUNTY CONSERVATION COMMISSION
(ENTERPRISE FUND)

A. Summary of Significant Accounting Policies

Business Activity

Marion County Conservation Commission was organized in 1989 for the purpose of managing the Marion County Park located on Nickajack Lake.

The primary source of revenue for the Marion County Conservation Commission is service fees charged for the use of the park, primarily camping fees.

The Marion County Board of Commissioners serves as the board of directors for the Conservation Commission as well as appoints two individuals outside of the County Commission to serve on the board. The County Commission may appropriate funds for the operation and maintenance of the Conservation Commission and must approve long-term debt issued by the commission.

Fund Financial Statements

The commission's reports are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual method of accounting, revenues are recorded as such when earned, and expenses are reported when incurred. The commission applies all GASB pronouncements as well as Financial Accounting Standards Boards pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The financial transactions of the commission are reported in individual funds in the fund financial statement. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund type is used by the commission:

Proprietary Fund:

Proprietary funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the enterprise funds.

- The enterprise fund is the general operating fund of the commission. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises –

where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Governments*.

Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are as follows:

- Invested in capital assets, net of related debt – This component of net assets 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. If there are significant unspent related debt proceeds at year-end, the portion of debt is included in the same net assets component as the unspent proceeds.
- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws of regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Flows

For purposes of the Statement of Cash Flows, cash includes cash in bank and cash on hand.

Capital Assets

Equipment and property additions are recorded at cost.

Depreciation is calculated using the straight-line method over the estimated useful life as follows:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Mobile Home	20
Bathhouse	20
Equipment	7

B. Cash Deposits

The commission is authorized to invest in the following types of securities and indebtedness in accordance with governing statutes:

- Bonds, notes, treasury bills, or similar types of indebtedness to the United States.
- Non-convertible debt including Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Student Loan Marketing Association.
- Other obligations not specified above, which provide guaranteed principal and interest by the United States or any of its agencies.
- Repurchase agreements, which involve obligations of the United States or its agencies, provided the term of the repurchase agreement does not extend beyond the maturity date of the obligation and the market value of the security exceeds the cost of the security.
- Money market funds invested in any of the aforementioned securities.

Total cash for the year ended June 30, 2011, was \$48,824. Of this amount, \$200 was held in petty cash, and the remaining \$48,624 was entirely covered by federal depository insurance.

C. Land Use

The Marion County Park is located on land owned by the Tennessee Valley Authority (TVA). TVA permits Marion County to use the park land at no charge.

D. Change in Capital Assets

A summary of capital assets as of June 30, 2011, is as follows:

	Balance 7-1-10	Additions	Balance 6-30-11
Assets:			
Mobile Home	\$ 12,112	\$ 0	\$ 12,112
Bathhouse	14,670	0	14,670
Land Improvements	74,055	0	74,055
Equipment	26,493	0	26,493
Total Assets	\$ 127,330	\$ 0	\$ 127,330
Total Accumulated Depreciation	\$ 55,305	\$ 8,269	\$ 63,574
Net Capital Assets	\$ 72,025	\$ (8,269)	\$ 63,756

E. Wages

The managers of the park are compensated by the general government of Marion County. During the year ended June 30, 2011, the commission reimbursed the county \$18,513 relating to salaries, payroll taxes, and workers' compensation insurance. Additionally, the manager is permitted to live in the mobile home rent free, including utilities.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,164,490	\$ 0	\$ 4,164,490	\$ 4,050,985	\$ 4,050,985	\$ 113,505
Licenses and Permits	127,579	0	127,579	132,500	132,500	(4,921)
Fines, Forfeitures, and Penalties	102,235	0	102,235	122,500	122,500	(20,265)
Charges for Current Services	160,989	0	160,989	136,500	136,500	24,489
Other Local Revenues	307,279	0	307,279	401,445	374,369	(67,090)
Fees Received from County Officials	831,261	0	831,261	861,200	861,200	(29,939)
State of Tennessee	1,065,659	0	1,065,659	1,628,992	1,504,469	(438,810)
Federal Government	719,752	0	719,752	760,175	1,108,648	(388,896)
Other Governments and Citizens Groups	196,973	0	196,973	160,700	160,700	36,273
Total Revenues	\$ 7,676,217	\$ 0	\$ 7,676,217	\$ 8,254,997	\$ 8,451,871	\$ (775,654)
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 88,280	\$ 0	\$ 88,280	\$ 93,275	\$ 93,275	\$ 4,995
Board of Equalization	1,860	0	1,860	2,575	2,575	715
Beer Board	2,786	0	2,786	2,700	2,800	14
Budget and Finance Committee	4,389	0	4,389	3,675	4,400	11
County Mayor/Executive	198,645	0	198,645	206,422	206,422	7,777
Election Commission	232,665	0	232,665	217,939	247,375	14,710
Register of Deeds	188,138	0	188,138	195,252	195,252	7,114
Development	20,000	0	20,000	20,000	20,000	0
Building	131,940	0	131,940	135,128	135,128	3,188
County Buildings	470,379	0	470,379	893,862	894,314	423,935
Other General Administration	103,311	0	103,311	106,564	110,118	6,807

(Continued)

Exhibit F-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 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance</u>						
Property Assessor's Office	\$ 205,463	\$ 0	\$ 205,463	\$ 226,173	\$ 226,173	\$ 20,710
Reappraisal Program	71,808	0	71,808	80,803	80,803	8,995
County Trustee's Office	51,440	0	51,440	46,539	52,440	1,000
County Clerk's Office	35,241	0	35,241	32,960	37,560	2,319
<u>Administration of Justice</u>						
Circuit Court	448,134	0	448,134	435,120	458,120	9,986
General Sessions Court	116,229	0	116,229	117,578	117,578	1,349
Drug Court	22,489	0	22,489	0	24,056	1,567
Chancery Court	180,142	0	180,142	181,403	190,403	10,261
Juvenile Court	193,283	0	193,283	202,294	204,544	11,261
<u>Public Safety</u>						
Sheriff's Department	2,094,236	0	2,094,236	1,983,068	2,106,564	12,328
Drug Enforcement	25,817	0	25,817	0	25,817	0
Jail	972,597	0	972,597	958,380	982,150	9,553
Fire Prevention and Control	186,101	0	186,101	193,862	193,862	7,761
Civil Defense	138,195	0	138,195	211,956	249,656	111,461
Rescue Squad	10,000	0	10,000	10,000	10,000	0
Other Emergency Management	4,296	0	4,296	0	34,368	30,072
<u>Public Health and Welfare</u>						
Local Health Center	172,877	0	172,877	222,400	222,400	49,523
Ambulance/Emergency Medical Services	180,000	0	180,000	180,000	180,000	0
Alcohol and Drug Programs	4,224	0	4,224	6,400	6,400	2,176
Other Local Health Services	93,762	0	93,762	98,500	98,500	4,738
Sanitation Education/Information	45,804	0	45,804	45,764	46,264	460

(Continued)

Exhibit F-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 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services</u>						
Libraries	\$ 134,331	\$ 0	\$ 134,331	\$ 134,331	\$ 134,331	\$ 0
Parks and Fair Boards	19,030	0	19,030	23,505	23,505	4,475
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	46,438	0	46,438	46,611	46,611	173
Soil Conservation	33,008	0	33,008	33,059	33,059	51
<u>Other Operations</u>						
Industrial Development	8,615	0	8,615	8,616	8,616	1
Other Economic and Community Development	446,027	0	446,027	468,720	486,218	40,191
Airport	389,152	(285,079)	104,073	676,687	676,755	572,682
Veterans' Services	10,369	0	10,369	9,530	10,530	161
Other Charges	288,927	0	288,927	424,000	424,000	135,073
Miscellaneous	0	0	0	6,575	6,575	6,575
Total Expenditures	\$ 8,070,428	\$ (285,079)	\$ 7,785,349	\$ 8,942,226	\$ 9,309,517	\$ 1,524,168
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ (394,211)	\$ 285,079	\$ (109,132)	\$ (687,229)	\$ (857,646)	\$ 748,514
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 25,817	\$ 0	\$ 25,817	\$ 0	\$ 25,817	\$ 0
Insurance Recovery	20,110	0	20,110	2,000	2,000	18,110
Transfers Out	(60,000)	0	(60,000)	(130,000)	(130,000)	70,000
Total Other Financing Sources (Uses)	\$ (14,073)	\$ 0	\$ (14,073)	\$ (128,000)	\$ (102,183)	\$ 88,110
Net Change in Fund Balance	\$ (408,284)	\$ 285,079	\$ (123,205)	\$ (815,229)	\$ (959,829)	\$ 836,624
Fund Balance, July 1, 2010	992,138	(285,079)	707,059	881,179	881,179	(174,120)
Fund Balance, June 30, 2011	\$ 583,854	\$ 0	\$ 583,854	\$ 65,950	\$ (78,650)	\$ 662,504

Exhibit F-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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,989	\$ 15,977	\$ 6,990	\$ (1)
Charges for Current Services	95,266	100,000	95,758	(492)
Other Local Revenues	3,610	7,500	3,610	0
State of Tennessee	1,877,293	2,633,295	1,877,292	1
Total Revenues	<u>\$ 1,983,158</u>	<u>\$ 2,756,772</u>	<u>\$ 1,983,650</u>	<u>\$ (492)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 254,316	\$ 249,752	\$ 269,279	\$ 14,963
Highway and Bridge Maintenance	784,866	967,000	1,008,582	223,716
Operation and Maintenance of Equipment	263,324	281,500	292,008	28,684
Other Charges	56,463	56,540	56,985	522
Employee Benefits	363,017	382,000	408,585	45,568
Capital Outlay	172,841	1,261,923	390,154	217,313
Total Expenditures	<u>\$ 1,894,827</u>	<u>\$ 3,198,715</u>	<u>\$ 2,425,593</u>	<u>\$ 530,766</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 88,331</u>	<u>\$ (441,943)</u>	<u>\$ (441,943)</u>	<u>\$ 530,274</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 98,331	\$ (431,943)	\$ (431,943)	\$ 530,274
Fund Balance, July 1, 2010	<u>603,473</u>	<u>563,139</u>	<u>563,139</u>	<u>40,334</u>
Fund Balance, June 30, 2011	<u>\$ 701,804</u>	<u>\$ 131,196</u>	<u>\$ 131,196</u>	<u>\$ 570,608</u>

Exhibit F-3

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 17,340	\$ 19,002	\$ 1,662	91.25 %	\$ 8,229	20.2 %
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 frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-4

Marion County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and the Discretely Presented Marion County School Department
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	\$ 159	\$ 159	0 %	\$ 1,907	8.34 %
"	7-1-09	0	535	535	0	2,994	17.87
"	7-1-10	0	572	572	0	3,462	16.52
<u>DISCRETELY PRESENTED MARION COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	3,354	3,354	0	15,290	21.94
"	7-1-09	0	2,373	2,373	0	15,352	15.46
"	7-1-10	0	2,469	2,469	0	16,902	14.61

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

A. 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.

B. APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDS

The budget and subsequent amendments submitted to and approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funding by \$78,650.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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.

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 and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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.

Capital Projects Fund

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building projects for a higher education facility for use by the citizens of Marion County and the surrounding area.

Exhibit G-1

Marion County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds							Total	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Education Debt Service	Education Capital Projects	Education Debt Service				
\$	0	0	0	94,757	0	0	94,757	0	0	94,757	
	15,082	6,946	138,736	0	1,130,223	1,518,620	160,764	1,518,620	0	2,809,607	
	0	1,731	0	232	0	0	1,963	0	0	1,963	
	0	60,905	0	0	242,824	0	60,905	242,824	0	303,729	
\$	15,082	69,582	138,736	94,989	1,373,047	1,518,620	318,389	1,373,047	0	3,210,056	

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities

Payroll Deductions Payable
 Due to Other Funds
 Other Deferred Revenues
 Total Liabilities

Fund Balances

Restricted:
 Restricted for General Government
 Restricted for Finance
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Capital Projects
 Committed:
 Committed for Debt Service
 Assigned:
 Assigned for Capital Projects
 Total Fund Balances

Total Liabilities and Fund Balances

\$	0	47	0	0	47	0	47	0	0	47
	0	0	0	471	0	0	471	0	0	471
	0	26,000	0	0	26,000	120,000	26,000	120,000	0	146,000
\$	0	26,047	0	471	26,518	120,000	26,518	120,000	0	146,518
\$	15,082	0	0	0	15,082	0	15,082	0	0	15,082
	0	0	0	94,518	0	0	94,518	0	0	94,518
	0	0	138,736	0	138,736	0	138,736	0	0	138,736
	0	43,535	0	0	43,535	0	43,535	0	0	43,535
	0	0	0	0	0	1,500,970	0	1,500,970	0	1,500,970
	0	0	0	0	0	1,253,047	0	1,253,047	0	1,253,047
	0	0	0	0	0	17,650	0	17,650	0	17,650
\$	15,082	43,535	138,736	94,518	291,871	1,253,047	291,871	1,253,047	1,518,620	3,063,538
\$	15,082	69,582	138,736	94,989	318,389	1,373,047	318,389	1,373,047	1,518,620	3,210,056

Exhibit G-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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,523	\$ 9,500	\$ 9,500	\$ (2,977)
Total Revenues	\$ 6,523	\$ 9,500	\$ 9,500	\$ (2,977)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 3,962	\$ 10,000	\$ 10,000	\$ 6,038
<u>Other Operations</u>				
Other Charges	66	100	100	34
Total Expenditures	\$ 4,028	\$ 10,100	\$ 10,100	\$ 6,072
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,495	\$ (600)	\$ (600)	\$ 3,095
Net Change in Fund Balance	\$ 2,495	\$ (600)	\$ (600)	\$ 3,095
Fund Balance, July 1, 2010	12,587	12,587	12,587	0
Fund Balance, June 30, 2011	\$ 15,082	\$ 11,987	\$ 11,987	\$ 3,095

Exhibit G-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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 299,235	\$ 290,000	\$ 290,000	\$ 9,235
Charges for Current Services	9,845	14,000	14,000	(4,155)
State of Tennessee	162,691	161,145	161,738	953
Total Revenues	<u>\$ 471,771</u>	<u>\$ 465,145</u>	<u>\$ 465,738</u>	<u>\$ 6,033</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 515,522	\$ 542,127	\$ 542,127	\$ 26,605
Other Waste Collection	21,738	21,145	21,738	0
<u>Other Operations</u>				
Other Charges	4,594	5,000	5,000	406
Total Expenditures	<u>\$ 541,854</u>	<u>\$ 568,272</u>	<u>\$ 568,865</u>	<u>\$ 27,011</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (70,083)</u>	<u>\$ (103,127)</u>	<u>\$ (103,127)</u>	<u>\$ 33,044</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 50,000	\$ 120,000	\$ 120,000	\$ (70,000)
Total Other Financing Sources (Uses)	<u>\$ 50,000</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ (70,000)</u>
Net Change in Fund Balance	\$ (20,083)	\$ 16,873	\$ 16,873	\$ (36,956)
Fund Balance, July 1, 2010	63,618	153,486	153,486	(89,868)
Fund Balance, June 30, 2011	<u>\$ 43,535</u>	<u>\$ 170,359</u>	<u>\$ 170,359</u>	<u>\$ (126,824)</u>

Exhibit G-5

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 25,139	\$ 40,000	\$ 40,000	\$ (14,861)
State of Tennessee	0	2,000	2,000	(2,000)
Other Governments and Citizens Groups	0	2,000	2,000	(2,000)
Total Revenues	<u>\$ 25,139</u>	<u>\$ 44,000</u>	<u>\$ 44,000</u>	<u>\$ (18,861)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 46,392	\$ 65,800	\$ 65,800	\$ 19,408
<u>Other Operations</u>				
Other Charges	280	1,000	1,000	720
Total Expenditures	<u>\$ 46,672</u>	<u>\$ 66,800</u>	<u>\$ 66,800</u>	<u>\$ 20,128</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (21,533)</u>	<u>\$ (22,800)</u>	<u>\$ (22,800)</u>	<u>\$ 1,267</u>
Net Change in Fund Balance	\$ (21,533)	\$ (22,800)	\$ (22,800)	\$ 1,267
Fund Balance, July 1, 2010	160,269	163,017	163,017	(2,748)
Fund Balance, June 30, 2011	<u>\$ 138,736</u>	<u>\$ 140,217</u>	<u>\$ 140,217</u>	<u>\$ (1,481)</u>

Exhibit G-6

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,387,422	\$ 1,400,000	\$ 1,400,000	\$ (12,578)
Other Local Revenues	21,478	30,000	30,000	(8,522)
Total Revenues	<u>\$ 1,408,900</u>	<u>\$ 1,430,000</u>	<u>\$ 1,430,000</u>	<u>\$ (21,100)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 14,022	\$ 15,000	\$ 15,000	\$ 978
<u>Principal on Debt</u>				
Education	515,000	515,000	515,000	0
<u>Interest on Debt</u>				
Education	841,450	841,450	841,450	0
Total Expenditures	<u>\$ 1,370,472</u>	<u>\$ 1,371,450</u>	<u>\$ 1,371,450</u>	<u>\$ 978</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 38,428</u>	<u>\$ 58,550</u>	<u>\$ 58,550</u>	<u>\$ (20,122)</u>
Net Change in Fund Balance	\$ 38,428	\$ 58,550	\$ 58,550	\$ (20,122)
Fund Balance, July 1, 2010	<u>1,214,619</u>	<u>1,214,619</u>	<u>1,214,619</u>	<u>0</u>
Fund Balance, June 30, 2011	<u>\$ 1,253,047</u>	<u>\$ 1,273,169</u>	<u>\$ 1,273,169</u>	<u>\$ (20,122)</u>

Major Governmental Funds

Debt Service Funds

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

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.

Exhibit H-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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 584,511	\$ 557,969	\$ 557,969	\$ 26,542
Total Revenues	\$ 584,511	\$ 557,969	\$ 557,969	\$ 26,542
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 11,619	\$ 12,000	\$ 12,800	\$ 1,181
<u>Principal on Debt</u>				
General Government	305,000	305,000	305,000	0
<u>Interest on Debt</u>				
General Government	286,490	286,490	286,490	0
<u>Other Debt Service</u>				
General Government	850	800	850	0
Total Expenditures	\$ 603,959	\$ 604,290	\$ 605,140	\$ 1,181
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,448)	\$ (46,321)	\$ (47,171)	\$ 27,723
Net Change in Fund Balance	\$ (19,448)	\$ (46,321)	\$ (47,171)	\$ 27,723
Fund Balance, July 1, 2010	1,714,758	1,717,415	1,717,415	(2,657)
Fund Balance, June 30, 2011	\$ 1,695,310	\$ 1,671,094	\$ 1,670,244	\$ 25,066

Exhibit H-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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,319,643	\$ 1,277,793	\$ 1,277,793	\$ 41,850
Other Governments and Citizens Groups	836,610	0	836,611	(1)
Total Revenues	<u>\$ 2,156,253</u>	<u>\$ 1,277,793</u>	<u>\$ 2,114,404</u>	<u>\$ 41,849</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 945,000	\$ 945,000	\$ 945,000	\$ 0
<u>Interest on Debt</u>				
Education	831,509	835,267	831,510	1
<u>Other Debt Service</u>				
Education	207,001	32,500	212,823	5,822
Total Expenditures	<u>\$ 1,983,510</u>	<u>\$ 1,812,767</u>	<u>\$ 1,989,333</u>	<u>\$ 5,823</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 172,743</u>	<u>\$ (534,974)</u>	<u>\$ 125,071</u>	<u>\$ 47,672</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 13,045,000	\$ 0	\$ 13,045,000	\$ 0
Premiums on Debt Issued	263,208	0	261,566	1,642
Transfers In	0	836,611	0	0
Payments to Refunded Debt Escrow Agent	(13,130,000)	0	(13,130,000)	0
Total Other Financing Sources (Uses)	<u>\$ 178,208</u>	<u>\$ 836,611</u>	<u>\$ 176,566</u>	<u>\$ 1,642</u>
Net Change in Fund Balance	\$ 350,951	\$ 301,637	\$ 301,637	\$ 49,314
Fund Balance, July 1, 2010	<u>3,306,469</u>	<u>3,313,536</u>	<u>3,313,536</u>	<u>(7,067)</u>
Fund Balance, June 30, 2011	<u>\$ 3,657,420</u>	<u>\$ 3,615,173</u>	<u>\$ 3,615,173</u>	<u>\$ 42,247</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 property taxes 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 School System's share of education revenues collected by the county, which must be apportioned between the school systems on an average daily attendance basis. These collections are remitted to the 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.

Exhibit I-1

Marion County, Tennessee
 Combining Statement of Fiduciary Assets and Liabilities
 Fiduciary Funds
 June 30, 2011

	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	\$ 0	\$ 0	\$ 0	\$ 1,019,825	\$ 1,019,825
Equity in Pooled Cash and Investments	0	264	71,641	0	15,469	0	87,374	87,374
Accounts Receivable	0	0	100	0	0	0	100	100
Due from Other Governments	499,540	0	38,517	0	3,732	0	541,789	541,789
Property Taxes Receivable	0	24,498	385,519	0	0	0	410,017	410,017
Allowance for Uncollectible Property Taxes	0	(1,596)	(24,874)	0	0	0	(26,470)	(26,470)
Total Assets	\$ 499,540	\$ 23,166	\$ 470,903	\$ 1,019,825	\$ 19,201	\$ 19,201	\$ 2,032,635	\$ 2,032,635
<u>LIABILITIES</u>								
Due to Other Taxing Units	\$ 499,540	\$ 23,166	\$ 470,903	\$ 0	\$ 0	\$ 0	\$ 993,609	\$ 993,609
Due to Litigants, Heirs, and Others	0	0	0	1,019,825	0	0	1,019,825	1,019,825
Due to Joint Ventures	0	0	0	0	19,201	19,201	19,201	19,201
Total Liabilities	\$ 499,540	\$ 23,166	\$ 470,903	\$ 1,019,825	\$ 19,201	\$ 19,201	\$ 2,032,635	\$ 2,032,635

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,814,091	\$ 2,814,091	\$ 0
Due from Other Governments	492,778	499,540	492,778	499,540
Total Assets	\$ 492,778	\$ 3,313,631	\$ 3,306,869	\$ 499,540
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 492,778	\$ 3,313,631	\$ 3,306,869	\$ 499,540
Total Liabilities	\$ 492,778	\$ 3,313,631	\$ 3,306,869	\$ 499,540
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 51	\$ 22,099	\$ 21,886	\$ 264
Taxes Receivable	25,193	24,498	25,193	24,498
Allowance for Uncollectible Taxes	(1,507)	(1,596)	(1,507)	(1,596)
Total Assets	\$ 23,737	\$ 45,001	\$ 45,572	\$ 23,166
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 23,737	\$ 45,001	\$ 45,572	\$ 23,166
Total Liabilities	\$ 23,737	\$ 45,001	\$ 45,572	\$ 23,166
<u>City School ADA - Richard City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 45,822	\$ 536,323	\$ 510,504	\$ 71,641
Accounts Receivable	184	100	184	100
Due from Other Governments	35,841	38,517	35,841	38,517
Taxes Receivable	376,507	385,519	376,507	385,519
Allowance for Uncollectible Taxes	(22,017)	(24,874)	(22,017)	(24,874)
Total Assets	\$ 436,337	\$ 935,585	\$ 901,019	\$ 470,903
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 436,337	\$ 935,585	\$ 901,019	\$ 470,903
Total Liabilities	\$ 436,337	\$ 935,585	\$ 901,019	\$ 470,903

(Continued)

Exhibit I-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	\$ 833,640	\$ 5,364,635	\$ 5,178,450	\$ 1,019,825
Accounts Receivables	19,128	0	19,128	0
Total Assets	\$ 852,768	\$ 5,364,635	\$ 5,197,578	\$ 1,019,825
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 852,768	\$ 5,364,635	\$ 5,197,578	\$ 1,019,825
Total Liabilities	\$ 852,768	\$ 5,364,635	\$ 5,197,578	\$ 1,019,825
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 46,777	\$ 127,154	\$ 158,462	\$ 15,469
Accounts Receivables	50	0	50	0
Due from Other Governments	5,826	3,732	5,826	3,732
Total Assets	\$ 52,653	\$ 130,886	\$ 164,338	\$ 19,201
<u>Liabilities</u>				
Due to Joint Ventures	\$ 52,653	\$ 130,886	\$ 164,338	\$ 19,201
Total Liabilities	\$ 52,653	\$ 130,886	\$ 164,338	\$ 19,201
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 833,640	\$ 5,364,635	\$ 5,178,450	\$ 1,019,825
Equity in Pooled Cash and Investments	92,650	3,499,667	3,504,943	87,374
Accounts Receivable	19,362	100	19,362	100
Due from Other Governments	534,445	541,789	534,445	541,789
Taxes Receivable	401,700	410,017	401,700	410,017
Allowance for Uncollectible Taxes	(23,524)	(26,470)	(23,524)	(26,470)
Total Assets	\$ 1,858,273	\$ 9,789,738	\$ 9,615,376	\$ 2,032,635
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 952,852	\$ 4,294,217	\$ 4,253,460	\$ 993,609
Due to Litigants, Heirs, and Others	852,768	5,364,635	5,197,578	1,019,825
Due to Joint Ventures	52,653	130,886	164,338	19,201
Total Liabilities	\$ 1,858,273	\$ 9,789,738	\$ 9,615,376	\$ 2,032,635

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 School Department uses a General Fund, two Special Revenue Funds, 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.

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

Exhibit J-1

Marion County, Tennessee
 Statement of Activities
Discretely Presented Marion County School Department
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 21,119,497	\$ 198,944	\$ 2,806,583	\$ (18,113,970)
Support Services	11,051,709	450	298,399	(10,752,860)
Operation of Non-Instructional Services	2,944,873	820,163	1,953,747	(170,963)
Interest on Long-term Debt	13,454	0	0	(13,454)
Other Debt Service	836,610	0	0	(836,610)
Total Governmental Activities	\$ 35,966,143	\$ 1,019,557	\$ 5,058,729	\$ (29,887,857)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 4,775,624
Local Option Sales Taxes				2,881,567
Hotel/Motel Tax				12,233
Wholesale Beer Tax				136,998
Other Local Taxes				1,457
Grants and Contributions Not Restricted to Specific Programs				20,599,112
Unrestricted Investment Earnings				23,692
Miscellaneous				148,405
Total General Revenues				\$ 28,579,088
Change in Net Assets				\$ (1,308,769)
Net Assets, July 1, 2010				48,972,148
Net Assets, June 30, 2011				\$ 47,663,379

Exhibit J-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Central</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Cafeteria</u>	<u>School</u>	<u>Governmental</u>
	<u>School</u>		<u>Federal</u>	<u>Funds</u>
			<u>Projects</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 2,528	\$ 0	\$ 2,528
Equity in Pooled Cash and Investments	1,533,182	892,602	93,721	2,519,505
Inventories	0	93,990	0	93,990
Accounts Receivable	49,855	0	0	49,855
Due from Other Governments	1,069,272	0	0	1,069,272
Due from Other Funds	91,158	0	768	91,926
Property Taxes Receivable	5,173,227	0	0	5,173,227
Allowance for Uncollectible Property Taxes	(333,788)	0	0	(333,788)
Total Assets	<u>\$ 7,582,906</u>	<u>\$ 989,120</u>	<u>\$ 94,489</u>	<u>\$ 8,666,515</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 127,003	\$ 0	\$ 0	\$ 127,003
Accrued Payroll	38,791	0	0	38,791
Contracts Payable	39,332	0	0	39,332
Due to Other Funds	768	0	91,158	91,926
Due to State of Tennessee	7,201	0	0	7,201
Deferred Revenue - Current Property Taxes	4,555,725	0	0	4,555,725
Deferred Revenue - Delinquent Property Taxes	247,768	0	0	247,768
Other Deferred Revenues	240,000	0	0	240,000
Total Liabilities	<u>\$ 5,256,588</u>	<u>\$ 0</u>	<u>\$ 91,158</u>	<u>\$ 5,347,746</u>
<u>Fund Balances</u>				
Nonexpendable:				
Inventory	\$ 0	\$ 93,990	\$ 0	\$ 93,990
Restricted:				
Restricted for Education	78,693	895,130	3,331	977,154
Unassigned	2,247,625	0	0	2,247,625
Total Fund Balances	<u>\$ 2,326,318</u>	<u>\$ 989,120</u>	<u>\$ 3,331</u>	<u>\$ 3,318,769</u>
Total Liabilities and Fund Balances	<u>\$ 7,582,906</u>	<u>\$ 989,120</u>	<u>\$ 94,489</u>	<u>\$ 8,666,515</u>

Exhibit J-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, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 3,318,769
(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	43,161,504	
Add: other capital assets net of accumulated depreciation	<u>173,850</u>	44,469,190
(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	\$ (274,004)	
Less: other postemployment benefits liability	<u>(338,344)</u>	(612,348)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>487,768</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 47,663,379</u>

Exhibit J-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, 2011

	Major Funds		Nonmajor	Total Governmental Funds
	General Purpose School	Central Cafeteria	Fund School Federal Projects	
<u>Revenues</u>				
Local Taxes	\$ 7,934,305	\$ 0	\$ 0	\$ 7,934,305
Licenses and Permits	2,148	0	0	2,148
Charges for Current Services	198,944	820,163	0	1,019,107
Other Local Revenues	150,055	23,692	0	173,747
State of Tennessee	20,268,338	23,449	0	20,291,787
Federal Government	274,254	1,563,075	3,435,442	5,272,771
Total Revenues	<u>\$ 28,828,044</u>	<u>\$ 2,430,379</u>	<u>\$ 3,435,442</u>	<u>\$ 34,693,865</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 17,486,484	\$ 0	\$ 2,157,282	\$ 19,643,766
Support Services	10,015,828	0	1,080,024	11,095,852
Operation of Non-Instructional Services	659,725	2,433,433	0	3,093,158
Capital Outlay	9,710	0	0	9,710
Debt Service:				
Principal on Debt	49,694	0	0	49,694
Interest on Debt	13,454	0	0	13,454
Other Debt Service	836,610	0	0	836,610
Total Expenditures	<u>\$ 29,071,505</u>	<u>\$ 2,433,433</u>	<u>\$ 3,237,306</u>	<u>\$ 34,742,244</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (243,461)</u>	<u>\$ (3,054)</u>	<u>\$ 198,136</u>	<u>\$ (48,379)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 203,158	\$ 0	\$ 0	\$ 203,158
Transfers Out	0	0	(203,158)	(203,158)
Total Other Financing Sources (Uses)	<u>\$ 203,158</u>	<u>\$ 0</u>	<u>\$ (203,158)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (40,303)	\$ (3,054)	\$ (5,022)	\$ (48,379)
Fund Balance, July 1, 2010	2,366,621	992,174	8,353	3,367,148
Fund Balance, June 30, 2011	<u>\$ 2,326,318</u>	<u>\$ 989,120</u>	<u>\$ 3,331</u>	<u>\$ 3,318,769</u>

Exhibit J-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, 2011

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ (48,379)
<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	\$ 207,124	
Less: current-year depreciation expense	<u>(1,518,584)</u>	(1,311,460)
<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	\$ (1,200)	
Add: gain on disposal of capital assets	<u>708</u>	(492)
<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, 2011	\$ 487,768	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(523,059)</u>	(35,291)
<p>(4) The issuance of long-term debt (e.g., bonds, notes, capital leases) 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		49,694
<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>37,159</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,308,769)</u>

Exhibit J-6

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Marion County School Department
General Purpose School Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,934,305	\$ 7,758,600	\$ 7,758,600	\$ 175,705
Licenses and Permits	2,148	2,505	2,505	(357)
Charges for Current Services	198,944	237,090	237,090	(38,146)
Other Local Revenues	150,055	67,965	67,965	82,090
State of Tennessee	20,268,338	20,094,335	20,228,222	40,116
Federal Government	274,254	245,311	305,586	(31,332)
Total Revenues	<u>\$ 28,828,044</u>	<u>\$ 28,405,806</u>	<u>\$ 28,599,968</u>	<u>\$ 228,076</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 13,530,296	\$ 13,512,415	\$ 13,710,981	\$ 180,685
Alternative Instruction Program	103,604	106,860	106,860	3,256
Special Education Program	2,266,502	2,350,939	2,341,748	75,246
Vocational Education Program	1,382,706	1,515,572	1,455,572	72,866
Adult Education Program	203,376	221,598	221,598	18,222
<u>Support Services</u>				
Attendance	115,412	118,386	118,386	2,974
Health Services	323,354	359,550	359,550	36,196
Other Student Support	644,134	667,036	667,036	22,902
Regular Instruction Program	895,907	921,428	926,028	30,121
Special Education Program	125,929	135,226	136,126	10,197
Vocational Education Program	95,626	104,878	104,878	9,252
Adult Programs	119,243	119,244	119,244	1
Other Programs	116,479	0	116,479	0
Board of Education	378,577	460,000	460,000	81,423
Director of Schools	280,528	323,535	323,535	43,007
Office of the Principal	1,793,697	1,850,260	1,850,260	56,563
Fiscal Services	307,868	311,736	311,736	3,868
Human Services/Personnel	131,968	137,330	137,330	5,362
Operation of Plant	2,506,468	2,915,100	2,915,100	408,632
Maintenance of Plant	718,679	837,200	807,200	88,521
Transportation	1,009,162	1,047,975	1,027,975	18,813
Central and Other	452,797	515,445	508,253	55,456
<u>Operation of Non-Instructional Services</u>				
Community Services	292,502	364,796	364,796	72,294
Early Childhood Education	367,223	375,420	375,420	8,197
<u>Capital Outlay</u>				
Regular Capital Outlay	9,710	25,895	25,795	16,085
<u>Principal on Debt</u>				
Education	49,694	474,094	49,695	1
<u>Interest on Debt</u>				
Education	13,454	425,566	13,455	1

(Continued)

Exhibit J-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Other Debt Service</u>				
Education	\$ 836,610	\$ 0	\$ 836,610	\$ 0
Total Expenditures	\$ 29,071,505	\$ 30,197,484	\$ 30,391,646	\$ 1,320,141
Excess (Deficiency) of Revenues Over Expenditures	\$ (243,461)	\$ (1,791,678)	\$ (1,791,678)	\$ 1,548,217
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 203,158	\$ 211,190	\$ 211,190	\$ (8,032)
Total Other Financing Sources (Uses)	\$ 203,158	\$ 211,190	\$ 211,190	\$ (8,032)
Net Change in Fund Balance	\$ (40,303)	\$ (1,580,488)	\$ (1,580,488)	\$ 1,540,185
Fund Balance, July 1, 2010	2,366,621	2,436,442	2,436,442	(69,821)
Fund Balance, June 30, 2011	\$ 2,326,318	\$ 855,954	\$ 855,954	\$ 1,470,364

Exhibit J-7

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,435,442	\$ 3,477,681	\$ 4,466,382	\$ (1,030,940)
Total Revenues	\$ 3,435,442	\$ 3,477,681	\$ 4,466,382	\$ (1,030,940)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,210,141	\$ 1,170,317	\$ 2,141,568	\$ 931,427
Special Education Program	884,484	929,479	929,479	44,995
Vocational Education Program	62,657	62,657	62,657	0
<u>Support Services</u>				
Other Student Support	161,120	162,608	162,608	1,488
Regular Instruction Program	409,050	434,723	452,361	43,311
Special Education Program	473,455	474,563	474,563	1,108
Vocational Education Program	2,675	2,675	2,675	0
Transportation	33,724	41,772	41,772	8,048
Total Expenditures	\$ 3,237,306	\$ 3,278,794	\$ 4,267,683	\$ 1,030,377
Excess (Deficiency) of Revenues Over Expenditures	\$ 198,136	\$ 198,887	\$ 198,699	\$ (563)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (203,158)	\$ (207,239)	\$ (207,051)	\$ 3,893
Total Other Financing Sources (Uses)	\$ (203,158)	\$ (207,239)	\$ (207,051)	\$ 3,893
Net Change in Fund Balance	\$ (5,022)	\$ (8,352)	\$ (8,352)	\$ 3,330
Fund Balance, July 1, 2010	8,353	8,353	8,353	0
Fund Balance, June 30, 2011	\$ 3,331	\$ 1	\$ 1	\$ 3,330

Exhibit J-8

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 820,163	\$ 902,000	\$ 902,000	\$ (81,837)
Other Local Revenues	23,692	28,000	28,000	(4,308)
State of Tennessee	23,449	23,100	23,100	349
Federal Government	1,563,075	1,375,000	1,520,444	42,631
Total Revenues	<u>\$ 2,430,379</u>	<u>\$ 2,328,100</u>	<u>\$ 2,473,544</u>	<u>\$ (43,165)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,433,433	\$ 2,487,405	\$ 2,632,849	\$ 199,416
Total Expenditures	<u>\$ 2,433,433</u>	<u>\$ 2,487,405</u>	<u>\$ 2,632,849</u>	<u>\$ 199,416</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,054)</u>	<u>\$ (159,305)</u>	<u>\$ (159,305)</u>	<u>\$ 156,251</u>
Net Change in Fund Balance	\$ (3,054)	\$ (159,305)	\$ (159,305)	\$ 156,251
Fund Balance, July 1, 2010	<u>992,174</u>	<u>905,529</u>	<u>905,529</u>	<u>86,645</u>
Fund Balance, June 30, 2011	<u>\$ 989,120</u>	<u>\$ 746,224</u>	<u>\$ 746,224</u>	<u>\$ 242,896</u>

Exhibit J-9

Marion County, Tennessee
Statement of Fiduciary Net Assets
Discretely Presented Marion County School Department
Fiduciary Fund
June 30, 2011

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash in Bank	\$ 79,354
Equity in Pooled Cash and Investments	9,560
Investments	539,796
Accrued Interest Receivable	<u>8,351</u>
Total Assets	<u>\$ 637,061</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Scholarships	<u>\$ 637,061</u>
Total Net Assets	<u><u>\$ 637,061</u></u>

Exhibit J-10

Marion County, Tennessee
Statement of Changes in Fiduciary Net Assets
Discretely Presented Marion County School Department
Fiduciary Fund
For the Year Ended June 30, 2011

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ADDITIONS</u>	
Contributions and Gifts	\$ 1,100
Investment Income	24,310
Total Additions	<u>\$ 25,410</u>
<u>DEDUCTIONS</u>	
Scholarship Disbursements	\$ 16,500
Trustee's Commission	319
Total Deductions	<u>\$ 16,819</u>
Change in Net Assets	\$ 8,591
Net Assets, July 1, 2010	<u>628,470</u>
Net Assets, June 30, 2011	<u><u>\$ 637,061</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Marion County, Tennessee
Schedule of Changes in Long-term Notes, Capital Lease, and Bonds
Primary Government and Discretely Presented Marion County School Department
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-11
PRIMARY GOVERNMENT									
NOTES PAYABLE									
Payable through General Fund									
Election Commission Building	\$ 200,000	3.5%	2-11-08	2-20-13	\$ 124,112	0 \$	39,957 \$	0 \$	84,155
Sheriff's Vehicles	236,000	2.125	11-16-09	11-15-12	191,274	0	77,945	0	113,329
Drug Force Vehicle	25,817	3.25	6-30-11	6-20-16	0	25,817	0	0	25,817
Total Notes Payable					\$ 315,386	\$ 25,817	\$ 117,902	\$ 0	\$ 223,301
CAPITAL LEASE PAYABLE									
Payable through General Fund									
Sheriff's Vehicles	63,350	6.1	11-15-07	10-15-10	\$ 7,583	0 \$	7,583 \$	0 \$	0
Total Capital Lease Payable					\$ 7,583	0 \$	7,583 \$	0 \$	0
BONDS PAYABLE									
Payable through General Debt Service Fund									
General Obligation Refunding Bonds, 2005 Series	4,460,000	3.5 to 4.2	7-1-05	4-1-29	\$ 4,205,000	0 \$	155,000 \$	0 \$	4,050,000
General Obligation Bonds, Series 2010	3,675,000	2.5 to 4	3-31-10	4-1-30	3,675,000	0	150,000	0	3,525,000
Total Payable through General Debt Service Fund					\$ 7,880,000	0 \$	305,000 \$	0 \$	7,575,000
Payable through Education Debt Service Fund									
General Obligation Bonds, 2006 Series	19,500,000	4 to 4.5	5-31-06	6-1-31	\$ 18,575,000	0 \$	515,000 \$	0 \$	18,060,000

(Continued)

Exhibit K-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 7-1-10	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-11
<u>PRIMARY GOVERNMENT (CONT.)</u>									
<u>BONDS PAYABLE (CONT.)</u>									
Payable through Rural Debt Service Fund									
Rural School Bonds, Series 2001	\$ 3,250,000	4.35 to 5%	7-1-01	4-1-11	\$ 110,000	\$ 0	\$ 110,000	\$ 0	\$ 0
Rural School Refunding Bonds, Series 2001	15,385,000	4 to 5	8-1-01	1-6-11	13,860,000	0	730,000	13,130,000	0
Rural School Bonds, Series 2003	2,165,000	1.2 to 4	7-16-03	5-1-23	1,650,000	0	90,000	0	1,560,000
Rural School Refunding Bonds, Series 2005	2,560,000	3.5 to 4.2	7-1-05	4-1-25	2,500,000	0	15,000	0	2,485,000
Rural School Refunding Bonds, Series 2011	13,130,000	3 to 4.5	1-6-11	4-1-24	0	13,045,000	0	0	13,045,000
Total Payable through Rural Debt Service					\$ 18,120,000	\$ 13,045,000	\$ 945,000	\$ 13,130,000	\$ 17,090,000
Total Bonds Payable					\$ 44,575,000	\$ 13,045,000	\$ 1,765,000	\$ 13,130,000	\$ 42,725,000

DISCRETELY PRESENTED MARION COUNTY SCHOOL DEPARTMENT

NOTES PAYABLE

Payable through General Purpose School Fund									
School Improvement and Technology Enhancement	90,000	0	1-10-01	1-10-11	\$ 9,000	\$ 0	\$ 9,000	\$ 0	\$ 0
South Pittsburg High School HVAC	500,000	4.55	5-16-05	3-16-17	314,698	0	40,694	0	274,004
Total Notes Payable					\$ 323,698	\$ 0	\$ 49,694	\$ 0	\$ 274,004

Exhibit K-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		
	Principal	Interest	Total
2012	\$ 125,827	\$ 5,391	\$ 131,218
2013	81,485	2,306	83,791
2014	5,158	457	5,615
2015	5,328	288	5,616
2016	5,503	113	5,616
Total	\$ 223,301	\$ 8,555	\$ 231,856

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 1,840,000	\$ 1,846,419	\$ 3,686,419
2013	2,005,000	1,665,448	3,670,448
2014	2,075,000	1,593,616	3,668,616
2015	2,135,000	1,519,087	3,654,087
2016	2,220,000	1,447,762	3,667,762
2017	2,285,000	1,372,548	3,657,548
2018	2,380,000	1,293,736	3,673,736
2019	2,450,000	1,200,545	3,650,545
2020	2,545,000	1,103,466	3,648,466
2021	2,650,000	1,000,681	3,650,681
2022	2,790,000	893,447	3,683,447
2023	2,915,000	772,857	3,687,857
2024	2,865,000	645,872	3,510,872
2025	1,695,000	515,183	2,210,183
2026	1,545,000	436,325	1,981,325
2027	1,640,000	368,600	2,008,600
2028	1,760,000	296,700	2,056,700
2029	1,855,000	219,017	2,074,017
2030	1,625,000	137,125	1,762,125
2031	1,450,000	65,250	1,515,250
Total	\$ 42,725,000	\$ 18,393,684	\$ 61,118,684

(Continued)

Exhibit K-2

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

DISCRETELY PRESENTED MARION
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Note		Total
	Principal	Interest	
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	\$ 274,004	\$ 37,852	\$ 311,856

Exhibit K-3

Marion County, Tennessee
Schedule of Investments
Discretely Presented Marion County School Department
June 30, 2011

<u>Fund and Type</u>	<u>Amount</u>
<u>Private Purpose Trust Fund</u>	
SunTrust Bank - U.S. Certificates of Deposit	\$ 53,238
Corporate Bonds - Bellsouth	63,073
Corporate Bonds - Public Service Co.	63,960
Corporate Bonds - JP Morgan Chase & Co.	64,148
Corporate Bonds - Verizon Communications	78,856
Corporate Bonds - General Electric	103,387
Corporate Bonds - Johnson & Johnson	<u>113,134</u>
Total Investments	<u>\$ 539,796</u>

Exhibit K-4

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Bridge construction	\$ 10,000
General	Solid Waste/Sanitation	Operations	50,000
Total Transfers Primary Government			<u>\$ 60,000</u>
<u>DISCRETELY PRESENTED MARION</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 81,417
School Federal Projects	General Purpose School	Salary reimbursements	121,741
Total Transfers Discretely Presented Marion County School Department			<u>\$ 203,158</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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Howell Moss (7-1-10 through 8-31-10)	Section 8-24-102, TCA, and County Commission	\$ 14,569 (1)	50,000	RLI Insurance
David Kirk (9-1-10 through 11-10-10)	Section 8-24-102, TCA, and County Commission	16,429 (2)	50,000	"
Gene Hargis, Interim (11-11-10 through 12-20-10)	Section 8-24-102, TCA, and County Commission	8,059 (3)	50,000	"
John Graham (12-21-10 through 6-30-11)	Section 8-24-102, TCA, and County Commission	41,537 (4)	50,000	"
Highway Supervisor:				
John Graham (7-1-10 through 12-20-10)	Section 8-24-102, TCA, and County Commission	32,668 (5)	100,000	"
Neil Webb (12-21-10 through 6-30-11)	Section 8-24-102, TCA, and County Commission	37,059 (6)	100,000	"
Director of Schools	State Board of Education and County Board of Education	77,004 (7)	50,000	"
Trustee:				
David Kirk (7-1-10 through 8-31-10)	Section 8-24-102, TCA	11,163	921,000	"
Sue Blevins (9-1-10 through 6-30-11)	Section 8-24-102, TCA	50,588	1,104,300	"
Assessor of Property	Section 8-24-102, TCA	61,751	10,000	"
County Clerk	Section 8-24-102, TCA	61,751	50,000	"
Circuit Court Clerk:				
Evelyn Griffith (7-1-10 through 8-31-10)	Section 8-24-102, TCA	11,163	50,000	"
Lonna Henderson (9-1-10 through 6-30-11)	Section 8-24-102, TCA	50,588	50,000	"

(Continued)

Marion County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Marion County School Department (Cont.)

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Clerk and Master	Section 8-24-102, TCA	\$ 61,751	\$ 50,000	RLI Insurance
Register	Section 8-24-102, TCA	61,751	25,000	"
Sheriff	Section 8-24-102, TCA	67,927 (8)	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 a local salary supplement of \$1,676.
- (2) Includes a local salary supplement of \$1,890.
- (3) Includes a local salary supplement of \$927.
- (4) Includes a local salary supplement of \$4,779.
- (5) Includes a local salary supplement of \$843.
- (6) Includes a local salary supplement of \$957.
- (7) Includes a chief executive officer training supplement of \$1,000.
- (8) Does not include a law enforcement training supplement of \$600.

Exhibit K-6

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,417,835	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	202,546	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	146,964	0	0	0	0	0
Interest and Penalty	49,175	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	25,945	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	7,002	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	255	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	299,235	0	0	0
Litigation Tax - General	71,593	0	0	0	0	0
Litigation Tax - Special Purpose	2,906	6,523	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	19,758	0	0	0	0	0
Business Tax	218,715	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	6,989
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	1,796	0	0	0	0	0
Total Local Taxes	\$ 4,164,490	\$ 6,523	\$ 299,235	\$ 0	\$ 0	\$ 6,989
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 78,041	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	2,376	0	0	0	0	0
Building Permits	47,162	0	0	0	0	0
Total Licenses and Permits	\$ 127,579	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 16,122	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	7,146	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	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Drug Control Fines	\$ 0	\$ 0	\$ 0	\$ 14,451	\$ 0	\$ 0
Jail Fees	465	0	0	0	0	0
DUI Treatment Fines	1,577	0	0	0	0	0
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	664	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	22,896	0	0	0	0	0
Officers Costs	23,997	0	0	0	0	0
Game and Fish Fines	962	0	0	0	0	0
Drug Court Fees	5,465	0	0	0	0	0
Jail Fees	7,973	0	0	0	0	0
DUI Treatment Fines	8,304	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,481	0	0	0	0	0
Courtroom Security Fee	3	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	699	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	139	0	0	0	0	0
Data Entry Fee - Chancery Court	342	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	10,444	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	244	0	0
Total Fines, Forfeitures, and Penalties	\$ 102,235	\$ 0	\$ 0	\$ 25,139	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Work Release Charges for Board	\$ 1,871	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	0	0	0	0	0	95,266

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Airport Fees	\$ 122,792	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Copy Fees	545	0	0	0	0	0
Telephone Commissions	12,983	0	0	0	0	0
Vending Machine Collections	7,894	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	359,680	0
Data Processing Fee - Register	8,256	0	0	0	0	0
Data Processing Fee - Sheriff	3,444	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,980	0	0	0	0	0
Data Processing Fee - County Clerk	224	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	9,845	0	0	0
Total Charges for Current Services	\$ 160,989	\$ 0	\$ 9,845	\$ 0	\$ 359,680	\$ 95,266
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 162,790	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	140,208	0	0	0	0	0
Sale of Recycled Materials	223	0	0	0	0	0
Miscellaneous Refunds	3,049	0	0	0	0	3,610
<u>Nonrecurring Items</u>						
Sale of Property	911	0	0	0	0	0
Damages Recovered from Individuals	5	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	93	0	0	0	0	0
Total Other Local Revenues	\$ 307,279	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,610
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 65,776	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	245,674	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	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	\$ 126,745	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Sessions Court Clerk	164,319	0	0	0	0	0
Clerk and Master	125,393	0	0	0	0	0
Register	92,699	0	0	0	0	0
Sheriff	10,462	0	0	0	0	0
Other Officials	193	0	0	0	0	0
Total Fees Received from County Officials	\$ 831,261	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 11,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	9,934	0	0	0	0	0
On-Behalf Contributions for OPEB	862	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	11,400	0	0	0	0	0
Health and Welfare Grants						
<u>Health Department Programs</u>						
Public Works Grants	100,114	0	0	0	0	0
State Aid Program	0	0	0	0	0	101,934
Litter Program	28,227	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	75,598	0	0	0	0	0
Beer Tax	2,333	0	0	0	0	0
Alcoholic Beverage Tax	30,651	0	0	0	0	0
Mixed Drink Tax	774	0	0	0	0	0
State Revenue Sharing - T.V.A.	315,798	0	157,899	0	0	0
Contracted Prisoner Boarding	220,605	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,753,052
Petroleum Special Tax	0	0	0	0	0	22,307
Registrar's Salary Supplement	15,164	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	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Grants	\$ 240,507	\$ 0	\$ 4,792	\$ 0	\$ 0	\$ 0
Other State Revenues	2,192	0	0	0	0	0
Total State of Tennessee	\$ 1,065,659	\$ 0	\$ 162,691	\$ 0	\$ 0	\$ 1,877,293
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 40,174	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	133,806	0	0	0	0	0
Law Enforcement Grants	10,122	0	0	0	0	0
Other Federal through State	519,868	0	0	0	0	0
<u>Direct Federal Revenue</u>	15,782	0	0	0	0	0
Other Direct Federal Revenue	719,752	0	0	0	0	0
Total Federal Government	\$ 719,752	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	196,493	0	0	0	0	0
Citizens Groups						
Donations	480	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 196,973	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 7,676,217	\$ 6,523	\$ 471,771	\$ 25,139	\$ 359,680	\$ 1,983,158

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Education Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 525,048	\$ 1,164,023	\$ 0	\$ 0	\$ 0	\$ 5,106,906
Trustee's Collections - Prior Year	27,694	72,535	0	0	0	302,775
Circuit/Clerk & Master Collections - Prior Years	21,406	56,239	0	0	0	224,609
Interest and Penalty	5,820	14,779	0	0	0	69,774
Payments in-Lieu-of Taxes - T.V.A.	3,547	9,434	0	0	0	38,926
Payments in-Lieu-of Taxes - Local Utilities	957	2,545	0	0	0	10,504
Payments in-Lieu-of Taxes - Other	39	88	0	0	0	382
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	1,387,422	0	0	1,686,657
Litigation Tax - General	0	0	0	0	0	71,593
Litigation Tax - Special Purpose	0	0	0	0	0	9,429
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	19,758
Business Tax	0	0	0	0	0	218,715
Mineral Severance Tax	0	0	0	0	0	6,989
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	0	0	0	0	0	1,796
Total Local Taxes	\$ 584,511	\$ 1,319,643	\$ 1,387,422	\$ 0	\$ 0	\$ 7,768,813
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	0	0	0	0	0	78,041
<u>Permits</u>						
Beer Permits	0	0	0	0	0	2,376
Building Permits	0	0	0	0	0	47,162
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 127,579
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	0	0	0	0	0	16,122
Officers Costs	0	0	0	0	0	7,146

(Continued)

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

	Debt Service Funds			Capital Projects Fund			Total
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Education Capital Projects	Education Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Drug Control Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	14,451
Jail Fees	0	0	0	0	0	0	465
DUI Treatment Fines	0	0	0	0	0	0	1,577
<u>Criminal Court</u>							
Data Entry Fee - Criminal Court	0	0	0	0	0	0	664
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	22,896
Officers Costs	0	0	0	0	0	0	23,997
Game and Fish Fines	0	0	0	0	0	0	962
Drug Court Fees	0	0	0	0	0	0	5,465
Jail Fees	0	0	0	0	0	0	7,973
DUI Treatment Fines	0	0	0	0	0	0	8,304
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	5,481
Courtroom Security Fee	0	0	0	0	0	0	3
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	699
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	139
Data Entry Fee - Chancery Court	0	0	0	0	0	0	342
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	10,444
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	244
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	127,374
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Work Release Charges for Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,871
Other General Service Charges	0	0	0	0	0	0	95,266

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects		
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Airport Fees	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	122,792
Copy Fees	0	0	0	0	0	545
Telephone Commissions	0	0	0	0	0	12,383
Vending Machine Collections	0	0	0	0	0	7,894
Constitutional Officers' Fees and Commissions	0	0	0	0	0	359,680
Data Processing Fee - Register	0	0	0	0	0	8,256
Data Processing Fee - Sheriff	0	0	0	0	0	3,444
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	2,980
Data Processing Fee - County Clerk	0	0	0	0	0	224
<u>Other Charges for Services</u>						
Other Charges for Services	0 \$	0 \$	0 \$	0 \$	0 \$	9,845
Total Charges for Current Services	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	625,780
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	0 \$	0 \$	21,478 \$	13,195 \$	0 \$	197,463
Lease/Rentals	0	0	0	0	0	140,208
Sale of Recycled Materials	0	0	0	0	0	223
Miscellaneous Refunds	0	0	0	0	0	6,659
<u>Nonrecurring Items</u>						
Sale of Property	0	0	0	0	0	911
Damages Recovered from Individuals	0	0	0	0	0	5
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	93
Total Other Local Revenues	\$ 0 \$	0 \$	21,478 \$	13,195 \$	0 \$	345,562
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	65,776
Trustee	0	0	0	0	0	245,674

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects		
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	126,745
General Sessions Court Clerk	0	0	0	0	0	164,319
Clerk and Master	0	0	0	0	0	125,393
Register	0	0	0	0	0	92,699
Sheriff	0	0	0	0	0	10,462
Other Officials	0	0	0	0	0	193
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	831,261
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	11,500
Airport Maintenance Program	0	0	0	0	0	9,934
On-Behalf Contributions for OPEB	0	0	0	0	0	862
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	11,400
Health and Welfare Grants	0	0	0	0	0	100,114
<u>Health Department Programs</u>						
Public Works Grants	0	0	0	0	0	101,934
State Aid Program	0	0	0	0	0	28,227
Litter Program	0	0	0	0	0	
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	75,598
Beer Tax	0	0	0	0	0	2,333
Alcoholic Beverage Tax	0	0	0	0	0	30,651
Mixed Drink Tax	0	0	0	0	0	774
State Revenue Sharing - T.V.A.	0	0	0	0	0	473,697
Contracted Prisoner Boarding	0	0	0	0	0	220,605
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,753,052
Petroleum Special Tax	0	0	0	0	0	22,307
Registrar's Salary Supplement	0	0	0	0	0	15,164

(Continued)

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

	Debt Service Funds			Capital Projects Fund		Total
	General Debt Service	Rural Debt Service	Education Debt Service	Education Capital Projects	Education Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Grants	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	245,299
Other State Revenues	0	0	0	0	0	2,192
Total State of Tennessee	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	3,105,643
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	40,174
Homeland Security Grants	0	0	0	0	0	133,806
Law Enforcement Grants	0	0	0	0	0	10,122
Other Federal through State	0	0	0	0	0	519,868
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	0	15,782
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	719,752
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0 \$	836,610 \$	0 \$	0 \$	0 \$	836,610
Contracted Services	0	0	0	0	0	196,493
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	480
Total Other Governments and Citizens Groups	\$ 0 \$	836,610 \$	0 \$	0 \$	0 \$	1,033,583
Total	\$ 584,511 \$	2,156,253 \$	1,408,900 \$	13,195 \$	0 \$	14,685,347

Exhibit K-7

Marion County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Marion County School Department
For the Year Ended June 30, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,256,111	\$ 0	\$ 0	\$ 4,256,111
Trustee's Collections - Prior Year	288,559	0	0	288,559
Circuit/Clerk & Master Collections - Prior Years	177,866	0	0	177,866
Interest and Penalty	50,793	0	0	50,793
Payments in-Lieu-of Taxes - T.V.A.	29,948	0	0	29,948
Payments in-Lieu-of Taxes - Local Utilities	8,743	0	0	8,743
Payments in-Lieu-of Taxes - Other	430	0	0	430
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,909,980	0	0	2,909,980
Hotel/Motel Tax	12,233	0	0	12,233
<u>Statutory Local Taxes</u>				
Bank Excise Tax	61,187	0	0	61,187
Wholesale Beer Tax	136,998	0	0	136,998
Interstate Telecommunications Tax	1,457	0	0	1,457
Total Local Taxes	\$ 7,934,305	\$ 0	\$ 0	\$ 7,934,305
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,148	\$ 0	\$ 0	\$ 2,148
Total Licenses and Permits	\$ 2,148	\$ 0	\$ 0	\$ 2,148
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 1,425	\$ 0	\$ 0	\$ 1,425
Tuition - Out-of-State Systems	657	0	0	657
Lunch Payments - Children	0	0	427,938	427,938
Lunch Payments - Adults	0	0	65,465	65,465
Income from Breakfast	0	0	44,988	44,988
A la carte Sales	0	0	281,772	281,772
Receipts from Individual Schools	5,268	0	0	5,268
Community Service Fees - Children	184,874	0	0	184,874
TBI Criminal Background Fees	6,720	0	0	6,720
Total Charges for Current Services	\$ 198,944	\$ 0	\$ 820,163	\$ 1,019,107
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 23,692	\$ 23,692
Lease/Rentals	450	0	0	450
Miscellaneous Refunds	148,919	0	0	148,919
<u>Nonrecurring Items</u>				
Sale of Property	500	0	0	500
<u>Other Local Revenues</u>				
Other Local Revenues	186	0	0	186
Total Other Local Revenues	\$ 150,055	\$ 0	\$ 23,692	\$ 173,747

(Continued)

Exhibit K-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	Total
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 116,479	\$ 0	\$ 0	\$ 116,479
<u>State Education Funds</u>				
Basic Education Program	16,920,955	0	0	16,920,955
Basic Education Program - ARRA	1,698,045	0	0	1,698,045
School Food Service	0	0	23,449	23,449
Driver Education	2,745	0	0	2,745
Other State Education Funds	407,989	0	0	407,989
Coordinated School Health - ARRA	95,000	0	0	95,000
Internet Connectivity - ARRA	12,808	0	0	12,808
Statewide Student Management System (SSMS) - ARRA	10,812	0	0	10,812
Career Ladder Program	182,509	0	0	182,509
Career Ladder - Extended Contract - ARRA	125,844	0	0	125,844
Other Vocational	25,000	0	0	25,000
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	654,153	0	0	654,153
Safe Schools - ARRA	15,999	0	0	15,999
Total State of Tennessee	\$ 20,268,338	\$ 0	\$ 23,449	\$ 20,291,787
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,063,353	\$ 1,063,353
USDA - Commodities	0	0	145,444	145,444
Breakfast	0	0	354,278	354,278
Adult Education State Grant Program	102,049	0	0	102,049
Vocational Education - Basic Grants to States	0	76,995	0	76,995
Title I Grants to Local Education Agencies	0	1,232,676	0	1,232,676
Special Education - Grants to States	21,709	1,501,221	0	1,522,930
Special Education Preschool Grants	0	50,551	0	50,551
Safe and Drug-free Schools - State Grants	111,930	0	0	111,930
Eisenhower Professional Development State Grants	0	285,204	0	285,204
Race to the Top - ARRA	0	156,924	0	156,924
Other Federal through State	38,566	131,871	0	170,437
Total Federal Government	\$ 274,254	\$ 3,435,442	\$ 1,563,075	\$ 5,272,771
Total	\$ 28,828,044	\$ 3,435,442	\$ 2,430,379	\$ 34,693,865

Exhibit K-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	38,100	
Social Security		2,601	
Dues and Memberships		2,466	
Legal Services		43,814	
Legal Notices, Recording, and Court Costs		1,172	
Travel		127	
Total County Commission			\$ 88,280

Board of Equalization

Board and Committee Members Fees	\$	1,860	
Total Board of Equalization			1,860

Beer Board

Board and Committee Members Fees	\$	2,700	
Social Security		86	
Total Beer Board			2,786

Budget and Finance Committee

Board and Committee Members Fees	\$	4,200	
Social Security		189	
Total Budget and Finance Committee			4,389

County Mayor/Executive

County Official/Administrative Officer	\$	80,594	
Accountants/Bookkeepers		28,417	
Secretary(ies)		28,417	
Other Salaries and Wages		7,104	
Social Security		11,554	
State Retirement		11,008	
Employee and Dependent Insurance		12,904	
Unemployment Compensation		105	
Communication		1,185	
Dues and Memberships		1,670	
Legal Notices, Recording, and Court Costs		150	
Maintenance and Repair Services - Equipment		6,177	
Maintenance and Repair Services - Vehicles		842	
Postal Charges		754	
Travel		1,784	
Gasoline		992	
Office Supplies		4,988	
Total County Mayor/Executive			198,645

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	48,653	
Deputy(ies)		5,921	
Part-time Personnel		10,431	
Election Commission		5,900	
Election Workers		36,400	
Social Security		4,839	
State Retirement		3,211	
Employee and Dependent Insurance		4,800	
Unemployment Compensation		213	
Audit Services		21,359	
Contracts with Private Agencies		28,402	
Legal Notices, Recording, and Court Costs		2,443	
Postal Charges		3,472	
Travel		6,594	
Office Supplies		5,701	
Other Charges		25	
Principal on Notes		39,957	
Interest on Notes		4,344	
Total Election Commission			\$ 232,665

Register of Deeds

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		29,498	
Clerical Personnel		28,417	
Other Salaries and Wages		28,417	
Social Security		10,876	
State Retirement		9,774	
Employee and Dependent Insurance		4,800	
Unemployment Compensation		216	
Data Processing Services		6,607	
Dues and Memberships		483	
Maintenance and Repair Services - Equipment		412	
Postal Charges		262	
Travel		322	
Office Supplies		3,303	
Office Equipment		3,000	
Total Register of Deeds			188,138

Development

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

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Building

Supervisor/Director	\$	52,640	
Clerical Personnel		28,417	
Part-time Personnel		6,126	
Other Salaries and Wages		7,082	
In-Service Training		610	
Social Security		6,635	
State Retirement		5,817	
Unemployment Compensation		144	
Advertising		990	
Communication		1,158	
Contracts with Government Agencies		9,250	
Dues and Memberships		390	
Legal Notices, Recording, and Court Costs		20	
Postal Charges		235	
Travel		7,379	
Office Supplies		4,784	
Premiums on Corporate Surety Bonds		263	
Total Building			\$ 131,940

County Buildings

Custodial Personnel	\$	39,630	
Other Salaries and Wages		2,500	
Social Security		4,682	
State Retirement		3,491	
Employee and Dependent Insurance		9,600	
Unemployment Compensation		144	
Maintenance and Repair Services - Equipment		24,165	
Other Contracted Services		27,430	
Utilities		215,944	
Other Supplies and Materials		80,797	
Building Improvements		26,351	
Office Equipment		645	
Other Construction		35,000	
Total County Buildings			470,379

Other General Administration

Maintenance Personnel	\$	37,940	
Overtime Pay		9,264	
Other Salaries and Wages		31,052	
Social Security		5,892	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

State Retirement	\$	5,165	
Employee and Dependent Insurance		2,239	
Unemployment Compensation		144	
On-Behalf Payments to OPEB		862	
Communication		1,842	
Maintenance and Repair Services - Vehicles		28	
Travel		8,883	
Total Other General Administration			\$ 103,311

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Secretary(ies)		28,417	
Clerical Personnel		28,417	
Other Salaries and Wages		28,417	
Social Security		11,012	
State Retirement		9,702	
Employee and Dependent Insurance		9,392	
Unemployment Compensation		216	
Audit Services		9,820	
Dues and Memberships		20	
Legal Notices, Recording, and Court Costs		88	
Maintenance and Repair Services - Equipment		1,521	
Postal Charges		706	
Travel		2,310	
Office Supplies		5,061	
Office Equipment		8,613	
Total Property Assessor's Office			205,463

Reappraisal Program

Clerical Personnel	\$	14,138	
Other Salaries and Wages		28,417	
Social Security		3,129	
State Retirement		1,876	
Employee and Dependent Insurance		4,800	
Unemployment Compensation		147	
Communication		606	
Data Processing Services		3,511	
Travel		3,000	
Other Contracted Services		12,184	
Total Reappraisal Program			71,808

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

State Retirement	\$	8,140	
Employee and Dependent Insurance		18,800	
Dues and Memberships		468	
Legal Notices, Recording, and Court Costs		35	
Maintenance and Repair Services - Equipment		8,692	
Postal Charges		7,119	
Office Supplies		6,771	
Office Equipment		1,415	
Total County Trustee's Office			\$ 51,440

County Clerk's Office

State Retirement	\$	12,253	
Dues and Memberships		468	
Maintenance and Repair Services - Equipment		11,871	
Postal Charges		5,439	
Office Supplies		5,210	
Total County Clerk's Office			35,241

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		229,696	
Other Salaries and Wages		25,598	
Jury and Witness Expense		18,873	
Social Security		23,465	
State Retirement		19,746	
Employee and Dependent Insurance		22,915	
Unemployment Compensation		723	
Data Processing Services		26,400	
Dues and Memberships		468	
Maintenance and Repair Services - Equipment		3,854	
Postal Charges		1,782	
Travel		325	
Office Supplies		10,658	
Other Charges		1,880	
Total Circuit Court			448,134

General Sessions Court

Judge(s)	\$	96,433	
Social Security		7,303	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

State Retirement	\$	6,365	
Travel		3,349	
Library Books/Media		2,779	
Total General Sessions Court			\$ 116,229

Drug Court

Drug Treatment	\$	22,489	
Total Drug Court			22,489

Chancery Court

County Official/Administrative Officer	\$	61,751	
Accountants/Bookkeepers		25,711	
Part-time Personnel		9,742	
Other Salaries and Wages		26,430	
Social Security		9,193	
State Retirement		7,517	
Employee and Dependent Insurance		9,332	
Unemployment Compensation		261	
Dues and Memberships		468	
Legal Notices, Recording, and Court Costs		50	
Maintenance and Repair Services - Equipment		9,211	
Postal Charges		6,996	
Office Supplies		4,480	
Refunds		9,000	
Total Chancery Court			180,142

Juvenile Court

Judge(s)	\$	57,860	
Assistant(s)		30,535	
Probation Officer(s)		28,417	
Clerical Personnel		14,493	
Overtime Pay		8,791	
Other Salaries and Wages		15,258	
Social Security		11,548	
State Retirement		8,290	
Employee and Dependent Insurance		4,800	
Unemployment Compensation		278	
Postal Charges		229	
Travel		3,483	
Other Contracted Services		5,481	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Instructional Supplies and Materials	\$	900	
Office Supplies		1,270	
Office Equipment		1,650	
Total Juvenile Court			\$ 193,283

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927	
Deputy(ies)		595,159	
Investigator(s)		33,102	
Accountants/Bookkeepers		7,009	
Salary Supplements		11,400	
Dispatchers/Radio Operators		304,299	
Attendants		54,454	
Part-time Personnel		7,097	
Overtime Pay		158,532	
Other Salaries and Wages		106,375	
In-Service Training		6,936	
Social Security		101,168	
State Retirement		85,560	
Employee and Dependent Insurance		108,947	
Unemployment Compensation		2,905	
Data Processing Services		29,808	
Dues and Memberships		2,000	
Maintenance and Repair Services - Equipment		2,180	
Postal Charges		394	
Rentals		2,680	
Gasoline		113,331	
Office Supplies		5,694	
Tires and Tubes		6,614	
Uniforms		6,307	
Vehicle Parts		44,862	
Refunds		200	
Other Charges		7,038	
Principal on Notes		77,945	
Interest on Notes		3,356	
Principal on Capital Leases		7,583	
Interest on Capital Leases		96	
Communication Equipment		16,987	
Law Enforcement Equipment		23,579	

(Continued)

Exhibit K-8

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Sheriff's Department (Cont.)</u>		
Transportation Equipment	\$ 80,062	
Other Equipment	12,650	
Total Sheriff's Department		\$ 2,094,236
<u>Drug Enforcement</u>		
Motor Vehicles	\$ 25,817	
Total Drug Enforcement		25,817
<u>Jail</u>		
Guards	\$ 374,502	
Cafeteria Personnel	53,063	
Part-time Personnel	3,561	
Overtime Pay	55,700	
Other Salaries and Wages	22,321	
In-Service Training	723	
Social Security	40,909	
State Retirement	31,596	
Employee and Dependent Insurance	44,879	
Unemployment Compensation	1,426	
Medical and Dental Services	198,753	
Food Supplies	102,483	
Office Supplies	2,541	
Prisoners Clothing	2,914	
Uniforms	877	
Other Charges	36,349	
Total Jail		972,597
<u>Fire Prevention and Control</u>		
Contributions	\$ 2,000	
Other Contracted Services	184,101	
Total Fire Prevention and Control		186,101
<u>Civil Defense</u>		
Contributions	\$ 2,700	
Equipment and Machinery Parts	135,495	
Total Civil Defense		138,195
<u>Rescue Squad</u>		
Contributions	\$ 10,000	
Total Rescue Squad		10,000

(Continued)

Exhibit K-8

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Other Emergency Management</u>		
Matching Share	\$ 4,296	
Total Other Emergency Management		\$ 4,296
<u>Public Health and Welfare</u>		
<u>Local Health Center</u>		
Contributions	\$ 73,257	
Other Contracted Services	99,620	
Total Local Health Center		172,877
<u>Ambulance/Emergency Medical Services</u>		
Ambulance Services	\$ 180,000	
Total Ambulance/Emergency Medical Services		180,000
<u>Alcohol and Drug Programs</u>		
Other Salaries and Wages	\$ 2,400	
Other Supplies and Materials	1,824	
Total Alcohol and Drug Programs		4,224
<u>Other Local Health Services</u>		
Contracts with Other Public Agencies	\$ 75,000	
Pauper Burials	300	
Other Contracted Services	17,696	
Other Charges	766	
Total Other Local Health Services		93,762
<u>Sanitation Education/Information</u>		
Guards	\$ 14,050	
Clerical Personnel	18,695	
Social Security	180	
State Retirement	95	
Employee and Dependent Insurance	182	
Unemployment Compensation	8	
Other Fringe Benefits	3,029	
Travel	2,185	
Gasoline	1,377	
Instructional Supplies and Materials	1,939	
Library Books/Media	4,012	
Other Supplies and Materials	52	
Total Sanitation Education/Information		45,804

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Libraries

Contributions	\$ 134,331	
Total Libraries		\$ 134,331

Parks and Fair Boards

Custodial Personnel	\$ 18,000	
Contributions	1,030	
Total Parks and Fair Boards		19,030

Agriculture and Natural Resources

Agriculture Extension Service

Contributions	\$ 45,313	
Maintenance and Repair Services - Equipment	525	
Office Equipment	600	
Total Agriculture Extension Service		46,438

Soil Conservation

Clerical Personnel	\$ 28,417	
Social Security	2,132	
State Retirement	1,876	
Unemployment Compensation	72	
Office Supplies	291	
Other Charges	220	
Total Soil Conservation		33,008

Other Operations

Industrial Development

Dues and Memberships	\$ 8,615	
Total Industrial Development		8,615

Other Economic and Community Development

Other Contracted Services	\$ 4,400	
Water and Sewer	46,043	
Other Charges	395,584	
Total Other Economic and Community Development		446,027

Airport

Supervisor/Director	\$ 29,598	
Temporary Personnel	8,392	
Social Security	2,797	
State Retirement	1,953	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Airport (Cont.)

Employee and Dependent Insurance	\$	4,800	
Unemployment Compensation		139	
Dues and Memberships		45	
Legal Notices, Recording, and Court Costs		541	
Travel		870	
Fuel Oil		38,520	
Office Supplies		819	
Utilities		11,350	
Liability Insurance		2,642	
Other Charges		1,607	
Other Construction		285,079	
Total Airport			\$ 389,152

Veterans' Services

Supervisor/Director	\$	5,809	
Social Security		421	
Unemployment Compensation		46	
Contributions		3,000	
Uniforms		1,000	
Other Charges		93	
Total Veterans' Services			10,369

Other Charges

Audit Services	\$	8,333	
Building and Contents Insurance		30,613	
Liability Insurance		54,727	
Premiums on Corporate Surety Bonds		15,726	
Trustee's Commission		99,631	
Vehicle and Equipment Insurance		17,399	
Workers' Compensation Insurance		62,498	
Total Other Charges			288,927

Total General Fund \$ 8,070,428

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	3,962	
Total County Buildings			\$ 3,962

(Continued)

Exhibit K-8

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

Courthouse and Jail Maintenance Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 66	
Total Other Charges	<u>66</u>	\$ 66

Total Courthouse and Jail Maintenance Fund \$ 4,028

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$ 53,777	
Part-time Personnel	150,168	
Other Salaries and Wages	6,468	
Social Security	16,026	
State Retirement	3,490	
Employee and Dependent Insurance	1,854	
Unemployment Compensation	1,350	
Maintenance and Repair Services - Equipment	3,565	
Disposal Fees	207,615	
Diesel Fuel	17,982	
Tires and Tubes	5,220	
Uniforms	2,464	
Utilities	16,691	
Gravel and Chert	718	
Other Supplies and Materials	1,938	
Other Charges	948	
Land	<u>25,248</u>	
Total Convenience Centers		\$ 515,522

Other Waste Collection

Tires and Tubes	\$ 21,738	
Total Other Waste Collection		21,738

Other Operations

Other Charges

Trustee's Commission	\$ 4,594	
Total Other Charges	<u>4,594</u>	<u>4,594</u>

Total Solid Waste/Sanitation Fund 541,854

(Continued)

Exhibit K-8

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

Drug Control Fund

Public Safety

Drug Enforcement

Accountants/Bookkeepers	\$	3,000	
Secretary(ies)		3,000	
Overtime Pay		21,058	
Social Security		2,146	
State Retirement		151	
Unemployment Compensation		9	
Contributions		1,000	
Confidential Drug Enforcement Payments		8,000	
Veterinary Services		387	
Animal Food and Supplies		552	
Law Enforcement Supplies		1,980	
Refunds		3,713	
Law Enforcement Equipment		1,396	
Total Drug Enforcement			\$ 46,392

Other Operations

Other Charges

Trustee's Commission	\$	280	
Total Other Charges			<u>280</u>

Total Drug Control Fund \$ 46,672

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	162,657	
Total County Trustee's Office			\$ 162,657

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	206,908	
Total County Clerk's Office			<u>206,908</u>

Total Constitutional Officers - Fees Fund 369,565

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,927	
Assistant(s)		67,669	
Accountants/Bookkeepers		70,887	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Salary Supplements	\$	1,800	
Communication		8,392	
Data Processing Services		4,850	
Dues and Memberships		3,664	
Evaluation and Testing		1,700	
Legal Notices, Recording, and Court Costs		34	
Postal Charges		581	
Travel		2,602	
Other Contracted Services		3,305	
Office Supplies		1,380	
Other Charges		19,525	
Total Administration			\$ 254,316

Highway and Bridge Maintenance

Foremen	\$	62,767	
Equipment Operators		70,834	
Truck Drivers		220,146	
Laborers		172,533	
Operating Lease Payments		1,000	
Rentals		1,008	
Asphalt - Cold Mix		6,230	
Asphalt - Hot Mix		141,372	
Asphalt - Liquid		15,119	
Crushed Stone		54,262	
Pipe - Metal		10,761	
Road Signs		4,824	
Salt		13,025	
Sand		4,143	
Other Supplies and Materials		6,842	
Total Highway and Bridge Maintenance			784,866

Operation and Maintenance of Equipment

Mechanic(s)	\$	69,382	
Nightwatchmen		34,271	
Diesel Fuel		39,086	
Equipment and Machinery Parts		46,199	
Garage Supplies		8,975	
Gasoline		51,877	
Lubricants		4,816	
Propane Gas		1,310	

(Continued)

Exhibit K-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.)

Tires and Tubes	\$ 7,408	
Total Operation and Maintenance of Equipment		\$ 263,324

Other Charges

Electricity	\$ 8,437	
Water and Sewer	159	
Building and Contents Insurance	1,082	
Liability Insurance	3,980	
Trustee's Commission	18,035	
Vehicle and Equipment Insurance	24,770	
Total Other Charges		56,463

Employee Benefits

Social Security	\$ 63,958	
State Retirement	53,929	
Employee and Dependent Insurance	166,509	
Unemployment Compensation	39	
Workers' Compensation Insurance	78,582	
Total Employee Benefits		363,017

Capital Outlay

Bridge Construction	\$ 46,620	
Building Improvements	2,102	
Communication Equipment	1,244	
Data Processing Equipment	732	
State Aid Projects	122,143	
Total Capital Outlay		172,841

Total Highway/Public Works Fund		\$ 1,894,827
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General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 11,619	
Total Other Charges		\$ 11,619

Principal on Debt

General Government

Principal on Bonds	\$ 305,000	
Total General Government		305,000

(Continued)

Exhibit K-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	\$ 286,490	
Total General Government		\$ 286,490

Other Debt Service

General Government

Other Charges	\$ 850	
Total General Government		<u>850</u>

Total General Debt Service Fund		\$ 603,959
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Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 945,000	
Total Education		\$ 945,000

Interest on Debt

Education

Interest on Bonds	\$ 831,509	
Total Education		831,509

Other Debt Service

Education

Trustee's Commission	\$ 26,229	
Other Charges	449	
Underwriter's Discount	107,431	
Other Debt Issuance Charges	<u>72,892</u>	
Total Education		<u>207,001</u>

Total Rural Debt Service Fund		1,983,510
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Education Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 14,022	
Total Other Charges		\$ 14,022

Principal on Debt

Education

Principal on Bonds	\$ 515,000	
Total Education		515,000

(Continued)

Exhibit K-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	\$	841,450	
Total Education			\$ 841,450
Total Education Debt Service Fund			\$ 1,370,472
<u>Education Capital Projects Fund</u>			
<u>Other Operations</u>			
<u>Other Charges</u>			
Trustee's Commission	\$	178	
Total Other Charges			\$ 178
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Architects	\$	40,934	
Other Contracted Services		28,096	
Total Education Capital Projects			69,030
Total Education Capital Projects Fund			69,208
Total Governmental Funds - Primary Government			\$ 14,954,523

Exhibit K-9

Marion County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Marion County School Department
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	8,840,211	
Career Ladder Program		101,920	
Career Ladder Extended Contracts		51,500	
Homebound Teachers		20,048	
Educational Assistants		311,987	
Other Salaries and Wages		94,605	
Certified Substitute Teachers		15,422	
Non-certified Substitute Teachers		199,379	
Social Security		571,304	
State Retirement		837,972	
Medical Insurance		1,468,109	
Employer Medicare		134,095	
Other Contracted Services		5,640	
Instructional Supplies and Materials		48,468	
Textbooks		659,506	
Other Supplies and Materials		131,459	
Other Charges		2,550	
Regular Instruction Equipment		36,121	
Total Regular Instruction Program			\$ 13,530,296

Alternative Instruction Program

Teachers	\$	74,825	
Social Security		4,465	
State Retirement		6,772	
Medical Insurance		12,090	
Employer Medicare		1,044	
Other Contracted Services		174	
Instructional Supplies and Materials		634	
Other Supplies and Materials		1,606	
Other Equipment		1,994	
Total Alternative Instruction Program			103,604

Special Education Program

Teachers	\$	1,135,714
Career Ladder Program		11,000
Homebound Teachers		14,274
Educational Assistants		155,910
Speech Pathologist		142,830
Other Salaries and Wages		14,426

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Certified Substitute Teachers	\$	3,128	
Non-certified Substitute Teachers		37,565	
Social Security		87,618	
State Retirement		125,346	
Medical Insurance		293,518	
Employer Medicare		20,911	
Contracts with Private Agencies		23,699	
Other Contracted Services		163,466	
Instructional Supplies and Materials		5,800	
Other Supplies and Materials		11,148	
Special Education Equipment		20,149	
Total Special Education Program			\$ 2,266,502

Vocational Education Program

Teachers	\$	917,995	
Career Ladder Program		10,000	
Certified Substitute Teachers		275	
Non-certified Substitute Teachers		14,933	
Social Security		55,929	
State Retirement		83,395	
Medical Insurance		143,177	
Employer Medicare		13,080	
Maintenance and Repair Services - Equipment		871	
Other Contracted Services		9,243	
Instructional Supplies and Materials		7,988	
Textbooks		17,627	
Other Supplies and Materials		46,034	
Other Charges		210	
Vocational Instruction Equipment		61,949	
Total Vocational Education Program			1,382,706

Adult Education Program

Teachers	\$	129,018
Career Ladder Program		2,000
Other Salaries and Wages		13,000
Social Security		7,940
State Retirement		11,290
Medical Insurance		17,550
Employer Medicare		2,085

(Continued)

Exhibit K-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.)

Other Contracted Services	\$	773	
Instructional Supplies and Materials		13,509	
Other Supplies and Materials		2,327	
Other Charges		561	
Other Equipment		3,323	
Total Adult Education Program			\$ 203,376

Support Services

Attendance

Supervisor/Director	\$	58,609	
Career Ladder Program		850	
Social Workers		27,434	
Social Security		5,264	
State Retirement		7,192	
Medical Insurance		10,854	
Employer Medicare		1,231	
Travel		2,802	
Other Supplies and Materials		1,176	
Total Attendance			115,412

Health Services

Medical Personnel	\$	115,720	
Other Salaries and Wages		115,054	
Social Security		13,694	
State Retirement		13,760	
Medical Insurance		33,287	
Employer Medicare		3,203	
Maintenance and Repair Services - Equipment		384	
Travel		4,653	
Other Contracted Services		7,382	
Drugs and Medical Supplies		2,381	
Other Supplies and Materials		5,652	
In Service/Staff Development		789	
Other Charges		7,113	
Health Equipment		282	
Total Health Services			323,354

Other Student Support

Career Ladder Program	\$	2,000	
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(Continued)

Exhibit K-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 (Cont.)

Guidance Personnel	\$	389,960	
Clerical Personnel		20,960	
Other Salaries and Wages		7,116	
Social Security		24,985	
State Retirement		36,731	
Medical Insurance		68,289	
Employer Medicare		5,938	
Evaluation and Testing		80,327	
Travel		2,659	
Other Contracted Services		919	
Other Supplies and Materials		914	
In Service/Staff Development		3,336	
Total Other Student Support			\$ 644,134

Regular Instruction Program

Supervisor/Director	\$	138,606	
Career Ladder Program		10,000	
Librarians		414,322	
Secretary(ies)		28,356	
Social Security		32,372	
State Retirement		48,660	
Medical Insurance		70,312	
Employer Medicare		8,222	
Travel		10,109	
Other Contracted Services		4,344	
Library Books/Media		74,277	
Other Supplies and Materials		354	
In Service/Staff Development		39,799	
Other Charges		16,174	
Total Regular Instruction Program			895,907

Special Education Program

Supervisor/Director	\$	66,384	
Career Ladder Program		5,000	
Social Security		4,419	
State Retirement		6,460	
Medical Insurance		5,746	
Employer Medicare		1,033	
Maintenance and Repair Services - Equipment		334	

(Continued)

Exhibit K-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	\$	12,631	
Other Contracted Services		972	
Other Supplies and Materials		7,801	
In Service/Staff Development		14,262	
Other Equipment		887	
Total Special Education Program			\$ 125,929

Vocational Education Program

Supervisor/Director	\$	71,670	
Career Ladder Program		1,000	
Social Security		4,252	
State Retirement		6,577	
Medical Insurance		8,352	
Employer Medicare		994	
Travel		1,823	
Other Contracted Services		360	
Other Supplies and Materials		446	
In Service/Staff Development		97	
Other Charges		55	
Total Vocational Education Program			95,626

Adult Programs

Supervisor/Director	\$	64,404	
Career Ladder Program		1,000	
Other Salaries and Wages		26,340	
Social Security		5,370	
State Retirement		7,657	
Medical Insurance		11,745	
Employer Medicare		1,256	
Travel		1,471	
Total Adult Programs			119,243

Other Programs

On-Behalf Payments to OPEB	\$	116,479	
Total Other Programs			116,479

Board of Education

Board and Committee Members Fees	\$	16,200	
Social Security		1,004	

(Continued)

Exhibit K-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.)

Unemployment Compensation	\$	9,315	
Employer Medicare		235	
Other Fringe Benefits		645	
Audit Services		5,200	
Dues and Memberships		4,727	
Legal Services		60,541	
Travel		15,032	
Trustee's Commission		186,204	
Workers' Compensation Insurance		67,801	
Criminal Investigation of Applicants - TBI		8,160	
Other Charges		3,513	
Total Board of Education			\$ 378,577

Director of Schools

County Official/Administrative Officer	\$	77,004	
Career Ladder Extended Contracts		1,000	
Secretary(ies)		34,416	
Clerical Personnel		26,352	
Social Security		8,487	
State Retirement		10,905	
Medical Insurance		16,529	
Employer Medicare		1,985	
Communication		56,670	
Dues and Memberships		2,900	
Maintenance and Repair Services - Equipment		10,606	
Postal Charges		1,957	
Travel		12,285	
Other Contracted Services		12,181	
Office Supplies		4,481	
Other Charges		59	
Administration Equipment		2,711	
Total Director of Schools			280,528

Office of the Principal

Principals	\$	572,442	
Career Ladder Program		15,000	
Assistant Principals		386,437	
Secretary(ies)		353,124	
Other Salaries and Wages		3,811	

(Continued)

Exhibit K-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.)

Social Security	\$	79,318	
State Retirement		111,730	
Medical Insurance		241,227	
Employer Medicare		18,550	
Other Contracted Services		12,058	
Total Office of the Principal			\$ 1,793,697

Fiscal Services

Supervisor/Director	\$	72,318	
Accountants/Bookkeepers		116,001	
Other Salaries and Wages		26,529	
Social Security		13,270	
State Retirement		14,240	
Medical Insurance		28,154	
Employer Medicare		3,103	
Data Processing Services		15,165	
Dues and Memberships		904	
Maintenance and Repair Services - Equipment		307	
Travel		3,256	
Data Processing Supplies		4,128	
Office Supplies		2,747	
Other Charges		678	
Administration Equipment		7,068	
Total Fiscal Services			307,868

Human Services/Personnel

Supervisor/Director	\$	68,472	
Secretary(ies)		26,792	
Social Security		5,626	
State Retirement		7,965	
Medical Insurance		13,776	
Employer Medicare		1,316	
Travel		1,429	
Office Supplies		3,091	
Other Charges		577	
Other Equipment		2,924	
Total Human Services/Personnel			131,968

(Continued)

Exhibit K-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

Custodial Personnel	\$	505,395	
Social Security		30,791	
State Retirement		30,569	
Medical Insurance		153,367	
Employer Medicare		7,203	
Disposal Fees		23,262	
Other Contracted Services		13,088	
Custodial Supplies		175,070	
Electricity		1,105,192	
Natural Gas		178,812	
Water and Sewer		92,403	
Other Supplies and Materials		19,561	
Building and Contents Insurance		169,425	
Other Charges		2,330	
Total Operation of Plant			\$ 2,506,468

Maintenance of Plant

Maintenance Personnel	\$	212,654	
Social Security		13,132	
State Retirement		13,078	
Medical Insurance		39,003	
Employer Medicare		3,071	
Maintenance and Repair Services - Buildings		155,968	
Maintenance and Repair Services - Equipment		25,586	
Maintenance and Repair Services - Vehicles		2,123	
Other Contracted Services		45,079	
Other Supplies and Materials		180,792	
Other Charges		978	
Administration Equipment		19,447	
Maintenance Equipment		7,768	
Total Maintenance of Plant			718,679

Transportation

Supervisor/Director	\$	10,343	
Social Security		619	
State Retirement		936	
Medical Insurance		862	
Employer Medicare		145	
Contracts with Parents		12,647	

(Continued)

Exhibit K-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.)

Contracts with Vehicle Owners	\$	979,965	
Maintenance and Repair Services - Vehicles		280	
Travel		1,840	
Other Contracted Services		821	
Other Supplies and Materials		704	
Total Transportation			\$ 1,009,162

Central and Other

Supervisor/Director	\$	56,760	
Other Salaries and Wages		97,117	
Social Security		8,907	
State Retirement		10,156	
Medical Insurance		20,330	
Employer Medicare		2,083	
Travel		1,255	
Other Contracted Services		191,977	
Office Supplies		1,093	
Other Supplies and Materials		51,462	
In Service/Staff Development		303	
Other Equipment		11,354	
Total Central and Other			452,797

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	11,750	
Teachers		41,220	
Part-time Personnel		2,914	
Other Salaries and Wages		164,554	
Social Security		12,704	
State Retirement		16,386	
Medical Insurance		5,624	
Employer Medicare		3,141	
Travel		662	
Other Contracted Services		3,750	
Food Supplies		2,505	
Instructional Supplies and Materials		15,185	
Other Supplies and Materials		6,621	
In Service/Staff Development		1,145	
Other Charges		4,341	
Total Community Services			292,502

(Continued)

Exhibit K-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	\$	154,971	
Educational Assistants		82,364	
Non-certified Substitute Teachers		5,170	
Social Security		13,849	
State Retirement		19,461	
Medical Insurance		70,470	
Employer Medicare		3,239	
Other Contracted Services		3,340	
Instructional Supplies and Materials		11,379	
In Service/Staff Development		2,980	
Total Early Childhood Education			\$ 367,223

Capital Outlay

Regular Capital Outlay

Other Capital Outlay	\$	9,710	
Total Regular Capital Outlay			9,710

Principal on Debt

Education

Principal on Notes	\$	49,694	
Total Education			49,694

Interest on Debt

Education

Interest on Notes	\$	13,454	
Total Education			13,454

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	836,610	
Total Education			<u>836,610</u>

Total General Purpose School Fund \$ 29,071,505

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	383,713	
Educational Assistants		118,234	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	122,500	
Social Security		37,592	
State Retirement		42,080	
Medical Insurance		107,205	
Employer Medicare		8,791	
Other Fringe Benefits		1,823	
Other Contracted Services		4,046	
Instructional Supplies and Materials		54,423	
Regular Instruction Equipment		329,734	
Total Regular Instruction Program			\$ 1,210,141

Special Education Program

Teachers	\$	38,355	
Educational Assistants		370,969	
Other Salaries and Wages		24,420	
Social Security		24,445	
State Retirement		29,327	
Medical Insurance		179,960	
Employer Medicare		5,717	
Other Fringe Benefits		3,703	
Other Supplies and Materials		182,206	
Special Education Equipment		25,382	
Total Special Education Program			884,484

Vocational Education Program

Other Contracted Services	\$	9,809	
Other Supplies and Materials		6,585	
Vocational Instruction Equipment		46,263	
Total Vocational Education Program			62,657

Support Services

Other Student Support

Other Salaries and Wages	\$	117,387	
Social Security		7,278	
State Retirement		10,624	
Medical Insurance		8,688	
Employer Medicare		1,702	
Other Fringe Benefits		415	
Travel		4,400	

(Continued)

Exhibit K-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.)

Other Contracted Services	\$	5,520	
In Service/Staff Development		725	
Other Charges		4,381	
Total Other Student Support			\$ 161,120

Regular Instruction Program

Supervisor/Director	\$	130,474	
Secretary(ies)		23,640	
Other Salaries and Wages		54,951	
In-Service Training		2,520	
Social Security		12,674	
State Retirement		18,569	
Medical Insurance		25,620	
Employer Medicare		2,964	
Other Fringe Benefits		572	
Travel		3,187	
Other Contracted Services		7,100	
Other Supplies and Materials		4,586	
In Service/Staff Development		113,046	
Other Equipment		9,147	
Total Regular Instruction Program			409,050

Special Education Program

Psychological Personnel	\$	162,393	
Secretary(ies)		21,240	
Other Salaries and Wages		180,016	
Social Security		21,793	
State Retirement		31,228	
Medical Insurance		39,632	
Employer Medicare		5,097	
Other Fringe Benefits		965	
In Service/Staff Development		11,091	
Total Special Education Program			473,455

Vocational Education Program

In Service/Staff Development	\$	1,730	
Other Charges		945	
Total Vocational Education Program			2,675

(Continued)

Exhibit K-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.)

Transportation

Other Salaries and Wages	\$	17,043	
Social Security		1,057	
State Retirement		1,125	
Medical Insurance		14,204	
Employer Medicare		247	
Gasoline		48	
Total Transportation			<u>\$ 33,724</u>

Total School Federal Projects Fund \$ 3,237,306

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	63,159	
Accountants/Bookkeepers		32,690	
Cafeteria Personnel		685,465	
Other Salaries and Wages		61,088	
Social Security		50,973	
State Retirement		50,741	
Medical Insurance		215,370	
Employer Medicare		11,921	
Other Fringe Benefits		17,044	
Communication		8,477	
Travel		3,923	
Other Contracted Services		93,869	
Food Preparation Supplies		68,008	
Food Supplies		844,697	
USDA - Commodities		145,444	
Other Supplies and Materials		10,116	
Trustee's Commission		236	
In Service/Staff Development		11,425	
Other Charges		12,678	
Food Service Equipment		46,109	
Total Food Service			<u>\$ 2,433,433</u>

Total Central Cafeteria Fund 2,433,433

Total Governmental Funds - Marion County School Department \$ 34,742,244

Exhibit K-10

Marion County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2011

	Cities Sales Tax Fund	Special School District Fund	City School ADA - Richard City Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 20,573	\$ 317,176	\$ 337,749
Trustee's Collections - Prior Years	0	1,309	21,504	22,813
Circuit/Clerk and Master Collections - Prior Years	0	0	14,206	14,206
Interest and Penalty	0	217	3,771	3,988
Payments in-Lieu-of Taxes - T.V.A.	0	0	2,233	2,233
Payments in-Lieu-of Taxes - Local Utilities	0	0	652	652
Payments in-Lieu-of Taxes - Other	0	0	32	32
Local Option Sales Tax	2,814,091	0	194,049	3,008,140
Hotel/Motel Tax	0	0	896	896
Bank Excise Tax	0	0	3,907	3,907
Wholesale Beer Tax	0	0	10,624	10,624
Interstate Telecommunications Tax	0	0	116	116
Marriage Licenses	0	0	157	157
Total Cash Receipts	\$ 2,814,091	\$ 22,099	\$ 569,323	\$ 3,405,513
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 2,785,950	\$ 21,446	\$ 534,602	\$ 3,341,998
Trustee's Commission	28,141	440	8,902	37,483
Total Cash Disbursements	\$ 2,814,091	\$ 21,886	\$ 543,504	\$ 3,379,481
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 0	\$ 213	\$ 25,819	\$ 26,032
Cash Balance, July 1, 2010	0	51	45,822	45,873
Cash Balance, June 30, 2011	\$ 0	\$ 264	\$ 71,641	\$ 71,905

SINGLE AUDIT SECTION



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

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

September 22, 2011

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 business-type 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, 2011, which collectively comprise a portion of Marion County's basic financial statements and have issued our report thereon dated September 22, 2011. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Marion County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Marion County Conservation Commission 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 control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 11.02(A), 11.03(A,B,D,E,F), 11.04, 11.05, 11.06, 11.07, 11.08, 11.09, and 11.13. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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: 11.01, 11.02(B), 11.03(C), 11.10, 11.11, and 11.12.

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

Marion County's response to a finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Marion County's response and, accordingly, we express no opinion on the response.

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 fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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

REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

September 22, 2011

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, 2011. 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, 2011.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marion County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 11.06 and 11.14. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

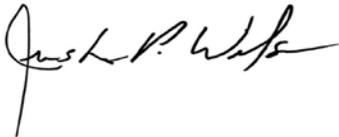
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marion County as of and for the year ended

June 30, 2011, and have issued our report thereon dated September 22, 2011. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Marion County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Marion County's response to a finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Marion County's response and, accordingly, we express no opinion on the response.

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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

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	\$ 145,444 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	354,278
National School Lunch Program	10.555	N/A	1,063,353 (3)
Child Nutrition Discretionary Limited Availability (ARRA)			
Total U.S. Department of Agriculture			<u>\$ 1,563,075</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-08-28589-00	\$ 40,174
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-08-30	395,584
Total U.S. Department of Housing and Urban Development			<u>\$ 435,758</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)	\$ 11,175
Passed-through State Administrative Office of the Courts:			
Edward Byrne Memorial Justice Assistance Grants Program	16.738	(4)	88,429
Total U.S. Department of Justice			<u>\$ 99,604</u>
U.S. Department of Labor:			
Passed-through Department of Education:			
WIA Youth Activities	17.259	(2)	\$ 7,000
Passed-through State Department of Labor and Workforce Development:			
WIA Dislocated Workers, Recovery Act	17.260	(2)	7,433
Total U.S. Department of Labor			<u>\$ 14,433</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-08-20-0634-00	\$ 32,310
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Z-11-GHS172-00	1,272
Total U.S. Department of Transportation			<u>\$ 33,582</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 94,616
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Education Agencies	84.010	N/A	986,821
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	248,822
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,013,370
Special Education - Preschool Grants	84.173	N/A	34,860
Special Education - Grants to States, Recovery Act	84.391	N/A	513,001
Special Education - Preschool Grants, Recovery Act	84.392	N/A	15,691
Career and Technical Education - Basic Grants to States	84.048	N/A	76,995
Twenty-first Century Community Learning Centers	84.287	N/A	111,930

(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. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Educational Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	\$ 12,513
Education Technology State Grants, Recovery Act	84.386	(2)	23,437
Improving Teacher Quality State Grants	84.367	(2)	249,254
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education			
State Grants, Recovery Act	84.394	(2)	1,698,045
State Fiscal Stabilization Fund (SFSF) - Government			
Services, Recovery Act	84.397	(2)	260,463
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top			
Incentive Grants, Recovery Act	84.395	(2)	155,538
Education Jobs Fund	84.410	(2)	131,871
Total U.S. Department of Education			\$ 5,627,227
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Temporary Assistance for Needy Families	93.558	(2)	\$ 38,566
U.S. Department of Homeland Security			
Passed-through State Department of Military			
Homeland Security Grant Program	97.067	N/A	\$ 133,806
Buffer Zone Protection Program (BZPP)	97.078	Z-08-20-0634-00	78,977
Total U.S. Department of Homeland Security			\$ 212,783
Total Expenditures of Federal Awards			\$ 8,025,028

State Grants		Contract Number	Expenditures
Adult Education - State Department of Education	N/A	(2)	\$ 31,539
Airport Maintenance Program - State Department of Transportation	N/A	(2)	9,934
Apron Taxilane Project - State Department of Transportation	N/A	Z-08-20-0619-00	176,378
Airport Improvement Project - State Department of Transportation	N/A	Z-09-214013-00	61,314
Jobs for Tennessee Graduates - State Department of Education	N/A	(2)	18,000
Juvenile Services Program - State Department of Children's Services	N/A	(2)	11,500
Litter Grant - State Department of Transportation	N/A	Z-11-LIT058-00	28,227
Local Health Services Grant - State Department of Health	N/A	GG-113222-0	100,114
Governor's Highway Grant - State Department of Transportation	N/A	K8-10-74	2,815
Teacher and Principal Evaluation - State Department of Education	N/A	(2)	4,507
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	367,223
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-08-213002-02	4,792
Total State Grants			\$ 816,343

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 \$1,208,797.
- (4) 4042: \$75,432; N/A: \$12,997.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Marion County, Tennessee, for the year ended June 30, 2010, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.01(B)	162	Competitive bid was not solicited

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.06(B)	164	The office could not support some charges for credit card transactions
10.07	165	The Food Service Department issued some purchase orders after purchases were made

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.11	167	The courts software did not have adequate application controls

OFFICE OF CLERK AND MASTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.14	169	Improper procedures were used to disburse funds

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.15	170	Profits from the commissary operations were not remitted to the county monthly

OTHER FINDING

Finding Number	Page Number	Subject
10.16	170	Duties were not segregated adequately in the School Food Services Department and in the Offices of County Mayor, Highway Supervisor, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

MARION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information 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 one significant deficiency in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is 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 Home Investment Partnership Program (CFDA No. 14.239); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, and Recovery Act, Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); and the State Fiscal Stabilization Cluster: State Fiscal Stabilization Funds (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Funds (SFSF) – Governmental Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. 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. The director of schools provided a written response on one finding, which is paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 11.01 **GENERAL FUND APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDS**

(Noncompliance Under *Government Auditing Standards*)

The budget and subsequent amendments submitted to and approved by the County Commission for the General Fund resulted in appropriations exceeding estimated available funding by \$78,650. Sound budgetary principles dictate that appropriations be held within estimated available funding. The budget deficiency resulted from a lack of management oversight.

RECOMMENDATION

Appropriations that exceed estimated available funds should not be submitted to the County Commission, and the County Commission should not approve such appropriations.

FINDING 11.02 **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 revealed the following deficiencies. These deficiencies are the result of management's failure to implement adequate internal control procedures over purchasing, and the failure to correct the competitive bid deficiency noted in the prior-year audit report.

- A. Purchase orders were not issued in some instances. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. The failure to issue purchase orders increases the risks of unauthorized purchases.

- B. Competitive bids were solicited for a boat for the Sheriff's Department. One bid was received for \$61,011; however, we were not presented with any documentation indicating this bid was ever accepted or rejected. Soon after the bid opening, the Sheriff's Department entered into direct negotiations with another vendor and eventually purchased a boat for \$58,000 from that vendor. By negotiating and contracting directly with a nonbidding vendor, the county circumvented the competitive bid process. The original bid should have been

formally accepted or rejected, and if rejected, the boat should have been rebid. Management thought the vendor purchased the boat from a subsidiary of the vendor that submitted the original bid; however, this was not true. The failure to solicit competitive bids could result in the county paying more than the competitive price.

RECOMMENDATION

The office should issue purchase orders for all applicable purchases to improve internal controls over the purchasing process and to document purchasing commitments. Competitive bids should be solicited for all purchases exceeding \$10,000 as required by state statute. Bids should be formally accepted or rejected and recorded in bid opening minutes. If bids are rejected and the purchase is still desired, the item should be formally rebid.

FINDING 11.03

THE AIRPORT HAD OPERATING DEFICIENCIES

(A., B., D., E., F. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; C. – Noncompliance Under *Government Auditing Standards*)

Marion County operates an airport and its financial transactions are channeled through the General Fund. Our examination revealed the following accounting deficiencies. These deficiencies can be attributed to a lack of management oversight.

- A. Officials issued prenumbered receipts for collections as required by state statute; however, information such as the date of collection and the name of the employee issuing the receipt were not always on the receipt.
- B. Receipts were not always issued at the time of collection. The practice of issuing receipts subsequent to the actual collection increases the risk that collections will not be accounted for properly.
- C. We noted as many as 12 days lapsed between the date funds were receipted and the date funds were deposited with the county trustee. Section 5-8-207, *Tennessee Code Annotated*, requires all public funds be deposited within three days of collection.
- D. An employee of the airport owns an airplane and a hangar at the airport. We noted instances where this employee issued receipts to himself for payments made for expenses related to his airplane and hangar.
- E. We noted that the employee of the airport who owns the airplane and the hangar at the airport parked his plane in an unrented county-owned hangar. This unrented hangar could have been rented to another plane's owner resulting in additional revenue for the county.

- F. Multiple employees operated from the same cash drawer. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of each day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, management would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency results in a loss of control over assets.

RECOMMENDATION

Receipts should include pertinent information, including date of collection and the signature of the employee issuing the receipt. Receipts should be issued at the time of collection. All receipts should be deposited to the official bank account within three days of collection as required by state statute. Employees of the airport should not issue receipts to themselves. Unrented hangars should not be used by employees of the airport. Management should assign each employee their own cash drawer.

FINDING 11.04 **PAYMENTS MADE TO A COUNTY EMPLOYEE FOR CLEANING SERVICES AT THE HEALTH DEPARTMENT WERE NOT MADE THROUGH THE PAYROLL SYSTEM** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

A county employee of the Health Department received \$8,000 for cleaning services that were not paid through the county's payroll system and were in addition to the employee's regular salary. Since these supplemental payments were not paid through the county's payroll system, the payments were not subjected to income tax, social security, and Medicare deductions. Also, the county did not report and pay its required matching portions of social security and Medicare associated with these supplemental payments. The county did issue this employee a Form 1099.

RECOMMENDATION

All payroll related payments to county employees should be made through the county's payroll system to properly reflect the employee's total compensation. Also, all wages should be subject to the proper employee payroll taxes and the county's matching portions.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.05 **THE OFFICE DID NOT DOCUMENT SOME CHARGES FOR CREDIT CARD TRANSACTIONS**

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

When we initially reviewed credit card transactions, officials did not provide documentation to support 40 charges totaling \$7,699. Subsequently, officials found supporting documentation for three of the 40 transactions totaling \$823. Most of these credit card transactions appear to be travel related expenses for hotels, restaurants, and fuel. These deficiencies are the result of management’s failure to implement adequate internal control procedures over credit card transactions and management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The School Department should require documentation for all credit card charges before payment is made to the credit card vendor or travel reimbursement to the employee.

FINDING 11.06 **THE FOOD SERVICE DEPARTMENT ISSUED SOME PURCHASE ORDERS AFTER PURCHASES WERE MADE**

(Internal Control – Significant Deficiency Under *Government Auditing Standards* and *U.S. Office of Management and Budget (OMB) Circular A-133*)

In several instances, the Food Service Department issued purchase orders after purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase. This deficiency is the result of management’s failure to implement adequate internal control procedures over purchasing and management’s failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before the purchases are made.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

We agree. Management will implement adequate internal controls over purchases. Purchase orders will be issued prior to purchases being made.

OFFICE OF TRUSTEE

FINDING 11.07 **TIME AND ATTENDANCE RECORDS WERE NOT MAINTAINED
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)**

Management did not require time and attendance records to support payroll disbursements and accumulated leave balances. Sound business practices dictate that time and attendance records be maintained for all employees. Governmental Accounting Standards Board Statement No. 34 requires that all leave should be accrued when incurred in the government-wide financial statements. However, the omission of these leave amounts was not considered to be material to the county’s financial statements. The failure to maintain adequate documentation of time and accumulated leave weakens internal controls over the payroll process, increases the risks of improper payments, and prohibits the presentation of accrued leave balances in the financial statements.

RECOMMENDATION

Time and attendance records should be maintained for employees to support payroll disbursements and accumulated leave balances. Leave records should reflect the dollar value of the leave at the beginning of the year, amount earned, amount used, and the value of the leave at year end.

OFFICES OF COUNTY CLERK, CLERK AND MASTER, AND REGISTER

FINDING 11.08 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)**

Multiple employees operated from the same cash drawer in the Offices of County Clerk, Clerk and Master, and Register. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of each day. This amount should be verified to the employee’s receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision resulting in a loss of control over assets.

RECOMMENDATION

Management should assign each employee their own cash drawer.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 11.09 **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 promptly correct the finding noted in the prior-year audit report. Controls were implemented in May 2011 when the office changed to an upgraded version of the application.

OFFICE OF CLERK AND MASTER

FINDING 11.10 **IMPROPER PROCEDURES WERE USED TO DISBURSE FUNDS**

(Noncompliance Under *Government Auditing Standards*)

During the year under examination, 16 cashier's checks were used to disburse \$3,816 to various individuals, businesses, and other county offices from the official checking account. Section 5-8-207, *Tennessee Code Annotated*, requires disbursements to be made by official prenumbered checks drawn on the official bank account. These deficiencies are the result of a lack of management oversight and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

All disbursements should be made by official prenumbered checks drawn on the official bank account as required by state statute.

OFFICE OF SHERIFF

FINDING 11.11 **PROFITS EARNED FROM COMMISSARY OPERATIONS WERE NOT REMITTED TO THE COUNTY MONTHLY**

(Noncompliance Under *Government Auditing Standards*)

Profits earned 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. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The sheriff should remit profits earned from the commissary operations to the county trustee monthly.

FINDING 11.12 **THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**
(Noncompliance Under *Government Auditing Standards*)

In some instances, the sheriff did not deposit funds within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds to the office bank account within three days of collection. This deficiency exists because only one person in the office makes deposits, and if that employee is away from the office for any reason, deposits are not always made within three days. The delay in depositing the funds increases the risks of fraud and abuse.

RECOMMENDATION

The sheriff should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute.

OTHER FINDING AND RECOMMENDATION

FINDING 11.13 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE SCHOOL FOOD SERVICE DEPARTMENT, AIRPORT, AND IN THE OFFICES OF COUNTY MAYOR, HIGHWAY SUPERVISOR, 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 of the School Food Service Department, Airport, and in the Offices of County Mayor, Highway Supervisor, 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.

BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Marion County.

ITEM 1. **MARION COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Marion County does not have 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 processes. 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. We recommend the adoption of 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.

ITEM 2. **MARION COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Marion County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Agriculture Passed-through State Department of Agriculture: School Breakfast Program National School Lunch Program	11.14	10.553 10.555	Circular A-133, Section 500(d)(3)	Significant Deficiency in Internal Control See Finding 11.06 - The Food Service Department issued some purchase orders after the purchases were made	\$ 0

**MARION COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011**

There were audit findings relative to federal awards presented in the prior- and current-years' Schedules of Findings and Questioned Costs.

Office of Director of Schools – Corrective Action Plan for Current-Year's Findings

FINDINGS 11.06 and 11.14

Contact person:	Mark Griffith
Corrective action planned:	Management will implement adequate internal controls over purchases. Purchase orders will be issued prior to purchases being made.
Anticipated completion date:	2011-12

Office of Director of Schools – Summary Schedule of Prior-Year's Findings

FINDINGS 10.05 and 10.17

Management adhered to the school board policy on purchasing for federal awards.

FINDINGS 10.07 and 10.18

Management did not implement adequate internal controls over purchases for federal awards. Purchase orders were not always issued prior to purchases being made.