
ANNUAL FINANCIAL REPORT MARION COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



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

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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Director

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Auditor 4

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State Auditors

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

MARION COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6-8
<u>INTRODUCTORY SECTION</u>		9
Marion County Officials		10
<u>FINANCIAL SECTION</u>		11
Independent Auditor's Report		12-14
BASIC FINANCIAL STATEMENTS:		15
Government-wide Financial Statements:		
Statement of Net Assets	A	16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Proprietary Fund:		
Statement of Net Assets	D-1	25
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	26
Statement of Cash Flows	D-3	27
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	28
Notes to the Financial Statements		29-65
REQUIRED SUPPLEMENTARY INFORMATION:		66
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	67-69
Highway/Public Works Fund	F-2	70
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Marion County School Department	F-3	71
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Marion County School Department	F-4	72
Notes to the Required Supplementary Information		73

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		74
Nonmajor Governmental Funds:		75-76
Combining Balance Sheet	G-1	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	78
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	G-3	79
Solid Waste/Sanitation Fund	G-4	80
Drug Control Fund	G-5	81
Education Debt Service Fund	G-6	82
Major Governmental Fund:		83
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Debt Service Fund	H-1	84
Rural Debt Service Fund	H-2	85
Fiduciary Funds:		86
Combining Statement of Fiduciary Assets and Liabilities	I-1	87
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	88-89
Component Unit:		
Discretely Presented Marion County School Department:		90
Statement of Activities	J-1	91
Balance Sheet – Governmental Funds	J-2	92
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	93
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	94
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	95
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Purpose School Fund	J-6	96-97
School Federal Projects Fund	J-7	98
Central Cafeteria Fund	J-8	99
Statement of Fiduciary Net Assets	J-9	100
Statement of Changes in Fiduciary Net Assets	J-10	101

	Exhibit	Page(s)
Miscellaneous Schedules:		102
Schedule of Changes in Long-term Notes and Bonds – Primary Government and Discretely Presented Marion County School Department	K-1	103-104
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Marion County School Department	K-2	105-106
Schedule of Investments – Discretely Presented Marion County School Department	K-3	107
Schedule of Transfers – Primary Government and Discretely Presented Marion County School Department	K-4	108
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Marion County School Department	K-5	109
Schedule of Detailed Revenues – All Governmental Fund Types	K-6	110-119
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Marion County School Department	K-7	120-121
Schedule of Detailed Expenditures – All Governmental Fund Types	K-8	122-137
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Marion County School Department	K-9	138-150
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	K-10	151
 <u>SINGLE AUDIT SECTION</u>		 152
Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		153-155
Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133		156-158
Schedule of Expenditures of Federal Awards and State Grants		159-160
Schedule of Audit Findings Not Corrected		161-162
Schedule of Findings and Questioned Costs		163-173
Auditee Reporting Responsibilities		174

Audit Highlights

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

Scope

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

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

Findings and Best Practices

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

OFFICE OF COUNTY MAYOR

- ◆ Expenditures exceeded appropriations.
- ◆ 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 HIGHWAY SUPERVISOR

- ◆ Payroll taxes were not reported timely, resulting in assessments of interest and penalties totaling \$998.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office did not document some charges for credit card transactions.
 - ◆ The estimated beginning fund balance of the Central Cafeteria Fund exceeded the actual beginning fund balance by a material amount.
-

OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

- ◆ A part-time employee was paid for the same time period on three separate jobs.
-

OFFICE OF TRUSTEE

- ◆ The trustee did not require a depository to adequately collateralize funds.
-

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

- ◆ Usernames and passwords were shared by employees.
-

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 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.
 - ◆ The office had deficiencies in the administration of drug control funds.
-

SCHOOL FOOD SERVICE DEPARTMENT, AIRPORT, AND THE OFFICES OF COUNTY MAYOR, HIGHWAY SUPERVISOR, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

- ◆ Duties were not segregated adequately.
-

BEST PRACTICES

The Division of Local Government 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, 2012

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

Les Price, Chairman	
Don Adkins	Mack Reeves
Donald Blansett	Jody Rollins
Louin Campbell	Donnie Sartin
Jane Dawkins	Thomas Thompson
Robert Eugene Hargis	David West
Ralph Pickett	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 LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

September 24, 2012

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, 2012, 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, 2012, 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 audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2012, 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.

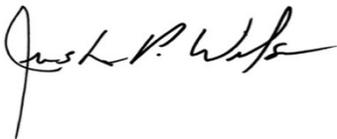
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 67 through 73 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,

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

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Unit
	Governmental	Business-type	Total	Marion
	Activities	Activities		County School Department
<u>ASSETS</u>				
Cash	\$ 96,638	\$ 59,647	\$ 156,285	\$ 1,880
Equity in Pooled Cash and Investments	12,401,708	0	12,401,708	3,869,276
Inventories	0	0	0	66,150
Accounts Receivable	21,482	0	21,482	31,129
Due from Other Governments	820,230	0	820,230	675,010
Property Taxes Receivable	8,972,924	0	8,972,924	4,736,898
Allowance for Uncollectible Property Taxes	(590,297)	0	(590,297)	(311,624)
Prepaid Items	0	64	64	0
Deferred Charges - Debt Issuance Costs	214,484	0	214,484	0
Assets Not Depreciated:				
Land	2,599,981	0	2,599,981	1,133,836
Construction in Progress	412,228	6,100	418,328	67,121
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	7,670,455	55,577	7,726,032	41,665,758
Infrastructure	6,304,757	0	6,304,757	0
Other Capital Assets	779,034	0	779,034	219,212
Total Assets	<u>\$ 39,703,624</u>	<u>\$ 121,388</u>	<u>\$ 39,825,012</u>	<u>\$ 52,154,646</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 4,502	\$ 4,502	\$ 152,020
Accrued Payroll	0	0	0	33,999
Payroll Deductions Payable	7,436	0	7,436	0
Contracts Payable	0	0	0	176,987
Due to Litigants, Heirs, and Others	1,676	0	1,676	0
Accrued Interest Payable	280,958	0	280,958	0
Deferred Revenue - Current Property Taxes	7,849,431	0	7,849,431	4,143,795
Other Deferred Revenue	0	1,918	1,918	0
Noncurrent Liabilities:				
Due Within One Year	2,142,783	0	2,142,783	44,564
Due in More Than One Year (net of unamortized premium on debt)	39,392,627	0	39,392,627	592,136
Total Liabilities	<u>\$ 49,674,911</u>	<u>\$ 6,420</u>	<u>\$ 49,681,331</u>	<u>\$ 5,143,501</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 10,468,478	\$ 0	\$ 10,468,478	\$ 42,854,508
Invested in Capital Assets	0	61,677	61,677	0
Restricted for:				
General Purposes	290,810	0	290,810	98,108
Courthouse and Jail Maintenance	20,951	0	20,951	0
Solid Waste/Sanitation	98,655	0	98,655	0
Drug Control	94,818	0	94,818	0
Highway/Public Works	850,676	0	850,676	0
School Federal Projects	0	0	0	773
Central Cafeteria	0	0	0	1,051,009
Debt Service	7,058,108	0	7,058,108	0
Capital Projects	1,415,189	0	1,415,189	0
Unrestricted	(30,268,972)	53,291	(30,215,681)	3,006,747
Total Net Assets (Deficit)	<u>\$ (9,971,287)</u>	<u>\$ 114,968</u>	<u>\$ (9,856,319)</u>	<u>\$ 47,011,145</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, 2012

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets			Component Unit Marion County School Department
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Governmental Activities	Business-type Activities	Total	
					Activities	Activities				
Primary Government:										
Governmental Activities:										
General Government	\$ 1,390,705	\$ 410,449	\$ 28,086	\$ 0	\$ 0	\$ (952,170)	\$ 0	\$ (952,170)	\$ 0	0
Finance	735,221	747,152	0	0	0	11,931	0	11,931	0	0
Administration of Justice	956,476	539,213	11,400	0	0	(405,863)	0	(405,863)	0	0
Public Safety	3,574,443	607,824	34,562	80,379	0	(2,851,678)	0	(2,851,678)	0	0
Public Health and Welfare	1,017,531	11,246	143,501	0	0	(862,784)	0	(862,784)	0	0
Social, Cultural, and Recreational Services	135,126	0	0	0	0	(135,126)	0	(135,126)	0	0
Agriculture and Natural Resources	76,688	0	0	0	0	(76,688)	0	(76,688)	0	0
Other Operations	697,055	157,205	6,656	349,133	0	(184,061)	0	(184,061)	0	0
Highways/Public Works	2,290,470	262,715	1,754,481	240,682	0	(32,592)	0	(32,592)	0	0
Interest on Long-term Debt	2,059,351	0	0	0	0	(2,059,351)	0	(2,059,351)	0	0
Other Debt Service	44,605	0	821,601	0	0	776,996	0	776,996	0	0
Total Governmental Activities	\$ 12,977,671	\$ 2,735,804	\$ 2,800,287	\$ 670,194	\$ 670,194	\$ (6,771,386)	\$ 0	\$ (6,771,386)	\$ 0	0
Business-type Activities:										
Marion County Conservation Commission	\$ 87,734	\$ 91,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,666	\$ 3,666	\$ 0	0
Total Primary Government	\$ 13,065,405	\$ 2,827,204	\$ 2,800,287	\$ 670,194	\$ 670,194	\$ (6,771,386)	\$ 3,666	\$ (6,767,720)	\$ 0	0
Component Unit:										
Marion County School Department	\$ 35,414,152	\$ 999,137	\$ 5,316,073	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (29,098,942)	0
Total Component Unit	\$ 35,414,152	\$ 999,137	\$ 5,316,073	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (29,098,942)	0

(Continued)

Exhibit B

Marion County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Component Unit		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Marion County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 7,014,092	\$ 0	\$ 4,793,251
Property Taxes Levied for Debt Service				1,912,281	0	0
Local Option Sales Taxes				1,807,011	0	3,100,351
Hotel/Motel Tax				0	0	9,002
Litigation Tax - General				64,432	0	0
Litigation Tax - Special Purpose				7,232	0	0
Litigation Tax - Jail, Workhouse, or Courthouse				19,485	0	0
Business Tax				232,986	0	0
Mineral Severance Tax				6,016	0	0
Wholesale Beer Tax				0	0	98,915
Other Local Taxes				946	0	1,432
Grants and Contributions Not Restricted to Specific Programs				707,839	0	20,322,065
Unrestricted Investment Earnings				136,320	0	11,596
Proceeds from Sale of Equipment				0	0	600
Miscellaneous				42,734	0	109,496
Total General Revenues				\$ 11,951,374	\$ 0	\$ 28,446,708
Change in Net Assets				\$ 5,179,988	\$ 3,666	\$ (652,234)
Net Assets (Deficit), July 1, 2011				(15,151,275)	111,302	47,663,379
Net Assets (Deficit), June 30, 2012				\$ (9,971,287)	\$ 114,968	\$ 47,011,145

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, 2012

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Governmental Funds	Governmental Funds	
\$	200	0	0	0	0	96,438	\$ 96,638
Equity in Pooled Cash and Investments	3,326,055	535,272	1,667,106	4,049,808	2,823,467		12,401,708
Accounts Receivable	21,326	0	0	0	156		21,482
Due from Other Governments	188,208	315,404	0	0	316,618		820,230
Due from Other Funds	1,548	0	0	0	0		1,548
Property Taxes Receivable	7,063,846	0	586,109	1,322,969	0		8,972,924
Allowance for Uncollectible Property Taxes	(464,706)	0	(38,558)	(87,033)	0		(590,297)
Total Assets	\$ 10,136,477	\$ 850,676	\$ 2,214,657	\$ 5,285,744	\$ 3,236,679	\$ 21,724,233	

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

LIABILITIES AND FUND BALANCES

Liabilities							
Payroll Deductions Payable	\$ 7,349	\$ 0	\$ 0	\$ 0	\$ 87	\$ 7,436	
Due to Other Funds	0	0	0	0	1,548	1,548	
Due to Litigants, Heirs, and Others	0	0	0	0	1,676	1,676	
Deferred Revenue - Current Property Taxes	6,179,387	0	512,723	1,157,321	0	7,849,431	
Deferred Revenue - Delinquent Property Taxes	380,259	0	31,551	71,248	0	483,058	
Other Deferred Revenues	0	141,698	0	0	155,000	296,698	
Total Liabilities	\$ 6,566,995	\$ 141,698	\$ 544,274	\$ 1,228,569	\$ 158,311	\$ 8,639,847	
Fund Balances							
Restricted:							
Restricted for General Government	\$ 52,178	\$ 0	\$ 0	\$ 0	\$ 20,951	\$ 73,129	
Restricted for Finance	3,758	0	0	0	95,046	98,804	
Restricted for Administration of Justice	201,951	0	0	0	0	201,951	

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Governmental Funds	Governmental Funds	
\$ 32,026	\$ 0	\$ 0	\$ 0	\$ 0	\$ 94,818	\$ 126,844	
897	0	0	0	0	73,655	74,552	
0	466,988	0	0	0	0	466,988	
0	0	1,670,383	4,057,175	0	0	5,727,558	
0	0	0	0	0	1,388,613	1,388,613	
0	0	0	0	0	1,378,709	1,378,709	
0	241,990	0	0	0	0	241,990	
27,905	0	0	0	0	26,576	54,481	
3,250,767	0	0	0	0	0	3,250,767	
<u>\$ 3,569,482</u>	<u>\$ 708,978</u>	<u>\$ 1,670,383</u>	<u>\$ 4,057,175</u>	<u>\$ 3,078,368</u>	<u>\$ 13,084,386</u>		
<u>\$ 10,136,477</u>	<u>\$ 850,676</u>	<u>\$ 2,214,657</u>	<u>\$ 5,285,744</u>	<u>\$ 3,236,679</u>	<u>\$ 21,724,233</u>		

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances (Cont.)

Restricted (Cont.):

- Restricted for Public Safety
- Restricted for Public Health and Welfare
- Restricted for Highways/Public Works
- Restricted for Debt Service
- Restricted for Capital Projects

Committed:

- Committed for Debt Service

Assigned:

- Assigned for Highways/Public Works
- 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, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 13,084,386
(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: construction in progress	412,228	
Add: buildings and improvements net of accumulated depreciation	7,670,455	
Add: infrastructure net of accumulated depreciation	6,304,757	
Add: other capital assets net of accumulated depreciation	<u>779,034</u>	17,766,455
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Add: deferred charges - debt issuance costs	\$ 214,484	
Less: notes payable	(97,474)	
Less: bonds payable	(40,885,000)	
Less: compensated absences payable	(59,259)	
Less: other postemployment benefits liability	(191,136)	
Less: landfill postclosure care costs liability	(54,088)	
Less: accrued interest on bonds	(280,457)	
Less: accrued interest on notes	(501)	
Less: other deferred revenue - premium on debt	<u>(248,453)</u>	(41,601,884)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>779,756</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (9,971,287)</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, 2012

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works		Rural Debt Service	Other Governmental Funds		
		General	Debt Service		Debt Service	Other Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 7,206,365	\$ 6,016	\$ 599,573	\$ 1,334,619	\$ 1,803,938	\$ 10,950,511	
Licenses and Permits	135,333	0	0	0	0	135,333	
Fines, Forfeitures, and Penalties	96,899	0	0	0	10,103	107,002	
Charges for Current Services	250,673	198,559	0	0	407,854	857,086	
Other Local Revenues	282,694	64,156	0	0	25,721	372,571	
Fees Received from County Officials	896,492	0	0	0	0	896,492	
State of Tennessee	1,047,702	1,998,824	0	0	176,258	3,222,784	
Federal Government	367,869	0	0	0	23,010	390,879	
Other Governments and Citizens Groups	215,386	0	0	815,985	0	1,031,371	
Total Revenues	\$ 10,499,413	\$ 2,267,555	\$ 599,573	\$ 2,150,604	\$ 2,446,884	\$ 17,964,029	
<u>Expenditures</u>							
Current:							
General Government	\$ 1,302,862	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,302,862	
Finance	341,415	0	0	0	386,171	727,586	
Administration of Justice	945,481	0	0	0	9,909	955,390	
Public Safety	3,309,033	0	0	0	55,500	3,364,533	
Public Health and Welfare	468,722	0	0	0	524,323	993,045	
Social, Cultural, and Recreational Services	134,331	0	0	0	0	134,331	
Agriculture and Natural Resources	76,805	0	0	0	0	76,805	
Other Operations	886,784	0	11,775	0	20,084	918,643	
Highways	0	2,270,381	0	0	0	2,270,381	
Debt Service:							
Principal on Debt	0	0	335,000	970,000	535,000	1,840,000	
Interest on Debt	0	0	277,375	753,343	815,700	1,846,418	
Other Debt Service	0	0	350	27,506	0	27,856	
Capital Projects	0	0	0	0	135,367	135,367	
Total Expenditures	\$ 7,465,433	\$ 2,270,381	\$ 624,500	\$ 1,750,849	\$ 2,482,054	\$ 14,593,217	
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,033,980	\$ (2,826)	\$ (24,927)	\$ 399,755	\$ (35,170)	\$ 3,370,812	

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 11,648	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,648
Transfers In	0	10,000	0	0	50,000	0	60,000
Transfers Out	(60,000)	0	0	0	0	0	(60,000)
<u>Total Other Financing Sources (Uses)</u>	<u>\$ (48,352)</u>	<u>\$ 10,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50,000</u>	<u>\$ 0</u>	<u>\$ 11,648</u>
Net Change in Fund Balances	\$ 2,985,628	\$ 7,174	\$ (24,927)	\$ 399,755	\$ 14,830	\$ 3,382,460	
Fund Balance, July 1, 2011	583,854	701,804	1,695,310	3,657,420	3,063,538	9,701,926	
Fund Balance, June 30, 2012	<u>\$ 3,569,482</u>	<u>\$ 708,978</u>	<u>\$ 1,670,383</u>	<u>\$ 4,057,175</u>	<u>\$ 3,078,368</u>	<u>\$ 13,084,386</u>	

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, 2012

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 3,382,460	
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$ 836,714		
Less: current-year depreciation expense	<u>(943,686)</u>	(106,972)	
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 779,756		
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(618,570)</u>	161,186	
(3) 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:			
Less: change in deferred issuance cost	\$ (16,749)		
Add: principal payments on notes	125,827		
Add: principal payments on bonds	1,840,000		
Add: changes in premium on debt issuance	<u>20,797</u>	1,969,875	
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$ (212,933)		
Change in compensated absences payable	5,574		
Change in landfill postclosure care costs liability	26,532		
Change in other postemployment benefits liability	<u>(45,734)</u>	<u>(226,561)</u>	
Change in net assets of governmental activities (Exhibit B)		<u>\$ 5,179,988</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, 2012

	Major Enterprise Fund
	<u>Marion County Conservation Commission</u>
<u>ASSETS</u>	
Cash	\$ 59,647
Prepaid Items	64
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	<u>61,677</u>
Total Assets	<u>\$ 121,388</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 4,502
Other Deferred Revenue	<u>1,918</u>
Total Liabilities	<u>\$ 6,420</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 61,677
Unrestricted	<u>53,291</u>
Total Net Assets	<u><u>\$ 114,968</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, 2012

	Major Enterprise Fund <hr/> Marion County Conservation Commission <hr/>
<u>Operating Revenues</u>	
User Fees/Vending	\$ 91,400
Total Operating Revenues	<u>\$ 91,400</u>
<u>Operating Expenses</u>	
Supplies	\$ 8,077
Utilities	21,765
Repairs and Maintenance	1,763
Administrative Services	3,000
Depreciation	8,179
Professional Fees	2,700
Insurance	993
Office	42
Salaries and Benefits	29,091
Equipment Rental	840
Miscellaneous	11,284
Total Operating Expenses	<u>\$ 87,734</u>
Operating Loss	<u>\$ 3,666</u>
Changes in Net Assets	\$ 3,666
Net Assets, July 1, 2011	<u>111,302</u>
Net Assets, June 30, 2012	<u><u>\$ 114,968</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, 2012

	Major Enterprise Fund
	<u>Marion County Conservation Commission</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 93,288
Utilities	(21,765)
Salaries and Benefits	(29,091)
Supplies	(8,119)
Gasoline/Fuel	(1,850)
Equipment Rent	(840)
Other Receipts (Payments)	(14,700)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 16,923</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Property, Plant, Equipment	<u>\$ (6,100)</u>
Net Increase (Decrease) in Cash	\$ 10,823
Cash, July 1, 2011	<u>48,824</u>
Cash, June 30, 2012	<u><u>\$ 59,647</u></u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 3,666
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	8,179
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	3,190
Increase (Decrease) in Deferred Revenue	<u>1,888</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 16,923</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,157,285
Equity in Pooled Cash and Investments	73,399
Accounts Receivable	71
Due from Other Governments	571,497
Property Taxes Receivable	414,824
Allowance for Uncollectible Property Taxes	<u>(26,247)</u>
Total Assets	<u><u>\$ 2,190,829</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,029,684
Due to Litigants, Heirs, and Others	1,160,285
Due to Joint Ventures	<u>860</u>
Total Liabilities	<u><u>\$ 2,190,829</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, 2012

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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

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 the management of 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 from 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 scholarships, but the principal must 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 receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.45 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, in excess of 20 days, at the end of the school year are converted to sick leave. All professional and support personnel of the School Department are allowed to accumulate unlimited sick leave days. 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 \$290,810, with the primary restrictions being for: (1) alcohol and drug treatment (\$104,946); (2) computer systems for various offices (\$153,187); (3) sexual offender registration (\$3,925); and (4) drug court (\$27,855). For the discretely presented School Department, the account balance in Restricted for General Purposes (\$98,108) consists primarily of restrictions for technology (\$53,568) and the daycare program (\$28,303).

As of June 30, 2012, Marion County had \$33,645,000 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, and shall remain binding unless removed in the same manner.

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

At June 30, 2012, Marion County reported the following significant encumbrances:

<u>Funds</u>	<u>Description</u>	<u>Amount</u>
Major Funds:		
General	Airport Improvements	\$ 27,905
Highway/Public Works	Bridge Improvements	241,990
Nonmajor Fund:		
Education Capital Projects	Architect and Construction Manager	114,425

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Other Waste Collection major appropriations category (the legal level of control) of the Solid Waste/Sanitation Fund by \$16,304. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance in the Solid Waste/Sanitation Fund.

C. The Estimated Fund Balance Exceeded the Actual Beginning Fund Balance by a Material Amount

The Central Cafeteria Fund's actual fund balance at July 1, 2011, was \$989,120; however, the estimated fund balance reflected in the county's budget was \$1,988,161. Therefore, the estimated fund balance exceeded the actual fund balance presented to the County Commission during the budget approval process by \$999,041.

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

At June 30, 2012, the School Department's brokerage firm was holding investments of \$505,973 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.

E. The County had Deposits That Were Exposed to Custodial Credit Risk

The trustee did not require one depository holding county funds in an interest bearing account to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2012, deposits at one depository exceeded FDIC coverage pledged by \$350,000. Section 5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit collateral security equal to 105 percent of funds exceeding FDIC coverage into an escrow account in a second bank.

F. 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, for theft of property and forgery. On May 21, 2012, Ms. Henegar pled guilty and was

ordered to pay restitution totaling \$10,000. Ms. Henegar paid the \$10,000 on June 21, 2012.

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, 2012, Marion County had the following investments carried at fair value. All the investments are nonpooled investments held by the School Department’s Private Purpose Trust Fund.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Private Purpose Trust Fund:		
Nonpooled Investments:		
SunTrust Bank - U.S. Certificates of Deposit	3-20-15	\$ 55,076
Corporate Bonds - Citigroup	6-15-16	25,617
Corporate Bonds - Public Service Co.	3-1-13	61,706
Corporate Bonds - JP Morgan Chase & Co.	3-1-15	64,239
Corporate Bonds - Verizon Communications	2-15-16	80,351
Corporate Bonds - Morgan Stanley	7-24-20	97,837
Corporate Bonds - Johnson & Johnson	7-15-18	<u>121,147</u>
 Total		 <u><u>\$ 505,973</u></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 - Citigroup	Baa2	A-
Corporate Bonds - Public Service Co.	A2	A
Corporate Bonds - JP Morgan Chase & Co.	A2	A
Corporate Bonds - Verizon Communications	A3	A-
Corporate Bonds - Morgan Stanley	Baa1	A-
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 (\$505,973) 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 (11 percent), Corporate Bonds - Citigroup (five percent), Corporate Bonds - Public Service Co. (12 percent), Corporate Bonds - JP Morgan Chase and Co. (13 percent), Corporate Bonds - Verizon (16 percent), Corporate Bonds – Morgan Stanley (19 percent), and Corporate Bonds - Johnson & Johnson (24 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 \$505,973 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, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets Not Depreciated:			
Land	\$ 2,599,981	\$ 0	\$ 2,599,981
Construction in Progress	0	412,228	412,228
Total Capital Assets Not Depreciated	\$ 2,599,981	\$ 412,228	\$ 3,012,209
Capital Assets Depreciated:			
Buildings and Improvements	\$ 11,340,018	\$ 0	\$ 11,340,018
Infrastructure	25,877,377	206,663	26,084,040
Other Capital Assets	3,154,178	217,823	3,372,001
Total Capital Assets Depreciated	\$ 40,371,573	\$ 424,486	\$ 40,796,059
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 3,364,717	\$ 304,846	\$ 3,669,563
Infrastructure	19,271,438	507,845	19,779,283
Other Capital Assets	2,461,972	130,995	2,592,967
Total Accumulated Depreciation	\$ 25,098,127	\$ 943,686	\$ 26,041,813
Total Capital Assets Depreciated, Net	\$ 15,273,446	\$ (519,200)	\$ 14,754,246
Governmental Activities Capital Assets, Net	\$ 17,873,427	\$ (106,972)	\$ 17,766,455

There were no decreases in capital assets to report during the year ended June 30, 2012.

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

Governmental Activities:

General Government	\$ 97,203
Public Safety	256,916
Public Health and Welfare	19,625
Other Operations	47,358
Highways/Public Works	<u>522,584</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 943,686</u></u>

Discretely Presented Marion County School Department**Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 1,133,836	\$ 0	\$ 0	\$ 1,133,836
Construction in Progress	0	67,121	0	67,121
Total Capital Assets Not Depreciated	<u>\$ 1,133,836</u>	<u>\$ 67,121</u>	<u>\$ 0</u>	<u>\$ 1,200,957</u>
Depreciated:				
Buildings and Improvements	\$ 59,112,866	\$ 0	\$ 0	\$ 59,112,866
Other Capital Assets	354,189	82,200	(17,600)	418,789
Total Capital Assets Depreciated	<u>\$ 59,467,055</u>	<u>\$ 82,200</u>	<u>\$ (17,600)</u>	<u>\$ 59,531,655</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 15,951,362	\$ 1,495,746	\$ 0	\$ 17,447,108
Other Capital Assets	180,339	36,231	(16,993)	199,577
Total Accumulated Depreciation	<u>\$ 16,131,701</u>	<u>\$ 1,531,977</u>	<u>\$ (16,993)</u>	<u>\$ 17,646,685</u>
Total Capital Assets Depreciated, Net	<u>\$ 43,335,354</u>	<u>\$ (1,449,777)</u>	<u>\$ (607)</u>	<u>\$ 41,884,970</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 44,469,190</u></u>	<u><u>\$ (1,382,656)</u></u>	<u><u>\$ (607)</u></u>	<u><u>\$ 43,085,927</u></u>

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

Governmental Activities:

Instruction	\$ 1,503,179
Support Services	4,823
Operation of Non-Instructional Services	<u>23,975</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,531,977</u></u>

C. Insurance Recovery

During the year, Marion County had lightning damage to the phone system at the Sheriff's Department and wind damage to various buildings. Insurance recovery of \$11,648 was used to repair the damages.

D. Construction Commitments

At June 30, 2012, the county had uncompleted construction contracts of approximately \$27,905 for airport improvements, \$241,990 for bridge improvements, and \$114,425 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, 2012, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,548
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	95,633

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

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

Discretely Presented Marion County School Department

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
Nonmajor governmental fund	\$ 123,729

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, 2012, 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, 2012, will be retired from the General Fund.

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	1.2 to 4.5%	6-1-31	\$ 25,340,000	\$ 22,340,000
General Obligation Bonds - Refunding	3 to 4.5	4-1-29	20,150,000	18,545,000
Capital Outlay Notes	2.125 to 3.5	6-20-16	461,817	97,474

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2012, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 97,474	\$ 3,164	\$ 100,638

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2018-2022	12,815,000	5,491,875	18,306,875
2023-2027	10,660,000	2,738,837	13,398,837
2028-2031	6,690,000	718,093	7,408,093
Total	\$ 40,885,000	\$ 16,547,266	\$ 57,432,266

There is \$7,106,267 available in the debt service funds to service general long-term debt. Bonded debt per capita totaled \$1,448, based on the 2010 federal census. Debt per capita, including bonds and notes, totaled \$1,451, based on the 2010 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2011	\$ 42,725,000	\$ 223,301
Deductions	<u>(1,840,000)</u>	<u>(125,827)</u>
Balance, June 30, 2012	<u>\$ 40,885,000</u>	<u>\$ 97,474</u>
Balance Due Within One Year	<u>\$ 2,005,000</u>	<u>\$ 81,485</u>

	<u>Landfill Postclosure Care Costs</u>	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2011	\$ 80,620	\$ 64,833	\$ 145,402
Additions	0	105,788	50,642
Deductions	<u>(26,532)</u>	<u>(111,362)</u>	<u>(4,908)</u>
Balance, June 30, 2012	<u>\$ 54,088</u>	<u>\$ 59,259</u>	<u>\$ 191,136</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 56,298</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 41,286,957
Less: Balance Due Within One Year	(2,142,783)
Add: Unamortized Premium on Debt	<u>248,453</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 39,392,627</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.

Discretely Presented Marion County School Department

Capital Outlay Note

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. The capital outlay note outstanding was issued for an original term of 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, 2012, for governmental activities is as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
Capital Outlay Note	4.55%	3-16-17	\$ 500,000	\$ 231,419

The annual requirements to amortize the notes outstanding as of June 30, 2012, including interest payments, is presented in the following table:

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 231,419	\$ 26,288	\$ 257,707

Debt per capita totaled \$8, based on the 2010 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Notes	Other Postemployment Benefits
Balance, July 1, 2011	\$ 274,004	\$ 338,344
Additions	0	341,150
Deductions	(42,585)	(274,213)
Balance, June 30, 2012	<u>\$ 231,419</u>	<u>\$ 405,281</u>
Balance Due Within One Year	<u>\$ 44,564</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 636,700
Less: Balance Due Within One Year	<u>(44,564)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 592,136</u>

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

G. On-Behalf Payments

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, 2012, were \$62,326 and \$34,664, 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 \$1,500,000 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, 2012, was as follows:

	Balance			Balance
	7-1-11	Issued	Paid	6-30-12
Tax Anticipation Note	\$ 0	\$ 1,500,000	\$ (1,500,000)	\$ 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. 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.

C. 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. During the year, Solid Waste Disposal, Inc., reevaluated the operations and land use of the landfill. This reevaluation resulted in an increase in the estimated capacity of the landfill.

Marion County is contingently liable for all closure costs estimated to be \$169,364 based on the use of 19 percent of the estimated capacity of the landfill. Marion County is liable for all postclosure costs. The \$54,088 reported as postclosure care liability at June 30, 2012, represents amounts based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

D. 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, 2012.

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

E. 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.

F. Retirement Commitments

Information for this footnote for the year ended June 30, 2012, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2011.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 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.

G. 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 and Section 8-27-207, *TCA*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://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 \$399 to \$650 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, 2012, the county and the discretely presented School Department contributed \$4,908 and \$274,213, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 51,000	\$ 342,000
Interest on the NPO	5,816	13,534
Adjustment to the ARC	(6,174)	(14,384)
Annual OPEB cost	\$ 50,642	\$ 341,150
Amount of contribution	(4,908)	(274,213)
Increase/decrease in NPO	\$ 45,734	\$ 66,937
Net OPEB obligation, 7-1-11	145,402	338,344
Net OPEB obligation, 6-30-12	\$ 191,136	\$ 405,281

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Government Group	\$ 71,046	13%	\$ 81,234
6-30-11	"	73,193	12	145,402
6-30-12	"	50,642	10	191,136
6-30-10	Local Education Group	260,944	108	375,503
6-30-11	"	271,893	114	338,344
6-30-12	"	341,150	80	405,281

Funded Status and Funding Progress

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

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 357,000	\$ 2,939,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 357,000	\$ 2,939,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 3,439,029	\$ 17,075,441
UAAL as a % of covered payroll	10.38%	17.21%

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

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Government Plan and the Local Education Plan was 9.25 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

H. 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 fund included in this category is the enterprise fund.

- 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 place 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 or revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Flows

For purposes of the Statement of Cash Flows, the commission considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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, 2012, was \$59,647. Of this amount, \$2,070 was undeposited or in petty cash, and the remaining \$57,577 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, 2012, is as follows:

	Balance 7-1-11	Additions	Balance 6-30-12
Capital Assets Not Depreciated:			
Construction in Progress	\$ 0	\$ 6,100	\$ 6,100
Capital Assets Depreciated:			
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	<u>\$ 127,330</u>	<u>\$ 6,100</u>	<u>\$ 133,430</u>
Total Accumulated Depreciation	<u>\$ 63,574</u>	<u>\$ 8,179</u>	<u>\$ 71,753</u>
Net Capital Assets	<u>\$ 63,756</u>	<u>\$ (2,079)</u>	<u>\$ 61,677</u>

There were no decreases in capital assets to report during the year ended June 30, 2012.

E. Wages

The managers of the park are compensated by the general government of Marion County. During the year ended June 30, 2012, the commission reimbursed the county \$28,591 related to salaries, payroll taxes, and workers' compensation insurance. Additionally, the manager received a \$500 bonus from the commission during the year and 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, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 7,206,365	\$ 0	\$ 7,206,365	\$ 6,774,291	\$ 6,774,291	\$ 432,074
Licenses and Permits	135,333	0	135,333	132,500	132,500	2,833
Fines, Forfeitures, and Penalties	96,899	0	96,899	101,800	101,800	(4,901)
Charges for Current Services	250,673	0	250,673	170,300	220,300	30,373
Other Local Revenues	282,694	0	282,694	314,920	331,079	(48,385)
Fees Received from County Officials	896,492	0	896,492	779,200	779,200	117,292
State of Tennessee	1,047,702	0	1,047,702	1,322,114	1,014,754	32,948
Federal Government	367,869	0	367,869	74,659	387,019	(19,150)
Other Governments and Citizens Groups	215,386	0	215,386	166,516	166,516	48,870
Total Revenues	\$ 10,499,413	\$ 0	\$ 10,499,413	\$ 9,836,300	\$ 9,907,459	\$ 591,954
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 94,862	\$ 0	\$ 94,862	\$ 83,876	\$ 94,876	\$ 14
Board of Equalization	4,120	0	4,120	2,000	4,120	0
Beer Board	2,907	0	2,907	2,800	2,907	0
Budget and Finance Committee	5,006	0	5,006	3,700	5,006	0
County Mayor/Executive	202,916	0	202,916	201,473	206,642	3,726
Election Commission	186,504	0	186,504	217,663	231,055	44,551
Register of Deeds	194,118	0	194,118	187,052	198,750	4,632
Development	20,000	0	20,000	20,000	20,000	0
Building	126,219	0	126,219	129,978	129,978	3,759
County Buildings	411,449	0	411,449	516,073	543,573	132,124
Other General Administration	54,761	0	54,761	61,877	64,058	9,297

(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)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance</u>						
Property Assessor's Office	\$ 189,683	\$ 0	\$ 189,683	\$ 204,843	\$ 204,843	\$ 15,160
Reappraisal Program	64,288	0	64,288	69,208	71,008	6,720
County Trustee's Office	44,526	0	44,526	46,101	47,101	2,575
County Clerk's Office	42,918	0	42,918	39,547	47,747	4,829
<u>Administration of Justice</u>						
Circuit Court	445,127	0	445,127	444,099	457,874	12,747
General Sessions Court	117,165	0	117,165	114,039	118,257	1,092
Drug Court	43,773	0	43,773	20,000	45,000	1,227
Chancery Court	164,094	0	164,094	174,977	178,477	14,383
Juvenile Court	175,322	0	175,322	174,994	180,494	5,172
<u>Public Safety</u>						
Sheriff's Department	2,006,508	0	2,006,508	1,942,517	2,106,216	99,708
Drug Enforcement	5,616	0	5,616	5,616	5,616	0
Administration of the Sexual Offender Registry	11,025	0	11,025	0	11,420	395
Jail	1,093,319	0	1,093,319	931,835	1,122,648	29,329
Fire Prevention and Control	94,050	0	94,050	2,000	94,051	1
Civil Defense	83,879	0	83,879	113,150	114,940	31,061
Rescue Squad	5,000	0	5,000	0	5,000	0
Other Emergency Management	9,636	0	9,636	30,068	30,068	20,432
<u>Public Health and Welfare</u>						
Local Health Center	165,717	0	165,717	171,700	171,700	5,983
Ambulance/Emergency Medical Services	223,875	0	223,875	180,000	233,875	10,000
Alcohol and Drug Programs	3,904	0	3,904	6,400	6,400	2,496
Other Local Health Services	30,547	0	30,547	16,000	34,075	3,528

(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)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
Sanitation Education/Information	\$ 44,679	\$ 0	\$ 44,679	\$ 46,264	\$ 46,264	\$ 1,585
Social, Cultural, and Recreational Services						
Libraries	134,331	0	134,331	134,331	134,331	0
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	43,687	0	43,687	46,611	46,611	2,924
Soil Conservation	33,118	0	33,118	33,029	33,304	186
<u>Other Operations</u>						
Industrial Development	9,096	0	9,096	8,675	9,100	4
Other Economic and Community Development	93,291	0	93,291	95,241	95,241	1,950
Airport	410,301	27,905	438,206	489,271	509,249	71,043
Veterans' Services	8,248	0	8,248	6,430	8,466	218
Other Charges	365,848	0	365,848	405,000	405,000	39,152
Total Expenditures	\$ 7,465,433	\$ 27,905	\$ 7,493,338	\$ 7,378,438	\$ 8,075,341	\$ 582,003
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 3,033,980	\$ (27,905)	\$ 3,006,075	\$ 2,457,862	\$ 1,832,118	\$ 1,173,957
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 11,648	\$ 0	\$ 11,648	\$ 5,000	\$ 5,000	\$ 6,648
Transfers Out	(60,000)	0	(60,000)	(80,000)	(80,000)	20,000
Total Other Financing Sources (Uses)	\$ (48,352)	\$ 0	\$ (48,352)	\$ (75,000)	\$ (75,000)	\$ 26,648
Net Change in Fund Balance	\$ 2,985,628	\$ (27,905)	\$ 2,957,723	\$ 2,382,862	\$ 1,757,118	\$ 1,200,605
Fund Balance, July 1, 2011	583,854	0	583,854	316,689	316,689	267,165
Fund Balance, June 30, 2012	\$ 3,569,482	\$ (27,905)	\$ 3,541,577	\$ 2,699,551	\$ 2,073,807	\$ 1,467,770

Exhibit F-2

Marion County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 6,016	\$ 0	\$ 6,016	\$ 10,391	\$ 6,017	\$ (1)
Charges for Current Services	198,559	0	198,559	100,000	100,000	98,559
Other Local Revenues	64,156	0	64,156	5,500	64,156	0
State of Tennessee	1,998,824	0	1,998,824	2,878,858	2,868,775	(869,951)
Total Revenues	\$ 2,267,555	\$ 0	\$ 2,267,555	\$ 2,994,749	\$ 3,038,948	\$ (771,393)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 256,788	\$ 0	\$ 256,788	\$ 283,679	\$ 294,296	\$ 37,508
Highway and Bridge Maintenance	977,658	0	977,658	941,738	1,048,223	70,565
Operation and Maintenance of Equipment	272,589	0	272,589	293,538	327,373	54,784
Other Charges	57,797	0	57,797	57,197	59,927	2,130
Employee Benefits	230,375	0	230,375	241,600	241,600	11,225
Capital Outlay	475,174	241,990	717,164	1,588,503	1,591,623	874,459
Total Expenditures	\$ 2,270,381	\$ 241,990	\$ 2,512,371	\$ 3,406,255	\$ 3,563,042	\$ 1,050,671
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,826)	\$ (241,990)	\$ (244,816)	\$ (411,506)	\$ (524,094)	\$ 279,278
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 10,000	\$ 0	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Total Other Financing Sources (Uses)	\$ 10,000	\$ 0	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 7,174	\$ (241,990)	\$ (234,816)	\$ (401,506)	\$ (514,094)	\$ 279,278
	701,804	0	701,804	690,847	690,847	10,957
Fund Balance, June 30, 2012	\$ 708,978	\$ (241,990)	\$ 466,988	\$ 289,341	\$ 176,753	\$ 290,235

Exhibit F-3

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

(Dollar amounts in thousands)

Actuarial Valuation Date *	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 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

* - Information for July 1, 2011, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, only two years are presented.

Exhibit F-4

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

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (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	7-1-09	\$ 0	\$ 535	\$ 535	0 %	\$ 2,994	17.87 %
"	7-1-10	0	572	572	0	3,462	16.52
"	7-1-11	0	357	357	0	3,439	10.38
<u>DISCRETELY PRESENTED MARION COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	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
"	7-1-11	0	2,939	2,939	0	17,075	17.21

MARION COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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.

At June 30, 2012, Marion County reported the following significant encumbrances in the General and major special revenue funds:

<u>Funds</u>	<u>Description</u>	<u>Amount</u>
General	Airport Improvements	\$ 27,905
Highway/Public Works	Bridge Improvements	241,990

**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, 2012

	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				
\$	0	0	0	96,438	0	96,438	0	0	96,438	
	20,951	42,633	96,494	0	1,248,200	160,078	1,415,189	0	2,823,467	
	0	0	0	156	0	156	0	0	156	
	0	56,109	0	0	260,509	56,109	0	0	316,618	
Total Assets	20,951	98,742	96,494	96,594	1,508,709	312,781	1,415,189	0	3,236,679	

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
 Due to Litigants, Heirs, and Others
 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	87	0	0	0	87	0	0	87
	0	0	0	1,548	0	1,548	0	0	1,548
	0	0	1,676	0	0	1,676	0	0	1,676
	0	25,000	0	0	130,000	25,000	0	0	155,000
Total Liabilities	0	25,087	1,676	1,548	130,000	28,311	0	0	158,311
\$	20,951	0	0	0	0	20,951	0	0	20,951
	0	0	0	95,046	0	95,046	0	0	95,046
	0	0	94,818	0	0	94,818	0	0	94,818
	0	73,655	0	0	0	73,655	0	0	73,655
	0	0	0	0	0	0	1,388,613	0	1,388,613
Total Liabilities and Fund Balances	0	0	0	0	1,378,709	0	0	0	1,378,709
\$	20,951	73,655	94,818	95,046	1,378,709	284,470	1,415,189	26,576	3,078,368
	20,951	98,742	96,494	96,594	1,508,709	312,781	1,415,189	0	3,236,679

Exhibit G-2

Marion County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2012

	Special Revenue Funds										Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	Education Debt Service	Education Capital Projects	Debt Service Fund	Capital Projects Fund	Total	
Revenues											
Local Taxes	\$ 5,927	\$ 323,519	\$ 0	\$ 0	\$ 329,446	\$ 1,474,492	\$ 0	\$ 0	\$ 1,803,938		
Fines, Forfeitures, and Penalties	0	0	10,103	0	10,103	0	0	0	10,103		
Charges for Current Services	0	11,246	0	396,608	407,854	0	0	0	407,854		
Other Local Revenues	0	0	0	0	0	16,705	9,016	0	25,721		
State of Tennessee	0	174,650	1,608	0	176,258	0	0	0	176,258		
Federal Government	0	0	0	0	0	0	23,010	0	23,010		
Total Revenues	\$ 5,927	\$ 509,415	\$ 11,711	\$ 396,608	\$ 923,661	\$ 1,491,197	\$ 32,026	\$ 32,026	\$ 2,446,884		
Expenditures											
Current:											
Finance	\$ 0	\$ 0	\$ 0	\$ 386,171	\$ 386,171	\$ 0	\$ 0	\$ 0	\$ 386,171		
Administration of Justice	0	0	0	9,909	9,909	0	0	0	9,909		
Public Safety	0	0	55,500	0	55,500	0	0	0	55,500		
Public Health and Welfare	0	524,323	0	0	524,323	0	0	0	524,323		
Other Operations	58	4,972	129	0	5,159	14,835	90	0	20,084		
Debt Service:											
Principal on Debt	0	0	0	0	0	535,000	0	0	535,000		
Interest on Debt	0	0	0	0	0	815,700	0	0	815,700		
Capital Projects	0	0	0	0	0	0	135,367	0	135,367		
Total Expenditures	\$ 58	\$ 529,295	\$ 55,629	\$ 396,080	\$ 981,062	\$ 1,365,535	\$ 135,457	\$ 135,457	\$ 2,482,054		
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,869	\$ (19,880)	\$ (43,918)	\$ 528	\$ (57,401)	\$ 125,662	\$ (103,431)	\$ (103,431)	\$ (35,170)		
Other Financing Sources (Uses)											
Transfers In	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 50,000		
Total Other Financing Sources (Uses)	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 50,000	\$ 0	\$ 0	\$ 0	\$ 50,000		
Net Change in Fund Balances Fund Balance, July 1, 2011	\$ 5,869	\$ 30,120	\$ (43,918)	\$ 528	\$ (7,401)	\$ 125,662	\$ (103,431)	\$ (103,431)	\$ 14,830		
	15,082	43,535	138,736	94,518	291,871	1,253,047	1,518,620	1,518,620	3,063,538		
Fund Balance, June 30, 2012	\$ 20,951	\$ 73,655	\$ 94,818	\$ 95,046	\$ 284,470	\$ 1,378,709	\$ 1,415,189	\$ 1,415,189	\$ 3,078,368		

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,927	\$ 6,500	\$ 6,500	\$ (573)
Total Revenues	\$ 5,927	\$ 6,500	\$ 6,500	\$ (573)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 0	\$ 10,000	\$ 10,000	\$ 10,000
<u>Other Operations</u>				
Other Charges	58	100	100	42
Total Expenditures	\$ 58	\$ 10,100	\$ 10,100	\$ 10,042
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,869	\$ (3,600)	\$ (3,600)	\$ 9,469
Net Change in Fund Balance	\$ 5,869	\$ (3,600)	\$ (3,600)	\$ 9,469
Fund Balance, July 1, 2011	15,082	11,987	11,987	3,095
Fund Balance, June 30, 2012	\$ 20,951	\$ 8,387	\$ 8,387	\$ 12,564

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 323,519	\$ 280,000	\$ 307,500	\$ 16,019
Charges for Current Services	11,246	10,000	10,000	1,246
State of Tennessee	174,650	171,739	171,739	2,911
Total Revenues	\$ 509,415	\$ 461,739	\$ 489,239	\$ 20,176
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 508,019	\$ 512,098	\$ 534,098	\$ 26,079
Other Waste Collection	16,304	0	0	(16,304)
<u>Other Operations</u>				
Other Charges	4,972	0	5,500	528
Total Expenditures	\$ 529,295	\$ 512,098	\$ 539,598	\$ 10,303
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,880)	\$ (50,359)	\$ (50,359)	\$ 30,479
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 50,000	\$ 70,000	\$ 70,000	\$ (20,000)
Total Other Financing Sources (Uses)	\$ 50,000	\$ 70,000	\$ 70,000	\$ (20,000)
Net Change in Fund Balance	\$ 30,120	\$ 19,641	\$ 19,641	\$ 10,479
Fund Balance, July 1, 2011	43,535	80,491	80,491	(36,956)
Fund Balance, June 30, 2012	\$ 73,655	\$ 100,132	\$ 100,132	\$ (26,477)

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 10,103	\$ 25,000	\$ 25,000	\$ (14,897)
State of Tennessee	1,608	2,000	2,000	(392)
Other Governments and Citizens Groups	0	1,000	1,000	(1,000)
Total Revenues	<u>\$ 11,711</u>	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ (16,289)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 55,500	\$ 58,797	\$ 73,298	\$ 17,798
<u>Other Operations</u>				
Other Charges	129	500	500	371
Total Expenditures	<u>\$ 55,629</u>	<u>\$ 59,297</u>	<u>\$ 73,798</u>	<u>\$ 18,169</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (43,918)</u>	<u>\$ (31,297)</u>	<u>\$ (45,798)</u>	<u>\$ 1,880</u>
Net Change in Fund Balance	\$ (43,918)	\$ (31,297)	\$ (45,798)	\$ 1,880
Fund Balance, July 1, 2011	<u>138,736</u>	<u>137,469</u>	<u>137,469</u>	<u>1,267</u>
Fund Balance, June 30, 2012	<u>\$ 94,818</u>	<u>\$ 106,172</u>	<u>\$ 91,671</u>	<u>\$ 3,147</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,474,492	\$ 1,400,000	\$ 1,400,000	\$ 74,492
Other Local Revenues	16,705	25,000	25,000	(8,295)
Total Revenues	<u>\$ 1,491,197</u>	<u>\$ 1,425,000</u>	<u>\$ 1,425,000</u>	<u>\$ 66,197</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 14,835	\$ 15,000	\$ 17,000	\$ 2,165
<u>Principal on Debt</u>				
Education	535,000	535,000	535,000	0
<u>Interest on Debt</u>				
Education	815,700	815,700	815,700	0
Total Expenditures	<u>\$ 1,365,535</u>	<u>\$ 1,365,700</u>	<u>\$ 1,367,700</u>	<u>\$ 2,165</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 125,662</u>	<u>\$ 59,300</u>	<u>\$ 57,300</u>	<u>\$ 68,362</u>
Net Change in Fund Balance	\$ 125,662	\$ 59,300	\$ 57,300	\$ 68,362
Fund Balance, July 1, 2011	<u>1,253,047</u>	<u>1,273,169</u>	<u>1,273,169</u>	<u>(20,122)</u>
Fund Balance, June 30, 2012	<u><u>\$ 1,378,709</u></u>	<u><u>\$ 1,332,469</u></u>	<u><u>\$ 1,330,469</u></u>	<u><u>\$ 48,240</u></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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 599,573	\$ 558,969	\$ 558,969	\$ 40,604
Total Revenues	\$ 599,573	\$ 558,969	\$ 558,969	\$ 40,604
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 11,775	\$ 12,500	\$ 14,500	\$ 2,725
<u>Principal on Debt</u>				
General Government	335,000	335,000	335,000	0
<u>Interest on Debt</u>				
General Government	277,375	277,375	277,375	0
<u>Other Debt Service</u>				
General Government	350	1,000	1,000	650
Total Expenditures	\$ 624,500	\$ 625,875	\$ 627,875	\$ 3,375
Excess (Deficiency) of Revenues Over Expenditures	\$ (24,927)	\$ (66,906)	\$ (68,906)	\$ 43,979
Net Change in Fund Balance	\$ (24,927)	\$ (66,906)	\$ (68,906)	\$ 43,979
Fund Balance, July 1, 2011	1,695,310	1,667,587	1,667,587	27,723
Fund Balance, June 30, 2012	\$ 1,670,383	\$ 1,600,681	\$ 1,598,681	\$ 71,702

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,334,619	\$ 1,277,793	\$ 1,277,793	\$ 56,826
Other Governments and Citizens Groups	815,985	0	0	815,985
Total Revenues	<u>\$ 2,150,604</u>	<u>\$ 1,277,793</u>	<u>\$ 1,277,793</u>	<u>\$ 872,811</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 970,000	\$ 970,000	\$ 970,000	\$ 0
<u>Interest on Debt</u>				
Education	753,343	753,343	753,343	0
<u>Other Debt Service</u>				
Education	27,506	32,500	32,500	4,994
Total Expenditures	<u>\$ 1,750,849</u>	<u>\$ 1,755,843</u>	<u>\$ 1,755,843</u>	<u>\$ 4,994</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 399,755</u>	<u>\$ (478,050)</u>	<u>\$ (478,050)</u>	<u>\$ 877,805</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 761,836	\$ 761,836	\$ (761,836)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 761,836</u>	<u>\$ 761,836</u>	<u>\$ (761,836)</u>
Net Change in Fund Balance	\$ 399,755	\$ 283,786	\$ 283,786	\$ 115,969
Fund Balance, July 1, 2011	<u>3,657,420</u>	<u>3,608,106</u>	<u>3,608,106</u>	<u>49,314</u>
Fund Balance, June 30, 2012	<u>\$ 4,057,175</u>	<u>\$ 3,891,892</u>	<u>\$ 3,891,892</u>	<u>\$ 165,283</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.

Marion County, Tennessee
 Combining Statement of Fiduciary Assets and Liabilities
 Fiduciary Funds
 June 30, 2012

	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	\$ 1,157,285	\$ 0	\$ 0	\$ 1,157,285
Equity in Pooled Cash and Investments	0	184	71,653	0	1,562	0	73,399
Accounts Receivable	0	0	71	0	0	0	71
Due from Other Governments	525,730	0	43,469	0	2,298	0	571,497
Property Taxes Receivable	0	33,340	381,484	0	0	0	414,824
Allowance for Uncollectible Property Taxes	0	(1,150)	(25,097)	0	0	0	(26,247)
Total Assets	\$ 525,730	\$ 32,374	\$ 471,580	\$ 1,157,285	\$ 3,860	\$ 0	\$ 2,190,829
<u>LIABILITIES</u>							
Due to Other Taxing Units	\$ 525,730	\$ 32,374	\$ 471,580	\$ 0	\$ 0	\$ 0	\$ 1,029,684
Due to Litigants, Heirs, and Others	0	0	0	1,157,285	3,000	0	1,160,285
Due to Joint Ventures	0	0	0	0	860	0	860
Total Liabilities	\$ 525,730	\$ 32,374	\$ 471,580	\$ 1,157,285	\$ 3,860	\$ 0	\$ 2,190,829

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,977,903	\$ 2,977,903	\$ 0
Due from Other Governments	499,540	525,730	499,540	525,730
Total Assets	\$ 499,540	\$ 3,503,633	\$ 3,477,443	\$ 525,730
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 499,540	\$ 3,503,633	\$ 3,477,443	\$ 525,730
Total Liabilities	\$ 499,540	\$ 3,503,633	\$ 3,477,443	\$ 525,730
<u>Special School District Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 264	\$ 22,999	\$ 23,079	\$ 184
Taxes Receivable	24,498	33,340	24,498	33,340
Allowance for Uncollectible Taxes	(1,596)	(1,150)	(1,596)	(1,150)
Total Assets	\$ 23,166	\$ 55,189	\$ 45,981	\$ 32,374
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 23,166	\$ 55,189	\$ 45,981	\$ 32,374
Total Liabilities	\$ 23,166	\$ 55,189	\$ 45,981	\$ 32,374
<u>City School ADA - Richard City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 71,641	\$ 648,687	\$ 648,675	\$ 71,653
Accounts Receivable	100	71	100	71
Due from Other Governments	38,517	43,469	38,517	43,469
Taxes Receivable	385,519	381,484	385,519	381,484
Allowance for Uncollectible Taxes	(24,874)	(25,097)	(24,874)	(25,097)
Total Assets	\$ 470,903	\$ 1,048,614	\$ 1,047,937	\$ 471,580
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 470,903	\$ 1,048,614	\$ 1,047,937	\$ 471,580
Total Liabilities	\$ 470,903	\$ 1,048,614	\$ 1,047,937	\$ 471,580

(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	\$ 1,019,825	\$ 4,958,714	\$ 4,821,254	\$ 1,157,285
Total Assets	\$ 1,019,825	\$ 4,958,714	\$ 4,821,254	\$ 1,157,285
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,019,825	\$ 4,958,714	\$ 4,821,254	\$ 1,157,285
Total Liabilities	\$ 1,019,825	\$ 4,958,714	\$ 4,821,254	\$ 1,157,285
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 15,469	\$ 157,274	\$ 171,181	\$ 1,562
Due from Other Governments	3,732	2,298	3,732	2,298
Total Assets	\$ 19,201	\$ 159,572	\$ 174,913	\$ 3,860
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 0	\$ 3,000	\$ 0	\$ 3,000
Due to Joint Ventures	19,201	156,572	174,913	860
Total Liabilities	\$ 19,201	\$ 156,572	\$ 174,913	\$ 860
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,019,825	\$ 4,958,714	\$ 4,821,254	\$ 1,157,285
Equity in Pooled Cash and Investments	87,374	3,806,863	3,820,838	73,399
Accounts Receivable	100	71	100	71
Due from Other Governments	541,789	571,497	541,789	571,497
Taxes Receivable	410,017	414,824	410,017	414,824
Allowance for Uncollectible Taxes	(26,470)	(26,247)	(26,470)	(26,247)
Total Assets	\$ 2,032,635	\$ 9,725,722	\$ 9,567,528	\$ 2,190,829
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 993,609	\$ 4,607,436	\$ 4,571,361	\$ 1,029,684
Due to Litigants, Heirs, and Others	1,019,825	4,961,714	4,821,254	1,160,285
Due to Joint Ventures	19,201	156,572	174,913	860
Total Liabilities	\$ 2,032,635	\$ 9,725,722	\$ 9,567,528	\$ 2,190,829

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, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 20,546,192	\$ 190,825	\$ 2,854,507	\$ (17,500,860)
Support Services	10,743,675	0	155,755	(10,587,920)
Operation of Non-Instructional Services	3,296,736	808,312	2,305,811	(182,613)
Interest on Long-term Debt	11,564	0	0	(11,564)
Other Debt Service	815,985	0	0	(815,985)
Total Governmental Activities	\$ 35,414,152	\$ 999,137	\$ 5,316,073	\$ (29,098,942)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 4,793,251
Local Option Sales Taxes				3,100,351
Hotel/Motel Tax				9,002
Wholesale Beer Tax				98,915
Other Local Taxes				1,432
Grants and Contributions Not Restricted to Specific Programs				20,322,065
Unrestricted Investment Earnings				11,596
Proceeds from Sale of Equipment				600
Miscellaneous				109,496
Total General Revenues				\$ 28,446,708
Change in Net Assets				\$ (652,234)
Net Assets, July 1, 2011				47,663,379
Net Assets, June 30, 2012				\$ 47,011,145

Exhibit J-2

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

	Major Funds		Nonmajor	Govern- mental Funds
	General Purpose School	Central Cafeteria	Fund School Federal Projects	
<u>ASSETS</u>				
Cash	\$ 0	\$ 1,880	\$ 0	\$ 1,880
Equity in Pooled Cash and Investments	2,865,668	982,067	21,541	3,869,276
Inventories	0	66,150	0	66,150
Accounts Receivable	30,217	912	0	31,129
Due from Other Governments	600,145	0	74,865	675,010
Due from Other Funds	95,633	0	0	95,633
Property Taxes Receivable	4,736,898	0	0	4,736,898
Allowance for Uncollectible Property Taxes	(311,624)	0	0	(311,624)
Total Assets	<u>\$ 8,016,937</u>	<u>\$ 1,051,009</u>	<u>\$ 96,406</u>	<u>\$ 9,164,352</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 152,020	\$ 0	\$ 0	\$ 152,020
Accrued Payroll	33,999	0	0	33,999
Contracts Payable	176,987	0	0	176,987
Due to Other Funds	0	0	95,633	95,633
Deferred Revenue - Current Property Taxes	4,143,795	0	0	4,143,795
Deferred Revenue - Delinquent Property Taxes	245,533	0	0	245,533
Other Deferred Revenues	270,000	0	0	270,000
Total Liabilities	<u>\$ 5,022,334</u>	<u>\$ 0</u>	<u>\$ 95,633</u>	<u>\$ 5,117,967</u>
<u>Fund Balances</u>				
Nonspendable:				
Inventory	\$ 0	\$ 66,150	\$ 0	\$ 66,150
Restricted:				
Restricted for Education	98,108	984,859	773	1,083,740
Unassigned	2,896,495	0	0	2,896,495
Total Fund Balances	<u>\$ 2,994,603</u>	<u>\$ 1,051,009</u>	<u>\$ 773</u>	<u>\$ 4,046,385</u>
Total Liabilities and Fund Balances	<u>\$ 8,016,937</u>	<u>\$ 1,051,009</u>	<u>\$ 96,406</u>	<u>\$ 9,164,352</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, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 4,046,385
(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: construction in progress	67,121	
Add: buildings and improvements net of accumulated depreciation	41,665,758	
Add: other capital assets net of accumulated depreciation	<u>219,212</u>	43,085,927
(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	\$ (231,419)	
Less: other postemployment benefits liability	<u>(405,281)</u>	(636,700)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>515,533</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 47,011,145</u></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, 2012

	Major Funds		Nonmajor	Total
	General Purpose School	Central Cafeteria	Fund School Federal Projects	
<u>Revenues</u>				
Local Taxes	\$ 8,060,768	\$ 0	\$ 0	\$ 8,060,768
Licenses and Permits	2,181	0	0	2,181
Charges for Current Services	190,825	808,312	0	999,137
Other Local Revenues	101,378	12,882	0	114,260
State of Tennessee	20,285,227	23,048	0	20,308,275
Federal Government	140,244	1,787,192	3,313,164	5,240,600
Total Revenues	\$ 28,780,623	\$ 2,631,434	\$ 3,313,164	\$ 34,725,221
<u>Expenditures</u>				
Current:				
Instruction	\$ 16,471,558	\$ 0	\$ 2,357,653	\$ 18,829,211
Support Services	9,984,976	0	834,340	10,819,316
Operation of Non-Instructional Services	762,534	2,569,545	0	3,332,079
Capital Outlay	146,865	0	0	146,865
Debt Service:				
Principal on Debt	42,585	0	0	42,585
Interest on Debt	11,564	0	0	11,564
Other Debt Service	815,985	0	0	815,985
Total Expenditures	\$ 28,236,067	\$ 2,569,545	\$ 3,191,993	\$ 33,997,605
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 544,556	\$ 61,889	\$ 121,171	\$ 727,616
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 123,729	\$ 0	\$ 0	\$ 123,729
Transfers Out	0	0	(123,729)	(123,729)
Total Other Financing Sources (Uses)	\$ 123,729	\$ 0	\$ (123,729)	\$ 0
Net Change in Fund Balances				
Fund Balance, July 1, 2011	\$ 668,285	\$ 61,889	\$ (2,558)	\$ 727,616
	2,326,318	989,120	3,331	3,318,769
Fund Balance, June 30, 2012	\$ 2,994,603	\$ 1,051,009	\$ 773	\$ 4,046,385

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, 2012

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$	727,616
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period		\$	138,389
Less: current-year depreciation expense			<u>(1,531,977)</u>
			(1,393,588)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.			
Less: proceeds from the sale of capital assets		\$	(2,000)
Add: assets donated and capitalized			10,932
Add: gain on disposal of capital assets			<u>1,393</u>
			10,325
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2012		\$	515,533
Less: deferred delinquent property taxes and other deferred June 30, 2011			<u>(487,768)</u>
			27,765
(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:			
Add: principal payments on notes			42,585
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability			<u>(66,937)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u><u>(652,234)</u></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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,060,768	\$ 7,769,427	\$ 7,769,427	\$ 291,341
Licenses and Permits	2,181	2,113	2,113	68
Charges for Current Services	190,825	227,940	227,940	(37,115)
Other Local Revenues	101,378	90,248	85,248	16,130
State of Tennessee	20,285,227	20,198,934	20,295,924	(10,697)
Federal Government	140,244	217,347	217,347	(77,103)
Total Revenues	\$ 28,780,623	\$ 28,506,009	\$ 28,597,999	\$ 182,624
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 12,484,947	\$ 13,204,992	\$ 13,204,992	\$ 720,045
Alternative Instruction Program	98,566	129,630	129,630	31,064
Special Education Program	2,278,840	2,334,550	2,334,550	55,710
Vocational Education Program	1,433,679	1,496,287	1,496,287	62,608
Adult Education Program	175,526	211,049	211,049	35,523
<u>Support Services</u>				
Attendance	118,655	123,390	123,390	4,735
Health Services	332,723	367,235	367,235	34,512
Other Student Support	647,884	680,709	680,709	32,825
Regular Instruction Program	921,844	985,204	985,204	63,360
Special Education Program	150,558	151,878	151,878	1,320
Vocational Education Program	97,287	100,348	100,348	3,061
Adult Programs	79,602	93,295	93,295	13,693
Other Programs	96,990	0	96,990	0
Board of Education	452,589	485,646	485,646	33,057
Director of Schools	278,367	330,265	330,265	51,898
Office of the Principal	1,831,785	1,916,300	1,916,300	84,515
Fiscal Services	298,399	316,708	316,708	18,309
Human Services/Personnel	88,863	92,106	92,106	3,243
Operation of Plant	2,522,009	2,958,985	2,958,985	436,976
Maintenance of Plant	673,189	760,575	760,575	87,386
Transportation	1,023,101	1,036,320	1,036,320	13,219
Central and Other	371,131	424,700	424,700	53,569
<u>Operation of Non-Instructional Services</u>				
Community Services	388,333	487,678	487,678	99,345
Early Childhood Education	374,201	377,837	377,837	3,636
<u>Capital Outlay</u>				
Regular Capital Outlay	146,865	151,279	151,279	4,414
<u>Principal on Debt</u>				
Education	42,585	482,337	42,585	0
<u>Interest on Debt</u>				
Education	11,564	387,797	11,564	0

(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	\$ 815,985	\$ 0	\$ 815,985	\$ 0
Total Expenditures	<u>\$ 28,236,067</u>	<u>\$ 30,087,100</u>	<u>\$ 30,184,090</u>	<u>\$ 1,948,023</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 544,556</u>	<u>\$ (1,581,091)</u>	<u>\$ (1,586,091)</u>	<u>\$ 2,130,647</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 0	\$ 0	\$ 5,000	\$ (5,000)
Transfers In	123,729	136,732	136,732	(13,003)
Total Other Financing Sources (Uses)	<u>\$ 123,729</u>	<u>\$ 136,732</u>	<u>\$ 141,732</u>	<u>\$ (18,003)</u>
Net Change in Fund Balance	\$ 668,285	\$ (1,444,359)	\$ (1,444,359)	\$ 2,112,644
Fund Balance, July 1, 2011	<u>2,326,318</u>	<u>2,290,374</u>	<u>2,290,374</u>	<u>35,944</u>
Fund Balance, June 30, 2012	<u><u>\$ 2,994,603</u></u>	<u><u>\$ 846,015</u></u>	<u><u>\$ 846,015</u></u>	<u><u>\$ 2,148,588</u></u>

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,313,164	\$ 3,562,345	\$ 3,519,788	\$ (206,624)
Total Revenues	\$ 3,313,164	\$ 3,562,345	\$ 3,519,788	\$ (206,624)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,512,761	\$ 1,539,446	\$ 1,535,389	\$ 22,628
Special Education Program	723,368	773,712	814,464	91,096
Vocational Education Program	121,524	79,524	121,524	0
<u>Support Services</u>				
Other Student Support	155,560	254,278	155,710	150
Regular Instruction Program	261,941	306,928	332,540	70,599
Special Education Program	374,106	433,060	386,560	12,454
Vocational Education Program	2,000	2,000	2,000	0
Transportation	40,733	39,228	44,529	3,796
Total Expenditures	\$ 3,191,993	\$ 3,428,176	\$ 3,392,716	\$ 200,723
Excess (Deficiency) of Revenues Over Expenditures	\$ 121,171	\$ 134,169	\$ 127,072	\$ (5,901)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (123,729)	\$ (136,732)	\$ (129,635)	\$ 5,906
Total Other Financing Sources (Uses)	\$ (123,729)	\$ (136,732)	\$ (129,635)	\$ 5,906
Net Change in Fund Balance	\$ (2,558)	\$ (2,563)	\$ (2,563)	\$ 5
Fund Balance, July 1, 2011	3,331	3,331	3,331	0
Fund Balance, June 30, 2012	\$ 773	\$ 768	\$ 768	\$ 5

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 808,312	\$ 806,000	\$ 806,000	\$ 2,312
Other Local Revenues	12,882	24,013	24,013	(11,131)
State of Tennessee	23,048	23,500	23,500	(452)
Federal Government	1,787,192	1,420,000	2,415,987	(628,795)
Total Revenues	<u>\$ 2,631,434</u>	<u>\$ 2,273,513</u>	<u>\$ 3,269,500</u>	<u>\$ (638,066)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,569,545	\$ 2,515,000	\$ 2,614,389	\$ 44,844
Total Expenditures	<u>\$ 2,569,545</u>	<u>\$ 2,515,000</u>	<u>\$ 2,614,389</u>	<u>\$ 44,844</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 61,889</u>	<u>\$ (241,487)</u>	<u>\$ 655,111</u>	<u>\$ (593,222)</u>
Net Change in Fund Balance	\$ 61,889	\$ (241,487)	\$ 655,111	\$ (593,222)
Fund Balance, July 1, 2011	989,120	1,988,161	1,988,161	(999,041)
Fund Balance, June 30, 2012	<u>\$ 1,051,009</u>	<u>\$ 1,746,674</u>	<u>\$ 2,643,272</u>	<u>\$ (1,592,263)</u>

Exhibit J-9

Marion County, Tennessee
Statement of Fiduciary Net Assets
Discretely Presented Marion County School Department
Fiduciary Fund
June 30, 2012

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash in Bank	\$ 121,260
Equity in Pooled Cash and Investments	9,419
Investments	<u>505,973</u>
Total Assets	<u>\$ 636,652</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Scholarships	<u>\$ 636,652</u>
Total Net Assets	<u><u>\$ 636,652</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, 2012

	Other Trust Fund
	<u>Private Purpose Trust Fund</u>
<u>ADDITIONS</u>	
Contributions and Gifts	\$ 25
Investment Income	15,066
Total Additions	<u>\$ 15,091</u>
<u>DEDUCTIONS</u>	
Scholarship Disbursements	\$ 15,500
Total Deductions	<u>\$ 15,500</u>
Change in Net Assets	\$ (409)
Net Assets, July 1, 2011	<u>637,061</u>
Net Assets, June 30, 2012	<u><u>\$ 636,652</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Marion County, Tennessee
 Schedule of Changes in Long-term Notes and Bonds
Primary Government and Discretely Presented Marion County School Department
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Paid and/or Matured		
						During Period	Outstanding 6-30-12	
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Fund</u>								
Election Commission Building	\$ 200,000	3.5%	2-11-08	2-20-13	\$ 84,155	\$ 41,356	\$ 42,799	
Sheriff's Vehicles	236,000	2.125	11-16-09	11-15-12	113,329	79,637	33,692	
Drug Force Vehicle	25,817	3.25	6-30-11	6-20-16	25,817	4,834	20,983	
Total Notes Payable					\$ 223,301	\$ 125,827	\$ 97,474	
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds, 2005 Series	4,460,000	3.5 to 4.2	7-1-05	4-1-29	\$ 4,050,000	\$ 160,000	\$ 3,890,000	
General Obligation Bonds, Series 2010	3,675,000	2.5 to 4	3-31-10	4-1-30	3,525,000	175,000	3,350,000	
Total Payable through General Debt Service Fund					\$ 7,575,000	\$ 335,000	\$ 7,240,000	
<u>Payable through Education Debt Service Fund</u>								
General Obligation Bonds, 2006 Series	19,500,000	4 to 4.5	5-31-06	6-1-31	\$ 18,060,000	\$ 535,000	\$ 17,525,000	
<u>Payable through Rural Debt Service Fund</u>								
Rural School Bonds, Series 2003	2,165,000	1.2 to 4	7-16-03	5-1-23	\$ 1,560,000	\$ 95,000	\$ 1,465,000	
Rural School Refunding Bonds, Series 2005	2,560,000	3.5 to 4.2	7-1-05	4-1-25	2,485,000	135,000	2,350,000	
Rural School Refunding Bonds, Series 2011	13,130,000	3 to 4.5	1-6-11	4-1-24	13,045,000	740,000	12,305,000	
Total Payable through Rural Debt Service					\$ 17,090,000	\$ 970,000	\$ 16,120,000	
Total Bonds Payable					\$ 42,725,000	\$ 1,840,000	\$ 40,885,000	

(Continued)

Exhibit K-1

Marion County, Tennessee
Schedule of Changes in Long-term Notes 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 7-1-11	Paid and/or		
						Matured During Period	Outstanding 6-30-12	
<u>DISCRETELY PRESENTED MARION</u>								
<u>COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
South Pittsburg High School HVAC	\$ 500,000	4.55%	5-16-05	3-16-17	\$ 274,004	\$ 42,585	\$ 231,419	
Total Notes Payable					\$ 274,004	\$ 42,585	\$ 231,419	

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
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	\$ 97,474	\$ 3,164	\$ 100,638

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	1,103,465	3,648,465
2021	2,650,000	1,000,681	3,650,681
2022	2,790,000	893,448	3,683,448
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	219,018	2,074,018
2030	1,625,000	137,125	1,762,125
2031	1,450,000	65,250	1,515,250
Total	\$ 40,885,000	\$ 16,547,266	\$ 57,432,266

(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	
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	<u>\$ 231,419</u>	<u>\$ 26,288</u>	<u>\$ 257,707</u>

Exhibit K-3

Marion County, Tennessee
Schedule of Investments
Discretely Presented Marion County School Department
June 30, 2012

<u>Fund and Type</u>	<u>Amount</u>
<u>Private Purpose Trust Fund</u>	
SunTrust Bank - U.S. Certificates of Deposit	\$ 55,076
Corporate Bonds - Citigroup	25,617
Corporate Bonds - Public Service Co.	61,706
Corporate Bonds - JP Morgan Chase & Co.	64,239
Corporate Bonds - Verizon Communications	80,351
Corporate Bonds - Morgan Stanley	97,837
Corporate Bonds - Johnson & Johnson	<u>121,147</u>
Total Investments	<u><u>\$ 505,973</u></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, 2012

<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
"	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	\$ 58,485
"	"	Salary reimbursements	65,244
Total Transfers Discretely Presented Marion County School Department			<u>\$ 123,729</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, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 80,594 (1)	\$ 50,000	RLI Insurance
Highway Supervisor	Section 8-24-102, TCA, and County Commission	67,927 (2)	100,000	"
Director of Schools	State Board of Education and County Board of Education	78,546 (3)	50,000	"
Trustee	Section 8-24-102, TCA	61,751	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	Section 8-24-102, TCA	61,751	50,000	"
Clerk and Master	Section 8-24-102, TCA	61,751 (4)	50,000	"
Register	Section 8-24-102, TCA	61,751	25,000	"
Sheriff	Section 8-24-102, TCA	67,927 (5)	25,000	"
Employee Blanket Bond Coverage:				
Public Employee Dishonesty - County Departments (excluding Highway Department)			250,000	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 \$9,272.
- (2) Does not include a local salary supplement of \$1,800.
- (3) Does not include a chief executive officer training supplement of \$1,000.
- (4) Does not include special commissioner fees of \$6,710.
- (5) 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, 2012

	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	\$ 6,406,303	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	263,330	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	134,730	0	0	0	0	0
Interest and Penalty	47,500	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	24,129	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	9,507	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	1,712	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	323,519	0	0	0
Litigation Tax - General	64,432	0	0	0	0	0
Litigation Tax - Special Purpose	1,305	5,927	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	19,485	0	0	0	0	0
Business Tax	232,986	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	6,016
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	946	0	0	0	0	0
Total Local Taxes	\$ 7,206,365	\$ 5,927	\$ 323,519	\$ 0	\$ 0	\$ 6,016
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 78,426	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	2,351	0	0	0	0	0
Building Permits	54,556	0	0	0	0	0
Total Licenses and Permits	\$ 135,333	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 9,734	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	10,976	0	0	0	0	0

(Continued)

Exhibit K-6

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	\$ 8,674	\$ 0	\$ 0
Jail Fees	490	0	0	0	0	0
DUI Treatment Fines	1,520	0	0	0	0	0
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	646	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	20,587	0	0	0	0	0
Officers Costs	24,607	0	0	0	0	0
Game and Fish Fines	947	0	0	0	0	0
Drug Court Fees	5,988	0	0	0	0	0
Jail Fees	6,003	0	0	0	0	0
DUI Treatment Fines	7,976	0	0	0	0	0
Data Entry Fee - General Sessions Court	5,011	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	524	0	0	0	0	0
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	302	0	0	0	0	0
<u>Other Courts - In-county</u>						
Officers Costs	1,588	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	0	0	0	1,429	0	0
Total Fines, Forfeitures, and Penalties	\$ 96,899	\$ 0	\$ 0	\$ 10,103	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Work Release Charges for Board	\$ 2,657	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	0	0	0	0	0	198,559
<u>Fees</u>						
Airport Fees	157,205	0	0	0	0	0
Copy Fees	926	0	0	0	0	0

(Continued)

Exhibit K-6

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 (Cont.)</u>						
Telephone Commissions	\$ 65,331	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vending Machine Collections	9,655	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	389,898	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	6,710	0
Data Processing Fee - Register	9,012	0	0	0	0	0
Data Processing Fee - Sheriff	3,528	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,165	0	0	0	0	0
Data Processing Fee - County Clerk	194	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	11,246	0	0	0
Total Charges for Current Services	\$ 250,673	\$ 0	\$ 11,246	\$ 0	\$ 396,608	\$ 198,559
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 110,599	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	143,820	0	0	0	0	0
Commissary Sales	1,410	0	0	0	0	0
Sale of Recycled Materials	415	0	0	0	0	0
Miscellaneous Refunds	290	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Property	16,160	0	0	0	0	0
Damages Recovered from Individuals	10,000	0	0	0	0	0
Performance Bond Forfeitures	0	0	0	0	0	64,156
Total Other Local Revenues	\$ 282,694	\$ 0	\$ 0	\$ 0	\$ 0	\$ 64,156
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 68,306	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	291,953	0	0	0	0	0

(Continued)

Exhibit K-6

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>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	\$ 144,080	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Sessions Court Clerk	155,249	0	0	0	0	0
Clerk and Master	122,973	0	0	0	0	0
Register	103,639	0	0	0	0	0
Sheriff	10,160	0	0	0	0	0
Other Officials	132	0	0	0	0	0
Total Fees Received from County Officials	\$ 896,492	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 11,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	6,656	0	0	0	0	0
Other General Government Grants	0	0	0	1,608	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	11,400	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	92,440	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	78,951
State Aid Program	0	0	0	0	0	161,731
Litter Program	41,810	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	86,452	0	0	0	0	0
Beer Tax	18,421	0	0	0	0	0
Alcoholic Beverage Tax	53,861	0	0	0	0	0
Mixed Drink Tax	250	0	0	0	0	0
State Revenue Sharing - T.V.A.	330,799	0	165,399	0	0	0
Contracted Prisoner Boarding	278,355	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,737,768
Petroleum Special Tax	0	0	0	0	0	20,374

(Continued)

Exhibit K-6

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>						
Registrar's Salary Supplement	\$ 15,164	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other State Grants	60,000	0	9,251	0	0	0
Other State Revenues	40,694	0	0	0	0	0
Total State of Tennessee	\$ 1,047,702	\$ 0	\$ 174,650	\$ 1,608	\$ 0	\$ 1,998,824
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 80,379	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	283,890	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	3,600	0	0	0	0	0
Total Federal Government	\$ 367,869	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 5,616	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	209,583	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	187	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 215,386	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 10,499,413	\$ 5,927	\$ 509,415	\$ 11,711	\$ 396,608	\$ 2,267,555

(Continued)

Exhibit K-6

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	Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 531,540	\$ 1,177,830	\$ 0	\$ 0	\$ 0	\$ 8,115,673
Trustee's Collections - Prior Year	37,666	83,560	0	0	0	384,556
Circuit/Clerk & Master Collections - Prior Years	19,630	47,813	0	0	0	202,173
Interest and Penalty	6,411	14,213	0	0	0	68,124
Payments in-Lieu-of Taxes - T.V.A.	2,847	7,299	0	0	0	34,275
Payments in-Lieu-of Taxes - Local Utilities	1,248	3,292	0	0	0	14,047
Payments in-Lieu-of Taxes - Other	231	612	0	0	0	2,555
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	1,474,492	0	0	1,798,011
Litigation Tax - General	0	0	0	0	0	64,432
Litigation Tax - Special Purpose	0	0	0	0	0	7,232
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	19,485
Business Tax	0	0	0	0	0	232,986
Mineral Severance Tax	0	0	0	0	0	6,016
<u>Statutory Local Taxes</u>						
Interstate Telecommunications Tax	0	0	0	0	0	946
Total Local Taxes	\$ 599,573	\$ 1,334,619	\$ 1,474,492	\$ 0	\$ 0	\$ 10,950,511
<u>Licenses and Permits</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 78,426
Beer Permits	0	0	0	0	0	2,351
Building Permits	0	0	0	0	0	54,556
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 135,333
<u>Fines, Forfeitures, and Penalties</u>						
Circuit Court	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,734
Fines	0	0	0	0	0	10,976
Officers Costs						

(Continued)

Exhibit K-6

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>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
Drug Control Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	8,674
Jail Fees	0	0	0	0	0	490
DUI Treatment Fines	0	0	0	0	0	1,520
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	0	0	0	0	0	646
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	20,587
Officers Costs	0	0	0	0	0	24,607
Game and Fish Fines	0	0	0	0	0	947
Drug Court Fees	0	0	0	0	0	5,988
Jail Fees	0	0	0	0	0	6,003
DUI Treatment Fines	0	0	0	0	0	7,976
Data Entry Fee - General Sessions Court	0	0	0	0	0	5,011
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	524
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	0	0	0	0	0	302
<u>Other Courts - In-county</u>						
Officers Costs	0	0	0	0	0	1,588
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	1,429
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	107,002
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Work Release Charges for Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,657
Other General Service Charges	0	0	0	0	0	198,559
<u>Fees</u>						
Airport Fees	0	0	0	0	0	157,205
Copy Fees	0	0	0	0	0	926

(Continued)

Exhibit K-6

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>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Telephone Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	65,331
Vending Machine Collections	0	0	0	0	0	9,655
Constitutional Officers' Fees and Commissions	0	0	0	0	0	389,898
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	6,710
Data Processing Fee - Register	0	0	0	0	0	9,012
Data Processing Fee - Sheriff	0	0	0	0	0	3,528
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	2,165
Data Processing Fee - County Clerk	0	0	0	0	0	194
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	0	0	0	11,246
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 857,086
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 16,705	\$ 9,016	\$ 0	136,320
Lease/Rentals	0	0	0	0	0	143,820
Commissary Sales	0	0	0	0	0	1,410
Sale of Recycled Materials	0	0	0	0	0	415
Miscellaneous Refunds	0	0	0	0	0	290
<u>Nonrecurring Items</u>						
Sale of Property	0	0	0	0	0	16,160
Damages Recovered from Individuals	0	0	0	0	0	10,000
Performance Bond Forfeitures	0	0	0	0	0	64,156
Total Other Local Revenues	\$ 0	\$ 0	\$ 16,705	\$ 9,016	\$ 0	\$ 372,571
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	68,306
Trustee	0	0	0	0	0	291,953

(Continued)

Exhibit K-6

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>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 144,080
General Sessions Court Clerk	0	0	0	0	0	155,249
Clerk and Master	0	0	0	0	0	122,973
Register	0	0	0	0	0	103,639
Sheriff	0	0	0	0	0	10,160
Other Officials	0	0	0	0	0	132
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 896,492
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,400
Airport Maintenance Program	0	0	0	0	0	6,656
Other General Government Grants	0	0	0	0	0	1,608
<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	92,440
<u>Health Department Programs</u>						
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	78,951
State Aid Program	0	0	0	0	0	161,731
Litter Program	0	0	0	0	0	41,810
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	86,452
Beer Tax	0	0	0	0	0	18,421
Alcoholic Beverage Tax	0	0	0	0	0	53,861
Mixed Drink Tax	0	0	0	0	0	250
State Revenue Sharing - T.V.A.	0	0	0	0	0	496,198
Contracted Prisoner Boarding	0	0	0	0	0	278,355
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,737,768
Petroleum Special Tax	0	0	0	0	0	20,374

(Continued)

Exhibit K-6

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 Debt Service	Education Capital Projects	Education Capital Projects	
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Registrar's Salary Supplement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,164
Other State Grants	0	0	0	0	0	0	69,251
Other State Revenues	0	0	0	0	0	0	40,694
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,222,784
<u>Federal Government</u>							
<u>Federal Through State</u>							
Homeland Security Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 80,379
Other Federal through State	0	0	0	0	0	0	283,890
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	0	0	0	0	23,010	23,010	26,610
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,010	\$ 23,010	\$ 390,879
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 815,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 821,601
Contracted Services	0	0	0	0	0	0	209,583
<u>Citizens Groups</u>							
Donations	0	0	0	0	0	0	187
Total Other Governments and Citizens Groups	\$ 0	\$ 815,985	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,031,371
Total	\$ 599,573	\$ 2,150,604	\$ 1,491,197	\$ 32,026	\$ 17,964,029		

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, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,295,938	\$ 0	\$ 0	\$ 4,295,938
Trustee's Collections - Prior Year	289,346	0	0	289,346
Circuit/Clerk & Master Collections - Prior Years	145,902	0	0	145,902
Interest and Penalty	50,955	0	0	50,955
Payments in-Lieu-of Taxes - T.V.A.	25,715	0	0	25,715
Payments in-Lieu-of Taxes - Local Utilities	11,254	0	0	11,254
Payments in-Lieu-of Taxes - Other	2,091	0	0	2,091
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,070,351	0	0	3,070,351
Hotel/Motel Tax	9,002	0	0	9,002
<u>Statutory Local Taxes</u>				
Bank Excise Tax	59,867	0	0	59,867
Wholesale Beer Tax	98,915	0	0	98,915
Interstate Telecommunications Tax	1,432	0	0	1,432
Total Local Taxes	\$ 8,060,768	\$ 0	\$ 0	\$ 8,060,768
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,181	\$ 0	\$ 0	\$ 2,181
Total Licenses and Permits	\$ 2,181	\$ 0	\$ 0	\$ 2,181
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 2,607	\$ 0	\$ 0	\$ 2,607
Lunch Payments - Children	0	0	416,071	416,071
Lunch Payments - Adults	0	0	69,800	69,800
Income from Breakfast	0	0	35,089	35,089
A la carte Sales	0	0	287,352	287,352
Receipts from Individual Schools	5,988	0	0	5,988
Community Service Fees - Children	176,410	0	0	176,410
TBI Criminal Background Fees	5,820	0	0	5,820
Total Charges for Current Services	\$ 190,825	\$ 0	\$ 808,312	\$ 999,137
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 11,596	\$ 11,596
Miscellaneous Refunds	98,999	0	1,286	100,285
<u>Nonrecurring Items</u>				
Sale of Property	600	0	0	600
Contributions and Gifts	1,500	0	0	1,500
<u>Other Local Revenues</u>				
Other Local Revenues	279	0	0	279
Total Other Local Revenues	\$ 101,378	\$ 0	\$ 12,882	\$ 114,260
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 96,990	\$ 0	\$ 0	\$ 96,990

(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 (Cont.)</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 18,615,000	\$ 0	\$ 0	\$ 18,615,000
School Food Service	0	0	23,048	23,048
Driver Education	3,554	0	0	3,554
Other State Education Funds	616,426	0	0	616,426
Career Ladder Program	159,095	0	0	159,095
Career Ladder - Extended Contract	66,200	0	0	66,200
Other Vocational	13,217	0	0	13,217
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	685,226	0	0	685,226
Other State Grants	24,000	0	0	24,000
Other State Revenues	5,519	0	0	5,519
Total State of Tennessee	\$ 20,285,227	\$ 0	\$ 23,048	\$ 20,308,275
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,214,969	\$ 1,214,969
USDA - Commodities	0	0	99,389	99,389
Breakfast	0	0	464,925	464,925
USDA - Other	0	0	7,909	7,909
Adult Education State Grant Program	15,080	0	0	15,080
Vocational Education - Basic Grants to States	0	72,960	0	72,960
Title I Grants to Local Education Agencies	0	903,057	0	903,057
Special Education - Grants to States	9,166	946,261	0	955,427
Special Education Preschool Grants	0	35,022	0	35,022
Safe and Drug-free Schools - State Grants	103,473	0	0	103,473
Eisenhower Professional Development State Grants	0	209,977	0	209,977
Race-to-the-Top - ARRA	0	274,713	0	274,713
Other Federal through State	12,525	871,174	0	883,699
Total Federal Government	\$ 140,244	\$ 3,313,164	\$ 1,787,192	\$ 5,240,600
Total	\$ 28,780,623	\$ 3,313,164	\$ 2,631,434	\$ 34,725,221

Exhibit K-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	43,575	
Social Security		3,333	
Dues and Memberships		2,000	
Legal Services		44,487	
Legal Notices, Recording, and Court Costs		1,467	
Total County Commission			\$ 94,862

Board of Equalization

Board and Committee Members Fees	\$	4,120	
Total Board of Equalization			4,120

Beer Board

Board and Committee Members Fees	\$	2,700	
Social Security		207	
Total Beer Board			2,907

Budget and Finance Committee

Board and Committee Members Fees	\$	4,650	
Social Security		356	
Total Budget and Finance Committee			5,006

County Mayor/Executive

County Official/Administrative Officer	\$	80,594	
Accountants/Bookkeepers		33,454	
Secretary(ies)		28,417	
Other Salaries and Wages		1,750	
Social Security		11,746	
State Retirement		10,900	
Employee and Dependent Insurance		14,285	
Unemployment Compensation		188	
Communication		2,312	
Dues and Memberships		2,567	
Legal Notices, Recording, and Court Costs		25	
Maintenance and Repair Services - Equipment		6,287	
Maintenance and Repair Services - Vehicles		413	
Postal Charges		1,496	
Travel		3,343	
Gasoline		1,372	
Office Supplies		3,191	
Office Equipment		576	
Total County Mayor/Executive			202,916

(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	\$	55,576	
Part-time Personnel		15,503	
Election Commission		5,200	
Election Workers		17,791	
Social Security		5,709	
State Retirement		3,668	
Employee and Dependent Insurance		4,800	
Unemployment Compensation		195	
Contracts with Private Agencies		13,634	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		5,431	
Postal Charges		5,384	
Travel		5,382	
Office Supplies		3,780	
Principal on Notes		41,356	
Interest on Notes		2,945	
Total Election Commission			\$ 186,504

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		10,894	
State Retirement		9,774	
Employee and Dependent Insurance		4,800	
Unemployment Compensation		216	
Data Processing Services		6,989	
Dues and Memberships		593	
Postal Charges		207	
Office Supplies		864	
Office Equipment		11,698	
Total Register of Deeds			194,118

Development

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

Building

Supervisor/Director	\$	52,640	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Building (Cont.)

Clerical Personnel	\$	28,417	
Part-time Personnel		2,378	
Other Salaries and Wages		7,082	
Social Security		6,662	
State Retirement		5,817	
Unemployment Compensation		144	
Advertising		990	
Communication		1,238	
Contracts with Government Agencies		9,250	
Dues and Memberships		325	
Postal Charges		185	
Travel		9,304	
Office Supplies		1,787	
Total Building			\$ 126,219

County Buildings

Custodial Personnel	\$	31,615	
Other Salaries and Wages		2,301	
Social Security		4,899	
State Retirement		2,895	
Employee and Dependent Insurance		9,867	
Unemployment Compensation		92	
Janitorial Services		12,500	
Maintenance and Repair Services - Equipment		14,216	
Other Contracted Services		26,621	
Utilities		232,383	
Other Supplies and Materials		63,588	
Heating and Air Conditioning Equipment		7,622	
Other Construction		2,850	
Total County Buildings			411,449

Other General Administration

Maintenance Personnel	\$	37,940	
Overtime Pay		1,970	
Social Security		3,053	
State Retirement		2,634	
Employee and Dependent Insurance		1,281	
Unemployment Compensation		72	
Communication		1,550	
Travel		6,261	
Total Other General Administration			54,761

(Continued)

Exhibit K-8

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

General Fund (Cont.)

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		11,171	
State Retirement		9,702	
Employee and Dependent Insurance		4,685	
Unemployment Compensation		216	
Audit Services		12,584	
Dues and Memberships		20	
Legal Notices, Recording, and Court Costs		104	
Maintenance and Repair Services - Equipment		1,650	
Postal Charges		690	
Travel		718	
Office Supplies		1,141	
Total Property Assessor's Office			\$ 189,683

Reappraisal Program

Clerical Personnel	\$	11,406	
Other Salaries and Wages		27,762	
Social Security		2,785	
State Retirement		1,832	
Employee and Dependent Insurance		4,800	
Unemployment Compensation		134	
Communication		910	
Postal Charges		491	
Travel		1,926	
Other Contracted Services		12,242	
Total Reappraisal Program			64,288

County Trustee's Office

State Retirement	\$	8,141	
Employee and Dependent Insurance		19,200	
Dues and Memberships		468	
Legal Notices, Recording, and Court Costs		35	
Maintenance and Repair Services - Equipment		8,141	
Postal Charges		6,954	
Office Supplies		1,172	
Office Equipment		415	
Total County Trustee's Office			44,526

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

State Retirement	\$	12,508	
Employee and Dependent Insurance		2,800	
Dues and Memberships		468	
Maintenance and Repair Services - Equipment		13,777	
Postal Charges		8,970	
Office Supplies		4,395	
Total County Clerk's Office			\$ 42,918

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		228,743	
Other Salaries and Wages		25,598	
Jury and Witness Expense		14,581	
Social Security		22,595	
State Retirement		20,064	
Employee and Dependent Insurance		28,694	
Unemployment Compensation		740	
Data Processing Services		26,400	
Dues and Memberships		468	
Maintenance and Repair Services - Equipment		3,512	
Postal Charges		3,297	
Travel		7	
Office Supplies		6,437	
Other Charges		2,240	
Total Circuit Court			445,127

General Sessions Court

Judge(s)	\$	97,976	
Social Security		7,495	
State Retirement		6,466	
Travel		2,242	
Library Books/Media		2,986	
Total General Sessions Court			117,165

Drug Court

Drug Treatment	\$	43,773	
Total Drug Court			43,773

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	61,751	
Accountants/Bookkeepers		27,645	
Part-time Personnel		5,590	
Other Salaries and Wages		26,211	
Social Security		8,824	
State Retirement		7,630	
Employee and Dependent Insurance		13,420	
Unemployment Compensation		251	
Dues and Memberships		468	
Legal Notices, Recording, and Court Costs		28	
Maintenance and Repair Services - Equipment		8,088	
Postal Charges		3,724	
Office Supplies		464	
Total Chancery Court			\$ 164,094

Juvenile Court

Judge(s)	\$	58,786	
Assistant(s)		30,535	
Probation Officer(s)		28,417	
Clerical Personnel		2,186	
Overtime Pay		7,728	
Other Salaries and Wages		12,526	
Social Security		10,359	
State Retirement		8,281	
Employee and Dependent Insurance		4,800	
Unemployment Compensation		232	
Postal Charges		7	
Travel		2,247	
Other Contracted Services		8,663	
Office Supplies		555	
Total Juvenile Court			175,322

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927	
Deputy(ies)		601,068	
Investigator(s)		33,102	
Accountants/Bookkeepers		7,009	
Salary Supplements		11,400	
Dispatchers/Radio Operators		310,775	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Attendants	\$	55,718	
Part-time Personnel		14,394	
Overtime Pay		137,824	
Other Salaries and Wages		97,505	
In-Service Training		4,783	
Social Security		97,907	
State Retirement		82,503	
Employee and Dependent Insurance		129,902	
Unemployment Compensation		2,814	
Data Processing Services		29,808	
Dues and Memberships		2,000	
Maintenance and Repair Services - Equipment		3,780	
Postal Charges		639	
Rentals		2,680	
Other Contracted Services		215	
Gasoline		127,707	
Office Supplies		9,628	
Tires and Tubes		5,642	
Uniforms		3,599	
Vehicle Parts		29,735	
Refunds		665	
Other Charges		1,182	
Principal on Notes		79,637	
Interest on Notes		1,663	
Communication Equipment		18,731	
Law Enforcement Equipment		34,566	
Total Sheriff's Department			\$ 2,006,508

Drug Enforcement

Principal on Notes	\$	4,834	
Interest on Notes		782	
Total Drug Enforcement			5,616

Administration of the Sexual Offender Registry

Overtime Pay	\$	7,154	
Social Security		517	
State Retirement		472	
Unemployment Compensation		11	
Office Supplies		229	
Other Charges		2,642	
Total Administration of the Sexual Offender Registry			11,025

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Guards	\$	374,086	
Cafeteria Personnel		47,916	
Part-time Personnel		1,509	
Overtime Pay		47,739	
Other Salaries and Wages		23,900	
In-Service Training		56	
Social Security		44,583	
State Retirement		33,522	
Employee and Dependent Insurance		44,518	
Unemployment Compensation		1,707	
Medical and Dental Services		307,012	
Transportation - Other than Students		500	
Food Supplies		119,147	
Office Supplies		4,475	
Prisoners Clothing		5,330	
Uniforms		1,281	
Other Charges		36,038	
Total Jail			\$ 1,093,319

Fire Prevention and Control

Contributions	\$	2,000	
Other Contracted Services		92,050	
Total Fire Prevention and Control			94,050

Civil Defense

Contributions	\$	3,500	
Equipment and Machinery Parts		80,379	
Total Civil Defense			83,879

Rescue Squad

Contributions	\$	5,000	
Total Rescue Squad			5,000

Other Emergency Management

Other Contracted Services	\$	9,636	
Total Other Emergency Management			9,636

Public Health and Welfare

Local Health Center

Contributions	\$	71,161	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Other Contracted Services	\$ 94,556	
Total Local Health Center		\$ 165,717

Ambulance/Emergency Medical Services

Ambulance Services	\$ 170,000	
Motor Vehicles	53,875	
Total Ambulance/Emergency Medical Services		223,875

Alcohol and Drug Programs

Accountants/Bookkeepers	\$ 2,400	
Other Supplies and Materials	1,504	
Total Alcohol and Drug Programs		3,904

Other Local Health Services

Medical Personnel	\$ 6,375	
Pauper Burials	1,200	
Other Contracted Services	22,972	
Total Other Local Health Services		30,547

Sanitation Education/Information

Accountants/Bookkeepers	\$ 11,188	
Guards	12,984	
Secretary(ies)	9,107	
Travel	2,820	
Instructional Supplies and Materials	8,299	
Other Supplies and Materials	66	
Other Equipment	215	
Total Sanitation Education/Information		44,679

Social, Cultural, and Recreational Services

Libraries

Contributions	\$ 134,331	
Total Libraries		134,331

Agriculture and Natural Resources

Agriculture Extension Service

Contributions	\$ 43,162	
Maintenance and Repair Services - Equipment	525	
Total Agriculture Extension Service		43,687

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Clerical Personnel	\$	28,417	
Social Security		2,157	
State Retirement		1,876	
Unemployment Compensation		72	
Office Supplies		101	
Other Charges		495	
Total Soil Conservation			\$ 33,118

Other Operations

Industrial Development

Dues and Memberships	\$	9,096	
Total Industrial Development			9,096

Other Economic and Community Development

Other Contracted Services	\$	53,100	
Other Charges		40,191	
Total Other Economic and Community Development			93,291

Airport

Supervisor/Director	\$	29,598	
Temporary Personnel		8,220	
Social Security		2,699	
State Retirement		1,953	
Employee and Dependent Insurance		4,800	
Unemployment Compensation		138	
Travel		892	
Other Contracted Services		5,512	
Fuel Oil		70,938	
Office Supplies		832	
Utilities		11,540	
Liability Insurance		2,842	
Other Charges		4,078	
Airport Improvement		25,986	
Other Construction		240,273	
Total Airport			410,301

Veterans' Services

Supervisor/Director	\$	5,928	
Social Security		454	
Unemployment Compensation		47	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Communication	\$	184	
Contributions		750	
Equipment and Machinery Parts		885	
Total Veterans' Services			\$ 8,248

Other Charges

Audit Services	\$	8,471	
Postal Charges		5,086	
Office Supplies		5,158	
Building and Contents Insurance		35,947	
Liability Insurance		69,730	
Trustee's Commission		159,141	
Vehicle and Equipment Insurance		25,422	
Workers' Compensation Insurance		56,893	
Total Other Charges			<u>365,848</u>

Total General Fund \$ 7,465,433

Courthouse and Jail Maintenance Fund

Other Operations

Other Charges

Trustee's Commission	\$	58	
Total Other Charges			<u>\$ 58</u>

Total Courthouse and Jail Maintenance Fund 58

Solid Waste/Sanitation Fund

Public Health and Welfare

Convenience Centers

Truck Drivers	\$	50,902	
Part-time Personnel		150,485	
Other Salaries and Wages		6,468	
Social Security		15,840	
State Retirement		3,787	
Employee and Dependent Insurance		6,930	
Unemployment Compensation		1,305	
Maintenance and Repair Services - Equipment		6,686	
Disposal Fees		224,151	
Diesel Fuel		17,955	
Tires and Tubes		3,555	

(Continued)

Exhibit K-8

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

<u>Solid Waste/Sanitation Fund (Cont.)</u>			
<u>Public Health and Welfare (Cont.)</u>			
<u>Convenience Centers (Cont.)</u>			
Utilities	\$	17,858	
Other Supplies and Materials		<u>2,097</u>	
Total Convenience Centers	\$		508,019
<u>Other Waste Collection</u>			
Tires and Tubes	\$	<u>16,304</u>	
Total Other Waste Collection			16,304
<u>Other Operations</u>			
<u>Other Charges</u>			
Trustee's Commission	\$	<u>4,972</u>	
Total Other Charges			<u>4,972</u>
Total Solid Waste/Sanitation Fund	\$		529,295
<u>Drug Control Fund</u>			
<u>Public Safety</u>			
<u>Drug Enforcement</u>			
Accountants/Bookkeepers	\$	3,000	
Secretary(ies)		3,000	
Overtime Pay		16,757	
Social Security		1,741	
State Retirement		1,485	
Unemployment Compensation		43	
Contributions		3,000	
Confidential Drug Enforcement Payments		8,000	
Veterinary Services		5,339	
Animal Food and Supplies		722	
Law Enforcement Supplies		2,247	
Refunds		287	
Law Enforcement Equipment		3,878	
Motor Vehicles		<u>6,001</u>	
Total Drug Enforcement	\$		55,500
<u>Other Operations</u>			
<u>Other Charges</u>			
Trustee's Commission	\$	<u>129</u>	
Total Other Charges			<u>129</u>
Total Drug Control Fund			55,629

(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 171,981	
Total County Trustee's Office		\$ 171,981

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 214,190	
Total County Clerk's Office		214,190

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 6,710	
Constitutional Officers' Operating Expenses	3,199	
Total Chancery Court		<u>9,909</u>

Total Constitutional Officers - Fees Fund		\$ 396,080
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 67,927	
Assistant(s)	48,295	
Accountants/Bookkeepers	71,994	
Salary Supplements	1,800	
Social Security	12,145	
State Retirement	12,541	
Employer Medicare	2,372	
Communication	9,273	
Data Processing Services	4,784	
Dues and Memberships	3,664	
Evaluation and Testing	1,575	
Legal Notices, Recording, and Court Costs	89	
Postal Charges	400	
Travel	1,335	
Other Contracted Services	6,360	
Office Supplies	854	
Fines, Assessments, and Penalties	998	
Other Charges	10,382	
Total Administration		\$ 256,788

Highway and Bridge Maintenance

Foremen	\$ 61,501	
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(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Equipment Operators	\$	69,492	
Truck Drivers		215,630	
Laborers		159,320	
Social Security		32,299	
State Retirement		31,095	
Employer Medicare		6,308	
Operating Lease Payments		1,000	
Rentals		1,168	
Other Contracted Services		10,800	
Asphalt - Cold Mix		10,765	
Asphalt - Hot Mix		245,080	
Asphalt - Liquid		23,926	
Crushed Stone		69,254	
Pipe - Metal		7,579	
Road Signs		5,952	
Salt		8,347	
Other Supplies and Materials		18,142	
Total Highway and Bridge Maintenance			\$ 977,658

Operation and Maintenance of Equipment

Mechanic(s)	\$	70,743	
Nightwatchmen		9,242	
Social Security		5,041	
State Retirement		5,279	
Employer Medicare		985	
Diesel Fuel		63,651	
Equipment and Machinery Parts		44,019	
Garage Supplies		6,415	
Gasoline		57,812	
Lubricants		2,351	
Propane Gas		395	
Tires and Tubes		6,656	
Total Operation and Maintenance of Equipment			272,589

Other Charges

Electricity	\$	7,470	
Water and Sewer		129	
Building and Contents Insurance		1,039	
Liability Insurance		4,078	
Trustee's Commission		17,681	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Vehicle and Equipment Insurance	\$ 27,400	
Total Other Charges		\$ 57,797

Employee Benefits

Employee and Dependent Insurance	\$ 159,626	
Workers' Compensation Insurance	70,749	
Total Employee Benefits		230,375

Capital Outlay

Bridge Construction	\$ 163,932	
Building Improvements	10,679	
Communication Equipment	540	
Data Processing Equipment	1,680	
Motor Vehicles	26,029	
Office Equipment	1,340	
State Aid Projects	211,515	
Other Equipment	59,459	
Total Capital Outlay		475,174

Total Highway/Public Works Fund		\$ 2,270,381
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General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$ 11,775	
Total Other Charges		\$ 11,775

Principal on Debt

General Government

Principal on Bonds	\$ 335,000	
Total General Government		335,000

Interest on Debt

General Government

Interest on Bonds	\$ 277,375	
Total General Government		277,375

Other Debt Service

General Government

Other Charges	\$ 350	
Total General Government		350

Total General Debt Service Fund		624,500
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(Continued)

Exhibit K-8

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

<u>Rural Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>Education</u>		
Principal on Bonds	\$ 970,000	
Total Education	<u>970,000</u>	\$ 970,000
<u>Interest on Debt</u>		
<u>Education</u>		
Interest on Bonds	\$ 753,343	
Total Education	<u>753,343</u>	753,343
<u>Other Debt Service</u>		
<u>Education</u>		
Trustee's Commission	\$ 26,206	
Other Charges	1,300	
Total Education	<u>27,506</u>	<u>27,506</u>
Total Rural Debt Service Fund		\$ 1,750,849
<u>Education Debt Service Fund</u>		
<u>Other Operations</u>		
<u>Other Charges</u>		
Trustee's Commission	\$ 14,835	
Total Other Charges	<u>14,835</u>	\$ 14,835
<u>Principal on Debt</u>		
<u>Education</u>		
Principal on Bonds	\$ 535,000	
Total Education	<u>535,000</u>	535,000
<u>Interest on Debt</u>		
<u>Education</u>		
Interest on Bonds	\$ 815,700	
Total Education	<u>815,700</u>	<u>815,700</u>
Total Education Debt Service Fund		1,365,535
<u>Education Capital Projects Fund</u>		
<u>Other Operations</u>		
<u>Other Charges</u>		
Trustee's Commission	\$ 90	
Total Other Charges	<u>90</u>	\$ 90
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$ 125,006	
Other Contracted Services	10,361	
Total Education Capital Projects	<u>135,367</u>	<u>135,367</u>
Total Education Capital Projects Fund		<u>135,457</u>
Total Governmental Funds - Primary Government		<u>\$ 14,593,217</u>

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, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,632,634	
Career Ladder Program	88,165	
Career Ladder Extended Contracts	42,814	
Homebound Teachers	33,164	
Educational Assistants	233,376	
Other Salaries and Wages	49,660	
Certified Substitute Teachers	30,648	
Non-certified Substitute Teachers	199,224	
Social Security	549,064	
State Retirement	808,508	
Medical Insurance	1,430,776	
Employer Medicare	129,214	
Other Contracted Services	3,358	
Instructional Supplies and Materials	44,200	
Textbooks	95,574	
Other Supplies and Materials	102,711	
Other Charges	2,557	
Regular Instruction Equipment	9,300	
Total Regular Instruction Program		\$ 12,484,947

Alternative Instruction Program

Teachers	\$ 72,187	
Social Security	4,182	
State Retirement	6,533	
Medical Insurance	13,660	
Employer Medicare	978	
Other Contracted Services	34	
Instructional Supplies and Materials	276	
Other Supplies and Materials	716	
Total Alternative Instruction Program		98,566

Special Education Program

Teachers	\$ 1,155,502
Career Ladder Program	10,975
Homebound Teachers	5,064
Educational Assistants	176,257
Speech Pathologist	179,419
Other Salaries and Wages	18,359
Certified Substitute Teachers	3,265

(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.)

Non-certified Substitute Teachers	\$	38,720	
Social Security		93,504	
State Retirement		134,265	
Medical Insurance		306,279	
Employer Medicare		21,934	
Other Contracted Services		94,452	
Instructional Supplies and Materials		6,000	
Other Supplies and Materials		23,407	
Special Education Equipment		11,438	
Total Special Education Program			\$ 2,278,840

Vocational Education Program

Teachers	\$	915,228	
Career Ladder Program		8,965	
Certified Substitute Teachers		16,780	
Non-certified Substitute Teachers		15,195	
Social Security		57,203	
State Retirement		83,077	
Medical Insurance		145,561	
Employer Medicare		13,405	
Maintenance and Repair Services - Equipment		1,001	
Other Contracted Services		1,586	
Instructional Supplies and Materials		7,057	
Textbooks		120,280	
Other Supplies and Materials		33,512	
Other Charges		2,264	
Vocational Instruction Equipment		12,565	
Total Vocational Education Program			1,433,679

Adult Education Program

Teachers	\$	113,748	
Career Ladder Program		2,000	
Other Salaries and Wages		13,500	
Social Security		8,032	
State Retirement		11,294	
Medical Insurance		17,764	
Employer Medicare		1,878	
Other Contracted Services		710	
Instructional Supplies and Materials		1,621	

(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 Supplies and Materials	\$	2,765	
Other Equipment		2,214	
Total Adult Education Program			\$ 175,526

Support Services

Attendance

Supervisor/Director	\$	60,040	
Career Ladder Program		850	
Social Workers		27,984	
Social Security		5,438	
State Retirement		7,357	
Medical Insurance		10,939	
Employer Medicare		1,272	
Travel		2,538	
Other Supplies and Materials		674	
Attendance Equipment		1,563	
Total Attendance			118,655

Health Services

Medical Personnel	\$	118,040	
Other Salaries and Wages		111,698	
Social Security		13,422	
State Retirement		13,319	
Medical Insurance		34,972	
Employer Medicare		3,139	
Travel		3,684	
Other Contracted Services		6,695	
Drugs and Medical Supplies		4,185	
Other Supplies and Materials		5,787	
In Service/Staff Development		9,001	
Other Charges		8,781	
Total Health Services			332,723

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		401,131	
Clerical Personnel		21,485	
Social Security		24,723	
State Retirement		36,935	

(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.)

Medical Insurance	\$	67,484	
Employer Medicare		5,525	
Evaluation and Testing		82,389	
Travel		2,959	
Other Contracted Services		921	
Other Supplies and Materials		546	
In Service/Staff Development		1,786	
Total Other Student Support			\$ 647,884

Regular Instruction Program

Supervisor/Director	\$	141,996	
Career Ladder Program		7,500	
Librarians		423,448	
Secretary(ies)		11,804	
Other Salaries and Wages		34,236	
Social Security		31,380	
State Retirement		48,486	
Medical Insurance		80,375	
Employer Medicare		8,499	
Travel		10,267	
Other Contracted Services		4,187	
Library Books/Media		75,276	
Other Supplies and Materials		637	
In Service/Staff Development		27,356	
Other Charges		16,397	
Total Regular Instruction Program			921,844

Special Education Program

Supervisor/Director	\$	68,016	
Career Ladder Program		4,000	
Secretary(ies)		24,552	
Social Security		5,977	
State Retirement		8,138	
Medical Insurance		5,890	
Employer Medicare		1,398	
Maintenance and Repair Services - Equipment		147	
Travel		13,548	
Other Contracted Services		562	
Other Supplies and Materials		7,320	

(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.)

In Service/Staff Development	\$	10,759	
Other Charges		251	
Total Special Education Program			\$ 150,558

Vocational Education Program

Supervisor/Director	\$	73,404	
Career Ladder Program		1,000	
Social Security		4,379	
State Retirement		6,734	
Medical Insurance		7,620	
Employer Medicare		1,024	
Travel		2,506	
Other Supplies and Materials		399	
In Service/Staff Development		171	
Other Charges		50	
Total Vocational Education Program			97,287

Adult Programs

Supervisor/Director	\$	33,820	
Other Salaries and Wages		24,540	
Social Security		3,583	
State Retirement		4,680	
Medical Insurance		11,480	
Employer Medicare		838	
Travel		661	
Total Adult Programs			79,602

Other Programs

On-Behalf Payments to OPEB	\$	96,990	
Total Other Programs			96,990

Board of Education

Board and Committee Members Fees	\$	17,100	
Social Security		1,060	
Unemployment Compensation		35,836	
Employer Medicare		248	
Other Fringe Benefits		645	
Audit Services		14,500	
Dues and Memberships		17,483	

(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.)

Legal Services	\$	62,812	
Travel		15,322	
Premiums on Corporate Surety Bonds		648	
Trustee's Commission		188,343	
Workers' Compensation Insurance		91,195	
Criminal Investigation of Applicants - TBI		6,120	
Other Charges		1,277	
Total Board of Education			\$ 452,589

Director of Schools

County Official/Administrative Officer	\$	78,546	
Career Ladder Program		1,000	
Secretary(ies)		34,050	
Clerical Personnel		26,952	
Social Security		8,751	
State Retirement		11,225	
Medical Insurance		9,310	
Employer Medicare		2,047	
Communication		54,132	
Dues and Memberships		3,338	
Maintenance and Repair Services - Equipment		11,147	
Postal Charges		6,181	
Travel		7,268	
Other Contracted Services		15,804	
Office Supplies		5,003	
Administration Equipment		3,613	
Total Director of Schools			278,367

Office of the Principal

Principals	\$	587,238	
Career Ladder Program		14,000	
Assistant Principals		374,516	
Secretary(ies)		368,250	
Other Salaries and Wages		2,925	
Social Security		80,564	
State Retirement		112,466	
Medical Insurance		214,437	
Employer Medicare		19,252	
Other Contracted Services		48,606	

(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.)

Other Charges	\$	3,000	
Administration Equipment		6,531	
Total Office of the Principal			\$ 1,831,785

Fiscal Services

Supervisor/Director	\$	74,322	
Accountants/Bookkeepers		112,726	
Other Salaries and Wages		20,215	
Social Security		12,767	
State Retirement		13,770	
Medical Insurance		27,250	
Employer Medicare		2,986	
Data Processing Services		13,406	
Dues and Memberships		1,054	
Travel		4,953	
Data Processing Supplies		5,634	
Office Supplies		4,268	
Other Charges		558	
Administration Equipment		4,490	
Total Fiscal Services			298,399

Human Services/Personnel

Other Salaries and Wages	\$	62,345	
Social Security		3,895	
State Retirement		4,146	
Medical Insurance		9,140	
Employer Medicare		911	
Travel		1,339	
Office Supplies		5,868	
Other Charges		265	
Other Equipment		954	
Total Human Services/Personnel			88,863

Operation of Plant

Custodial Personnel	\$	525,104	
Social Security		32,205	
State Retirement		31,864	
Medical Insurance		149,832	
Employer Medicare		7,532	

(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 (Cont.)

Disposal Fees	\$	26,542	
Other Contracted Services		32,186	
Custodial Supplies		205,956	
Electricity		1,065,532	
Natural Gas		145,181	
Water and Sewer		100,769	
Other Supplies and Materials		21,757	
Building and Contents Insurance		176,289	
Other Charges		1,260	
Total Operation of Plant			\$ 2,522,009

Maintenance of Plant

Maintenance Personnel	\$	215,923	
Social Security		13,218	
State Retirement		13,420	
Medical Insurance		40,820	
Employer Medicare		3,130	
Maintenance and Repair Services - Buildings		12,653	
Maintenance and Repair Services - Equipment		66,429	
Maintenance and Repair Services - Vehicles		7,720	
Other Contracted Services		45,279	
Other Supplies and Materials		162,518	
Other Charges		2,020	
Administration Equipment		80,109	
Maintenance Equipment		9,950	
Total Maintenance of Plant			673,189

Transportation

Supervisor/Director	\$	10,595	
Social Security		644	
State Retirement		959	
Medical Insurance		861	
Employer Medicare		151	
Contracts with Parents		8,437	
Contracts with Vehicle Owners		986,116	
Travel		1,208	
Other Contracted Services		7,650	
Diesel Fuel		5,784	
Other Supplies and Materials		696	
Total Transportation			1,023,101

(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.)

Central and Other

Supervisor/Director	\$	57,906	
Other Salaries and Wages		116,363	
Social Security		10,247	
State Retirement		11,502	
Medical Insurance		23,260	
Employer Medicare		2,397	
Travel		1,782	
Other Contracted Services		93,668	
Office Supplies		1,090	
Other Supplies and Materials		37,608	
In Service/Staff Development		661	
Other Equipment		14,647	
Total Central and Other	\$		371,131

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	19,090	
Teachers		97,586	
Part-time Personnel		1,287	
Other Salaries and Wages		185,570	
Social Security		16,935	
State Retirement		22,801	
Medical Insurance		5,740	
Employer Medicare		4,318	
Other Fringe Benefits		654	
Travel		1,420	
Other Contracted Services		3,500	
Food Supplies		3,813	
Instructional Supplies and Materials		15,374	
Other Supplies and Materials		7,260	
In Service/Staff Development		631	
Other Charges		2,354	
Total Community Services			388,333

Early Childhood Education

Teachers	\$	160,799	
Educational Assistants		85,000	
Non-certified Substitute Teachers		3,712	
Social Security		14,506	

(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 (Cont.)

State Retirement	\$	20,162	
Medical Insurance		68,930	
Employer Medicare		3,393	
Other Fringe Benefits		959	
Other Contracted Services		1,775	
Instructional Supplies and Materials		13,174	
Other Equipment		<u>1,791</u>	
Total Early Childhood Education	\$		374,201

Capital Outlay

Regular Capital Outlay

Building Construction	\$	56,261	
Building Improvements		87,933	
Other Capital Outlay		<u>2,671</u>	
Total Regular Capital Outlay			146,865

Principal on Debt

Education

Principal on Notes	\$	<u>42,585</u>	
Total Education			42,585

Interest on Debt

Education

Interest on Notes	\$	<u>11,564</u>	
Total Education			11,564

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	<u>815,985</u>	
Total Education			<u>815,985</u>

Total General Purpose School Fund \$ 28,236,067

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	736,073	
Educational Assistants		255,041	
Other Salaries and Wages		25,309	

(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.)

Social Security	\$	60,980	
State Retirement		84,621	
Medical Insurance		221,256	
Employer Medicare		14,427	
Other Fringe Benefits		1,177	
Other Contracted Services		3,367	
Instructional Supplies and Materials		20,132	
Regular Instruction Equipment		90,378	
Total Regular Instruction Program			\$ 1,512,761

Special Education Program

Educational Assistants	\$	400,600	
Other Salaries and Wages		24,632	
Social Security		24,132	
State Retirement		27,379	
Medical Insurance		177,618	
Employer Medicare		5,644	
Other Supplies and Materials		60,111	
Other Charges		447	
Special Education Equipment		2,805	
Total Special Education Program			723,368

Vocational Education Program

Other Contracted Services	\$	10,999	
Instructional Supplies and Materials		34,558	
Other Supplies and Materials		1,506	
Vocational Instruction Equipment		74,461	
Total Vocational Education Program			121,524

Support Services

Other Student Support

Other Salaries and Wages	\$	106,465	
Social Security		6,600	
State Retirement		9,636	
Medical Insurance		12,304	
Employer Medicare		1,544	
Other Fringe Benefits		415	
Travel		7,052	
Other Contracted Services		5,830	

(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.)

In Service/Staff Development	\$	1,508	
Other Charges		4,206	
Total Other Student Support			\$ 155,560

Regular Instruction Program

Supervisor/Director	\$	128,104	
Secretary(ies)		24,240	
Social Security		9,192	
State Retirement		13,193	
Medical Insurance		17,517	
Employer Medicare		2,150	
Travel		2,262	
Other Contracted Services		1,780	
Other Supplies and Materials		5,457	
In Service/Staff Development		56,488	
Other Equipment		1,558	
Total Regular Instruction Program			261,941

Special Education Program

Psychological Personnel	\$	166,752	
Other Salaries and Wages		120,609	
Social Security		17,202	
State Retirement		25,222	
Medical Insurance		40,298	
Employer Medicare		4,023	
Total Special Education Program			374,106

Vocational Education Program

In Service/Staff Development	\$	1,893	
Other Charges		107	
Total Vocational Education Program			2,000

Transportation

Other Salaries and Wages	\$	18,312	
Social Security		1,135	
State Retirement		1,209	
Medical Insurance		13,990	
Employer Medicare		266	
Gasoline		5,528	

(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 (Cont.)

Lubricants	\$ 293	
Total Transportation		<u>\$ 40,733</u>

Total School Federal Projects Fund		\$ 3,191,993
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Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 52,111	
Accountants/Bookkeepers	34,000	
Cafeteria Personnel	713,356	
Other Salaries and Wages	16,655	
Social Security	49,633	
State Retirement	46,021	
Medical Insurance	221,271	
Employer Medicare	11,608	
Other Fringe Benefits	18,065	
Communication	9,802	
Travel	5,405	
Other Contracted Services	63,796	
Food Preparation Supplies	73,174	
Food Supplies	1,035,058	
USDA - Commodities	99,389	
Other Supplies and Materials	12,587	
Trustee's Commission	115	
In Service/Staff Development	8,918	
Other Charges	14,057	
Food Service Equipment	84,524	
Total Food Service		<u>\$ 2,569,545</u>

Total Central Cafeteria Fund		<u>2,569,545</u>
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Total Governmental Funds - Marion County School Department		<u>\$ 33,997,605</u>
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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, 2012

	Cities Sales Tax Fund	Special School District Fund	City School ADA - Richard City Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 21,333	\$ 344,890	\$ 366,223
Trustee's Collections - Prior Years	0	1,422	23,302	24,724
Circuit/Clerk and Master Collections - Prior Years	0	0	13,178	13,178
Interest and Penalty	0	244	4,103	4,347
Payments in-Lieu-of Taxes - T.V.A.	0	0	2,071	2,071
Payments in-Lieu-of Taxes - Local Utilities	0	0	906	906
Payments in-Lieu-of Taxes - Other	0	0	168	168
Local Option Sales Tax	2,977,903	0	245,976	3,223,879
Hotel/Motel Tax	0	0	738	738
Bank Excise Tax	0	0	4,821	4,821
Wholesale Beer Tax	0	0	8,235	8,235
Interstate Telecommunications Tax	0	0	119	119
Marriage Licenses	0	0	180	180
Total Cash Receipts	\$ 2,977,903	\$ 22,999	\$ 648,687	\$ 3,649,589
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 2,948,124	\$ 22,622	\$ 639,088	\$ 3,609,834
Trustee's Commission	29,779	457	9,587	39,823
Total Cash Disbursements	\$ 2,977,903	\$ 23,079	\$ 648,675	\$ 3,649,657
<u>Excess of Cash Receipts Over (Under)</u>				
Cash Disbursements	\$ 0	\$ (80)	\$ 12	\$ (68)
Cash Balance, July 1, 2011	0	264	71,641	71,905
Cash Balance, June 30, 2012	\$ 0	\$ 184	\$ 71,653	\$ 71,837

SINGLE AUDIT SECTION



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

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

September 24, 2012

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, 2012, which collectively comprise a portion of Marion County's basic financial statements and have issued our report thereon dated September 24, 2012. 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

The management of Marion County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Marion County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marion County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Marion County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 12.06.

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. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 12.02(A,C,D,E), 12.03, 12.05, 12.07, 12.09, 12.10, 12.11(B), and 12.15.

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: 12.01, 12.02(B), 12.04, 12.08, 12.11(A), 12.12, 12.13, and 12.14.

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is 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 LOCAL GOVERNMENT 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

Independent Auditor's Report

September 24, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Marion County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of 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 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.

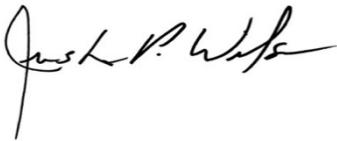
Schedule of Expenditures of Federal Awards

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, 2012, and have issued our report thereon dated September 24, 2012. 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.

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

Yours very truly,

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

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, 2012

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	\$ 99,389 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	464,925
National School Lunch Program	10.555	N/A	1,222,878 (3)
Total U.S. Department of Agriculture			<u>\$ 1,787,192</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-08-30	\$ 40,191
Total U.S. Department of Housing and Urban Development			<u>\$ 40,191</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)	\$ 1,608
Passed-through State Administrative Office of the Courts:			
Edward Byrne Memorial Justice Assistance Grants Program	16.738	4042	74,364
Total U.S. Department of Justice			<u>\$ 75,972</u>
U.S. Department of Labor:			
Passed-through Southeast Tennessee Development District:			
WIA Youth Activities	17.259	(2)	\$ 7,200
Passed-through YMCA of Metropolitan Chattanooga:			
WIA Dislocated Workers, Recovery Act	17.259	(2)	5,325
Total U.S. Department of Labor			<u>\$ 12,525</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(2)	\$ 225,932
Alcohol Open Container Requirements	20.607	Z-12-GHS182-00	6,050
Total U.S. Department of Transportation			<u>\$ 231,982</u>
Appalachian Regional Commission:			
Direct Program:			
Appalachian Area Development	23.002	(2)	\$ 23,010
Total Appalachian Regional Commission			<u>\$ 23,010</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 15,080
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Education Agencies	84.010	N/A	904,233
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	930,159
Special Education - Preschool Grants	84.173	N/A	35,022
Special Education - Grants to States, Recovery Act	84.391	N/A	26,036

(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.):			
Career and Technical Education - Basic Grants to States	84.048	N/A	\$ 72,960
Twenty-first Century Community Learning Centers	84.287	N/A	103,473
Educational Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	803
Education Technology State Grants, Recovery Act	84.386	(2)	1,133
Improving Teacher Quality State Grants	84.367	(2)	208,037
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top			
Incentive Grants, Recovery Act	84.395	(2)	275,331
Education Jobs Fund	84.410	(2)	871,174
Total U.S. Department of Education			\$ 3,443,441
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Hazard Mitigation Grant	97.039	N/A	\$ 11,717
Homeland Security Grant Program	97.067	N/A	80,379
Total U.S. Department of Homeland Security			\$ 92,096
Total Expenditures of Federal Awards			\$ 5,706,409

<u>State Grants</u>		Contract Number	
Adult Education - State Department of Education	N/A	(2)	\$ 5,027
Airport Maintenance Program - State Department of Transportation	N/A	(2)	6,656
Fastrack Infrastructure Development - State Department of Economic and Community Development	N/A	(2)	60,000
Local Health Services Grant - State Department of Health	N/A	(2)	92,440
Jobs for Tennessee Graduates - State Department of Education	N/A	(2)	13,217
Juvenile Services Program - State Department of Children's Services	N/A	(2)	11,400
Litter Grant - State Department of Transportation	N/A	Z-12-LIT058-00	41,810
Safe Schools Act - State Department of Education	N/A	(2)	21,000
Student Ticket Subsidy - Tennessee Arts Commission	N/A	(2)	3,000
Coordinated School Health - State Department of Education	N/A	(2)	91,520
Lottery for Education After School Programs - State Department of Education	N/A	(2)	121,369
Voluntary Pre-K for Tennessee - State Department of Education	N/A	(2)	374,202
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	9,251
Total State Grants			\$ 850,892

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 \$1,322,267.

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

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Marion County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.01(A,C,D,F)	168	The Airport had operating deficiencies
11.04	169	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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.05	170	The office did not document some charges for credit card transactions

OFFICES OF COUNTY CLERK, CLERK AND MASTER, AND REGISTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.08	171	Multiple employees operated from the same cash drawer

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.11	172	Profits from the commissary operations were not remitted to the county monthly
11.12	173	The office did not deposit some funds within three days of collection

SCHOOL FOOD SERVICE DEPARTMENT, AIRPORT, AND THE OFFICES OF COUNTY MAYOR, HIGHWAY SUPERVISOR, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

Finding Number	Page Number	Subject
11.13	173	Duties were not segregated adequately

MARION COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the 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. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); Title I Grants to Local Educational Agencies (CFDA No. 84.010); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, and Special Education – Grants to States, Recovery Act (CFDA Nos. 84.027, 84.173, and 84.391); and the Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Marion County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 12.01 **EXPENDITURES EXCEEDED APPROPRIATIONS** (Noncompliance Under *Government Auditing Standards*)

Solid Waste/Sanitation Fund expenditures exceeded appropriations approved by the County Commission in the Other Waste Collection major appropriation category (the legal level of control) by \$16,304. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending within limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

FINDING 12.02 **THE AIRPORT HAD OPERATING DEFICIENCIES** (A., C., D., E. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. – 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 and management’s failure to correct the findings noted in the prior-year audit report.

- A. Officials issued prenumbered receipts for collections as required by state statutes; however, information such as the date of collection and the name of the employee issuing the receipt were not always on the receipt.
- B. We noted as many as nine days had 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.
- C. 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.

- D. 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.

- E. Gasoline and diesel fuel are sold from pumps located at the airport. The airport did not maintain inventory records documenting the receipt, usage, and storage of fuel. Generally accepted accounting principles require accountability for all consumable assets. The failure to maintain adequate records of a consumable asset such as fuel weakens controls over assets and increases the risk of inventory loss.

RECOMMENDATION

Receipts should include pertinent information, including date of collection and signature of the employee issuing the receipt. 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. Management should assign each employee their own cash drawer. The office should maintain inventory records documenting the receipt, usage, and storage of fuel. Furthermore, personnel independent of maintaining the inventory should periodically verify these records.

**FINDING 12.03 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 \$5,600 for cleaning services that was not paid through the county's payroll system and was 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. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

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 HIGHWAY SUPERVISOR

FINDING 12.04 PAYROLL TAXES WERE NOT REPORTED TIMELY, RESULTING IN ASSESSMENTS OF INTEREST AND PENALTIES TOTALING \$998
(Noncompliance Under *Government Auditing Standards*)

The Highway Department maintains a payroll clearing account with the bank to deposit employee payroll taxes due the Internal Revenue Service (IRS) and is required to notify the IRS of these deposits so withdrawals can be made from the county's account. In one instance, although the deposit for these payroll taxes was made to the clearing account, the IRS was not notified timely to provide for the current withdrawal of the deposit. The IRS assessed the county \$998 for interest and penalties due to the county's failure to notify the IRS timely. This deficiency resulted from a lack of management oversight.

RECOMMENDATION

Federal payroll taxes deposited to the payroll clearing account should be reported to the IRS on a timely basis to avoid interest and penalty assessments.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 12.05 THE OFFICE DID NOT DOCUMENT SOME CHARGES FOR CREDIT CARD TRANSACTIONS
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

We reviewed transactions for School Department credit cards. Officials did not provide documentation to support 29 charges on these credit cards totaling \$4,214. Most of these credit card transactions appear to be travel related expenses for hotels and restaurants. 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.

**FINDING 12.06 THE ESTIMATED BEGINNING FUND BALANCE OF THE
CENTRAL CAFETERIA FUND EXCEEDED THE ACTUAL
BEGINNING FUND BALANCE BY A MATERIAL AMOUNT**
(Internal Control – Material Weakness Under *Government Auditing
Standards*)

The Central Cafeteria Fund’s estimated beginning fund balance (\$1,988,161) exceeded the actual beginning fund balance (\$989,120) at July 1, 2011, presented to the County Commission by \$999,041. Sound business practices dictate that realistic estimates of beginning fund balances should be presented to the County Commission during the budget process. This deficiency is due to management’s failure to properly estimate the actual ending fund balance for June 30, 2011, and resulted in management materially overstating the estimated beginning fund balance.

RECOMMENDATION

Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions. The estimated beginning fund balance should be amended during the year when it becomes apparent that the original estimate varies from the actual by a material amount.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

**FINDING 12.07 A PART-TIME EMPLOYEE WAS PAID FOR THE SAME TIME
PERIOD ON THREE SEPARATE JOBS**
(Internal Control – Significant Deficiency Under *Government Auditing
Standards*)

The Veterans Service Officer, a part-time employee of the county, had office hours from 8:00 a.m. to 12:00 p.m. (four hours) every Wednesday; however, no time sheets were required to support these hours. This employee also worked part-time in the Juvenile Court and as a substitute teacher for the School Department. Auditors determined that this employee was paid for 53 hours by the School Department as a substitute teacher for the same time period he had been paid by the county for Veteran’s Service office hours. Auditors also discovered that this employee was paid for four hours by the School Department as a substitute teacher for the same time period he had been paid by the county for Juvenile Court hours, and 12 hours by the county for Veteran’s Service office hours he had been paid by the county for Juvenile Court hours. The resulting overpayment to this employee for overlapping time totaled \$1,054. This deficiency is the result of management’s failure to implement adequate internal control procedures over payroll transactions. The employee in question now works full-time in the Juvenile Court.

RECOMMENDATION

County officials should determine whether these funds should be recovered from the employee. Employee time sheets should be required from every part-time employee. Time

sheets should be examined to ensure that hours worked by an employee do not overlap time worked for other duties.

OFFICE OF TRUSTEE

FINDING 12.08 **THE TRUSTEE DID NOT REQUIRE A DEPOSITORY TO ADEQUATELY COLLATERALIZE FUNDS**
(Noncompliance Under *Government Auditing Standards*)

The trustee did not require a depository holding county funds in an interest bearing account to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2012, deposits at one depository exceeded FDIC coverage by \$350,000. Section 5-8-201, *Tennessee Code Annotated*, provides for county officials to require any bank that is a depository of county funds to deposit collateral security equal to 105 percent of funds exceeding FDIC coverage into an escrow account in a second bank. The failure to adequately collateralize funds could result in a loss for the county.

RECOMMENDATION

The trustee should require all depositories to pledge sufficient securities to protect county funds exceeding FDIC coverage as required by state statute.

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

FINDING 12.09 **USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office's accounting software, this information was shared with other employees. If inappropriate activity was to occur, the employee responsible for this activity would not be easily identified because employees had access to each other's username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction.

RECOMMENDATION

Each employee should access the application using his or her unique username and password to ensure that transactions are properly identified to that employee. Usernames and passwords should be confidential and should not be shared among employees.

OFFICES OF COUNTY CLERK, CLERK AND MASTER, AND REGISTER

FINDING 12.10 **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. This deficiency is also the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Management should assign each employee their own cash drawer.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 12.11 **THE COURTS SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**

(A. – Noncompliance Under *Government Auditing Standards*; B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The following deficiencies relating to the office's information system environment were identified:

- A. Users had the ability to alter receipt numbers. Section 9-2-103, *Tennessee Code Annotated*, provides for receipts to be prenumbered consecutively. In-lieu-of prenumbered receipts, computer-generated receipts may be printed on plain paper if the receipt number generated by the software cannot be manipulated. The lack of application controls could allow for inappropriate activity. This deficiency was corrected by the vendor in June 2012.
- B. Users had the ability to post receipts to case histories without following the normal receipting process. These payments reduce the balance of the case, but are not accounted for through the office accounting records. There is not a report that tracks these types of receipts. The lack of application controls could allow for inappropriate activity.

RECOMMENDATION

A report should be developed that displays all payments posted to case histories without following the normal receipting process. Management should regularly review this report for inappropriate activity.

OFFICE OF SHERIFF

FINDING 12.12 **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 12.13 **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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. 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.

**FINDING 12.14 THE OFFICE HAD DEFICIENCIES IN THE
ADMINISTRATION OF DRUG CONTROL FUNDS**
(Noncompliance Under *Government Auditing Standards*)

Several forms required by the Comptroller of the Treasury documenting payments to confidential informants did not have the required signatures of two officers. The signature of the first officer is necessary to document that he made the payment, and the signature of the second officer is necessary to document that he witnessed the payment. These forms are necessary to document the administration of confidential funds and to account for cash transactions related to undercover investigative operations. These deficiencies exist because management failed to provide proper oversight, which results in increased risks of fraud and abuse.

RECOMMENDATION

Payments to informants should be documented by the signatures of two officers.

**SCHOOL FOOD SERVICE DEPARTMENT, AIRPORT, AND THE OFFICES OF
COUNTY MAYOR, HIGHWAY SUPERVISOR, TRUSTEE, COUNTY CLERK,
CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER,
REGISTER, AND SHERIFF**

FINDING 12.15 DUTIES WERE NOT SEGREGATED ADEQUATELY
(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 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 Local Government 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**

There were no findings and questioned costs for federal programs.

MARION COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012

There were audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were no audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

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

FINDINGS 11.06 and 11.14

Management implemented adequate internal controls over purchases for federal awards. Purchase orders were issued prior to making purchases.