

MARION COUNTY  
CONSERVATION COMMISSION

AUDIT REPORT

June 30, 2013



**BEAN, RHOTON & KELLEY, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

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**MARION COUNTY CONSERVATION COMMISSION**  
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**June 30, 2013**

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**INTRODUCTORY SECTION - UNAUDITED**

**MARION COUNTY CONSERVATION COMMISSION  
INTRODUCTORY SECTION - UNAUDITED  
June 30, 2013**

ROSTER OF BOARD MEMBERS

Gene Hargis, Chairman  
South Pittsburg, TN

Louin Campbell, Vice Chairman  
Jasper, TN

Sheila Grider, Secretary - Treasurer  
Jasper, TN

Ralph Pickett, Director  
Whitwell, TN

Wayne Willis, Director  
South Pittsburg, TN

Glenn White, Director  
Whitwell, TN

Jackie Kirk, Director  
Jasper, TN

Clarence Pickett, Director  
Whitwell, TN

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Marion County Conservation Commission  
Jasper, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Marion County Conservation Commission, a component unit of Marion County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Marion County Conservation Commission, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America required 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basis financial statements is not affected by this missing information.

*Other Information*

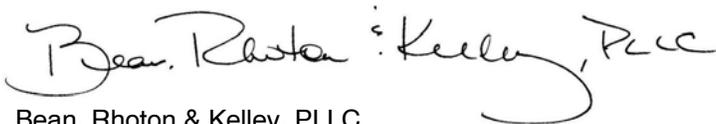
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Marion County Conservation Commission's basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2013, on our consideration of the Marion County Conservation Commission's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marion County Conservation Commission's internal control over financial reporting and compliance.



Bean, Rhoton & Kelley, PLLC  
September 13, 2013

**MARION COUNTY CONSERVATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**June 30, 2013**

**ASSETS**

Current assets:

Cash	\$ 45,230.22
Receivables	329.00
Prepaid insurance	<u>64.00</u>
Total current assets	<u>45,623.22</u>

Noncurrent assets:

Capital assets:

Construction in process	35,171.05
Building and equipment, net accumulated depreciation	<u>53,955.70</u>
Total noncurrent assets	<u>89,126.75</u>

Total assets	<u><u>\$ 134,749.97</u></u>
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**LIABILITIES**

Current liabilities:

Accounts payable	\$ 18,311.27
Notes payable	20,000.00
Deferred revenue	<u>506.00</u>
Total current liabilities	<u>38,817.27</u>

Total liabilities	<u><u>\$ 38,817.27</u></u>
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**NET POSITION**

Net investment in capital assets	\$ 69,126.75
Unrestricted	<u>26,805.95</u>

Total net position	<u><u>\$ 95,932.70</u></u>
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The accompanying notes are an integral part of this statement.

**MARION COUNTY CONSERVATION COMMISSION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
Year ended June 30, 2013**

OPERATING REVENUES:	
User fees/vending	\$ 81,062.56
Total operating revenues	<u>81,062.56</u>
OPERATING EXPENSES:	
Supplies	6,686.61
Utilities	31,311.70
Repairs and maintenance	3,482.24
Administrative services	3,066.72
Depreciation	7,525.56
Professional fees	5,400.00
Insurance	1,463.28
Office	89.12
Salaries and benefits	27,130.27
Equipment rental	3,410.00
Gasoline	3,754.08
Permits	80.00
Services	5,937.14
Total operating expenses	<u>99,336.72</u>
Operating loss	<u>(18,274.16)</u>
NONOPERATING REVENUES (EXPENSES)	
Loss on sale of fixed assets	<u>(760.92)</u>
Total non-operating revenues / (expenses)	<u>(760.92)</u>
Change in net position	(19,035.08)
 Total net position, beginning of year	 <u>114,967.78</u>
Total net position, end of year	<u><u>\$ 95,932.70</u></u>

The accompanying notes are an integral part of this statement.

**MARION COUNTY CONSERVATION COMMISSION  
STATEMENT OF CASH FLOWS  
Year ended June 30, 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 79,321.56
Utilities	(31,311.70)
Salaries & benefits	(27,130.27)
Supplies	(6,775.73)
Gasoline / fuel	(3,754.08)
Equipment rent	(3,410.00)
Other receipts (payments)	<u>(5,620.31)</u>
Net cash provided by operating activities	<u>1,319.47</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital debt	20,000.00
Purchase of property, plant, equipment	<u>(35,735.95)</u>
Net cash used by capital and related financing activities	<u>(15,735.95)</u>
Net decrease in cash and cash equivalents	(14,416.48)
Balances - beginning of the year	<u>59,646.70</u>
Balances - end of the year	<u><u>\$ 45,230.22</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (18,274.16)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation expense	7,525.56
Change in assets and liabilities:	
Accounts receivable	(329.00)
Accounts payable	13,809.07
Deferred revenue	<u>(1,412.00)</u>
Net cash provided by operating activities	<u><u>\$ 1,319.47</u></u>

The accompanying notes are an integral part of this statement.

**MARION COUNTY CONSERVATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activities

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. As the governing board is not elected, but instead is entirely appointed by the County, the Commission cannot be a primary government. Instead, it qualifies as a component unit of Marion County, Tennessee (the primary government). 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 proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Commission classifies net position in the proprietary fund financial statements as follows:

- Net Investment in Capital Assets includes the Commission's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The Commission typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project. The Commission had no restrictions at June 30, 2013.
- Unrestricted Net Position typically includes unrestricted liquid assets. The Board of Directors has the authority to revisit or alter this designation.

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.

**MARION COUNTY CONSERVATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Marion County Conservation Commission fund

The financial statements present only the Marion County Conservation Commission of Marion County, Tennessee, as of June 30, 2013. These financial statements are in no way intended to represent the government wide financial position of Marion County, Tennessee for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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:

Land Improvements	20 years
Mobile Home	20 years
Bathhouse	20 years
Equipment	7 years

NOTE 2 – 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, 2013, was \$45,230.22. Of this amount, \$2,380.00 was undeposited or in petty cash and the remaining \$42,850.22 was entirely covered by federal depository insurance.

**MARION COUNTY CONSERVATION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**NOTE 3 – LAND USE**

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

**NOTE 4 – CHANGE IN CAPITAL ASSETS**

A summary of capital assets as of June 30, 2013, is as follows:

	Balance <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2013</u>
Capital Assets Not Being Depreciated:				
Construction in progress	\$ 6,100.00	\$ 29,071.05	\$ 0.00	\$ 35,171.05
Capital Assets Being Depreciated:				
Mobile home	12,112.33	0.00	0.00	12,112.33
Bathhouse	14,669.97	0.00	(6,680.07)	7,989.90
Land improvements	74,054.96	0.00	0.00	74,054.96
Equipment	<u>26,493.29</u>	<u>6,664.90</u>	<u>(2,475.00)</u>	<u>30,683.19</u>
Total assets	<u>127,330.55</u>	<u>6,664.90</u>	<u>(9,155.07)</u>	<u>124,840.38</u>
Accumulated Depreciation	<u>(71,753.27)</u>	<u>(7,525.56)</u>	<u>8,394.15</u>	<u>(70,884.68)</u>
Capital assets, net	<u>\$ 61,677.28</u>	<u>\$ 28,210.39</u>	<u>\$ (760.92)</u>	<u>\$ 89,126.75</u>

**NOTE 5 – SHORT-TERM DEBT**

Short-term debt provides financing for the Commission. During the fiscal year, the Commission received \$20,000.00 from Marion County for interim financing associated with the construction of a new bathhouse. The debt is due within one year and noninterest bearing.

The following is a summary of changes in short-term debt for the year ended June 30, 2013:

Balance, July 1, 2012	\$ 0.00
Increases	20,000.00
Decreases	<u>0.00</u>
Balance, June 30, 2013	<u>\$ 20,000.00</u>

**NOTE 6 – WAGES**

The managers of the Park are compensated by the general government of Marion County. During the year ended June 30, 2013, the Commission reimbursed the County \$21,139.67 relating to salaries, payroll taxes and workers compensation insurance. Additionally, the manager received a \$1,000.00 bonus from the Commission and \$4,990.60 in health insurance reimbursements during the year and is permitted to live in the mobile home rent free, including utilities.

**MARION COUNTY CONSERVATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 7 – EXPOSURE**

It is the policy of the Commission to purchase commercial insurance or to be covered under the entire Marion County Government for the risks of losses to which it is exposed. The risks include general liability, property and casualty, worker's compensation, employee fidelity, and directors' and officers' liability. Other than the mobile home coverage presented on page 11 in the Schedule of Insurance, the Commission reimburses Marion County for the cost of insurance.

**NOTE 8 – CONSTRUCTION IN PROGRESS**

In the prior fiscal year, the Commission began progress on the construction of a new bathhouse. The bathhouse is expected to cost a total of \$40,000.00, with an expected completion date of summer 2013. This project is to be funded by a combination of a short-term loan from Marion County and by the Marion County Conservation Commission.

**OTHER SUPPLEMENTARY INFORMATION**

**MARION COUNTY CONSERVATION COMMISSION  
OTHER SUPPLEMENTARY INFORMATION  
June 30, 2013**

SCHEDULE OF INSURANCE

<u>Insurer</u>	<u>Policy Period</u>	<u>Coverage</u>	
Foremost Insurance Company	April 12, 2013 to April 12, 2014	Mobile Home Insurance:	\$ 10,800
		Deductible:	\$ 250

Property and casualty and general liability is provided through the general package policies covering the entire Marion County Government. The Conservation Commission reimburses Marion County for the cost of insurance.

**INTERNAL CONTROL AND COMPLIANCE SECTION**

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## INDEPENDENT AUDITORS' 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*

To the Board of Directors  
Marion County Conservation Commission  
Jasper, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Marion County Conservation Commission, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Marion County Conservation Commission's basic financial statements and have issued our report thereon dated September 13, 2013.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marion County Conservation Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marion County Conservation Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Marion County Conservation Commission's internal control.

*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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies [09-01, 09-02, 10-01, 12-01, 12-02, 12-03, 13-01, 13-02, 13-03, and 13-04].

### Compliance and Other Matters

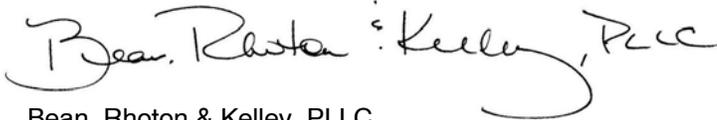
As part of obtaining reasonable assurance about whether Marion County Conservation Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 which are described in the accompanying schedule of findings and responses as items [09-03, 09-04, and 13-05].

## Marion County Conservation Commission's Response to Findings

Marion County Conservation Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Marion County Conservation Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bean, Rhoton & Kelley, PLLC". The signature is written in dark ink and is positioned above the typed name of the firm.

Bean, Rhoton & Kelley, PLLC  
September 13, 2013

**MARION COUNTY CONSERVATION COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2013**

I. Summary of Auditors' Results

- A. The auditors' report expresses an unqualified opinion on the financial statements of the Marion County Conservation Commission.
- B. Significant deficiencies in internal control were disclosed by the audit and are discussed below in findings 09-01, 09-02, 10-01, 12-01, 12-02, 12-03, 13-01, 13-02, 13-03, and 13-04.
- C. Instances of noncompliance were disclosed by the audit and are discussed below in findings 09-03, 09-04, and 13-05.

II. Findings Related to the Financial Statements, which are required to be reported in accordance with *Government Auditing Standards*.

(09-01) Segregation of duties

In our review of the overall accounting controls of the Commission's accounting system, we found several areas where proper segregation of duties might be obtained. The Commission's inability to properly segregate the control of funds from record-keeping duties is a significant weakness in controls. It is understood that due to the lack of available personnel, this situation does and will continue to exist. The Board should realize the additional responsibilities imposed.

Recommendation:

Because of the number of office staff working for the Commission, we do not believe a complete segregation of duties is possible that would eliminate all weaknesses in the Commission's accounting system. However, the Commission should consider a thorough study of the internal control aspect of the accounting system. Certain additional procedures and segregation of proper duties could increase the control over the assets.

Commission's Comment:

Because of the size and nature of the Commission's operation, there is no practical way to remedy this situation. We will work on these issues to mitigate the risks.

Disposition:

As of June 30, 2013, this problem still exists.

(09-02) Receipts

Testing revealed deficiencies in the receipting process.

Recommendation:

Pre-numbered receipts should be filled out in sequential order and completed with a name, date, description of fee or service, amount, method of payment, and signed by individual receiving money. Mistakes on receipts should not be altered but rather voided and patron should be issued a new receipt. All unused or voided receipts should be accounted for. The total daily amount collected per the receipts should agree with the total of the corresponding deposit slip. All checks should be listed individually on the deposit slip or an attached list, itemizing the name of the payer and the amount.

Commission's Comment:

We will correct this issue.

Disposition:

As of June 30, 2013, this problem still exists.

**MARION COUNTY CONSERVATION COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2013**

(09-03) Deposits

In our review of receipts and bank deposits, we found monies that are being held longer than three days before a deposit was made to the bank.

Recommendation:

Section 5-8-207, *Tennessee Code Annotated* requires county officials to deposit funds within three days after collection. In order to safeguard public monies, we recommend that all money collected be deposited promptly.

Commission's Comment:

We will correct this problem.

Disposition:

As of June 30, 2013, this problem still exists.

(09-04) Sales tax

During the course of the audit, it was noted that sales tax was being paid on some invoices.

Recommendation:

Vendors should be notified of the Commission's exempt status relative to sales and use tax.

Commission's Comment:

We will correct this problem.

Disposition:

As of June 30, 2013, this problem still exists.

(10-01) Expenditures

During our review of disbursements, there was a lack of documentation for some expenditures.

Recommendation:

Invoices, receiving reports (signed), and other documents should be obtained for all purchases. Statements from the vendor should be compared to the individual invoices on file. Payment should never be based on a statement only. They should be attached together and filed in such a way that they can be easily found for future reference and audit. Each invoice should be stamped, perforated, or otherwise marked as "paid" when each check is written. Care should be taken when recording the transactions in the general ledger, paying close attention to distribution accounts.

Commission's Comment:

We will strive to maintain documentation for all expenditures and record them in the general ledger properly.

Disposition:

As of June 30, 2013, this problem still exists.

**MARION COUNTY CONSERVATION COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2013**

(12-01) Discounts

During our review of receipts, it was noted that the Commission does not have a written policy in regards to discounts.

Recommendation:

A written policy in regards to discounts on receipts will enable management to offer discounts only for items and in situations that the Board wishes.

Commission's Comment:

This problem will be corrected in the coming year.

Disposition:

As of June 30, 2013, this problem still exists.

(12-02) Controls over receipts

During the course of the audit, it was noted that controls over certain receipts, such as ice sales, are not being monitored on a regular basis.

Recommendation:

The manager or employee collecting the money should receipt all ice sales.

Commission's Comment:

This problem will be corrected in the coming year.

Disposition:

As of June 30, 2013, this problem still exists.

(12-03) Controls over disbursements

During the course of the audit, it was noted that controls over disbursements should be monitored more closely.

Recommendation:

The Commission should consider a written policy requiring purchase orders approved by a Board member over a certain dollar amount with which the Board feels comfortable. In addition, payment due dates should be monitored to ensure that finance charges are not paid.

Commission's Comment:

This problem will be corrected in the coming year.

Disposition:

As of June 30, 2013, this problem still exists.

**MARION COUNTY CONSERVATION COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2013**

(13-01) Dual Signatures

During our review of financial accounts, it was noted that the Commission's checking account does not require two signatures to withdraw funds.

Recommendation:

The use of dual signatures for check writing is recommended in the Internal Control and Compliance Manual for Tennessee Municipalities. Dual signatures ensure a review of disbursements and additional examination of invoices about to be paid. Also, the list of acceptable signatures should be updated frequently to monitor access to the Commission's funds.

Commission's Comment:

This problem will be corrected in the coming year.

(13-02) Surplus Fixed Assets

During our testing of fixed assets, we were unable to verify board approval for fixed assets that were deemed as surplus during the fiscal year.

Recommendation:

Fixed assets that are no longer in operating condition should be approved by the Board before being sold or otherwise disposed and removed from the fixed asset listing. We suggest the Board annually review a fixed asset listing, and any property identified for disposal be noted in the official board minutes.

Commission's Comment:

We will correct this issue.

(13-03) Gas Purchases

During our review of disbursements, we found an overall lack of control over the gasoline purchasing process, including an absence of a reconciliation process regarding these purchases.

Recommendation:

The Commission should update its policies to cover topics such as reimbursement of gasoline purchases. Additionally, as transactions should be reconciled back to mileage logs and to the odometer on the individual vehicle.

Commission's Comment:

We will correct this problem.

(13-04) Significant Adjustments to the Year End Trial Balance

The Commission did not provide auditors with a substantially complete trial balance.

Recommendation:

Current standards relating to the internal control structure require an entity to make all material adjustments to their trial balance before giving it to the auditors, or to provide the auditors with any material adjustments that need to be made to the trial balance. Because of this significant deficiency, management may lack the controls necessary to present financial statements and footnotes in accordance with generally accepted accounting principles. Management should consider making all material adjustments to their trial balance in accordance with generally accepted accounting principles.

Commission's Comment:

This problem will be corrected in the coming year.

**MARION COUNTY CONSERVATION COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2013**

(13-05) Net Operating Loss

The Commission suffered a net operating loss of \$18,274.16 in the current fiscal year.

Recommendation:

As a proprietary fund, operations are intended to be self-supporting through charges to users. Care should be taken to ensure the Commission operates at least at a break-even point in the future.

Commission's Comment:

We will correct this problem.